

# CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDING 30 JUNE 2013



## Independent Auditor's Report

To the Aldermen of Burnie City Council

Financial Report for the Year Ended 30 June 2013

### Report on the Financial Report

I have audited the accompanying consolidated financial report of Burnie City Council (Council), which comprises the statement of financial position as at 30 June 2013 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the General Manager's statement on the financial report of the consolidated entity comprising Council and the entities it controlled at the year's end or from time to time during the financial year.

### Auditor's Opinion

In my opinion Council's financial report:

- presents fairly, in all material respects, its own and the consolidated entity's financial position as at 30 June 2013 and financial performance, cash flows and changes in equity for the year then ended
- is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

### The Responsibility of the General Manager for the Financial Report

The General Manager is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Section 84 of the *Local Government Act 1993*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan

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and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the General Manager's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Manager, as well as evaluating the overall presentation of the financial report.

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

My audit is not designed to provide assurance on the accuracy and appropriateness of the budget information in Council's financial report.

### Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

### Tasmanian Audit Office

E R De Santi  
Deputy Auditor-General  
Delegate of the Auditor-General

HOBART  
30 September 2013

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## Certification of the Financial Report

The financial report presents fairly the financial position of the Burnie City Council as at 30 June 2013, 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 Australian Accounting Interpretations, and other mandatory professional reporting requirements.

Andrew Wardlaw  
GENERAL MANAGER

Date: 14th August 2013

# BURNIE CITY COUNCIL

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated Actual 2013 \$'000	Consolidated Actual 2012 \$'000	Council Budget 2013 \$'000	Council Actual 2013 \$'000	Council Actual 2012 \$'000
<b>Income</b>						
<b>Recurrent Income</b>						
Rates and charges	3	19,723	18,792	19,626	19,723	18,792
Statutory fees and fines	4	794	813	891	794	813
User fees	5	10,714	11,252	7,773	7,319	7,536
Grants	6	4,055	4,699	3,407	4,055	4,699
Reimbursements		349	110	130	352	159
Other income	7	1,053	858	791	1,022	837
Investment income	8	342	210	431	438	308
		<b>37,030</b>	<b>36,734</b>	<b>33,049</b>	<b>33,703</b>	<b>33,144</b>
<b>Capital Income</b>						
Capital grants	6	1,619	5,683	1,914	1,619	5,683
Capital works completed on assets not owned by Council	15	(47)	(2,061)	-	(47)	(2,061)
Contributions - non-monetary assets		335	1,026	-	335	1,026
Reassessment of tip provision		27	(110)	-	27	(110)
Adjustment to non-current asset recognition		619	-	-	619	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	16	84	(600)	(37)	84	(608)
<b>Total Income</b>		<b>39,667</b>	<b>40,672</b>	<b>34,926</b>	<b>36,340</b>	<b>37,074</b>
<b>Expenses</b>						
Employee benefits	9	14,546	14,245	12,230	13,039	12,589
Materials and services	10	12,415	10,881	11,978	11,470	9,931
Impairment of debts	11	136	120	2	136	118
Depreciation and amortisation	12	7,996	7,920	7,558	7,580	7,502
Finance costs	13	300	368	98	148	194
Other expenses	14	2,877	2,876	2,888	2,766	2,790
<b>Total expenses</b>		<b>38,270</b>	<b>36,410</b>	<b>34,754</b>	<b>35,139</b>	<b>33,124</b>
<b>Surplus/(deficit)</b>		<b>1,397</b>	<b>4,262</b>	<b>171</b>	<b>1,201</b>	<b>3,950</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to surplus or deficit:</b>						
Impairment of non-current assets	25	2,386	-	-	-	-
Net asset revaluation increment	30	2,082	9,588	6,478	4,845	9,600
<b>Items that may be reclassified to surplus or deficit:</b>						
Fair value adjustment on available for sale asset	30	785	62	-	785	62
<b>Total other comprehensive income</b>		<b>5,253</b>	<b>9,650</b>	<b>6,478</b>	<b>5,630</b>	<b>9,662</b>
<b>Comprehensive result</b>		<b>6,650</b>	<b>13,912</b>	<b>6,649</b>	<b>6,831</b>	<b>13,612</b>
<b>Attributable to:</b>						
Equity holders of the parent		6,575	13,822	6,649	6,831	13,612
Outside equity interest		75	90	-	-	-
<b>Comprehensive result</b>		<b>6,650</b>	<b>13,912</b>	<b>6,649</b>	<b>6,831</b>	<b>13,612</b>

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

# BURNIE CITY COUNCIL

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated Actual 2013 \$'000	Consolidated Actual 2012 \$'000	Council Actual 2013 \$'000	Council Actual 2012 \$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	18	10,282	9,009	9,728	8,540
Trade and other receivables	19	3,626	3,098	3,174	2,776
Inventories	20	273	314	221	229
Non-current assets classified as held for sale	21	593	593	-	-
Other assets	22	40	219	10	116
<b>Total current assets</b>		<b>14,814</b>	<b>13,233</b>	<b>13,133</b>	<b>11,661</b>
<b>Non-current assets</b>					
Investment in water corporation	17	58,935	58,150	58,935	58,150
Investments in subsidiaries	23	-	-	3,236	3,236
Property, infrastructure, plant and equipment	24	291,044	287,070	281,930	277,391
<b>Total non-current assets</b>		<b>349,979</b>	<b>345,220</b>	<b>344,101</b>	<b>338,777</b>
<b>Total assets</b>		<b>364,793</b>	<b>358,453</b>	<b>357,234</b>	<b>350,438</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	26	2,855	2,936	2,500	2,541
Trust funds and deposits	27	134	157	134	157
Interest-bearing liabilities	28	167	158	167	158
Provisions	29	1,943	2,066	1,730	1,827
<b>Total current liabilities</b>		<b>5,099</b>	<b>5,317</b>	<b>4,531</b>	<b>4,683</b>
<b>Non-current liabilities</b>					
Interest-bearing liabilities	28	3,418	3,735	1,675	1,842
Provisions	29	2,493	2,193	2,457	2,173
<b>Total non-current liabilities</b>		<b>5,911</b>	<b>5,928</b>	<b>4,132</b>	<b>4,015</b>
<b>Total liabilities</b>		<b>11,010</b>	<b>11,245</b>	<b>8,663</b>	<b>8,698</b>
<b>Net Assets</b>		<b>353,783</b>	<b>347,208</b>	<b>348,571</b>	<b>341,740</b>
<b>Equity</b>					
Accumulated surplus		253,302	251,981	253,877	252,676
Reserves	30	97,214	91,778	94,694	89,064
<b>Total Parent Entity</b>		<b>350,516</b>	<b>343,759</b>	<b>348,571</b>	<b>341,740</b>
Outside equity interest		3,267	3,449	-	-
<b>Total Equity</b>		<b>353,783</b>	<b>347,208</b>	<b>348,571</b>	<b>341,740</b>

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

# BURNIE CITY COUNCIL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

Consolidated 2013	Total Equity		Accumulated Surplus		Consolidated Asset Revaluation		Consolidated Fair Value Reserve		Consolidated Outside Equity Interests	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	347,208	333,367	251,981	247,865	91,510	81,910	268	206	3,449	3,386
Comprehensive result	6,650	13,912	1,397	4,262	4,468	9,588	785	62	-	-
Transfer	-	(3)	-	(15)	-	12	-	-	-	-
Outside equity interests	(75)	(68)	(76)	(131)	183	-	-	-	(182)	63
<b>Balance at the end of the financial year</b>	<b>353,783</b>	<b>347,208</b>	<b>253,302</b>	<b>251,981</b>	<b>96,161</b>	<b>91,510</b>	<b>1,053</b>	<b>268</b>	<b>3,267</b>	<b>3,449</b>

Council 2013	Total Equity		Accumulated Surplus		Council Asset Revaluation		Council Fair Value Reserve	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	341,740	328,128	252,676	248,726	88,796	79,196	268	206
Comprehensive result	6,831	13,612	1,201	3,950	4,845	9,600	785	62
<b>Balance at the end of the financial year</b>	<b>348,571</b>	<b>341,740</b>	<b>253,877</b>	<b>252,676</b>	<b>93,641</b>	<b>88,796</b>	<b>1,053</b>	<b>268</b>

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

# BURNIE CITY COUNCIL

## CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS

### FOR THE YEAR ENDED 30 JUNE 2013

	<b>Consolidated Inflows/ (Outflows) 2013 \$'000</b>	<b>Consolidated Inflows/ (Outflows) 2012 \$'000</b>	<b>Council Inflows/ (Outflows) 2013 \$'000</b>	<b>Council Inflows/ (Outflows) 2012 \$'000</b>
<b>Cash flows from operating activities</b>				
Rates	19,723	18,953	19,723	18,953
Statutory fees and fines	794	812	794	812
User charges and other fines (inclusive of GST)	11,876	12,598	8,052	8,213
Grants (inclusive of GST)	4,210	5,424	4,210	5,424
Reimbursements (inclusive of GST)	258	121	261	175
Interest	605	451	597	457
Rents (inclusive of GST)	354	288	354	288
Other receipts (inclusive of GST)	326	220	270	192
Net GST refund/payment	239	750	463	1,033
Dividends	342	308	438	308
Finance costs	(250)	-	(98)	-
Payments to suppliers (inclusive of GST)	(13,949)	(12,597)	(12,688)	(11,381)
Payments to employees (including redundancies)	(14,463)	(14,322)	(12,948)	(12,577)
Other payments (inclusive of GST)	(3,126)	(3,328)	(3,042)	(3,069)
<b>Net cash provided by (used in) operating activities</b>	<b>31 6,939</b>	<b>9,678</b>	<b>6,386</b>	<b>8,828</b>
<b>Cash flows from investing activities</b>				
Payments for property, infrastructure, plant and equipment	(6,756)	(14,681)	(6,530)	(14,016)
Proceeds from sale of property, infrastructure, plant and equipment	274	327	274	224
Payments for distribution of profits	(92)	(193)	-	-
Capital grants	1,239	5,683	1,239	5,683
Net cash provided by (used in) investing activities	<b>(5,335)</b>	<b>(8,864)</b>	<b>(5,017)</b>	<b>(8,109)</b>
<b>Cash flows from financing activities</b>				
Proceeds from interest bearing liabilities	-	2,000	-	2,000
Trust funds and deposits	(23)	4	(23)	4
Repayment of interest bearing liabilities	(308)	(217)	(158)	100
<b>Net cash provided by (used in) financing activities</b>	<b>(331)</b>	<b>1,787</b>	<b>(181)</b>	<b>2,104</b>
Net increase (decrease) in cash and cash equivalents	1,273	2,601	1,188	2,823
Cash and cash equivalents at the beginning of the financial year	9,009	6,408	8,540	5,717
<b>Cash and cash equivalents at the end of the financial year</b>	<b>18 10,282</b>	<b>9,009</b>	<b>9,728</b>	<b>8,540</b>

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

# BURNIE CITY COUNCIL

## CONSOLIDATED NOTES TO THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2013

#### Note 1 Significant accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statement are set out below. These policies are consistently applied to all the years presented, unless otherwise stated.

##### A. Statement of compliance

This financial report is a general purpose financial report that consists of a Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of 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.

The following Australian Accounting Standards have been issued or amended and are applicable to the Council but are not yet effective. They have not been adopted in preparation of the financial report at reporting date.

##### Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. Council's assessment of the impact of these new standards and interpretations is set out below.

- i) AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures (effective from 1 January 2015).

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt

investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

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 AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013).

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

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. The standard will not affect Council as it does not have any joint arrangements.

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.



# BURNIE CITY COUNCIL

## CONSOLIDATED NOTES TO THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2013

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. Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

- iii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013).

AASB 13 sets out a new definition of ‘fair value’ as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of Council’s assets and liabilities (excluding leases), that are measured and/or disclosed at fair value or another measurement based on fair value.

Council has commenced reviewing its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to determine whether those methodologies comply with AASB 13. To the extent that the methodologies don’t comply, changes will be necessary. While Council is yet to complete this review, no substantial changes are anticipated, based on the fair value methodologies presently used. Therefore, at this stage, no consequential material impacts are expected for Council’s property, plant and equipment as from 2013-14.

AASB 13 will require an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. To the extent that any fair value measurement for an asset or liability uses data that is not ‘observable’ outside Council, the amount of information to be disclosed will be relatively greater.

- iv) Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013).

This revised standard on accounting for employee benefits includes significant revisions to the recognition, remeasurement, presentation and disclosure of defined benefit liabilities/assets.

These changes will not affect Council as it does not have any defined benefit plans. Whilst this standard does include revision to multi-employer plans; such as Council’s multi-employer sponsored plan the Quadrant Defined Benefit Fund (Refer Note 33); these are generally disclosure related and not expected to have a financial impact.

The standard also clarifies criteria for accounting for “short-term employee benefits” including treatment of terminations. Employee benefits ‘expected to be settled’ (as opposed to ‘due to be settled’ under current standard) within 12 months after year end are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave and other short-term benefits not expected to be used within 12 months of end of reporting period will in future be discounted when calculating the leave liability. Council has assessed that this change will not have a material effect on Council’s accounts.

- v) AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (effective 1 January 2013).

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

- vi) 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 the

# BURNIE CITY COUNCIL

## CONSOLIDATED NOTES TO THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2013

entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

- vii) AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (effective 1 January 2013).

AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments. ASB 116 - clarifies the classification of servicing equipment. AASB 132 and Interpretation 2 - clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes. AASB 134 - provides clarification about segment reporting.

The amendments arising from this standard are not expected to change the reported financial position or performance of the Council.

Council is of the view that none of the above new standards will materially affect any of the amounts recognised in the financial statements. The adoption of the new standards will have no material effect on Council's accounting policies.

#### **B. Basis of preparation**

The financial report has been prepared on the accrual and going concern basis.

This financial report has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss and certain classes of property, infrastructure, plant and equipment.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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:

#### ***Fair value of property, infrastructure, plant and equipment***

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

#### ***Employee entitlements***

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

#### ***Landfill restoration***

Assumptions and judgements are utilised in determining the cost of rehabilitation. Council operates a refuse disposal centre which imposes obligations for rehabilitation in the future. Provision is made for rehabilitation costs to be incurred in future years by estimating the future costs based on current legislative requirements. The future cost is discounted back to present value at balance date. At each balance date the discounting is unwound with the movement in the liability charged to the Statement of Comprehensive Income as part of "Finance costs" (note 13).

#### ***Impairment of debts***

Assumptions and judgements are utilised in determining the cost of impairment of debtors. An allowance for impaired debts is recognised when collection of debts in full is no longer probable. Since 2009 the Council has given the Monetary Penalties Enforcement Service of the Department of Justice responsibility to collect outstanding infringement debtors. The level of outstanding receivables is reported regularly and monitored for collection performance (refer note 1 Q).

#### **C. The local government reporting entity**

All entities controlled by Council have been included in this consolidated financial report. All transactions between these entities and Council have been eliminated in full.

In the process of reporting on Council as a single unit, all transactions and balances between those functions (for example, loans and transfers between functions) have been eliminated in full within the Statement of Comprehensive Income.

#### **D. Recognition of revenue**

Revenue is recognised when it is probable that the inflow of economic benefits has occurred; and the inflow of economic benefits can be measured reliably.

An allowance for impaired debts is recognised when collection of revenues in full is no longer probable.



# BURNIE CITY COUNCIL

## CONSOLIDATED NOTES TO THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2013

#### **Rates and charges**

Rates and charges 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 represent a charge against the rateable property that will be recovered when the property is next sold.

#### **Statutory fees and fines/User fees**

User 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.

#### **Grants**

Grants are recognised as revenues when the Council obtains control over the assets comprising these receipts. Control over grant revenue is normally obtained upon receipt.

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.

#### **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.

#### **Sales**

Sales are recognised as revenue when the product and or service have been provided.

#### **Interest**

Interest is recognised as revenue progressively as it is earned, the value of the payment is notified, or the payment is received, whichever occurs first.

#### **Investment income**

Income 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.

Distributions and dividends are recognised when Council's right to receive payment or distribution is established.

#### **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 and expenses.

### **E. Depreciation and amortisation of non-current assets**

Non-current assets having limited useful lives are systematically depreciated over their useful lives to 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 infrastructure 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.

Currently, all non-current assets other than land and heritage assets have been depreciated over their useful lives as determined by Council officers. Heritage assets are community assets and include works of art and objects of historical significance. They have long and indeterminate useful lives and are therefore not depreciated.

# BURNIE CITY COUNCIL

## CONSOLIDATED NOTES TO THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2013

Non-current assets that have been depreciated are as follows:

Classification	Useful Life (Years)
Land	Infinite
Buildings	20 - 100 years
Motor vehicles	7 years
Fixtures, fittings and furniture	5 - 50 years
Plant, machinery and equipment	3 - 10 years
Heritage	Not depreciated
Telecommunications	3 - 10 years
Infrastructure	10 - 75 years
Waste management	10 - 60 years
Drainage	20 - 100 years
Car Parks	15 - 40 years
Bridges and culverts	20 - 75 years
Parks and recreation	10 - 100 years
Roads and footpaths	10 - 100 years

#### F. 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 (of \$5,000), the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

#### G. Recognition and valuation of non-current assets

##### Recognition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

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. Such assets are recognised as "Work in Progress" until they become available for service.

The following classes of assets have been recognised in note 24 and 25. 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.

Classification	Threshold
Aeronautical roads and runways	\$5,000
Bridges and culverts	\$5,000
Buildings	\$5,000
Car parks	\$5,000
Drainage	\$5,000
Fixtures, fittings and furniture	\$500
Heritage	\$1
Infrastructure	\$500
Land	\$1
Motor vehicles	\$5,000
Parks and recreation	\$5,000
Plant, machinery and equipment	\$500
Roads and footpaths	\$5,000
Telecommunications	\$500
Waste management	\$5,000

##### Valuation

For the purposes of AASB116, Council has adopted the following valuation basis for its non-current assets:

Classification	Valuation Basis
Aeronautical roads and runways	Fair Value
Bridges and culverts	Fair Value
Buildings	Fair Value
Car parks	Fair Value
Drainage	Fair Value
Fixtures, fittings and furniture	Cost
Heritage assets	Cost
Infrastructure	Cost
Land	Fair Value
Land under roads	Fair Value
Motor vehicles	Cost
Parks and recreation	Fair Value
Plant, machinery and equipment	Cost
Roads and footpaths	Fair Value
Telecommunications	Cost
Waste management	Fair Value

# BURNIE CITY COUNCIL

## CONSOLIDATED NOTES TO THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2013

Land under roads acquired after 30 June 2008 is brought to account using the fair value basis. Council does not recognise land under roads that it controlled prior to that period in its financial report.

#### **Revaluations**

Where assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve. Net revaluation decrements will be debited to any previous revaluation increments for that class of assets, with any deficiency being recognised as an expense. Assets are revalued with such frequency as to ensure the carrying value does not differ materially from fair value at reporting date.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a periodical basis. The valuation is performed either by experienced council officers or independent experts.

#### **H. Non-current assets classified as held for sale**

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. For non-current assets to be classified as held for sale they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

#### **I. Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

#### **J. Trust funds and deposits**

Where Council received monies as an agent and performs only a custodial role in respect of these monies, and

cannot use the monies for Council purposes, these funds are not recorded as part of these financial statements.

#### **K. Employee benefits and entitlements**

##### **Salaries and wages**

Liabilities for wages and salaries and rostered days off are recognised and measured as the amount unpaid at balance date and include appropriate oncosts such as workers compensation and payroll costs.

##### **Annual leave entitlements**

Annual leave entitlements are accrued on a pro-rata basis in respect of services provided by employees up to balance date. Annual leave expected to be paid within 12 months is measured at nominal value based on the amount, including appropriate oncosts, expected to be paid when settled.

##### **Long service leave entitlements**

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service.

Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled. Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

##### **Sick leave entitlements**

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.

##### **Classification of employee benefits**

An employee benefit liability is classified as a current liability if the Council does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This would include all annual leave and unconditional long service leave entitlements.

#### **L. Superannuation**

The superannuation expense for the reporting period is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in note 33.

# BURNIE CITY COUNCIL

## CONSOLIDATED NOTES TO THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2013

#### **M. Leases**

Leases are accounted for in accordance with AASB 117 'Leases'. A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets and operating leases under which the lessor effectively retains all such risks and benefits.

#### **N. Trade and other payables**

Payables are settled within specific trading terms or 30 days, whichever is earlier.

#### **O. 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.

#### **P. Finance costs**

Finance costs are expensed as incurred using the effective interest method. Borrowing costs include interest on bank overdrafts, interest on borrowings, unwinding of discounts, and finance lease charges.

#### **Q. Trade and other receivables**

Revenue not received over which Council has control is recognised as receivables.

All rates and charges, and costs incurred by Council in the abatement of statutory nuisances are charges on the land, and are recoverable from the owner or occupier, or upon the transfer of ownership of that land. In extreme circumstances the Local Government Act 1993 grants power for the compulsory sale of such land to recover outstanding amounts. As a result, all amounts of uncollected rates and charges are considered collectable.

Settlement of rates receivable can be made by instalments, by arrangement or in full less 4% discount if paid by 31 August. If an instalment is not paid by the due date, interest at the prescribed percentage determined under section 128 (2) of the Local Government Act 1993 will be charged on a daily basis until paid. If an instalment is not paid within 21 days of the due date, the outstanding rates for the whole year become due and payable and unless covered by an arrangement the debts are collected in accordance with Council's debt collection procedures.

Sundry receivables are required to be settled as they become due. Accounts unpaid at due date will then be collected in accordance with Council's debt collection procedures. A provision for impairment is recognised when collection in full is no longer probable.

Infringement debtors are forwarded to the Monetary Penalties Enforcement Service (MPES) for collection on Council's behalf. A provision for impairment is recognised once the debtor has defaulted on an enforcement order issued by MPES. The impaired debts continue to be pursued by MPES through enforcement sanctions.

#### **R. Inventories**

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

#### **S. 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.

#### **T. Investment in water corporation**

Council's investment in Cradle Mountain Water was 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 had an ownership interest of 17.8% in the corporation. Any unrealised gains and losses on holdings at balance date were recognised through the Statement of Comprehensive Income to a financial asset available for sale reserve each year.

Council has classified this asset as an Available-for-Sale financial asset as defined in AASB 139 Financial Instruments: Recognition and Measurement and has

# BURNIE CITY COUNCIL

## CONSOLIDATED NOTES TO THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2013

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 8 in the form of dividends, tax equivalent payments and guarantee fees. From the 1st July 2013, Council's ownership in Cradle Mountain Water changed to an ownership interest in Tas Water. Refer note 39.

#### U. Investments in subsidiaries

Council's investment in subsidiaries is accounted for at cost. Subsidiaries included in the consolidated accounts are:

- Burnie Airport Corporation Unit Trust (51% ownership)
- Tas Communications Unit Trust (100% ownership)
- Burnie Sports & Events Unit Trust (100% ownership)

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses are eliminated on consolidation.

Where associate entities are acquired through the year, their results are only included from the date of acquisition, whilst for associate entities that have been disposed of during the year, their results are only included to the date of disposal.

#### V. Significant business activities

For its significant business activities, which have been deemed to be Children's Services, Roads and Stormwater, Council is required to provide details of the opportunity cost of capital and competitive neutrality costs. These are provided in Note 40.

Competitive neutrality costs are those net costs such as rates, land tax and income tax, for example, which would be payable by an undertaking where no exemptions apply. Income tax has been calculated at the business rate after allowance for tax deductible items.

In preparing the information disclosed in relation to significant business activities, the following assumptions have been applied.

- The notional opportunity cost of capital was calculated by applying an interest rate of 4.19% which Council had determined as an appropriate interest rate adjusted for a risk margin.
- Notional Council rates and land tax have been calculated using actual rates and charges set by

Council and Government for the current financial period.

- The impact of fringe benefits tax credits, stamp duty, debits tax, and financial instruments duty were determined to be immaterial and have not been included.
- Payroll tax was calculated using actual wages in each activity.
- Loan guarantee fees were not included as Council believes that no advantage is available.

#### W. 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.

#### X. Taxation

Council and its controlled entities are 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 GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

#### Y. Budget information

The estimated revenue and expense amounts in the Statement of Comprehensive Income represent original budget figures. These budget figures have not been audited.

#### Z. Rounding

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



# BURNIE CITY COUNCIL CONSOLIDATED NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

## AA. Comparatives

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.

## AB. Landfill restoration

Council is obligated to progressively rehabilitate landfill cells by placing a soil cap over landfill materials. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

## Note 2(a) Functions/activities of the Council

Total assets shown in note 2(a) are reconciled with the amounts shown for assets in the statement of financial position as follows:

	2013 \$'000	2012 \$'000
Current assets	14,814	13,233
Non-current assets	349,979	345,220
	364,793	358,453

The activities of the Council are categorised into the following broad functions:

### Corporate services

Operation and maintenance of council chambers, Governance Services, Administration Offices, Engineering Services, Economic Development, Works Depot and Private Works.

### Children's services

Operation and maintenance of Child Care Services.

### Cultural services

The operation and maintenance of the Burnie Arts & Function Centre, Makers Workshop, Burnie Regional Art Gallery, Burnie Regional Museum, and promotions and marketing activities.

### Waste management

Collection, handling, processing and disposal of waste materials.

### Parks and recreation

Operation and maintenance of parks and gardens, sporting and natural reserves and other sporting facilities.

### Integrated services

Construction, operation and maintenance of drainage and stormwater works.

### Roads, streets and bridges

Construction, maintenance and cleaning of roads, footpaths, street lighting and bridges.

### Public services

Operation and maintenance of community amenities including public halls, restrooms, Olympic pool, emergency services, cemeteries and provision of welfare services.

### Regulatory services

Administration of parking facilities, animal control, building control, town planning and environmental protection.

### Commercial activities

Council's controlled entities including Burnie Airport, Tas Communications and Burnie Sports & Events.

### *Burnie Sports & Events*

Provides professional support services, management, promotion and sponsorship, and management of the sporting facilities on behalf of Council.

Burnie Sports & Events have recorded an operating loss of \$26,224 compared to a profit of \$8,269 in 2012 and had net assets of \$158,091 as at 30 June 2013. Total revenue for 2013 was \$2,263,418 as compared to \$2,740,907 in 2012.

The operating loss for the 2013 financial year was attributable to a \$35,000 non-recurring payment to the Burnie Tennis Club.

### *Tas Communications*

Tas Communications provides support to its local government customers along with tailoring niche services to meet the needs of its business customer base. It is also an internet service supplier, application service hosting and service desk supplier.



# BURNIE CITY COUNCIL

## CONSOLIDATED NOTES TO THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2013

The trust has recorded another successful year with an operating surplus of \$151,531 compared with a surplus of \$219,133 in 2012. The trust has net assets of \$1,732,501 as at 30 June 2013 compared with \$1,580,970 in 2012 and is well situated to continue to grow and service its existing customer base into the future. The trust invested \$116,939 in telecommunications and information technology assets throughout the year.

#### **Burnie Airport Corporation**

The provision of airport infrastructure and services for the greater Burnie region. The Trust recorded an operating profit of \$164,455 for the year compared to \$182,583 for the 2012 year. The Trust had net assets of \$6,571,871 as at 30 June 2013 compared with \$6,972,037 in 2012.

	Grants \$'000	Rates \$'000	Other \$'000	Total Revenue \$'000	Total Expenditure \$'000	Surplus/ (Deficit) \$'000	Assets \$'000
<b>Corporate Services</b>							
2012-2013	1,346	15,851	3,158	20,355	7,544	12,811	51,949
2011-2012	1,652	15,325	476	17,456	7,021	10,435	51,131
<b>Children's Services</b>							
2012-2013	1,074	-	2,489	3,563	4,513	(950)	3,050
2011-2012	1,081	-	2,624	3,705	4,483	(778)	3,064
<b>Cultural Activities</b>							
2012-2013	81	-	1,573	1,654	5,035	(3,381)	17,840
2011-2012	193	-	1,577	1,770	5,159	(3,389)	18,518
<b>Parks &amp; Recreation</b>							
2012-2013	-	-	174	174	2,868	(2,694)	34,214
2011-2012	-	-	(80)	(80)	2,750	(2,830)	34,077
<b>Public Services</b>							
2012-2013	352	-	466	818	1,840	(1,022)	2,395
2011-2012	961	-	444	1,405	1,685	(280)	2,397
<b>Regulatory Services</b>							
2012-2013	-	-	2,317	2,317	2,536	(219)	17,472
2011-2012	3	-	2,430	2,433	2,533	(100)	17,329
<b>Roads, streets and bridges</b>							
2012-2013	2,821	-	(19)	2,802	6,408	(3,606)	124,373
2011-2012	2,242	-	(353)	1,889	6,327	(4,438)	122,873
<b>Waste Management</b>							
2012-2013	-	2,394	785	3,179	3,381	(202)	3,239
2011-2012	-	2,056	782	2,838	2,083	755	1,834
<b>Integrated Services</b>							
2012-2013	-	1,478	-	1,478	1,014	464	101,798
2011-2012	4,250	1,411	-	5,661	1,083	4,578	99,215
<b>Commercial Activities</b>							
2012-2013	-	-	3,327	3,327	3,131	196	8,463
2011-2012	-	-	3,598	3,598	3,286	312	8,015
<b>Total</b>							
<b>2012-2013</b>	<b>5,674</b>	<b>19,723</b>	<b>14,270</b>	<b>39,667</b>	<b>38,270</b>	<b>1,397</b>	<b>364,793</b>
<b>2011-2012</b>	<b>10,382</b>	<b>18,792</b>	<b>11,498</b>	<b>40,672</b>	<b>36,410</b>	<b>4,262</b>	<b>358,453</b>

# BURNIE CITY COUNCIL

## CONSOLIDATED NOTES TO THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2013

	Consolidated Actual 2013 \$'000	Consolidated Actual 2012 \$'000	Council Actual 2013 \$'000	Council Actual 2012 \$'000
General rate	14,440	13,975	14,440	13,975
Waste service charges	2,394	2,056	2,394	2,056
Fire levies	1,411	1,350	1,411	1,350
Stormwater service charges	1,478	1,411	1,478	1,411
<b>Total rates and charges</b>	<b>19,723</b>	<b>18,792</b>	<b>19,723</b>	<b>18,792</b>

Government funds received in relation to pensioner rates rebates of \$656,925 were accounted for as rates and charges revenue (2011/2012 \$636,911).

### Note 4 Statutory fees and fines

Infringements	412	432	412	432
Planning fees	208	206	208	206
Section 132 and 337 certificates	105	110	105	110
Licence fees	69	65	69	65
<b>Total statutory fees and fines</b>	<b>794</b>	<b>813</b>	<b>794</b>	<b>813</b>

### Note 5 User fees

Parent fees and childcare income	2,456	2,621	2,456	2,619
Parking revenue	1,507	1,614	1,507	1,614
Aeronautical income	1,000	1,026	-	-
Sales	1,065	1,106	1,065	1,106
Other fees and charges	4,684	4,885	2,291	2,197
<b>Total user fees</b>	<b>10,714</b>	<b>11,252</b>	<b>7,319</b>	<b>7,536</b>

### Note 6 Grants

Grants were received in respect of the following :

#### Summary of grants

Operating grants	4,055	4,699	4,055	4,699
Capital grants	1,619	5,683	1,619	5,683
<b>Total</b>	<b>5,674</b>	<b>10,382</b>	<b>5,674</b>	<b>10,382</b>

#### Summary of operating grants

Financial assistance grant	2,504	3,126	2,504	3,126
Burnie Regional Art Gallery - Arts Tasmania	81	70	81	70
Transport services	44	44	44	44
Weed management	-	3	-	3
Autism services	1,000	995	1,000	995
Community and economic development	53	35	53	35
Natural disaster resilience program	-	22	-	22
Child and youth services	74	87	74	87
Inclusion support agency	197	190	197	190
Mobile family resource service	102	104	102	104
Museum curatorial services	-	23	-	23
<b>Total operating grants</b>	<b>4,055</b>	<b>4,699</b>	<b>4,055</b>	<b>4,699</b>

\$1,306,871 in financial assistance grants were received in advance in the 2012/2013 financial year (2011/2012 \$1,303,276).

**BURNIE CITY COUNCIL**  
**CONSOLIDATED NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	<b>Consolidated Actual 2013 \$'000</b>	<b>Consolidated Actual 2012 \$'000</b>	<b>Council Actual 2013 \$'000</b>	<b>Council Actual 2012 \$'000</b>
<b>Summary of capital grants and contributions</b>				
Roads to recovery	373	415	373	415
Natural disaster resilience program	866	80	866	80
Flood remediation works	-	48	-	48
Burnie Arts & Function Centre	-	100	-	100
Makers' Workshop/waterfront	-	650	-	650
Roads and transport	380	140	380	140
Stormwater development	-	4,250	-	4,250
<b>Total capital grants and contributions</b>	<b>1,619</b>	<b>5,683</b>	<b>1,619</b>	<b>5,683</b>
Users of the financial report should refer to note 32 for details of restricted cash relating to grants (grants recognised as revenue during the reporting period which were obtained on the condition that they be applied in a specific manner but are yet to be expended in that manner).				
<b>Note 7 Other income</b>				
Interest	610	450	596	457
Interest on rates	104	118	104	118
Rentals	322	262	322	262
Other	17	28	-	-
<b>Total other income</b>	<b>1,053</b>	<b>858</b>	<b>1,022</b>	<b>837</b>
<b>Note 8 Investment income</b>				
Distributions from water corporation	342	210	342	210
Distributions from controlled entities	-	-	96	98
<b>Total investment income</b>	<b>342</b>	<b>210</b>	<b>438</b>	<b>308</b>
<b>Note 9 Employee benefits</b>				
Wages and salaries	10,712	10,688	9,556	9,424
Annual leave and long service leave	1,576	1,479	1,433	1,316
Superannuation	1,391	1,366	1,254	1,215
Other employee related expenses	1,463	1,452	1,392	1,374
	15,142	14,985	13,635	13,329
Less: amounts allocated to capital	(596)	(740)	(596)	(740)
<b>Total employee benefits</b>	<b>14,546</b>	<b>14,245</b>	<b>13,039</b>	<b>12,589</b>
<b>Note 10 Materials and services</b>				
Advertising and marketing	197	217	137	152
Levies and contributions	432	422	432	422
Contracts	3,805	2,387	3,604	2,426
Contracts with controlled entities	-	-	1,041	1,072
Cost of goods sold	1,830	2,132	658	695
Cruise ship expenses	116	176	116	176
Electricity	1,214	1,136	991	927
Insurance	290	301	264	275
Legal expenses	912	297	912	297
Materials and services	3,139	3,378	2,835	2,971
Memberships and subscriptions	324	257	324	340
Printing, stationery and office supplies	156	178	156	178
<b>Total materials and services</b>	<b>12,415</b>	<b>10,881</b>	<b>11,470</b>	<b>9,931</b>

**BURNIE CITY COUNCIL**  
**CONSOLIDATED NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	<b>Consolidated Actual 2013 \$'000</b>	<b>Consolidated Actual 2012 \$'000</b>	<b>Council Actual 2013 \$'000</b>	<b>Council Actual 2012 \$'000</b>
<b>Note 11 Impairment of debts</b>				
Trade debtors	136	120	136	118
<b>Total impairments of debts</b>	<b>136</b>	<b>120</b>	<b>136</b>	<b>118</b>
<b>Note 12 Depreciation and amortisation</b>				
<b>Property</b>				
Buildings	934	918	877	856
<b>Plant and Equipment</b>				
Plant, machinery and equipment	1,011	1,089	808	884
Motor vehicles	258	236	252	231
Fixtures, fittings and furniture	149	157	148	156
<b>Infrastructure</b>				
Roads and footpaths	3,610	3,544	3,610	3,544
Aeronautical roads and runways	48	49	-	-
Infrastructure	195	204	195	204
Waste management	79	76	79	76
Car parks	129	124	129	124
Bridges and culverts	119	112	119	112
Drainage	774	795	774	795
Telecommunications	101	96	-	-
Parks and recreation	556	489	556	489
Municipal revaluation	33	31	33	31
<b>Total depreciation and amortisation</b>	<b>7,996</b>	<b>7,920</b>	<b>7,580</b>	<b>7,502</b>
<b>Note 13 Finance costs</b>				
Interest - borrowings	250	178	98	4
Interest - unwinding of net present value of landfill rehabilitation assets	50	190	50	190
<b>Total finance costs</b>	<b>300</b>	<b>368</b>	<b>148</b>	<b>194</b>
<b>Note 14 Other expenses</b>				
Auditor's remuneration	58	72	58	72
Alderman's allowances	233	229	233	229
Alderman expenses	48	101	48	125
Fire levies	1,352	1,329	1,352	1,329
Land tax	296	313	240	256
Water and sewer rates	268	236	268	236
Remissions and discounts	557	543	557	543
Audit Committee costs	10	-	10	-
Directors' fees	55	53	-	-
<b>Total other expenses</b>	<b>2,877</b>	<b>2,876</b>	<b>2,766</b>	<b>2,790</b>
<b>Note 15 Capital works completed on assets not owned by council</b>				
Capital works completed on assets not owned by council	(47)	(2,061)	(47)	(2,061)
<b>Total contributions - non-monetary assets</b>	<b>(47)</b>	<b>(2,061)</b>	<b>(47)</b>	<b>(2,061)</b>

Construction work undertaken on assets not owned by Council includes work completed on stormwater infrastructure on private residences as part of the stormwater infrastructure development project (fully funded via a government grant) and the construction of a retaining wall on a private residence to improve drainage within Cooee Creek. Assets were transferred to other parties on completion of the projects.

**BURNIE CITY COUNCIL**  
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**FOR THE YEAR ENDED 30 JUNE 2013**

**Note 16 Net gain/(loss) on disposal of property, infrastructure, plant and equipment**

Proceeds of sale	274	230	274	224
Write down value of assets disposed	(190)	(830)	(190)	(832)
<b>Total net gain/(loss)</b>	<b>84</b>	<b>(600)</b>	<b>84</b>	<b>(608)</b>

**Note 17 Investment in water corporation**

Opening balance	58,150	58,088	58,150	58,089
Change in fair value of investment	-			
Fair value adjustment on available for sale assets	785	62	785	62
<b>Carrying value of investment in Cradle Mountain Water</b>	<b>58,935</b>	<b>58,150</b>	<b>58,935</b>	<b>58,150</b>

Council has derived returns from Cradle Mountain Water as disclosed in note 8. Council has an ownership interest of 17.8% in Cradle Mountain Water based on the Final Treasurer's Allocation Order in 2011. Council does not have significant influence to allow it to use the equity method to account for this interest. From 1 July 2013, Council's ownership interest in Cradle Mountain Water will change to an ownership interest in TasWater. Refer note 39.

**Note 18 Cash and cash equivalents**

Cash on hand	43	44	36	37
Cash at bank	1,158	4,653	677	4,422
Short term deposits	9,081	4,312	9,015	4,081
<b>Total cash and cash equivalents</b>	<b>10,282</b>	<b>9,009</b>	<b>9,728</b>	<b>8,540</b>

Users of the financial report should refer to note 32 for details of restricted cash and note 37 for existing Council commitments.

**Note 19 Trade and other receivables**

<b>Current</b>				
Rates and charges	1,156	1,204	1,156	1,204
Accrued interest	74	6	74	9
Other accrued income	162	33	161	20
Sundry debtors	2,677	2,161	2,224	1,847
Provision for impairment	(443)	(306)	(441)	(304)
<b>Total</b>	<b>3,626</b>	<b>3,098</b>	<b>3,174</b>	<b>2,776</b>
<b>Total trade and other receivables</b>	<b>3,626</b>	<b>3,098</b>	<b>3,174</b>	<b>2,776</b>

**Note 20 Inventories**

Inventories held for sale	161	228	109	143
Inventories held for consumption	112	86	112	86
<b>Total inventories</b>	<b>273</b>	<b>314</b>	<b>221</b>	<b>229</b>

**BURNIE CITY COUNCIL**  
**CONSOLIDATED NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	<b>Consolidated Actual 2013 \$'000</b>	<b>Consolidated Actual 2012 \$'000</b>	<b>Council Actual 2013 \$'000</b>	<b>Council Actual 2012 \$'000</b>
<b>Note 21 Non-current assets classified as held for sale</b>				
Opening lot stock at beginning of reporting period	593	663	-	-
Less: lot stock sold	-	(70)	-	-
Closing lot stock at end of reporting period	593	593	-	-
<b>Total non-current assets classified as held for sale</b>	<b>593</b>	<b>593</b>	<b>-</b>	<b>-</b>
<b>Note 22 Other assets</b>				
Prepayments	40	219	10	-
<b>Total other assets</b>	<b>40</b>	<b>219</b>	<b>10</b>	<b>-</b>
<b>Note 23 Investments in subsidiaries</b>				
Burnie Airport Corporation (51% ownership)	-	-	813	813
Burnie Sports & Events (100% ownership)	-	-	320	320
Tas Communications (100% ownership)	-	-	2,103	2,103
<b>Total investments in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>3,236</b>	<b>3,236</b>
There is no active market for Council's investment in subsidiaries and therefore the investments are held at cost.				
<b>Note 24 Property, infrastructure, plant and equipment</b>				
<b>Summary</b>				
at cost	27,780	27,631	25,470	24,610
Less accumulated depreciation	15,423	15,083	14,356	13,961
	<b>12,357</b>	<b>12,548</b>	<b>11,114</b>	<b>10,649</b>
at fair value as at 30 June	467,330	446,868	446,841	433,249
Less accumulated depreciation	186,405	167,723	176,025	166,507
Less impairment	2,238	4,623	-	-
	278,687	274,522	270,816	266,742
<b>Total</b>	<b>291,044</b>	<b>287,070</b>	<b>281,930</b>	<b>277,391</b>



**BURNIE CITY COUNCIL**  
**CONSOLIDATED NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**Note 24 Property, infrastructure, plant and equipment (continued)**

**Property**

	<b>Consolidated Actual 2013 \$'000</b>	<b>Consolidated Actual 2012 \$'000</b>	<b>Council Actual 2013 \$'000</b>	<b>Council Actual 2012 \$'000</b>
<b>Land</b>				
at fair value as at 30 June	27,480	27,062	23,231	22,813
Less impairment	795	1,473	-	-
	<b>26,685</b>	<b>25,589</b>	<b>23,231</b>	<b>22,813</b>
<b>Land under roads</b>				
at Council valuation at 30 June	30	30	30	30
	30	30	30	30
	<b>26,715</b>	<b>25,619</b>	<b>23,261</b>	<b>22,843</b>
<b>Total Land</b>				
Valuation of land (excluding land under roads) were determined by the office of the Valuer-General effective 30 June 2013.				
<b>Buildings</b>				
at fair value as at 30 June	53,222	52,227	50,156	49,161
Less accumulated depreciation	4,576	3,642	3,840	2,963
Less impairment	636	1,036	-	-
	<b>48,010</b>	<b>47,549</b>	<b>46,316</b>	<b>46,198</b>
Valuation of buildings were determined by independent valuers Brother & Newton as at 30 June 2008.				
<b>Total Property</b>	<b>74,725</b>	<b>73,168</b>	<b>69,577</b>	<b>69,041</b>
<b>Plant and Equipment</b>				
<b>Plant, machinery and equipment</b>				
at cost	11,266	11,147	9,159	9,298
Less accumulated depreciation	7,502	7,022	6,505	6,256
	<b>3,764</b>	<b>4,125</b>	<b>2,654</b>	<b>3,042</b>
<b>Motor vehicles</b>				
at cost	2,230	2,081	2,166	2,017
Less accumulated depreciation	859	850	809	806
	<b>1,371</b>	<b>1,231</b>	<b>1,357</b>	<b>1,211</b>
<b>Fixtures, fittings and furniture</b>				
at cost	3,078	3,066	3,055	3,043
Less accumulated depreciation	2,170	2,020	2,150	2,001
	<b>908</b>	<b>1,046</b>	<b>905</b>	<b>1,042</b>
<b>Heritage</b>				
at cost	1,558	1,541	1,558	1,541
Less accumulated depreciation	245	245	245	245
	<b>1,313</b>	<b>1,296</b>	<b>1,313</b>	<b>1,296</b>
<b>Total Plant and Equipment</b>	<b>7,356</b>	<b>7,698</b>	<b>6,229</b>	<b>6,591</b>

**BURNIE CITY COUNCIL**  
**CONSOLIDATED NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**Note 24 Property, infrastructure, plant and equipment**  
**(continued)**

**Infrastructure**

**Roads and footpaths**

	<b>Consolidated Actual 2013 \$'000</b>	<b>Consolidated Actual 2012 \$'000</b>	<b>Council Actual 2013 \$'000</b>	<b>Council Actual 2012 \$'000</b>
at fair value as at 30 June	242,081	234,632	242,081	234,632
Less accumulated depreciation	124,806	117,692	124,806	117,692
	<b>117,275</b>	<b>116,940</b>	<b>117,275</b>	<b>116,940</b>

Valuation of roads and footpaths assets has been determined by Council's technical services division as at 30 June 2012. The assets have then been revalued as at 30 June each year by applying ABS Index 3101: Road and bridge construction Australia as at 31 March.

**Aeronautical roads and runways**

at fair value as at 30 June	12,205	6,304	-	-
Less accumulated depreciation	9,250	537	-	-
Less impairment	807	2,114	-	-
	<b>2,148</b>	<b>3,653</b>	<b>-</b>	<b>-</b>

Valuations were initially determined by independent Valuer Bruce Ford in 2013. The assets are held at value in use.

**Infrastructure**

at cost	7,170	7,219	7,170	7,219
Less accumulated depreciation	4,647	4,501	4,647	4,501
	<b>2,523</b>	<b>2,718</b>	<b>2,523</b>	<b>2,718</b>

**Waste management**

at fair value as at 30 June	5,751	4,276	5,751	4,276
Less accumulated depreciation	2,570	2,494	2,570	2,494

Valuation of car parks has been determined by Council's technical services division. The last full revaluation was undertaken on 30 June 2006. Assets have since been revalued by applying the five year average Consumer Price Index, All Groups for Hobart as at 31 March as at 30 June every year.

	<b>3,181</b>	<b>1,782</b>	<b>3,181</b>	<b>1,782</b>
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**Car parks**

at fair value as at 30 June	15,348	14,820	15,348	14,820
Less accumulated depreciation	1,738	1,559	1,738	1,559

Valuation of car parks has been determined by Council's technical services division. The last full revaluation was undertaken on 30 June 2007. Assets have since been revalued by applying the five year average Consumer Price Index, All Groups for Hobart as at 31 March as at 30 June every year.

	<b>13,610</b>	<b>13,261</b>	<b>13,610</b>	<b>13,261</b>
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**BURNIE CITY COUNCIL**  
**CONSOLIDATED NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**Note 24 Property, infrastructure, plant and equipment (continued)**

**Bridges and culverts**

at fair value as at 30 June

Less accumulated depreciation

Valuation of bridges and culverts has been determined by Council's technical services division. The last full revaluation was undertaken on 30 June 2007. The assets have then been revalued each year as at 30 June by applying ABS Index 3101: Road and bridge construction Australia as at 31 March.

**Drainage**

at fair value as at 30 June

Less accumulated depreciation

Valuation of car parks has been determined by Council's technical services division. The last full revaluation was undertaken on 30 June 2012. Assets have since been revalued by applying the five year average Consumer Price Index, All Groups for Hobart as at 31 March as at 30 June every year.

**Telecommunications**

at cost

Less accumulated depreciation

**Parks and recreation**

at fair value as at 30 June

Less accumulated depreciation

Valuation of car parks has been determined by Council's technical services division. The last full revaluation was undertaken on 30 June 2006. Assets have since been revalued by applying the five year average Consumer Price Index, All Groups for Hobart as at 31 March as at 30 June every year.

**Municipal Revaluation**

Opening carrying amount at beginning of reporting period

Additions throughout reporting period

Amortisation recognised throughout reporting period

Closing carrying value at the end of reporting period

**Total Infrastructure**

**Works in progress**

Works in progress at cost

**Total Works in progress**

**Total property, infrastructure, plant and equipment**

	<b>Consolidated Actual 2013 \$'000</b>	<b>Consolidated Actual 2012 \$'000</b>	<b>Council Actual 2013 \$'000</b>	<b>Council Actual 2012 \$'000</b>
at fair value as at 30 June	8,607	8,327	8,607	8,327
Less accumulated depreciation	2,851	2,645	2,851	2,645
	<b>5,756</b>	<b>5,682</b>	<b>5,756</b>	<b>5,682</b>
at fair value as at 30 June	72,558	69,664	72,558	69,664
Less accumulated depreciation	30,544	28,898	30,544	28,898
	<b>42,014</b>	<b>40,766</b>	<b>42,014</b>	<b>40,766</b>
at cost	969	969	-	-
Less accumulated depreciation	394	293	-	-
	<b>575</b>	<b>676</b>	-	-
at fair value as at 30 June	30,497	29,526	30,497	29,526
Less accumulated depreciation	11,094	10,256	11,094	10,256
	<b>19,403</b>	<b>19,270</b>	<b>19,403</b>	<b>19,270</b>
Opening carrying amount at beginning of reporting period	33	64	33	64
Additions throughout reporting period	168	-	168	-
Amortisation recognised throughout reporting period	(33)	(31)	(33)	(31)
Closing carrying value at the end of reporting period	<b>168</b>	<b>33</b>	<b>168</b>	<b>33</b>
<b>Total Infrastructure</b>	<b>206,653</b>	<b>204,781</b>	<b>203,930</b>	<b>200,452</b>
Works in progress at cost	2,310	1,423	2,194	1,307
<b>Total Works in progress</b>	<b>2,310</b>	<b>1,423</b>	<b>2,194</b>	<b>1,307</b>
<b>Total property, infrastructure, plant and equipment</b>	<b>291,044</b>	<b>287,070</b>	<b>281,930</b>	<b>277,391</b>

## Note 25 Movements in property, plant and equipment, infrastructure

<b>Consolidated 2013</b>	<b>Balance at beginning of financial year</b>	<b>Acquisition of assets and transfers from work in progress</b>	<b>Revaluation increments (decrements) (note 30)</b>	<b>Depreciation and amortisation (note 12)</b>	<b>Written down value of disposals</b>	<b>Impairment losses recognised in profit or loss (a)</b>	<b>Balance at end of financial year</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Property</b>							
Land	25,619	753	(335)	-	-	678	26,715
Buildings	47,549	995		(934)	-	400	48,010
<b>Total property</b>	<b>73,168</b>	<b>1,748</b>	<b>(335)</b>	<b>(934)</b>	<b>-</b>	<b>1,078</b>	<b>74,725</b>
<b>Plant and Equipment</b>							
Plant, machinery and equipment	4,125	661	-	(1,010)	(12)	-	3,764
Motor vehicles	1,231	476	-	(258)	(78)	-	1,371
Fixtures, fittings and furniture	1,046	11	-	(149)	-	-	908
Heritage	1,296	17	-	-	-	-	1,313
<b>Total plant and equipment</b>	<b>7,698</b>	<b>1,165</b>	<b>-</b>	<b>(1,417)</b>	<b>(90)</b>	<b>-</b>	<b>7,356</b>
<b>Infrastructure</b>							
Roads and footpaths	116,940	1,044	2,938	(3,610)	(37)	-	117,275
Aeronautical roads and runways	3,653	-	(2,763)	(49)	-	1,307	2,148
Infrastructure	2,718	-	-	(195)	-	-	2,523
Waste management	1,782	1,540	-	(79)	(62)	-	3,181
Car parks	13,261	83	395	(129)	-	-	13,610
Bridges and culverts	5,682	15	178	(119)	-	-	5,756
Drainage	40,766	802	1,220	(774)	-	-	42,014
Telecommunications	676	-	-	(101)	-	-	575
Parks and recreation	19,270	241	449	(556)	-	-	19,403
Municipal revaluation	33	168	-	(33)	-	-	168
<b>Total infrastructure</b>	<b>204,781</b>	<b>3,893</b>	<b>2,417</b>	<b>(5,645)</b>	<b>(100)</b>	<b>1,307</b>	<b>206,653</b>
<b>Works in progress</b>							
Work in progress	1,423	887	-	-	-	-	2,310
<b>Total work in progress</b>	<b>1,423</b>	<b>887</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,310</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>287,070</b>	<b>7,693</b>	<b>2,082</b>	<b>(7,996)</b>	<b>(190)</b>	<b>2,385</b>	<b>291,044</b>

Note 25 Movements in property, plant and equipment, infrastructure (continued)

	Balance at beginning of financial year	Acquisition of assets and transfers from work in progress	Revaluation increments (decrements)  (note 30)	Depreciation and amortisation  (note 12)	Written down value of disposals	Impairment losses recognised in profit or loss  (a)	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2012</b>							
<b>Property</b>							
Land	25,602	17	-	-	-	-	25,619
Buildings	47,577	912	(12)	(918)	(25)	15	47,549
<b>Total property</b>	<b>73,179</b>	<b>929</b>	<b>(12)</b>	<b>(918)</b>	<b>(25)</b>	<b>15</b>	<b>73,168</b>
<b>Plant and Equipment</b>							
Plant, machinery and equipment	4,221	1,051	-	(1,089)	(56)	-	4,125
Motor vehicles	919	637	-	(236)	(89)	-	1,231
Fixtures, fittings and furniture	1,137	66	-	(157)	-	-	1,046
Heritage	1,265	31	-	-	-	-	1,296
<b>Total plant and equipment</b>	<b>7,542</b>	<b>1,785</b>	<b>-</b>	<b>(1,482)</b>	<b>(145)</b>	<b>-</b>	<b>7,698</b>
<b>Infrastructure</b>							
Roads and footpaths	108,084	5,283	7,513	(3,544)	(396)	-	116,940
Aeronautical roads and runways	3,702	-	-	(49)	-	-	3,653
Infrastructure	2,922	-	-	(204)	-	-	2,718
Waste management	2,403	420	(965)	(76)	-	-	1,782
Car parks	13,100	13	272	(124)	-	-	13,261
Bridges and culverts	4,945	512	337	(112)	-	-	5,682
Drainage	39,562	262	1,740	(795)	(3)	-	40,766
Telecommunications	772	-	-	(96)	-	-	676
Parks and recreation	14,373	5,267	403	(489)	(284)	-	19,270
Municipal revaluation	64	-	-	(31)	-	-	33
<b>Total infrastructure</b>	<b>189,927</b>	<b>11,757</b>	<b>9,300</b>	<b>(5,520)</b>	<b>(683)</b>	<b>-</b>	<b>204,781</b>
<b>Works in progress</b>							
Work in progress	1,683	(260)	-	-	-	-	1,423
<b>Total work in progress</b>	<b>1,683</b>	<b>(260)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,423</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>272,331</b>	<b>14,211</b>	<b>9,288</b>	<b>(7,920)</b>	<b>(853)</b>	<b>15</b>	<b>287,070</b>

**Note 25 Movements in property, plant and equipment, infrastructure (continued)**

<b>Council 2013</b>	<b>Balance at beginning of financial year</b>	<b>Acquisition of assets and transfers from work in progress</b>	<b>Revaluation increments (decrements)</b>	<b>Depreciation and amortisation</b>	<b>Written down value of disposals</b>	<b>Impairment losses recognised in profit or loss</b>	<b>Balance at end of financial year</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>(note 30)</b>	<b>(note 11)</b>	<b>(note 16)</b>	<b>(a)</b>	<b>\$'000</b>
			<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
<b>Property</b>							
Land	22,843	753	(335)	-	-	-	23,261
Buildings	46,198	995	-	(877)	-	-	46,316
<b>Total property</b>	<b>69,041</b>	<b>1,748</b>	<b>(335)</b>	<b>(877)</b>	<b>-</b>	<b>-</b>	<b>69,577</b>
<b>Plant and Equipment</b>							
Plant, machinery and equipment	3,042	432	-	(808)	(12)	-	2,654
Motor vehicles	1,211	476	-	(252)	(78)	-	1,357
Fixtures, fittings and furniture	1,042	11	-	(148)	-	-	905
Heritage	1,296	17	-	-	-	-	1,313
<b>Total plant and equipment</b>	<b>6,591</b>	<b>936</b>	<b>-</b>	<b>(1,208)</b>	<b>(90)</b>	<b>-</b>	<b>6,229</b>
<b>Infrastructure</b>							
Roads and footpaths	116,940	1,044	2,938	(3,610)	(37)	-	117,275
Infrastructure	2,718	-	-	(195)	-	-	2,523
Waste management	1,782	1,540	-	(79)	(62)	-	3,181
Car parks	13,261	83	395	(129)	-	-	13,610
Bridges and culverts	5,682	15	178	(119)	-	-	5,756
Drainage	40,766	802	1,220	(774)	-	-	42,014
Parks and recreation	19,270	241	449	(556)	-	-	19,403
Municipal revaluation	33	168	-	(33)	-	-	168
<b>Total infrastructure</b>	<b>200,452</b>	<b>3,893</b>	<b>5,180</b>	<b>(5,495)</b>	<b>(100)</b>	<b>-</b>	<b>203,930</b>
<b>Works in progress</b>							
Work in progress	1,307	887	-	-	-	-	2,194
<b>Total work in progress</b>	<b>1,307</b>	<b>887</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,194</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>277,391</b>	<b>7,464</b>	<b>4,845</b>	<b>(7,580)</b>	<b>(190)</b>	<b>-</b>	<b>281,930</b>



**Note 25 Movements in property, plant and equipment, infrastructure (continued)**

<b>Council 2012</b>	<b>Balance at beginning of financial year</b>	<b>Acquisition of assets and transfers from work in progress</b>	<b>Revaluation increments (decrements)</b>	<b>Depreciation and amortisation</b>	<b>Written down value of disposals</b>	<b>Impairment losses recognised in profit or loss</b>	<b>Balance at end of financial year</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>(note 29)</b>	<b>(note 11)</b>	<b>\$'000</b>	<b>(a)</b>	<b>\$'000</b>
			<b>\$'000</b>	<b>\$'000</b>		<b>\$'000</b>	
<b>Property</b>							
Land	22,826	17	-	-	-	-	22,843
Buildings	46,200	856	-	(856)	(2)	-	46,198
<b>Total property</b>	<b>69,026</b>	<b>873</b>	<b>-</b>	<b>(856)</b>	<b>(2)</b>	<b>-</b>	<b>69,041</b>
<b>Plant and Equipment</b>							
Plant, machinery and equipment	3,521	463	-	(884)	(58)	-	3,042
Motor vehicles	909	622	-	(231)	(89)	-	1,211
Fixtures, fittings and furniture	1,132	66	-	(156)	-	-	1,042
Heritage	1,265	31	-	-	-	-	1,296
<b>Total plant and equipment</b>	<b>6,827</b>	<b>1,182</b>	<b>-</b>	<b>(1,271)</b>	<b>(147)</b>	<b>-</b>	<b>6,591</b>
<b>Infrastructure</b>							
Roads and footpaths	108,084	5,283	7,513	(3,544)	(396)	-	116,940
Infrastructure	2,922	-	-	(204)	-	-	2,718
Waste management	2,403	420	(965)	(76)	-	-	1,782
Car parks	13,100	13	272	(124)	-	-	13,261
Bridges and culverts	4,945	512	337	(112)	-	-	5,682
Drainage	39,562	262	1,740	(795)	(3)	-	40,766
Parks and recreation	14,373	5,267	403	(489)	(284)	-	19,270
Municipal revaluation	64	-	-	(31)	-	-	33
<b>Total infrastructure</b>	<b>185,453</b>	<b>11,757</b>	<b>9,300</b>	<b>(5,375)</b>	<b>(683)</b>	<b>-</b>	<b>200,452</b>
<b>Works in progress</b>							
Work in progress	1,572	(265)	-	-	-	-	1,307
<b>Total work in progress</b>	<b>1,572</b>	<b>(265)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,307</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>262,878</b>	<b>13,547</b>	<b>9,300</b>	<b>(7,502)</b>	<b>(832)</b>	<b>-</b>	<b>277,391</b>

**BURNIE CITY COUNCIL**  
**CONSOLIDATED NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	<b>Consolidated Actual 2013 \$'000</b>	<b>Consolidated Actual 2012 \$'000</b>	<b>Council Actual 2013 \$'000</b>	<b>Council Actual 2012 \$'000</b>
<b>Note 26 Trade and other payables</b>				
Trade payables	1,926	2,457	1,658	2,265
Accrued expenses	913	459	842	276
Revenue received in advance	16	20	-	-
<b>Total trade and other payables</b>	<b>2,855</b>	<b>2,936</b>	<b>2,500</b>	<b>2,541</b>
<b>Note 27 Trust funds and deposits</b>				
Refundable deposits, bonds and retentions	134	157	134	157
<b>Total trust funds and deposits</b>	<b>134</b>	<b>157</b>	<b>134</b>	<b>157</b>
<b>Note 28 Interest-bearing liabilities</b>				
<b>Current</b>				
Borrowings - secured	167	158	167	158
<b>Total Current</b>	<b>167</b>	<b>158</b>	<b>167</b>	<b>158</b>
<b>Non-current</b>				
Borrowings - secured	3,418	3,735	1,675	1,842
<b>Total Non-current</b>	<b>3,418</b>	<b>3,735</b>	<b>1,675</b>	<b>1,842</b>
<b>Total</b>	<b>3,585</b>	<b>3,893</b>	<b>1,842</b>	<b>2,000</b>
The maturity profile for Council's borrowings is:				
Later than one year and not later than five years	921	877	921	877
Later than five years	2,497	3,016	921	1,123
<b>Total</b>	<b>3,418</b>	<b>3,893</b>	<b>1,842</b>	<b>2,000</b>
<b>Total interest-bearing liabilities</b>	<b>3,585</b>	<b>3,893</b>	<b>1,842</b>	<b>2,000</b>
<b>Note 29 Provisions</b>				
<b>Current</b>				
Annual leave	737	652	637	571
Long service leave	692	680	612	573
Rostered days off	66	60	56	45
Oncosts on employee entitlements	312	283	289	247
Provision for landfill restoration	136	391	136	391
<b>Total current provisions</b>	<b>1,943</b>	<b>2,066</b>	<b>1,730</b>	<b>1,827</b>
<b>Non-current</b>				
Long service leave	583	396	553	378
Oncosts on employee entitlements	142	79	136	77
Provision for landfill restoration	1,768	1,718	1,768	1,718
<b>Total non current provisions</b>	<b>2,493</b>	<b>2,193</b>	<b>2,457</b>	<b>2,173</b>
<b>Employee aggregate carrying amount of provisions:</b>				
Current	1,807	1,675	1,594	1,436
Non-current	725	475	689	455
<b>Total employee provisions</b>	<b>2,532</b>	<b>2,150</b>	<b>2,283</b>	<b>1,891</b>

**BURNIE CITY COUNCIL**  
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**FOR THE YEAR ENDED 30 JUNE 2013**

**Note 30 Reserves**

	Balance at beginning of reporting year \$'000	Increment/ (decrement) \$'000	Balance at end of reporting year \$'000
<b>Consolidated 2013</b>			
<b>(a) Asset revaluation</b>			
<b>Property</b>			
Land	10,494	10	10,504
Buildings	1,411	204	1,615
	<b>11,905</b>	<b>214</b>	<b>12,119</b>
<b>Infrastructure</b>			
Roads & footpaths	48,514	2,938	51,452
Aeronautical roads and runways	5,328	(743)	4,585
Waste management	-	-	-
Car parks	2,105	395	2,500
Bridges & culverts	1,985	178	2,163
Drainage	17,859	1,220	19,079
Parks and recreation	3,814	449	4,263
	<b>79,605</b>	<b>4,437</b>	<b>84,042</b>
<b>Total asset revaluation reserve</b>	<b>91,510</b>	<b>4,651</b>	<b>96,161</b>
<b>(b) Fair value reserve</b>			
Investment in water corporation	268	785	1,053
<b>Total fair value reserve</b>	<b>268</b>	<b>785</b>	<b>1,053</b>
<b>Total reserves 2013</b>	<b>91,778</b>	<b>5,436</b>	<b>97,214</b>
	Balance at beginning of reporting year \$'000	Increment/ (decrement) \$'000	Balance at end of reporting year \$'000
<b>Consolidated 2012</b>			
<b>(a) Asset revaluation</b>			
<b>Property</b>			
Land	10,494	-	10,494
Buildings	1,411	-	1,411
	<b>11,905</b>	<b>-</b>	<b>11,905</b>
<b>Infrastructure</b>			
Roads & footpaths	41,001	7,513	48,514
Aeronautical roads and runways	5,328	-	5,328
Waste management	665	(665)	-
Car parks	1,833	272	2,105
Bridges & culverts	1,648	337	1,985
Drainage	16,119	1,740	17,859
Parks and recreation	3,411	403	3,814
	<b>70,005</b>	<b>9,600</b>	<b>79,605</b>
<b>Total asset revaluation reserve</b>	<b>81,910</b>	<b>9,600</b>	<b>91,510</b>
<b>(b) Fair value reserve</b>			
Investment in water corporation	206	62	268
<b>Total fair value reserve</b>	<b>206</b>	<b>62</b>	<b>268</b>
<b>Total reserves 2012</b>	<b>82,116</b>	<b>9,662</b>	<b>91,778</b>

# BURNIE CITY COUNCIL CONSOLIDATED NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

## Note 30 Reserves (continued)

	Balance at beginning of reporting year \$'000	Increment/ (decrement) \$'000	Balance at end of reporting year \$'000
<b>Council 2013</b>			
<b>(a) Asset revaluation</b>			
<b>Property</b>			
Land	11,335	(335)	11,000
Buildings	2,059	-	2,059
	<b>13,394</b>	<b>(335)</b>	<b>13,059</b>
<b>Infrastructure</b>			
Roads & footpaths	49,640	2,938	52,578
Waste management	-	-	-
Car parks	2,105	395	2,500
Bridges & culverts	1,985	178	2,163
Drainage	17,858	1,220	19,078
Parks and recreation	3,813	449	4,262
	<b>75,401</b>	<b>5,180</b>	<b>80,581</b>
<b>Total asset revaluation reserve</b>	<b>88,795</b>	<b>4,845</b>	<b>93,640</b>
<b>(b) Fair value reserve</b>			
Investment in water corporation	268	785	1,053
<b>Total fair value reserve</b>	<b>268</b>	<b>785</b>	<b>1,053</b>
<b>Total reserves 2013</b>	<b>89,064</b>	<b>5,630</b>	<b>94,693</b>
	Balance at beginning of reporting year \$'000	Increment/ (decrement) \$'000	Balance at end of reporting year \$'000
<b>Council 2012</b>			
<b>(a) Asset revaluation</b>			
<b>Property</b>			
Land	11,335	-	11,335
Buildings	2,059	-	2,059
	<b>13,394</b>	-	<b>13,394</b>
<b>Infrastructure</b>			
Roads & footpaths	42,127	7,513	49,640
Waste management	665	(665)	-
Car parks	1,833	272	2,105
Bridges & culverts	1,648	337	1,985
Drainage	16,118	1,740	17,858
Parks and recreation	3,410	403	3,813
	<b>65,802</b>	<b>9,600</b>	<b>75,401</b>
<b>Total asset revaluation reserve</b>	<b>79,196</b>	<b>9,600</b>	<b>88,796</b>
<b>(b) Fair value reserve</b>			
Investment in water corporation	206	62	268
<b>Total fair value reserve</b>	<b>206</b>	<b>62</b>	<b>268</b>
<b>Total reserves 2012</b>	<b>79,402</b>	<b>9,662</b>	<b>89,064</b>

**BURNIE CITY COUNCIL**  
**CONSOLIDATED NOTES TO THE FINANCIAL REPORT**  
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**Note 31 Reconciliation of cash flows from operating activities to comprehensive result**

	<b>Consolidated Actual 2013 \$'000</b>	<b>Consolidated Actual 2012 \$'000</b>	<b>Council Actual 2013 \$'000</b>	<b>Council Actual 2012 \$'000</b>
Surplus/(deficit)	1,397	4,262	1,201	3,950
Depreciation/amortisation	7,996	7,920	7,580	7,502
(Profit)/loss on disposal of property, plant and equipment, infrastructure	(84)	600	(84)	608
Other	(1,241)	1,441	(1,238)	1,453
Capital grants	(1,619)	(5,683)	(1,619)	(5,683)
<b>Change in assets and liabilities:</b>				
(Increase)/decrease in trade and other receivables	80	315	142	200
(Increase)/decrease in other current assets	212	(13)	106	12
Increase/(decrease) in trade and other payables	(160)	948	(42)	797
(Decrease)/increase in other liabilities	28	(21)	-	-
(Increase)/decrease in inventories	8	(17)	8	(22)
Increase/(decrease) in provisions	322	(74)	332	11
<b>Net cash provided by/(used in) operating activities</b>	<b>6,939</b>	<b>9,678</b>	<b>6,386</b>	<b>8,828</b>

**Note 32 Restricted assets**

Council has cash and cash equivalents (note 18) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to employee entitlements (long service leave) and capital grants.

Long service leave (note 29)	1,556	1,286	1,451	1,144
Grants	4,585	5,553	4,585	5,553
<b>Total restricted assets</b>	<b>6,141</b>	<b>6,839</b>	<b>6,036</b>	<b>6,697</b>

Grants shown as restricted assets include \$1.307 million relating to the prepayment of Council's 2013/14 financial assistance grant, and \$3.278 million relating to the stormwater infrastructure project.

# BURNIE CITY COUNCIL CONSOLIDATED NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

## Note 33 Superannuation

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 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.

At the present time Council contributes 12.5% 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 Scheme 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 Quadrant Superannuation Scheme's financial statements for Council employees.

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

	0.0%	pa for 2011/12 and 7.0% pa thereafter
Net Investment Return	0.0%	7.0% pa 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 will continue to undertake a brief review of the financial position of the Fund at the end of each financial year to confirm that the contribution rates remain appropriate. The next full triennial review of the fund will have an effective date of 30 June 2014 and is expected to be completed late in 2014 or early 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 the Consolidated Entity made the required superannuation contributions for all eligible employees to an appropriate complying superannuation fund as required by the Superannuation Guarantee (Administration) Act 1992.

During the reporting period the amount of contributions contributed to defined benefits schemes was Consolidated Entity \$7,000 (2011-12 \$6,000), Council \$7,000 (2011-12 \$6,000), and the contributions contributed to accumulation schemes was Consolidated Entity \$1,389,000 (2011-12 \$1,360,000), Council \$1,248,000 (2011-12 \$1,209,000).

## Note 34 Aldermen's Emoluments

Aldermen's Emoluments have been made in accordance with Council's decision regarding payment of Aldermen's allowances and reimbursement of expenses.

Consolidated Actual 2013 \$'000	Consolidated Actual 2012 \$'000	Council Actual 2013 \$'000	Council Actual 2012 \$'000
240	261	240	261
<b>240</b>	<b>261</b>	<b>240</b>	<b>261</b>

## Note 35 Senior Officer Remuneration

Total annual remuneration includes the salary paid, employer superannuation contributions, the value of the use of any motor vehicle and any other allowances or benefits paid.

Annual Remuneration	No of Employees 2012-13	No of Employees 2011-12
\$110,001 - \$130,000	2	0
\$130,001 - \$150,000	0	0
\$150,001 - \$170,000	1	3
\$170,001 - \$190,000	2	0
\$190,001 - \$210,000	0	1
\$210,001 - \$230,000	1	0
\$230,001 - \$250,000	0	1

# BURNIE CITY COUNCIL CONSOLIDATED NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

## Note 36 Register of Interests

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 37 Commitments

Council has entered into the following commitments

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>2013</b>					
<b>Operating</b>					
Security services	135	83	166	-	384
Stormwater	92			-	92
Roadside slashing	45	45	45	-	135
Cleaning contracts for council buildings	211	211	211	-	633
Waste management	2,149	2,149	6,447	9,312	20,057
<b>Total</b>	<b>2,632</b>	<b>2,488</b>	<b>6,869</b>	<b>9,312</b>	<b>21,301</b>
<b>Capital</b>					
Buildings	-	-	-	-	-
Vehicles	-	-	-	-	-
Waste management	-	-	-	-	-
Bridges and culverts	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2012</b>					
<b>Operating</b>					
Recycling	93	-	-	-	93
Security services	135	135	-	-	270
Cleaning contracts for council buildings	315	-	-	-	315
<b>Total</b>	<b>543</b>	<b>135</b>	<b>-</b>	<b>-</b>	<b>678</b>
<b>Capital</b>					
Buildings	118	-	-	-	118
Vehicles	83	-	-	-	83
Waste management	1,592	-	-	-	1,592
Bridges and culverts	5	-	-	-	5
<b>Total</b>	<b>1,798</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,798</b>

## Note 38 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, the financial outcomes are unable to be reliably estimated, although they are not expected to have a material effect on this financial report.



# BURNIE CITY COUNCIL CONSOLIDATED NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

## Note 39 Subsequent Events

### (a) New Water Corporation

From 1 July 2013 a new statewide water and sewerage corporation trading as TasWater, commenced in accordance with the Water and Sewerage Corporation Act 2012. TasWater will take over the water and sewerage services and assets currently operated by Ben Lomond Water, Cradle Mountain Water and Southern Water. It will also manage the billing, IT and payroll functions currently managed by the industry's service firm, Onstream.

Council holds an equal representation with all other councils. No change is expected to current investment treatment, with Council receiving a proportional share in the new corporation. Council will continue to derive returns in the form of dividends, guarantee fees and tax equivalents. Any changes to Council's investment in TasWater will be treated as a non-adjusting event and accounted for in the next financial year.

### (b) West Park Precinct and UTAS Agreement

Burnie City Council is currently working with the University of Tasmania (UTAS) to expand educational opportunities for the North-West region on land at West Park. Council are currently in the process of negotiating a Heads of Agreement that will allow UTAS to enter into a long-term lease of the Makers' Workshop. Given the terms of the arrangement are yet to be finalised the financial outcomes are unable to be reliably estimated as at the reporting date. The Agreement is not expected to have a material impact on this financial report.

## Note 40 Significant business activities

Council's children's services, roads and stormwater operations have been deemed to be significant business activities. The following information is provided in relation to these activities:

<b>2013</b>	<b>Children's Services \$'000</b>	<b>Roads \$'000</b>	<b>Stormwater \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>				
Rates	-	-	1,478	1,478
Grants	1,069	1,576	0	2,645
Other	2,474	17	0	2,491
<b>Total revenue</b>	<b>3,543</b>	<b>1,593</b>	<b>1,478</b>	<b>6,614</b>
<b>Expenses</b>				
<b>Direct costs:</b>				
Employee benefits	3,320	885	60	4,265
Materials & services	710	977	43	1,730
Interest	-	-	-	-
Other	16	189	4	209
	<b>4,046</b>	<b>2,051</b>	<b>107</b>	<b>6,204</b>
<b>Indirect Costs:</b>				
Engineering & administration	-	723	137	860
<b>Capital costs:</b>				
Depreciation	37	3,850	773	4,660
Opportunity cost of capital	128	5,211	4,265	9,604
	<b>165</b>	<b>9,061</b>	<b>5,038</b>	<b>14,264</b>
<b>Competitive neutrality costs</b>	-	-	-	-

# BURNIE CITY COUNCIL CONSOLIDATED NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

## Note 40 Significant business activities (continued)

### 2012

#### Revenue

Rates	
Grants	
Other	
<b>Total revenue</b>	

#### Expenses

##### Direct costs:

Employee benefits	
Materials & services	
Interest	
Other	

##### Indirect Costs:

Engineering & administration	
------------------------------	--

##### Capital costs:

Depreciation	
Opportunity cost of capital	

##### Competitive neutrality costs

Children's Services \$'000	Roads \$'000	Stormwater \$'000	Total \$'000
-	-	1,411	1,411
1,081	2,092	4,250	7,423
2,041	35	-	2,076
<b>3,122</b>	<b>2,127</b>	<b>5,661</b>	<b>10,910</b>
2,704	834	101	3,639
687	1,082	57	1,826
-	-	-	-
17	548	10	575
<b>3,408</b>	<b>2,464</b>	<b>168</b>	<b>6,040</b>
-	680	131	811
30	3,768	795	4,593
169	6,770	2,266	9,205
<b>199</b>	<b>10,538</b>	<b>3,061</b>	<b>13,798</b>
-	-	-	-

## Note 41 Related party transactions

A party is related to an entity if directly or indirectly through one or more intermediaries, the party:

- controls, is controlled by, or is under common control with the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity

Tas Communications, Burnie Airport Corporation & Burnie Sports & Events are identified as related parties.

### Transactions with related parties

The following transactions occurred during 2013 with related parties:

	2013 \$'000	2012 \$'000
<b>Payments/receipts for goods and services:</b>		
Payment for goods and services from:		
Tas Communications	887	1,013
Burnie Sports & Events	827	893
Receipts for sale of goods and services to:		
Tas Communications	60	49
Burnie Airport Corporation	29	36
Burnie Sports & Events	212	400

### Receivable from and payable to related parties

The following balances are outstanding as at 30 June 2013 in relation to transactions with related parties:

	2013 \$'000	2012 \$'000
<b>Payables to:</b>		
Tas Communications	31	32
Burnie Sports & Events	34	13
<b>Receivables from:</b>		
Tas Communications	-	19
Burnie Sports & Events	41	29
Burnie Airport Corporation	2	-

### Loans to/from related parties

There were no loans to/from related parties at the reporting date.

# BURNIE CITY COUNCIL CONSOLIDATED NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

## Note 42 Financial Instruments and Financial Risk Management

### Financial Risk Management

#### Capital Risk Management

Council's objectives when managing capital are to safeguard Council's ability to continue as a going concern in order to provide quality services to the community in a sustainable way. Council seeks to maintain a balance between borrowing and the advantages and security afforded by a sound capital position. Council monitors capital on the basis of the debt service ratio.

#### Debt Service Ratio

This debt service ratio is a measure of the capacity of Council to service debt by repaying principal as well as interest on borrowings. The consolidated debt service ratio at the end of the financial year was:

	2013	2012
	\$'000	\$'000
Total financial liabilities	3,585	3,893
Total finance costs	300	368
Total principal repayments	308	217
Total recurrent income	37,030	36,734
Debt service ratio	1.6%	1.6%

This ratio demonstrates that Council has the capacity to service its level of debt. The cost of servicing debt is 1.5% of total operating income.

#### Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices such as interest rates, foreign exchange rates, and equity prices.

Financial instruments held by Council do not give rise to any material or direct exposure to currency or equity price risk. Council's primary market risk exposure is to interest rate risk. This is the risk that the fair value of future cash flows from financial assets and liabilities will fluctuate because of changes in market interest rates.

Council manages its borrowing costs by using fixed rate debt for the term of each of its loans. Investment of surplus funds is reviewed periodically for interest rate exposure and consideration is given to the potential renewal of existing positions and the mix of fixed and variable interest rates.

Council does not have any significant exposure to market risk as at 30 June 2013. Consolidated profit is unlikely to be materially impacted by any changes in interest rates

#### Credit Risk

Credit risk is the risk of financial loss to Council in the event that one party to a financial instrument fails to meet its obligations. This risk arises principally from Council's receivables and investment securities.

Council limits its exposure to credit risk by only investing in liquid securities and only with recognised Australian financial institutions with a satisfactory industry credit rating. Council does not expect any counter party to fail to meet its obligations.

Council's exposure to credit risk is influenced mainly by the individual characteristics of each debtor therefore Council does not have any significant exposure for any particular demographic or other grouping of its debtor base.

Council's maximum exposure to credit risk is generally the carrying amount of the financial instruments, as reflected in the Statement of Financial Position.

#### Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash to meet financial obligations as they fall due. Council maintains flexibility in funding to ensure that it will have sufficient liquidity to pay its operational expenses, capital works obligations and financial liabilities as they fall due.

Council monitors its liquidity on the basis of the current ratio. Council, through its Financial Management Strategy has set a benchmark 1.10.

	2013	2012
	\$'000	\$'000
Current assets	14,814	13,233
Current liabilities	5,099	5,317
Total ratio	2.8	2.5

The ratio demonstrates that Council has more cash and short term assets than short term liabilities.

Council's contractual maturities for its non-derivative financial instruments are disclosed in the table below. Contractual cash flows are based on undiscounted total payment on the earliest possible due date.

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	Weighted Average Interest Rate %		Less than 1 Year \$'000		1 to 5 Years \$'000		More than 5 Years \$'000		Non Interest Bearing \$'000		Total \$'000	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>Financial assets</b>												
Cash and cash equivalents	4.19%	5.51%	10,282	9,009	-	-	-	-	-	-	10,282	9,009
Trade and other receivables												
Loans	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
Rates	9.35%	9.97%	1,156	1,204	-	-	-	-	-	-	1,156	1,204
Other			-	-	-	-	-	-	2,470	1,894	2,470	1,894
<b>Total</b>			11,438	10,213	-	-	-	-	2,470	1,894	13,908	12,107
<b>Interest bearing liabilities</b>												
Payables	0.00%	0.00%	-	-	-	-	-	-	2,855	2,936	2,855	2,936
Interest bearing liabilities	5.01%	5.01%	167	158	755	921	2,663	2,814	-	-	3,585	3,893
<b>Total</b>			167	158	755	921	2,663	2,814	2,855	2,936	6,440	6,829
<b>Net financial assets/(liabilities)</b>			11,271	10,055	(755)	(921)	(2,663)	(2,814)	(385)	(1,042)	7,468	5,278

**Fair value hierarchy**

The table below analyses financial instruments carried at fair valuation 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

30-Jun-13	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Available for sale financial assets	0	0	\$58,935	\$58,935

(Refer note 17)

30-Jun-12	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Available for sale financial assets	0	0	\$58,150	\$58,150

(Refer note 17)

There were no transfers between level 1 and level 2 in the period.

## **Acknowledgements**

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