

CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDING 30 JUNE 2014



Independent Auditor's Report

To the Aldermen of Burnie City Council

Consolidated Financial Report for the Year Ended 30 June 2014

Report on the Consolidated Financial Report

I have audited the accompanying consolidated financial report (the financial report) of Burnie City Council (Council), which comprises the statement of financial position as at 30 June 2014 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 consolidated entity comprising the 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 2014 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 and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

...1 of 2

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I considered 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 or the asset renewal funding ratio 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 Sarti
Deputy Auditor-General
Delegate of the Auditor-General

Hobart
1 October 2014

...2 of 2

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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 2014, the results of its operations for the year then ended and the cash flows of the Council, in accordance with the *Local Government Act 1993* (as amended), Australian Accounting Standards, including Australian Accounting Interpretations, and other mandatory professional reporting requirements.

Andrew Wardlaw
GENERAL MANAGER

Date: 29th September 2014

BURNIE CITY COUNCIL

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Actual 2014 \$'000	Consolidated Actual 2013 \$'000	Council Budget 2014 \$'000	Council Actual 2014 \$'000	Council Actual 2013 \$'000
Income						
Recurrent Income						
Rates and charges	3	20,271	19,723	20,556	20,271	19,723
Statutory fees and fines	4	805	794	836	805	794
User fees	5	10,365	10,714	7,941	7,492	7,319
Grants	6	2,876	4,055	2,746	2,876	4,055
Reimbursements		139	349	129	144	352
Other income	7	1,111	1,053	787	1,074	1,022
Investment income	8	995	342	1,079	1,036	438
		36,562	37,030	34,074	33,698	33,703
Capital Income						
Capital grants	6	1,023	1,619	746	1,023	1,619
Capital works completed on assets not owned by Council	15	(147)	(47)	-	(147)	(47)
Contributions - non-monetary assets		-	335	-	-	335
Reassessment of tip provision		-	27	-	-	27
Recognition of assets	17	2,792	619	-	2,792	619
Asset revaluation decrement	17	(5,517)	-	-	(5,517)	-
Write down on investment in subsidiary		(163)	-	-	(306)	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	16	(263)	84	(319)	(253)	84
Total Income		34,287	39,667	34,501	31,290	36,340
Expenses						
Employee benefits	9	14,525	14,546	12,846	13,149	13,039
Materials and services	10	13,786	12,415	12,713	13,135	11,470
Impairment of debts	11	15	136	2	15	136
Depreciation and amortisation	12	7,976	7,996	7,943	7,503	7,580
Finance costs	13	243	300	90	106	148
Other expenses	14	2,981	2,877	2,914	2,859	2,766
Total expenses		39,526	38,270	36,508	36,767	35,139
Surplus/(deficit) before:		(5,239)	1,397	(2,007)	(5,477)	1,201
Other comprehensive income						
Items that will not be reclassified to surplus or deficit:						
Impairment of non-current assets	26	-	2,386	-	-	-
Net asset revaluation increment	31	6,446	2,082	2,755	6,446	4,845
Items that may be reclassified to surplus or deficit:						
Fair value adjustment on available for sale asset	31	4,349	785	-	4,349	785
Total other comprehensive income		10,795	5,253	2,755	10,795	5,630
Comprehensive result		5,556	6,650	748	5,318	6,831
Attributable to:						
Equity holders of the parent		5,659	6,575	748	5,318	6,831
Outside equity interest		(103)	75	-	-	-
Comprehensive result		5,556	6,650	748	5,318	6,831

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 2014

	Note	Consolidated Actual 2014 \$'000	Consolidated Actual 2013 \$'000	Council Actual 2014 \$'000	Council Actual 2013 \$'000
Assets					
Current assets					
Cash and cash equivalents	19	7,712	10,282	7,001	9,728
Trade and other receivables	20	4,109	3,626	3,843	3,174
Inventories	21	258	273	258	221
Non-current assets classified as held for sale	22	593	593	-	-
Other assets	23	14	40	3	10
Total current assets		12,686	14,814	11,105	13,133
Non-current assets					
Investment in water corporation	18	63,284	58,935	63,284	58,935
Investments in subsidiaries	24	-	-	2,916	3,236
Property, infrastructure, plant and equipment	25	295,548	291,044	286,643	281,930
Total non-current assets		358,832	349,979	352,843	344,101
Total assets		371,518	364,793	363,948	357,234
Liabilities					
Current liabilities					
Trade and other payables	27	2,700	2,855	2,522	2,500
Trust funds and deposits	28	134	134	134	134
Interest-bearing loans and borrowings	29	266	167	266	167
Provisions	30	3,866	1,943	3,797	1,730
Total current liabilities		6,966	5,099	6,719	4,531
Non-current liabilities					
Interest-bearing loans and borrowings	29	4,178	3,418	2,435	1,675
Provisions	30	932	2,493	905	2,457
Total non-current liabilities		5,110	5,911	3,340	4,132
Total liabilities		12,076	11,010	10,059	8,663
Net Assets		359,442	353,783	353,889	348,571
Equity					
Accumulated surplus		248,269	253,302	248,400	253,877
Reserves	31	108,009	97,214	105,489	94,694
Total Parent Entity		356,278	350,516	353,889	348,571
Outside equity interest		3,164	3,267	-	-
Total Equity		359,442	353,783	353,889	348,571

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 2014

Consolidated 2014

	Total Equity		Accumulated Surplus		Consolidated Asset Revaluation		Consolidated Fair Value Reserve		Consolidated Outside Equity Interests	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Balance at the beginning of the financial year	353,783	347,208	253,302	251,981	96,161	91,510	1,053	268	3,267	3,449
Comprehensive result	5,556	6,650	(5,239)	1,397	6,446	4,468	4,349	785	-	-
Outside equity interests	103	(75)	206	(76)	-	183	-	-	(103)	(182)
Balance at the end of the financial year	359,442	353,783	248,269	253,302	102,607	96,161	5,402	1,053	3,164	3,267

Council 2014

	Total Equity		Accumulated Surplus		Council Asset Revaluation		Council Fair Value Reserve	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Balance at the beginning of the financial year	348,571	341,740	253,877	252,676	93,641	88,796	1,053	268
Comprehensive result	5,318	6,831	(5,477)	1,201	6,446	4,845	4,349	785
Balance at the end of the financial year	353,889	348,571	248,400	253,877	100,087	93,641	5,402	1,053

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 2014

	Consolidated Inflows/ (Outflows) 2014 \$'000	Consolidated Inflows/ (Outflows) 2013 \$'000	Council Inflows/ (Outflows) 2014 \$'000	Council Inflows/ (Outflows) 2013 \$'000
Cash flows from operating activities				
Rates	20,383	19,723	20,383	19,723
Statutory fees and fines	805	794	805	794
User charges and other fines (inclusive of GST)	10,579	11,876	7,264	8,052
Grants (inclusive of GST)	2,913	4,210	2,913	4,210
Reimbursements (inclusive of GST)	153	258	158	261
Interest	521	605	521	597
Rents (inclusive of GST)	493	354	493	354
Other receipts (inclusive of GST)	174	326	136	270
Net GST refund/payment	675	239	829	463
Dividends	995	342	1,036	438
Finance costs	(227)	(250)	(90)	(98)
Payments to suppliers (inclusive of GST)	(13,978)	(13,949)	(14,456)	(12,688)
Payments to employees (including redundancies)	(14,660)	(14,463)	(12,798)	(12,948)
Other payments (inclusive of GST)	(4,072)	(3,126)	(3,145)	(3,042)
Net cash provided by (used in) operating activities	32	4,754	6,939	4,049
				6,386
Cash flows from investing activities				
Payments for property, infrastructure, plant and equipment	(9,495)	(6,756)	(9,088)	(6,530)
Transfer from controlled entities	-	-	89	-
Proceeds from sale of property, infrastructure, plant and equipment	361	274	341	274
Payments for distribution of profits	(73)	(92)	-	-
Capital grants	1,023	1,239	1,023	1,239
Net cash provided by (used in) investing activities	(8,183)	(5,335)	(7,635)	(5,017)
Cash flows from financing activities				
Proceeds from interest bearing loans and borrowings	1,000	-	1,000	-
Trust funds and deposits	-	(23)	-	(23)
Repayment of interest bearing loans and borrowings	(141)	(308)	(141)	(158)
Net cash provided by (used in) financing activities	859	(331)	859	(181)
Net increase (decrease) in cash and cash equivalents	(2,570)	1,273	(2,727)	1,188
Cash and cash equivalents at the beginning of the financial year	10,282	9,009	9,728	8,540
Cash and cash equivalents at the end of the financial year	19	7,712	10,282	7,001
				9,728

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 2014

Introduction

The Burnie City Council is a body corporate with perpetual succession and a common seal. Council's main office is located at 80 Wilson Street Burnie, Tasmania.

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. Statement of compliance

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 Council but are not yet effective. They have not been adopted in preparation of the financial report at reporting date.

B. Pending Accounting Standards

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

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

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

in AASB 139 will be replaced with two measurement categories: fair value and amortised cost.

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

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

When adopted, the standard will affect, in particular, Council's accounting for its available-for-sale financial assets. Currently, Council recognises changes in the fair value of its available-for-sale assets through other comprehensive income. Under AASB 9 fair value gains and losses on available-for-sale assets will have to be recognised directly in profit or loss. Had this requirement been adopted at 30 June 2014, the fair value gain on Council's investment in TasWater of \$4.349 Million would have decreased Council's deficit accordingly.

- (ii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and the relevant amending standards (effective from 1 January 2014).
- (iii) AASB 1031 Materiality (effective from 1 January 2014).

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

- (iv) AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets (effective from 1 January 2014).

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

BURNIE CITY COUNCIL

CONSOLIDATED NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

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

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

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

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

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

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.

C. 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.

Judgements and assumptions

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 (F) and note 1 (H).

Employee entitlements

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

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 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 R).

D. 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.

BURNIE CITY COUNCIL

CONSOLIDATED NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

E. 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.

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

Investment 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.

F. 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 2014

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

G. 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.

H. Recognition and valuation of non-current assets

Recognition

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

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

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads. Such assets are recognised as “Work in Progress” until they become available for service.

The following classes of assets have been recognised in note 25 and 26. In accordance with Council’s policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

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 AASB 116 and AAS B13, 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

BURNIE CITY COUNCIL

CONSOLIDATED NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Classification	Valuation Basis
Roads and footpaths	Fair Value
Telecommunications	Cost
Waste management	Fair Value

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.

I. 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.

J. 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.

K. 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.

L. Employee benefits and entitlements

(i) Short term employee benefit obligations

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

(ii) Other long term employee benefit obligations

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

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

(iii) Sick leave

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

BURNIE CITY COUNCIL

CONSOLIDATED NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

(iv) Retirement benefit obligations

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

Defined benefit plans

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

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

Defined contribution plans

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

M. Superannuation

The superannuation expense for the reporting period is the amount of the statutory contribution Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in note 34.

N. Leases

Operating leases as lessee

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

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

Operating leases as lessor

Council is a lessor and enters into agreements with a number of lessees. These include commercial and non-commercial agreements.

Where leases are non-commercial agreements, these are generally with not for profit, such as sporting, organisations. In these cases subsidised or peppercorn rents are charged because Council recognises part of its role is community service and community support. In these situations, Council records lease revenue on an accruals basis and records the associated properties as part of land and buildings within property, plant and equipment. Buildings are recognised at depreciated replacement cost.

Where leases are commercial agreements, but properties leased are part of properties predominantly used by Council for its own purposes, Council records lease revenue on an accruals basis and records the associated properties as part of land and buildings within property, plant and equipment. Buildings are recognised at depreciated replacement cost.

Where leases are commercial agreements, and properties leased are predominantly used for leasing to third parties, Council records lease revenue on an accruals basis. These properties are recognised at fair value. These leases may include incentives which have not been recognised in the statement of financial position, on the basis the amounts are unlikely to be material and could be reliably measured at balance date.

BURNIE CITY COUNCIL

CONSOLIDATED NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

O. Trade and other payables

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

P. Interest-bearing liabilities

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

Q. 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.

R. 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 the MPES. The impaired debts continue to be pursued by MPES through enforcement sanctions.

S. 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.

T. Impairment of assets

At each reporting date, Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

For non-cash generating assets of Council such as roads, drains, public buildings and the like, value in use is represented by the deprival value of the asset approximated by its written down replacement cost.

U. Investment in water corporation

Council's investment in TasWater 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 schedule 2 of the Corporations constitution. Council had an ownership interest of 4.12% 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 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.

BURNIE CITY COUNCIL

CONSOLIDATED NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

V. 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) (Wound Up as at the 30th of June 2014)

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.

The operations of Burnie Sports & Events were transferred back to Council from 1st of July 2014 and the Burnie Sports & Events unit trust was wound up as at 30th June 2014. The assets and liabilities were transferred to Council as at 30th June 2014.

W. 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 42.

Competitive neutrality costs are those net costs e.g. 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.

X. 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.

Y. 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.

Z. 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.

AA. Rounding

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

AB. 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.

BURNIE CITY COUNCIL CONSOLIDATED NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

AC. 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:

	2014 \$'000	2013 \$'000
Current assets	12,686	14,814
Non-current assets	358,832	349,979
	371,518	364,793

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 and 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

Burnie Sports & Events (the Trust) provides professional support services, management, promotion and sponsorship, and management of the sporting facilities on behalf of Council.

The Trust recorded an operating loss of \$143,660 compared to a loss of \$26,224 in 2013 and had net assets of \$14,431 as at 30 June 2014. Total revenue for 2014 was \$1,864,528 as compared to \$2,263,418 in 2013. The entity employed 10 permanent staff (7.5 full time equivalent employees) and 15 casual staff as at 30 June 2014.

The operations of the Trust were transferred back to Council from 1st of July 2014 and the Trust was wound up as at 30th June 2014. The assets and liabilities were transferred to Council as at 30 June 2014.

BURNIE CITY COUNCIL

CONSOLIDATED NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Tas Communications

Tas Communications (the Trust) 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.

The Trust recorded an operating surplus of \$149,101 compared with a surplus of \$151,531 in 2013. The Trust has net assets of \$1,881,602 as at 30 June 2014, compared with \$1,732,501 in 2013. The Trust invested \$353,463 in telecommunications and information technology assets throughout the year.

The Trust employed four full time equivalent employees as at 30 June 2014. (five in 2013)

Burnie Airport Corporation

The Burnie Airport Corporation (the Trust) recorded an operating profit of \$130,030 for the year compared to the budget forecast of \$107,430. The Trust had net assets of \$6,587,447 as at 30 June 2014 compared with \$6,571,871 in 2013.

The Trust employed three full time equivalent employees as at 30 June 2014 (2013: four full time equivalents)

	Grants \$'000	Rates \$'000	Other \$'000	Total Revenue \$'000	Total Expenditure \$'000	Surplus/ (Deficit) \$'000	Assets \$'000
Corporate Services							
2013-2014	1,099	16,035	6,313	23,447	15,079	8,368	46,820
2012-2013	1,346	15,851	3,158	20,355	7,544	12,811	51,949
Children's Services							
2013-2014	1,178	-	2,333	3,511	3,556	(45)	3,235
2012-2013	1,074	-	2,489	3,563	4,513	(950)	3,050
Cultural Activities							
2013-2014	83	-	1,359	1,442	3,577	(2,135)	11,381
2012-2013	81	-	1,573	1,654	5,035	(3,381)	17,840
Parks and Recreation							
2013-2014	80	-	-	80	3,053	(2,973)	46,311
2012-2013	-	-	174	174	2,868	(2,694)	34,214
Public Services							
2013-2014	540	-	148	688	3,527	(2,839)	11,642
2012-2013	352	-	466	818	1,840	(1,022)	2,395
Regulatory Services							
2013-2014	-	-	2,482	2,482	3,018	(536)	7,511
2012-2013	-	-	2,317	2,317	2,536	(219)	17,472
Roads, streets and bridges							
2013-2014	897	-	-	897	6,827	(5,930)	126,238
2012-2013	2,821	-	(19)	2,802	6,408	(3,606)	124,373
Waste Management							
2013-2014	-	2,746	730	3,476	3,320	156	1,470
2012-2013	-	2,394	785	3,179	3,381	(202)	3,239
Integrated Services							
2013-2014	-	1,490	-	1,490	1,033	457	109,340
2012-2013	-	1,478	-	1,478	1,014	464	101,798
Commercial Activities							
2013-2014	-	-	2,864	2,864	2,626	238	7,570
2012-2013	-	-	3,327	3,327	3,131	196	8,463
Total							
2013-2014	3,877	20,271	16,229	40,377	45,616	(5,239)	371,518
2012-2013	5,674	19,723	14,270	39,667	38,270	1,397	364,793

BURNIE CITY COUNCIL

CONSOLIDATED NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated Actual 2014 \$'000	Consolidated Actual 2013 \$'000	Council Actual 2014 \$'000	Council Actual 2013 \$'000
Note 3 Rates and charges				
General rate	14,593	14,440	14,593	14,440
Waste service charges	2,746	2,394	2,746	2,394
Fire levies	1,442	1,411	1,442	1,411
Stormwater service charges	1,490	1,478	1,490	1,478
Total rates and charges	20,271	19,723	20,271	19,723
Government funds received in relation to pensioner rates rebates of \$683,470 were accounted for as rates and charges revenue (2012/13 \$656,925).				
Note 4 Statutory fees and fines				
Infringements	417	412	417	412
Planning fees	181	208	181	208
Section 132 and 337 certificates	132	105	132	105
Licence fees	75	69	75	69
Total statutory fees and fines	805	794	805	794
Note 5 User fees				
Parent fees and childcare income	2,333	2,456	2,333	2,456
Parking revenue	1,495	1,507	1,495	1,507
Aeronautical income	1,004	1,000	-	-
Sales	1,876	1,065	1,126	1,065
Other fees and charges	3,657	4,686	2,538	2,291
Total user fees	10,365	10,714	7,492	7,319
Note 6 Grants				
Grants were received in respect of the following :				
Summary of grants				
Operating grants	2,876	4,055	2,876	4,055
Capital grants	1,023	1,619	1,023	1,619
Total	3,899	5,674	3,899	5,674
Summary of operating grants				
Financial assistance grant	1,372	2,504	1,372	2,504
Art gallery "Arts Tasmania"	63	81	63	81
Transport services	37	44	37	44
Autism services	1,000	1,000	1,000	1,000
Community and economic development	3	53	3	53
Child and youth services	83	74	83	74
Inclusion support agency	196	197	196	197
Mobile family resource service	102	102	102	102
Performing arts	20	-	20	-
Total operating grants	2,876	4,055	2,876	4,055

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2011-12 and 2012-13 the Commonwealth made early payment of two quarterly instalments for the following year. In accordance with AASB1004 Contributions, Council recognises these grants as revenue when it receives the funds and obtains control. The early receipt of instalments resulted in Commonwealth Financial Assistance Grants being above that originally budgeted in 2012-13 by \$1,307,000. This has impacted the Consolidated Statement of Comprehensive Income resulting in the Surplus being higher in 2012-13 by \$1,307,000. In the 2014-15 Budget the Commonwealth announced it would discontinue the approach of prepaying instalments. Therefore there was no prepayment in 2013-14.

BURNIE CITY COUNCIL

CONSOLIDATED NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated Actual 2014 \$'000	Consolidated Actual 2013 \$'000	Council Actual 2014 \$'000	Council Actual 2013 \$'000
Summary of capital grants and contributions				
Roads to recovery	287	373	287	373
Natural disaster resilience program	-	866	-	866
Wivenhoe lights	334	-	334	-
Zodiacs gymnastics	380	-	380	-
Launching Ramp	17	-	17	-
Roads and transport	-	380	-	380
Liberty Swing	5	-	5	-
Total capital grants and contributions	1,023	1,619	1,023	1,619

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).

	Consolidated Actual 2014 \$'000	Consolidated Actual 2013 \$'000	Council Actual 2014 \$'000	Council Actual 2013 \$'000
Note 7 Other income				
Interest	508	610	502	596
Interest on rates	119	104	119	104
Rentals	453	322	453	322
Other	31	17	-	-
Total other income	1,111	1,053	1,074	1,022

	Consolidated Actual 2014 \$'000	Consolidated Actual 2013 \$'000	Council Actual 2014 \$'000	Council Actual 2013 \$'000
Note 8 Investment income				
Distributions from water corporation	995	342	995	342
Distributions from controlled entities	-	-	41	96
Total investment income	995	342	1,036	438

	Consolidated Actual 2014 \$'000	Consolidated Actual 2013 \$'000	Council Actual 2014 \$'000	Council Actual 2013 \$'000
Note 9 Employee benefits				
Wages and salaries	10,817	10,712	9,781	9,556
Annual leave and long service leave	1,537	1,576	1,403	1,433
Superannuation	1,402	1,391	1,271	1,254
Other employee related expenses	1,408	1,463	1,333	1,392
	15,164	15,142	13,788	13,635
Less: amounts allocated to capital	(639)	(596)	(639)	(596)
Total employee benefits	14,525	14,546	13,149	13,039

	Consolidated Actual 2014 \$'000	Consolidated Actual 2013 \$'000	Council Actual 2014 \$'000	Council Actual 2013 \$'000
Note 10 Materials and services				
Advertising and marketing	151	197	107	137
Levies and contributions	661	432	443	432
Contracts	4,463	3,805	4,343	3,604
Contracts with controlled entities	-	-	1,073	1,041
Cost of goods sold	1,889	1,830	692	658
Cruise ship expenses	89	116	89	116
Electricity	1,182	1,214	941	991
Insurance	285	290	262	264
Legal expenses	1,658	912	1,658	912
Materials and services	2,908	3,139	3,069	2,835
Memberships and subscriptions	319	324	319	324
Printing, stationery and office supplies	181	156	139	156
Total materials and services	13,786	12,415	13,135	11,470

Legal expenses includes payment of a \$1.556 million judgement handed down by the Supreme Court of Tasmania in relation to the Blackley Investments case.

BURNIE CITY COUNCIL
CONSOLIDATED NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Note 11 Impairment of debts				
Trade debtors	15	136	15	136
Total impairments of debts	15	136	15	136
Note 12 Depreciation and amortisation				
Property				
Buildings	882	934	834	877
Plant and Equipment	-			
Plant, machinery and equipment	937	1,011	698	808
Motor vehicles	302	258	296	252
Fixtures, fittings and furniture	150	149	149	148
Heritage plant and equipment	-	-	-	-
Infrastructure	-			
Roads and footpaths	3,610	3,610	3,610	3,610
Aeronautical roads and runways	94	48	-	-
Infrastructure	185	195	185	195
Waste management	84	79	84	79
Car parks	141	129	141	129
Bridges and culverts	99	119	99	119
Drainage	798	774	798	774
Telecommunications	85	101	-	-
Parks and recreation	581	556	581	556
Municipal revaluation	28	33	28	33
Total depreciation and amortisation	7,976	7,996	7,503	7,580
Note 13 Finance costs				
Interest - borrowings	226	250	89	98
Interest - unwinding of net present value of landfill rehabilitation assets	17	50	17	50
Total finance costs	243	300	106	148
Note 14 Other expenses				
Auditor's remuneration	68	58	68	58
Alderman's allowances	242	233	242	233
Alderman expenses	59	48	59	48
Fire levies	1,437	1,352	1,437	1,352
Land tax	277	296	221	240
Water and sewer rates	275	268	275	268
Remissions and discounts	551	557	551	557
Audit Committee costs	6	10	6	10
Directors fees	66	55	-	-
Total other expenses	2,981	2,877	2,859	2,766
Note 15 Capital works completed on assets not owned by council				
Capital works completed on assets not owned by Council	(147)	(47)	(147)	(47)
Total contributions - non-monetary assets	(147)	(47)	(147)	(47)

Construction work undertaken on assets not owned by Council include work completed on stormwater infrastructure on private residences as part of the stormwater infrastructure development project (fully funded via a government grant) and the costs associated with moving infrastructure for the construction of the Mooreville Rd roundabout. Assets were transferred to other parties on completion of the projects.

**BURNIE CITY COUNCIL
CONSOLIDATED NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014**

	Consolidated Actual 2014 \$'000	Consolidated Actual 2013 \$'000	Council Actual 2014 \$'000	Council Actual 2013 \$'000
Note 21 Inventories				
Inventories held for sale	138	161	138	109
Inventories held for consumption	120	112	120	112
Total inventories	258	273	258	221
Note 22 Non-current assets classified as held for sale				
Opening lot stock at beginning of reporting period	593	593	-	-
Less: lot stock sold	-	-	-	-
Closing lot stock at end of reporting period	593	593	-	-
Total non-current assets classified as held for sale	593	593	-	-
Note 23 Other assets				
Current				
Prepayments	14	40	3	10
Total other assets	14	40	3	10
Note 24 Investments in subsidiaries				
Burnie Airport Corporation (51% ownership)	-	-	813	813
Burnie Sports & Events (100% ownership)	-	-	-	320
Tas Communications (100% ownership)	-	-	2,103	2,103
Total investments in subsidiaries	-	-	2,916	3,236

There is no active market for Council's investment in subsidiaries and therefore the investments are held at cost.

BURNIE CITY COUNCIL
CONSOLIDATED NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated Actual 2014 \$'000	Consolidated Actual 2013 \$'000	Council Actual 2014 \$'000	Council Actual 2013 \$'000
Note 25 Property, infrastructure, plant and equipment				
Summary				
At cost	28,140	27,780	25,893	25,470
Less accumulated depreciation	14,972	15,423	13,980	14,356
	13,168	12,357	11,913	11,114
At fair value	492,778	467,330	472,343	446,841
Less accumulated depreciation	199,623	186,405	197,613	176,025
Less impairment	10,775	2,238	-	-
	282,380	278,687	274,730	270,816
Total	295,548	291,044	286,643	281,930
Property				
Land				
At fair value	27,480	27,480	23,231	23,231
Less impairment	795	795	-	-
	26,685	26,685	23,231	23,231
Valuation of land (excluding land under roads) were determined by the office of the Valuer-General effective 30 June 2013				
Land under roads				
At Council valuation at 30 June	30	30	30	30
	30	30	30	30
Total Land	26,715	26,715	23,261	23,261
Land under roads has been recognised for new roads taken over from the 1 July 2008				
Buildings				
At fair value	75,199	53,222	72,128	50,156
Less accumulated depreciation	18,037	4,576	17,254	3,840
Less impairment	636	636	-	-
	56,526	48,010	54,874	46,316
Valuation of buildings were determined by independent valuers Opteon, Tasmania as at 30 June 2014				
Total Property	83,241	74,725	78,135	69,577

BURNIE CITY COUNCIL
CONSOLIDATED NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated Actual 2014 \$'000	Consolidated Actual 2013 \$'000	Council Actual 2014 \$'000	Council Actual 2013 \$'000
Note 25 Property, infrastructure, plant and equipment (continued)				
Plant and Equipment				
Plant, machinery and equipment				
At cost	10,941	11,266	8,917	9,159
Less accumulated depreciation	6,691	7,502	5,776	6,505
	4,250	3,764	3,141	2,654
Motor vehicles				
At cost	2,233	2,230	2,169	2,166
Less accumulated depreciation	856	859	800	809
	1,377	1,371	1,369	1,357
Fixtures, fittings and furniture				
At cost	3,251	3,078	3,228	3,055
Less accumulated depreciation	2,319	2,170	2,298	2,150
	932	908	930	905
Heritage plant and equipment				
At cost	1,576	1,558	1,576	1,558
Less accumulated depreciation	246	245	246	245
	1,330	1,313	1,330	1,313
	7,889	7,356	6,770	6,229
Total Plant and Equipment				
Infrastructure				
Roads and footpaths				
At fair value	250,168	242,081	250,168	242,081
Less accumulated depreciation	130,630	124,806	130,630	124,806
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 each year by applying ABS Index 3101: Road and bridge construction Australia as at 31 March.	119,538	117,275	119,538	117,275
Aeronautical roads and runways				
At fair value	12,206	12,205	-	-
Less accumulated depreciation	9,344	9,250	-	-
Less impairment	808	807	-	-
Valuations of Aeronautical roads and runways were initially determined by independent valuer, Bruce Ford in 2013. Roads and runways are held at value in use.	2,054	2,148	-	-
Infrastructure				
At cost	7,170	7,170	7,170	7,170
Less accumulated depreciation	4,832	4,647	4,832	4,647
	2,338	2,523	2,338	2,523

BURNIE CITY COUNCIL
CONSOLIDATED NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated Actual 2014 \$'000	Consolidated Actual 2013 \$'000	Council Actual 2014 \$'000	Council Actual 2013 \$'000
Note 25 Property, infrastructure, plant and equipment (continued)				
Waste management				
At fair value	-	5,751	-	5,751
Less accumulated depreciation	-	2,570	-	2,570
	-	3,181	-	3,181
This asset class was dissolved throughout the reporting period.				
Car parks				
At fair value	-	15,348	-	15,348
Less accumulated depreciation	-	1,738	-	1,738
	-	13,610	-	13,610
This asset class was dissolved throughout the reporting period.				
Bridges and culverts				
At fair value	8,921	8,607	8,921	8,607
Less accumulated depreciation	2,296	2,851	2,296	2,851
	6,625	5,756	6,625	5,756
Valuation of bridges and culverts has been determined by Council's technical services division. The last full revaluation was undertaken on 30 June 2013. The assets have then been revalued each year by applying ABS Index 3101: Road and bridge construction Australia as at 31 March 2014.				
Drainage				
At fair value	76,829	72,558	76,829	72,558
Less accumulated depreciation	32,596	30,544	32,596	30,544
	44,233	42,014	44,233	42,014
Valuation of drainage assets has been determined by Council's technical services division as at 30 June 2012. The assets have been revalued each year by applying an index based on the Consumer Price Index, All Groups for Hobart as at 31 March 2014.				
Telecommunications				
At fair value	909	969	-	-
Less accumulated depreciation	419	394	-	-
	490	575	-	-
Parks and recreation				
At fair value	41,036	30,497	41,036	30,497
Less accumulated depreciation	14,837	11,094	14,837	11,094
	26,199	19,403	26,199	19,403
Valuation of parks and recreation assets has been determined by Council's technical services division. The last full revaluation was undertaken on 30 June 2014.				
Municipal revaluation				
At cost	241	168	241	168
Less accumulated amortisation	28	-	28	-
	213	168	213	168
Total Infrastructure	201,690	206,653	199,146	203,930
Works in progress				
Works in progress at cost	2,728	2,310	2,592	2,194
Total Works in progress	2,728	2,310	2,592	2,194
Total property, infrastructure, plant and equipment	295,548	291,044	286,643	281,930

BURNIE CITY COUNCIL
CONSOLIDATED NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

Note 26 Movements in property, plant and equipment, infrastructure

	Balance at beginning of financial year	Acquisition of assets and transfers from work in progress	Transfers	Revaluation increments (decrements) (note 17 & 31)	Depreciation and amortisation (note 12)	Written down value of disposals (note 16)	Impairment losses recognised in profit or loss	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated 2014								
Property								
Land	26,715	-	-	-	-	-	-	26,715
Buildings	48,010	456	13,726	(4,784)	(882)	-	-	56,526
Total property	74,725	456	13,726	(4,784)	(882)	-	-	83,241
Plant and Equipment								
Plant, machinery and equipment	3,764	1,324	299	-	(937)	(200)	-	4,250
Motor vehicles	1,371	411	-	-	(302)	(103)	-	1,377
Fixtures, fittings and furniture	908	174	-	-	(150)	-	-	932
Heritage plant and equipment	1,313	42	(25)	-	-	-	-	1,330
Total plant and equipment	7,356	1,951	274	-	(1,389)	(303)	-	7,889
Infrastructure								
Roads and footpaths	117,275	3,344	-	2,813	(3,610)	(284)	-	119,538
Aeronautical roads and runways	2,148	-	-	-	(94)	-	-	2,054
Infrastructure	2,523	-	-	-	(185)	-	-	2,338
Waste management	3,181	20	(3,114)	-	(84)	(3)	-	-
Car parks	13,610	188	(13,657)	-	(141)	-	-	-
Bridges and culverts	5,756	832	-	136	(99)	-	-	6,625
Drainage	42,014	900	928	1,204	(798)	(15)	-	44,233
Telecommunications	575	-	-	-	(85)	-	-	490
Parks and recreation	19,403	1,207	1,843	4,352	(581)	(25)	-	26,199
Municipal revaluation	168	73	-	-	(28)	-	-	213
Total infrastructure	206,653	6,564	(14,000)	8,505	(5,705)	(327)	-	201,690
Works in progress								
Work in progress	2,310	418	-	-	-	-	-	2,728
Total work in progress	2,310	418	-	-	-	-	-	2,728
Total property, plant and equipment, infrastructure	291,044	9,389	-	3,721	(7,976)	(630)	-	295,548

Note 26 Movements in property, plant and equipment, infrastructure

	Balance at beginning of financial year	Acquisition of assets and transfers from work in progress	Revaluation increments (decrements) (note 17 & 31)	Depreciation and amortisation (note 12)	Written down value of disposals (note 16)	Impairment losses recognised in profit or loss	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated 2013							
Property							
Land	25,619	753	(335)	-	-	678	26,715
Buildings	47,549	995	-	(934)	-	400	48,010
Total property	73,168	1,748	(335)	(934)	-	1,078	74,725
Plant and Equipment							
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 plant and equipment	1,296	17	-	-	-	-	1,313
Total plant and equipment	7,698	1,165	-	(1,417)	(90)	-	7,356
Infrastructure							
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
Total infrastructure	204,781	3,893	2,417	(5,645)	(100)	1,307	206,653
Works in progress							
Work in progress	1,423	887	-	-	-	-	2,310
Total work in progress	1,423	887	-	-	-	-	2,310
Total property, plant and equipment, infrastructure	287,070	7,693	2,082	(7,996)	(190)	2,385	291,044

Note 26 Movements in property, plant and equipment, infrastructure

Council 2014	Balance at beginning of financial year	Acquisition of assets and transfers from work In progress	Transfers	Revaluation increments (decrements) (note 17 & 31)	Depreciation and amortisation (note 12)	Written down value of disposals (note 16)	Impairment losses recognised in profit or loss	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property								
Land	23,261	-	-	-	-	-	-	23,261
Buildings	46,316	455	13,721	(4,784)	(834)	-	-	54,874
Total property	69,577	455	13,721	(4,784)	(834)	-	-	78,135
Plant and Equipment								
Plant, machinery and equipment	2,654	1,045	304	-	(698)	(164)	-	3,141
Motor vehicles	1,357	411	-	-	(296)	(103)	-	1,369
Fixtures, fittings and furniture	905	174	-	-	(149)	-	-	930
Heritage plant and equipment	1,313	42	(25)	-	-	-	-	1,330
Total plant and equipment	6,229	1,672	279	-	(1,143)	(267)	-	6,770
Infrastructure								
Roads and footpaths	117,275	3,344	-	2,813	(3,610)	(284)	-	119,538
Infrastructure	2,523	-	-	-	(185)	-	-	2,338
Waste management	3,181	20	(3,114)	-	(84)	(3)	-	-
Car parks	13,610	188	(13,657)	-	(141)	-	-	-
Bridges and culverts	5,756	832	-	136	(99)	-	-	6,625
Drainage	42,014	900	928	1,204	(798)	(15)	-	44,233
Parks and recreation	19,403	1,207	1,843	4,352	(581)	(25)	-	26,199
Municipal revaluation	168	73	-	-	(28)	-	-	213
Total infrastructure	203,930	6,564	(14,000)	8,505	(5,526)	(327)	-	199,146
Works in progress								
Work in progress	2,194	398	-	-	-	-	-	2,592
Total work in progress	2,194	398	-	-	-	-	-	2,592
Total property, plant and equipment, infrastructure	281,930	9,089	-	3,721	(7,503)	(594)	-	286,643

Note 26 Movements in property, plant and equipment, infrastructure

Council 2013	Balance at beginning of financial year	Acquisition of assets and transfers from work in progress	Revaluation increments (decrements) (note 17 & 31)	Depreciation and amortisation (note 12)	Written down value of disposals (note 16)	Impairment losses recognised in profit or loss	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property							
Land	22,843	753	(335)	-	-	-	23,261
Buildings	46,198	995	-	(877)	-	-	46,316
Total property	69,041	1,748	(335)	(877)	-	-	69,577
Plant and Equipment							
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 plant and equipment	1,296	17	-	-	-	-	1,313
Total plant and equipment	6,591	936	-	(1,208)	(90)	-	6,229
Infrastructure							
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
Total infrastructure	200,452	3,893	5,180	(5,495)	(100)	-	203,930
Works in progress							
Work in progress	1,307	887	-	-	-	-	2,194
Total work in progress	1,307	887	-	-	-	-	2,194
Total property, plant and equipment, infrastructure	277,391	7,464	4,845	(7,580)	(190)	-	281,930

BURNIE CITY COUNCIL
CONSOLIDATED NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated Actual 2014 \$'000	Consolidated Actual 2013 \$'000	Council Actual 2014 \$'000	Council Actual 2013 \$'000
Note 27 Trade and other payables				
Trade payables	1,942	1,926	1,887	1,658
Accrued expenses	727	913	635	842
Revenue received in advance	31	16	-	-
Total trade and other payables	2,700	2,855	2,522	2,500
Note 28 Trust funds and deposits				
Refundable deposits, bonds and retentions	134	134	134	134
Total trust funds and deposits	134	134	134	134
Note 29 Interest-bearing loans and borrowings				
Current				
Borrowings - secured	266	167	266	167
Total	266	167	266	167
Non-current				
Borrowings - secured	4,178	3,418	2,435	1,675
Total	4,444	3,585	2,701	1,842
The maturity profile for Council's borrowings is:				
Later than one year and not later than five years	1,437	921	1,437	921
Later than five years	3,007	2,497	1,264	921
Total	4,444	3,418	2,701	1,842
Total interest-bearing loans and borrowings	4,444	3,585	2,701	1,842
Note 30 Provisions				
Current				
Annual leave	852	737	820	637
Long service leave	930	692	901	612
Rostered days off	49	66	49	56
Oncosts on employee entitlements	299	312	291	289
Provision for landfill restoration	1,736	136	1,736	136
Total current provisions	3,866	1,943	3,797	1,730
Non-current				
Long service leave	603	583	580	553
Oncosts on employee entitlements	144	142	140	136
Provision for landfill restoration	185	1,768	185	1,768
Total non current provisions	932	2,493	905	2,457
Employee aggregate carrying amount of provisions:				
Current				
All annual leave and long service leave entitlements representing 10 or more years:				
- Short term employee benefits, that fall due within 12 months of the end of the period, measured at nominal value	2,130	1,807	2,061	1,594
- Other long-term employee benefits that do not fall due within 12 months	-	-	-	-
Non Current				
- Long service leave representing less than 10 years of continuous service, measured at present value	747	725	720	689
Total employee provisions	2,877	2,532	2,781	2,283
The following assumptions were adopted in measuring the value of employee benefits			2014	2013
- Weighted average increase in employee benefits			3.00%	4.31%
- Weighted average discount rates			5.23%	4.73%
- Weighted average settlement period			12	12

BURNIE CITY COUNCIL

CONSOLIDATED NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Note 31 Reserves

Consolidated 2013

(a) Asset revaluation

Property

Land	12,374	10	12,384
Buildings	2,176	204	2,380

	14,550	214	14,764
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Infrastructure

Roads and footpaths	49,641	2,938	52,579
Aeronautical roads and runways	1,558	(743)	815
Car parks	2,105	395	2,500
Bridges and culverts	1,985	178	2,163
Drainage	17,858	1,220	19,078
Parks and recreation	3,813	449	4,262

	76,960	4,437	81,397
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Total asset revaluation reserve

	91,510	4,651	96,161
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(b) Fair value reserve

Investment in water corporation	268	785	1,053
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Total fair value reserve

	268	785	1,053
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Total reserves 2013

	91,778	5,436	97,214
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Consolidated 2014

(a) Asset revaluation

Property

Land	12,384	-	12,384
Buildings	2,380	(2,059)	321

	14,764	(2,059)	12,705
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Infrastructure

Roads and footpaths	52,579	2,813	55,392
Aeronautical roads and runways	815	-	815
Car parks	2,500	-	2,500
Bridges and culverts	2,163	136	2,299
Drainage	19,078	1,204	20,282
Parks and recreation	4,262	4,352	8,614

	81,397	8,505	89,902
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Total asset revaluation reserve

	96,161	6,446	102,607
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(b) Fair value reserve

Investment in water corporation	1,053	4,349	5,402
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Total fair value reserve

	1,053	4,349	5,402
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Total reserves 2014

	97,214	10,795	108,009
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BURNIE CITY COUNCIL
CONSOLIDATED NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

	Balance at beginning of reporting year \$'000	Increment/ (decrement) \$'000	Balance at end of reporting year \$'000
Council 2013			
(a) Asset revaluation			
Property			
Land	11,335	(335)	11,000
Buildings	2,059	-	2,059
	13,394	(335)	13,059
Infrastructure			
Roads and footpaths	49,641	2,938	52,579
Car parks	2,105	395	2,500
Bridges and culverts	1,985	178	2,163
Drainage	17,858	1,220	19,078
Parks and recreation	3,813	449	4,262
	75,402	5,180	80,582
Total asset revaluation reserve	88,796	4,845	93,641
(b) Fair value reserve			
Investment in water corporation	268	785	1,053
Total fair value reserve	268	785	1,053
Total reserves 2013	89,064	5,630	94,694
	Balance at beginning of reporting year \$'000	Increment/ (decrement) \$'000	Balance at end of reporting year \$'000
Council 2014			
(a) Asset revaluation			
Property			
Land	11,000	-	11,000
Buildings	2,059	(2,059)	-
	13,059	(2,059)	11,000
Infrastructure			
Roads and footpaths	52,579	2,813	55,392
Car parks	2,500	-	2,500
Bridges and culverts	2,163	136	2,299
Drainage	19,078	1,204	20,282
Parks and recreation	4,262	4,352	8,614
	80,582	8,505	89,087
Total asset revaluation reserve	93,641	6,446	100,087
(b) Fair value reserve			
Investment in water corporation	1,053	4,349	5,402
Total fair value reserve	1,053	4,349	5,402
Total reserves 2014	94,694	10,795	105,489

BURNIE CITY COUNCIL
CONSOLIDATED NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated Actual 2014 \$'000	Consolidated Actual 2013 \$'000	Council Actual 2014 \$'000	Council Actual 2013 \$'000
Note 32 Reconciliation of cash flows from operating activities to comprehensive result				
Surplus/(deficit)	(5,239)	1,397	(5,477)	1,201
Depreciation/amortisation	7,976	7,996	7,503	7,580
(Profit)/loss on disposal of property, plant and equipment, infrastructure	246	(84)	253	(84)
Asset Revaluation Decrement	5,517	-	5,517	-
Other	(2,578)	(1,241)	(2,487)	(1,238)
Capital grants	(1,023)	(1,619)	(1,023)	(1,619)
Change in assets and liabilities:				
(Increase)/decrease in trade and other receivables	(652)	80	(744)	142
(Increase)/decrease in other current assets	33	212	7	106
Increase/(decrease) in trade and other payables	(3)	(160)	22	(42)
(Decrease)/increase in other liabilities	27	28	-	-
(Increase)/decrease in inventories	(37)	8	(37)	8
Increase/(Decrease) in provisions	487	322	515	332
		-		
Net cash provided by/(used in) operating activities	4,754	6,939	4,049	6,386
Note 33 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 30)	1,830	1,556	1,763	1,451
Capital grants	2,541	4,585	2,541	4,585
Total restricted assets	4,371	6,141	4,304	6,036

Grants shown as restricted assets include \$0.300million for zodiac gymnastics, and \$2.241 million relating to the stormwater infrastructure project.

BURNIE CITY COUNCIL CONSOLIDATED NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

Note 34 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 34 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:

		pa for 2011/12 and 7.0% pa thereafter
Net Investment Return	0.0%	
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. Base on the assumptions used, and assuming the Employer contributes at the levels described below, the value of the assets is expected to continue to be adequate to meet the value of the liabilities of the Fund in respect of vested benefits at all times during the period up to 30 June 2014.

The Actuary recommended that in future the Council contribute 9.5% of salaries in 2012/13, 10.5% of salaries in 2013/14, and 11% of salaries in 2014/15. The Actuary will continue to undertake a brief review of the financial position the Fund at the end of each financial year to confirm that the contribution rates remain appropriate. The next full triennial 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.

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

- The 2011 actuarial review used a funding method that sets the level of Council contributions targeting a margin of 10% in the value of Fund assets over the total of members' vested benefits over the medium to longer term.

The funding method used was the same as the method used at the previous actuarial review in 2008. Under the target funding method of financing the benefits, the stability of the Councils' contributions over time depends on how closely the Fund's actual experience matches the expected experience. If the actual experience differs from that expected, the Councils' contribution rate may need to be adjusted accordingly to ensure the Fund remains on course towards its financing target.

- In terms of Clause 1.9.2 of the Scheme Trust Deed, there is a risk that employers within the Fund may incur an additional liability when an Employer ceases to participate in the Fund at a time when the assets of the Fund are less than members' vested benefits. Each member of the Fund who is an employee of the Employer who is ceasing to Participate is required to be provided with a benefit at least equal to their vested benefit in terms of Clause 1.9.2(b). However in terms of Clause 1.9.2 (d), the only contributions that can be sought from the Employer and its employee Members are any arrears of contributions. This issue can be resolved by the Trustee seeking an Actuarial Certificate in terms of Clause 1.22.2(a) requiring the Employer to make good any shortfall before the cessation of participation is approved. Clause 1.22.2(b) specifically provides that employers participating in the Fund will not be liable for the obligations of other Employers in other funds within the Scheme.

BURNIE CITY COUNCIL

CONSOLIDATED NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

- The application of Fund assets on the Fund or the Scheme being wound-up is set out in Clause 1.21.3. This Clause provides that expenses, pensions in payment and the Superannuation Guarantee benefits of other members should have first call on the available assets. Additional assets will initially be applied proportionately to providing Member's benefits in respect of completed service. If additional assets are available they are applied to increasing members' benefits.

The Trust Deed does not contemplate the Fund withdrawing from the Scheme. However it is likely that Clause 1.9.2 would be applied in this case (as detailed above).

- The Fund is a defined benefit Fund.
- The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. Thus the Fund is not able to prepare standard AASB119 defined benefit reporting.
- During the reporting period the amount of contributions contributed to defined benefits schemes was Consolidated Entity \$7,000 (2012-13 \$ 7,000), Council \$7,000 (2012-13 \$ 7,000), and the contributions contributed to accumulation schemes was Consolidated Entity \$ 1,409,000 (2012-13 \$ 1,389,000), Council \$ 1,274,000 (2012-13 \$ 1,248,000).
- During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$7,000, and the amount to be paid to accumulation schemes is \$1,453,507.
- As reported on the first page of this note, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2011. Favourable investment returns, since that date, make it probable that this is still the position. The financial position of the Fund will be fully investigated at the actuarial review as at 30 June 2014.
- An analysis of the assets and vested benefits of Funds participating in the Scheme, prepared by Bendzulla Actuarial Pty Ltd as at 30 June 2013, showed that the Fund had assets of \$61.5 million and member's Vested Benefits were \$54.2 million. These amounts represented 9.8% and 8.7% respectively of the corresponding total amounts for the scheme.

	2014 \$'000	2013 \$'000
Fund		
Defined Benefits fund		
Employer Contributions to Quadrant Super	7	7
	7	7
Accumulation Funds		
Employer Contributions to AMP Super	5	2
Employer Contributions to Australian Super	4	-
Employer Contributions to BT Super	5	-
Employer Contributions to CBus Super	15	4
Employer Contributions to Christian Super	1	-
Employer Contributions to First State Super	12	12
Employer Contributions to Generations Super	5	-
Employer Contributions to Hesta Super	11	10
Employer Contributions to Host Plus Super	18	13
Employer Contributions to Kinetic Super	1	-
Employer Contributions to Legal Super	6	1
Employer Contributions to LG Super	6	1
Employer Contributions to MLC Super	1	1
Employer Contributions to Onepath Super	15	7
Employer Contributions to Plum Super	1	1
Employer Contributions to Quadrant Super	973	1,016
Employer Contributions to REST Super	2	1
Employer Contributions to Sun Super	28	24
Employer Contributions to Superwrap Super	7	-
Employer Contributions to Synergy Super	16	17
Employer Contributions to Telstra Super	115	112
Employer Contributions to Tasplan Super	7	6
Employer Contributions to Wealth Super	13	13
	1,267	1,241

Council usually pays superannuation payments within a week of the end of the pay period. There is therefore no outstanding superannuation liability as at 30 June 2014

Note 35 Aldermens' Emoluments

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

Consolidated Actual 2014 \$'000	Consolidated Actual 2013 \$'000	Council Actual 2014 \$'000	Council Actual 2013 \$'000
264	240	264	240
264	240	264	240

BURNIE CITY COUNCIL CONSOLIDATED NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

Note 36 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 2013-14	No of Employees 2012-13
\$110,001 - \$130,000	2	2
\$130,001 - \$150,000	0	0
\$150,001 - \$170,000	2	1
\$170,001 - \$190,000	1	2
\$190,001 - \$210,000	0	0
\$210,001 - \$230,000	1	1
\$230,001 - \$250,000	0	0

Note 37 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 38 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
2014					
Operating					
Security services	83	83	-	-	166
Stormwater	-	-	-	-	-
Roadside slashing	45	45	-	-	90
Cleaning contracts for council buildings	192	192	576	-	960
Waste management	2,254	2,254	6,761	4,508	15,777
Total	2,574	320	7,337	4,508	16,993
Capital					
Stormwater	137	-	-	-	137
Parks and recreation	182	-	-	-	182
Waste management	35	-	-	-	35
Total	354	-	-	-	354
2013					
Operating					
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
Total	2,632	2,488	6,869	9,312	21,301
Capital					
Stormwater	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Waste management	-	-	-	-	-
Total	-	-	-	-	-

BURNIE CITY COUNCIL CONSOLIDATED NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

Note 39 Leases

(a) Operating lease commitments

At the reporting date, Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

	\$000'
Not later than one year	34
Later than one year and not later than five years	-
Later than five years	-
	<hr/> 34 <hr/>

(b) Operating lease receivables

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	\$000'
Not later than one year	340
Later than one year and not later than five years	-
Later than five years	-
	<hr/> 340 <hr/>

Note 40 Contingent Liabilities

Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors. As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, although they are not expected to have a material effect of to this financial report.

Note 41 Subsequent Events

(a) West Park Precinct and UTAS Agreement

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 recently signed a Development Deed that will allow UTAS to enter into a long-term lease of the Makers' Workshop from 1 July 2014, and will allow for transfer of a number of parcels of land to the University once a number of conditions are met. In the 2014-15 financial year Council will enter into a public land sale process and transfer a number of parcels of land to the University of Tasmania.

On the 1st of July the Makers' Workshop building will be derecognised as an asset of Council, the building has a current written down value of \$6.25 million in Council's accounts. While Council will still run its visitor information and papermaking operations out of the Makers' Workshop building, the Café, Retail and Cheeseshop operations transferred to the University of Tasmania from the 1st of August, estimated to save Council \$0.2million per year.

(b) Children's Services

At its May meeting, Council resolved to "Determine to exit childcare services and facilities with a provider that meets Council's expectations". Council is currently in the process of finalising documents for an expressions of interest process to sell Council childcare operations. As the expressions of interest process has only just commenced, the financial outcomes of the decision are unable to be reliably estimated as at the reporting date.

BURNIE CITY COUNCIL CONSOLIDATED NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

Note 42 Significant business activities

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

2013/14

Revenue

Rates	-	-	1,490	1,490
Grants	1,077	897	-	1,974
Other	2,340	23	-	2,363
Total revenue	3,417	920	1,490	5,827

Expenses

Direct costs:

Employee benefits	2,849	943	61	3,853
Materials and services	645	1,018	33	1,696
Interest	-	-	-	-
Other	13	284	23	320
	3,507	2,245	117	5,869

Indirect Costs:

Engineering and administration	-	739	140	879
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Capital costs:

Depreciation	27	3,862	798	4,687
Opportunity cost of capital	115	4,481	3,882	8,478
	142	8,343	4,680	13,165

Competitive neutrality costs

	Children's Services \$'000	Roads \$'000	Stormwater \$'000	Total \$'000
	-	-	1,490	1,490
	1,077	897	-	1,974
	2,340	23	-	2,363
Total revenue	3,417	920	1,490	5,827
	2,849	943	61	3,853
	645	1,018	33	1,696
	-	-	-	-
	13	284	23	320
	3,507	2,245	117	5,869
	-	739	140	879
	27	3,862	798	4,687
	115	4,481	3,882	8,478
	142	8,343	4,680	13,165
	-	-	-	-

2012/13

Revenue

Rates	-	-	1,478	1,478
Grants	1,069	1,576	-	2,645
Other	2,474	17	-	2,491
Total revenue	3,543	1,593	1,478	6,614

Expenses

Direct costs:

Employee benefits	3,320	885	60	4,265
Materials and services	710	977	43	1,730
Interest	-	-	-	-
Other	16	189	4	209
	4,046	2,051	107	6,204

Indirect Costs:

Engineering and administration	-	723	137	860
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Capital costs:

Depreciation	37	3,850	773	4,660
Opportunity cost of capital	128	5,211	4,265	9,604
	165	9,061	5,038	14,264

Competitive neutrality costs

	Children's Services \$'000	Roads \$'000	Stormwater \$'000	Total \$'000
	-	-	1,478	1,478
	1,069	1,576	-	2,645
	2,474	17	-	2,491
Total revenue	3,543	1,593	1,478	6,614
	3,320	885	60	4,265
	710	977	43	1,730
	-	-	-	-
	16	189	4	209
	4,046	2,051	107	6,204
	-	723	137	860
	37	3,850	773	4,660
	128	5,211	4,265	9,604
	165	9,061	5,038	14,264
	-	-	-	-

BURNIE CITY COUNCIL CONSOLIDATED NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

Note 43 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 Pty Ltd, Burnie Airport Corporation and Burnie Sports & Events are identified as related parties.

Transactions with related parties

The following transactions occurred during 2014 with related parties:

	2014 \$'000	2013 \$'000
Payments/receipts for goods and services:		
Payment for goods and services from:		
Tas Communications Pty Ltd	1,025	887
Burnie Sports & Events	811	827
Receipts for sale of goods and services to:		
Tas Communications Pty Ltd	75	60
Burnie Airport Corporation	29	29
Burnie Sports & Events	274	212

Receivable from and payable to related parties

The following balances are outstanding as at 30 June 2014 in relation to transactions with related parties:

	2014 \$'000	2013 \$'000
Payables to:		
Tas Communications Pty Ltd	30	31
Burnie Sports & Events	-	34
Receivables from:		
Tas Communications Pty Ltd	13	-
Burnie Sports & Events	-	41
Burnie Airport Corporation	-	2

Loans to/from related parties

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

Note 44 Management Indicators

	Benchmark	2014 \$000'	2013 \$000'	2012 \$000'	2011 \$000'
(a) Underlying surplus/(deficit)					
Recurrent income* less		37,869	37,110	36,003	34,919
Recurrent expenditure		39,789	38,270	37,010	34,405
Underlying surplus/(deficit)	0	(1,920)	(1,160)	(1,007)	514

* Recurrent income excludes income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature

(b) Underlying Surplus Ratio

Underlying surplus/(deficit)		(1,920)	(1,160)	(1,007)	514
Recurrent Income*		37,869	37,110	36,003	34,919
Underlying surplus ratio %	> 0%	-5.07%	-3.13%	-2.80%	1.47%

The ratio serves as an overall measure of financial operating effectiveness.

(c) Net financial liabilities

Liquid assets less		11,821	13,908	12,107	9,907
Total liabilities		12,076	11,010	11,245	8,152
Net financial liabilities	0	(255)	2,898	862	1,755

This measure shows whether Council's total liabilities can be met by its liquid assets. An excess of total liabilities over liquid assets means that, if all liabilities fell due at once, additional revenue would need to fund the shortfall.

BURNIE CITY COUNCIL

CONSOLIDATED NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

	Benchmark	2014 \$000'	2013 \$000'	2012 \$000'	2011 \$000'
(d) Net financial liabilities ratio					
Net financial liabilities		(255)	2,898	862	1,755
Recurrent Income*		37,869	37,110	36,003	34,919
Net financial liabilities ratio %	0% - (50%)	-0.67%	7.81%	2.39%	5.03%

This ratio indicates the net financial obligations of Council compared to its recurrent income.

(e) Asset consumption ratio

An asset consumption ratio has been calculated in relation to each asset class required to be included in the long term strategic asset management plan of Council.

Transport Infrastructure

Depreciated replacement cost		119,538	117,275	116,940	108,084
Current replacement cost		250,168	242,081	234,632	212,313
Asset consumption ratio %	> 60%	48%	48%	50%	51%

Buildings

Depreciated replacement cost		56,526	48,010	47,549	47,577
Current replacement cost		75,199	53,222	52,227	51,375
Asset consumption ratio %	> 60%	75%	90%	91%	93%

Drainage

Depreciated replacement cost		44,233	42,014	40,766	39,562
Current replacement cost		76,829	72,558	69,664	66,265
Asset consumption ratio %	> 60%	58%	58%	59%	60%

This ratio indicates the level of service potential available in Council's existing asset base.

(f) Asset renewal ratio

An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the long term strategic asset management plan of Council.

Projected capital funding outlays		94,850
Projected capital expenditure funding		42,955
Asset renewal ratio %	90% - 100%	221%

Total capital spend in the order of \$42.955m is predicted in order to meet Council's renewal requirements for existing infrastructure over the next 10 years. There have been no significant peaks in expenditure predicted for the period (i.e. major bridge replacements). This tells us that if Council maintains annual asset renewal expenditure of at least \$4.300m per year over the next 10 years, it will address the predicted renewal demand for its current asset base.

Modelling may vary to the actual renewal requirements as a result of some assets lasting longer or failing earlier than the assigned useful life in the asset register. A physical inspection regime will assist in identifying priorities for spending each year.

This ratio measures Council's capacity to fund future asset replacement requirements.

(g) Asset sustainability ratio

Capex on replacement/renewal of existing assets		6,668	4,845	7,423	3,822
Annual depreciation expense		7,976	7,996	7,920	7,270
Asset sustainability ratio %	100%	84%	61%	94%	53%

This ratio calculates the extent to which Council is maintaining operating capacity through renewal of their existing asset base.

BURNIE CITY COUNCIL CONSOLIDATED NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

Note 45 Fair Value Measurements

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

Property, infrastructure plant and equipment

- Land
- Buildings
- Roads and footpaths
- Parks and recreation
- Bridges and culverts
- Drainage

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

(a) Fair Value Hierarchy

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

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

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

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

As at 30 June 2014					
	Note	Level 1	Level 2	Level 3	Total
Recurring fair value measurements		\$'000	\$'000	\$'000	\$'000
Land	25	-	23,261	-	23,261
Buildings	25	-	54,874	-	54,874
Roads and footpaths	25	-	-	119,538	119,538
Parks and recreation	25	-	-	26,199	26,199
Bridges and culverts	25	-	-	6,625	6,625
Drainage	25	-	-	44,233	44,233
		-	78,135	196,595	274,730

Transfers between levels of the hierarchy

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

The following assets / liabilities that are measured at fair value on a recurring basis have been subject to a transfer between levels of the hierarchy.

Transfers from Level 3 to Level 2

Asset / Liability	\$'000
Transfer - Parks (Level 3) to Buildings (level 2)	217

(b) Highest and best use

All assets valued at fair value in this note are being used for their highest and best use.

(c) Valuation techniques and significant inputs used to derive fair values

Council adopted AASB 13 Fair Value Measurement for the first time this financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.

Land

Land fair values were determined by the Valuer-General effective 30 June 2013. The most significant input into this valuation approach is price per square metre derived from the analysis of sales taking into consideration permitted use and locality

BURNIE CITY COUNCIL

CONSOLIDATED NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Buildings

The fair value of buildings have been determined by an independent valuer, Opteon effective 30 June 2014.

In determining the level of accumulated depreciation, allowance has been made for the typical asset life cycle and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

Infrastructure assets

All Council infrastructure assets were fair valued using written down current replacement cost. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. The resulting valuation reflects the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on an assumption that the CRC represents the full cost of replacement with a new asset that represents a modern equivalent asset.

The level of accumulated depreciation for infrastructure assets was determined based on the age of the asset and the useful life adopted by Council for the asset type. Estimated useful lives are disclosed in note 1f.

The calculation of CRC involves a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made by qualified and experienced staff, different judgements could result in a different valuation. The table at (d) below summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

The methods for calculating CRC are described under individual asset categories below.

Roads

Council categorises its road infrastructure into sealed and unsealed and then further sub-categorises these based on an assessment of vehicle movements and social and economic importance. All road segments are then componentised into pavement, sub-pavement and seal. Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC is based on the road area multiplied by a unit price; the unit price being an estimate of labour and material inputs, services costs, and overhead allocations. For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and Council's labour wage rates. Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years.

Bridges

A full valuation of bridges assets was undertaken by independent valuers, Auspan, effective June, 2013. Each bridge is assessed individually and componentised into sub-assets representing the deck and sub-structure. The valuation is based on the material type used for construction and the deck and sub-structure area.

Drainage

A full valuation of drainage infrastructure was undertaken by Council's Engineer effective 30 June 2012. Similar to roads, drainage assets are managed in segments; pits and pipes being the major components.

Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. CRC is based on the unit price for the component type. For pipes, the unit price is multiplied by the asset's length. The unit price for pipes is based on the construction material as well as the depth the pipe is laid.

BURNIE CITY COUNCIL
CONSOLIDATED NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

(d) Unobservable inputs and sensitivities

Asset Class	Carrying amount \$'000	Key unobservable inputs *	Expected range of inputs	Description of how changes in inputs will affect the fair value
Roads	119,538			
		Useful Life	10-100 yrs	The longer the useful life the higher the fair value
		Material Usage	Varies	The higher the material usage the higher the fair value
Parks	26,199			
		Useful Life	10-100 yrs	The longer the useful life the higher the fair value
		Material Usage	Varies	The higher the material usage the higher the fair value
Bridges	6,625			
		Useful Life	20-75 yrs	The longer the useful life the higher the fair value
		Material Usage	Varies	The higher the material usage the higher the fair value
Drainage	44,233			
		Useful Life	20-100 yrs	The longer the useful life the higher the fair value
		Material Usage	Varies	The higher the material usage the higher the fair value

*There were no significant inter-relationships between unobservable inputs that materially affect fair values.

(e) Changes in recurring level 3 fair value measurements

The changes in level 3 assets with recurring fair value measurements are detailed in note 25.

(f) Valuation processes

Council's current policy for the valuation of land, buildings and infrastructure assets is set out in notes 1 (F) and 1(H) respectively.

(g) Assets and liabilities not measured at fair value but for which fair value is disclosed

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in note 46.

Council borrowings are recognised at amortised cost with interest recognised in the Comprehensive Income Statement when incurred. The fair value of borrowings disclosed in note 46 equates to the carrying amount as the carrying amount approximates fair value (level 2).

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (level 2).

BURNIE CITY COUNCIL CONSOLIDATED NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

Note 46 Financial Instruments and Financial Risk Management

(a) Accounting policy, terms and conditions

(a) Accounting policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	19	Cash on hand and at bank and money market call account are valued at face value. Interest is recognised as it accrues.	On call deposits returned a floating interest rate of 3.5%. Funds returned a weighted average interest rates of 3.55% in 2013-14 (4.55% in 2012-13)
Trade and other receivables			
Other debtors	20	Receivables are carried at amortised cost using the effective interest method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and arrears do not attract interest. Credit terms are based on 30 days.

Financial liabilities

Trade and other payables	27	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest-bearing loans and borrowings	29	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 4.75% (5.01% in 2012-13).

(b) Interest rate risk

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

Council	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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Financial assets												
Cash and cash equivalents	3.55%	4.19%	7,001	9,728	-	-	-	-	-	-	7,001	9,728
Trade and other receivables												
Loans	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
Rates	10.02%	9.35%	1,269	1,154	-	-	-	-	-	-	1,269	1,154
Other	0.00%	0.00%	-	-	-	-	-	-	2,503	1,485	2,503	1,485
Total			8,270	10,882	-	-	-	-	2,503	1,485	10,773	12,367
Interest bearing liabilities												
Payables	0.00%	0.00%	-	-	-	-	-	-	2,806	2,353	2,806	2,353
Interest bearing liabilities	4.75%	5.01%	266	167	1,171	755	1,264	920	-	-	2,701	1,842
Total			266	167	1,171	755	1,264	920	2,806	2,353	5,507	4,195
Net financial assets/ (liabilities)			8,004	10,715	(1,171)	(755)	(1,264)	(920)	(303)	(868)	5,266	8,172

BURNIE CITY COUNCIL

CONSOLIDATED NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

(c) Fair Value

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

Financial Instruments	Total carrying amount		Aggregate net fair value	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	\$7,712	\$10,282	\$7,712	\$10,282
Other financial assets	\$-	\$-	\$-	\$-
Trade and other receivables	\$4,109	\$3,626	\$4,109	\$3,626
Investment in water corporation	\$63,284	\$58,935	\$63,284	\$58,935
Total financial assets	\$75,105	\$72,843	\$75,105	\$72,843
<i>Financial liabilities</i>				
Trade and other payables	\$2,700	\$2,855	\$2,700	\$2,855
Trust funds and deposits	\$134	\$134	\$134	\$134
Interest-bearing loans and borrowings	\$4,444	\$3,318	\$4,444	\$3,318
Total financial liabilities	\$7,278	\$6,307	\$7,278	\$6,307

(d) Credit risk

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

(e) Risks and mitigation

Market risk

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

Interest rate risk

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

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

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

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

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

- conformity with State and Federal regulations and standards,
- capital protection,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

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

BURNIE CITY COUNCIL CONSOLIDATED NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

Credit risk

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

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

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

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

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

	Financial Institutions (min A2 short term)	Government agencies	Other	Total
2014				
Cash and cash equivalents	\$7,712	\$-	\$-	\$7,712
Trade and other receivables	\$-	\$-	\$4,109	\$4,109
Investments and other financial assets	\$-	\$63,284	\$-	\$63,284
Total contractual financial assets	\$7,712	\$63,284	\$4,109	\$75,105

2013

Cash and cash equivalents	\$10,282	\$-	\$-	\$10,282
Trade and other receivables	\$-	\$-	\$3,626	\$3,626
Investments and other financial assets	\$-	\$58,935	\$-	\$58,935
Total contractual financial assets	\$10,282	\$58,935	\$3,626	\$72,843

Movement in provisions for impairment of trade and other receivables

	2014 \$'000	2013 \$'000
Balance at the beginning of the year	\$441	\$306
New provisions recognised during the year	\$14	\$135
Amounts already provided for and written off as uncollectible	\$-	\$-
Amounts provided for but recovered during the year	\$-	\$-
Balance at end of year	\$455	\$441

BURNIE CITY COUNCIL

CONSOLIDATED NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Liquidity risk

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

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

To help reduce these risks we:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;

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

The Council's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. The table below lists the contractual maturities for Financial Liabilities. These amounts represent the discounted cash flow payments (ie principal only).

2014	6 mths	6-12	1-2	2-5	>5	Contracted	Carrying
	or less	months	years	years	years	Cash Flow	Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	\$2,700	\$-	\$-	\$-	\$-	\$2,700	\$2,700
Trust funds and deposits	\$134	\$-	\$-	\$-	\$-	\$134	\$134
Interest-bearing loans and borrowings	\$133	\$133	\$430	\$1,425	\$2,323	\$4,444	\$4,444
Total financial liabilities	\$-	\$-	\$-	\$-	\$-	\$-	\$-

2013	6 mths	6-12	1-2	2-5	>5	Contracted	Carrying
	or less	months	years	years	years	Cash Flow	Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	\$2,855	\$-	\$-	\$-	\$-	\$2,855	\$2,855
Trust funds and deposits	\$134	\$-	\$-	\$-	\$-	\$134	\$134
Interest-bearing loans and borrowings	\$70	\$70	\$175	\$580	\$2,420	\$3,315	\$3,315
Total financial liabilities	\$-	\$-	\$-	\$-	\$-	\$-	\$-

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management’s knowledge and experience of the financial markets, the Council believes the following movements are ‘reasonably possible’ over the next 12 months (Base rates are sourced from Reserve Bank of Australia):

- A parallel shift of + 1% and -2% in market interest rates (AUD) from year-end rates of 3.55%.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by Council at year-end, if the above movements were to occur.

		Interest rate risk			
		-2%		+1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2014	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	\$7,712	\$(154)	\$(154)	\$77	\$77
Trade and other receivables	\$4,109	\$-	\$-	\$-	\$41
Financial liabilities:					
Interest-bearing loans and borrowings	\$4,444	\$89	\$89	\$(44)	\$(44)

		Interest rate risk			
		-2%		+1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2013	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	\$10,282	\$(206)	\$(206)	\$103	\$103
Trade and other receivables	\$3,626	\$-	\$-	\$-	\$36
Financial liabilities:					
Interest-bearing loans and borrowings	\$3,315	\$66	\$66	\$(33)	\$(33)

(g) 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-14	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Available for sale financial assets	0	0	\$63,284	\$63,284

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

Reconciliation of Level 3 Fair Value Movements

	2014	2013
Opening Balance	\$58,935	\$58,150
Change in fair value movement in Taswater	\$4,349	\$785
Closing Balance	\$63,284	\$58,935

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

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80 Wilson Street, Burnie, Tasmania
PO Box 973 Burnie, Tasmania, Australia
tel +61 3 6430 5700
burnie@burnie.net
www.burnie.net