

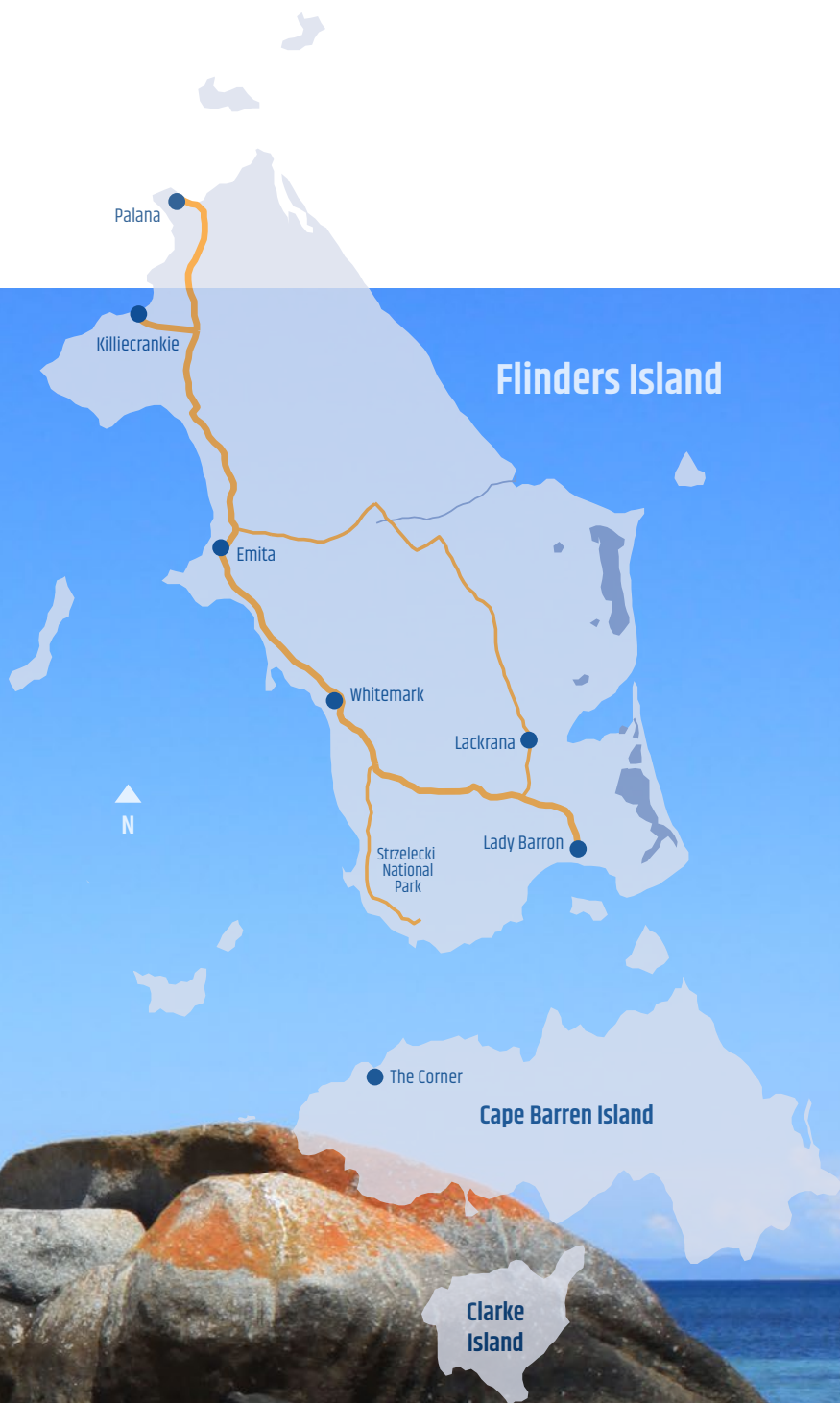
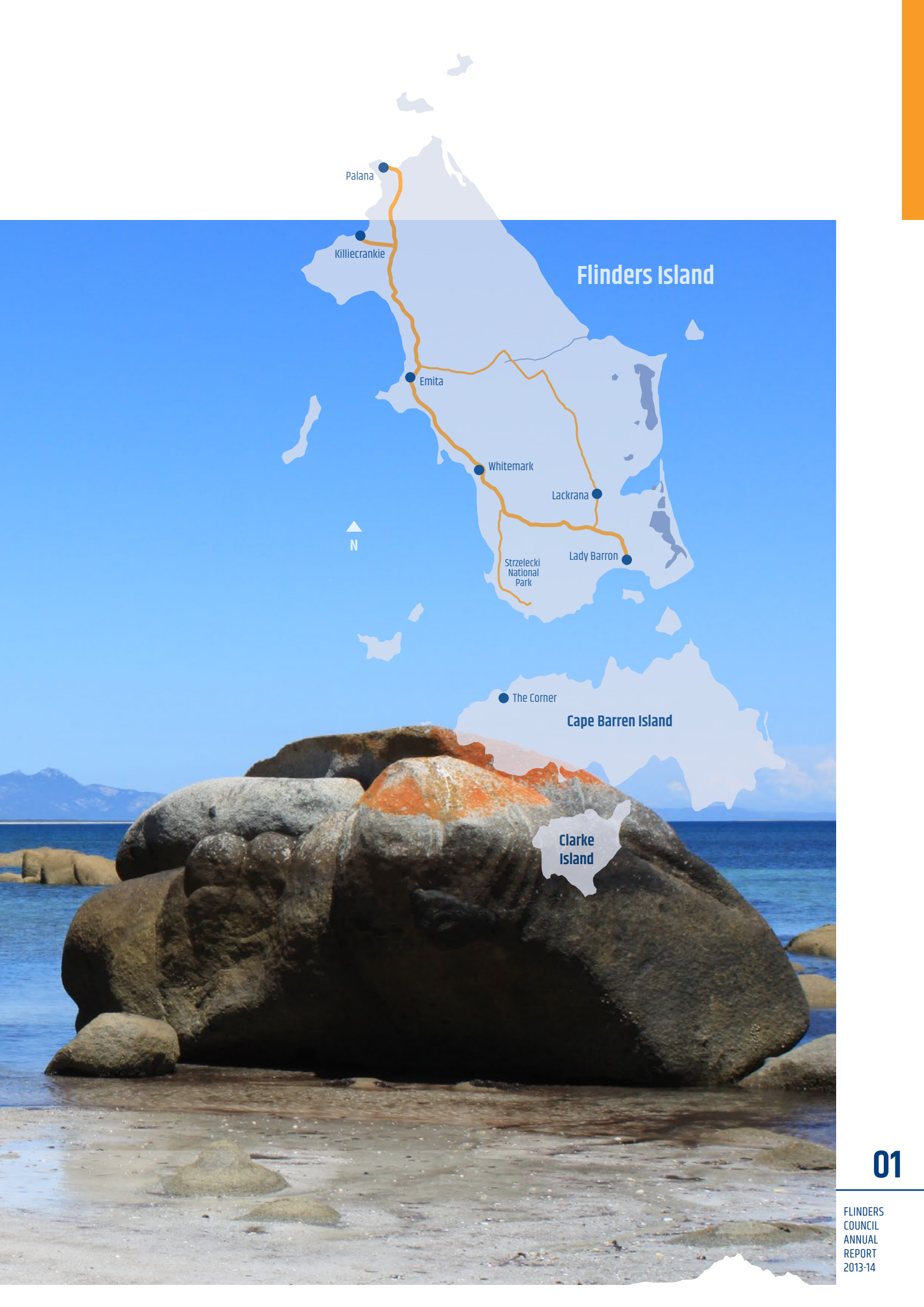
2013-14
FINANCIAL
YEAR

FLINDERS COUNCIL ANNUAL REPORT

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STRATEGIC OBJECTIVES

Our Vision for the Furneaux Community

A thriving, inclusive and self-reliant community that offers opportunities for current and following generations while maintaining the diversity, uniqueness and attractiveness of the natural environment.

Our Mission

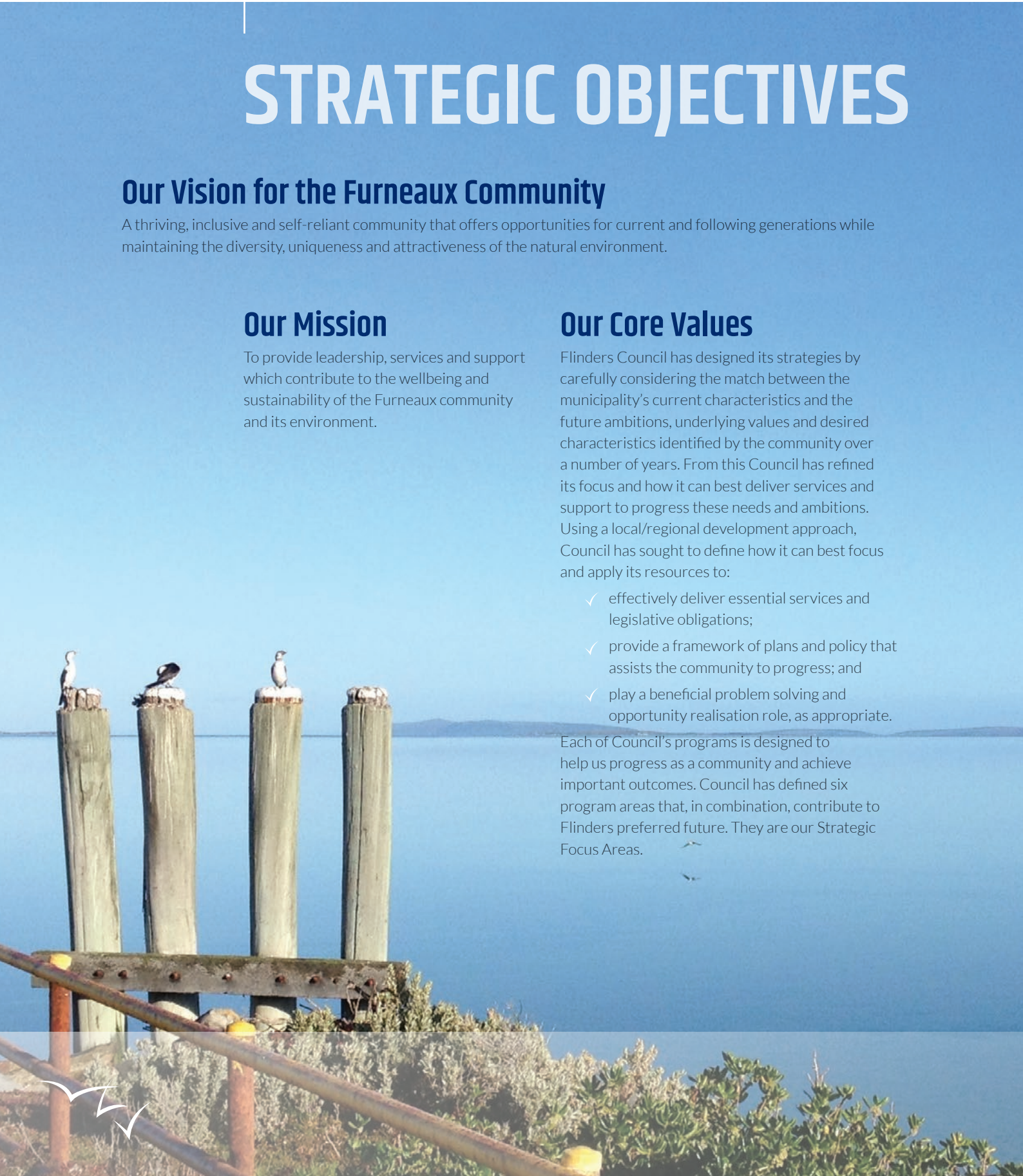
To provide leadership, services and support which contribute to the wellbeing and sustainability of the Furneaux community and its environment.

Our Core Values

Flinders Council has designed its strategies by carefully considering the match between the municipality's current characteristics and the future ambitions, underlying values and desired characteristics identified by the community over a number of years. From this Council has refined its focus and how it can best deliver services and support to progress these needs and ambitions. Using a local/regional development approach, Council has sought to define how it can best focus and apply its resources to:

- ✓ effectively deliver essential services and legislative obligations;
- ✓ provide a framework of plans and policy that assists the community to progress; and
- ✓ play a beneficial problem solving and opportunity realisation role, as appropriate.

Each of Council's programs is designed to help us progress as a community and achieve important outcomes. Council has defined six program areas that, in combination, contribute to Flinders preferred future. They are our Strategic Focus Areas.



Strategic Focus Areas

1	Environment and Natural Asset Management	An environment that maintains its diversity, uniqueness and attractiveness while supporting sustainable production and lifestyle.
2	Infrastructure	Efficient and reliable infrastructure that supports and protects production, services and lifestyle.
3	Land Use, Development and Building	A productive system of land and building development that promotes investment and activity while protecting people and the environmental characteristics of the Flinders Municipal area.
4	Community Safety, Engagement and Enterprise	Through positive Council-Community partnerships, enhance people's security, inclusion and well-being.
5	Corporate Governance and Intergovernmental Relations	Decisions are professionally and transparently made, communicated and implemented to achieve defined outcomes in the interest of the community.
6	Furneaux Future	A thriving, self-reliant community offering opportunities for current and following generations while maintaining core values and attributes.



COUNCIL SERVICES



COUNCIL OFFICE

4 Davies Street
Whitemark TAS 7255

OFFICE HOURS

9.00am - 4.30pm

POSTAL ADDRESS

PO Box 40
Whitemark TAS 7255

T (03) 6359 5001

F (03) 6359 2211

E office@flinders.tas.gov.au

ALL CORRESPONDENCE TO

General Manager

AFTER HOURS EMERGENCY SERVICE

M 0427 592 069 (*Works Manager*)

AIRPORT

Palana Road, Whitemark TAS 7255

HOURS Weekdays 8.00am - 4.30pm

T (03) 6359 2144

F (03) 6359 2145

E airport@flinders.tas.gov.au

WORKS DEPOT

21 Patrick Street, Whitemark TAS 7255

HOURS Weekdays 8.00am - 5.00pm

T (03) 6359 5020 / 5021

F (03) 6359 2069

VISITOR INFORMATION CENTRE

4 Davies Street, Whitemark TAS 7255

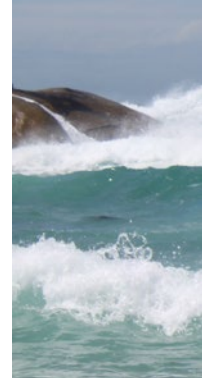
HOURS Weekdays 9.00am - 4.30pm

T (03) 6359 5002

F (03) 6359 2211

E info@flinders.tas.gov.au

Community Representation and Committees as at 30th June 2014



Special Committees

Audit and Finance Special Committee	Deputy Mayor D Williams Chair , Mayor C Cox and Cr G Willis
Flinders Community Development Special Committee	Cr P Rhodes and Cr G Willis Co-Chairs
Flinders Council NRM Special Committee	Cr M Cobham Chair , Cr P Rhodes and Cr R Wise
Furneaux Community Health Special Committee	Cr M Roberts Chair and Mayor C Cox
Furneaux Group Aviation Special Committee	Mayor C Cox Chair , Cr P Rhodes and Cr R Wise
Furneaux Group Shipping Special Committee	Mayor C Cox Chair , Deputy Mayor D Williams and Cr G Willis
Furneaux (Emita) Hall and Recreation Ground Special Committee	Cr M Cobham Chair
Lady Barron Hall & Recreational Special Committee	Deputy Mayor D Williams Chair
OHS and Risk Management Special Committee	Cr M Cobham Chair , Cr M Roberts
Waste Management Special Committee	Cr R Wise Chair , Cr M Cobham and Cr P Rhodes

Local Government Organisations

Local Government Association of Tasmania	Mayor C Cox, Deputy Mayor D Williams and General Manager R Harper
Northern Council's Sub Regional Alliance	Mayor C Cox and General Manager R Harper
Northern Tasmanian Development Representative	Mayor C Cox and General Manager R Harper
NRM North Association	Cr M Cobham
TasWater Owners' Representative	Mayor C Cox

Community Organisations

Flinders Island District High School Association	Mayor C Cox
Flinders Island Tourism Association	Cr M Roberts

Councillor Allowances 2013-2014

Allowances and Expenses Statement (*Under the Local Government Act 1993*)

In 2013/14 the Council provided allowances and reimbursements for reasonable expenses to the Mayor, Deputy Mayor and Councillors. The total amount of these allowances and expenses is shown below.

ALLOWANCES: \$86,258.59

EXPENSES: \$15,072.30



COUNCILLORS AND COMMUNITY REPRESENTATION

Flinders Council is represented by seven Councillors and is led by the Mayor and the Deputy Mayor. The Council is elected to represent the community and its aspirations and needs. The Council is authorised by the *Local Government Act 1993*, as amended, to make a broad range of decisions. The scope of the Council's responsibilities includes:

- ✓ the allocation of resources and the determination of funding priorities;
- ✓ policy determination and the establishment of corporate goals and objectives;
- ✓ reviewing and monitoring performance of the Council management structure and team;
- ✓ overall performance of the corporate body; and
- ✓ reporting to and liaising with the community.

The Council from 1st July 2013 to 30th June 2014 comprised the following members:

Councillor Carol Cox **Mayor**

Councillor David Williams **Deputy Mayor**

Councillor Marc Cobham

Councillor Peter Rhodes

Councillor Mary-Anne Roberts

Councillor Gerald Willis

Councillor Ronald Wise

Council Meetings

Ordinary meetings of Council are usually held on the third Thursday of each month. Meetings commence at 1.00pm and are open to the public. A list of Ordinary Meeting dates for the year ahead is available from Council Offices after the December meeting each year.





COUNCILLOR MEETING ATTENDANCE REGISTER 2013-2014



Ordinary Council Meetings

	Mayor C Cox	Deputy Mayor D Williams	Cr M Cobham	Cr P Rhodes	Cr M Roberts	Cr G Willis	Cr R Wise
18.07.13	✓	✓	✓	✓	✓	✓	✓
15.08.13	✓	✓	✓	✓	✓	✓	✓
19.09.13	✓	✗	✓	✓	✗	✓	✗
17.10.13	✓	✓	✓	✗	✓	✓	✓
21.11.13	✓	✓	✓	✓	✓	✓	✓
19.12.13	✓	✓	✓	✓	✓	✓	✓
16.01.14	✓	✓	✓	✓	✓	✓	✓
13.02.14	✓	✓	✓	✓	✓	✓	✓
13.03.14	✓	✓	✓	✓	✓	✓	✓
10.04.14	✓	✓	✓	✓	✓	✓	✗
15.05.14	✓	✓	✓	✗	✓	✗	✓
19.06.14	✓	✗	✓	✗	✓	✓	✓
TOTAL	12	10	12	9	11	11	10

Annual General Meeting

	Mayor C Cox	Deputy Mayor D Williams	Cr M Cobham	Cr P Rhodes	Cr M Roberts	Cr G Willis	Cr R Wise
06.12.13	✓	✓	✓	✗	✗	✓	✓
TOTAL	1	1	1	0	0	1	1

FLINDERS COUNCIL ORGANISATIONAL CHART 2013 - 2014

COUNCILLORS

GENERAL
MANAGER





GOVERNANCE	WORKS & SERVICES
EXECUTIVE OFFICER	WORKS & SERVICES MANAGER
EXECUTIVE ASSISTANT	WORKS FOREMAN
	Leading Hand
	Mechanic
	Plant Operators (2)
	Works Officers (4)

Corporate Management Team

Governance
 Manager: Raoul Harper

Corporate
 Manager: Kim Hossack (July 2013 – January 2014)
 Coordinator: Sophie Pitchford (February – June 2014)

Community
 Coordinator: Jana Harper (August 2013 – June 2014)

Development
 Coordinator: Jacqui Viney
 Strategic Planner: Robyn Cox (April – June 2014)

Infrastructure
 Manager: Brian Barnewall
 Airport Manager: Jeff Grace



THE YEAR IN REVIEW





The following reports have been prepared in accordance with the requirements of the *Local Government Act 1993*. The matters reported are to a large extent prescribed in the Act. The reports relate to Council's Annual and Strategic Plans and refer to the Financial Year ending 30th June 2014, providing an overview of Council's operations and achievements during this period.

MAYOR'S REPORT

“

This Council is extremely appreciative of the contribution volunteers make to our community.”





From my perspective as Mayor, the 2013 -14 year for Flinders Council was one of consolidation and preparation for project delivery in the next year with funds being allocated in the 2014-15 budget for capital upgrades to community recreational infrastructure as well as to the airport taxiway and standing areas, and large road sealing program.

For the Emita Hall improvement, Council went down the unusual path of enabling community volunteers to assist with some physical aspects of the program. This included developing new processes for the induction of volunteers.

This Council is extremely appreciative of the contribution volunteers make to our community and continues to support, encourage and contribute to community run events and projects such as the Flinders Island Show, Hydro Tasmania Flinders Running Festival, Tour de Flinders, Spring into Summer, Emita Sports, Junior Netball and Football and Flinders Flicks, to name a few.

The Citizenship Award was made to two worthy citizens for very similar input into the community - Colleen Paterson for her long and continued support of the church, youth and general community and Kim Murphy for similar input in recent times. A special award was made to David & Kathleen Heap for their encouragement of community participation in exercise, music and healthy living since coming to the islands.

The inaugural combined Council/community organised celebration of being Australian was held at the museum during the Australia Day long weekend, promoting the musical history of the islands. Council will assist with a similarly formatted event in 2015.

I congratulate the small staff of the Flinders Council for the amount of work they have put in and the support they also give the community. In a small staff group the actions of every individual largely influence the output of the whole. The outdoor works staff achieve many and varied activities, most notably we see them on the roads and streets and collecting the rubbish, all of which form a large portion of their work. The gardens have responded brilliantly to new hands. The Healthy Aging Program and the School Holiday Program are two programs that are well attended and welcomed by community.

Council has looked for opportunities to reduce the cost of doing business without loss of service and this has been achieved in a number of ways. An agreement with the Parks and Wildlife Service for sharing the servicing and maintenance of the island's gas BBQs has been put in place, removing duplication of tasks. Council has partnered with other Councils in the northern region to enable staff from across Councils to work together to achieve common outputs such as the development of auditing tools and to provide peer advice to each other. The planning process for discretionary developments has been streamlined. Individual departmental Quarterly Reports are now provided as one combined report with all departments reporting against the activities allocated to them in the Annual Plan. Councillors appreciate having the information in one document.

I commend the General Manager for the constant input he has made to Northern Tasmania Development's (NTD) lobbying for the benefit of the Council Region, so that the "Northern Integrated Transport Plan" now includes the air and sea transport routes to the Furneaux Group.

The wooden bridge replacement program that began around 1998, with one or two bridges being replaced annually, was completed this year with all 32 bridges now being of concrete construction.

Council also responded in depth to the Productivity Commission Public Inquiry into Tasmanian Shipping and Freight to emphasise that although the Bass Strait Islands might be a small shipping market, their contribution to the agricultural sector of the Tasmanian economy must not be undersold and solid sustainable shipping services are required to support this. The Intrastate Tasmanian Freight Equalization Subsidy being an important aid that keeps high value island produce flowing into Tasmania for processing.

Council contributed \$5,000 to spring and autumn cooperative advertising campaigns by the partnership group of Flinders Island Tourism Association, Tourism Tasmania, Tourism Northern Tasmania and Sharp Airlines with a television advertisement running through Victoria and Tasmania to raise awareness of Flinders as a visitor destination.

I have touched on only a little of Council's achievements this year, a taste of all the work that occurs both routine and exceptional by the small staff, and hope you can appreciate their achievements as I do.

I thank my fellow Councillors for their input and look forward to the things that can be achieved as we continue to work as a team for the benefit of the island communities.

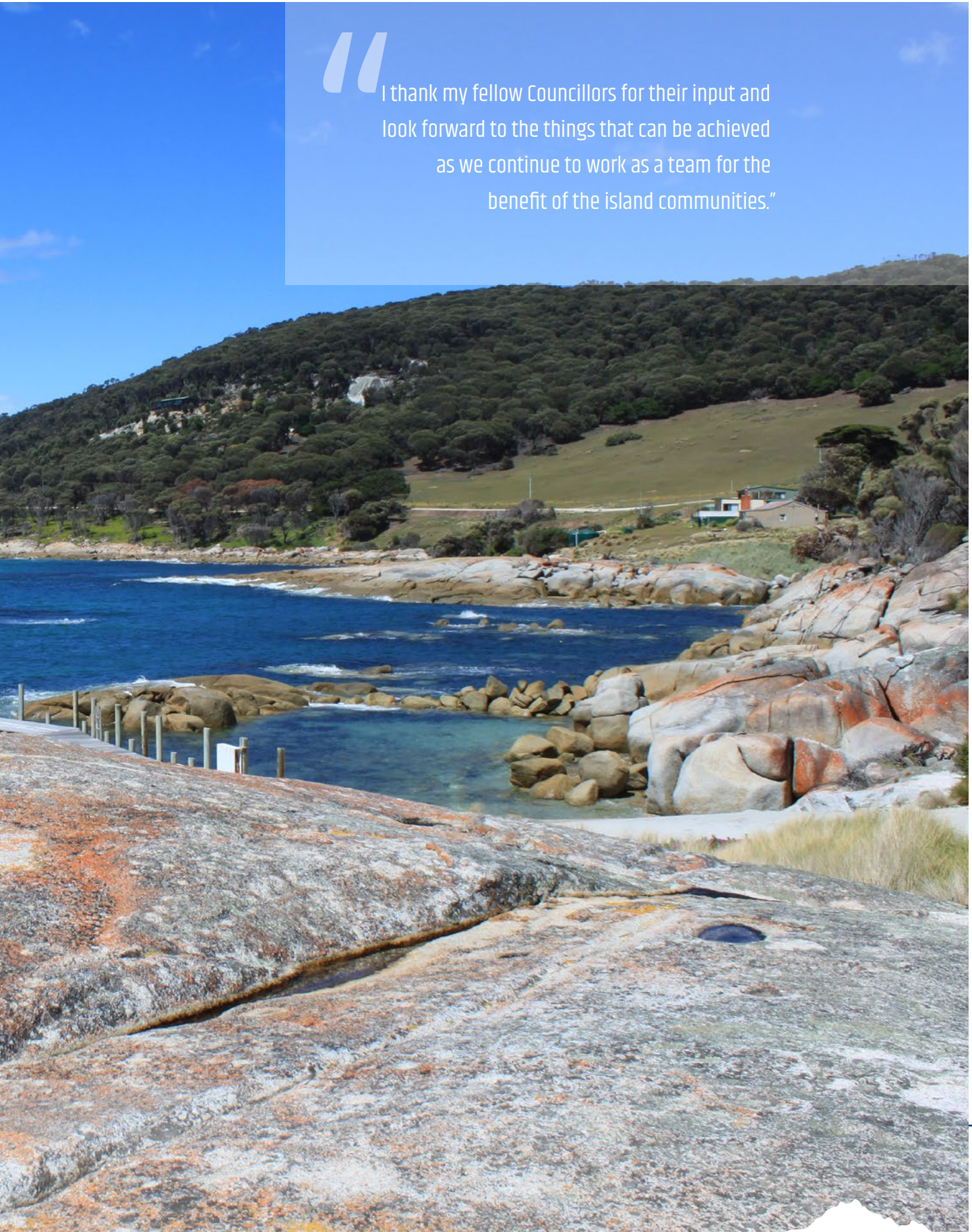
It would be remiss of me to close without saying a huge thank you, on behalf of my fellow Councillors and the community to both the Lions Club and the Royal Flying Doctor Service who each respectively have donated items of huge community benefit, the passenger lifter at Essendon Airport and the Ambulance Patient Transfer Shed at the Whitemark Airport. Thank you.

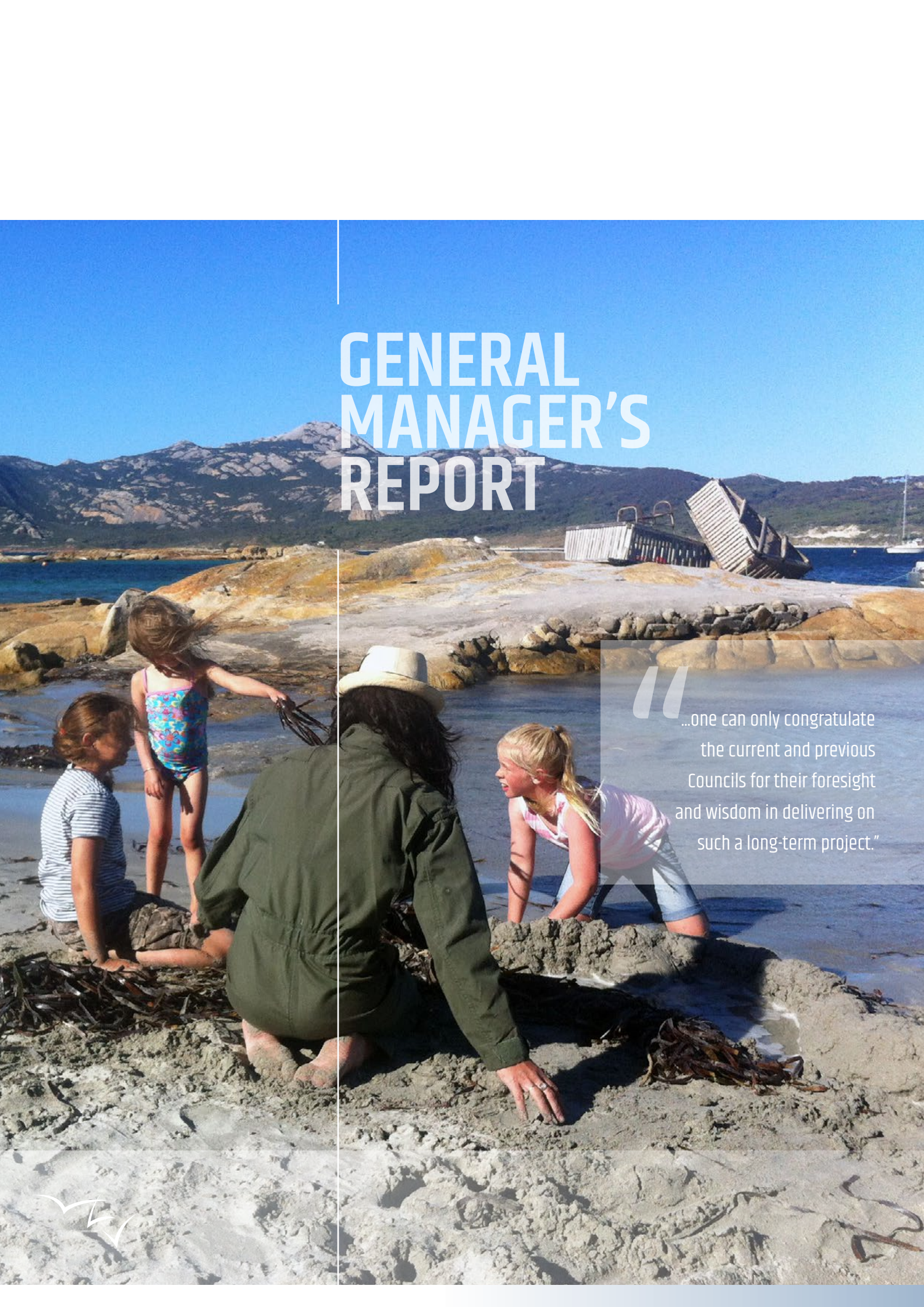
Carol Cox
Mayor



“

I thank my fellow Councillors for their input and look forward to the things that can be achieved as we continue to work as a team for the benefit of the island communities.”





GENERAL MANAGER'S REPORT

“

...one can only congratulate the current and previous Councils for their foresight and wisdom in delivering on such a long-term project.”





I am pleased to present the Flinders Council Annual Report 2013/2014.

The Flinders Council's Annual Report presents the extent to which strategies, as outlined in its Strategic Plan, have been addressed for the financial year. The Strategic Plan is a statement of Council's agreed direction. In a small but diverse organisation such as ours the Strategic Plan is an important policy document that guides how best to apply limited resources to meet the expectations of our community.

In delivering on the directions outlined in the Strategic Plan, Council sets an Annual Plan that provides details of programs, their strategies and performance measures, while the Annual Budget determines how these operations will be financed. The Annual Report presented is the culmination of both the planning and reporting cycles of Council and provides an opportunity to outline to the community the efforts of staff and Councillors for the year past.

At a financial level, the new Federal Government discontinued the forward payment of Federal Assistance Grants and as such Council received some \$662,000 less than would normally be the case to utilise in our operational budget for the past year.

The Roads to Recovery 5 year program was completed in 2014. The final payment was made in 2013.

The continued low interest rate returns available in the market contributed to a poor result from Council's investments. Council has instigated a review of the current Investment Policy in light of the ongoing poor returns from term deposits.

A major revaluation of assets, in particular our gravel road network, was undertaken during the reporting period. With depreciation costs having a major impact on the long-term viability of the organisation, the revaluation specifically sought to deliver a genuine island reflective cost schedule for maintaining the gravel road assets and then reflecting this through to the value of the road itself. Depreciation was budgeted to be \$1.75 million and through this revaluation it was reduced to \$1.44 million. The offset to this has been a reduction in the value of Council's assets. A modest operational deficit was delivered.

Council continues to have no borrowings and has healthy cash reserves.

Sixteen years ago Flinders Council embarked on a project to replace all of the wooden bridges on Flinders Island with pre stressed concrete constructions. During the preceding years some 30 wooden bridges have been replaced with precast concrete constructions, built by a local manufacturer.

Through a sensible asset replacement program with one or two bridges being replaced each year to a schedule set through bridge condition assessments and strategic importance, it's heartening to see the program finally completed.

At a time when many remote municipalities across Australia are struggling to fund bridge replacement programs one can only congratulate the current and previous Councils for their foresight and wisdom in delivering on such a long-term project. I would also like to take this opportunity to thank the outdoors works staff and the local contractors for their efforts on this important project.



The bridge replacement program is a great example of how even small Councils with minimal revenue can set long term strategies for asset replacement and through diligent financial management methodically deliver improvements over many years for our communities.

Building on such an approach Council this year embarked on a comprehensive community asset audit and subsequent infrastructure development plan.

Little funds have been expended on community assets for many years and the condition of many of these assets had reached a very low level where the cost/benefit of continuing to maintain them had to be considered.

Community engagement throughout the project highlighted the critical value these assets have across the island for a variety of uses and user groups. Council received the audit and plan and have committed to a major investment in the year ahead to upgrade facilities such as public toilets, the Whitemark Foreshore and the Emita and Lady Barron Halls.

In a similar manner to the bridge replacement program, Council now has a considered understanding of the condition of these assets and has a sensible and affordable program to upgrade (or replace) these assets over the coming years.

During the year Council completed a new access road into the popular Marshall Bay area and constructed a new boat launching ramp at Settlement Point.



Major drainage works were completed at the airport and improvements to Flinders Island's waste management facilities continue to be undertaken as funding allows.

With assistance from the Royal Flying Doctor Service a new patient transfer facility was constructed at the airport. Council continued its footpath development program with further works undertaken in Lady Barron and delivered the annual grading and re-sheeting program across our gravel road network.

With the ongoing focus of communicating and providing as much information to the community as possible, a rebuild of the Council website was completed. Residents and visitors can now access a comprehensive suite of information on a site that is easy to navigate and updated regularly. A new community calendar was incorporated into the site, which has been well used by staff and community groups alike. Council continued to provide regular information bulletins to the community via the Island News and undertook community engagement on projects such as the Emita Hall, Lady Barron Hall and the Whitemark Foreshore.

Council delivered a range of projects to the broader community throughout the year.

In 2013 we introduced some changes to the Flinders Council Youth Programs. To accommodate the student numbers that have been gradually declining in the secondary age group and an increase in demand for activities for primary students, Council decided to shift the focus to develop an annual School Holiday Program. This well received and popular program was delivered during all school holiday breaks and was made available to young people aged from age 6 to 25 years. The program was open to locals, visitors and returning students who reside off Island. The Dorset Council youth group also visited Flinders during the school holidays to join in on activities.



“

I would like to take this opportunity to thank all of our community volunteers and organisations that helped to create such a successful event.”

Council continues to provide in-kind support for the Transition Program, which is now run by the Flinders Island District High School. In 2013-2014 Council staff facilitated and coordinated the Work Placement Program, which is now in its third year.

Community events are well supported by Council and the inaugural Furneaux Festival added colour and excitement to the Australia Day weekend celebrations. The Festival was a celebration of the shared cultural history of the community within the Furneaux Islands and being Australian. I would like to take this opportunity to thank all of our community volunteers and organisations that helped to create such a successful event.

Council continues to be actively involved in the primary health care area utilising Federal Government grant funds to co-fund community nurses on Flinders and Cape Barren Islands, deliver the heavily subscribed podiatry service and a range of other community health based initiatives such as the Actively Flinders program.

Council also was an active member of the steering group for the Cancer Council's Supportive Care Model for Rural and Remote Communities project. This project delivered a number of community workshops and information sessions throughout the year and developed a comprehensive referral pathway for local cancer patients.

With the advent of all in all out elections, this Annual Report will be the final one for the current Councillor group. While the current Council has delivered a genuine focus on supporting the community at a grass roots level and overseen improvements to governance standards and processes, it should also be noted that during the term of the current Council some major projects have been delivered (or secured) that will assist the islands to grow, attract new residents and support existing and future business investment.

The Multi-Purpose Centre redevelopment is now complete; with a total build cost of some \$7.3 million. This project played an important role in stimulating the local economy at a time when many other regional areas are stagnating.

The now \$2 million plus redevelopment of the Lady Barron Port has also injected funds into the local economy and has provided a modern port facility for the island's critical livestock and general freight needs.

The Flinders Airport has seen ongoing investments to improving infrastructure and in the year ahead will see \$1.6 million invested in an apron and taxiway redevelopment to support new business development at the site.

TasWater has announced the development of two new water treatment plants for Flinders Island at an estimated cost of \$11 million and this project will commence in the year ahead delivering much needed improvements to water quality in our main towns.

Modernisation of the islands' key infrastructure assets from a position of being chronically underfunded for decades is a major challenge but one that is being met by all players (State Government, Council and others) in a timely manner.

Private investments into the agricultural, property development and tourism sectors were a welcome sign of optimism in the islands' future. The ongoing efforts and investment of our aviation and shipping service providers continues to be a vital component of supporting the islands' growth and connectivity to markets where island produce is increasingly in demand.

Council delivered a range of projects throughout the reporting period and these are outlined further within this Annual Report. I would again like to express my gratitude and thanks to Council staff for their support and effort throughout what has at times been a challenging but ultimately successful year.

Thanks to the Mayor and Councillors for their support throughout the year and the cohesive manner in which they performed their duties.

Raoul Harper
General Manager





“

Thanks to the Mayor and Councillors for their support throughout the year and the cohesive manner in which they performed their duties.”

LEGISLATIVE REQUIREMENTS



Flinders Council has prepared its Annual Report in accordance with Section 72 of the *Local Government Act 1993*, which can be accessed at www.thelaw.tas.gov.au.

Public Interest Disclosure Statement

Flinders Council is committed to the aims and objectives of the *Public Interest Disclosures Act 2002*. It does not tolerate improper conduct by its employees, officers or members, nor the taking of reprisals against those who come forward to disclose such conduct. It also recognises the value of transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment. Flinders Council procedures in relation to the *Public Interest Disclosures Act 2002* are available on Council’s website. There have been no disclosures either raised or determined during 2013/14.

Senior Officer Remuneration

In accordance with Section 72(1)(cd) of the *Local Government Act 1993*, Council is required to report the total annual remuneration paid to employees who hold positions designated by Council as senior positions. The following table provides the remuneration for those positions designated by Council as Senior Positions. Remuneration includes salary, employer contribution to superannuation, the value of the use of motor vehicles and the value of allowances and/or benefits provided to the employee.

Remuneration Band	Number of Positions
\$80,001 - \$100,000	3
\$100,001 - \$120,000	2
\$140,001 - \$160,000	1

Donation of Land Statement

Under Section 177 of the *Local Government Act 1993*, Council is required to report on any land donated by Council during the year. Council has not resolved to donate any land in accordance with the Act during the 2013-14 year.

Right to Information Statement

During the year Council received no requests for information under the *Right to Information Act 2009*.



Public Tenders

The *Local Government (General) Regulations 2005* requires Council to report any contract for the supply or provision of goods and services valued at or above \$100,000 (excluding GST) during the financial year. Council did not call for tenders over this amount during 2013-14.

Public Health Statement

Section 72(1)(ab) of the *Local Government Act 1993* requires a statement of the Council's goals and objectives in relation to public health activities to be included in the Annual Report. Council's Development Services Department also includes all Environmental Health functions and Council employs an Environmental Health Officer. Utilisation of the Island's doctor also complemented resources allocated to immunisation functions.

The Public Health and Environmental Management programs address a range of functions under the *Local Government Act 1993*, *Public Health Act 1997*, *Food Act 2003*, *Burial & Cremation Act 2002*, *Litter Act 2007* and the *Environmental Management & Pollution Control Act 1994*. These functions include:

- ✓ Food Safety
- ✓ Disease Prevention and Control
- ✓ Public Health Education and Promotion
- ✓ Places of Assembly
- ✓ Public Health Risk Activities
- ✓ Immunisations
- ✓ Burials
- ✓ Exhumations
- ✓ On-Site Waste Disposal Systems
- ✓ Unhealthy Premises
- ✓ Cooling Towers and Warm Water Systems
- ✓ Recreational and Bathing Water Quality
- ✓ Public Health Nuisances
- ✓ Air, Water and Soil Pollution
- ✓ Public Health Emergency Management
- ✓ Fire Hazard Abatement



Policies of Council

During the 2013-14 year Council reviewed and amended the following policies;

Aviation Policy

Communication between Councillors and the General Manager Policy

Employee Recruitment Policy

Risk Management Policy

adopted the following new policies;

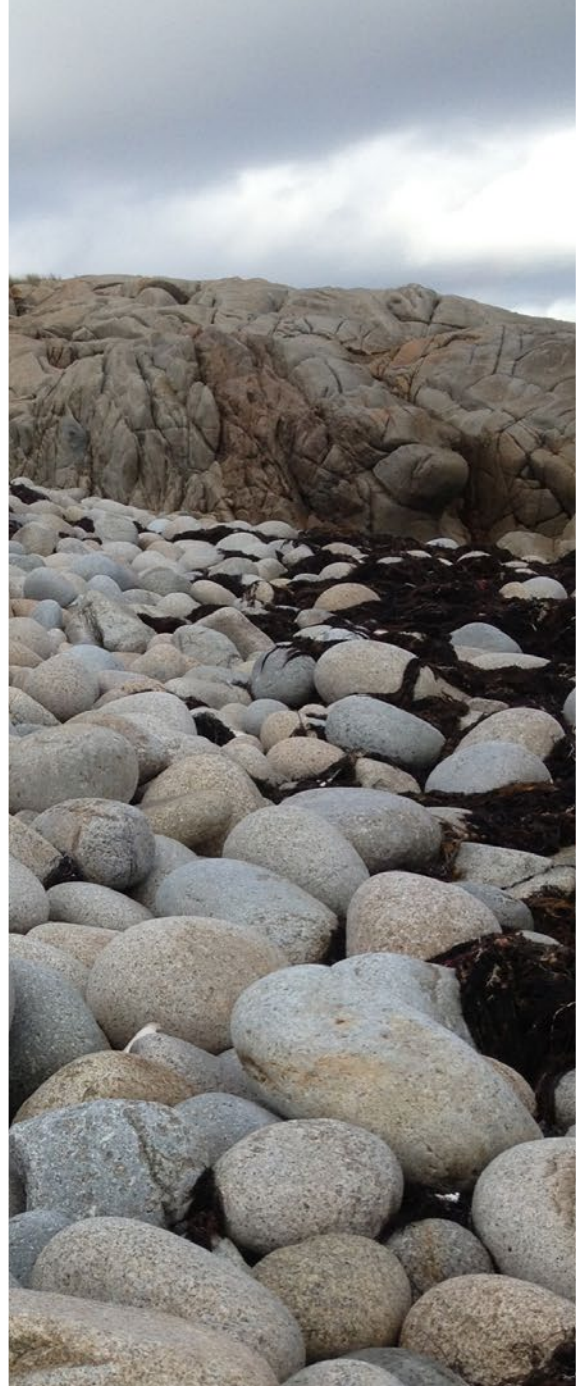
Citizen of the Year Award Policy

Fraud Prevention and Control Policy

and rescinded the following policy.

Private Tenancy Policy

Raoul Harper
General Manager



A photograph of a forest stream with large green ferns in the foreground and trees in the background. The stream flows over rocks, and the water is clear. The ferns are vibrant green and fill the lower left portion of the frame. The background shows a dense forest with various trees and foliage.

2013-2014 PROGRESS ON ANNUAL PLAN ACTIONS



1. Environment and Natural Asset Management

An environment that maintains its diversity, uniqueness and attractiveness while supporting sustainable production and lifestyle.

Strategic Direction 1.1 Promote environmentally sustainable practice.

Annual Plan Actions	Progress on Actions	Status
1.1.1 Community education and communication.	Council and Natural Resource Management (NRM) North were unable to agree on a funding model to support an on island facilitator therefore no facilitator was employed for this year.	Deferred
1.1.4 Environmental sustainability of Council programs and operations.	Roadside and quarry weed control was maintained concentrating on Pampas and Horehound on roadsides and Pampas and Pines in Quarries and Cemeteries. A Roadside Weed Management Program was developed for the next four years that will see a contractor employed to undertake weed control activities on roadsides, culverts and drains on approximately 100 kilometres of bitumen road and 200 kilometres of gravel road each year.	Complete and ongoing
1.1.5 Transition to sustainable Solid Waste Management Systems.	Solar powered compacting rubbish bins were installed at 5 popular barbecue and remote locations around the island. Facilities for the disposal and removal of fluorescent tubes from the Islands have been provided. A glass crushing trial has proven successful in reducing the volume in the glass container by approximately 80%.	Complete and ongoing
	14 cubic metre hooklift bins which have the capacity to take both household and cardboard waste have been ordered for the Killiecrankie Transfer Station and Whitemark Tip gates. Council's mid-sized truck has been converted to enable it to transfer these large bins.	Complete and ongoing
	The new Lady Barron Transfer Station site is being investigated. Discussions are ongoing regarding transferring some waste streams off island.	Ongoing
	Council's waste management consultants are developing a Draft Waste Management Strategy which includes scoping on two waste incineration systems to potentially replace landfill.	Ongoing

1. Environment and Natural Asset Management *continued*

Strategic Direction 1.2 Design land use and development policies that balance environmental, economic and social outcomes.

Annual Plan Actions	Progress on Actions	Status
1.2.2 Apply the strategic objectives and criteria to specific opportunities and proposals and integrate into the marketing strategies.	Hydro Tasmania continues to seek funding through the Australian Renewable Energy Agency (ARENA) for renewable energy development on the island. Council continues to seek funding to implement its Renewable Energy Plan however until such time as Hydro Tas or the State Government show support for the island's renewable energy plan, the ability to finalise funding and deliver the project on the ground is not possible.	Ongoing

Strategic Direction 1.3 Enhance access to and use of environmental assets to ensure values are recognised.

Annual Plan Actions	Progress on Actions	Status
1.3.1 Protect and as required formalise public access to coastal and inland areas.	The Bluff Track redevelopment and the Marshall Bay access road are now complete. A list of all Crown Land that Council wishes to purchase or have transferred has been developed and discussions with Crown Land Services continue.	Complete and ongoing



2. Infrastructure

Efficient and reliable infrastructure that supports and protects production, services and lifestyle.

Strategic Direction 2.1 Identify infrastructure objectives and standards for assets and develop a viable, asset lifecycle management and operational model.

Annual Plan Actions	Progress on Actions	Status
2.1.2 Review community facility portfolio with the view of developing a profile that matches contemporary and emerging needs.	A working group consisting of Council and community representatives established a masterplan for the development of the Whitemark Foreshore to include BBQ and toilet facilities, walking trail, outdoor gym equipment, and viewing platform. Council accepted the Whitemark Foreshore Plan in March and the Development Application for the project will be considered by Council at the July 2014 Council Meeting.	Complete and ongoing
	Council worked with Resonance Consulting to develop the Recreational and Community Facilities Audit. The Report underwent a number of reviews, including community input from information sessions, before being accepted by Council at the June Ordinary Council Meeting.	Complete
	Annual Maintenance Statements were issued for all Council facilities. Place of Assembly Licenses current until February 2015 were issued. Building assessments for Essential Health and Safety Measures were conducted.	Complete and ongoing
2.1.3 Airport Master Plan.	A new Transport Security Program was developed in order to comply with Department of Transport Regulations as well as to provide a safe and secure environment for all Airport users.	Complete
	Airport staff worked with Air Services Australia to assess the impacts on the Airport of the proposed new Hydro Tasmania wind turbines.	Complete
	Council partnered with the Royal Flying Doctor Service (RFDS) to erect a dedicated undercover patient transfer facility to the west of the terminal building. Council secured a Federal Government grant from the Regional Aviation Access Program that will allow the completion of the Apron Extension and Taxiway project. This extension will enable the RFDS aircraft to access the patient transfer station; will provide a parking area for larger aircraft and allow the development of charter operator hangars in the future. Aurecon airport engineers have been engaged to plan and manage the apron extension works.	Complete
	The Airport runway rebuild/reseal project was listed by the Northern Regional Councils via Northern Tasmania Development as a key priority project and it is referenced in the Department of Infrastructure Energy and Resources "Northern Integrated Transport Plan". Council continues to lobby the State and Federal Governments for funding.	Ongoing

2. Infrastructure *continued*

Strategic Direction 2.1 Identify infrastructure objectives and standards for assets and develop a viable, asset lifecycle management and operational model.

Annual Plan Actions	Progress on Actions	Status
2.1.4 Capital Works Program.	Port Davies Boat Ramp and the Marshall Bay access road were completed. Samphire Creek Bridge was completed being the last wooden structure to be converted to pre stressed concrete. The road resheeting program was achieved for the year as well as the footpaths program in Lady Barron.	Complete
	Capital Plant purchased included a Hilux 4x4 dual cab utility, an Isuzu light truck, a JCB backhoe and a Nissan Navara for the Airport. Two heat pumps were purchased and installed at the Depot office building.	Complete
	Drainage works around the airport terminal, the open drains on Runway 05/23, the apron extension and the airport car park were completed and drainage works on the main runway are partially completed. A survey of Runway 14/32 was undertaken, detailing drainage of the runway and runway strips and some preliminary work for a future runway reconstruction.	Complete and ongoing

Strategic Direction 2.2 Optimise infrastructure to support existing settlements and enhance sustainable development opportunities and remove impediments to growth.

Annual Plan Actions	Progress on Actions	Status
2.2.1 Identify, research, design and implement key infrastructure projects and programs to meet the economic and environmental needs of Council and the community.	The Airport Master Plan and the Draft Airport Business Plan have been completed. Resonance Consulting has been engaged to undertake a detailed investigation and analysis of paid parking, storage sheds and a 24 hour fuel facility to determine business cases. The Airport Business Plan will be finalised in 2014/2015.	Complete and ongoing
	A Feasibility Study into the development of a Waste Effluent Processing facility is nearing completion.	Complete and ongoing



Strategic Direction 2.3 Lobby utility and access providers to meet obligations for infrastructure policy and service provision to provide for relative equity.

Annual Plan Actions	Progress on Actions	Status
2.3.1 Develop base positions, identify key players, lobby and as necessary respond to opportunities and incidents.	Council has completed the demolition of the "super shed" and the purchase of stock races which were funded under the Shipping Contingency Fund in conjunction with TasPorts. Furneaux Freight declined to enter into any formal lease of bull boxes or fork lifts therefore a Deed of Variation was signed to reallocate unspent funds from the 2012/2013 Shipping Contingency Fund to pavement upgrades in the port area. A Grant Deed was also signed allocating funds from this year's Shipping Contingency Fund to the pavement upgrade. In total some \$201,000 has been secured from the Tasmanian Government to finalise the upgrade of the working port's pavements.	Complete

Strategic Direction 2.4 Pursue "best practice" delivery models that balance cost and outcomes.

Annual Plan Actions	Progress on Actions	Status
2.4.1 Further refine the long term asset management plan to inform sustainable service delivery and standards.	Council successfully initiated planning towards the Emita Hall upgrade and kitchen facilities. The Emita Hall Committee has purchased a kitchen for the hall. A total of 16 community members have registered to volunteer on the project and have completed their Volunteer Induction. Quotes have been received for the building works and contractors selected. The project will be ready to commence in 2014/15.	Ongoing
	Council Officers have developed policy and procedures relating to community halls, usage, bookings, risk management and maintenance; Council's Volunteer Handbook and Registration Form were developed and Emita Hall volunteers underwent a Volunteer Induction session.	Complete
2.4.2 Review infrastructure management and operational procedures as basis of introduction of continuous improvement system.	With the introduction of the new Work Health and Safety Act 2012 on January 1st 2013, a risk assessment highlighted that the existing equipment used by Council staff for bituminous sealing was very old and of extreme risk to operators. This, combined with the average outcomes of the preceding year's sealing program, has seen action taken to bring in outside contractors to undertake the tasks required this year.	Complete
	Flinders Council's Risk Management Framework and Risk Management Policy were adopted by Council.	Complete
2.4.3 Service standards are provided in line with asset management plan and budget allocations provided by Council.	Bridge and culvert maintenance has been undertaken as per AusSpan's schedule. Samphire Creek Bridge was completed in April. AusSpan performed the annual Bridge Management Inspection in May and their report was received in June. This report will drive bridge maintenance works for the upcoming year. May and June saw the resheeting of northern roads as well as continued roadside vegetation control, maintenance grading, gravel road potholing and bitumen patching.	Ongoing

3. Land Use, Development and Building

A productive system of land and building development that promotes investment and activity while protecting people and the environmental characteristics of the Flinders municipal area.

Strategic Direction 3.1 Utilise best practice planning principles in conjunction with Flinders Council's Strategic Plan to guide detailed planning policy and planning tools.

Annual Plan Actions	Progress on Actions	Status
3.1.1 Apply and refine as necessary the classification structure and planning principles defined in the Flinders Planning Scheme to key areas while directly engaging with the community to further the consultation commenced with the draft Interim Planning Scheme. This will ensure planning principles and outcomes reflect community needs and desires and provide timely strategic planning for future economic and community development.	Council employed a Strategic Planner in the fourth quarter. Work on this action is now underway and will be completed in 2014-15.	Ongoing

Strategic Direction 3.2 Promote development of specific purpose precincts (such as rural living and value adding processing precincts) as a means of creating opportunities, resolving land use tensions and risks, consolidating service access and optimising infrastructure investment and efficiency.

Annual Plan Actions	Progress on Actions	Status
3.2.1 Undertake work to develop local area plans, rural living strategy and support business and residential development.	No action on this item as the draft interim planning scheme was held in abeyance awaiting revisions to the Regional Land Use Strategy to be finalised.	Ongoing

Strategic Direction 3.5 Prepare a contemporary planning system, supporting development and people to achieve their goals while protecting environmental values.

Annual Plan Actions	Progress on Actions	Status
3.5.1 Complete and implement the new Flinders Planning Scheme.	A Strategic Planner was engaged by Council in the fourth quarter and this and other projects will be prioritised to ensure that Council's (draft) interim planning scheme is as fit for purpose as possible.	Ongoing

Strategic Direction 3.6 Provide professional application and inspection approval processes.

Annual Plan Actions	Progress on Actions	Status
3.6.1 Provide qualified advice and excellent customer service to facilitate applications, advice, approvals and inspection processes.	The partnership with Meander Valley Council was dissolved as they advised that they had insufficient staff to continue the provision of planning services post March 2014. West Tamar Council was engaged as Council's new service provider.	Complete and ongoing
	To improve services Council staff are working with a Consultant to review Council's Standard Operating Procedures as they relate to development services. A customer service (development services) charter was developed to stream line the application process at reception. Since the engagement of the new service provider, the feedback from the community has improved as permit times are lessened and a more efficient process is in place.	Complete and ongoing

4. Community Safety, Engagement and Enterprise

Through positive Council-Community partnerships, enhance people's security, inclusion and well-being.

Strategic Direction 4.1 Provide professional environmental and public health services.

Annual Plan Actions	Progress on Actions	Status
4.1.1. Provide a program of structured inspection, compliance management, education and immunisation.	A structured inspection program for all Environmental Health related facilities and activities has been implemented including food premises inspections, Place of Assembly inspections, Essential Health and Safety inspection, Safe Food Handler training, and provision of advice and assistance. Individualised education and training was provided to school volunteers and students and businesses.	Complete and ongoing
	A recreational water sample program ran from December to March with samples from Killiecrankie, All Ports Beach, Whitemark Foreshore Beach and Lady Barron Beach (near the slip and storm water outfall) all showing satisfactory results.	Complete and ongoing
	The immunisation program for the year was completed.	Complete and ongoing

Strategic Direction 4.2 Support effective and timely incident and emergency management planning & response.

Annual Plan Actions	Progress on Actions	Status
4.2.1 In conjunction with other emergency response groups, have appropriate plans and resources in place to mitigate and respond to identified risks and incidents.	Council worked with Tasmania Fire Service (TFS) on a fire plan and fire trail updates for Flinders Island for the new Emergency Services map book. A safety page has been added to Council's website which includes contacts for different emergencies. Regular Municipal Emergency Management Committee meetings were held.	Complete and ongoing
	Council and local emergency services received satellite phones to enhance communications in the event of a major emergency on the island. VHF radios have been placed in each of the local police vehicles to enable communication with the Ambulance, SES and Fire Service.	Complete
	Applications have been submitted to the Emergency Volunteer Fund and the National Disaster Resilience Fund for grant funding to support the purchase of equipment, communications training for some emergency exercises and to develop bushfire management plans.	Ongoing
	The Communications Plan for Emergencies is nearly completed and UHF reception black spots and hot spots have been mapped to be developed into a display board for use in emergency situations.	Ongoing

4. Community Safety, Engagement and Enterprise *continued*

Strategic Direction 4.3 Maintain and develop productive, constructive relationships with the community and organisations involved in delivery of strategic services and activities in the islands.

Annual Plan Actions	Progress on Actions	Status
4.3.1 Engage with, as necessary support and integrate into Flinders Council plans, key community based service providers.	An Action Plan identifying 2-3 community projects was developed and submitted to the Department of Infrastructure, Energy and Resources as part of a Community Road Safety Partnership. Council is awaiting confirmation of available funding and approval to commence work.	Ongoing
	The 2013 14 RPHS Service Delivery Plan was completed and the 2014 2015 Service Delivery Plan finalised. Funding/service agreements were successfully negotiated with Tasmania Medicare Local (TML), podiatry service provider and the community nursing program. The TML Health Needs Assessment was undertaken to inform future RPHS services.	Complete and ongoing
	A TML grant was awarded for Rural Health Week (RHW) to provide a series of free community exercise classes using the permanent outdoor exercise equipment yet to be installed on the Whitemark foreshore.	Ongoing
	The Preventative Health Initiative funded Actively Flinders program was delivered free to 60 community members over a 5 week period. The program included a series of workshops and information sessions on specific health and wellbeing topics as well as workshops on how to develop individual exercise programs at home.	Complete
	The Medibank Active Tasmania Awards 2013 awarded TML both the overall Gold award and the Partnership award for the Healthy Island Project (HIP) program. The award money will be allocated to the Flinders community in the future for preventative health activities.	Ongoing
	Council staff assisted with the planning for the 2014 Flinders Island Running Festival and facilitated an advertorial in the winter edition of Sharp magazine to further promote the event.	Ongoing
	The Citizen's Awards and the Community Grants and Gunn Bequest funding programs were administered.	Complete and ongoing



Strategic Direction 4.3 Maintain and develop productive, constructive relationships with the community and organisations involved in delivery of strategic services and activities in the islands.

Annual Plan Actions	Progress on Actions	Status
4.3.1 Engage with, as necessary support and integrate into Flinders Council plans, key community based service providers. <i>continued</i>	Council and Flinders Island District High School staff worked collaboratively to: <ul style="list-style-type: none"> ✓ explore options for a visiting Social Worker to link in with the Transition class and/or students at the school. ✓ develop a Transition Program Business Plan. ✓ progress the Transition program for 2014 with TL3 (Tas Life Long Learning) and Newstead College staff. 	Ongoing
	TasTAFE Drysdale submitted a funding application to deliver Hospitality, Guiding and Event Management training on Flinders Island.	Ongoing
	The Work Placement Program delivered by the Council, school, Newstead College and TL3 saw three students from Newstead College undertake work placements with local business and organisations in the areas of Aged Care, Hospitality and Barista, Agriculture and Business.	Complete
	Council staff have been actively working with the Flinders Island RSL & Sports Club Committee to plan for the Flinders Island Running Festival.	Ongoing
	Regular meetings were held with yadas (Young Aboriginal Drug & Alcohol Services) and the Flinders Island Aboriginal Association Incorporated (FIAAI) to plan school holiday programs and youth activities, to promote Council's community programs to FIAAI members and FIAAI's NAIDOC Week activities.	Ongoing
4.3.2 Build civic engagement and increase civic pride through evidence based research, agreed events, programs and improved communication with the community.	The management of Council's online and social media activities are ongoing.	Complete and ongoing
	The upgrade of the Council website and the Community Calendar was completed and promoted to the community. Community organisations who regularly hold events have been given their own log on and password to add and edit their own events within the Community Calendar.	Complete
	The Council Volunteer Handbook was developed and all Council Volunteers have completed the Council Volunteer Induction program. Volunteer Induction was delivered to the Emita Hall Committee.	Complete and ongoing
	Policy and procedures relating to Council's Special Committees were reviewed.	Complete
	Work on the development of the Council community communication strategy is ongoing.	Ongoing
	The Image Library and compliance documentation are established and functioning well. Images are added to the library as and when received. Overall management and data entry will be ongoing.	Complete and ongoing

4. Community Safety, Engagement and Enterprise *continued*

Strategic Direction 4.3 Maintain and develop productive, constructive relationships with the community and organisations involved in delivery of strategic services and activities in the islands.

Annual Plan Actions	Progress on Actions	Status
4.3.2 Build civic engagement and increase civic pride through evidence based research, agreed events, programs and improved communication with the community. <i>continued</i>	Provided support to Fitness on Flinders with the 2013 Flinders Island Running Festival events and with planning for the 2014 Flinders Island Running Festival. Council staff commenced working with Fitness on Flinders members to consider how a community gym could be developed.	Complete and ongoing
	Presented at the inaugural Australian Age Friendly Cities and Communities Conference (AFCC) on the health programs developed on the island.	Complete
	Council staff supported and assisted with the coordination of a number of community events and programs including the National Plant a Tree Day activity at the Bluff Fitness Trail; a School education cleanup the beach program; delivery of St John Ambulance First Aid courses; spring tourism campaign to regional Victoria, the Visiting Journalist Program (VJP), The Mercury newspaper for their visit and feature on Flinders island, Regional Arts branch for the Variety Night event held in April and also the popular Flinders Flicks event.	Complete
	Regular support provided to the Flinders Island Tourism Association and to Flinders Island Regional Arts branch.	Ongoing
	Successful grant application to the ANZAC Day Centenary grant program that includes upgrading the Emita Cenotaph to include a pathway with handrail, bench seating and lighting of the Cenotaph; a Remembrance Day event in 2014 and also an honour roll for First World War servicemen at the Flinders Arts & Entertainment Centre. This project will be complete in the 2014 15 financial year.	Ongoing
	Flinders Island Recreational and Community Facilities Audit and Infrastructure Plan was completed.	Complete



Strategic Direction 4.4 Facilitate the provision and enhancement of critical health and education facilities and service levels by State and federal agencies and NGOs.

Annual Plan Actions	Progress on Actions	Status
4.4.1 Collaborate with incorporated bodies associated with key facilities and services to retain and enhance scope and level of service, including implementation of innovative responses.	The School Based Immunisation Program (SBIP) was implemented by the Environmental Health Officer who continues to liaise closely with State Health Communicable Disease Prevention Unit and the Nurse Immuniser.	Complete and Ongoing
	Assisted with the development of the Flinders Island Cancer Patient and Family/Friends Referral Pathway to Cancer Council Tasmania (CCT) and a resources kit, a support care model for cancer support services in the Flinders municipality; support and promotion of the Cancer Council of Tasmania Cancer support training and education information sessions delivered to the community and the Cancer Council of Tasmania's Volunteer Ambassador Program. Supported Ann Marie Wilkins to hold the craft day for Women Helping Women.	Complete
4.4.2 Deliver and/or facilitate delivery of health and activity based programs and events for community and youth.	Successfully delivered the October School Holiday program of rock climbing and abseiling and the Summer School Holiday Program of surf school and snorkeling.	Complete
	Developed an annual program of School Holiday activities for 2014 which was released to the community in December.	Complete and ongoing
	Successfully delivered the Autumn School Holiday Program of youth games and activities in the Flinders Arts & Entertainment Centre featuring a splatter art activity with local artist Rihanna Barnewall; a mystery bus trip around the Island as well as a combined youth event in the school gym with visiting students from Dorset Council who were here on a leadership camp. A total of 40 participants were engaged in activities.	Complete
	Planning for the Winter School Holiday Program commenced, which will include arts workshops with Maria La Grue, NAIDOC Week celebrations with FIAAI, DJ Workshops & youth drop sessions with Andrew Killengray and an amazing race activity.	Ongoing
	Coordinated bronze medallion certificate and training for surf school staff including surf coaches.	Complete
	Provided support and promoted the Regional Arts Branch's variety of activities and events including Flinders Flicks, Australia's Unsung Heroes and the new black board outside the Flinders Island airport terminal which will be used to promote events and activities on the Island.	Complete

5. Corporate Governance and Intergovernmental Relations

Decisions are professionally and transparently made, communicated and implemented to achieve defined outcomes in the interest of the community.

Strategic Direction 5.1 Support the capacity and productivity of our organisation and a culture of professionalism, compliance, innovation and service.

Annual Plan Actions	Progress on Actions	Status
5.1.1 Design and implement an integrated governance, strategic and operational planning and service delivery system.	A Contract Management Plan was implemented to cover all agreements and contracts that are entered into by Council.	Complete
	A draft Long Term Financial Plan and an Asset Management Plan were developed.	Complete
	Council's organisational business planning process, adopted by Council at the July 2013 Ordinary Meeting, was implemented across the organisation. Council's Policy Manual was reviewed with two new policies adopted, one rescinded and four updated.	
	A review of records management practices within Council was completed and recommendations made. Work has commenced on developing a 'whole of organisation' file index for Council's shared drives in anticipation of moving files to SharePoint.	Ongoing
	An audit of all Information Technology systems and accounts was completed. Investigation into an internal SharePoint (cloud) system was completed and a detailed IT brief has been sent out to three potential providers.	Ongoing
	A social media strategy has commenced and internal processes established to ensure the accuracy of council posts. Council's Facebook page audience has increased from approximately 300 to 730 likes.	Complete
	Brand guidelines and templates were developed and implemented across the organisation.	Complete
5.1.2 Design and implement a continued professional development and productivity Improvement Program.	A new Enterprise Agreement became operational on the 1st October 2013. All staff have new position descriptions and contracts. Individual Flexibility Agreements have been revised and agreed. A suite of efficiencies in payroll and leave management have been implemented. The existing Employee Induction Process has been reviewed and a revised with a greater focus on risk and organisational structure.	Complete
5.1.3 Achieve a sustainable balance of income, investment and recurrent expenditure.	Council introduced a new accounting system 'Xero' which will be fully functional as at the 1st July. Xero will streamline a number of processes in the Corporate Services area and provide greater efficiency.	Ongoing
	A draft Long Term Financial Management Plan was developed by Brighton Council which will be refined by Flinders staff early in 2014/15.	Ongoing
	The 2014/15 budget was adopted at the June Council meeting.	Complete
5.1.4 Provide best practice management and administrative support to Council decision making, implementation and evaluation.	The General Manager has met with a range of Consultants regarding the development of a new/updated strategic plan and 4 year Council Business Plan post the 2014 "all in all out" election. A number of plans and costings have been received. Proposals will be put to Council for consideration in the first quarter of 2014/2015.	Ongoing

Strategic Direction 5.3 Actively participate in local government, industry and regional organisations.

Annual Plan Actions	Progress on Actions	Status	
5.3.1 Actively participate in key strategic organisations, groups and alliances that provide value for the Flinders Community and Council.	Northern Tasmania Development (NTD) continue to actively serve Council through a range of projects including:	Complete and ongoing	
	✓ Planning reform process		
	✓ Northern Integrated Transport Plan		
	✓ Freight review		
		✓ Priority Projects development (Airport)	
	The Sub Regional Alliance Group has been active in the areas of risk management, the corporate business planning process and legislative compliance audits, Councillor training and induction, and shared service provision.	Complete and ongoing	
	The General Manager continued to seek the transfer of properties on Cape Barren Island to Aboriginal ownership in conjunction with the State Government. Regular discussions have taken place with ALCT in relation to Wybalena, waste management on Cape Barren Island and the draft Interim Planning Scheme. FIAAI has been engaged on the renewable energy plan, the Hydro Tas Australia Renewable Energy Agency (ARENA) application and many community based initiatives.	Complete	
	Council provided input into a number of areas/projects as requested by the Local Government Association of Tasmania (LGAT). The General Manager attended the Office of the Energy Regulator Customer Consultative Committee meetings.	Complete	
A direct approach to the Minister was made after the announcement of a shipping subsidy to King Island cattle producers, seeking clarification as to why Flinders producers had not been consulted or considered.	Ongoing		
A visit by the Secretary of the Department of Infrastructure, Energy and Resources resulted in Council and DIER agreeing to move away from tendering on a 3 year basis for the maintenance of the Lady Barron Whitemark State Road to a 10 year Deed of Agreement.	Complete		
Submissions were made on the Productivity Commission review into Bass Strait Shipping and the Draft Ministerial Orders proposed by the State Government under Section 70F, 84(2A) and 85B of the Local Government Act 1993.	Ongoing		

5. Corporate Governance and Intergovernmental Relations *continued*

Strategic Direction 5.3 Actively participate in local government, industry and regional organisations.

Annual Plan Actions	Progress on Actions	Status
5.3.1 Actively participate in key strategic organisations, groups and alliances that provide value for the Flinders Community and Council. <i>continued</i>	Management also lobbied politicians in the lead up the upcoming State election outlining key projects for consideration and funding such as the renewable energy plan, communications upgrades, tourism, apron and taxiway expansion and the airport runway rebuild.	Complete
	With the change of Federal Government, the General Manager has actively engaged with the new Federal Member for Bass regarding priority projects and opportunities that exist in the islands.	Ongoing
	Federal Member for Bass Andrew Nikolic was instrumental in securing \$786,018 in funding from the Federal Department of Infrastructure for the Airport taxi way and apron extensions due for completion next year.	Complete
	The General Manager has met with Ministers Ferguson and Gutwein to discuss telecommunication issues on the island, local government planning reform, renewable energy, tourism and access.	Ongoing



6. Furneaux Future

A thriving, self-reliant community offering opportunities for current and following generations while maintaining core values and attributes.

Strategic Direction 6.1 Implement a dynamic strategic plan and development framework to define our future and guide strategic decisions.

Annual Plan Actions	Progress on Actions	Status
6.1.1 Implement and continually evaluate the Council's strategic plan.	Staff delivered quarterly annual plan assessment reports within specified timeframes utilising the new performance management and reporting system now in place. The new system has worked very well throughout the year and major efficiencies in relation to staff time and cost have been delivered. The system will be further refined in the year ahead and feedback would suggest that Council is very happy with the format, information provided and the timely manner in which the reports are presented.	Complete
6.1.2 Tourism.	The working relationship between Council and Sharp Airlines continues. The Spring campaign saw increased bookings and increases in visitation to the partnership group's collective websites. Sharp Airlines changed flight schedules to accommodate growing numbers coming from Melbourne. Sharp Airlines continue to be an active participant in the brand and marketing working group discussions and meetings.	Complete
	Passenger taxes and landing fees, the spiralling cost of compliance for RPT operators and the distinct lack of a comparable regulatory/ compliance framework for small charter operators were highlighted by Sharp Airlines as key factors influencing the financial viability of not only Sharp but most other small regional carriers. Council will continue to work with Sharp Airlines to improve the viability and standard of services to the islands where possible.	Ongoing
	The Tourism Northern Tasmania (TNT)/Council funding agreement was finalised. A Destination Management Plan was developed with a specific Flinders approach. Throughout the year TNT have been actively working on the following: <ul style="list-style-type: none"> ✓ branding initiatives with local businesses and the Flinders Island Tourism Association(FITA); ✓ a partnership based marketing campaign between Sharp Airlines, FITA, TNT, Tourism Tasmania and Council in Tasmania, regional Victoria and on social media; ✓ assisted to bring a series of visiting journalists to the islands; ✓ secured Flinders being presented on the new www.discovertasmania.com website as a stand alone destination; ✓ working with Council and FITA to explore further branding and promotional opportunities for the quieter months; and ✓ secured a piece on Flinders in The Guardian newspaper (UK) highlighting Flinders as a hot spot to get away from the winter in the UK. 	Complete and ongoing

6. Furneaux Future *continued*

Strategic Direction 6.1 Implement a dynamic strategic plan and development framework to define our future and guide strategic decisions.

Annual Plan Actions	Progress on Actions	Status
6.1.3 Investment Attraction.	Assistance has been provided to a number of potential investors and existing business entities including: <ul style="list-style-type: none"> ✓ two primary producers ✓ a company that is exploring the establishment of a high value crop on the island ✓ an essential oil business 	Complete
6.1.4 Organisational collaboration and strengthening.	The General Manager spent significant amounts of time in all areas in particular Corporate Services and Human Resource Management which required levels of oversight and assistance beyond what would normally be expected. A full Organisational Review was completed.	Complete and ongoing
6.1.5 Government Relations.	Management continues to liaise with Ministers and staff on a range of topics such as renewable energy, health, shipping and transport, roads, runways, place of assembly licensing, building regulations, audit panels and community safety.	Complete and ongoing

Strategic Direction 6.2 Achieve high recognition of a “Flinders” brand to support population growth, product sales, business development and investment, tourism and lobbying.

Annual Plan Actions	Progress on Actions	Status
6.2.1 Support increased brand recognition and communications.	Council partnered with Flinders Island Tourism Association (FITA), Tourism Northern Tasmania (TNT), Sharp Airlines and Tourism Tasmania on Spring and Autumn marketing campaigns which increased visitation to websites and to the island.	Complete
	Staff worked with TNT and FITA to develop a business case for tourism and economic development that will provide the basis for future promotional and brand recognition/conversion activities in future. This has been presented to Council as part of budget deliberations and will be further considered in the new financial year.	Complete and ongoing

Strategic Direction 6.4 Encourage catalytic development that is consistent with the strategic objectives and contributes to Council’s Vision.

Annual Plan Actions	Progress on Actions	Status
6.4.1 Develop and implement specific projects that will strategically advance economic opportunities for Council and Community.	Council assisted the Department of Primary Industries, Parks, Water and Environment (DPIPWE) to deliver the Flinders Island Enterprise Suitability mapping project. Data is being collected over a 12 month period along the west coast of the island which will be used to inform a final report on niche agri business suitability/potential in the project area.	Complete and ongoing
	Council was unsuccessful in attracting a grant for the Flinders Trail however continues to lobby for funding.	Ongoing
	The Priority Projects list was reviewed prior to the state election and communicated to election candidates.	Complete





FINANCIAL OUTCOMES AT A GLANCE



FINANCIAL SUMMARY

	ACTUAL	BUDGET
Underlying surplus / (deficit)		
Income	3,464,948	3,480,693
Expenditure	5,001,942	5,301,584
Underlying surplus / (deficit)*	(1,536,994)	(1,820,891)
Items related to Capital	1,501,331	26,000
Surplus for the year	(35,663)	(1,794,891)
Financial Position		
	2014	2013
Total Assets	53,199,560	89,578,439
Total Liabilities*	751,754	730,989
Net Community Equity	52,447,807	88,847,450

* No loans.

Key Assets (included in Financial Position)

Community Infrastructure & Assets	41,982,433	77,000,450
Cash Assets	7,588,138	8,706,667

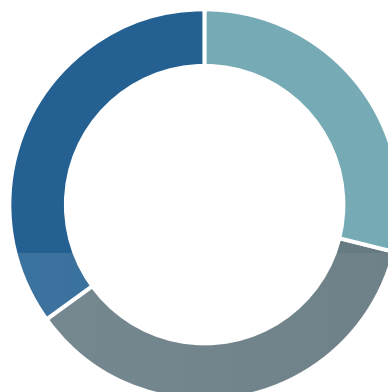
* A revaluation was conducted in 2013/14.



Operating Income - 2014

- Grants **30%**
- Rates & Charges **38%**
- Other Income **2%**
- Investment Revenue **9%**
- Fees & User Charges **21%**

Operating Income Chart – This chart depicts Council's operating income by source for the 2013/14 Financial Year.



Operating Expenditure - 2014

- Depreciation **29%**
- Employee Benefits **36%**
- Materials & Contracts **35%**

Operating Expenditure Chart – This chart depicts Council's operating expenditure by type for the 2013/14 Financial Year.

Financial Summary *continued*

	ACTUAL	BUDGET
Capital Expenditure		
Airport	113,634	140,000
Plant & Equipment	188,089	188,089
Roads/Transport	394,179	406,893
Town Maintenance	97,451	399,143
Waste Management	165,063	200,000
Other	16,536	15,000
	<u>974,952</u>	<u>1,349,125</u>

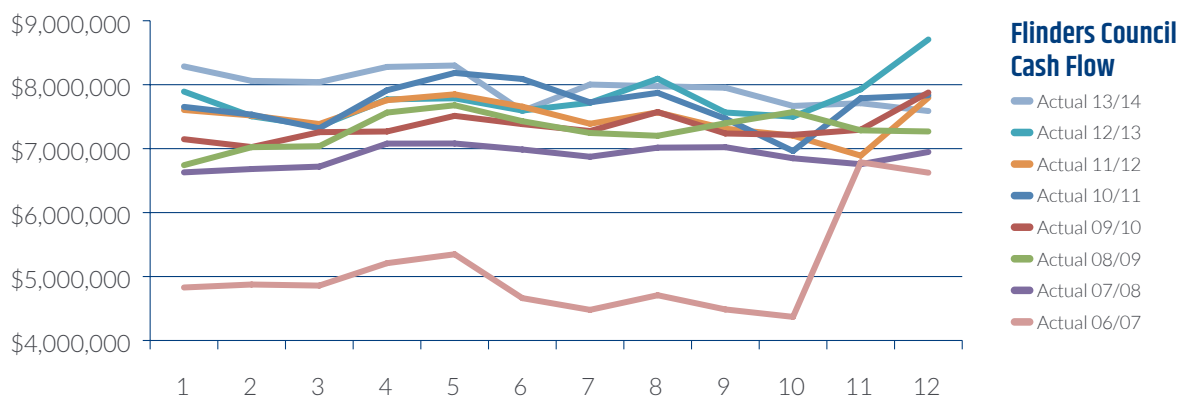
- A variance in the Town Maintenance budget was due to timing of works. Community Infrastructure Projects have been carried forward into 2014/15.



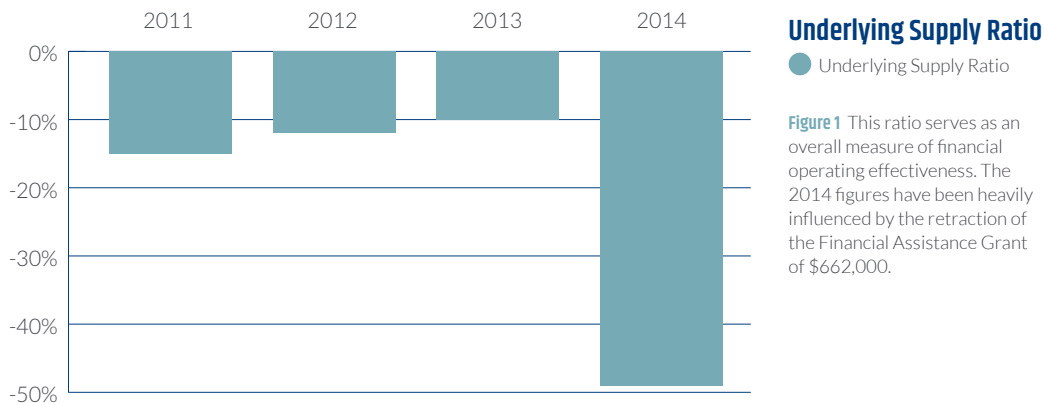
Capital Expenditure - 2014

- Airport 12%
- Plant & Equipment 19%
- Roads/Transport 40%
- Town Maintenance 10%
- Waste Management 17%
- Other 2%

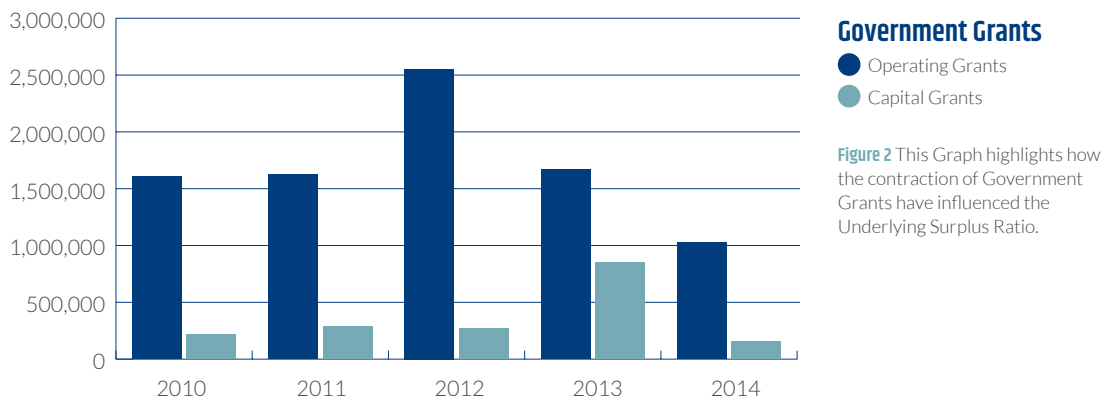
Capital Expenditure Chart – This chart depicts Council’s capital expenditure by asset type for the 2013/14 Financial Year.



MANAGEMENT INDICATORS

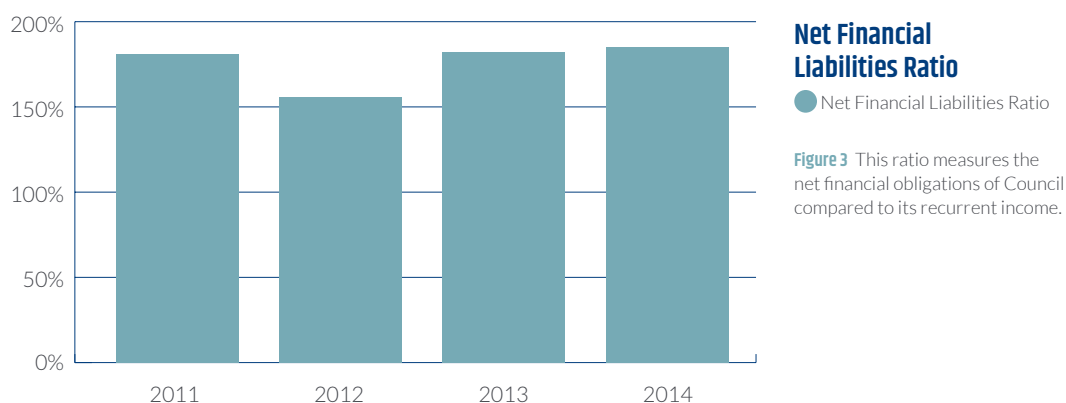


The Underlying Surplus Ratio highlights that the cost of services provided to the community exceeds revenue generated. Negative indicators show the percentage increase in total rates that would have been required to achieve a breakeven operating result.



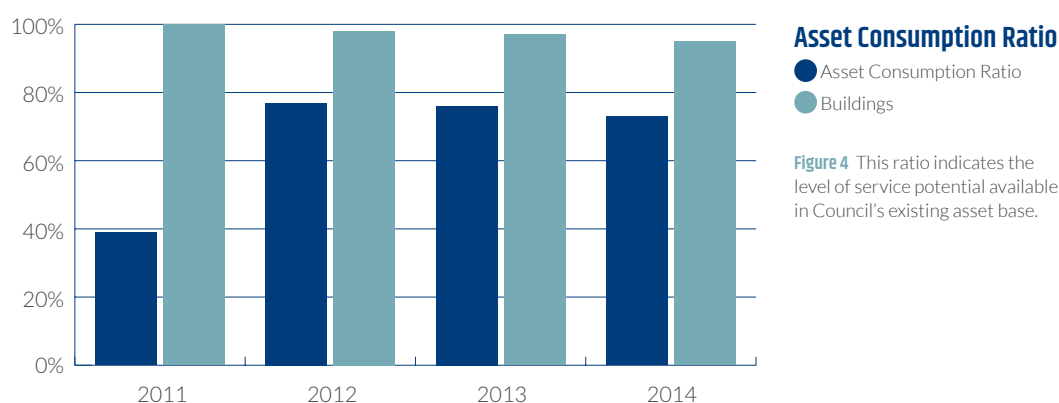
The Federal Government discontinued the forward payment of Federal Assistance Grants and as such Council received some \$662,000 less than would normally be the case to utilise in our operational budget for the past year. The Roads to Recovery 5 year program was completed in 2014. The final payment was made in 2013, which also impacted on the 2014 Operational Budget by \$238,000.

Management Indicators *continued*



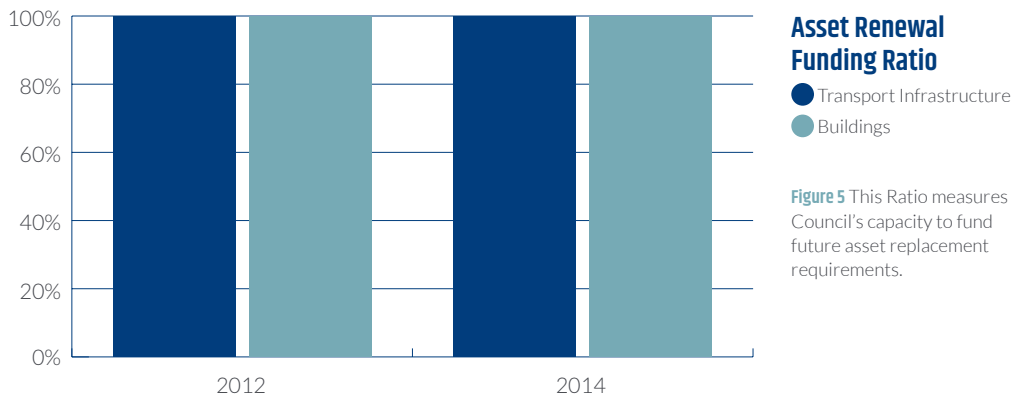
Net Financial Liabilities is a broader measure of indebtedness than the level of borrowings, because it includes items such as employee long service leave entitlements and other amounts payable as well as taking account of Council's cash and investments.

Positive indicators show that the Council is placed well with the level of cash reserves, as the benchmark is 0% to negative 50%. Due to the uniqueness of the ownership of the Flinders Island Airport, Council is in a position of having to build up its cash reserves to meet ongoing commitments to maintain the airport. Council's static rate base also necessitates that investment revenue from cash reserves is utilised to offset the minimal amount of funds (when compared to operational expenditure) collected in rate revenue.



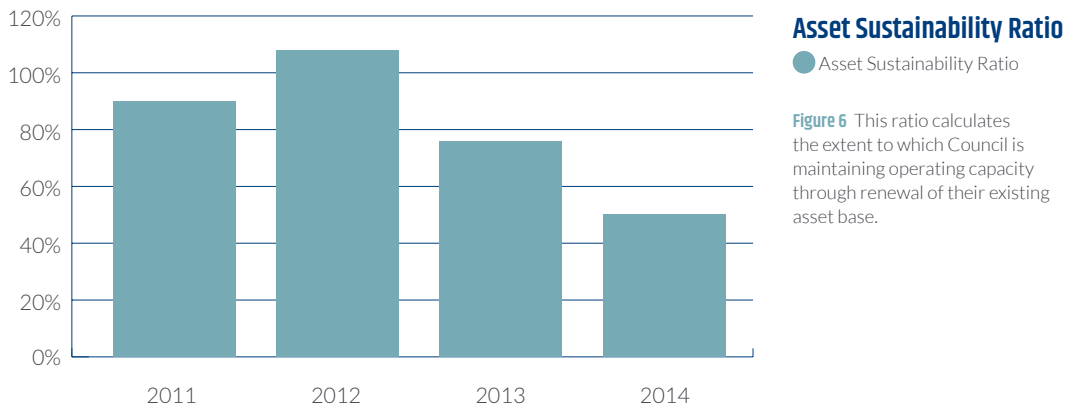
The Asset Consumption Ratio seeks to highlight the aged condition of the Council's stock of physical assets. The ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.

The ratio highlights that the Council is maintaining, renewing and replacing its assets in accordance with the Asset Management Plan and meets the benchmark of greater than 60%.



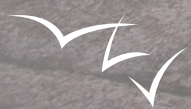
The Asset Renewal Funding Ratio indicates whether the Council has the financial capacity to fund asset renewal as required, and can continue to provide existing levels of services in future, without additional operating income; or reduction in operating expenses.

The ratio highlights that the Council is well positioned to fund asset renewals as required and meets the required benchmark of at least 90%.



The Asset Sustainability Ratio indicates the extent to which existing non-financial assets are being reviewed and replaced, compared with what is needed to cost-effectively maintain service levels. A declining indicator shows that capital expenditure levels are not being optimised so as to minimise life cycle costs of assets.

The Long Term Financial Plan for capital expenditure will see this percentage increase over the next few years. The benchmark is set at 100%. Council has shifted its capital bitumen road resealing program to be undertaken by contractors every two - three years. This impacts on the ratio. Council is investing in municipal hall upgrades and toilet replacements; this will also impact the ratio in a positive manner in the years ahead.





FINANCIAL REPORT

for the year ended 30 June 2014

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Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Income				
Recurrent Income				
Rates and charges	3	1,303,292	1,305,832	1,247,273
Statutory fees and fines	4	58,500	45,275	33,682
User fees	5	1,055,322	696,085	836,018
Grants	6	694,222	1,024,106	1,669,687
Contributions - cash	7	-	-	15,000
Interest	8	295,000	276,527	315,946
Other income	9	74,357	75,223	40,093
Investment revenue from water corporation	11, 16	-	41,899	23,428
		3,480,693	3,464,948	4,181,127
Capital income				
Capital grants received specifically for new or upgraded assets	6	-	157,203	852,983
Contributions and found assets.	7	-	2,039,512	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	10	26,000	(695,384)	13,096
		26,000	1,501,331	866,079
Total income		3,506,693	4,966,279	5,047,206
Expenses				
Employee benefits	12	(1,661,701)	(1,822,054)	(1,567,968)
Materials and services	13	(1,887,432)	(1,743,141)	(1,567,583)
Impairment of debts	14	-	(56)	(457)
Depreciation and amortisation	15	(1,752,451)	(1,436,691)	(1,798,096)
Total expenses		(5,301,584)	(5,001,942)	(4,934,103)
Surplus / (deficit)		(1,794,891)	(35,663)	113,103
Other comprehensive income				
Items that will not be reclassified to surplus or deficit				
Net asset revaluation increment(decrement)	27 (a)	-	(36,051,826)	2,248,763
		-	(36,051,826)	2,248,763
Items that may be reclassified subsequently to surplus or deficit				
Financial assets available for sale reserve				
— Fair Value adjustment to Investment in Water Corporation	27 (b)	-	(312,154)	66,294
Total Other Comprehensive Income		-	(36,363,980)	2,315,057
Comprehensive result		(1,794,891)	(36,399,643)	2,428,160

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

Statement of Financial Position

AS AT 30 JUNE 2014

	Note	2014	2013
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	17	2,155,449	3,034,237
Trade and other receivables	18	209,323	158,542
Financial assets	19	5,432,689	5,672,430
Inventories	20	42,785	39,500
Other assets	21	83,591	59,196
Total current assets		7,923,837	8,963,905
Non-current assets			
Investment in water corporation	16	3,225,650	3,537,804
Property, infrastructure, plant and equipment	22	41,982,433	77,000,450
Intangible assets	23	8,640	17,280
Other assets	21	59,000	59,000
Total non-current assets		45,275,724	80,614,534
Total assets		53,199,560	89,578,439
Liabilities			
Current liabilities			
Trade and other payables	24	193,482	302,773
Trust funds and deposits	25	128,758	101,742
Provisions	26	194,670	173,201
Total current liabilities		516,910	577,716
Non-current liabilities			
Provisions	26	234,844	153,273
Total non-current liabilities		234,844	153,273
Total liabilities		751,754	730,989
Net Assets		52,447,807	88,847,450
Equity			
Accumulated surplus		39,571,473	39,608,052
Reserves	27	12,876,334	49,239,398
Total Equity		52,447,807	88,847,450

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



Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Inflows/ (Outflows) \$	2013 Inflows/ (Outflows) \$
Cash flows from operating activities			
Rates		1,301,660	1,239,055
Statutory fees and fines		45,275	33,682
User charges and other fines (inclusive of GST)		694,254	915,860
Grants (inclusive of GST)		1,034,310	1,669,687
Interest		276,527	315,946
Investment revenue from water corporation		41,899	23,428
Other receipts (inclusive of GST)		75,223	275,118
Net GST refund/payment		92,870	91,659
Payments to suppliers (inclusive of GST)		(2,023,186)	(1,637,354)
Payments to employees (including redundancies)		(1,728,716)	(1,604,269)
Net cash provided by (used in) operating activities	28	(189,884)	1,322,812
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(1,136,370)	(1,362,096)
Proceeds from sale of property, infrastructure, plant and equipment		18,636	103,518
Net cash provided by (used in) investing activities		(1,117,734)	(1,258,578)
Cash flows from financing activities			
Trust funds and deposits		27,016	(23)
Capital grants (inclusive of GST)		162,072	852,983
Payments for other financial assets		239,741	(1,459,526)
Net cash provided by (used in) financing activities		428,829	(606,566)
Net increase (decrease) in cash and cash equivalents		(878,788)	(542,332)
Cash and cash equivalents at the beginning of the financial year		3,034,237	3,576,569
Cash and cash equivalents at the end of the financial year	29	2,155,449	3,034,237
Restrictions on cash assets	17	453,327	350,247

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Total 2014 \$	Accumulated Surplus 2014 \$	Asset Revaluation Reserve 2014 \$	Fair Value Reserve 2014 \$	Other Reserves 2014 \$
2014						
Balance at beginning of the financial year		88,847,450	39,608,052	44,727,680	124,506	4,387,212
Adjustment due to compliance with revised accounting standard		-	-	-	-	-
Adjustment on change in accounting policy		-	-	-	-	-
Surplus / (deficit) for the year		(35,663)	(35,663)	-	-	-
Other Comprehensive Income:						
Fair value adjustments for financial assets at fair value		-	-	-	-	-
Financial assets available for sale reserve						
— Fair Value adjustment on Available for Sale Assets	16	(312,154)	-	-	(312,154)	-
Net asset revaluation increment(decrement) reversals	27 (a)	(36,051,826)	-	(36,051,826)	-	-
Transfers between reserves		0	(916)	-	-	916
Balance at end of the financial year		52,447,807	39,571,473	8,675,854	(187,648)	4,388,128
2013						
		Total 2013 \$	Accumulated Surplus 2013 \$	Asset Revaluation Reserve 2013 \$	Fair Value Reserve 2013 \$	Other Reserves 2013 \$
Balance at beginning of the financial year		86,419,290	39,495,783	42,478,917	58,212	4,386,378
Adjustment due to compliance with revised accounting standard		-	-	-	-	-
Surplus / (deficit) for the year		113,103	113,103	-	-	-
Other Comprehensive Income:						
Fair value adjustments for financial assets at fair value		-	-	-	-	-
Financial assets available for sale reserve						
— Fair Value adjustment on Available for Sale Assets	16	66,294	-	-	66,294	-
Net asset revaluation increment(decrement) reversals	27 (a)	2,248,763	-	2,248,763	-	-
Transfers between reserves		-	(834)	-	-	834
Balance at end of the financial year		88,847,450	39,608,052	44,727,680	124,506	4,387,212

The above statement should be read with the accompanying notes.



Notes to the Financial Report

FOR THE YEAR ENDED 30 JUNE 2014

Introduction

- (a) The Flinders Council was established on 26 February 1908 and is a body corporate with perpetual succession and a common seal.
Council's main office is located at 4 Davies Street Whitemark, Tasmania 7255.
- (b) The purpose of the Council is to:
- provide for health, safety and welfare of the community;
 - to represent and promote the interests of the community;
 - provide for the peace, order and good government in the municipality.

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

Note 1 Significant accounting policies

(a) Basis of accounting

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

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(f), 1(j), 1(l), 1(p).

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

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, and material subsidiaries or joint ventures, have been included in this financial report. All transactions between these entities and Council have been eliminated in full. Details of entities not included in this financial report based on their materiality are detailed in note 36.

Judgements and Assumptions

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

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:

Notes to the Financial Report

For the Year Ended 30 June 2014

Employee entitlements

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

Fair value of property, plant & equipment

Assumptions and judgements are utilised in determining the fair value of Council's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in notes 1(g) and in note 22.

Investment in water corporation

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 1(l) and in note 16.

(b) Change in accounting policies

AASB 13 Fair Value Measurement

Council has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements. The fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other A-IFRS require or permit fair value measurements and disclosures about fair value measurements, except for leasing transactions that are within the scope of AASB 17 Leases, and measurements that have some similarities to fair value but not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes). The Council has conducted a revaluation of all roads based on a revised valuation rate, which has had a negative impact on the Asset Revaluation Reserve - Roads.

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

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, Council has not made any new disclosures required by AASB 13 for the 2013 comparative period (refer note 40), except for financial instruments, of which the fair value disclosures are required under AASB 7: *Financial Instruments, Disclosures*.

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

AASB 119 Employee benefits

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

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



(c) Pending Accounting Standards

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

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

AASB 9 is one of a series of amendments that are expected to replace AASB 139 *Financial Instruments: Recognition and Measurement*. The main impact of the standard is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four categories of financial assets in AASB 139 will be replaced with two measurement categories: fair value and amortised cost. It is expected the new requirement will not change the accounting treatment currently adopted.

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

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

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

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

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

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

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

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

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

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

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

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

(d) Revenue recognition

Rates, grants and contributions

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

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

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

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

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

Non-monetary contributions

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

User fees and Statutory fees and fines

Notes to the Financial Report

For the Year Ended 30 June 2014Comp

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

Sale of property, plant and equipment, infrastructure

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

Rent

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

Interest

Interest is recognised progressively as it is earned.

Dividends

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

(e) **Expense recognition**

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

Employee benefits

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



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

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

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

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

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

Land is not depreciated.

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

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

	Period
Buildings	
buildings	50 years
Leasehold improvements	
leasehold building improvements	50 years
Plant and Equipment	
plant, machinery and equipment	10-15 years
fixtures, fittings and furniture	4-10 years
computers and telecommunications	4 years
Roads	
road seals	10-15 years
road pavement	70 years
road substructure	50 years
road formation and earthworks	not depreciated
road kerb, channel and minor culverts	50-80 years
Bridges	
bridges deck	40-80 years
bridges substructure	40-80 years
bridges other - guards	10 years
Other Infrastructure	
footpaths and cycleways	40 years
drainage	50-100 years
recreational, leisure and community facilities	40 years
waste management	50 years
parks, open space and streetscapes	40 years
other infrastructure - Flinders Island Airport	10-50 years
Intangible assets	
intangible assets	5 years

Notes to the Financial Report

For the Year Ended 30 June 2014

Repairs and maintenance

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

(f) Recognition and measurement of assets

Acquisition and Recognition

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

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

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

The following classes of assets have been recognised in note 22. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

	Threshold \$
Land	
land	N/A
Buildings	
buildings	1,000
leasehold building improvements	1,000
Plant and Equipment	
plant, machinery and equipment	1,000
fixtures, fittings and furniture	1,000
computers and telecommunications	1,000
leased plant and equipment	1,000
Roads	
road pavements and seals	1,000
road substructure	1,000
road formation and earthworks	1,000
road kerb, channel and minor culverts	1,000
Bridges	
bridges deck	1,000
bridges substructure	1,000
Other Infrastructure	
footpaths and cycleways	1,000
drainage	1,000
waste management	1,000
other infrastructure - Flinders Island Airport	1,000
Intangible assets	
intangible assets	1,000



Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment; Airport Infrastructure; Furniture and Equipment; Waste Management; and other Fixed Assets, are measured at their fair value in accordance with AASB 116 *Property, Plant & Equipment* and AASB 13 *Fair Value Measurement*. At balance date, Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset class materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis to ensure valuations represent fair value. The valuation is performed either by experienced Council officers or independent experts.

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

Land under roads

Land under roads acquired after 30 June 2008 is brought to account at cost and subsequently revalued on a fair value basis. Council does not recognise land under roads that it controlled prior to that period.

(g) Cash and cash equivalents

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

(h) Trade and other receivables

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

(i) Inventories

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

(j) Investments in water corporation

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date based on Final Treasurer's Allocation Order in 2011. Council has an ownership interest of 0.21% in the corporation. Any unrealised gains and losses on holdings at balance date are recognised through the Statement of Comprehensive Income to a Financial assets available for sale Reserve each year. (refer note 27)

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

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

(k) Tender deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 25).

Notes to the Financial Report

For the Year Ended 30 June 2014

(l) Employee benefits

(i) Short term obligations

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

(ii) Other long term employee benefit obligations

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

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

(iii) Sick Leave

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

(iv) Retirement benefit obligations

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

(m) Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. Leasehold improvements consist of buildings owned by Council situated on Crown Land.

Leasehold improvements include the following assets: Flinders Art and Entertainment Centre, Council Chambers, Childcare Centre, Holloway Park, Whitemark BBQ Shelter and Port Davies Boat Ramp.

(n) 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.

(o) Taxation

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

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of 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.

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



(p) 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.

(q) Rounding

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

(r) Significant Business Activities

Council is required to report the operating, capital and competitive neutrality costs in respect of each significant business activity undertaken by the Council. Council's disclosure is reconciled in note 37. Council has determined, based upon materiality that the Flinders Island Airport as defined in note 37 are considered significant business activities. Competitive neutrality costs include notional costs i.e. income tax equivalent, rates and loan guarantees in preparing the information disclosed in relation to significant business activities, i.e. following assumptions have been applied:

- Opportunity costs on capital invested in working capital is based on 10%
- Opportunity costs on capital invested fixed assets is based on 10%

(s) Contingent assets, contingent liabilities and commitments

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

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

(t) Budget

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

(u) Operating leases lessee

Leases in which a significant portion of the risks and rewards to 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.

Operating leases as lessor

Council owns a range of facilities that are available for lease by not-for-profit sport, recreational and community organisations. Leases to not-for-profit organisations, in general, do not reflect commercial arrangements and have minimal lease payments. Land and Building which are leased under these arrangements are recognised within Property, plant and equipment in the Statement of Financial Position and associated rental income is recognised in accordance with Council's revenue recognition policy.

Notes to the Financial Report
For the Year Ended 30 June 2014Comp

Note 2 Functions/Activities of the Council

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

	Grants	Other	Total Revenue	Total Expenditure	Surplus/ (Deficit)	Assets
Government and administration						
2013 - 2014	430,622	1,896,146	2,326,768	1,589,027	737,741	19,118,865
2012 - 2013	1,392,510	754,713	2,147,223	1,304,778	842,445	19,368,181
Roads, streets and bridges						
2013 - 2014	482,750	1,026,171	1,508,922	1,304,854	204,068	30,513,613
2012 - 2013	637,165	928,747	1,565,912	1,688,161	(122,249)	66,806,174
Waste management						
2013 - 2014	-	164,265	164,265	147,053	17,212	308,089
2012 - 2013	-	144,172	144,172	136,133	8,039	145,162
Public health, safety and environment						
2013 - 2014	-	72,621	72,621	372,132	(299,510)	-
2012 - 2013	40,000	46,831	86,831	272,720	(185,889)	-
Community & economic development						
2013 - 2014	110,734	7,712	118,446	290,061	(171,615)	-
2012 - 2013	75,884	48,638	124,522	345,370	(220,848)	-
Town maintenance						
2013 - 2014	-	14,383	14,383	348,116	(333,734)	-
2012 - 2013	224,166	56,420	280,586	225,565	55,021	-
Depot & plant						
2013 - 2014	-	258,185	258,185	415,432	(157,247)	1,485,001
2012 - 2013	-	291,774	291,774	538,798	(247,025)	1,372,902
Airport						
2013 - 2014	157,203	345,487	502,690	535,268	(32,578)	1,773,992
2012 - 2013	152,945	253,241	406,186	422,577	(16,391)	1,886,020
Total						
2013 - 2014	1,181,309	3,784,970	4,966,279	5,001,942	(35,663)	53,199,560
2012 - 2013	2,522,670	2,524,536	5,047,206	4,934,102	113,103	89,578,439



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

	2013	2014
Current assets	8,963,905	7,923,837
Non-current assets	80,614,534	45,275,723
	<u>89,578,439</u>	<u>53,199,561</u>

(c) Governance and administration

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

Roads, streets and bridges

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

Town Maintenance

Operation and maintenance of all recreational and sporting facilities (including community halls & playgrounds). Operation and maintenance of Council owned buildings, public land and facilities to a standard expected within the local community.

Waste Management

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

Public Health, Safety & Environment

Public Health includes disease control food surveillance, public-use building standards, health education and promotion, water quality, workplace safety and cemeteries. Environmental management includes strategies and programs for the protection of the environment and regulations of activities affecting the environment.

Depot and Plant

Operation and maintenance of all plant times, equipment, machinery, council workshop and supplies.

Community and Economic Development

Operation and support of health services, performing arts & culture, youth services and the presentation of community events. Economic Development which provides the implementation of a process and marketing support by which strategies and plans can be developed so that the Council can fulfil their general responsibility for enhancing the quality of life of the whole community.

Airport

Operation and maintenance of the Flinders Island Airport with all required aviatinal standards and procedures.

Notes to the Financial Report
For the Year Ended 30 June 2014Comp

	2014	2013
	\$	\$
Note 3 Rates and charges		
Council uses Assessed Annual Value as the basis of valuation of all properties within the municipality. The Assessed Annual Value of a property is its rental capacity value for each given year.		
The valuation base used to calculate general rates for 2013-2014 was \$13.53 million (2012-2013 \$13.48 million). The 2013-2014 rate in the dollar was 9.4704 cents (2012-2013, 8.530971).		
General Rate	1,086,865	1,048,460
Fire Levy	54,702	54,668
Garbage charge	164,265	144,145
Total rates and charges	<u>1,305,832</u>	<u>1,247,273</u>

The date of the latest general revaluation of land for rating purposes within the municipality was 17 March 2014, and the valuation will be first applied in the rating year commencing 1 July 2014.

Note 4 Statutory fees and fines		
Infringements and costs	190	260
Town planning fees	35,731	26,547
Land information certificates	9,354	6,875
Total statutory fees and fines	<u>45,275</u>	<u>33,682</u>

Note 5 User fees		
Community Facilities Hire Fees	1,700	2,234
Dog Registration Fees	3,750	7,080
Food Premises Registrations	3,775	2,566
Building services fees	24,850	23,384
Airports fees and charges	324,465	267,002
Other fees and charges	337,546	533,752
Total user fees	<u>696,085</u>	<u>836,018</u>

Ageing analysis of contractual receivables

Please refer to note 33 for the ageing analysis of contractual receivables.

Note 6 Grants		
Grants were received in respect of the following :		
Federally funded grants	947,581	2,061,984
State funded grants	233,728	460,686
Total grants	<u>1,181,309</u>	<u>2,522,670</u>



	2014	2013
	\$	\$
Note 6 Grants (cont.)		
Grants - Recurrent		
Commonwealth Government Financial Assistance Grants - General Purpose	439,313	689,649
Commonwealth Government Financial Assistance Grants - Roads	290,877	702,861
State Grants	1,800	2,727
Community Health	108,879	73,157
Transport	191,873	161,293
Other - Natural Resource Management	(8,636)	40,000
Total recurrent grants	1,024,106	1,669,687

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2011-12 and 2012-13 the Commonwealth made early payment of the two quarterly instalments for the following year. In accordance with AASB1004 *Contributions*, Council recognises these grants as revenue when it receives the funds and obtains control. The early receipt of instalments resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2012-13 by \$250,336. This has impacted the Statement of Comprehensive Income resulting in the Surplus/(deficit) being higher in 2012-13 by \$250,336. In the 2014-15 Budget the Commonwealth announced it would discontinue the approach of prepaying instalments. Therefore there was no prepayment in 2013-14 and Council met its budgeted position.

Capital grants received specifically for new or upgraded assets

Commonwealth Government - roads to recovery	-	475,872
Recreation	-	7,667
Airport Upgrade	157,203	137,944
Other	-	231,500
Total capital grants	157,203	852,983

Conditions on grants

Non-reciprocal grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:

Community health	108,879	73,157
Transport	-	475,872
Total non-reciprocal grants	108,879	549,029

Notes to the Financial Report
For the Year Ended 30 June 2014Comp

	2014	2013
	\$	\$
Note 7 Contributions		
(a) Cash		
Roads	-	15,000
Total	<u>-</u>	<u>15,000</u>
(b) Non-monetary assets		
Stormwater	343,231	-
Leasehold improvements	985,000	-
Footpaths and cycleways	507,137	-
Roads	174,145	-
Fixtures, furniture & fittings	14,000	-
Land	16,000	-
Total	<u>2,039,512</u>	<u>-</u>
Total contributions	<u>2,039,512</u>	<u>15,000</u>
Note 8 Interest		
Interest on financial assets	205,702	225,501
Interest on rates	18,045	19,477
Interest on cash and cash equivalents	52,780	70,968
Total interest	<u>276,527</u>	<u>315,946</u>
Note 9 Other income		
Reimbursements	7,083	13,740
Other	68,140	26,353
Total other income	<u>75,223</u>	<u>40,093</u>
Note 10 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	18,636	103,518
Write down value of assets disposed	(714,020)	(90,422)
Total	<u>(695,384)</u>	<u>13,096</u>
Note 11 Investment revenue from water corporation		
Dividend revenue received	28,851	10,920
Tax equivalent received	8,802	11,182
Guarantee fee received	4,246	1,326
Total investment revenue from water corporation	<u>41,899</u>	<u>23,428</u>



	2014	2013
	\$	\$
Note 12 Employee benefits		
Wages and salaries	1,515,558	1,153,974
Annual leave and long service leave	144,537	185,734
Superannuation	174,594	161,713
Other employer related expenses	126,037	143,491
	<u>1,960,726</u>	<u>1,644,912</u>
Less amounts capitalised	(138,672)	(76,944)
Total employee benefits	<u>1,822,054</u>	<u>1,567,968</u>
Note 13 Materials and services		
Consultant & contractor payments	497,615	443,186
Materials, supplies & services	656,477	540,983
Plant and equipment maintenance & operating costs	108,224	140,141
Insurance	110,741	75,011
Utilities, internet & phone	104,387	100,883
External auditors' remuneration (Tasmanian Audit Office)	23,969	35,475
Councillors' allowances & expenses	101,331	97,518
Leases & licences	27,970	23,342
Donations & gifts	19,393	20,018
Fire service levy	50,804	49,647
Land tax	27,240	25,980
Settlement discount on rates	14,991	15,398
Total materials and services	<u>1,743,141</u>	<u>1,567,583</u>
Note 14 Impairment of receivables		
Sundry debtors	56	457
Total impairment of receivables	<u>56</u>	<u>457</u>
Note 15 Depreciation and amortisation		
<i>Property</i>		
<i>Buildings</i>		
Building improvements	69,335	77,129
Leasehold improvements	43,722	-
<i>Plant and Equipment</i>		
Plant, machinery and equipment	248,000	222,974
Fixtures, fittings and furniture	18,056	15,780
<i>Infrastructure</i>		
Roads	776,494	1,278,406
Bridges	73,463	54,972
Footpaths and cycleways	26,565	-
Drainage	-	13,979
Stormwater	4,290	-
Waste management	6,409	3,023
Other infrastructure - Flinders Island airport	161,716	123,193
Total depreciation	<u>1,428,051</u>	<u>1,789,456</u>

Notes to the Financial Report
For the Year Ended 30 June 2014Comp

	2014	2013
	\$	\$
Note 15 Depreciation and amortisation (cont.)		
<i>Intangible assets</i>		
Municipal valuation amortisation	8,640	8,640
Total depreciation and amortisation	<u>1,436,691</u>	<u>1,798,096</u>

Note 16 Investment in water corporation		
Opening balance	3,537,804	3,471,510
Change in fair value of investment	(312,154)	66,294
Total investment in water corporation	<u>3,225,650</u>	<u>3,537,804</u>

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

At 30 June 2014, Council held a 0.21% ownership interest in TasWater. As advised by TasWater, the Council's investment has been decreased by \$0.9m due to a reduction in TasWaters net assets.

Council does not have significant influence to allow it to use the equity method to account for this interest.

Note 17 Cash and cash equivalents		
Cash on hand	320	-
Cash at bank	1,668,317	1,968,115
Money market call account	486,812	1,066,122
Total cash and cash equivalents	<u>2,155,449</u>	<u>3,034,237</u>

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

- Trust funds and deposits (note 25)	23,813	23,773
- Leave provisions (note 26)	321,313	227,974
- Quarry reinstatement & redevelopment provision	108,202	98,500
Restricted funds	<u>453,327</u>	<u>350,247</u>
Total unrestricted cash and cash equivalents	<u>1,702,122</u>	<u>2,683,990</u>

Note 18 Trade and other receivables		
Current		
Rates debtors	55,116	50,944
Other debtors	154,208	107,598
Total	<u>209,323</u>	<u>158,542</u>



	2014	2013
	\$	\$
Note 19 Financial assets		
Current		
Managed funds	<u>5,432,689</u>	<u>5,672,430</u>
Note 20 Inventories		
Inventories held	<u>42,785</u>	<u>39,500</u>
Total inventories	<u>42,785</u>	<u>39,500</u>
Note 21 Other assets		
Current		
Prepayments	14,497	11,639
Accrued income*	<u>69,094</u>	<u>47,557</u>
Total	<u>83,591</u>	<u>59,196</u>
Non-current		
Other - Mineral Resources Bonds	<u>59,000</u>	<u>59,000</u>
Total	<u>59,000</u>	<u>59,000</u>

*Accrued income only includes items that are reciprocal in nature. This does not include rates in advance.

Notes to the Financial Report
For the Year Ended 30 June 2014

Note 22 Property, infrastructure, plant and equipment	2014	2013
	\$	\$
<i>Summary</i>		
at cost	3,340,379	6,602,138
Less accumulated depreciation	1,694,535	2,967,281
	<u>1,645,845</u>	<u>3,634,857</u>
at fair value as at 30 June	53,448,316	95,029,056
Less accumulated depreciation	13,111,728	21,663,463
	<u>40,336,588</u>	<u>73,365,593</u>
Total	<u>41,982,433</u>	<u>77,000,450</u>
<i>Property</i>		
Land		
at fair value as at 30 June	2,345,353	2,313,500
Total Land	<u>2,345,353</u>	<u>2,313,500</u>
Buildings		
at fair value as at 30 June	3,466,747	4,546,171
Less accumulated depreciation	178,492	155,282
	<u>3,288,255</u>	<u>4,390,889</u>
Leasehold improvements		
at fair value as at 30 June	2,197,134	-
Less accumulated amortisation	89,847	-
	<u>2,107,286</u>	<u>-</u>
Total Buildings	<u>5,395,541</u>	<u>4,390,889</u>
Total Property	<u>7,740,894</u>	<u>6,704,389</u>
<i>Plant and Equipment</i>		
Plant, machinery and equipment		
at cost	2,921,312	2,829,238
Less accumulated depreciation	1,479,095	1,376,659
	<u>1,442,217</u>	<u>1,452,579</u>
Fixtures, fittings and furniture		
at cost	275,860	359,566
Less accumulated depreciation	215,440	313,940
	<u>60,420</u>	<u>45,626</u>
Total Plant and Equipment	<u>1,502,637</u>	<u>1,498,205</u>



Note 22 Property, infrastructure, plant and equipment (cont.)	2014 \$'000	2013 \$'000
Infrastructure		
Roads		
at fair value as at 30 June	33,997,779	82,226,359
Less accumulated depreciation	8,890,755	19,527,988
	<u>25,107,024</u>	<u>62,698,371</u>
Bridges		
at fair value as at 30 June	6,243,887	4,750,068
Less accumulated depreciation	1,996,375	1,503,278
	<u>4,247,512</u>	<u>3,246,790</u>
Drainage and Culverts		
at fair value as at 30 June	-	1,192,958
Less accumulated depreciation	-	476,915
	<u>-</u>	<u>716,043</u>
Footpaths and cycleways		
at fair value as at 30 June	1,229,478	-
Less accumulated depreciation	418,831	-
	<u>810,647</u>	<u>-</u>
Waste Management		
at fair value as at 30 June	320,474	151,138
Less accumulated depreciation	12,385	5,976
	<u>308,089</u>	<u>145,162</u>
Stormwater		
at fair value as at 30 June	441,051	-
Less accumulated depreciation	92,621	-
	<u>348,431</u>	<u>-</u>
Other Infrastructure - Flinders Island Airport		
at fair value as at 30 June	3,206,413	3,156,726
Less accumulated depreciation	1,432,421	1,270,706
	<u>1,773,992</u>	<u>1,886,020</u>
Total Infrastructure	<u>32,595,694</u>	<u>67,976,343</u>
Works in progress		
Buildings at cost	7,401	-
Other at cost - Airport Apron & Whitemark Foreshore	82,225	9,815
Bridges at cost	53,582	95,655
Total Works in progress	<u>143,208</u>	<u>105,470</u>
Total property, infrastructure, plant and equipment	<u>41,982,433</u>	<u>77,000,450</u>

Notes to the Financial Report
For the Year Ended 30 June 2014Comp

Note 22 Property, plant and equipment, infrastructure (cont.)

Reconciliation of property, plant and equipment and infrastructure

2014	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 27)	Depreciation and amortisation (note 15)	Written down value of disposals (note 10)	Newly recognised assets (note 7)	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$
Property								
land	2,313,500	80,103	(4,250)	-	60,000	16,000	-	2,345,353
Total land	2,313,500	80,103	(4,250)	-	60,000	16,000	-	2,345,353
buildings	4,390,889	46,590	29,926	69,335	-	-	(1,109,815)	3,288,255
leasehold improvements	-	33,474	12,905	43,722	-	985,000	1,119,630	2,107,286
Total buildings	4,390,889	80,063	42,831	113,057	-	985,000	9,815	5,395,541
Total property	6,704,389	160,166	38,581	113,057	60,000	1,001,000	9,815	7,740,894
Plant and Equipment								
plant, machinery and equipment	1,452,579	243,045	-	248,000	5,407	-	-	1,442,216
fixtures, fittings and furniture	45,626	18,875	-	18,056	23	14,000	-	60,421
computers and telecommunications	-	-	-	-	-	-	-	-
Total plant and equipment	1,498,205	261,919	-	266,057	5,431	14,000	-	1,502,637
Infrastructure								
roads	62,698,371	112,671	(36,363,433)	776,494	563,769	174,145	(174,467)	25,107,024
bridges	3,246,790	217,919	225,044	73,463	84,821	-	716,043	4,247,512
footpaths and cycleways	-	21,462	38,491	26,565	-	507,137	270,122	810,647
stormwater	-	-	9,490	4,290	-	343,231	-	348,431
drainage	716,043	-	-	-	-	-	(716,043)	-
other infrastructure	1,886,020	49,687	-	161,716	-	-	-	1,773,992
waste management	145,162	169,336	-	6,409	-	-	-	308,089
Total infrastructure	68,692,386	571,076	(36,090,407)	1,048,938	648,590	1,024,512	95,655	32,595,694
Works in progress								
buildings	9,815	7,401	-	-	-	-	(9,815)	7,401
roads	95,655	-	-	-	-	-	(95,655)	-
bridges	-	53,582	-	-	-	-	-	53,582
other at cost - airport apron & foreshore	-	82,225	-	-	-	-	-	82,225
Total works in progress	105,470	143,208	-	-	-	-	(105,470)	143,208
Total property, plant and equipment, infrastructure	77,000,450	1,136,369	(36,051,826)	1,428,051	714,020	2,039,512	-	41,982,433



Note 22 Property, plant and equipment, infrastructure (cont.)

Reconciliation of property, plant and equipment and infrastructure

2013	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 27)	Depreciation and amortisation (note 15)	Written down value of disposals (note 10)	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$
Property							
land	2,313,500	-	-	-	-	-	2,313,500
Total land	2,313,500	-	-	-	-	-	2,313,500
buildings	4,353,849	35,800	78,369	(77,129)	-	-	4,390,889
leasehold improvements	-	-	-	-	-	-	-
Total buildings	4,353,849	35,800	78,369	(77,129)	-	-	4,390,889
Total property	6,667,349	35,800	78,369	(77,129)	-	-	6,704,389
Plant and Equipment							
plant, machinery and equipment	1,397,175	368,800	-	(222,974)	(90,422)	-	1,452,579
fixtures, fittings and furniture	31,272	30,134	-	(15,780)	-	-	45,626
computers and telecommunications	-	-	-	-	-	-	-
Total plant and equipment	1,428,447	398,934	-	(238,754)	(90,422)	-	1,498,205
Infrastructure							
roads	61,921,679	143,556	1,911,542	(1,278,406)	-	-	62,698,371
bridges	2,933,532	230,890	137,340	(54,972)	-	-	3,246,790
footpaths and cycleways	-	-	-	-	-	-	-
drainage	608,508	-	121,514	(13,979)	-	-	716,043
other infrastructure	1,288,078	447,444	-	(123,193)	-	273,691	1,886,020
waste management	148,185	-	-	(3,023)	-	-	145,162
Total infrastructure	66,899,982	821,890	2,170,396	(1,473,573)	-	273,691	68,692,386
Works in progress							
buildings	-	9,815	-	-	-	-	9,815
roads	-	95,655	-	-	-	-	95,655
bridges	273,691	-	-	-	-	(273,691)	-
Total works in progress	273,691	105,470	-	-	-	(273,691)	105,470
Total property, plant and equipment, infrastructure	75,269,469	1,362,094	2,248,765	(1,789,456)	(90,422)	-	77,000,450

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	2014	2013
	\$	\$
Note 23 Intangible assets		
Municipal valuation	8,640	17,280
Total intangible assets	<u>8,640</u>	<u>17,280</u>
Reconciliation of intangible assets		
	Other	Total
	\$	\$
Gross carrying amount		
Balance at 1 July 2012	43,200	43,200
Additions from internal developments	-	-
Other	-	-
Balance at 1 July 2013	<u>43,200</u>	<u>43,200</u>
Additions from internal developments	-	-
Other	-	-
Balance at 1 July 2014	<u>43,200</u>	<u>43,200</u>
Accumulated amortisation and impairment		
Balance at 1 July 2012	(17,280)	(17,280)
Amortisation expense	(8,640)	(8,640)
Balance at 1 July 2013	<u>(25,920)</u>	<u>(25,920)</u>
Amortisation expense	(8,640)	-
Balance at 1 July 2014	<u>(34,560)</u>	<u>(25,920)</u>
Net book value at 30 June 2013	17,280	17,280
Net book value at 30 June 2014	<u>8,640</u>	<u>17,280</u>
Note 24 Trade and other payables		
Trade payables	138,237	121,599
Net GST payable	(39,185)	(2,890)
Accrued expenses	94,430	184,064
Total trade and other payables	<u>193,482</u>	<u>302,773</u>
Note 25 Trust funds and deposits		
Refundable building deposits	1,710	1,710
Refundable key deposits	20	20
Refundable airport terminal deposits	1,660	1,660
Retention amounts - prepaid funerals & grave sites	31,492	37,091
Public open space	84,322	50,639
Other refundable deposits	9,554	10,622
Total trust funds and deposits	<u>128,758</u>	<u>101,742</u>



Note 26 Provisions

	Annual leave	Long service leave	Quarry restoration	Other	Total
	\$	\$	\$	\$	\$
2014					
Balance at beginning of the financial year	59,292	122,625	98,500	46,056	326,474
Additional provisions	160,995	98,059	9,702	5,155	273,911
Amounts used	(122,162)	(36,221)	-	(12,487)	(170,870)
Balance at the end of the financial year	98,125	184,463	108,202	38,724	429,515
2013					
Balance at beginning of the financial year	111,155	131,157	129,523	57,981	429,816
Additional provisions	-	-	-	18,820	18,820
Amounts used	(51,863)	(8,532)	(31,023)	(30,745)	(122,162)
Balance at the end of the financial year	59,292	122,625	98,500	46,056	326,474

	2014	2013
	\$	\$
(a) Employee benefits		
(i) Current		
Annual leave	98,125	59,292
Long service leave	65,573	67,852
Superannuation	15,296	14,872
Other	15,676	31,184
	194,670	173,201
(ii) Non-current		
Long service leave	118,890	54,773
Other	7,752	-
	126,642	54,773
Aggregate carrying amount of employee benefits:		
Current	194,670	173,201
Non-current	126,642	54,773
	321,313	227,974

The following assumptions were adopted in measuring the present value of employee benefits:

Weighted average increase in employee costs	2.67%	3.00%
Weighted average discount rates	2.46%	2.53%
Weighted average settlement period	12	12

(i) Current

All annual leave and the long service leave entitlements representing 10 or more years

- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	142,940	97,412
- Other long-term employee benefits that do not fall due within 12 months after the end	51,730	75,789
	194,670	173,201

(ii) Non-current

Long service leave representing less than 10 years of continuous service measured at present value	126,642	54,773
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(iii) Employee Numbers

Total number of staff (including fulltime, part-time & casual)	27	30
Full time equivalent	19	23

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Note 26 Provisions (cont.)

(b) Other Provisions

Non-current - quarry pit reinstatement & redevelopment	108,202	98,500
Total	<u>108,202</u>	<u>98,500</u>

Mineral Resource Tasmania requires that the initial estimate of the costs of future reinstatements of a site be recognised as part of the cost of the asset. A provision for reinstatement for Flinders Council's Quarries has been recognised and measured in accordance with AASB 137 Provision, Contingent Liabilities and Contingent Assets



Note 27 Reserves

	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
	\$	\$	\$	\$
(a) Asset revaluation reserve				
2014				
Property				
Land	485,500	-	(4,250)	481,250
Buildings	1,621,277	42,831	-	1,664,108
	2,106,777	42,831	(4,250)	2,145,358
Infrastructure				
Roads	40,879,207	683,849	(37,047,282)	4,515,774
Bridges	1,741,696	225,044	-	1,966,740
Footpaths and cycleways	-	38,491	-	38,491
Stormwater	-	9,490	-	9,490
	42,620,903	956,874	(37,047,282)	6,530,496
Total asset revaluation reserve	44,727,680	999,705	(37,051,532)	8,675,854
2013				
Property				
Land	485,500	-	-	485,500
Buildings	1,542,908	78,369	-	1,621,277
	2,028,408	78,369	-	2,106,777
Infrastructure				
Roads	38,967,665	1,911,542	-	40,879,207
Bridges	1,482,844	258,852	-	1,741,696
	40,450,509	2,170,394	-	42,620,903
Total asset revaluation reserve	42,478,917	2,248,763	-	44,727,680

The asset revaluation reserve was established to capture the movements in asset valuations upon the periodic revaluation of Council's assets.

	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
	\$	\$	\$	\$
(b) Fair value reserve				
2014				
Available-for-sale assets				
Investment in water corporation	124,506	-	(312,154)	(187,648)
Total fair value reserve	124,506	-	(312,154)	(187,648)

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Note 27 Reserves (cont.)

	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
	\$	\$	\$	\$
2013				
Available-for-sale assets				
Investment in water corporation	58,212	66,294	-	124,506
Total fair value reserve	58,212	66,294	-	124,506

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

	Balance at beginning of reporting year	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting year
(c) Other reserves	\$	\$	\$	\$
2014				
Asset Replacement Reserve	4,279,560	-	-	4,279,560
Gunn Bequest Reserve	107,652	916	-	108,568
Total Other reserves	4,387,212	916	-	4,388,128

2013				
Asset Replacement Reserve	4,279,560	-	-	4,279,560
Gunn Bequest Reserve	106,818	1,103	(269)	107,652
Total Other reserves	4,386,378	1,103	(269)	4,387,212

		2014	2013
		\$	\$
Total Reserves		12,876,334	49,239,398

Note 28 Reconciliation of cash flows from operating activities to surplus (deficit)

Surplus/Deficit	(35,663)	113,103
Depreciation/amortisation	1,436,691	1,798,096
(Profit)/loss on disposal of property, plant and equipment, infrastructure	695,384	(13,096)
Capital contributions - found assets	(2,039,512)	-
Capital grants received specifically for new or upgraded assets	(162,072)	(852,983)
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	(50,781)	211,133
Decrease/(increase) in other assets	(24,395)	(1,678)
Decrease/(increase) in inventories	(3,285)	50,994
Increase/(decrease) in trade and other payables	(109,291)	85,472
Increase/(decrease) in provisions	103,040	(68,229)
Net cash provided by/(used in) operating activities	(189,884)	1,322,812



	2014	2013
	\$	\$
Note 29 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (see note 17)	2,155,449	3,034,237
Less bank overdraft	-	-
Total reconciliation of cash and cash equivalents	<u>2,155,449</u>	<u>3,034,237</u>

Note 30 Superannuation

- During the reporting period the amount of contributions paid to defined benefits schemes was \$0.00 (2012-13, \$7,806), and the amount paid to accumulation schemes was \$198,430 (2012-13, \$142,615).
- During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$0.00 , and the amount to be paid to accumulation schemes is \$215,005.

Fund	2014	2013
	\$	\$
Defined benefits fund		
Employer contributions to Quadrant Defined Benefits Fund	-	7,806
	<u>-</u>	<u>7,806</u>
Accumulation funds		
Employer contributions to Quadrant Superannuation Scheme	88,106	78,102
Employer contributions to Tasplan	10,657	8,950
Employer contributions to Other Funds	75,831	55,563
	<u>174,594</u>	<u>142,615</u>

Note 31 Operating leases

(a) Operating lease commitments

Flinders Council has an Equipment Lease with Macquarie Equipment Finance Pty Ltd. At the reporting date, Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

Not later than one year	3,885	3,205
Later than one year and not later than five years	11,655	14,957
Later than five years	-	-
	<u>15,540</u>	<u>18,162</u>

Note 32 Contingent liabilities and contingent assets

Contingent liabilities

Council operates a landfill at Whitemark. Council will have to carry out site rehabilitation works in the future. At balance date Council is unable to accurately assess the financial implications of such works. Refer note 26.

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Note 33 Financial Instruments

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	17	Cash on hand and at bank and money market call account are valued at face value. Interest is recognised as it accrues. Investments and bills are valued at cost. Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue. Managed funds are measured at market value.	On call deposits returned a floating interest rate of 3.25% (3.5% in 2012-13). The interest rate at balance date was 3.25% (3.5%). Managed fund provided return of 3.65% (4.18 %) excluding unrealised gains/losses
Trade and other receivables			
Other debtors	18	Receivables are carried at amortised cost using the effective interest method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and arrears attract an interest rate of 0% (0%). Credit terms are based on 30 days.
Financial Liabilities			
Trade and other payables	24	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.



Note 33 Financial Instruments (cont.)

(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:

2014

	Weighted average interest rate	Floating interest rate \$	Fixed interest maturing in:			Non-interest bearing \$	Total \$
			1 year or less \$	Over 1 to 5 years \$	More than 5 years \$		
Financial assets							
Cash and cash equivalents	2.45%	2,155,449	-	-	-	-	2,155,449
Other financial assets	3.79%	-	5,432,689	-	-	-	5,432,689
Trade and other receivables	12.08%	55,116	-	-	-	154,208	209,323
Investment in water corporation		-	-	-	-	3,225,650	3,225,650
Total financial assets		2,210,565	5,432,689	-	-	3,379,858	11,023,112
Financial liabilities							
Trade and other payables		-	-	-	-	193,482	193,482
Trust funds and deposits		-	-	-	-	128,758	128,758
Total financial liabilities		-	-	-	-	322,240	322,240
Net financial assets (liabilities)		2,210,565	5,432,689	-	-	3,057,618	10,700,872

2013

	Weighted average interest rate	Floating interest rate \$	Fixed interest maturing in:			Non-interest bearing \$	Total \$
			1 year or less \$	Over 1 to 5 years \$	More than 5 years \$		
Financial assets							
Cash and cash equivalents	3.50%	3,034,237	-	-	-	-	3,034,237
Other financial assets	4.18%	-	5,672,430	-	-	-	5,672,430
Trade and other receivables	10.00%	50,944	-	-	-	107,598	158,542
Investment in water corporation		-	-	-	-	3,537,804	3,537,804
Total financial assets		3,085,181	5,672,430	-	-	3,645,402	12,403,013
Financial liabilities							
Trade and other payables		-	-	-	-	302,773	302,773
Trust funds and deposits		-	-	-	-	101,742	101,742
Total financial liabilities		-	-	-	-	404,515	404,515
Net financial assets (liabilities)		3,085,181	5,672,430	-	-	3,240,887	11,998,498

Note 33 Financial Instruments (cont.)

(c) Fair Value

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

Financial Instruments	Total carrying amount as per		Aggregate net fair value	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>				
Cash and cash equivalents	2,155	3,034	2,155	3,034
Other financial assets	5,433	5,672	5,433	5,672
Trade and other receivables	209	159	209	159
Investment in water corporation	3,226	3,538	3,226	3,538
<i>Total financial assets</i>	<u>11,023</u>	<u>12,403</u>	<u>11,023</u>	<u>12,403</u>
<i>Financial liabilities</i>				
Trade and other payables	193	303	193	303
Trust funds and deposits	129	102	129	102
<i>Total financial liabilities</i>	<u>322</u>	<u>405</u>	<u>322</u>	<u>405</u>

(d) Credit Risk

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

(e) Risks and mitigation

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

Market risk

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

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.

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.



Note 33 Financial Instruments (cont.)

Credit risk

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

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

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

It is Council's policy that some customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their credit rating, financial position, past experience and industry reputation.

In addition, receivable balance are monitored on an ongoing basis with the result that Council's exposure to bad debts is not significant.

Council may also be subject to credit risk for transactions which are not included in the Statement of Financial Position, such as when Council provides a guarantee for another party. Details of our contingent liabilities are disclosed in note 32.

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

	Financial Institutions	Government agencies (BBB credit rating)	Other (min BBB credit rating)	Total
2014				
Cash and cash equivalents	2,155,449	-	-	2,155,449
Trade and other receivables	209,323	-	-	209,323
Investments and other financial assets	5,432,689	-	-	5,432,689
Total contractual financial assets	7,797,462	-	-	7,797,462
2013				
Cash and cash equivalents	3,034,237	-	-	3,034,237
Trade and other receivables	158,542	-	-	158,542
Investments and other financial assets	5,672,430	-	-	5,672,430
Total contractual financial assets	8,865,209	-	-	8,865,209

Ageing of Trade and Other Receivables

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

	2014 \$	2013 \$
Current (not yet due)	4,180	2,890
Past due by up to 30 days	49,523	102,878
Past due between 31 and 180 days	155,620	52,774
Total Trade & Other Receivables	209,323	158,542

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Note 33 Financial Instruments (cont.)

Liquidity risk

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

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

To help reduce these risks we:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid 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 Councils 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		193,482	-	-	-	-	-	193,482
Trust funds and deposits		128,758	-	-	-	-	-	128,758
Total financial liabilities		322,240	-	-	-	-	-	322,240

	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		302,773	-	-	-	-	-	302,773
Trust funds and deposits		101,742	-	-	-	-	-	101,742
Total financial liabilities		404,515	-	-	-	-	-	404,515



Note 33 Financial Instruments (cont.)

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial - A parallel shift of + 1% and -2% in market interest rates (AUD) from year-end rates of 3.41%.
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	2,155,449	30,392	30,392	95,055	95,055
Investment & other financial assets	5,432,689	76,601	76,601	239,582	239,582
Financial liabilities:					

		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	3,034,237	42,783	42,783	133,810	133,810
Investment & other financial assets	5,672,430	79,981	79,981	250,154	250,154
Financial liabilities:					

(g) Fair Value Hierarchy

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

The different levels have been defined as follows:

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

	Level 1	Level 2	Level 3	Total
30 June 2014				
Available for sale financial assets	-	-	3,225,650	3,225,650
Financial assets at fair value through the statement of comprehensive income	-	-	-	-
There were no transfers between Level 1 and Level 2 in the period.				

	Level 1	Level 2	Level 3	Total
30 June 2013				
Available for sale financial assets	-	-	3,537,804	3,537,804
Financial assets at fair value through the statement of comprehensive income	-	-	-	-
There were no transfers between Level 1 and Level 2 in the period.				

Reconciliation of Level 3 Fair Value Movements	2014	2013
Opening balance	3,537,804	3,471,510
Investment on transfer of assets	-	-
Gains (losses) recognised in Other Comprehensive Income	-	-
Change in fair value movement in Tas Water	(312,154)	66,294
Closing balance	3,225,650	3,537,804

Notes to the Financial Report

For the Year Ended 30 June 2014Comp

Note 34 Events occurring after balance date

- (a) None.

Note 35 Related party transactions

(i) Responsible Persons

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

Councillors	Councillor Carol Cox (Mayor 01/11/05 to current)
	Councillor David Williams (Deputy Mayor 01/11/11 to current)
	Councillor Mark Cobham (Councillor 01/11/09 to current)
	Councillor Peter Rhodes (Councillor 01/11/11 to current)
	Councillor Mary-Ann Roberts (Councillor 1/11/2013 to current)
	Councillor Gerald Willis (Councillor 01/11/11 to current)
	Councillor Ronald Wise (Councillor 23/2/11 to current)
General Manager	Mr Raoul Harper

Total Remuneration for the reporting year for Councillors' Emoluments and reimbursements included above amounted to:	101,331
Total Remuneration for the reporting year for senior management positions amounted to:	420,152

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

Note 36 Special committees and other activities

Council have Special Committees for the operation of both Lady Barron and Furneaux Hall and Recreation Ground.



Note 37 Significant Business Activities

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

	Flinders Island Airport	
	2014	2013
	\$	\$
<i>Revenue</i>		
Rates	-	-
User Changes	511,213	285,752
Grants	160,885	120,444
Total Revenue	672,098	406,196
<i>Expenditure</i>		
<i>Direct</i>		
Employee Costs	336,706	193,656
Materials and Contacts	216,374	334,074
Interest	-	-
Utilities	-	-
<i>Indirect</i>		
Engineering & Administration	-	-
Total Expenses	553,080	527,730
<i>Notional cost of free services received</i>		
<i>Capital Costs</i>		
Depreciation and amortisation	161,716	123,193
Opportunity cost of capital	322,650	333,808
Total Capital Costs	484,366	457,001
<i>Competitive neutrality adjustments</i>		
Rates and land tax	-	-
Loan guarantee fees	-	-
	-	-
<i>Calculated Surplus/(Deficit)</i>	(42,697)	(599,958)
Tax Equivalent rate	-	-
Taxation equivalent	-	-
Competitive neutrality costs	22,494	21,423

Notes to the Financial Report
For the Year Ended 30 June 2014

Note	Management indicators	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000
(a)	Underlying surplus or deficit				
	Recurrent income* less	3,814	4,475	4,762	3,996
	recurrent expenditure	5,697	4,934	5,316	4,603
	Underlying surplus/deficit	<u>(1,883)</u>	<u>(459)</u>	<u>(554)</u>	<u>(607)</u>
	* 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 or deficit	<u>(1,883)</u>	<u>(459)</u>	<u>(554)</u>	<u>(607)</u>
	Recurrent income*	3,814	4,475	4,762	3,996
	Underlying surplus ratio %	-49%	-10%	-12%	-15%
	This ratio serves as an overall measure of financial operating effectiveness.				
(c)	Net financial liabilities				
	Liquid assets less	7,797	8,865	8,160	7,949
	total liabilities	752	731	713	733
	Net financial liabilities	<u>7,046</u>	<u>8,134</u>	<u>7,447</u>	<u>7,216</u>
	This measure shows whether Council's total liabilities can be met by its liquid assets. An excess of total liabilities over liquid assets means that, if all liabilities fell due at once, additional revenue would be needed to fund the shortfall.				
(d)	Net financial liabilities ratio				
	Net financial liabilities	<u>7,046</u>	<u>8,134</u>	<u>7,447</u>	<u>7,216</u>
	Recurrent income*	3,814	4,475	4,762	3,996
	Net financial liabilities ratio %	185%	182%	156%	181%
	This ratio indicates the net financial obligations of Council compared to its recurrent income.				



Note 38	Management indicators (cont.)	2014	2013	2012	2011
		\$'000	\$'000	\$'000	\$'000

(e) Asset consumption ratio

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

Transport Infrastructure

<u>Depreciated replacement cost</u>	30,165	66,661	65,464	30,793
Current replacement cost	41,471	88,169	85,043	79,057
Asset consumption ratio %	73%	76%	77%	39%

Buildings

<u>Depreciated replacement cost</u>	5,396	4,391	4,354	3,459
Current replacement cost	5,664	4,546	4,431	3,459
Asset consumption ratio %	95%	97%	98%	100%

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

2014	2013	2012	2011
\$'000	\$'000	\$'000	\$'000

(f) Asset renewal funding 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.

Transport Infrastructure

<u>Projected capital funding outlays**</u>	407	526	N/A	N/A
Projected capital expenditure funding***	407	526	N/A	N/A
Asset renewal funding ratio %	100%	100%	N/A	N/A

Buildings

<u>Projected capital funding outlays**</u>	389	1,075	N/A	N/A
Projected capital expenditure funding***	389	1,075	N/A	N/A
Asset renewal funding ratio %	100%	100%	N/A	N/A

** Current value of projected capital funding outlays for an asset identified in Council's long-term financial plan.

*** Value of projected capital expenditure funding for an asset identified in Council's long-term strategic asset management plan.

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

(g) Asset sustainability ratio

<u>Capex on replacement/renewal of existing assets</u>	722	1,362	1,556	1,274
Annual depreciation expense	1,437	1,798	1,446	1,421
Asset sustainability ratio %	50%	76%	108%	90%

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

Note 39 Fair Value Measurements

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

- Investment in water corporation
- Property, infrastructure plant and equipment
 - Land
 - Buildings
 - Leasehold Improvements
 - Roads
 - Footpaths & cycleways
 - Bridges
 - Waste management
 - Stormwater
 - Other infrastructure - Airport

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 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Land	22	-	2,345	-	2,345
Buildings	22	-	3,288	-	3,288
Leasehold Improvements	22	-	2,107	-	2,107
Roads	22	-	-	25,107	25,107
Footpaths & cycleways	22	-	-	811	811
Bridges	22	-	-	4,248	4,248
Waste management	22	-	-	308	308
Stormwater	22	-	-	348	348
Other Infrastructure - Airport	22	-	-	1,774	1,774
		-	7,740	32,596	40,336
Non-recurring fair value measurements					
Assets held for sale		-	-	-	-
		-	-	-	-

Note 39 Fair Value Measurements (cont.)

(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.

Investment property and Investment in water corporation

Refer to Notes 27 and 19 respectively for details of valuation techniques used to derive fair values.



Land

Valuation of Land (excluding land under roads) and buildings were valued utilising the municipal valuations undertaken by the Office of the Valuer General as at 1 July 2013. The valuations of buildings is at fair value less accumulated depreciation at the date of the valuation. The valuation of land is at Fair Value based on highest and best use permitted by relevant land planning provisions.

Buildings

The fair value of buildings were also determined by the Office of the Valuer General as at 1 July 2013. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant input into this valuation approach was price per square metre.

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 determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks.

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

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

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

Roads, including footpaths & cycleways

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

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 labour wage rates are based on Council's Enterprise Bargaining Agreement (EBA). Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years.

Roads were valued at 01/07/2013 by the Council's Engineer - Gavin Boyd (Brighton Council) and indexed at 30/06/2013.

Note 39 Fair Value Measurements (cont.)

Bridges

A full valuation of bridges assets was undertaken by independent valuers - AusSpan effective 30 June 2014. Each bridge is assessed individually and componentised into sub-assets representing the deck and sub-structure. The valuation is based on the material type used for construction and the deck and sub-structure area.

Drainage

A full valuation of drainage infrastructure was undertaken by Council's Engineer - Gavin Boyd (Brighton Council), effective 30 June 2014. 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.

Stormwater

A full valuation of stormwater infrastructure was undertaken by Council's Technic Consultant - Simon Pullford (Brighton Council), effective 30 June 2014. Similar to roads, stormwater assets are managed in segments; pits and pipes being the major components.

Waste Management

Waste Management assets primarily comprises land associated with landfill site. Valuation of the land was determined by the Valuer General based on October 2010 market value. Other assets recorded at fair value, such as transfer bins, are valued at current replacement cost based upon market pricing information provided by Brian Barnewall - Works & Services Manager.

Other Infrastructure - Flinders Airport

CRC is based on the runway/apron 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 labour wage rates are based on Council's Enterprise Bargaining Agreement (EBA). Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years.

(d) Unobservable inputs and sensitivities

Asset / liability category*	Carrying amount (at fair value)	Key unobservable inputs *	Expected range of inputs	Description of how changes in inputs will affect the fair value
Roads	25,107	Unit price per sq metre	Refer Note 1(f)	Cost of materials
Bridges	4,248	Unit price per sq metre	Refer Note 1(f)	Cost of materials
Footpaths & Cycleways	811	Unit price per sq metre	Refer Note 1(f)	Cost of materials
Stormwater	348	Unit price per sq metre	Refer Note 1(f)	Cost of materials
Land	2,345	Quoted prices	Refer Note 1(f)	Market-based price
Building	3,288	Quoted prices	Refer Note 1(f)	Market-based price
Leasehold Improvements	2,107	Quoted prices	Refer Note 1(f)	Market-based price
Waste Management	308	Unit price per sq metre	Refer Note 1(f)	Cost of materials
Airport	1,774	Unit price per sq metre	Refer Note 1(f)	Cost of materials

(e) Changes in recurring level 3 fair value measurements



The changes in level 3 assets with recurring fair value measurements are detailed in note 22 (Property, infrastructure, plant and equipment). There have been no transfers between level 1, 2 or 3 measurements during the year.

	2014 \$
Balance at beginning of reporting period	76,621,079
Gain/loss recognised in profit or loss – Realised	(648,590)
Gain/loss recognised in profit or loss – Unrealised	(1,161,995)
Gain/loss recognised in other comprehensive income	1,697,358
Purchases	651,139
Sales	
Transfers into level 3	421,326
Transfers out of level 3	(36,363,433)
Closing balance	41,216,886

Note 39 Fair Value Measurements (cont.)

(f) Valuation processes

Council's current policy for the valuation of property, infrastructure, plant and equipment and investment in water corporation (recurring fair value measurements) is set out in note 1(f) and 1(j) respectively.

Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

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

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes. (refer note 33).

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

Note 40 Material Budget Variations

Council's original budget was adopted by the Council on 18 July 2013. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grant programs, changing economic activity, the weather, and by decisions made by the Council. Material variations of more than 10% are explained below:

Revenues

1 Rates and charges

Flinders Council did not experience any major variances with rates revenue as there were no significant supplementary valuations during the year.

2 User fees

The council experienced a drop in Private Works by 58%, which had a negative impact on the users fees for 2013-14.

3 Grants

The variation in Grants was a result of not having a number of grants approved at budget time. Council has received part payment from Regional Aviation Access Programme to refurbish the Aerodrome Apron. The balance of the grant will be received in the 2014-15 financial year. Council also received late notification from Tasmanian Medicare Local for RPHS funding.

4 Other revenues

Interest Revenue was down by 6% due to a decline in interest rates. Flinders Council experienced a large loss on disposal of assets due to a number of roads that were identified as no longer owned by the council.

Expenses

1 Materials and services

The 2013-14 expenses was close to budget as the council did not experience any major variations.

2 Impairment of debts

Impairment of debt relates to a bad debtor.

3 Other expenses

The 2013-14 expenses was close to budget as the council did not experience any major variations.



Independent Auditor's Report

To the Councillors of Flinders Council

Financial Report for the Year Ended 30 June 2014

Report on the Financial Report

I have audited the accompanying financial report of Flinders 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.

Auditor's Opinion

In my opinion Council's financial report:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2014 and financial performance, cash flows and changes in equity for the year then ended
- (b) 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.

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

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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



Jara K Dean
Assistant Auditor-General Financial Audit
Delegate of the Auditor-General

Hobart
29 September 2014

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Certification of the Financial Report

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



Raoul Harper
General Manager

Date : 14/08/2014







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