



# Flinders Council Annual Report

Year ending 30<sup>th</sup> June 2015



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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

9.00 am – 4.30 pm

### POSTAL ADDRESS

PO Box 40  
Whitemark TAS 7255  
**Telephone:** (03) 6359 5001  
**Facsimile:** (03) 6359 2211  
**e-mail:** [office@flinders.tas.gov.au](mailto:office@flinders.tas.gov.au)

### ALL CORRESPONDENCE TO:

General Manager

### AFTER HOURS EMERGENCY SERVICE

**Mobile:** 0427 592 069 (Works Manager)

### AIRPORT

Palana Road, Whitemark TAS 7255

**Hours:** Weekdays 8.00am - 4.30pm

**Telephone:** (03) 6359 2144

**Facsimile:** (03) 6359 2145

**e-mail:** [airport@flinders.tas.gov.au](mailto:airport@flinders.tas.gov.au)

### WORKS DEPOT

21 Patrick Street, Whitemark TAS 7255

**Hours:** Weekdays 8.00am - 5.00pm

**Telephone:** (03) 6359 5020 / 5021

**Facsimile:** (03) 6359 2069

### VISITOR INFORMATION CENTRE

4 Davies Street, Whitemark TAS 7255

**Hours:** Monday to Friday 9.00am-4.30pm

**Telephone:** (03) 6359 5002

**Facsimile:** (03) 6359 2211

**e-mail:** [info@flinders.tas.gov.au](mailto:info@flinders.tas.gov.au)

## COUNCILLORS AND COUNCIL MEETINGS

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 1<sup>st</sup> July 2014 to 12<sup>th</sup> November 2014 comprised the following members:

- Cr Carol Cox (Mayor)
- Cr David Williams (Deputy Mayor)
- Cr Marc Cobham
- Cr Peter Rhodes
- Cr Mary-Anne Roberts
- Cr Gerald Willis
- Cr Ronald Wise

An election was held in October 2014 resulting in changes to Council. From 13<sup>th</sup> November 2014 to 30<sup>th</sup> June 2015 the newly elected Council comprised the following members:

- Cr Carol Cox (Mayor)
- Cr Marc Cobham (Deputy Mayor)
- Cr Chris Rhodes
- Cr Peter Rhodes
- Cr Ken Stockton
- Cr David Williams
- Cr Gerald Willis

### Council Meetings

Ordinary Meetings of Council are usually held on the third Thursday of each month. Meetings commence at 1.00 pm 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.

# COMMUNITY REPRESENTATION AND COMMITTEES

1 JULY 2014 – 12 NOVEMBER 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

## Council Committees

▪ General Manager Performance Review Committee	Mayor C Cox, Cr M Roberts and Cr M Cobham
▪ Clean Up Australia Day	Cr R Wise
▪ Australia Day Committee	Cr P Rhodes, Cr M Cobham and Cr G Willis
▪ Whitemark Beautification Committee	Cr M Cobham, Cr R Wise and Cr P Rhodes

## Legislated Committee

▪ Code of Conduct Committee	Deputy Mayor D Williams, Cr G Willis and Cr M Cobham
▪ Municipal Emergency Management Committee	Mayor C Cox

## 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 Raoul 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 Carol Cox
▪ Flinders Island Tourism Association	Cr Mary-Anne Roberts



# COMMUNITY REPRESENTATION AND COMMITTEES

13 NOVEMBER 2014 – 30 JUNE 2015:

## Special Committees

▪ Furneaux Community Health Special Committee	Cr G Willis (Chair) and Mayor C Cox
▪ Furneaux (Emita) Hall and Recreation Ground Special Committee	Cr M Cobham (Chair) and Cr K Stockton
▪ Furneaux Group Aviation Special Committee	Mayor C Cox (Chair), Cr P Rhodes and Cr K Stockton
▪ Furneaux Group Shipping Special Committee	Mayor C Cox (Chair), Deputy Mayor M Cobham and Cr P Rhodes
▪ Lady Barron Hall & Recreational Special Committee	Cr D Williams (Chair) and Mayor C Cox

## Council Committees

▪ General Manager Performance Review Committee	Mayor C Cox (Chair), Cr K Stockton and Cr G Willis
▪ Ideas and Innovations Committee	Cr G Willis (Chair), Cr C Rhodes, Cr P Rhodes and Cr K Stockton
▪ Clean Up Australia Day	Cr P Rhodes and Cr K Stockton

## Legislated Committee

▪ Flinders Council Audit Panel	Cr K Stockton and Cr G Willis
▪ Code of Conduct Committee	Deputy Mayor M Cobham, Cr D Williams and Cr G Willis
▪ Municipal Emergency Management Committee	Mayor C ox

## Local Government Organisations

▪ Local Government Association of Tasmania	Mayor C Cox, Deputy Mayor M Cobham and General Manager R Harper
▪ Northern Council's Sub Regional Alliance	Mayor C Cox and General Manager Raoul Harper
▪ Northern Tasmanian Development Representative	Mayor C Cox and General Manager R Harper
▪ TasWater Owners' Representative	Cr G Willis

## Community Organisations

▪ Flinders Island District High School Association	Cr P Rhodes
▪ Flinders Island Tourism and Business Association	Cr C Rhodes

## COUNCILLOR ALLOWANCES 2014-2015

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

In 2014/15 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:	\$ 88,571.87
Expenses:	\$ 20,776.61

# COUNCILLOR MEETING ATTENDANCE REGISTER 2014-2015

## Ordinary Council Meetings

Ordinary Meetings	Mayor C Cox	Deputy Mayor D Williams	Cr M Cobham	Cr P Rhodes	Cr M Roberts	Cr G Willis	Cr R Wise
17 July 2014	X	✓	X	X	✓	✓	✓
21 August 2014	✓	✓	✓	X	✓	✓	✓
18 September 2014	✓	✓	✓	✓	X	✓	✓
16 October 2014	✓	✓	✓	✓	✓	✓	✓
<b>Totals</b>	3	4	3	2	3	4	4

## Newly elected Council 13<sup>th</sup> November 2014

Ordinary Meetings	Mayor C Cox	Deputy Mayor M Cobham	Cr C Rhodes	Cr P Rhodes	Cr K Stockton	Cr D Williams	Cr G Willis
13 November 2014	✓	✓	✓	✓	✓	✓	✓
18 December 2014	✓	✓	✓	✓	✓	✓	✓
22 January 2015	✓	✓	X	✓	✓	✓	✓
19 February 2015	✓	✓	✓	✓	✓	X	✓
26 March 2015	✓	✓	✓	✓	✓	✓	✓
30 April 2015	✓	✓	✓	✓	✓	✓	✓
21 May 2015	X	✓	✓	✓	X	✓	✓
18 June 2015	✓	✓	✓	✓	✓	✓	✓
<b>Totals</b>	7	8	7	8	7	7	8

## Special Meetings

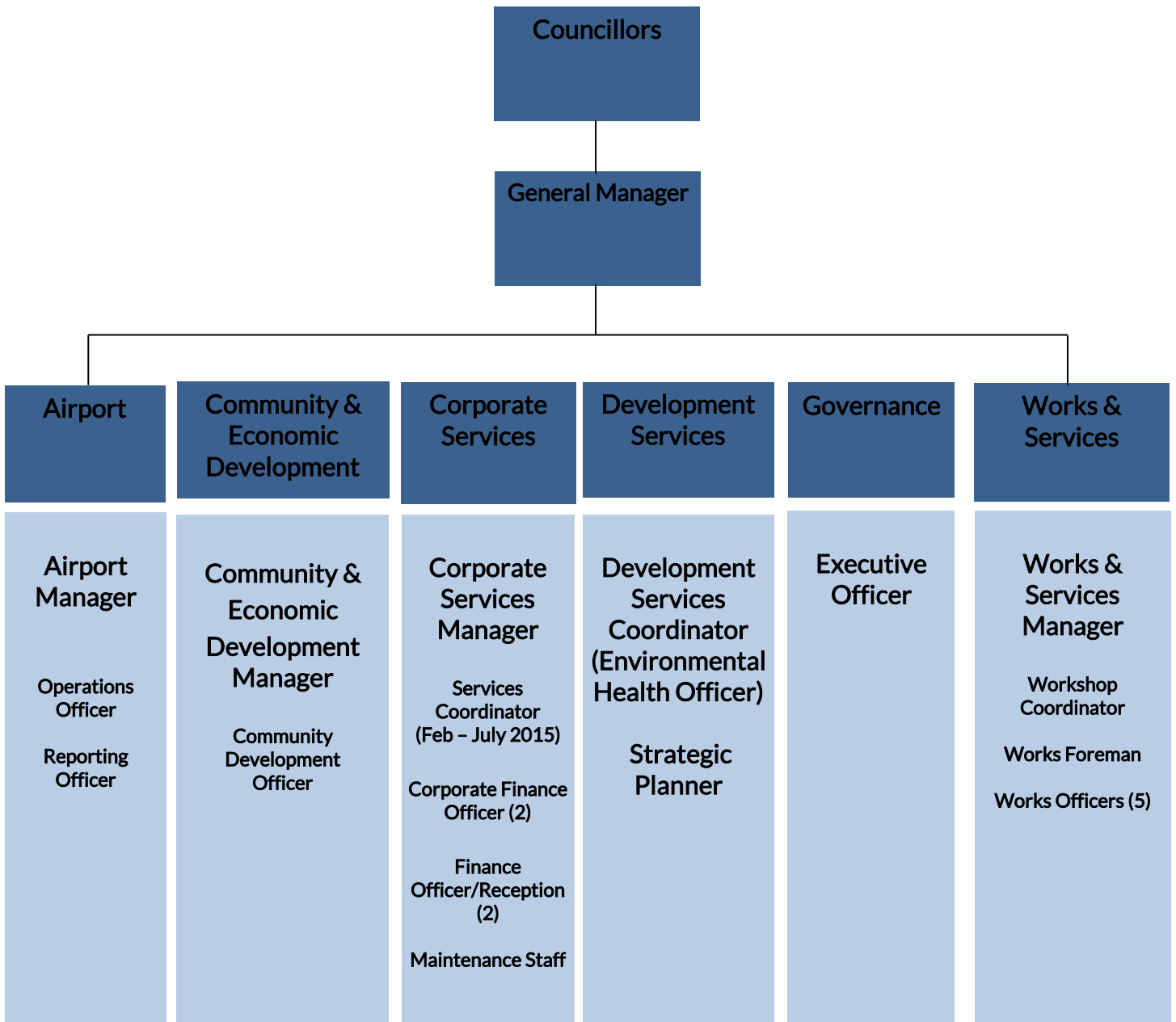
Special Meetings	C Cox	D Williams	M Cobham	P Rhodes	M Roberts	G Willis	R Wise
29 September 2014	✓	✓	✓	✓	✓	✓	✓
<b>Totals</b>	1	1	1	1	1	1	1

## 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
4 December 2014	✓	✓	✓	✓	✓	✓	X
<b>Totals</b>	1	1	1	1	1	1	0

# FLINDERS COUNCIL ORGANISATIONAL CHART

## 2014 – 2015



## **CORPORATE MANAGEMENT TEAM**

### **Governance**

Manager: Raoul Harper

### **Corporate**

Manager: Sophie Pitchford

### **Community & Economic Development**

Manager: Jana Harper

### **Development**

Coordinator: Jacci Viney

Strategic Planner: Robyn Cox

### **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 30<sup>th</sup> June 2015, providing an overview of Council's operations and achievements during this period.

## MAYOR'S REPORT

The 2014-2015 year has been a challenging one and an exciting one - one where variety has been the spice of life as the saying goes. Early in the year came the emergence of a major threat to the islands' shipping service as the working relationship between TasPorts and Furneaux Freight broke down. I sincerely thank the State Government, especially Minister Rene Hidding MP, the Treasurer, Peter Gutwein MP, Michael Ferguson MP and Sarah Courtney MP for their support and assistance over this period. The government's commitment to the development of a viable interim replacement shipping service should it be needed was a valuable factor which, along with community recognition of the value of the purpose designed Furneaux Freight service, played a major role in developing the solution. A solution that, whilst at an extra cost to islanders, has seen the introduction of a separate stevedoring licence to Qube Pty Ltd enabling Furneaux Freight to continue its full service to the Furneaux Islands.

I must also thank Minister Jeremy Rockliff for his understanding and assistance in ensuring that the status quo remained with a vet being employed on island to provide biosecurity services. This employment has the ancillary purpose of financially supporting a veterinary service to this small remote community; another peculiar solution that works for the Furneaux Group.

These hurdles successfully navigated, the Community then faced another - the closure of the Westpac Instore Agency as mooted in April and confirmed in October of 2015. The closure is part of a nationwide closure of Instore Agencies by Westpac. The Westpac service will be replaced with limited access through Australia Post. Council will be playing an active role in searching out a replacement banking option.

The first all-out all-in election saw seven Councillors including the Mayor and Deputy Mayor elected for four years from the 1<sup>st</sup> of November 2014. I welcome newly elected members Cr Ken Stockton and Cr Chris Rhodes. Thank you to the retiring Councillors, Ronald Wise and Mary-Anne Roberts for their contribution to Council and community over the years they have served as elected members. Congratulations to the re-elected Councillors. Commitment speeches are included in the Confirmed Minutes of the November 2014 meeting available on the Council website.

The change to four year terms for all has triggered a change to the operations of Council. It is a priority after each election for the new Council to develop a long term Strategic Plan to guide the actions and direction of Council over the four year period and beyond. The Annual Plans are drafted to align with the desired outcomes of the Strategic Plan.

Flinders Councillors take on extra responsibilities through Special Committees of Council that bring the electors and Council together in areas of special interest such as health, innovation, aviation and shipping. The outlying Emita and Lady Barron Halls have strong community input into their operation and development through their



Special Committees. The Emita Hall redevelopment continued throughout the year and planning for the upgrading of the Lady Barron Hall began.

There are two Panels and one Committee that Council is required to have by legislation. The Code of Conduct Panel is a long standing requirement, whilst the Audit Panel is a new requirement. Both require independent chairs and I wish to recognise the commitments made by both David Grutzner and John Dick respectively in taking on these roles.

For the Municipal Emergency Management Committee the Council employs Ben Foot to fulfil the Coordinator's role, with Chris Bowman volunteering as the Deputy Coordinator and Chris Fenner as the Recovery Coordinator. Whilst this Committee was thankfully not required to swing into action in 2014-15, the work it does will stand the Community in good stead if and when we face another major emergency. Let's hope it is many years before this becomes a reality. Two satellite phones have been purchased for extra connectivity when phone and data lines to the island fail.

I had the privilege to be involved in several exciting events and developments through 2014-15. The standouts on the Council front being the following:

- The visit of the State Government Community Cabinet to the islands in late June was a rewarding opportunity for Councillors, staff and the community to connect with our government Ministers.
- The Citizenship Award 2014 was awarded to Pura Graham. Pura has over many years volunteered her time to a broad range of community events and activities, clubs and associations and is always there with a smile and a helping hand when needed most. Council was thrilled to be able to recognise Pura's dedication and effort with the 2014 Citizen of the Year Award. Congratulations Pura!
- The Australia Day weekend of events and entertainment with the free Council sponsored community BBQ held on a very windy Sunday and activities by and encouraged by Social Circus Tasmania. Thank you to the Local Branch of Tas Regional Arts and the Department of Premier and Cabinet for supporting Social Circus Tasmania to provide community workshops for the Summer Holiday Program; entertainment at the Saturday Market Day and the BBQ; and culminating in a display of circus skills by young Islanders.
- The opening of the Royal Flying Doctor Service Transfer Shed at the airport in July 2014.
- The bringing into operation of a new BBQ facility and exercise equipment on the Whitemark Foreshore.
- The dedication of a bird bath in the Rose Garden to long-time volunteer and caretaker Jan Lees.
- The planting of a centenary rose in recognition of 100 years of Red Cross.
- Due to the foresight of Ronald Wise and support from Council, members of the Cape Barren Island and Flinders Communities were able to unite on ANZAC Day to pay respect to Islanders who have served their nation.
- The completion of improvements to the area surrounding the Emita Cenotaph and the erection of a remembrance plaque at the Furneaux Arts and Entertainment Centre forecourt.

- After the final delivery by barge of aggregate for the airport development and road sealing projects was successfully completed, the good will of the barge owners was accepted and the barge was opened to the public for inspection on Sunday the 5<sup>th</sup> April. Council also put on a community BBQ brunch at the foreshore BBQ area. A huge thank you to the Barge operators.
- The hosting of the Tourism Northern Tasmania Board on the island. Several members had not experienced Flinders before and can now relate to the island as a tourist destination with much to offer.
- The continuation of the School Holiday Program enticing visitors to the island to combine with locals to enjoy the island's natural attributes.

Other exciting happenings that indicated the vitality of the islands were:

- The opening of the redeveloped health facility, the Multi Purpose Centre.
- The announcement by TasWater of the upgrading of both the Whitemark and Lady Barron water supplies to drinking standard.
- The completion of major sections of the redevelopment of the Lady Barron Port.
- The opening of the Community Shed at the school.

The upgrading of parking facilities by the Launceston Airport introduced previously unknown limitations on access to the Sharp Airlines terminal for travelling Islanders. Lobbying for improvements to the access has been an ongoing activity through 2014-15 with limited success.

The Minister for Local Government this year called for expressions of interest in Voluntary Amalgamation of Councils. Flinders Council declined to lodge an expression of interest or to consider a formal share services agreement as it was expected that councils looking at a formal shared service agreement should also look at amalgamation. Towards the end of the year the sands had shifted and several councils are now looking at benchmarking with a view to sharing services across a region and this is something that Flinders Council can be involved in.

Community grants of \$10,000 were given to support community development and activities. The Gunns Bequest, a legacy from Jack & Enid Gunn, saw \$2,400 distributed to sporting clubs. In addition to this, further community activity was encouraged and supported by the free use of community facilities, halls and sporting venues, for not-for-profit community activity.

I have touched very little on the financial activity of the Council as the financial report is included in full in this document.

Towards the close of the 2014-2015 year, Council set the budget & rates for the following year. This year Council made the decision that for the 2015-2016 year the rates revenue required could be raised by having a static rate in the dollar and relying on the adjusted increase in the Assessed Annual Value of properties as declared by the Valuer General (this occurs each two years) to provide an increase in revenue. The minimum rate was raised to the highest value that would satisfy the cap of having thirty five percent of properties on the minimum rate.

The capping by the Federal Government of the Financial Assistance Grants for a three year period and continuing pressure to return an underlying surplus means Council will have to look closely at its ongoing activities and community support processes during its 2016-2017 budgetary considerations.

In closing, I must express my appreciation of the work achieved by your committed and conscientious council staff. Flinders Council has a lower number of full time equivalent (FTE) staff per head of population than comparative Tasmanian Councils. Both the outside and office staff undertake a huge amount of work in maintaining the Island's infrastructure, provision of waste services, provision of community services, support to Councillors, financial activity and required data reporting.

I thank my fellow Councillors and the General Manager for their continued work and efforts. This was an election year, which always throws extra pressures on all; it has also been an extremely busy year. You have elected a diverse group to serve the Municipality's interest over the coming three years. The strong binding and driving force that unites us all is our passion in seeing the Furneaux Group not only survive, but prosper in the coming years, enabling us to maintain the many services we are privileged, as a very small community, to receive from both the State and Federal Governments.

May the 2015-2016 year be as exciting and productive as the 2014-2015 one has been.

Carol Cox  
**Mayor**

## GENERAL MANAGER'S REPORT

I am pleased to present the Flinders Council Annual Report 2014-2015.

The Flinders Council 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.

Council continued its focus on infrastructure development and asset renewal during the year. A significant highlight was the development of a new apron and taxiway at the airport supported by a \$750,000 grant from the Federal Government's Regional Aviation Access Program. The delivery of this project required the supply of rock aggregates via a barge to Flinders Island. This alone was a major logistical challenge and the final approach taken to barge the aggregates to the Island delivered a substantial saving to Council on the total cost of the project. Council also utilised the barge to deliver a significant supply of road aggregate to support a major investment into road resealing in the coming years. I would like to take this opportunity to thank all staff, contractors and the Community for their support and assistance in delivering this important and complex project.

Continuing the upgrade of assets via secured grant funding, the Emita Cenotaph and the ANZAC Memorial located at the forecourt of the Furneaux Arts and Entertainment Centre redevelopment works were completed in the reporting period. Both projects were undertaken with the support of the local RSL branch and dedicated members of the community providing assistance.

Stage one of the Emita Hall redevelopment was also completed with the assistance of community members and the Furneaux (Emita Hall) and Recreation Ground Special Committee. The renovated hall now provides a fit for purpose community facility in the north of the island. A new BBQ facility and outdoor exercise equipment were installed on the Whitemark foreshore and the year ahead will see the Whitemark Jetty and boat ramp redeveloped along with a new public toilet in the area. The year ahead will see all public toilet upgrades completed across the island and the Lady Barron Hall will receive a much-needed upgrade. The Lady Barron Hall and Recreational Special Committee is to be congratulated for securing a significant grant from the Tasmanian Community Fund to assist in the redevelopment of the hall.

TasWater announced the construction of two new water treatment plants during the reporting period with construction set to begin in the new financial year. This is a major investment into the island's infrastructure with an estimated \$8 million dedicated to the delivery of potable water to our main towns for the first time. Hydro Tasmania announced during the year that \$12.88 million will be invested into the island's energy system. Combining these projects will see the largest investment into critical infrastructure in living memory continuing the development of the core infrastructure required to drive investment and growth into the future.

While infrastructure and investment are significant contributors to the islands' economic sustainability and future prosperity it is the Community and people of the islands that are our greatest asset. During the year Council continued to deliver a range of projects to support the Community.

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. These important positions provide a range of non-hospital based services to community members often in their own home and I would take the opportunity to thank these dedicated staff and the management of the Multi Purpose Centre for their ongoing support of this important partnership.

Flinders Council also received a Medibank Active Tasmania Local Government Award for our delivery of five health promotion initiatives that provided a diverse range of health and wellbeing programs for the whole community. The programs included Actively Flinders, Rural Health Week, Plant a Tree Day, annual School Holiday Program and the upgrades to the Whitemark Foreshore.

Council staff continue to initiate, facilitate and support health promotion programs to the Community often through the attraction of small grants. Examples this year have been the very successful "Mums on the Move" program; a partnership between Council, the Northern Children's Network (Duck Pond Child Care) and Womensport & Recreation Tasmania and has provided new mums with a 10 week, weekly session that covered everything from yoga to pump and boxing, as well as discussing healthy eating and lifestyle choices.

The Tasmania Medicare Local 'Strength 2 Strength' health promotion program aimed at the 60+ age group attracted 16 participants who committed to a 12-week course. Kathleen Ives-Heap and David Heap delivered the program with many of the classes making use of the permanent 'Exersite' equipment on the Whitemark Foreshore.

The annual School Holiday Program was again a well received and popular program delivered during all school holiday breaks and made available to young people aged from 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.

Council continues to provide in-kind support for the Transition Program which is now run by the Flinders Island District High School. In 2014-2015 Council staff facilitated and coordinated the Work Placement Program, which is now in its fourth year.

Community events are well supported by Council and the Furneaux Festival added colour and excitement to the Australia Day weekend celebrations. The Festival is 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.

At a financial level a modest operational underlying surplus was delivered. The Federal Assistance Grants were yet again prepaid in 2014/15, which had a positive impact on the 2014/15 results, however will impact heavily on the ability to deliver a surplus result in 2015/16.

With the previous year's figures skewed significantly by the revaluation of road assets, it was pleasing to return to a more consistent and reasonable result given Council's reliance on grant funding. It should be noted that Council continues to work towards an operating position less heavily reliant on grant funding. With a very small rate base and a large suite of assets including an airport under our control, the ability and capacity of ratepayers to fully fund an operational surplus is challenging. Population growth and investment are critical aspects to not only the island's long term sustainability but also to Council. Council continues to strive to do "more with less" but given the local government reform process being driven by the State Government, continuing to improve the organisation's operational performance while also growing our rate or revenue base must be key priorities moving forward if Flinders is to remain a viable stand-alone entity.

Given the investment into road aggregate stock (and its transportation), the development of a new apron and taxiway and community infrastructure investments, the final operation position was well within the budgeted estimates. Council continued to improve its Sustainability Indicators in particular with the investment into assets beginning to reverse the poor performance of the past 5 years. While indicators often don't compare "apples with apples" given our remote island nature, they do provide the community with a benchmark of our performance in specific areas of organisational service and asset delivery and for the reporting period Flinders Council improved in all areas under review.

The continued low interest rate returns available in the market contributed to low returns from Council's investments. Council developed a new investment policy during the year and a market assessment was well advanced at the end of the reporting period. The year ahead will see a change of approach to investing Council funds in an effort to drive higher returns. This will be tempered by the fact that the investment of public funds requires diligence and a high aversion to risk.

At the direction of the Auditor General the value of the land under our road network was brought on to the Council asset register. This had a positive one off impact on the final result and does not impact depreciation in the years ahead. The operational result

for the year was pleasing with staff costs down some 7%, consultant costs also down some 20% and total expenditure decreasing by some 5%. This combined with strong revenue growth above projected budget estimates to deliver the final result.

Council continues to have no borrowings and has healthy cash reserves. In the year ahead the use of debt to fund key revenue generating assets will be considered. The prudent use of debt given the low cost of finance is seen as an area that could drive benefit for Council in the years ahead.

Private investment into the island continues to grow, as does visitation. The efforts of private industry in stimulating brand awareness and interest in the islands and their produce are important elements supporting the future growth of not only industry but also visitation and confidence in the islands as a place to live, work and invest.

Council delivered a range of projects throughout the reporting period and these are outlined further within this Annual Report. I would like to express my gratitude and thanks to Councillors, the Council management team and staff for their support and hard work during the year.

Raoul Harper  
**General Manager**

## 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](http://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 2014/15.

### 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, as per the following table. 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	2
\$100,001 - \$120,000	4
\$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 2014-15 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.

At the August 2014 Ordinary Meeting of Council, an exemption to the Flinders Council Code of Tender and Contracts Policy and the *Local Government (General) Regulations 2005* – Reg. 27 - Non application of public tender process, was approved due to the



extenuating circumstances of Council seeking to purchase a second hand piece of equipment; the remote nature of our locality; and the need to deliver best value outcomes to our community at all times. The equipment acquired was a 1998 Caterpillar D6R Bulldozer to the value of \$140,000.00 ex GST. The supplier was Anbon Equipment Pty Ltd of Traralgon, Victoria.

A public tender to the value of \$2 million was called for the supply and delivery of crushed rock and aggregate (approximately 12,000 tonnes) to Flinders Island for the construction of a new apron at the Flinders Island Aerodrome. The successful contractor was Stornoway of 63 Crooked Billet Drive, Brighton, Tasmania who undertook the contract during the period of March - June 2015.

### **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*, *Dog Control Act 2000* and the *Environmental Management & Pollution Control Act 1994*. These functions include:

- Food Safety
- Disease Prevention and Control
- Public Health Education and Promotion
- Public Health Risk Activities
- Immunisations
- Burials
- Exhumations
- On-Site Waste Disposal Systems
- Unhealthy Premises
- Warm Water Systems
- Recreational and Bathing Water Quality
- Public Health Nuisances

- Air, Water and Soil Pollution
- Public Health Emergency Management
- Fire Hazard Abatement
- Nuisances and complaints
- Dog Control

### **Audit Panel Statement**

The Flinders Council Audit Panel has reviewed the 2014-15 audited financial statement and confirms to Council that they present a true and fair representation of the financial position of the Flinders Council.

### **Policies of Council**

During the 2014-15 year Council reviewed and amended the following polices;

- Communication between Councillors and the General Manager
- Corporate Credit Card Policy
- Debt Collection Policy
- Elected Members' Allowances and Reimbursements
- Funeral Director Policy
- Food Safety Policy
- Investment Policy
- Uniform Policy

adopted the following new policies;

- Personal Information Protection Policy
- Travel Accommodation Policy
- Waiver of Fees Policy

and rescinded the following policy.

- Building Approvals Policy

*Raoul Harper*  
**General Manager**

## 2014-2015 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.**

<b>Strategic Direction 1.1 Promote environmentally sustainable practice.</b>		
<b>Annual Plan Actions</b>	<b>Progress on Actions</b>	<b>Status</b>
1.1.1 Community education and communication.	Natural Resource Management activities were promoted through Council's communication tools as they arose.	Complete
1.1.3 Community engagement in environmental projects.	In partnership with TasPorts and Furneaux Landcare, Council coordinated the 2014 National Plant a Tree Day event. 20 community volunteers planted approximately 250 native and endemic plants in the new Fisherman's Memorial Park at the Lady Barron Port Area.	Complete
1.1.4 Environmental sustainability of Council programs and operations.	Council's Roadside Weed Management Program was completed for the year. All gravel and bitumen roads were sprayed during the growing season.	Complete and ongoing
1.1.5 Transition to sustainable Solid Waste Management Systems.	The Lady Barron Waste Transfer Station was completed and opened for use on 4 <sup>th</sup> June. The Lady Barron Tip was closed on the same day and reclamation has commenced.	Complete and ongoing
	Council's waste management consultants developed a Waste Management Strategy for the Municipality. The Strategy was adopted by Council at the February Council Meeting and implementation has commenced.	Complete and ongoing
	Investigations into incineration, exportation and crushing of waste are underway. The purchase of a mulching head attachment for the excavator will now enable green waste at the Lady Barron Transfer Station and Whitemark Tip to be mulched.	Complete and ongoing
<b>Strategic Direction 1.2 Design land use and development policies that balance environmental, economic and social outcomes.</b>		
<b>Annual Plan Actions</b>	<b>Progress on Actions</b>	<b>Status</b>
1.2.1 Clarify principles, policies and specific criteria that can be integrated in levels of planning mechanisms.	A draft version of the Land Use Strategy was prepared. Final endorsement by Council has been deferred until the new Strategic Plan is completed to ensure consistency between documents.	Ongoing

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

<b>Annual Plan Actions</b>	<b>Progress on Actions</b>	<b>Status</b>
1.3.1 Protect and as required formalise public access to coastal and inland areas.	Parcels of Crown Land that Council wishes to purchase or have transferred have been identified and discussions with Crown Land Services and Parks and Wildlife Services continue while each parcel of land is assessed. It is envisaged that all remaining land will be transferred to Council in one transaction if the project proceeds.  Council secured public access to White Beach during the year.	Complete and ongoing
1.3.2 Provide residential, tourism and recreational opportunity adjacent to environmental assets where the necessary balance can be achieved.	Improvements to the Whitemark Foreshore commenced. The BBQ shelter, gas BBQs and outdoor exercise equipment were installed. A walking trail that meanders through the coastal vegetation was cut and pocket plantings of vegetation commenced. The new toilet was ordered and will be installed in the next financial year.  A proposal with costings for one coastal segment of the Flinders Trail has been finalised. Works will begin in the new financial year.	Ongoing  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.**

<b>Annual Plan Actions</b>	<b>Progress on Actions</b>	<b>Status</b>
2.1.1 Review options for change in ownership of road network elements – major and highly localised.	The Transport Asset Management Plan was revised in line with the Long Term Financial Plan and presented to Council as part of the budget workshops. The plan will be reviewed by the Audit Panel in March 2016 in accordance with their adopted annual work plan.	Complete and ongoing
2.1.2 Review community facility portfolio with the view of developing a profile that matches contemporary and emerging needs.	Actions arising from the 2013/2014 Flinders Island Recreational and Community Facilities Assessment and Infrastructure Plan continue to be substantially met.	Complete and ongoing
2.1.3 Airport Master Plan	Work commenced on the development of a Condition of Use agreement for all airport tenants. This document will include leasing arrangements for hire car parking, Regular	Ongoing

	<p>Passenger Transport (RPT) operator agreements and landing fees and agreements with charter operators and other main users of the Flinders Island Airport.</p> <p>The airport house has been sold and will be removed next financial year.</p> <p>The Flinders Island Airport held their annual emergency exercise in mid-November. Sharp Airlines showed local emergency services around a metroliner and presented vital information for rescuers/fire fighters in the event of an aircraft incident. All agencies responded well to the exercise and a high level of skill was noted by observers from Tasmania Fire Service and Ambulance Tasmania.</p> <p>The Airport Business Plan was received by Council at the April Council Meeting.</p>	<p>Complete and ongoing</p> <p>Complete</p> <p>Complete</p>
2.1.4 Capital Works Program	<p>Airport consultants (aurecon) and airport surveyors completed a feasibility study assessing the viability of a new runway alignment at the Flinders Airport.</p> <p>The airport apron expansion project was completed during the year.</p> <p>Imported aggregate was used for the road resheeting program. Palana Road reconstruction sections were trimmed and sealed.</p> <p>Resheeting of the allotted gravel roads took place.</p> <p>The bridge guard rail replacement program for the year was completed.</p> <p>Aaron Burke Contracting completed the annual vertical slashing program.</p> <p>A 15 cubic metre waste bin was purchased for the Lady Barron Transfer Station.</p> <p>The footpaths program was deferred until the 2015/16 year.</p>	<p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Deferred</p>

**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
<p>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.</p>	<p>A landscape plan for the central zone of the Whitemark Foreshore Recreation area was finalised. The construction of the BBQ and the installation of the outdoor permanent exercise equipment were completed.</p>	<p>Complete and ongoing</p>
	<p>Stage 1 of the building upgrades to Emita Hall was completed. Community volunteers and members of the Furneaux (Emita) Hall and Recreational Ground Special Committee will complete the painting of the kitchen and bathrooms in the next financial year.</p>	<p>Complete and ongoing</p>
	<p>The general aviation (GA) apron at the airport was moved to the northern side of the fuel bowser and a new security gate was installed with a key pad operation that allows pilots access to the apron.</p>	<p>Complete</p>
	<p>New carpet was laid in the main terminal.</p>	<p>Complete</p>
	<p>An excavator was purchased to enable ongoing runway repairs.</p>	<p>Complete</p>
	<p>All Federal Government grant funding milestones for the delivery of the apron and taxi way expansion were met and the grant acquitted.</p>	<p>Complete</p>
	<p>A public facilities project to replace three pit latrines at Trousers Point, Yellow Beach and Killiecrankie commenced. Sites were assessed by Council and Parks and Wildlife Service Officers and surveyed to determine the most appropriate sites.</p>	<p>Ongoing</p>
	<p>Planning commenced for the combined upgrade and modifications to the Lady Barron Hall. The architect engaged to manage the project developed concept plans with community input. A preliminary costed and prioritised schedule of works will be presented as part of the 2015/16 Council Budget.</p>	<p>Complete and ongoing</p>
<p>Council supported the Lady Barron Hall &amp; Recreation Special Committee of Council with a Tasmanian Community Fund grant application for \$160,000 to fund the building of a Fitness Annex and kitchen upgrades to provide food preparation and food serving facilities. The</p>	<p>Complete and ongoing</p>	

	<p>application was successful and a Steering Committee (Build) has been formed to oversee the project with members from the Lady Barron Hall &amp; Recreation Special Committee of Council and Council staff.</p> <p>Purchase of the Lughrata Gravel Quarry site was completed. A Mining Lease has been submitted to Mineral Resources Tasmania for approval.</p> <p>A machinery shed has been erected at the depot.</p> <p>The feasibility study into the development of a Waste Effluent Processing facility by Coffey Environments Australia Pty Ltd (Coffey) was tabled at the February Council Workshop. Ideas from the workshop are being explored by Coffey and Council staff.</p> <p>Reconstruction and sealing of sections of Palana Road took place in April. A new Bitumen Sprayer Truck and two automated aggregate spreader boxes was ordered and will be available for the 2015/16 resealing program.</p> <p>Maintenance works to the Strait Works Gallery were completed.</p> <p>Council received a dollar for dollar grant from Marine and Safety Tasmania to replace the old Whitemark jetty with a prestressed concrete structure and a concrete overlay on the existing ramp. Work will commence in 2015/16.</p> <p>New signage for the Palana and Port Davies Boat Ramps was installed.</p>	<p>Complete and Ongoing</p> <p>Complete</p> <p>Ongoing</p> <p>Complete</p> <p>Complete</p> <p>Ongoing</p> <p>Complete</p>
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**Strategic Direction 2.3 Lobby utility and access providers to meet obligations for infrastructure policy and service provision to provide for relative equity.**

<b>Annual Plan Actions</b>	<b>Progress on Actions</b>	<b>Status</b>
2.3.1 Develop base positions, identify key players, lobby and as necessary respond to opportunities and incidents.	TasWater announced that they will be investing in two new water treatment plants at Lady Barron and Whitemark.	Ongoing
	The 2014/2015 Shipping Contingency funding was utilised to support third party stevedore operations in the Lady Barron Port.	Complete
	Hydro Tasmania secured \$5.5 million funding from the Australian Renewable Energy Agency (ARENA) to support the development of a renewable energy project on Flinders Island. The \$12.88 million Flinders Island "Hybrid Energy	Ongoing

	Hub" project will see a significant off grid hybrid system developed. The hybrid system will be capable of displacing up to 60% of the annual diesel fuel used on the island to generate electricity. While the Council initiated Renewable Energy Plan for the island has not been forthcoming, the project to be developed by Hydro Tasmania is a major investment into the island's future and its potential economic growth.	
<b>Strategic Direction 2.4 Pursue "best practice" delivery models that balance cost and outcomes.</b>		
<b>Annual Plan Actions</b>	<b>Progress on Actions</b>	<b>Status</b>
2.4.1 Further refine the long term asset management plan to inform sustainable service delivery and standards.	<p>The Long Term Asset Management Plan was entered into Council's financial management software Xero and will be maintained on a regular basis.</p> <p>The Transport Asset Management Plan was presented to Council as part of the budget workshops. The plan will be reviewed by the Audit Panel in March in accordance with their adopted annual work plan.</p> <p>The Bridge Railing Risk Assessment and Replacement Schedule was adopted at the December Ordinary Meeting of Council.</p>	<p>Complete and Ongoing</p> <p>Complete and ongoing</p> <p>Complete</p>
2.4.2 Review infrastructure management and operational procedures as basis of introduction of continuous improvement system.	<p>The road resealing program for 2014/15 was put to tender and found to be financially unviable. Council decided to undertake the works itself and postponed the program until materials and equipment could be delivered to the Island. Sealing aggregate was imported in conjunction with the airport works and a current specification Bitumen Sprayer Truck and two automated aggregate spreader boxes were purchased. These will be available for the 2015/16 Resealing Program.</p> <p>A mulching head attachment was purchased for the excavator which will enable it to mulch both standing and felled trees and branches up to 200 millimetre diameter. This attachment will be used to mulch green waste at our waste sites as well as provide a safe and effective means of removing dangerous trees from our roadsides and Hydro Tasmania's power lines. It will also be available for private works.</p> <p>A review of hall booking processes was undertaken resulting in updated hall hire booking forms.</p>	<p>Complete and ongoing</p> <p>Complete</p> <p>Complete</p>



2.4.3 Service standards are provided in line with asset management plan and budget allocations provided by Council.	A very dry summer resulted in some gravel roads corrugating. Grading took place when much welcomed autumn rain arrived. Bitumen roads were continually patched and edged.	Complete and ongoing
	Bridge maintenance and bridge guard rail installation was undertaken.	Ongoing
	All roads requiring slashing were completed.	Complete

**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 Councils 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.	Specific Area planning completed with respect to desired future character statements incorporated into planning scheme for all zones and all localities relevant to each zone. Further community engagement will occur when the interim scheme is released.	Complete and ongoing
	Preparatory work in relation to bushfire hazard mapping at Lady Barron was conducted and a project brief to engage an accredited person to prepare a mitigation plan as the first step to the overlay for the planning scheme was drafted.	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	Council worked with Esk mapping for rural living maps to be included in Land Use Strategy and Rural Living Strategy as justification of zone. Rural Living Strategy work will roll into scoping	Ongoing

business and residential development.	for a place based strategy around housing, lifestyle and niche enterprise development. Rural Living Strategy will be part of the documentation accompanying the Interim Planning Scheme when it is submitted to the Tasmanian Planning Commission.	
<b>Strategic Direction 3.4 Facilitate rehabilitation of underused sites to encourage higher value development and improve amenity</b>		
3.4.1 Identify strategic sites and facilitate rehabilitation as appropriate.	<p>A trial of the dilapidated building guidelines as issued under the <i>Building Act 2000</i> is being investigated. Staff are yet to be convinced that the guidelines provide for the best outcomes in the most appropriate and efficient manner. Flinders Council EHO is to report back to the Local Government Managers Association - Special Interest Group (Legal) on the use of the guidelines.</p> <p>A quote has been received for the remedial works to occur at the Summer Camp shed and although some costs could be recuperated through land sale arrangements under the <i>Local Government Act 1993</i>, Council would initially need to cover the costs of all building removal and remedial works required at the site. A specific allocation of funds will be required in the financial year(s) ahead if the building is to be removed.</p>	<p>Ongoing</p> <p>Ongoing</p>
<b>Strategic Direction 3.5 Prepare a contemporary planning system, supporting development and people to achieve their goals while protecting environmental values.</b>		
<b>Annual Plan Actions</b>	<b>Progress on Actions</b>	<b>Status</b>
3.5.1 Complete and implement the new Flinders Planning Scheme.	<p>Council collaborated with TasFire on mapping for bush fire prone areas which has direct implications for the planning scheme and maps for specific area plans and scheme overlays.</p> <p>Council attended forums hosted by the Planning Task Force to remain updated on progress of the State in relation to the Government's position for a single state-wide planning scheme.</p> <p>Substantial work was completed on the scheme. A review of zones, use tables and collation of approved regional provisions was completed and Character Statements and Objectives were written for most zones. Anomalies and mapping requirements were identified for future discussion.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Completed and ongoing</p>

**Strategic Direction 3.6 Provide professional application and inspection approval processes.**

<b>Annual Plan Actions</b>	<b>Progress on Actions</b>	<b>Status</b>
3.6.1 Provide qualified advice and excellent customer service to facilitate applications, advice, approvals and inspection processes.	West Tamar Council provided planning services for the year. Standard Operating Procedures related to planning were reviewed to align with the new consultancy arrangements.	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.**

<b>Annual Plan Actions</b>	<b>Progress on Actions</b>	<b>Status</b>
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 and licences issued, Essential Health and Safety inspections, 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
	Food inspections are conducted on an annual basis with any matters being addressed with the applicants at the time of inspection and subsequent follow up. Food handlers’ courses are ongoing on an as needs basis. Food handling and production continues to operate at a high standard.	Complete and ongoing
	The State Immunisation Program for the year was completed. Close liaison and improved communications with the surgery nurse and the school enabled the immunisation program to run smoothly. A larger number of participants were recorded this year. All details are maintained in Council's VacciWise program.	Complete and ongoing
	The recreational water sample program ran from December to March with samples from Killiecrankie, Allports Beach, Whitemark Foreshore Beach and Lady Barron Beach (near the slip and storm water outfall) with all showing satisfactory results.	Complete and ongoing

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

Annual Plan Actions	Progress on Actions	Status
<p>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.</p>	<p>A draft of the Business Continuity Plan to guide Council's operations in the event of a systems failure is underway and will be completed in the first quarter of 2015/16.</p>	<p>Ongoing</p>
	<p>The risk assessment register was reviewed and work will continue to minimise identified risks.</p>	<p>Complete and ongoing</p>
	<p>The Furneaux Area Fire Management Plan was completed and endorsed by the State Fire Management Council. Fuel reduction activities occurred in the Lady Barron area as a key action within the Fire Management Plan. An application for funding for fire trail development was submitted to the State Fire Management Council. Notification on its status is yet to be received.</p>	<p>Complete and ongoing</p>
	<p>The Flinders Emergency Communications Plan is in its final stages of completion. An audit of communication devices was undertaken. A UHF coverage map identifies the UHF repeater reception areas on Flinders Island and highlights the areas where two-way UHF communication can be achieved. Parts of the Plan will be promoted to the public in the future to ensure efficient communication in times of emergencies.</p>	<p>Complete and ongoing</p>
	<p>Satellite phones obtained by Council are in full operational mode. Training in the use of satellite phones was provided to those Municipal Emergency Management Committee members that had not previously used one.</p>	<p>Complete and ongoing</p>
	<p>The Municipal Emergency Management Plan was reviewed by the Committee and sent to the Commissioner for approval. A sub-plan of the Municipal Emergency Management Plan is the Flinders Recovery Plan which includes evacuation/recovery centre guidelines and checklists. The creation of this sub-plan enabled a Recovery Committee to be formed which is working towards putting asset and resource registers together for use in times of need.</p>	<p>Ongoing</p>
	<p>Red Cross training is planned for early 2015/16 in order to start a Flinders Island red cross volunteer group to provide psychological and incident recovery support.</p>	<p>Ongoing</p>

**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
<p>4.3.1 Engage with, as necessary support and integrate into Flinders Council plans, key community based service providers.</p>	<p>Flinders Council, Newstead College and Flinders Island District High School (FIDHS) facilitated the Work Placement Program for three Newstead College students in July 2014. In partnership with Meander Valley Council, Council facilitated two students from FIDHS to attend the Stepping Stones Leadership Camp in September 2014. As part of the Transition Program Partnership, Council and FIDHS held a BBQ at the Whitemark foreshore for the four Flinders Island students heading off to attend Scotch and Newstead Colleges. As part of the Autumn School Holiday Program, Council coordinated the FIDHS Student Council to meet with the visiting Dorset Council Leadership Group for a social BBQ.</p>	<p>Complete</p>
	<p>Flinders Council received a Medibank Active Tasmania Local Government Award for the delivery of five health and wellbeing programs to benefit the community - Actively Flinders, Rural Heath Week, Plant a Tree Day, annual School Holiday Program and an upgrade to the Whitemark foreshore.</p>	<p>Complete</p>
	<p>Council initiated the 'Mums on the Move' health promotion program to the target audience of young mums. A partnership between Council, the Northern Children's Network (Duck Pond Child Care) and Womensport &amp; Recreation Tasmania, the program involved 10 weeks of fitness and healthy lifestyle choice sessions. Council facilitated the local fitness instructor and physiotherapist to deliver the 12 week Tasmania Medicare Local program 'Strength 2 Strength' aimed at the 60+ age group.</p>	<p>Complete</p>
	<p>Local health services with a funding contribution from the Rural Primary Health Service Program (RPHS) were delivered successfully.</p>	<p>Complete</p>
	<p>Council in conjunction with the Flinders Island Tourism &amp; Business Association (FITBA) secured funds from the State Government to support Flinders Island Brand and Marketing Strategy projects and further work on the Flinders Trail project.</p>	<p>Complete and ongoing</p>
	<p>Council worked closely with the Flinders Island</p>	<p>Complete and</p>

	<p>Aboriginal Association Inc. to deliver school holiday program activities and have discussed partnering to deliver the Furneaux Islands Festival in 2016.</p>	ongoing
	<p>The State Government and Council funded Whitemark Civic Centre Development Project for improvements to the entrance to the Furneaux Arts &amp; Entertainment Centre was completed.</p>	Complete
<p>4.3.2 Build civic engagement and increase civic pride through evidence based research, agreed events, programs and improved communication with the community.</p>	<p>The ANZAC Centenary program was successfully delivered. This program included parking bay, pathway, seating and garden improvements to the Cenotaph site at Emita; installation of solar lights, bronze plaque, wall, water feature, and honour roll at the Furneaux Arts &amp; Entertainment Centre; and delivering a Remembrance Day Event on the 11<sup>th</sup> November 2014 to approximately 200 community members.</p>	Complete
	<p>The Furneaux Islands Festival was delivered successfully over the Australia Day long weekend. Social Circus Tasmania, funded by a State Government Australia Day Great Ideas grant, delivered community circus workshops. The Tasmanian Regional Arts –Flinders sub-branch and Sharp Airlines provided a return flight for performer Kavisha Mazzella and Flinders Island Aviation provided a return flight from Cape Barren Island for performer Jim Everett. The Flinders Island Cabin Park supported accommodation of the visiting performers and the Sports &amp; RSL Club hosted the community BBQ Day with the support of the Furneaux Tavern and the Interstate Hotel.</p>	Complete
	<p>Council provided support and/or promotion for community events throughout the year including the Emita Sports Day; First Aid courses; Flinders Flicks; Flinders Island Running Festival; Australian Red Cross community emergency preparedness training; St John First Aid courses; Ten Days on the Island event; Quick Shear; Dancing in the Dark; Lady Barron Festival; Royal Flying Doctor Service concert; and the Remembrance Day event.</p>	Complete
	<p>The 2015/16 Community Grant and Gunn Bequest applications were considered at the May Ordinary Meeting of Council. A total of \$11,662.50 plus in-kind support was awarded to</p>	Complete

	<p>12 community organisations.</p> <p>Events, activities and programs were promoted via Council's online tools, including the community online noticeboard and community calendar.</p> <p>The 2014 Citizen of the Year Award program was successfully administered with Pura Graham being awarded as Citizen of the Year at the Flinders Island Show.</p>	<p>Complete and ongoing</p> <p>Complete and ongoing</p>
<p><b>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.</b></p>		
<b>Annual Plan Actions</b>	<b>Progress on Actions</b>	<b>Status</b>
<p>4.4.2 Deliver and/or facilitate delivery of health and activity based programs and events for community and youth.</p>	<p>Attendance, participation and support was provided at all Furneaux Community Health Special Committee meetings.</p> <p>The final phase of the Community Road Safety Partnership was completed which included the delivery of mirror hangs to car hirers and the installation of a road sign at the airport. All rental accommodation have included copies of the sign in visitor information folders and the Tourism Association has added the "Slow down and Watch out for Wildlife" message on the new version of the tourist maps.</p> <p>The Annual School Holiday Program was delivered. Winter included attendance at the Flinders Island Aboriginal Association Inc. (FIAAI) NAIDOC celebrations and BBQ, arts classes with a local artist, Master Chef cook-off in the school kitchen, DJ workshops, games and activity day and an Amazing Race.</p> <p>Spring included movie matinees, tennis and fishing, show entry preparation, outdoor activities and obstacle course, commando challenge, and creative arts with local artist.</p> <p>Summer included circus workshops provided by Social Circus Tasmania and surfing and snorkelling sessions.</p> <p>Autumn was delivered in conjunction with FIAAI and included stencil art workshops by visiting artist, T-Shirt screen printing and a Pop-Up exhibition of the art created, a social BBQ for the secondary students and Dorset Leadership Group, a Glow in the Dark Disco and a youth activity day.</p> <p>Total Attendance for school holiday program 2014/15 = 742 Winter - 96</p>	<p>Complete and ongoing</p> <p>Complete</p> <p>Complete and ongoing</p>

	Spring - 123 Summer - 325 Autumn - 198	
<b>Strategic Direction: 4.5 Support capacity building in community organisations and facilitate the development of community enterprise</b>		
4.5.1 Identify opportunities to enhance the delivery and governance skills of community organisations and establishment of community responses to opportunities and challenges	Council provided significant support to Tasmania TAFE with the delivery of hospitality, tourism and event training on the Island, made available through a Skills Fund Grant supported by the local Tourism Association.	Complete
	Australian Red Cross emergency preparedness workshops and St John First Aid Training were promoted, coordinated and supported by Council.	Complete
	Council, in partnership with the Institute of Project Management through a small grant from the State Government Skills Tasmania Equity Support Program enabled the delivery of Project Management training to 10 community members.	Complete
<b>Strategic Direction 4.6 Joint venture as appropriate to influence external organisations (agencies etc) in the development of policy and delivery of services and events</b>		
4.6.1 Identify strategic opportunities and challenges to the Furneaux future, develop and prosecute a position supported by key community groups	The General Manager engaged with representatives of the Golf Club and discussed their desire to upgrade the facility. The addition of modern health and wellbeing facilities at a redeveloped Golf Club site would relieve pressure on the Furneaux Arts and Entertainment Centre. This project, while supported by Council, has to date been challenging to deliver in any meaningful way given the existing workloads of staff.	Ongoing

**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.**

<b>Strategic Direction 5.1 Support the capacity and productivity of our organisation and a culture of professionalism, compliance, innovation and service.</b>		
<b>2012/13 Annual Plan Actions</b>	<b>Progress on Actions</b>	<b>Status</b>
5.1.1 Design and implement an integrated governance,	The new accounting software Xero was introduced at the start of the financial year and it has proven to be a user-friendly system.	Complete



<p>strategic and operational planning and service delivery system.</p>	<p>The Grant and Contract Management system was reviewed and improvements implemented.</p> <p>Eight Council policies were reviewed and amended, three new policies were adopted and one was rescinded throughout the year.</p> <p>Copies of the adopted 2014/15 Annual Plan were provided to the Director of Local Government and the Director of Public Health and a copy of the 2014/15 Annual Plan and Council Budget Estimates were lodged with the State Library of Tasmania. The 2013/14 Annual Report was completed and accepted at the Flinders Council Annual General Meeting.</p> <p>Records management practices within Council continue to be updated. A Shared Drive File Index using universal folder headings has been developed and implemented so that all files can be easily accessed by staff.</p> <p>Council scanned and filed Council Minutes from 1971-1989 in preparation for transfer of the original documents to the Tasmanian Archive and Heritage Office (TAHO). This transfer was requested by TAHO in line with the <i>Archives Act 1983</i>.</p> <p>Council archives stored at the Airport House were transferred to a container as interim storage until a permanent storage shed can be constructed.</p>	<p>Complete and ongoing</p> <p>Ongoing</p> <p>Complete</p> <p>Ongoing</p> <p>Complete</p> <p>Ongoing</p>
<p>5.1.2 Design and implement a continued professional development &amp; productivity Improvement Program</p>	<p>Council, in partnership with the Institute of Project Management through a small grant from the State Government Skills Tasmania Equity Support Program, enabled the delivery of Project Management training to Council staff and the development of a Council Project Management Framework to help guide staff through the different 'gates' of Project Management. A series of templates for the planning, implementation and reporting of Council projects were also developed.</p> <p>The Integrity Commission provided a number of training units on ethics, transparency and accountability for Council staff.</p>	<p>Complete and ongoing</p> <p>Complete and ongoing</p>
<p>5.1.3 Achieve a sustainable balance of</p>	<p>An Internal Audit Toolkit was developed in collaboration with a number of Councils to be</p>	<p>Complete and ongoing</p>

<p>income, investment and recurrent expenditure.</p>	<p>used to audit selected financial procedures and provide recommendations for improved systems and processes. A schedule is in place outlining the internal audit checks that will be carried out in the new financial year.</p> <p>The Long Term Financial Plan and Asset Management Plan were presented to the Councillors as part of the Budget Workshops and will be reviewed by the Audit Panel in March 2016 in accordance with their annual work plan.</p> <p>Council finalised the Investment Advisory Services Procurement Plan and expressions of interest were received from five investment advisory companies. A Request for Proposal along with Terms and Conditions was sent out to the five companies to complete. This project will be finalised in the next financial year.</p> <p>At the June Council Meeting, Council appointed an Independent Chairperson and an Independent Member to the Flinders Council Audit Panel and adopted the Audit Panel's Charter, Annual Work Plan and meeting procedures.</p> <p>2015/16 Budget Workshops were held in June.</p>	<p>Complete and ongoing</p> <p>Ongoing</p> <p>Complete and ongoing</p> <p>Complete</p>
<p>5.1.4 Provide best practice management and administrative support to Council decision making, implementation and evaluation.</p>	<p>Council assisted the Tasmanian Electoral Commission to conduct the 2014 Local Government Election for Flinders Council.</p> <p>Staff worked with the Sub-Regional Alliance to develop the New Councillor Induction Package.</p>	<p>Complete</p> <p>Complete</p>
<p><b>Strategic Direction 5.2 Develop and maintain an influential network of external stakeholders who understand the needs and direction of Flinders Council and are supportive</b></p>		
<p>5.2.1 Identify key external stakeholders and decision makers and actively introduce Flinders opportunities, issues and proposals to them in a timely and professional manner</p>	<p>The General Manager engaged with the following:</p> <ul style="list-style-type: none"> <li>• Minister for Infrastructure Rene Hidding and senior Department of State Growth staff on shipping related issues;</li> <li>• Member for Bass Sarah Courtney whilst visiting the island;</li> <li>• Minister for Planning, Peter Gutwein, to restate the need for the islands to have a localised approach to planning scheme development that cuts complexity, cost and processing time;</li> <li>• Minister for Information, Technology and Innovation, Michael Ferguson and his senior advisor and Telstra on a telecommunications</li> </ul>	<p>Complete and ongoing</p>

	<p>upgrade plan for the islands;</p> <ul style="list-style-type: none"> <li>• Federal Department of Infrastructure on the challenges of securing cost effective aggregate and bitumen sealing services and on the airport apron and taxiway project;</li> <li>• Federal Members for Lyons in relation to the ACCC investigating fuel prices in Tasmania and the cost of fuel in the islands;</li> <li>• Minister Matthew Groom, Department of State Growth on identifying areas where the Government may be able to assist local businesses by undertaking efficiency reviews, accessing subsidies and other channels of support that may be available;</li> <li>• Department of Premier and Cabinet to secure a visit of the Cabinet to Flinders in June;</li> <li>• Cindy Hanson from the Department of State Growth to discuss economic development opportunities on the island;</li> <li>• Minister Matthew Groom on the State Government's Population Growth Strategy and liaised with demographer Lisa Denny on its potential for encouraging population growth in the islands;</li> <li>• Hydro Tasmania to discuss the project planned for Flinders in the coming year and how Council may use it to leverage further benefit for the Community and the islands into the future.</li> </ul>	
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**Strategic Direction 5.3 Actively participate in local government, industry and regional organisations.**

<b>Annual Plan Actions</b>	<b>Progress on Actions</b>	<b>Status</b>
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) embarked on a Regional Futures Plan that aims to produce a plan for Northern Tasmania that unites regional stakeholders in a commonality of purpose to enhance regional welfare across seven key sectors - economy, society, environment, governance, utilities, education and health. The General Manager was appointed to the initial steering committee.	Complete and ongoing
	The Sub-Regional Alliance continued to deliver tangible outcomes and shared improvements across the membership group. The General Manager and Corporate Services Manager attended a two day internal auditing course where the cost was shared across the membership group and a range of internal standardised audit tools were developed. These will assist in the Audit Panel's functions and drive	Complete

	<p>productivity and compliance at an operational level. Management also provided assistance with the development of a business continuity plan and Councillor induction material.</p> <p>The Mayor and General Manager attended Local Government Association of Tasmania meetings and engaged on specific areas/projects where required.</p> <p>Executive Officer of Tourism North Tasmania Chris Griffin visited the Island to discuss a range of activities related to tourism marketing and branding and the Tourism Infrastructure Audit of the Northern Region.</p> <p>Management liaised with all Indigenous organisations with an interest in the islands.</p> <p>A new Indigenous Advancement Strategy (IAS) began on 1 July 2014 and replaced more than 150 individual programmes and activities with five flexible, broad-based programmes:</p> <ul style="list-style-type: none"> <li>- Jobs, Land and Economy</li> <li>- Children and Schooling</li> <li>- Safety and Wellbeing</li> <li>- Culture and Capability</li> <li>- Remote Australia Strategies</li> </ul> <p>The new flexible IAS is designed to allow government to work with communities to put in place activities that address local issues and the government's priorities. It also means simplified funding agreements and reporting for service providers. The General Manager has discussed these changes with the Flinders Island Aboriginal Association Inc. CEO and the State Department of Aboriginal Affairs and outlined Council's desire to assist with funding applications, projects or programs that might come out of this major change to funding arrangements.</p> <p>The Acting General Manager met with Pitt and Sherry and the Department of Health and Human Services to discuss waste management and ways in which Council could assist the Cape Barren Island Community.</p> <p>The General Manager finalised the transfer of properties on Cape Barren Island with the Deputy Premier. The goal of the transfer was to see the land returned to Aboriginal ownership and a great deal of work has been ongoing on this</p>	<p>Complete and ongoing</p> <p>Complete</p> <p>Complete</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
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	matter for some years. The transfer will be completed in the next financial year.	
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**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.**

<b>Annual Plan Actions</b>	<b>Progress on Actions</b>	<b>Status</b>
6.1.1 Implement and continually evaluate the Council's Strategic Plan.	Staff delivered quarterly annual plan assessment reports within specified timeframes which reported against the Strategic Plan.	Complete
	The 2013/14 Annual Report was completed and received at Flinders Council's Annual General Meeting on the 4 <sup>th</sup> December.	Complete
	Consultants were engaged to work with the newly elected Council to develop a new Council Strategic Plan. The Draft Strategic Plan was completed and will be finalised in the new financial year.	Complete and ongoing
	The 2015/16 Annual Plan was completed and will be presented to Councillors at the July 2015 Ordinary Council Meeting.	Complete and ongoing
6.1.2 Tourism	The General Manager presented a tourism and economic development project plan to Council and the State Government to seek approval and funding to implement. A one year funding agreement has been secured for tourism marketing efforts.	Complete and ongoing
	Council continued to work collaboratively with Tourism North Tasmania to drive brand recognition, visitation and tourism development. Flinders Island was successful in receiving two of the eight awards at the Tourism North Tasmania Champions of Tourism awards. The 'Best Northern Welcome' was awarded to Annie Wilkins at Mountain Seas and the 'Best Innovator' went to Flinders Island Meat.	Complete and ongoing
	A number of journalists visited resulting in a number of articles being published about Flinders Island.	Complete and ongoing
	Council supported Tasmania TAFE with the delivery of hospitality, tourism and event	Complete

	<p>training. The training was made available through a Skills Fund Grant which was supported by the local Tourism Association. Officers continue to work with Tourism North Tasmania to identify skills training for tourism and business to be delivered in 2015/16.</p>	
6.1.3 Investment Attraction	<p>Assistance has been provided to a range of local businesses including developers interested in a tourism investment and local businesses seeking to expand.</p> <p>A letter was sent to Minister Matthew Groom, Department of State Growth to identify areas where the Government may be able to assist local businesses by undertaking efficiency reviews, accessing subsidies and other channels of support that may be available.</p>	<p>Complete</p> <p>Complete</p>
6.1.4 Organisational collaboration and strengthening.	<p>Revised organisational structure and staff arrangements have worked well. Weekly Managers' Meetings provide an important forum to support collaboration and information exchange within the senior management group. A large amount of infrastructure projects delivered throughout the year required all staff to work closely together. The audit process again consumed a large amount of time for the General Manager and Corporate Services staff as did the usual State Government compliance reporting requirements.</p> <p>The General Manager continues to seek improvements to processes and delivery of development services functions and ongoing engagement with local staff and the West Tamar Council staff is seeing improvements made.</p> <p>With the General Manager on extended personal leave during the third quarter, all staff took on greater responsibilities in order to support the Acting General Manager and to ensure the smooth operation of the organisation. All departments collaborated and worked together as a team and developed a better understanding of duties performed by each department.</p> <p>With staff leave, sick leave and maternity and paternity leave, the multi-skilled aspects of our workforce were heavily tested through the year. Despite significant challenges staff continued to deliver the required programs and services and collaborated and worked well as a team.</p>	<p>Complete and ongoing</p> <p>Ongoing</p> <p>Complete</p> <p>Ongoing</p>

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

<b>Annual Plan Actions</b>	<b>Progress on Actions</b>	<b>Status</b>
6.2.1 Support increased brand recognition and communications.	<p>The Flinders Island Brand Working Group worked on a number of initiatives, including developing web based content for use in marketing efforts, upgrading the Flinders Island Tourism &amp; Business Association website, exploring event opportunities and developing a project plan for the "Flinders Brand" and "Marketing Strategy" projects to assist local businesses to promote their products and the island's brand values.</p> <p>A good working relationship has been established with Sharp Airlines Marketing Department and a list of the events to be held on Flinders Island with details and photographs were included in the Sharp Traveller magazine.</p>	<p>Ongoing</p> <p>Complete and ongoing</p>

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

<b>Annual Plan Actions</b>	<b>Progress on Actions</b>	<b>Status</b>
6.4.1 Develop and implement specific projects that will strategically advance economic opportunities for Council and Community.	<p>TasWater has confirmed that two new water treatment plants will be built on Flinders at an estimated cost of \$10 million.</p> <p>Hydro Tasmania has submitted a Development Application for a renewable energy project on Flinders Island. This project will provide a basis for the future expansion of renewable energy penetration and use on the island. Management are still in discussions with a private equity firm in efforts to secure funding for the Flinders Renewable Energy Plan but without State Government support it is difficult to see the project coming to fruition in the short to medium term.</p> <p>The General Manager worked closely with the Minister for Information, Technology and Innovation, Michael Ferguson, his senior advisor and Telstra on a telecommunications upgrade plan for the islands. \$125,000 was secured in the Tasmanian Budget for this important initiative. Telstra are committed to providing the first draft of the plan for consideration early in the next financial year. Council has received a confidential proposal from Telstra. The General Manager has met with the Minister and his</p>	<p>Complete and ongoing</p> <p>Ongoing</p> <p>Ongoing</p>

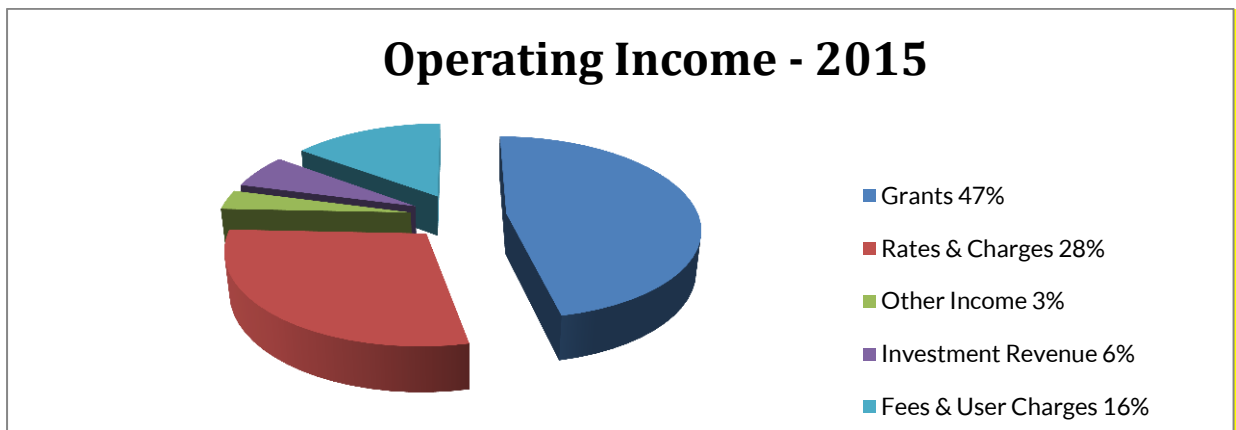
	advisor and the Federal Member for Bass' senior advisor in relation to the best approach to secure funding for this important project. Council lobbied the State Cabinet on the matter at its 30 <sup>th</sup> of June Regional Cabinet meeting.	
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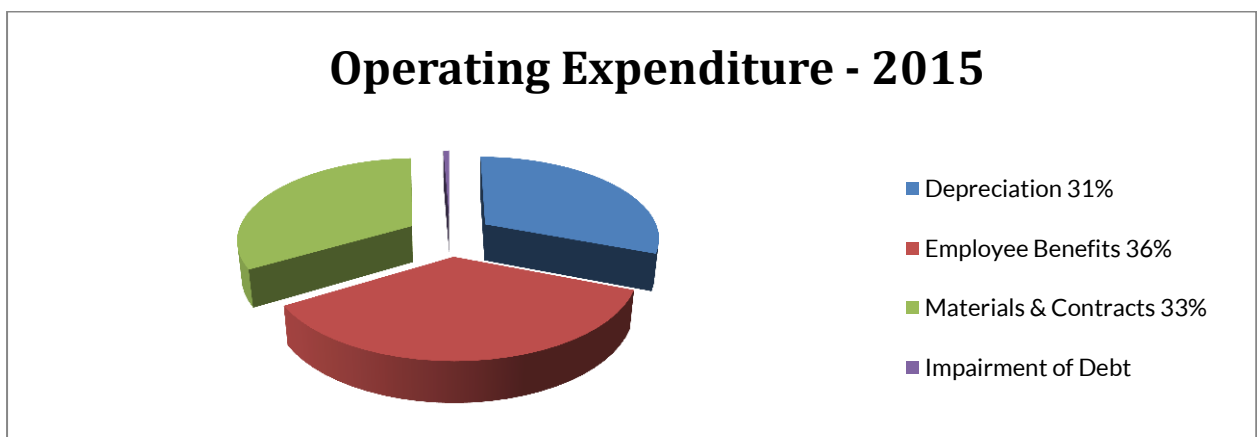
## FINANCIAL OUTCOMES AT A GLANCE

FINANCIAL SUMMARY	Actual	Budget
<b>Results from ordinary activities</b>		
Income	4,876,027	4,175,107
Expenditure	4,735,778	5,872,274
<b>Results from ordinary activities*</b>	<u>140,249</u>	<u>(1,697,167)</u>
Items related to Capital	2,840,421	1,007,883
<b>Surplus for the year</b>	<u>2,980,669</u>	<u>( 689,284)</u>
<b>Financial Position</b>		
	<b>2015</b>	<b>2014</b>
Total Assets	56,212,185	53,199,560
Total Liabilities*	<u>713,976</u>	<u>751,754</u>
Net Community Equity	<u>55,498,210</u>	<u>52,447,807</u>
* No loans.		
<b>Key Assets (included in Financial Position)</b>		
Community Infrastructure & Assets	45,377,486	41,982,433
Cash Assets	6,806,679	7,588,138

**Operating Income Chart** – This chart depicts Council’s operating income by source for the 2014/15 Financial Year.



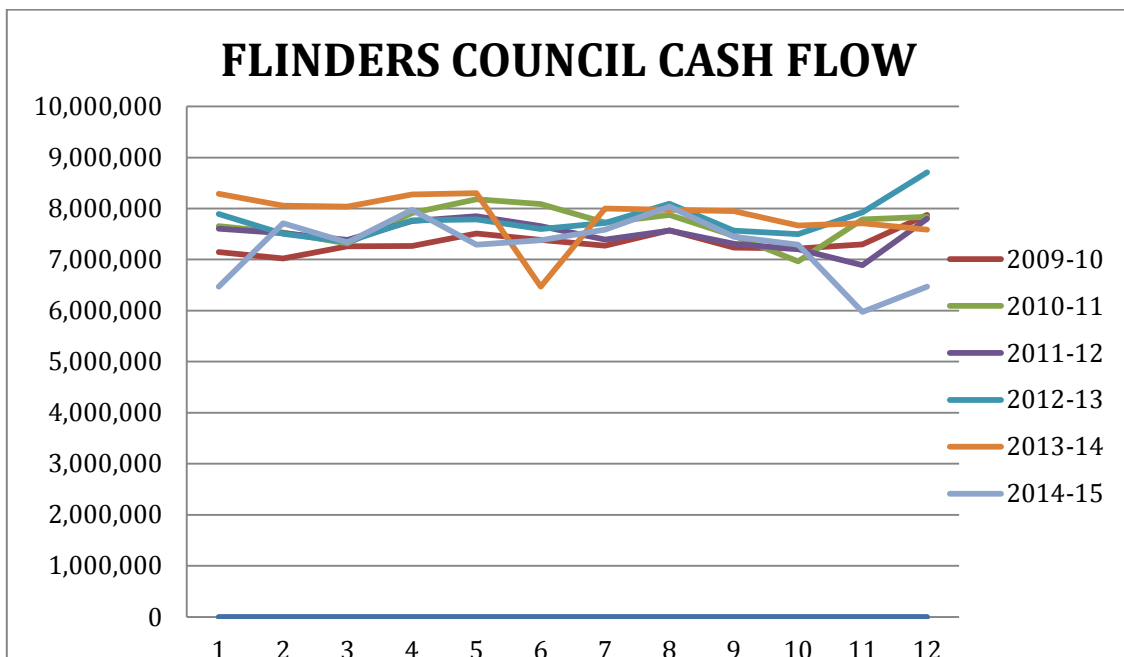
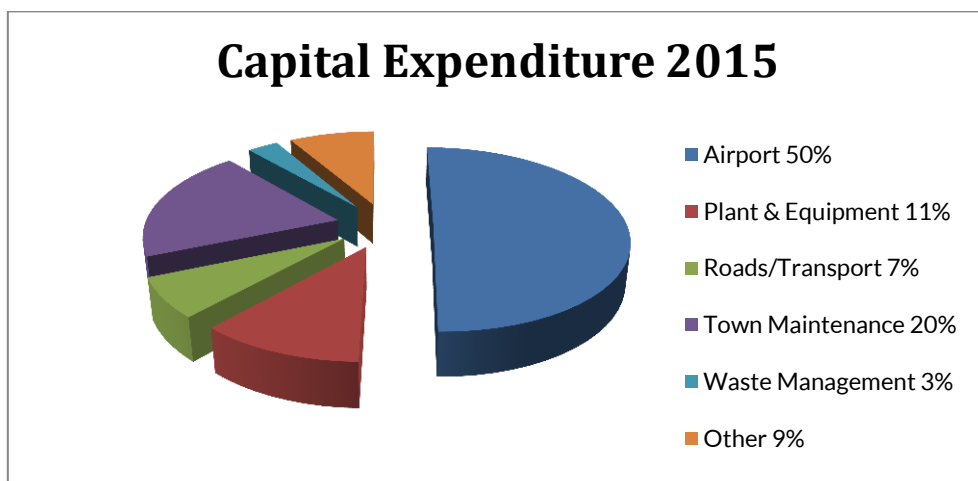
**Operating Expenditure Chart** – This chart depicts Council’s operating expenditure by type for the 2014/15 Financial Year.



FINANCIAL SUMMARY	Actual	Budget
<b>Capital Expenditure</b>		
Airport	1,584,952	1,778,036
Plant & Equipment	360,622	227,000
Roads/Transport	218,498	1,544,897
Town Maintenance	627,578	930,242
Waste Management	95,571	181,262
Other	264,999	27,000
	<u>3,152,220</u>	<u>4,688,437</u>

- Community Infrastructure Projects and the Resealing of the Roads have been carried forward to 2015/16. Other expenditure represents the purchase of the gravel quarry.

**Capital Expenditure Chart** – This chart depicts Council's capital expenditure by asset type for the 2014/15 Financial Year.



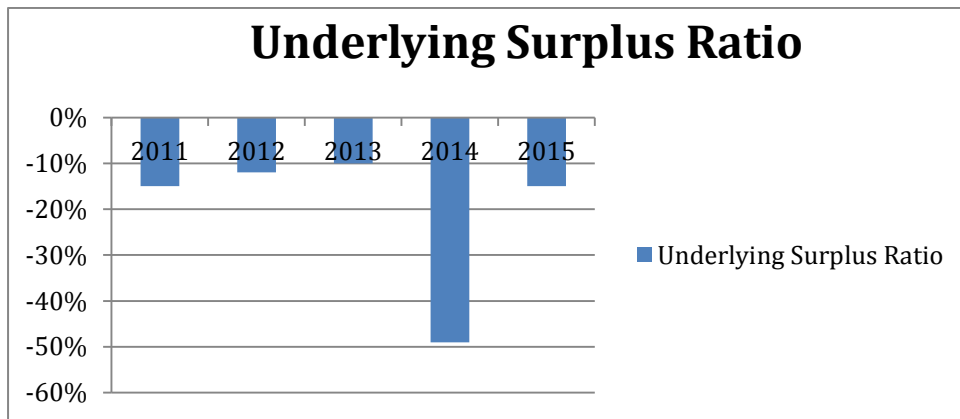


Figure 1 This ratio serves as an overall measure of financial operating effectiveness. The 2015 figures have been heavily influenced by the prepayment of the Financial Assistance Grant of \$653,000.

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 revenue that would have been required to achieve a breakeven operating result.

Council’s current position has improved since 2014 however the figures have been impacted by the prepayment of the 2015/16 Financial Assistance Grant funding. Council needs to be achieving a benchmark of 0% to be deemed to be sustainable.

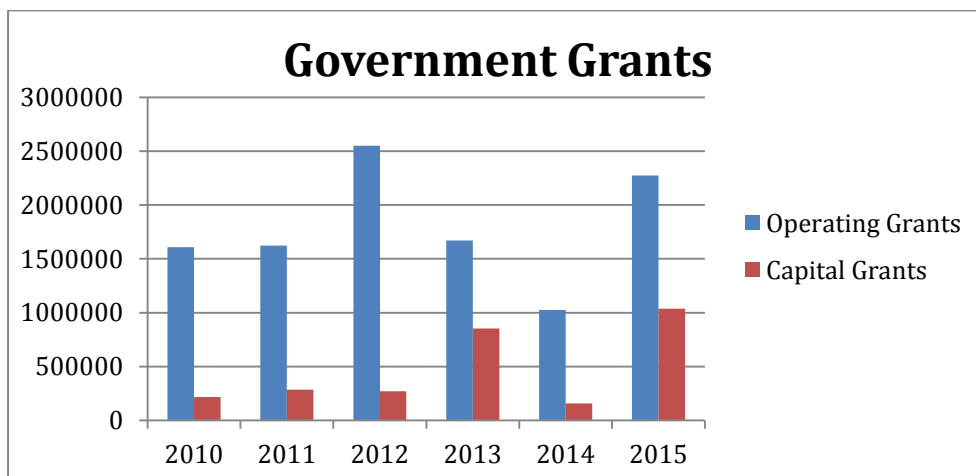


Figure 2 This Graph highlights how the Government Grants have influenced the Underlying Surplus Ratio. The prepayment of the Financial Assistant Grants in 2012/13 and 2014/15 reduced the underlying deficit in those years, however increased the deficit in 2013/14 and will have a negative impact on the 2015/16 underlying result.

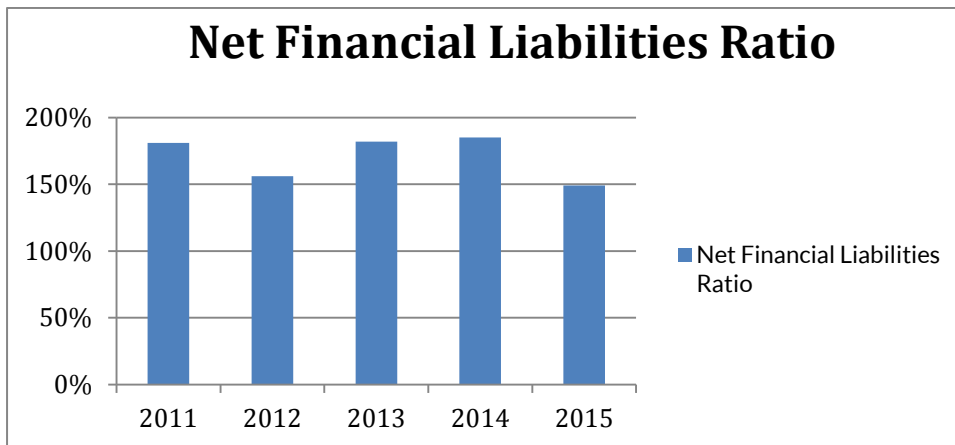


Figure 3 This ratio measures the net financial obligations of Council compared to its recurrent income.

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 Council is placed well with the level of cash reserves. Council’s position has improved since 2014, however it highlights the need for Council to be utilising debt to improve its long-term position. The benchmark for this ratio is between 0% to -50%.

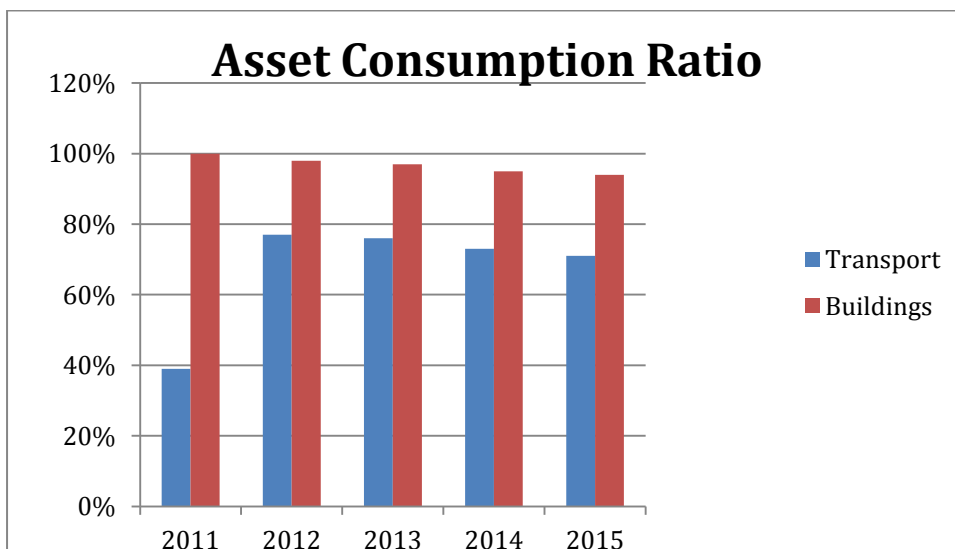


Figure 4 This ratio indicates the level of service potential available in Council's existing asset base.

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 is in line with meeting the benchmark of > 60% in the years ahead.

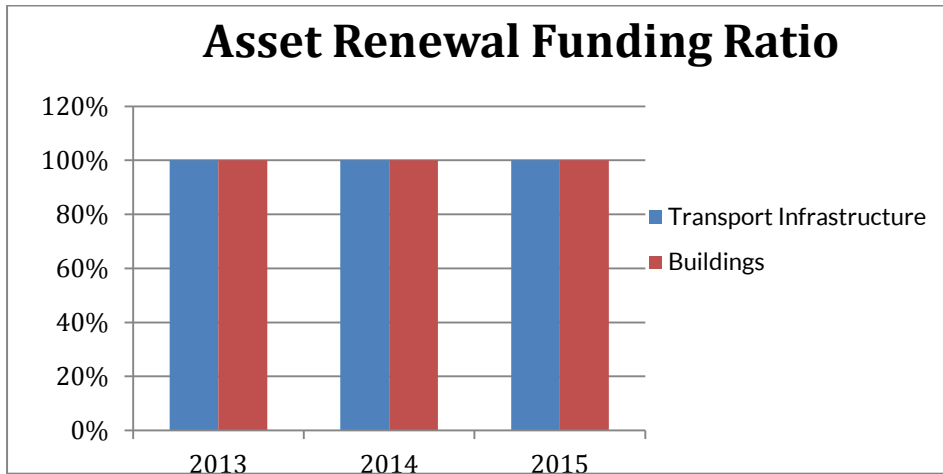


Figure 5 This Ratio measures Council's capacity to fund future asset replacement requirements.

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.

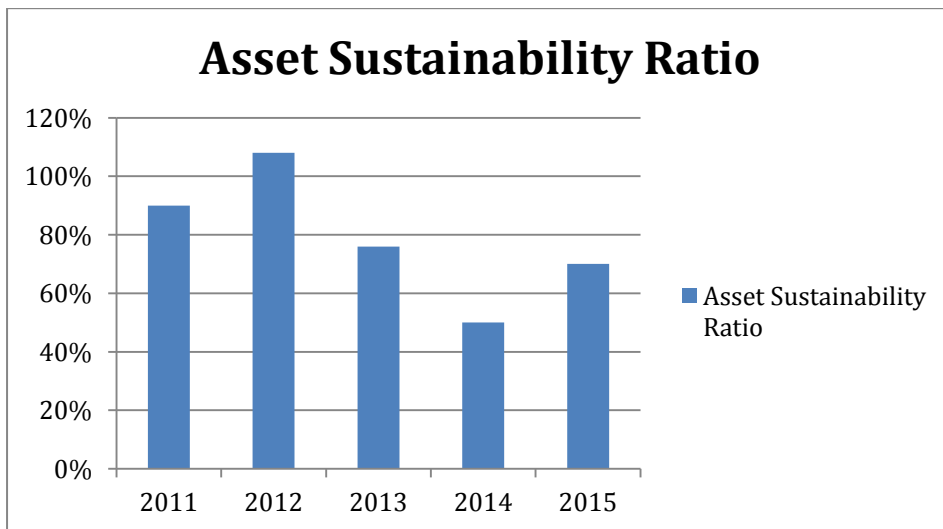


Figure 6 This ratio calculates the extent to which Council is maintaining operating capacity through renewal of their existing asset base.

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.

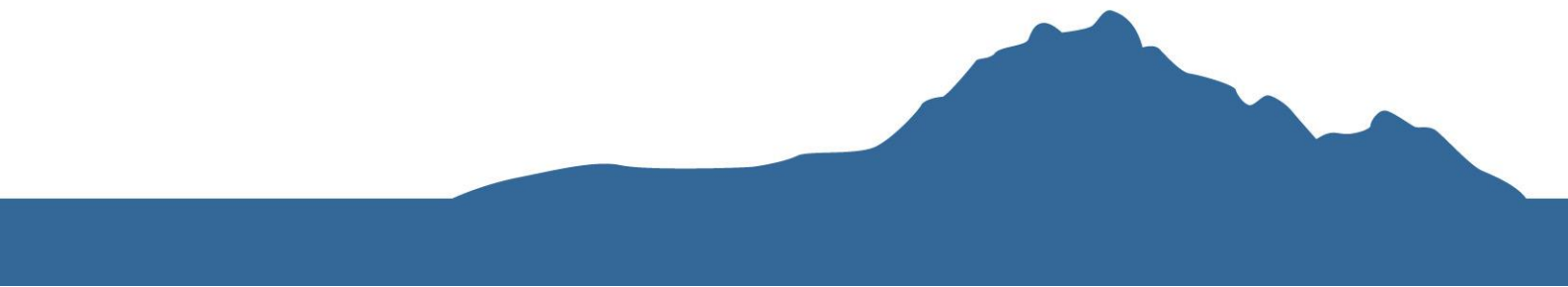
The Asset Sustainability Ratio has significantly increased in 2014-2015 due to the extension of the airport apron. The positive result is in line with the long term financial

plan and will continue to improve over the next few years as Council delivers results closer to the 100% benchmark.



# Annual Financial Report

For the year ended 30<sup>th</sup> June 2015



**Flinders Council  
Financial Report  
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**Statement of Comprehensive Income  
For the Year Ended 30 June 2015**

	Note	Budget 2015 \$	Actual 2015 \$	Actual 2014 \$
<b>Income</b>				
<b>Recurrent Income</b>				
Rates and charges	3	1,404,287	1,414,020	1,305,832
Statutory fees and fines	4	81,300	41,927	45,275
User fees	5	696,318	682,472	697,528
Grants	6	1,659,902	2,275,250	1,024,106
Interest	8	221,200	240,936	276,527
Other income	9	82,100	167,446	73,780
Investment revenue from water corporation	11	30,000	53,976	41,899
		<u>4,175,107</u>	<u>4,876,027</u>	<u>3,464,947</u>
<b>Capital income</b>				
Capital grants received specifically for new or upgraded assets	6	1,000,883	1,036,216	157,203
Contributions and found assets.	7	-	-	2,039,513
Recognition of land under roads			1,925,969	
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	10	7,000	(121,764)	(695,384)
		<u>1,007,883</u>	<u>2,840,421</u>	<u>1,501,332</u>
<b>Total income</b>		<u>5,182,990</u>	<u>7,716,447</u>	<u>4,966,279</u>
<b>Expenses</b>				
Employee benefits	12	(2,096,935)	(1,686,070)	(1,822,054)
Materials and services	13	(2,332,583)	(1,559,902)	(1,743,141)
Impairment of debts	14	-	(29,838)	(56)
Depreciation and amortisation	15	(1,442,756)	(1,459,968)	(1,436,691)
<b>Total expenses</b>		<u>(5,872,274)</u>	<u>(4,735,778)</u>	<u>(5,001,943)</u>
<b>Surplus / (deficit)</b>		<u>(689,284)</u>	<u>2,980,669</u>	<u>(35,663)</u>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to surplus or deficit</b>				
Net asset revaluation increment/(decrement)	27 (a)	-	43,837	(36,051,826)
		<u>-</u>	<u>43,837</u>	<u>(36,051,826)</u>
<b>Items that may be reclassified subsequently to surplus or deficit</b>				
Financial assets available for sale reserve				
— Fair Value adjustment to Investment in Water Corporation	27 (b)	-	25,897	(312,154)
<b>Total Other Comprehensive Income</b>		<u>-</u>	<u>69,734</u>	<u>(36,363,980)</u>
<b>Comprehensive result</b>		<u>(689,284)</u>	<u>3,050,403</u>	<u>(36,399,643)</u>

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

**Statement of Financial Position  
As at 30 June 2015**

	Note	2015 \$	2014 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	2,192,099	2,155,449
Trade and other receivables	18	185,963	209,323
Financial assets	19	4,614,580	5,432,689
Inventories	20	464,352	42,785
Other assets	21	67,157	83,591
<b>Total current assets</b>		<b>7,524,151</b>	<b>7,923,837</b>
<b>Non-current assets</b>			
Investment in water corporation	16	3,251,547	3,225,650
Property, infrastructure, plant and equipment	22	45,377,486	41,982,433
Intangible assets	23	-	8,640
Other assets	21	59,000	59,000
<b>Total non-current assets</b>		<b>48,688,033</b>	<b>45,275,723</b>
<b>Total assets</b>		<b>56,212,185</b>	<b>53,199,560</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	24	216,434	193,482
Trust funds and deposits	25	45,858	128,758
Provisions	26	249,411	194,670
<b>Total current liabilities</b>		<b>511,704</b>	<b>516,909</b>
<b>Non-current liabilities</b>			
Provisions	26	202,272	234,845
<b>Total non-current liabilities</b>		<b>202,272</b>	<b>234,845</b>
<b>Total liabilities</b>		<b>713,976</b>	<b>751,754</b>
<b>Net Assets</b>		<b>55,498,210</b>	<b>52,447,807</b>
<b>Equity</b>			
Accumulated surplus		42,552,142	39,571,473
Reserves	27	12,946,068	12,876,334
<b>Total Equity</b>		<b>55,498,210</b>	<b>52,447,807</b>

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

**Statement of Cash Flows  
For the Year Ended 30 June 2015**

	Note	2015 Inflows/ (Outflows) \$	2014 Inflows/ (Outflows) \$
<b>Cash flows from operating activities</b>			
Rates		1,371,918	1,301,660
Statutory fees and fines		41,927	45,275
User charges and other fines (inclusive of GST)		749,550	694,254
Grants (inclusive of GST)		2,284,602	1,034,310
Interest		240,936	276,528
Investment revenue from water corporation		53,976	41,899
Other receipts (inclusive of GST)		234,800	75,223
Net GST refund/(payment)		3,016	92,870
Payments to suppliers (inclusive of GST)		(1,752,552)	(2,023,186)
Payments to employees (including redundancies)		(1,625,942)	(1,728,716)
<b>Net cash provided by (used in) operating activities</b>	28	<u><b>1,602,231</b></u>	<u><b>(189,883)</b></u>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(3,576,906)	(1,136,370)
Proceeds from sale of property, infrastructure, plant and equipment		157,000	18,636
<b>Net cash provided by (used in) investing activities</b>		<u><b>(3,419,906)</b></u>	<u><b>(1,117,734)</b></u>
<b>Cash flows from financing activities</b>			
Trust funds and deposits		-	27,016
Capital grants (inclusive of GST)		1,036,216	162,072
Payments for other financial assets		818,109	239,741
<b>Net cash provided by (used in) financing activities</b>		<u><b>1,854,325</b></u>	<u><b>428,829</b></u>
Net increase (decrease) in cash and cash equivalents		36,649	(878,788)
Cash and cash equivalents at the beginning of the financial year		2,155,449	3,034,237
<b>Cash and cash equivalents at the end of the financial year</b>	29	<u><b>2,192,098</b></u>	<u><b>2,155,449</b></u>
Restrictions on cash assets	17	497,540	558,272

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

**Statement of Changes in Equity  
For the Year Ended 30 June 2015**

	Note	Total 2015 \$	Accumulated Surplus 2015 \$	Asset Revaluation Reserve 2015 \$	Fair Value Reserve 2015 \$	Other Reserves 2015 \$
<b>2015</b>						
Balance at beginning of the financial year		52,447,807	39,571,473	8,675,854	(187,648)	4,388,128
Adjustment due to compliance with revised accounting standard		-	-	-	-	-
Adjustment on change in accounting policy		-	-	-	-	-
Surplus / (deficit) for the year		2,980,669	2,980,669	-	-	-
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	25,897	-	-	25,897	-
Net asset revaluation increment(decrement) reversals	27 (a)	43,837	-	43,837	-	-
Transfers between reserves		-	-	-	-	-
<b>Balance at end of the financial year</b>		<b>55,498,210</b>	<b>42,552,142</b>	<b>8,719,691</b>	<b>(161,751)</b>	<b>4,388,128</b>
<b>2014</b>						
		Total 2014 \$	Accumulated Surplus 2014 \$	Asset Revaluation Reserve 2014 \$	Fair Value Reserve 2014 \$	Other Reserves 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		-	-	-	-	-
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		-	(916)	-	-	916
<b>Balance at end of the financial year</b>		<b>52,447,807</b>	<b>39,571,473</b>	<b>8,675,854</b>	<b>(187,648)</b>	<b>4,388,128</b>

The above statement should be read with the accompanying notes.

## Notes to the Financial Report For the Year Ended 30 June 2015

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### 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).

### Note 1 Significant accounting policies

#### (a) Basis of accounting

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

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

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 37.

#### *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:

#### *Employee entitlements*

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

#### *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(f) 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(k) and in note 16.

## Notes to the Financial Report For the Year Ended 30 June 2015

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### (b) Change in accounting policies

- (i) *AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*  
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 has not changed the reported financial position and performance of Council.

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

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

- (iii) *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.

The adoption of this standard has not impacted Council's accounting policies.

- (iv) Interpretation 21 Levies

This Interpretation provides clarity that a liability to pay government imposed levies, other than income taxes, is deferred until thresholds are exceeded.

The adoption of this standard has not impacted Council's accounting policies.

- (v) *AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities*. (effective from 1 July 2016 with early application permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 July 2016)

The adoption of this amendment has reduced the fair value disclosures in the Financial Statements.

The amendment relieves non-for-profit sector entities from some disclosures specified in AASB 13 for assets within the scope of AASB 16 that are held primarily for their current service potential rather than to generate future net cash inflows.

The adoption of this standard has not impacted Council's accounting policies.

### (c) Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 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 2018)

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

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

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

## Notes to the Financial Report For the Year Ended 30 June 2015

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When adopted, the standard will affect, in particular, Council's accounting for its available-for-sale financial assets. Currently, Council recognises changes in the fair value of its available-for-sale assets through other comprehensive income. Under AASB 9 fair value gains and losses on available-for-sale assets will have to be recognised directly in profit or loss.

Had this requirement been adopted at 30 June 2015 it would not impact the treatment of the fair value gain on Council's investment in TasWater.

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

(ii) *AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations* (effective from 1 January 2016)

Under AASB 2014-3 business combination accounting is required to be applied to acquisitions of interests in a joint operation that meets the definition of a 'business' under AASB 3 *Business Combinations*.

(iii) *AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation* (effective from 1 January 2016)

This amendment introduces a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. In addition to this, there is limited opportunity for presumption to be overcome and clarifies that revenue-based depreciation for property, plant and equipment cannot be used.

(iv) *AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101* (effective from 1 January 2016)

The amendments to AASB 101 do not require any significant change to current practice, but should facilitate improved reporting, including emphasis on only including material disclosures, clarity on the aggregation and disaggregation of line items, the presentation of subtotals, the ordering of notes and the identification of significant accounting policies.

(v) *AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* (effective from 1 January 2016)

The amendments extend the scope to AASB 124 *Related Party Disclosures* to include not-for-profit public sector entities.

(vi) *AASB 15 Revenue from Contracts with Customers, and AASB 2014-5 Amendments to Australian Accounting Standards*  
Under the new standard, a single model that applies to contracts with customers and two approaches to recognising revenue, at a point in time or over time is proposed. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The new standard will apply to contracts of not-for-profit entities that are exchange contracts. AASB 1004 *Contributions* will continue to apply to non-exchange transactions until the Income from Transactions of Not-for-Profit Entities project is completed.

**(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.

## Notes to the Financial Report For the Year Ended 30 June 2015

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

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

### *Non-monetary contributions*

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

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

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

### *Sale of property, plant and equipment, infrastructure*

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

### *Rent*

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

### *Interest*

Interest is recognised progressively as it is earned.

### *Dividends*

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

### *Operating leases as lessor*

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

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

## **(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.



**Notes to the Financial Report  
For the Year Ended 30 June 2015**

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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.

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:

	<b>Period</b>
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

*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.

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

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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:

	<b>Threshold \$</b>
Land	
land	N/A
land under roads	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*

Council has adopted the following valuation bases for its non-current assets:

Land	fair value
Land under roads	fair value
Plant and machinery	cost
Furniture, fittings and office equipment	cost
Stormwater	fair value
Bridges	fair value
Buildings	fair value
Intangibles	cost
Leasehold Improvements	cost
Parks, recreation facilities and community amenities	cost
Roads	fair value
Footpaths & cycleways	fair value
Waste Management	fair value
Investment in water corporation	fair value
Other Infrastructure - Airport	fair value

## Notes to the Financial Report For the Year Ended 30 June 2015

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Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment; Furniture and Equipment; 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*

Council recognised the value of land under roads it controls at fair value.

#### **(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) Financial assets**

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

#### **(i) 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.

#### **(j) Inventories**

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

#### **(k) Investments in water corporation**

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. As at 30 June 2015, Council held a 0.21% (2014: 0.21%) ownership interest in TasWater which is based on schedule 2 of the Corporations Constitution which reflects the Council's voting rights. Any unrealised gains and losses 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.

#### **(l) Investments**

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

#### **(m) 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 2015

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**(n) Employee benefits**

**(i) Short term obligations**

Liabilities for wages and salaries, including non-monetary benefits and annual 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.

**(o) Leases**

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.

**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.

## Notes to the Financial Report For the Year Ended 30 June 2015

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**(p) 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.

**(q) 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.

**(r) 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.

**(s) Rounding**

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

**(t) 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 38. Council has determined, based upon materiality that the Flinders Island Airport as defined in note 38 is considered a significant business activity. 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 activity, 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%

**(u) 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.

**(v) Budget**

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

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**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						
2014 - 2015	1,179,414	1,562,794	2,742,208	1,509,066	1,233,142	20,867,844
2013 - 2014	430,622	1,896,146	2,326,768	1,589,027	737,741	19,118,865
Roads, streets and bridges						
2014 - 2015	1,307,215	1,797,203	3,104,418	1,315,738	1,788,680	29,715,602
2013 - 2014	482,750	1,026,171	1,508,922	1,304,854	204,068	30,513,613
Waste management						
2014 - 2015	-	174,778	174,778	88,170	86,608	382,381
2013 - 2014	-	164,265	164,265	147,053	17,212	308,089
Public health, safety and environment						
2014 - 2015	50,000	192,245	242,245	264,731	(22,486)	-
2013 - 2014	-	72,621	72,621	372,132	(299,510)	-
Community & economic development						
2014 - 2015	146,022	15,559	161,581	264,262	(102,681)	-
2013 - 2014	110,734	7,712	118,446	290,061	(171,615)	-
Town maintenance						
2014 - 2015	-	59,822	59,822	356,978	(297,156)	-
2013 - 2014	-	14,383	14,383	348,116	(333,734)	-
Depot & plant						
2014 - 2015	-	281,439	281,439	459,741	(178,302)	1,996,278
2013 - 2014	-	258,185	258,185	415,432	(157,247)	1,485,001
Airport						
2014 - 2015	628,815	321,141	949,956	477,092	472,864	3,250,079
2013 - 2014	157,203	345,487	502,690	535,268	(32,578)	1,773,992
<b>Total</b>						
<b>2014 - 2015</b>	<b>3,311,466</b>	<b>4,404,981</b>	<b>7,716,447</b>	<b>4,735,778</b>	<b>2,980,669</b>	<b>56,212,185</b>
<b>2013 - 2014</b>	<b>1,181,309</b>	<b>3,784,970</b>	<b>4,966,280</b>	<b>5,001,943</b>	<b>(35,663)</b>	<b>53,199,560</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

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

	2015	2014
Current assets	7,524,151	7,923,837
Non-current assets	48,688,033	45,275,723
	<b>56,212,185</b>	<b>53,199,560</b>

(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 aviaional standards and procedures.

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

	2015	2014
	\$	\$
<b>Note 3 Rates and charges</b>		
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 2014-2015 was \$13.69 million (2013-2014 \$13.53 million). The 2014-2015 rate in the dollar was 9.4704 cents (2013-2014 9.4704 cents).		
General Rate	1,182,601	1,086,865
Fire Levy	56,641	54,702
Waste Mangement Charge	174,778	164,265
<b>Total rates and charges</b>	<b><u>1,414,020</u></b>	<b><u>1,305,832</u></b>

The date of the latest general revaluation of land for rating purposes within the municipality was 21 October 2010, and the valuation was first applied in the rating year commencing 1 July 2011. Adjusted valuations for rating purposes were last applied effective 1 July 2013.

<b>Note 4 Statutory fees and fines</b>		
Infringements and costs	586	190
Town planning fees	39,990	35,731
Land information certificates	1,351	9,354
<b>Total statutory fees and fines</b>	<b><u>41,927</u></b>	<b><u>45,275</u></b>

<b>Note 5 User fees</b>		
Community Facilities Hire Fees	1,654	3,839
Dog Registration Fees	4,608	3,750
Food Premises Registrations	3,937	3,775
Building services fees	41,393	24,850
Airports fees and charges	306,615	324,465
Other fees and charges	324,264	336,849
<b>Total user fees</b>	<b><u>682,472</u></b>	<b><u>697,528</u></b>

**Ageing analysis of contractual receivables**

Please refer to note 34 for the ageing analysis of contractual receivables.

<b>Note 6 Grants</b>		
Grants were received in respect of the following :		
Federally funded grants	2,826,852	947,581
State funded grants	484,614	233,728
<b>Total grants</b>	<b><u>3,311,466</u></b>	<b><u>1,181,309</u></b>



**Notes to the Financial Report  
For the Year Ended 30 June 2015**

	2015	2014
	\$	\$
<b>Note 6 Grants (cont.)</b>		
<b>Grants - Recurrent</b>		
Commonwealth Government Financial Assistance Grants - (received in 2012/13 relating to 2013/14)	-	(694,222)
Commonwealth Government Financial Assistance Grants - General Purpose (relating to 2014/15)	673,475	783,834
Commonwealth Government Financial Assistance Grants - Roads (relating to 2014/15)	648,003	640,578
Commonwealth Government Financial Assistance Grants - (received in advance for 2015/16)	653,136	-
State Grants	-	1,800
Community Health	93,522	108,879
Transport	207,114	191,873
Other - Natural Resource Management	-	(8,636)
<b>Total recurrent grants</b>	<b><u>2,275,250</u></b>	<b><u>1,024,106</u></b>

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In accordance with AASB1004 Contributions, Council recognises these grants as revenue when it receives the funds and obtains control. In 2012-13 the Commonwealth made early payment of the two quarterly instalments for the following year. There was no prepayment in 2013-14.

In 2014-15 the Commonwealth made early payment of two instalments for the following year. This has impacted the Statement of Comprehensive Income with the early receipt of 2013-14 instalments resulting in the surplus/(deficit) being lower in 2013-14 by \$694,222 and higher in 2014-15 by \$653,136.

**Capital grants received specifically for new or upgraded assets**

Commonwealth Government - roads to recovery	129,901	-
Shipping	50,000	-
Airport Upgrade	628,815	157,203
Other	227,500	-
<b>Total capital grants</b>	<b><u>1,036,216</u></b>	<b><u>157,203</u></b>

**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	93,522	108,879
Shipping	50,000	-
Other - Election commitment grant	250,000	-
Other - Emergency services	2,500	-
<b>Total non-reciprocal grants</b>	<b><u>396,022</u></b>	<b><u>108,879</u></b>

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

	2015	2014
	\$	\$
<b>Note 7 Contributions</b>		
<b>(a) Cash</b>		
Roads	-	-
<b>Total</b>	<u>-</u>	<u>-</u>
<b>(b) Non-monetary assets</b>		
Stormwater	-	343,231
Leasehold improvements	-	985,000
Footpaths and cycleways	-	507,137
Roads	-	174,145
Fixtures, furniture & fittings	-	14,000
Land	-	16,000
<b>Total</b>	<u>-</u>	<u>2,039,513</u>
<b>Total contributions</b>	<u>-</u>	<u>2,039,513</u>
<b>Note 8 Interest</b>		
Interest on financial assets	172,189	205,702
Interest on rates	27,594	18,045
Interest on cash and cash equivalents	41,153	52,780
<b>Total interest</b>	<u>240,936</u>	<u>276,527</u>
<b>Note 9 Other income</b>		
Reimbursements	101,238	5,640
Other	66,208	68,140
<b>Total other income</b>	<u>167,446</u>	<u>73,780</u>
<b>Note 10 Net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>		
Proceeds of sale	153,880	18,636
Write down value of assets disposed	(275,644)	(714,020)
<b>Total</b>	<u>(121,764)</u>	<u>(695,384)</u>
<b>Note 11 Investment revenue from water corporation</b>		
Dividend revenue received	39,794	28,851
Tax equivalent received	9,968	8,802
Guarantee fee received	4,214	4,246
<b>Total investment revenue from water corporation</b>	<u>53,976</u>	<u>41,899</u>

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

	2015	2014
	\$	\$
<b>Note 12 Employee benefits</b>		
Wages and salaries (incl. leave)	1,508,536	1,660,095
Workers compensation	28,521	23,442
Superannuation	169,129	174,594
Other employer related expenses	82,997	102,595
	1,789,182	1,960,726
Less amounts capitalised	(103,112)	(138,672)
<b>Total employee benefits</b>	<b>1,686,070</b>	<b>1,822,054</b>
 <b>Note 13 Materials and services</b>		
Consultant & contractor payments	396,271	542,077
Materials, supplies & services*	586,238	603,940
Plant and equipment maintenance & operating costs	109,629	108,223
Insurance	57,984	110,741
Utilities, internet & phone	103,128	104,387
Councillors' allowances & expenses	109,348	101,331
Leases & licences	70,947	60,014
Donations & gifts	29,484	19,393
Fire service levy	51,195	50,804
Land tax	29,575	27,240
Settlement discount on rates	16,103	14,991
<b>Total materials and services</b>	<b>1,559,902</b>	<b>1,743,141</b>
* Includes auditor remuneration for 2014-15 audit of \$21,020 (2013-14 \$19,800)		
 <b>Note 14 Impairment of receivables</b>		
Sundry debtors	29,838	56
<b>Total impairment of receivables</b>	<b>29,838</b>	<b>56</b>
 <b>Note 15 Depreciation and amortisation</b>		
<i>Property</i>		
<i>Buildings</i>		
Building improvements	74,040	69,335
Leasehold improvements	46,279	43,722
<i>Plant and Equipment</i>		
Plant, machinery and equipment	262,418	248,000
Fixtures, fittings and furniture	17,990	18,056
<i>Infrastructure</i>		
Roads	785,400	776,494
Bridges	80,230	73,463
Footpaths and cycleways	28,310	26,565
Stormwater	4,508	4,290
Waste management	6,414	6,409
Other infrastructure - Flinders Island airport	145,740	161,716
<b>Total depreciation</b>	<b>1,451,328</b>	<b>1,428,051</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

	2015	2014
	\$	\$
<b>Note 15 Depreciation and amortisation (cont.)</b>		
<i>Intangible assets</i>		
Municipal valuation amortisation	8,640	8,640
<b>Total depreciation and amortisation</b>	<b>1,459,968</b>	<b>1,436,691</b>
<b>Note 16 Investment in water corporation</b>		
Opening balance	3,225,650	3,537,804
Change in fair value of investment	25,897	(312,154)
<b>Total investment in water corporation</b>	<b>3,251,547</b>	<b>3,225,650</b>
Council has derived returns from the water corporation as disclosed at note 11.		
<b>Note 17 Cash and cash equivalents</b>		
Cash on hand	320	320
Cash at bank	1,692,325	1,668,317
Money market call account	499,454	486,812
<b>Total cash and cash equivalents</b>	<b>2,192,099</b>	<b>2,155,449</b>
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)	45,858	128,758
- Leave provisions (note 26)	333,301	321,312
- Quarry reinstatement & redevelopment provision	118,381	108,202
<b>Restricted funds</b>	<b>497,540</b>	<b>558,272</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>1,694,559</b>	<b>1,597,177</b>
<b>Note 18 Trade and other receivables</b>		
<b>Current</b>		
Rates debtors	97,217	55,116
Other debtors	90,082	154,208
Provision for impairment - other debtors	(1,336)	-
<b>Total</b>	<b>185,963</b>	<b>209,323</b>
<b>Note 19 Financial assets</b>		
<b>Current</b>		
Term Deposits	4,614,580	5,432,689

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

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	2015	2014
	\$	\$
<b>Note 20 Inventories</b>		
Inventories held	464,352	42,785
<b>Total inventories</b>	<u>464,352</u>	<u>42,785</u>
 <b>Note 21 Other assets</b>		
<b>Current</b>		
Prepayments	32,801	14,497
Accrued income*	34,355	69,094
<b>Total</b>	<u>67,157</u>	<u>83,591</u>
<b>Non-current</b>		
Other - Mineral Resources Bonds	59,000	59,000
<b>Total</b>	<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 2015**

Note 22 Property, infrastructure, plant and equipment	2015	2014
	\$	\$
<b>Summary</b>		
at cost	3,936,625	3,340,379
Less accumulated depreciation	1,929,741	1,694,535
	<u>2,006,884</u>	<u>1,645,844</u>
at fair value as at 30 June	57,585,959	53,448,316
Less accumulated depreciation	14,215,357	13,111,728
	<u>43,370,602</u>	<u>40,336,588</u>
<b>Total</b>	<u>45,377,486</u>	<u>41,982,432</u>
<b>Property</b>		
<b>Land</b>		
at fair value as at 30 June	2,527,851	2,345,353
	<u>2,527,851</u>	<u>2,345,353</u>
<b>Land under roads</b>		
at fair value at 30 June	1,927,895	-
	<u>1,927,895</u>	<u>-</u>
<b>Total Land</b>	<u>4,455,746</u>	<u>2,345,353</u>
<b>Buildings</b>		
at fair value as at 30 June	3,632,165	3,466,747
Less accumulated depreciation	244,214	178,492
	<u>3,387,950</u>	<u>3,288,255</u>
<b>Leasehold improvements</b>		
at fair value as at 30 June	2,314,969	2,197,134
Less accumulated amortisation	136,126	89,847
	<u>2,178,843</u>	<u>2,107,287</u>
<b>Total Buildings</b>	<u>5,566,793</u>	<u>5,395,542</u>
<b>Total Property</b>	<u>10,022,540</u>	<u>7,740,895</u>
<b>Plant and Equipment</b>		
<b>Plant, machinery and equipment</b>		
at cost	3,273,439	2,921,312
Less accumulated depreciation	1,741,513	1,479,095
	<u>1,531,927</u>	<u>1,442,217</u>
<b>Fixtures, fittings and furniture</b>		
at cost	238,841	275,860
Less accumulated depreciation	188,228	215,440
	<u>50,613</u>	<u>60,420</u>
<b>Total Plant and Equipment</b>	<u>1,582,540</u>	<u>1,502,637</u>

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

Note 22 Property, infrastructure, plant and equipment (cont.)	2015	2014
	\$	\$
<b>Infrastructure</b>		
<b>Roads</b>		
at fair value as at 30 June	34,031,328	33,997,779
Less accumulated depreciation	9,617,182	8,890,755
	<b>24,414,146</b>	<b>25,107,024</b>
<b>Bridges</b>		
at fair value as at 30 June	6,250,131	6,243,887
Less accumulated depreciation	2,076,605	1,996,375
	<b>4,173,526</b>	<b>4,247,512</b>
<b>Footpaths and cycleways</b>		
at fair value as at 30 June	1,230,707	1,229,478
Less accumulated depreciation	447,142	418,831
	<b>783,566</b>	<b>810,647</b>
<b>Waste Management</b>		
at fair value as at 30 June	401,180	320,474
Less accumulated depreciation	18,799	12,385
	<b>382,381</b>	<b>308,089</b>
<b>Stormwater</b>		
at fair value as at 30 June	441,493	441,051
Less accumulated depreciation	97,128	92,621
	<b>344,364</b>	<b>348,430</b>
<b>Other Infrastructure - Flinders Island Airport</b>		
at fair value as at 30 June	4,828,240	3,206,413
Less accumulated depreciation	1,578,161	1,432,421
	<b>3,250,079</b>	<b>1,773,992</b>
<b>Total Infrastructure</b>	<b>33,348,062</b>	<b>32,595,694</b>
<b>Works in progress</b>		
Roads	37,169	-
Buildings at cost	87,058	7,401
Other at cost - Airport Apron & Whitemark Foreshore	45,350	82,225
Bridges at cost	102,968	53,582
Footpath	2,457	-
Leasehold improvements	134,167	-
Waste management	14,865	-
Plant & equipment	311	-
<b>Total Works in progress</b>	<b>424,344</b>	<b>143,208</b>
<b>Total property, infrastructure, plant and equipment</b>	<b>45,377,486</b>	<b>41,982,433</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

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

**Reconciliation of property, plant and equipment and infrastructure**

2015	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	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Property</b>								
land	2,345,353	264,998	-	-	82,500	-	-	2,527,851
land under roads	-	-	1,926	-	-	1,925,969	-	1,927,895
<b>Total land</b>	<b>2,345,353</b>	<b>264,998</b>	<b>1,926</b>	<b>-</b>	<b>82,500</b>	<b>1,925,969</b>	<b>-</b>	<b>4,455,746</b>
buildings	3,288,255	-	-	74,040	122,183	-	295,919	3,387,950
leasehold improvements	2,107,286	-	-	46,279	-	-	117,836	2,178,843
<b>Total buildings</b>	<b>5,395,541</b>	<b>-</b>	<b>-</b>	<b>120,319</b>	<b>122,183</b>	<b>-</b>	<b>413,755</b>	<b>5,566,793</b>
<b>Total property</b>	<b>7,740,894</b>	<b>264,998</b>	<b>1,926</b>	<b>120,319</b>	<b>204,683</b>	<b>1,925,969</b>	<b>413,755</b>	<b>10,022,539</b>
<b>Plant and Equipment</b>								
plant, machinery and equipment	1,442,216	-	-	262,418	-	-	352,128	1,531,926
fixtures, fittings and furniture	60,420	-	-	17,990	-	-	8,183	50,613
<b>Total plant and equipment</b>	<b>1,502,636</b>	<b>-</b>	<b>-</b>	<b>280,408</b>	<b>-</b>	<b>-</b>	<b>360,311</b>	<b>1,582,539</b>
<b>Infrastructure</b>								
roads	25,107,024	-	33,996	785,400	70,961	-	129,487	24,414,146
bridges	4,247,512	-	6,244	80,230	-	-	-	4,173,526
footpaths and cycleways	810,647	-	1,229	28,310	-	-	-	783,566
stormwater	348,431	-	441	4,508	-	-	-	344,364
other infrastructure	1,773,992	-	-	145,740	-	-	1,621,827	3,250,079
waste management	308,089	-	-	6,414	-	-	80,706	382,381
<b>Total infrastructure</b>	<b>32,595,694</b>	<b>-</b>	<b>41,911</b>	<b>1,050,601</b>	<b>70,961</b>	<b>-</b>	<b>1,832,020</b>	<b>33,348,062</b>
<b>Works in progress</b>								
buildings	7,401	627,578	-	-	-	-	(413,755)	221,225
footpaths and cycleways	-	2,457	-	-	-	-	-	2,457
plant and equipment	-	360,622	-	-	-	-	(360,311)	311
roads	-	166,655	-	-	-	-	(129,487)	37,169
bridges	53,582	49,386	-	-	-	-	-	102,968
waste management	-	95,571	-	-	-	-	(80,706)	14,865
other at cost - airport apron & foreshore	82,225	1,584,952	-	-	-	-	(1,621,827)	45,350
<b>Total works in progress</b>	<b>143,208</b>	<b>2,887,222</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,606,085)</b>	<b>424,344</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>41,982,433</b>	<b>3,152,220</b>	<b>43,837</b>	<b>1,451,328</b>	<b>275,644</b>	<b>1,925,969</b>	<b>-</b>	<b>45,377,486</b>



**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**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
	\$	\$	\$	\$	\$		\$	\$
<b>Property</b>								
land	2,313,500	80,103	(4,250)	-	(60,000)	16,000	-	2,345,353
<b>Total land</b>	<b>2,313,500</b>	<b>80,103</b>	<b>(4,250)</b>	<b>-</b>	<b>(60,000)</b>	<b>16,000</b>	<b>-</b>	<b>2,345,353</b>
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
<b>Total buildings</b>	<b>4,390,889</b>	<b>80,063</b>	<b>42,831</b>	<b>113,057</b>	<b>-</b>	<b>985,000</b>	<b>9,815</b>	<b>5,395,541</b>
<b>Total property</b>	<b>6,704,389</b>	<b>160,166</b>	<b>38,581</b>	<b>113,057</b>	<b>(60,000)</b>	<b>1,001,000</b>	<b>9,815</b>	<b>7,740,894</b>
<b>Plant and Equipment</b>								
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	-	-	-	-	-	-	-	-
<b>Total plant and equipment</b>	<b>1,498,205</b>	<b>261,919</b>	<b>-</b>	<b>266,057</b>	<b>(5,430)</b>	<b>14,000</b>	<b>-</b>	<b>1,502,637</b>
<b>Infrastructure</b>								
roads	62,698,371	112,671	(36,363,433)	776,494	(563,769)	174,145	(174,467)	25,107,024
bridges	3,246,790	217,920	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
<b>Total infrastructure</b>	<b>68,692,386</b>	<b>571,076</b>	<b>(36,090,407)</b>	<b>1,048,938</b>	<b>(648,590)</b>	<b>1,024,513</b>	<b>95,655</b>	<b>32,595,694</b>
<b>Works in progress</b>								
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
<b>Total works in progress</b>	<b>105,470</b>	<b>143,208</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(105,470)</b>	<b>143,208</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>77,000,450</b>	<b>1,136,369</b>	<b>(36,051,826)</b>	<b>1,428,051</b>	<b>(714,020)</b>	<b>2,039,513</b>	<b>-</b>	<b>41,982,434</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

	2015	2014
	\$	\$
<b>Note 23 Intangible assets</b>		
Municipal valuation	-	8,640
<b>Total intangible assets</b>	<u>-</u>	<u>8,640</u>
<b>Reconciliation of intangible assets</b>	<b>Other</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Gross carrying amount</b>		
Balance at 1 July 2014	43,200	43,200
Balance at 1 July 2015	<u>43,200</u>	<u>43,200</u>
<b>Accumulated amortisation and impairment</b>		
Balance at 1 July 2013	(25,920)	(17,280)
Amortisation expense	(8,640)	(8,640)
Balance at 1 July 2014	<u>(34,560)</u>	<u>(25,920)</u>
Amortisation expense	(8,640)	(8,640)
Balance at 1 July 2015	<u>(43,200)</u>	<u>(34,560)</u>
Net book value at 30 June 2014	8,640	8,640
Net book value at 30 June 2015	<u>-</u>	<u>8,640</u>
<b>Note 24 Trade and other payables</b>		
Trade payables	227,563	138,237
Net GST payable	(52,661)	(39,185)
Accrued expenses	41,373	94,430
Unearned income	160	-
<b>Total trade and other payables</b>	<u>216,434</u>	<u>193,482</u>
<b>Note 25 Trust funds and deposits</b>		
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	31,492
Public open space	1,422	84,322
Other refundable deposits	9,554	9,554
<b>Total trust funds and deposits</b>	<u>45,858</u>	<u>128,758</u>

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 26 Provisions**

	Annual leave	Long service leave	Quarry restoration	Other*	Total
	\$	\$	\$	\$	\$
<b>2015</b>					
Balance at beginning of the financial year	98,125	184,463	108,202	38,724	429,515
Additional provisions	121,594	(15,259)	10,179	26,650	143,164
Amounts used	(89,997)	(16,369)	-	(14,630)	(120,996)
Balance at the end of the financial year	<b>129,722</b>	<b>152,835</b>	<b>118,381</b>	<b>50,744</b>	<b>451,683</b>
<b>2014</b>					
Balance at beginning of the financial year	59,292	122,625	98,500	46,056	326,473
Additional provisions	160,995	98,059	9,702	5,155	273,911
Amounts used	(122,162)	(36,221)	-	(12,487)	(170,869)
Balance at the end of the financial year	<b>98,125</b>	<b>184,463</b>	<b>108,202</b>	<b>38,724</b>	<b>429,515</b>

\* Other relates to on-costs for annual leave and long service leave provisions.

	2015	2014
	\$	\$
<b>(a) Employee benefits</b>		
<b>(i) Current</b>		
Annual leave	129,722	98,125
Long service leave	76,468	65,573
Superannuation	20,208	15,296
Other	23,013	15,676
	<b>249,411</b>	<b>194,670</b>
<b>(ii) Non-current</b>		
Long service leave	76,368	118,890
Other	7,523	7,752
	<b>83,891</b>	<b>126,642</b>
Aggregate carrying amount of employee benefits:		
Current	249,411	194,670
Non-current	83,891	126,643
	<b>333,302</b>	<b>321,313</b>

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

Weighted average increase in employee costs	4.00%	2.67%
Weighted average discount rates	2.27%	2.46%
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	197,522	142,940
- Other long-term employee benefits that do not fall due within 12 months after the end	51,889	51,730
	<b>249,411</b>	<b>194,670</b>

**(ii) Non-current**

Long service leave representing less than 10 years of continuous service measured at present value	83,891	126,642
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**(iii) Employee Numbers**

Total number of staff (including fulltime, part-time & casual)	28	27
Full time equivalent	20	19

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

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**Note 26 Provisions (cont.)**

**(b) Other Provisions**

Non-current - quarry pit reinstatement & redevelopment	118,381	108,202
Total	<u>118,381</u>	<u>108,202</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

Flinders Council recognises the provision as the best estimate of the expenditure required to settle the present obligation at the reporting date. In doing so, Council has inflated the liability by 3% and discounted it by the 10 year Government Bond Rate.

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 27 Reserves**

	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
<b>(a) Asset revaluation reserve</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2015</b>				
<b>Property</b>				
Land	481,250	-	-	481,250
Land under roads	-	1,926	-	1,926
Buildings	1,664,108	-	-	1,664,108
	<b>2,145,358</b>	<b>1,926</b>	-	<b>2,147,284</b>
<b>Infrastructure</b>				
Roads	4,515,774	33,996	-	4,549,770
Bridges	1,966,740	6,244	-	1,972,984
Footpaths and cycleways	38,491	1,229	-	39,721
Stormwater	9,490	441	-	9,931
	<b>6,530,496</b>	<b>41,911</b>	-	<b>6,572,406</b>
<b>Total asset revaluation reserve</b>	<b>8,675,854</b>	<b>43,837</b>	-	<b>8,719,690</b>
<b>2014</b>				
<b>Property</b>				
Land	485,500	-	(4,250)	481,250
Buildings	1,621,277	42,831	-	1,664,108
	<b>2,106,777</b>	<b>42,831</b>	<b>(4,250)</b>	<b>2,145,358</b>
<b>Infrastructure</b>				
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
	<b>42,620,903</b>	<b>956,875</b>	<b>(37,047,282)</b>	<b>6,530,496</b>
<b>Total asset revaluation reserve</b>	<b>44,727,680</b>	<b>999,706</b>	<b>(37,051,532)</b>	<b>8,675,855</b>

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>(b) Fair value reserve</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2015</b>				
<b>Available-for-sale assets</b>				
Investment in water corporation	(187,648)	25,897	-	(161,750)
<b>Total fair value reserve</b>	<b>(187,648)</b>	<b>25,897</b>	-	<b>(161,750)</b>

**Note 27 Reserves (cont.)**

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

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
	\$	\$	\$	\$
<b>(c) Other reserves</b>				
<b>2015</b>				
Asset Replacement Reserve	4,279,560	-	-	4,279,560
Gunn Bequest Reserve	108,568	-	-	108,568
<b>Total Other reserves</b>	<b>4,388,128</b>	<b>-</b>	<b>-</b>	<b>4,388,128</b>

<b>2014</b>				
Asset Replacement Reserve	4,279,560	-	-	4,279,560
Gunn Bequest Reserve	107,652	916	-	108,568
<b>Total Other reserves</b>	<b>4,387,212</b>	<b>916</b>	<b>-</b>	<b>4,388,128</b>

	2015 \$	2014 \$
<b>Total Reserves</b>	<b>12,946,068</b>	<b>12,876,334</b>

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

Surplus/Deficit	2,980,669	(35,663)
Depreciation/amortisation	1,459,968	1,436,691
(Profit)/loss on disposal of property, plant and equipment, infrastructure	121,764	695,384
Capital contributions - found assets	-	(2,039,512)
Recognition of land under roads	(1,925,969)	
Capital grants received specifically for new or upgraded assets	(1,036,216)	(162,072)
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	23,360	(50,781)
Decrease/(increase) in other assets	16,434	(24,395)
Decrease/(increase) in trust funds	(82,900)	-
Decrease/(increase) in inventories	-	(3,285)
Increase/(decrease) in trade and other payables	22,953	(109,291)
Increase/(decrease) in provisions	22,168	103,040
<b>Net cash provided by/(used in) operating activities</b>	<b>1,602,231</b>	<b>(189,884)</b>

Reference AASB	Para		2015 \$	2014 \$
		<b>Note 27 Interest-bearing loans and borrowings</b>		
		<b>Current</b>		
		Bank overdraft	-	-
		Borrowings - secured	-	-
			<u>-</u>	<u>-</u>
		<b>Non-current</b>		
		Borrowings - secured	-	-
			<u>-</u>	<u>-</u>
		<b>Total</b>	-	-
		Borrowings are secured over ...		
		<<Describe arrangements>>		
7	39(a)	The maturity profile for Council's borrowings is:		
		Not later than one year	-	-
		Later than one year and not later than five years	-	-
		Later than five years	-	-
		<b>Total</b>	<u>-</u>	<u>-</u>
		<b>Finance leases</b>		
117	31(b)	Council had the following obligations under finance leases for the lease of equipment (the sum of which is recognised as a liability after deduction of future lease finance charges included in the obligation):		
		Not later than one year	-	-
		Later than one year and not later than five years	-	-
		Later than five years	-	-
		Minimum lease payments	-	-
		Less: Future finance charges	-	-
117	31(a)	Recognised in the Statement of Financial Position as:	<u>-</u>	<u>-</u>
		<b>Current</b>		
		Leases	-	-
		<b>Non-current</b>		
		Leases	-	-
		<b>Total</b>	<u>-</u>	<u>-</u>
		Aggregate carrying amount of interest-bearing loans and borrowings:		
		Current	-	-
		Non-current	-	-
		<b>Total interest-bearing loans and borrowings</b>	<u>-</u>	<u>-</u>

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

	2015	2014
	\$	\$
<b>Note 29 Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents (see note 17)	2,192,099	2,155,449
Less bank overdraft	-	-
<b>Total reconciliation of cash and cash equivalents</b>	<u>2,192,099</u>	<u>2,155,449</u>

**Note 30 Superannuation**

- During the reporting period the amount of contributions paid to defined benefits schemes was \$0.00 (2013-14, \$0), and the amount paid to accumulation schemes was \$169,129 (2013-14, \$174,594).
- 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 \$205,530.

**Fund**

**Defined benefits fund**

Employer contributions to Quadrant Defined Benefits Fund	-	-
	<u>-</u>	<u>-</u>

**Accumulation funds**

Employer contributions to Quadrant Superannuation Scheme	103,672	88,106
Employer contributions to Tasplan	11,992	10,657
Employer contributions to Other Funds	53,465	75,831
	<u>169,129</u>	<u>174,594</u>

**Note 31 Interest-bearing loans and borrowings**

**Current**

Credit cards - available for draw down	12,958	14,990
<b>Total</b>	<u>12,958</u>	<u>14,990</u>

**Note 32 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	3,885
Later than one year and not later than five years	7,770	11,655
Later than five years	-	-
	<u>11,655</u>	<u>15,540</u>

**Note 33 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.



**Notes to the Financial Report  
For the Year Ended 30 June 2015**

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**Note 34 Financial Instruments**

**(a) Accounting Policy, terms and conditions**

<b>Recognised financial instruments</b>	<b>Note</b>	<b>Accounting Policy</b>	<b>Terms and Conditions</b>
<b>Financial assets</b>			
<b>Cash and cash equivalents</b>	17	<p>Cash on hand and at bank and money market call account are valued at face value.</p> <p>Interest is recognised as it accrues.</p> <p>Investments and bills are valued at cost.</p> <p>Investments are held to maximise interest returns of surplus cash.</p> <p>Interest revenues are recognised as they accrue.</p> <p>Managed funds are measured at market value.</p>	<p>On call deposits returned a floating interest rate of 2.5% (3.25% in 2013-14). The interest rate at balance date was 2.5% (3.25% in 2013-14).</p> <p>Managed fund provided return of 2.51% (3.65 %) excluding unrealised gains/losses</p>
<b>Trade and other receivables</b>			
<b>Other debtors</b>	18	<p>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.</p> <p>Collectability of overdue accounts is assessed on an ongoing basis.</p>	<p>General debtors are unsecured and arrears attract an interest rate of 0% (0%). Credit terms are based on 30 days.</p>
<b>Financial Liabilities</b>			
<b>Trade and other payables</b>	24	<p>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.</p>	<p>General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.</p>

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 34 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:

**2015**

	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 \$		
<b>Financial assets</b>							
Cash and cash equivalents	1.88%	2,191,779	-	-	-	-	2,191,779
Other financial assets	3.73%	-	4,614,580	-	-	-	4,614,580
Trade and other receivables	18.47%	97,217	-	-	-	88,746	185,963
Investment in water corporation		-	-	-	-	3,251,547	3,251,547
<b>Total financial assets</b>		<b>2,288,997</b>	<b>4,614,580</b>	<b>-</b>	<b>-</b>	<b>3,340,293</b>	<b>10,243,870</b>
<b>Financial liabilities</b>							
Trade and other payables		-	6,042	-	-	210,392	216,434
Trust funds and deposits		-	-	-	-	45,858	45,858
<b>Total financial liabilities</b>		<b>-</b>	<b>6,042</b>	<b>-</b>	<b>-</b>	<b>256,250</b>	<b>262,293</b>
<b>Net financial assets (liabilities)</b>		<b>2,288,997</b>	<b>4,608,538</b>	<b>-</b>	<b>-</b>	<b>3,084,043</b>	<b>9,981,577</b>

**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 \$		
<b>Financial assets</b>							
Cash and cash equivalents	2.45%	2,155,129	-	-	-	-	2,155,129
Other financial assets	3.79%	-	5,432,689	-	-	-	5,432,689
Trade and other receivables	12.08%	55,116	-	-	-	154,208	209,324
Investment in water corporation		-	-	-	-	3,225,650	3,225,650
<b>Total financial assets</b>		<b>2,210,245</b>	<b>5,432,689</b>	<b>-</b>	<b>-</b>	<b>3,379,858</b>	<b>11,022,792</b>
<b>Financial liabilities</b>							
Trade and other payables		-	-	-	-	193,482	193,482
Trust funds and deposits		-	-	-	-	128,758	128,758
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>322,239</b>	<b>322,239</b>
<b>Net financial assets (liabilities)</b>		<b>2,210,245</b>	<b>5,432,689</b>	<b>-</b>	<b>-</b>	<b>3,057,619</b>	<b>10,700,553</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

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**Note 34 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 Balance Sheet		Aggregate net fair value	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>				
Cash and cash equivalents	2,192	2,155	2,192	2,155
Other financial assets	4,615	5,433	4,615	5,433
Trade and other receivables	186	209	186	209
Investment in water corporation	3,252	3,226	3,252	2,913
<i>Total financial assets</i>	<u>10,244</u>	<u>11,023</u>	<u>10,244</u>	<u>10,710</u>
<i>Financial liabilities</i>				
Trade and other payables	216	193	216	193
Trust funds and deposits	46	129	46	129
<i>Total financial liabilities</i>	<u>262</u>	<u>322</u>	<u>262</u>	<u>322</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.

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 34 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 33.

**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
<b>2015</b>				
Cash and cash equivalents	2,192,099	-	-	2,192,099
Trade and other receivables	185,963	-	-	185,963
Investments and other financial assets	4,614,580	-	-	4,614,580
<b>Total contractual financial assets</b>	<b>6,992,643</b>	<b>-</b>	<b>-</b>	<b>6,992,643</b>
<b>2014</b>				
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
<b>Total contractual financial assets</b>	<b>7,797,462</b>	<b>-</b>	<b>-</b>	<b>7,797,462</b>

**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:

	2015 \$	2014 \$
Current (not yet due)	37,306	4,180
Past due by up to 30 days	21,877	49,523
Past due between 31 and 180 days	126,780	155,620
<b>Total Trade &amp; Other Receivables</b>	<b>185,963</b>	<b>209,323</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 34 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).

	2015	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		216,434	-	-	-	-	-	216,434
Trust funds and deposits		45,858	-	-	-	-	-	45,858
Total financial liabilities		262,293	-	-	-	-	-	262,293

	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

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 34 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 2.79%.  
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
2015	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>					
Cash and cash equivalents	2,192,099	17,318	17,318	83,081	83,081
Investment & other financial assets	4,614,580	36,455	36,455	174,893	174,893
<b>Financial liabilities:</b>					

		Interest rate risk			
		-2 %		+1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2014	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>					
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
<b>Financial liabilities:</b>					

**(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
<b>30 June 2015</b>				
Available for sale financial assets	-	-	3,251,548	3,251,548
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
<b>30 June 2014</b>				
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.				

<b>Reconciliation of Level 3 Fair Value Movements</b>	<b>2015</b>	<b>2014</b>
<b>Opening balance</b>	<b>3,225,650</b>	<b>3,537,804</b>
Investment on transfer of assets	-	-
Gains (losses) recognised in Other Comprehensive Income	-	-
Change in fair value movement in Tas Water	25,897	(312,154)
<b>Closing balance</b>	<b>3,251,548</b>	<b>3,225,650</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 35 Events occurring after balance date**

- (a) None.

**Note 36 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:

<b>Councillors</b>	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 Chris Rhodes (Councillor 1/11/14 to current)
	Councillor Gerald Willis (Councillor 01/11/11 to current)
	Councillor Ken Stockton (Councillor 01/11/14 to current)
<b>General Manager</b>	Mr Raoul Harper

Total Remuneration for the reporting year for Councillors' Emoluments and reimbursements included above amounted to:	109,348
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Total Remuneration for the reporting year for senior management positions amounted to:	605,522
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- (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 37 Special committees and other activities**

Council have the following Special Committees:

Furieux Group Shipping Special Committee  
 Furieux Group Aviation Special Committee  
 Lady Barron Hall & Recreation Special Committee  
 Furieux (Emita) Hall & Recreation Ground Special Committee  
 Furieux Community Health Special Committee  
 Audit Panel

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 38 Significant Business Activities**

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

	Flinders Island Airport	
	2015	2014
	\$	\$
<i>Revenue</i>		
Rates	-	-
User Changes	282,600	273,593
Grants	667,355	229,097
<b>Total Revenue</b>	<b>949,955</b>	<b>502,690</b>
<i>Expenditure</i>		
<i>Direct</i>		
Employee Costs	206,379	336,706
Materials and Contacts	119,680	216,374
Interest	-	-
Utilities	-	-
<i>Indirect</i>		
Engineering & Administration	-	-
<b>Total Expenses</b>	<b>326,059</b>	<b>553,080</b>
<i>Notional cost of free services received</i>		
<i>Capital Costs</i>		
Depreciation and amortisation	149,521	161,716
Opportunity cost of capital	325,008	322,649
<b>Total Capital Costs</b>	<b>474,529</b>	<b>484,365</b>
<i>Competitive neutrality adjustments</i>		
Rates and land tax	-	-
Loan guarantee fees	-	-
	-	-
<i>Calculated Surplus/(Deficit)</i>	(125,749)	557,248
Tax Equivalent rate	-	0.30
Taxation equivalent	-	167,174
<b>Competitive neutrality costs</b>	<b>23,619</b>	<b>22,494</b>

Council are currently reviewing their significant business activities and have identified that private works may be classed as a significant business activity in the future.



**Notes to the Financial Report  
For the Year Ended 30 June 2015**

Note 39	Management indicators	Benchmark	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000
	<b>(a) Underlying surplus or deficit</b>					
	Recurrent income* less		4,223	3,814	4,475	4,762
	recurrent expenditure		4,858	5,697	4,934	5,316
	Underlying surplus/deficit	0	(635)	(1,883)	(459)	(554)

\* 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**

<u>Underlying surplus or deficit</u>		(635)	(1,883)	(459)	(554)
Recurrent income*		4,223	3,814	4,475	4,762
Underlying surplus ratio %	0%	-15%	-49%	-10%	-12%

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

Flinders Council have reported an underlying deficit ratio for 2014/15 and is not in line with the benchmark of 0%. Council's current position is not favourable as it raises the question of sustainability

**(c) Net financial liabilities**

Liquid assets less		6,993	7,797	8,865	8,160
total liabilities		714	752	731	713
Net financial liabilities	0	6,279	7,046	8,134	7,447

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**

<u>Net financial liabilities</u>		6,279	7,046	8,134	7,447
Recurrent income*		4,223	3,814	4,475	4,762
Net financial liabilities ratio %	0% - (50%)	149%	185%	182%	156%

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

The net financial liability ratio for 2014/15 shows that Flinders Council is placed well with the level of cash reserves. It also highlights that Council is outside of the desired benchmark which indicates that Council needs to be looking at accessing borrowings.

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

<b>Note 39</b>	<b>Management indicators (cont.)</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>(e) Asset consumption ratio</b>				
	An asset consumption ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.				
	<i>Transport Infrastructure</i>				
	<u>Depreciated replacement cost</u>	29,371	30,165	66,661	65,464
	Current replacement cost	41,512	41,471	88,169	85,043
	Asset consumption ratio %	> 60%	71%	73%	76%
					77%
	<i>Buildings</i>				
	<u>Depreciated replacement cost</u>	5,567	5,396	4,391	4,354
	Current replacement cost	5,947	5,664	4,546	4,431
	Asset consumption ratio %	> 60%	94%	95%	97%
					98%

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

The asset consumption ratio highlights that the Council is maintaining, renewing and replacing its assets in accordance with the Asset Management Plan and is in line with the benchmark.

**(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.

	<i>Transport Infrastructure</i>				
	<u>Projected capital funding outlays**</u>	1,004	407	526	N/A
	Projected capital expenditure funding***	1,004	407	526	N/A
	Asset renewal funding ratio %	90-100%	100%	100%	100%
					N/A
	<i>Buildings</i>				
	<u>Projected capital funding outlays**</u>	320	389	1,075	N/A
	Projected capital expenditure funding***	320	389	1,075	N/A
	Asset renewal funding ratio %	90-100%	100%	100%	100%
					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, which Flinders Council is well positioned to fund.

**(g) Asset sustainability ratio**

	<u>Capex on replacement/renewal of existing assets</u>	1,016	722	1,362	1,556
	Annual depreciation expense	1,460	1,437	1,798	1,446
	Asset sustainability ratio %	100%	70%	50%	76%
					90%

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

The asset sustainability ratio has significantly increased in 2014/15 due to the extension of the Airport Apron. However, by excluding the Airport project the ratio would still sit above the benchmark. The positive result has been driven by the long term financial plan.

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

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**Note 39 Management indicators (cont.)  
(g) Asset sustainability ratio**

	Capital renewal expenditure	Capital new /upgrade expenditure	Total Capital Expenditure
By asset class	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Land	-	264,998	264,998
Land under roads	-	-	-
Buildings	378,696	-	378,696
Leasehold improvements	-	252,002	252,002
Fixtures, fittings and furniture	-	8,183	8,183
Plant & equipment	-	352,438	352,438
Roads	588,222	-	588,222
Footpaths	-	2,457	2,457
Bridges	49,386	-	49,386
Stormwater	-	-	(0)
Waste management	-	95,571	95,571
Infrastructure	-	1,584,953	1,584,953
<b>Total</b>	<u>1,016,304</u>	<u>2,560,602</u>	<u>3,576,906</u>

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**Note 40 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
  - Land under roads
  - 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 2015.

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 2015**

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>					
Land	22	-	2,528	-	2,528
Land under roads	22	-	-	1,928	1,928
Buildings	22	-	244	-	244
Leasehold Improvements	22	-	-	2,179	2,179
Roads	22	-	-	24,414	24,414
Footpaths & cycleways	22	-	-	784	784
Bridges	22	-	-	4,174	4,174
Waste management	22	-	-	382	382
Stormwater	22	-	-	344	344
Other Infrastructure - Airport	22	-	-	3,250	3,250
		-	2,772	37,455	40,227
<b>Non-recurring fair value measurements</b>					
Assets held for sale		-	-	-	-
		-	-	-	-

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**As at 30 June 2014**

	<b>Note</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Recurring fair value measurements</b>					
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
<b>Non-recurring fair value measurements</b>					
Assets held for sale		-	-	-	-

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

Council adopted AASB 13 *Fair Value Measurement* for the first time in 2013-14 and has reviewed each valuation to ensure compliance with the requirements of the 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 16 respectively for details of valuation techniques used to derive fair values.

**Land**

Valuation of Land, land under roads and buildings were valued utilising the municipal valuations undertaken by the Office of the Valuer General as at 1 July 2015. 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 2015. 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(e)

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 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 30/06/2015.

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

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**Note 40 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.

**Notes to the Financial Report  
For the Year Ended 30 June 2015**

**(c) 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 has been a transfer from level 2 to level 3 measurements during the year.

	2015 \$	2014 \$
<b>Balance at beginning of reporting period</b>	32,596	68,692
Gain/loss recognised in profit or loss – Realised	(71)	(649)
Gain/loss recognised in profit or loss – Unrealised	(1,051)	(1,049)
Gain/loss recognised in other comprehensive income	1,926	1,025
Purchases		571
Sales		
Transfers into level 3	4,011	96
Transfers out of level 3	44	(36,090)
<b>Closing balance</b>	<b>37,455</b>	<b>32,596</b>

**(d) 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.

**(e) 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 41 Material Budget Variations**

Council's original budget was adopted by the Council on 19 June 2014. 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 Other Income**

There was a transfer of funds held in trust for Public Open Space Contributions to fund several public toilet upgrades.

**2 Investment revenue from water corporation**

The year-to-date dividends received from Council's share in Taswater was also higher than expected.

**3 Grants**

The first two instalments of the 2015/16 Financial Assistance Grants were paid in advance in 2014/15 and were deemed to be recognised in the financial year that the grant funding was received.

**Expenses**

**1 Employee benefits**

Employee benefits were lower for 2014-15 as they were modelled on the prior year's figure which included the roll-up of allowances and substantial payments in accordance with the 2013-16 Enterprise Agreement.

**2 Impairment of debts**

Broxburn Construction went into liquidation in 2014-15 resulting in the outstanding balance deemed impaired.

**3 Materials and services**

Materials were lower than anticipated due to Grants received that could not be expended in the financial year. Council's capital works program also contributed to the increased variation to budget.

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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 2015, 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 : 09/09/2015**





# Tasmanian Audit Office

## **Independent Auditor's Report**

### **To the Councillors of Flinders Council**

### **Financial Report for the Year Ended 30 June 2015**

### **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 2015 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 2015 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.

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

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

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

### **Independence**

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

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

### **Tasmanian Audit Office**



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

Hobart  
10 September 2015