

SOUTHERN MIDLANDS COUNCIL



COMPLETE SET OF CONSOLIDATED FINANCIAL STATEMENTS 2012/2013 FINANCIAL YEAR

Prepared in pursuance of the provisions of the Local Government Act 1993 (as amended), the Statements of Accounting Concepts and applicable Accounting Standards, including the accrual basis of accounting.

SOUTHERN MIDLANDS COUNCIL

COMPLETE SET OF FINANCIAL STATEMENTS

For the reporting period ended 30/06/2013

I, Timothy Francis Kirkwood, certify that in my opinion: -

1. the consolidated financial report set out on pages **1 to 46** fairly represents:
 - (a) the consolidated financial position of the council;
 - (b) the results of the council's consolidated operations; and
 - (c) the consolidated cash flow of the council.

2. the consolidated financial report has been prepared in accordance with the requirements of the Local Government Act 1993 (as amended), and Australian Accounting Standards, including Australian Interpretations.



T F Kirkwood
General Manager

Dated at Oatlands this 14th day of August 2013.



Tasmanian Audit Office

Independent Auditor's Report

To the Councillors of Southern Midlands Council

Financial Report for the Year Ended 30 June 2013

Report on the Financial Report

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

Auditor's Opinion

In my opinion Council's financial report:

- (a) presents fairly, in all material respects, the consolidated entities' financial position as at 30 June 2013 and its financial performance, cash flows and changes in equity for the year then ended; and
- (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.

...1 of 2

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

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

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

Independence

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

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- 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



Tara K Dean
General Manager Financial Audit Services
Delegate of the Auditor-General

Hobart
30 September 2013

...2 of 2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2013

	Notes	2013 Budget \$'000	2013 Actual \$'000	2012 Actual \$'000
Income				
Recurrent income				
General rates		3,993	4,029	3,811
User fees	3	728	886	783
Interest	4	260	265	361
Grants - Operating	5	3,111	3,219	3,879
Government subsidies		32	20	20
Contract Income		0	333	745
Donations		4	0	1
Other		85	42	31
		<u>8,213</u>	<u>8,794</u>	<u>9,631</u>
Capital income				
Grants – Capital	5	619	605	519
Net gain/(loss) on disposal of non-current assets	11	240	79	30
		<u>859</u>	<u>684</u>	<u>549</u>
Total income	2 (a)	<u>9,072</u>	<u>9,478</u>	<u>10,180</u>
Expenses				
Employee benefits	6	3,609	3,358	3,377
Materials and contracts	7	2,595	2,785	3,091
Depreciation and amortisation	8	3,120	2,655	3,114
Finance costs	9	59	57	64
Contributions		163	163	158
Other	10	245	284	433
Total expenses	2 (a)	<u>9,791</u>	<u>9,302</u>	<u>10,237</u>
Surplus / (Deficit)	2 (a)	<u>(719)</u>	<u>176</u>	<u>(57)</u>
Other comprehensive income				
<i>Item that will not be reclassified to surplus or deficit</i>				
Fair value revaluation of non-current assets		0	2,661	522
<i>Items that may be reclassified subsequently to surplus or deficit</i>				
Fair value adjustment on Available for Sale Assets	22	0	(3)	30
Comprehensive result		<u>(843)</u>	<u>2,834</u>	<u>495</u>

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
As at 30 June 2013

	Notes	2013 \$'000	2012 \$'000
CURRENT ASSETS			
Cash & cash equivalents	12	8,782	8,081
Receivables	13	641	661
Stores and materials		180	216
Subsidiary work in progress		100	114
Total Current Assets		9,703	9,072
NON-CURRENT ASSETS			
Receivables	13	28	30
Land	14	4,028	4,013
Buildings	15	10,084	9,793
Plant, machinery & equipment	16	2,139	2,248
Minor plant	17	56	41
Office furniture & equipment	18	197	176
Infrastructure assets	19	63,412	60,533
Work in progress	20	405	1,146
Intangibles – software & valuation fees	21	136	148
Investment in Southern Water	22	13,844	13,847
Total Non-Current Assets		94,329	91,975
TOTAL ASSETS	2(a)	104,032	101,047
CURRENT LIABILITIES			
Payables	23	618	657
Interest bearing liabilities	24	93	115
Employee benefits	25	1,122	987
Total Current Liabilities		1,833	1,759
NON-CURRENT LIABILITIES			
Interest bearing liabilities	26	895	838
Employee benefits	25	111	91
Total Non-Current Liabilities		1,006	929
TOTAL LIABILITIES		2,839	2,688
NET ASSETS		101,173	98,359
EQUITY			
Accumulated surplus		41,888	41,712
Reserves	27	59,305	56,647
TOTAL EQUITY		101,193	98,359

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2013

2013	Accumulated Surplus \$'000	Assets Revaluation Reserve (Note 27) \$'000	Fair Value Reserve (Note 27) \$'000	Bridge Maintenance Reserve (Note 27) \$'000	Other Reserves (Note 27) \$'000	Total Equity
Balance at beginning of financial year	41,712	52,886	110	1,666	1,985	98,359
Comprehensive result	176	0	(3)	0	0	173
Transfers to reserves	0	2,661	0	0	0	2,661
Balance at end of financial year	41,888	55,547	107	1,666	1,985	101,193

2012	Accumulated Surplus \$'000	Assets Revaluation Reserve (Note 27) \$'000	Fair Value Reserve (Note 27) \$'000	Bridge Maintenance Reserve (Note 27) \$'000	Other Reserves (Note 27) \$'000	Total Equity \$'000
Balance at beginning of financial year	41,769	52,364	80	1,666	1,985	97,864
Comprehensive result	(57)	522	30	0	0	495
Balance at end of financial year	41,712	52,886	110	1,666	1,985	98,359

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


CONSOLIDATED STATEMENT OF CASH FLOWS
 For the Year Ended 30 June 2013

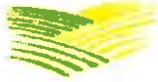
	NOTES	INFLOWS (OUTFLOWS) 2013 \$'000	INFLOWS (OUTFLOWS) 2012 \$'000
Cash flows from operating activities			
Receipts			
Rates		3,924	3,781
User charges		965	783
Interest received		265	361
Subsidies		20	20
Other revenue grants		3,219	3,879
GST Refunds from ATO		389	169
Other		523	861
Dividends		0	5
		<u>9,305</u>	<u>9,859</u>
Payments			
Employee costs		(3,203)	(3,438)
Materials & contracts		(3,262)	(3,295)
Interest		(57)	(64)
Other		(448)	(551)
		<u>(6,970)</u>	<u>(7,348)</u>
Net cash provided by (used in) operating activities	31	<u>2,335</u>	<u>2,511</u>
Cash flows from investing activities			
Payments for property, plant & equipment		(2,505)	(3,697)
Proceeds from sale of property, plant & equipment		231	420
Net cash provided by (used in) investing activities		<u>(2,274)</u>	<u>(3,267)</u>
Cash flows from financing activities			
Capital grants		605	519
Repayment of borrowings		(115)	(103)
Proceeds from borrowings		150	150
Net cash provided by (used in) financing activities		<u>640</u>	<u>566</u>
Net increase/(decrease) in cash and cash equivalents		701	(200)
Cash and cash equivalents at beginning of reporting year		<u>8,081</u>	<u>8,281</u>
Cash and cash equivalents at the end of the financial year	12	<u>8,782</u>	<u>8,081</u>

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

NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**30 June 2013

INTRODUCTION

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

1. SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Accounting**

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

This consolidated financial report has been prepared under the historical cost convention, except where specifically stated.

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.

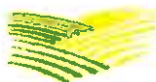
In the application of Australian Accounting Standards, Council is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various 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.

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, and material subsidiaries, have been included in this consolidated financial report. All transactions between these entities and Council have been eliminated in full.

Judgements and Assumptions

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

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



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

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 14 to 19 and in note 1.

Defined benefit superannuation fund obligations

Actuarial assumptions are utilised in the determination of Council's defined benefit superannuation fund obligations. These assumptions are discussed in note 30.

Employee entitlements

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

(b) Revenue recognition

Rates, grants and government subsidies

Rates, grants and government subsidies 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 of rates has not been established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold.

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 12.

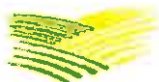
User fees

User fees are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever occurs first.

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.

**NOTES TO AND FORMING PART OF THE ACCOUNTS**30 June 2013

Contract income

As soon as the outcome of construction contracts can be estimated reliably, contract revenue and expenses are recognised in the Consolidated Statement of Comprehensive Income in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. Any expected loss on a contract is recognised immediately in the Consolidated Statement of Comprehensive Income.

Interest

Interest is recognised progressively as it is earned.

(c) Expense recognition

Expenses are recognised in the Consolidated 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, 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 assets 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.

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:

Buildings	10 to 50 years
Plant, machinery & equipment	2 to 15 years
Minor Plant	0 to 2 years
Office furniture & equipment	5 to 100 years
Computers	5 years
Infrastructure assets	10 to 150 years

NOTES TO AND FORMING PART OF THE ACCOUNTS

30 June 2013

In the prior financial year, Council had a depreciation period for Roads of 10 to 100 years. As disclosed at Note 19, the fair value of roads (including earthworks) was determined as at 1 July 2012. Concurrent with the review of the valuation of these assets, Council have reassessed the estimated useful lives of the components of road assets as at 1 July 2012. The effect of this change in the current financial year is a reduction in depreciation expense of \$547,000 and is expected to have approximately the same effect on depreciation expense in future financial 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 assets is expensed.

Finance costs

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

Finance costs include interest on bank overdrafts and interest on borrowings.

(d) Recognition and measurement of assets

Acquisition

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

The following classes of assets have been recognised in notes 14 - 21. 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.

Land	Nil
Buildings	5,000
Plant, machinery & equipment	1,000
Minor Plant	1,000
Office furniture & equipment	500
Roads	Nil
Bridges	5,000
Waste management assets	3,000
Stormwater	3,000
Intangibles – Software	500



NOTES TO AND FORMING PART OF THE ACCOUNTS

30 June 2013

Revaluation

At balance date, Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset 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 with sufficient regularity 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 expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the extent of the remaining increments. Within the same asset class, revaluation increments and decrements within the year are offset.

Land under roads

Council has not accounted for land under roads from 1 July 2008. Council has elected not to recognise land under roads that it controlled prior to that period in its financial report.

(e) Cash and cash equivalents

For the purpose of the Consolidated 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.

(f) Trade and other receivables

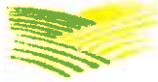
Receivables are carried at amortised cost using the effective interest rate method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred.

(g) Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential.

(h) Work in Progress

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the consolidated entity's contract activities based on normal operating capacity.

**NOTES TO AND FORMING PART OF THE ACCOUNTS**30 June 2013

(i) Investment in Water Corporation

Council's investment in Southern Water is valued at fair value at balance date. Fair value was determined by using Council's ownership percentage against the water corporation's net asset value at balance date based on Final Treasurer's Allocation Order in 2011. Council has an ownership interest of 1.5% in the corporation. Any unrealised gains and losses on holdings at balance date are recognised in the Consolidated Statement of Comprehensive Income to financial assets available for sale reserve each year.

From 1 July 2013, Council's ownership interest in Southern Water will change to an ownership interest in Tas Water. Refer to note 34.

(j) Investments

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

(k) Employee Benefits*Wages and Salaries*

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

Annual leave

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

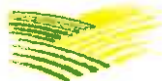
Long Service Leave

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

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

Sick Leave

Council's Enterprise Bargaining Agreement provides for employees who resign from their position with Council to be paid a percentage of their sick leave balance based on completed years of service, plus a gratuity amount.



NOTES TO AND FORMING PART OF THE ACCOUNTS

30 June 2013

Classification of employee benefits

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

Superannuation

The superannuation expense for the reporting period is the amount of the statutory contribution the Council makes to the superannuation plans that provide benefits to its employees. Details of these arrangements are set out in note 30.

(l) Leases

The Council currently has no material finance or operating lease arrangements.

(m) Interest bearing liabilities

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

(n) Allocation between current and non current

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

(o) Taxation

Council is exempt from all forms of Federal taxation requirements under section 50-25 of the Income Tax Assessment Act 1997, except for Fringe Benefits Tax, Goods and Services Tax, and state based Payroll Taxes.

Council's fully owned subsidiary company, Heritage Education and Skills Centre Ltd, is exempt from all forms of Federal taxation requirements under section 50-5 of the Income Tax Assessment Act 1997 due to its public educational institution status, but is liable for Fringe Benefits Tax, Goods and Services Tax, and state based Payroll Taxes.

Heritage Building Solutions Pty Ltd, also a fully owned subsidiary of the council, is subject to Part 3A of the Local Government Act 1993. Under the provisions of this legislation, the company is required to calculate the equivalent income tax payable in accordance with the requirements of the Income Tax Assessment Act 1997 of the Federal Government and makes payment of any company tax owing to Council. The company is also liable for Fringe Benefits Tax, Goods and Services Tax, and state based Payroll Taxes.

NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation 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 Consolidated Statements of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Impairment of assets

Assets that have an indefinite useful life are not subject to depreciation or amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

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

(q) Investments in subsidiaries

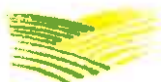
During the 2010-2011 financial year Council acquired two wholly owned companies, Heritage Building Solutions Pty Ltd (HBS) and Heritage Education and Skills Centre Pty Ltd (HESC). The financial impact of the subsidiaries are not considered material and Council has determined that it will not apply the consolidation requirements of *AASB 127 Consolidated and Separate Financial Statements*. Consequently balances of the subsidiaries have been incorporated into Councils balances. All inter-company balances and transactions between Council and the subsidiaries have been eliminated.

(r) Consolidated Statement of Comprehensive Income – Budget Amounts

The budget amounts which appear in the Consolidated Statement of Comprehensive Income are taken from the Annual Estimates and are not subject to audit.

(s) Rounding

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS**30 June 2013

(t) Pending Accounting Standards

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

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

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

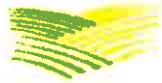
There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities. The derecognition rules have been transferred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

- (ii) *AASB 10 Consolidated Financial Statements*, *AASB 11 Joint Arrangements*, *AASB 12 Disclosure of Interests in Other Entities*, revised *AASB 127 Separate Financial Statements* and *AASB 128 Investments in Associates and Joint Ventures* and *AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013)

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

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and



NOTES TO AND FORMING PART OF THE ACCOUNTS

30 June 2013

obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. The standard will not affect Council as it does not have any joint arrangements.

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

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

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

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

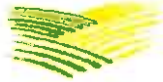
AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of Council's assets and liabilities (excluding leases), that are measured and/or disclosed at fair value or another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

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

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

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

This revised standard on accounting for employee benefits includes significant revisions to the



NOTES TO AND FORMING PART OF THE ACCOUNTS

30 June 2013

recognition, remeasurement, presentation and disclosure of defined benefit liabilities/assets. These changes will not affect Council as it does not have any defined benefit plans. Whilst this standard does include revision to multi-employer plans; such as Council's multi-employer sponsored plan the Quadrant Defined Benefit Fund (Refer Note 30); these are generally disclosure related and not expected to have a financial impact.

The standard also clarifies criteria for accounting for "short-term employee benefits" including treatment of terminations. Employee benefits 'expected to be settled' (as opposed to 'due to be settled' under current standard) within 12 months after year end are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave and other short-term benefits not expected to be used within 12 months of end of reporting period will in future be discounted when calculating the leave liability. Council has assessed the impact of this as a reduction in employee provisions of \$3,000.

NOTES TO AND FORMING PART OF THE ACCOUNTS

30 June 2013

2. FUNCTIONS/ACTIVITIES OF THE COUNCIL

a) Revenues, expenses and assets have been attributed to the following functions/activities. Details of those functions/activities are set out in note 2(c).
Continued next page.

2013	Roads/ Bridges	Storm- Water	Waste Manage.	Employment & Economic Development	Environmental Management	Development Services	Community Services	Recreational Services	Council/ Corporate	Unclass.	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	4,028	112	594	1,314	314	822	351	771	537	459	9,302
Revenue											
Grants	441	0	0	115	71	0	38	0	0	3,158	3,823
Other	21	0	525	425	0	147	18	87	118	4,314	5,655
Total Revenue	462	0	525	540	71	147	56	87	118	7,472	9,478
Change in net assets from operations	(3,566)	(112)	(69)	(794)	(243)	(675)	(295)	(684)	(419)	7,033	176
Assets	63,207	1,697	259	5,518	0	550	1,473	5,554	1,989	23,785	104,032

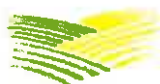
NOTES TO AND FORMING PART OF THE ACCOUNTS

30 June 2013

2. FUNCTIONS/ACTIVITIES OF THE COUNCIL (CONTINUED)

a) Revenues, expenses and assets have been attributed to the following functions/activities. Details of those functions/activities are set out in note 2(c).

2012	Roads/ Bridges	Storm- Water	Waste Manage.	Employment & Economic Development	Environmental Management	Development Services	Community Services	Recreational Services	Council/ Corporate	Unclass.	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	4,830	93	514	1,261	275	848	347	705	399	965	10,237
Revenue											
Grants	448	0	0	67	207	0	26	23	0	3,627	4,398
Other	51	0	498	310	0	149	68	77	79	4,550	5,782
Total Revenue	499	0	498	377	207	149	94	100	79	8,177	10,180
Change in net assets from operations	(4,331)	(93)	(16)	(884)	(68)	(699)	(253)	(605)	(320)	7,212	(57)
Assets	61,260	1,725	265	5,303	0	545	1,454	5,464	1,890	23,141	101,047

**NOTES TO AND FORMING PART OF THE ACCOUNTS**
30 June 2013

2. FUNCTIONS/ACTIVITIES OF THE COUNCIL (CONTINUED)

b) The written down value of Assets shown in Note 2(a) are reconciled with the amount shown for assets in the consolidated financial position statement as follows:

	2013	2012
	\$'000	\$'000
Current Assets	9,711	9,102
Non-Current Assets	94,321	91,945
	<u>104,032</u>	<u>101,047</u>

c) The activities of the municipality are categorised into the following broad functions:

Roads and Bridges

Construction, management, maintenance and cleaning of roads, bridges, footpaths, kerbs and guttering; provision of street lighting

Stormwater

Maintenance and provision of stormwater reticulation systems.

Waste Management

Collection, handling, processing and disposal of waste materials, operations of refuse disposal sites, waste transfer stations and recycling facilities.

Environmental Management

Protection and enhancement of the environment, maintenance of amenity through control of statutory nuisances, environmental health, and the control of animal nuisances.

Employment and Economic Development

Facilitation and development of local employment and economic initiatives, including streetscape improvements. Development and promotion of tourism and economic services within the municipal area.

Development Services

Development services cover all planning and development control, building control and related regulatory and statutory matters.



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

2. FUNCTIONS/ACTIVITIES OF THE COUNCIL (CONTINUED)

Community Services

Operation of the Midlands Multi-Purpose Health Centre, the Home and Community Care Program, the provision of other aged care services; operation of youth employment and development programs; Library services; emergency services including the municipal Ambulance Service.

Recreational Services

Provision and maintenance of recreation and sport facilities, including public halls and swimming pool. Included in this activity are parks and reserves, town beautification and associated facilities.

Council/Corporate

Administrative support for the Council and operational branches, including secretarial, computer, financial, personnel and general administrative services.

Unclassified

All revenues and expenditure that cannot be attributed directly to one of the other listed functions. Includes carrying amount of non-current assets sold, State Government levies and contributions and Councillors emoluments.

3. USER FEES

	2013	2012
	\$'000	\$'000
Community safety	15	15
Growth tourism	345	309
Growth business	130	107
Landscapes regulatory	96	109
Landscapes natural	10	10
Lifestyle recreation	73	57
Lifestyle animals	41	40
Organisation sustainability	154	79
Organisation finances	9	7
Other	13	50
	<u>886</u>	<u>783</u>



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

	2013 \$'000	2012 \$'000
4. INTEREST		
Interest on financial assets	248	332
Interest on cash & cash equivalents	17	29
	<u>265</u>	<u>361</u>

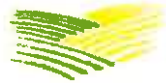
5. GRANTS

Grants were received in respect of the following:

Grants – Operating

Commonwealth Government – Financial Assistance Grants	1,574	2,168
Commonwealth Government – Financial Assistance Grants (in advance)	1,584	1,459
Landscapes heritage	0	5
Growth integration	0	15
Landscapes natural	38	207
Lifestyle youth	3	14
Lifestyle public health	0	1
Lifestyle recreation	20	10
	<u>3,219</u>	<u>3,879</u>

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. Since 2009-10 the Commonwealth has been making early payment of the first quarterly instalment for the following year. In 2012 the Government announced in the Commonwealth Budget following the downturn in the economy that, “to assist local councils with planning for the recovery and to ensure local government has maximum certainty to begin planning their 2012-13 works programs”, it would bring forward for payment to all councils in June 2012, the first two instalments of the 2012-13 grant pool. In the 2013-14 Budget the Commonwealth announced it would continue this approach and include the first two instalments of the 2013-14 grant pool. In accordance with AASB1004 *Contributions*, Council recognises these grants as revenue when it receives the funds and obtains control. The effects of the early receipt of instalments each year has resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2012-13 by \$1,629,000 and 2011-12 by \$1,027,000. This has impacted the Consolidated Statement of Comprehensive Income resulting in the Net surplus/(deficit) being higher in both years by these amounts. With fewer instalments due to be received in 2013-14, the reverse effect may occur, however future payments remain at the Commonwealth's discretion.



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

	2013 \$'000	2012 \$'000
5. GRANTS (CONTINUED)		
<i>Grants – Capital</i>		
Commonwealth Government - roads	441	448
Landscapes heritage	115	47
Landscapes natural	33	0
Lifestyle public health	16	0
Lifestyle recreation	0	24
	<u>605</u>	<u>519</u>
6. EMPLOYEE BENEFITS		
Wages and salaries	2,264	2,377
Other employee costs	1,094	1,000
	<u>3,358</u>	<u>3,377</u>
7. MATERIALS & CONTRACTS		
Advertising	35	32
Bank Charges and Commissions	20	19
Callington Mill	118	144
Computer System Operations	106	93
Consultancies	203	181
Contractor Labour and Services	240	282
Donations and Grants	55	62
Household Garbage & Recycling Collection Contract	186	171
Insurance Premiums	63	61
Council Plant & Machinery	311	289
Legal Expenses	4	30
Office Expenses	104	106
Plant & Machinery Hire (External)	205	277
Power Costs (includes street lighting)	196	181
Repairs & Maintenance	335	289
Subscriptions and Publications	44	41
Telecommunications	37	38
Waste Transfer, Transport and Disposal Contracts	201	139
Valuation Fees (Supplementary Valuations)	9	14
Water Purchases	14	16
Other	299	626
	<u>2,785</u>	<u>3,091</u>



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

	2013	2012
	\$'000	\$'000

8. DEPRECIATION AND AMORTISATION

Depreciation and amortisation expense was charged in respect of:

Depreciation

Buildings	297	278
Plant, machinery & equipment	248	253
Office furniture & equipment	29	35
Minor plant	7	8
Roads	1,647	2,103
Waste management	19	18
Stormwater	46	45
Bridges	317	312
	<u>2,610</u>	<u>3,052</u>

Amortisation

Valuation fees	26	26
Software	19	36
Total Depreciation & amortisation	<u>2,655</u>	<u>3,114</u>

As disclosed at Note 1(c), Council re-assessed the useful lives of Roads as at 1 July 2012 which reduced depreciation expense in the current financial year.

9. FINANCE COSTS

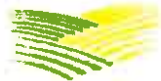
Gross interest paid/payable	<u>57</u>	<u>64</u>
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10. OTHER EXPENSES

Audit services	26	27
Grant Refunds	0	148
Impairment of Debts	0	74
Councillors allowances	139	151
Other	119	33
	<u>284</u>	<u>433</u>

11. NET GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS

Net proceeds from disposal of non-current assets	231	420
Carrying amount of non-current assets retired / sold	(152)	(390)
	<u>79</u>	<u>30</u>



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

	2013 \$'000	2012 \$'000
12. CURRENT ASSETS – CASH & CASH EQUIVALENTS		
Cash at bank and on hand	1,612	2,221
Term deposits	7,170	5,860
	<u>8,782</u>	<u>8,081</u>

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

Trust funds and deposits	146	121
Heritage Building Solutions Pty Ltd	47	88
Unexpended grants	23	87
FAG grant in advance	1,583	1,459
Restricted Funds	<u>1,799</u>	<u>1,755</u>
Total unrestricted cash and cash equivalents	<u>6,983</u>	<u>6,326</u>

13. ASSETS - RECEIVABLES

Current Assets

Deferred Tax Asset (HBS)	45	19
Rates receivable	451	346
Other debtors	145	296
	<u>641</u>	<u>661</u>

Non-Current Assets

Other debtors	<u>28</u>	<u>30</u>
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Significant Terms and Conditions

Debtors of Council are required to settle their accounts within specified terms including:

Rate Debtors

Payment is required either by four instalments or alternatively within thirty days (which provides a discount of 1.3%). The discount provided is shown as an expense of the entity in the Consolidated Comprehensive income statement. A penalty of 5% applies to any rate or charge that is not paid on or before the date it falls due and in addition to the penalty, interest under section 128 of the *Local Government Act 1993* will be charged at the rate of 9.5% per annum.

Other Debtors

Payment is required within thirty days of issue of the account.

Should amounts remain unpaid outside the adopted payment options, Council will instigate collection proceedings in accordance with the provisions of the *Local Government Act 1993* (as amended).



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

	2013 \$'000	2012 \$'000
14. NON-CURRENT ASSETS – LAND		
Gross Carrying Amount		
Fair Value as at 1 July	4,013	4,038
Disposals	0	(25)
Addition	15	0
Net Book Value 30 June – at fair value	<u>4,028</u>	<u>4,013</u>

Valuation of land was based on the Valuer-General's independent valuations as at 1st October 2008.

15. NON-CURRENT ASSETS - BUILDINGS

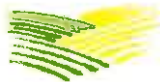
Gross Carrying Amount		
Fair Value as at 1 July	11,636	11,028
Additions	588	636
Disposals	0	(28)
Adjustment from Revaluation	0	0
Balance at 30 June	<u>12,224</u>	<u>11,636</u>
Accumulated Depreciation		
Balance at 1 July	1,843	1,578
Disposals	0	(13)
Depreciation expense for the year	297	278
Balance at 30 June	<u>2,140</u>	<u>1,843</u>
Net Book Value 30 June – at fair value	<u>10,084</u>	<u>9,793</u>

Valuation of buildings was based on the Valuer General's independent valuations as at 1st October 2008 and indexed to the 1st October 2010 using the ABS Building Construction Price Index.



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

	2013 \$'000	2012 \$'000
16. NON-CURRENT ASSETS - PLANT, MACHINERY & EQUIPMENT		
Gross Carrying Amount		
At cost at 1 July	3,383	3,177
Additions	292	911
Disposals	(302)	(704)
Balance at 30 June	<u>3,373</u>	<u>3,384</u>
Accumulated Depreciation		
Balance at 1 July	1,136	1,303
Disposals	(150)	(420)
Depreciation expense for the year	248	253
Balance at 30 June	<u>1,234</u>	<u>1,136</u>
Net Book Value 30 June – at cost	<u>2,139</u>	<u>2,248</u>
17. NON-CURRENT ASSETS - MINOR PLANT		
Gross Carrying Amount		
At cost at 1 July	223	214
Additions	22	9
Balance at 30 June	<u>245</u>	<u>223</u>
Accumulated Depreciation		
Balance at 1 July	182	174
Depreciation expense for the year	7	8
Balance at 30 June	<u>189</u>	<u>182</u>
Net Book Value 30 June – at cost	<u>56</u>	<u>41</u>
18. NON-CURRENT ASSETS - OFFICE FURNITURE & EQUIPMENT		
Gross Carrying Amount		
At cost at 1 July	682	591
Additions	50	91
Balance at 30 June	<u>732</u>	<u>682</u>
Accumulated Depreciation		
Balance at 1 July	506	471
Depreciation expense for the year	29	35
Balance at 30 June	<u>535</u>	<u>506</u>
Net Book Value 30 June – at cost	<u>197</u>	<u>176</u>



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

19. NON-CURRENT ASSETS - INFRASTRUCTURE ASSETS

a) Roads

Gross Carrying Amount

	2013 \$'000	2012 \$'000
Fair Value as at 1 July	98,222	97,786
Additions	1,214	1,249
Disposals	0	(813)
Adjustment from Revaluation	3,041	0
Balance at 30 June	<u>102,477</u>	<u>98,222</u>

Accumulated Depreciation

Balance at 1 July	53,014	51,657
Disposals	0	(746)
Adjustment from Revaluation	1,685	0
Depreciation expense for the year	1,646	2,103
Balance at 30 June	<u>56,345</u>	<u>53,014</u>

Net Book Value 30 June – at fair value

<u>46,132</u>	<u>45,208</u>
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Valuations of roads (including earthworks) were determined by Engineer, Mr Heath McPherson of Brighton Council, as at 1 July 2012. These valuations were based on current replacement value.

b) Bridges

Gross Carrying Amount

At cost at 1 July	21,398	21,050
Additions	999	339
Adjustment from Revaluation	1,485	9
Balance at 30 June	<u>23,882</u>	<u>21,398</u>

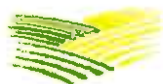
Accumulated Depreciation

Balance at 1 July	7,875	8,156
Adjustment from Revaluation	180	(593)
Depreciation expense for the year	317	312
Balance at 30 June	<u>8,372</u>	<u>7,875</u>

Net Book Value 30 June – at fair value

<u>15,510</u>	<u>13,523</u>
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Valuations of bridges (including earthworks) were determined by consulting engineers AusSpan as at 5 May 2013. These valuations were based on current replacement value.



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

	2013 \$'000	2012 \$'000
19. NON-CURRENT ASSETS - INFRASTRUCTURE ASSETS (CONTINUED)		
c) Stormwater		
Gross Carrying Amount		
Fair Value as at 1 July	2,748	2,711
Additions	21	37
Adjustment from Revaluation	0	0
Balance at 30 June	<u>2,769</u>	<u>2,748</u>
Accumulated Depreciation		
Balance at 1 July	1,029	984
Adjustment from Revaluation	0	0
Depreciation expense for the year	46	45
Balance at 30 June	<u>1,075</u>	<u>1,029</u>
Net Book Value 30 June – at fair value	<u>1,694</u>	<u>1,719</u>

Valuation of stormwater assets were determined by an Engineer as at 1st July 2010. These valuations were based on current replacement value

d) Waste Management		
Gross Carrying Amount		
At cost at 1 July	200	200
Additions	14	2
Balance at 30 June	<u>214</u>	<u>202</u>
Accumulated Depreciation		
Balance at 1 July	119	101
Depreciation expense for the year	19	18
Balance at 30 June	<u>138</u>	<u>119</u>
Net Book Value 30 June – at cost	<u>76</u>	<u>83</u>
Total Infrastructure Assets	<u>63,412</u>	<u>60,533</u>

20. NON-CURRENT ASSETS - WORK IN PROGRESS

Work in progress at cost	<u>405</u>	<u>1,146</u>
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Work in progress represents capital works not completed and not ready for use as at 30 June 2013. Depreciation has not been charged against these amounts



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

	2013 \$'000	2012 \$'000
21. NON-CURRENT ASSETS – INTANGIBLES – SOFTWARE & VALUATION FEES		
Gross Carrying Amount		
At cost at 1 July	388	313
Additions	33	75
Balance at 30 June	<u>421</u>	<u>388</u>
Accumulated Amortisation		
Balance at 1 July	240	178
Amortisation expense for the year	45	62
Balance at 30 June	<u>285</u>	<u>240</u>
Net Book Value 30 June – at cost	<u>136</u>	<u>148</u>

22. INVESTMENT IN SOUTHERN WATER

Council has an ownership interest of 1.5% in Southern Water based on the Final Treasurer's Allocation Order in 2011. Council does not have significant influence to allow it to use the equity method to account for this interest.

Opening balance	13,847	13,817
Fair value adjustment on Available for Sale Assets	(3)	30
Total investment in water corporation	<u>13,844</u>	<u>13,847</u>

From 1 July 2013, Council's ownership interest in Southern Water will change to an ownership interest in Tas Water. Refer to Note 34.

23. CURRENT LIABILITIES - PAYABLES

Payables and accruals	476	579
Current tax liability (HBS)	72	16
Payroll tax and workers compensation on employee entitlements	70	62
	<u>618</u>	<u>657</u>

Significant Terms and Conditions

Payables are generally settled within specified trading terms or thirty days whichever is the earlier.



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

	2013 \$'000	2012 \$'000
24. CURRENT LIABILITIES – INTEREST BEARING LIABILITIES		
Borrowings – Bank	93	115

Significant Terms and Conditions

The loans of Council are secured by trust deed. In accordance with Section 80 of the *Local Government Act 1993*, the borrowing capacity of Council is limited to:

- Except with the approval of the Minister, a council may not borrow additional money for any purpose if the annual payments required to service the total borrowings would exceed 30% of its revenue of the preceding financial year.
- Grants made to a council for specific purposes are to be excluded in calculating 30% of revenue of the council.

The current annual payments of loans (principal and interest) by Council, based on the debenture loan schedules, equate to 1.47% of the total revenue for the preceding year (2012 2.01%).

25. EMPLOYEE BENEFITS

Current

Annual leave	431	374
Long service leave	445	386
Other leave	246	227
	1,122	987

Non Current

Long service leave	111	91
Other	0	0
Total Employee Entitlements	111	91



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

	2013 \$'000	2012 \$'000
26. NON-CURRENT LIABILITIES – INTEREST BEARING LIABILITIES		
Borrowings – Bank	895	838
Security for Borrowings		
The bank loans are secured over the general rates of the Council		
Credit Standby Arrangements		
Bank overdraft limit – online payroll facility	55	60
Direct Debit Facility	20	20
Business credit cards	8	5
Total amount of credit unused	73	85

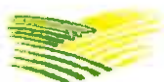
Refer to Note 24 for disclosure in relation to *Significant Terms and Conditions*.

27. RESERVES

a) Composition

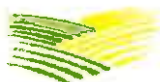
Asset Revaluation Reserve	55,547	52,886
Bridge Maintenance Reserve	1,666	1,666
Fair Value Reserve	107	110
Other Reserves		
Plant Replacement Reserve	686	686
Capital Works Reserve	1,239	1,239
Quarry Reinstatement Reserve	31	31
Public Open Space Reserve	29	29
	1,985	1,985
	59,305	56,647

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of Council's property, plant and equipment. The purpose of all other reserves is the replacement and maintenance of the associated assets.



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

	2013 \$'000	2012 \$'000
27. RESERVES (CONTINUED)		
b) Movements		
Asset Revaluation Reserve		
Balance at the beginning of the financial year	52,886	52,364
Revaluation of land assets	0	0
Revaluation of road assets	1,356	0
Revaluation of bridge assets	1,305	602
Balance at the end of the financial year	<u>55,547</u>	<u>52,886</u>
Bridge Maintenance Reserve		
Balance at the beginning of the financial year	1,666	1,666
Balance at the end of the financial year	<u>1,666</u>	<u>1,666</u>
Fair Value Reserve		
Balance at the beginning of the financial year	110	80
Amount transferred from (to) accumulated surplus	(3)	30
Balance at the end of the financial year	<u>107</u>	<u>110</u>
Other Reserves		
Plant Replacement Reserve		
Balance at the beginning of the financial year	686	686
Balance at the end of the financial year	<u>686</u>	<u>686</u>
Capital Works Reserve		
Balance at the beginning of the financial year	1,239	1,239
Balance at the end of the financial year	<u>1,239</u>	<u>1,239</u>
Quarry Reinstatement Reserve		
Balance at the beginning of the financial year	31	31
Balance at the end of the financial year	<u>31</u>	<u>31</u>
Public Open Space Reserve		
Balance at the beginning of the financial year	29	29
Balance at the end of the financial year	<u>29</u>	<u>29</u>
Total Other Reserves	<u>1,985</u>	<u>1,985</u>



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

28. COMMITMENTS FOR EXPENDITURE

a) Capital Commitments

Council had no contracted capital expenditure in the 2012-2013 reporting period (2011-2012 \$nil).

b) Operating Lease Commitments

Council had no material commitments under operating leases at either reporting date.

c) Finance Lease Commitments

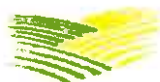
Council had no commitments under finance leases at either reporting date.

29. COMMITTEES

Pursuant to Section 84(d) of the *Local Government Act 1993*, these Consolidated Statements include transactions for the following Special Committees:

	2012 \$000 Balance	2013 \$000 Revenue	2013 \$000 Expenses	2013 \$'000 Balance
Committee:				
Campania Halls	9	18	19	8
Colebrook Hall	1	1	1	1
Woodsdale Hall	7	4	4	7
Oatlands Community Hall	4	6	5	5
Woodsdale Recreation Ground	0	0	0	0
Colebrook Recreation Ground	3	0	0	3
Parattah Recreation Ground	6	4	3	7
Lake Dulverton Management	3	0	0	3
Parattah Railway	2	0	1	1
Oatlands Spring Festival	6	0	0	6
	41	33	33	41

These committees raise their own funds and make their own decisions, maintain their own books and records, and operate separate bank accounts. They do not conduct financial transactions with Council. Their transactions and bank balances have been consolidated into these accounts.

**NOTES TO AND FORMING PART OF THE ACCOUNTS**

30 June 2013

30. SUPERANNUATION

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

For the year ended 30 June 2013 the Council contributed 9.5% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

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

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

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

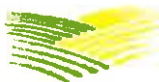
The actuarial review concluded that:

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

The Actuary recommended that in future the Council contribute 9.5% of salaries in 2012/13, 10.5% of salaries in 2013/14, and 11.0% of salaries in 2014/15.

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

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



NOTES TO AND FORMING PART OF THE ACCOUNTS

30 June 2013

30. SUPERANNUATION (CONTINUED)

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

During the reporting period the amount of contributions paid to defined benefits schemes was \$227,800 (2011/12 \$225,066), and the amount paid to accumulation schemes was \$94,025 (2011/12, \$77,928).

31. RECONCILIATION OF NET CASH FROM OPERATING ACTIVITIES TO SURPLUS (DEFICIT)

	2013 \$'000	2012 \$'000
Surplus (Deficit)	176	(57)
Depreciation and amortisation	2,655	3,114
Dividends	0	(5)
Capital grants	(605)	(519)
(Gain) Loss on disposal of non-current assets	(79)	(30)
Increase (Decrease) in employee provisions	155	(61)
Increase (Decrease) in payables	(39)	89
(Increase) Decrease in receivables	22	59
(Increase) Decrease in work in progress	14	0
(Increase) Decrease in stores and materials	36	(84)
Net cash from (used in) operating activities	2,335	2,506

32. RELATED PARTY TRANSACTIONS

(a) Allowances and Reimbursements	137	133
(b) Register of Interests – 2012/13		
Interests of Councillors notified to the General Manager in respect of any body or organisation with which the Council has major financial dealings.	Nil	nil

Councillor & Position

Mayor A E Bisdee OAM	No interest declared.
Deputy Mayor Clr M Jones OAM	No interest declared.
Clr A R Bantick	No interest declared.
Clr C J Beven	No interest declared.
Clr B Campbell	No interest declared.
Clr M Connors	No interest declared.
Clr D F Fish	No interest declared.
Clr A O Green	No interest declared.
Clr J L Jones OAM	No interest declared.



NOTES TO AND FORMING PART OF THE ACCOUNTS

30 June 2013

33. FINANCIAL INSTRUMENTS**(a) Accounting Policy, terms and conditions**

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	12	<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>On call deposits returned a floating interest rate of 1% (1% in 2011-12). The interest rate at balance date was 1% (1% in 2011-2012).</p> <p>Term deposits returned fixed interest rates of between 2.50% (3.4% in 2011-2012), and 3.75% (5.45% in 2011-2012) net of fees.</p>
Investment in Southern Water	22	Investment is valued at fair value at balance date	Terms and Conditions are disclosed in Note 22.
Trade and other receivables Other debtors	13	<p>Receivables are carried at amortised cost using the effective interest method. A provision for doubtful debts 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>	Terms and conditions are disclosed in Note 13.



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities

Trade and other payables	23	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.	Terms and conditions are disclosed at Note 23.
Interest-bearing liabilities	24	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Terms and conditions are disclosed at Note 24.

(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:

2013	WAEIR	Floating interest rate	1 year or less	1 to 5 years	over 5 years	Non interest bearing	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Assets</u>							
Cash & cash equivalents	3.39%	1,612	7,170	0	0	0	8,782
Receivables							
- Rates						451	451
- Other						218	218
Investment in Southern Water						13,844	13,844
Total Financial Assets		1,612	7,170	0	0	14,513	23,295
<u>Liabilities</u>							
Interest Bearing Liabilities	6.05%	0	93	405	490	0	988
Payables		0	0	0	0	618	618
Total Financial Liabilities		0	93	405	490	618	1,606
Net Financial Assets/ (Liabilities)		1,611	7,077	(405)	(490)	13,895	21,689

WAEIR - weighted average effective interest rate.



NOTES TO AND FORMING PART OF THE ACCOUNTS

30 June 2013

33. FINANCIAL INSTRUMENTS (CONTINUED)

b) Interest Rate Risk Exposure (Continued)

	WAEIR	Floating interest rate	1 year or less	1 to 5 years	over 5 years	Non interest bearing	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2012							
Assets							
Cash & cash equivalents	4.20%	2,221	5,860	0	0	0	8,081
Receivables							
- Rates		0	0	0	0	346	346
- Other		0	0	0	0	345	345
Investment in Southern Water		0	0	0	0	13,847	13,847
Total Financial Assets		2,221	5,860	0	0	14,538	22,619
Liabilities							
Interest Bearing Liabilities	5.70%	0	115	348	490	0	953
Payables		0	0	0	0	657	657
Total Financial Liabilities		0	115	348	490	657	1,610
Net Financial Assets/ (Liabilities)		2,221	5,745	(348)	(490)	13,881	21,009

WAEIR - weighted average effective interest rate

c) Net Fair Values

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	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash and cash equivalents	8,782	8,081	8,782	8,081
Receivables	669	691	669	691
Investment in Southern Water	13,844	13,847	13,844	13,847
Total Financial Assets	23,295	22,619	23,295	22,619
Financial Liabilities				
Payables	618	657	618	657
Interest-bearing liabilities	988	953	1,034	953
Total Financial Liabilities	1,606	1,610	1,652	1,610

**NOTES TO AND FORMING PART OF THE ACCOUNTS**
30 June 2013

33. FINANCIAL INSTRUMENTS (CONTINUED)**(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 Consolidated 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 of future cash flows of our consolidated financial statements will fluctuate because of changes in market prices. Council's exposure to market risks are primarily through interest risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

Interest rate risk

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

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

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

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

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

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



NOTES TO AND FORMING PART OF THE ACCOUNTS

30 June 2013

33. FINANCIAL INSTRUMENTS (CONTINUED)**(e) Risks and mitigation (continued)***Credit risk*

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and causes Council to make a financial loss. Council have exposure to credit risk on some financial assets included in our Consolidated 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;
- we only invest surplus funds with financial institutions which have a recognised 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, receivables balances are monitored on an ongoing basis with the result that Council's exposure to bad debts is not significant.

We may also be subject to credit risk for transactions which are not included in the Consolidated Statement of Financial Position, such as when we provide a guarantee for another party.

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

	Financial Institutions	Other	Total
	(min BBB+ credit rating)	(min BBB+ credit rating)	
2013			
Cash and cash equivalents	8,782	0	8,782
Trade and other receivables	0	669	669
Total Contractual Financial Assets	8,782	669	9,451
2012			
Cash and cash equivalents	8,081	0	8,081
Trade and other receivables	0	691	691
Total Contractual Financial Assets	8,081	691	8,772



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

33. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Risks and mitigation (continued)

Ageing of Trade and Other Receivables

The following table provides an ageing of Council's trade and other receivables at the reporting date:

Receivables	30 June 2013		30 June 2012	
	Gross \$'000	Impairment \$'000	Gross \$'000	Impairment \$'000
Not past due	84	0	68	0
Past due 0-30 days	44	0	177	0
Past due 31-60 days	7	0	22	0
Past due 61-90 days	1	0	0	0
More than 90 days	82	0	78	0
Total trade receivables	218	0	345	0
Rates receivable	451	0	346	0
Total Receivables	669	0	691	0

A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired. No allowance for impairment in respect of receivables has been recognised at 30 June 2013.

Liquidity Risk

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

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

To help reduce these risks we:

- Have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- Have readily accessible standby facilities and other funding arrangements in place;
- Monitor budget to actual performance on a regular basis; and Set limits on borrowing relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.



NOTES TO AND FORMING PART OF THE ACCOUNTS

30 June 2013

33. FINANCIAL INSTRUMENTS (CONTINUED)**(e) Risks and mitigation (continued)***Liquidity Risk (continued)*

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 discounted payments.

2013	Less than 1 year \$'000	1-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Payables	618	0	0	618	618
Interest bearing liabilities	93	405	490	988	988
Total financial liabilities	496	405	490	1,606	1,606

2012	Less than 1 year \$'000	1-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Payables	657	0	0	657	657
Interest bearing liabilities	115	348	490	953	953
Total financial liabilities	772	348	490	1,620	1,620

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months.

- A parallel shift of + 1% and -0.5% in market interest rates.



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

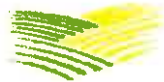
33. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Sensitivity disclosure analysis (continued)

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.

2013	Interest rate risk			
	+1% +100 basis points		-0.5 % -50 basis points	
	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets:				
Cash and cash equivalents	88	88	(44)	(44)
Receivables	7	7	(4)	(4)
Financial liabilities:				
Interest bearing liabilities	(10)	(10)	5	5

2012	Interest rate risk			
	+1% +100 basis points		-0.5 % -50 basis points	
	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets:				
Cash and cash equivalents	81	81	(41)	(41)
Receivables	7	7	(4)	(4)
Financial liabilities:				
Interest bearing liabilities	(10)	(10)	5	5



NOTES TO AND FORMING PART OF THE ACCOUNTS
30 June 2013

(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.

2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Available for sale financial assets	0	0	13,844	13,844

2012	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Available for sale financial assets	0	0	13,847	13,847

Reconciliation of Level 3 Fair Value Movements	2013 \$'000	2012 \$'000
Opening balance	13,847	13,817
Gains (losses) recognised in other comprehensive income:		
Change in fair value of investment in Water Corporation	(3)	30
Closing balance	13,844	13,847

**NOTES TO AND FORMING PART OF THE ACCOUNTS**
30 June 2013**34. EVENTS OCCURRING AFTER BALANCE DATE**

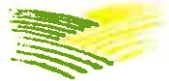
Nil.

35. INVESTMENTS IN SUBSIDIARIES**(a) Heritage Education & Skills Centre Pty Ltd**

Heritage Education & Skills Centre Pty Ltd (the Company) is a small proprietary Company and is not a reporting entity.

The following transactions were recorded for the year ended 30 June 2013. The balances disclosed, as mentioned at note 1(q), have been incorporated into Councils balances. All inter-company balances and transactions between Council and HES have been eliminated.

	2013 \$'000	2012 \$'000
Statement of Comprehensive Income		
Revenue	19	11
Expenses	(24)	(24)
Total Comprehensive Income for the Year	<u>(5)</u>	<u>(13)</u>
Statement of Financial Position		
Assets	42	44
Liabilities	(62)	(59)
Total Equity	<u>(20)</u>	<u>(15)</u>

**NOTES TO AND FORMING PART OF THE ACCOUNTS**
30 June 2013**35. INVESTMENTS IN SUBSIDIARIES (CONTINUED)****(b) Heritage Building Solutions Pty Ltd**

Heritage Building Solutions Pty Ltd (the Company) is a small proprietary Company and is not a reporting entity.

The following transactions were recorded for the year ended 30 June 2013. The balances disclosed, as mentioned at note 1(q), have been incorporated into Councils balances. All inter-company balances and transactions between Council and HBS have been eliminated.

	2013 \$'000	2012 \$'000
Statement of Comprehensive Income		
Revenue	511	833
Expenses	(570)	(864)
Total Comprehensive Income for the Year	<u>(59)</u>	<u>(31)</u>
Statement of Financial Position		
Assets	295	385
Liabilities	(326)	(356)
Total Equity	<u>(31)</u>	<u>29</u>