



Etheridge

Shire Council

2013-14

ANNUAL REPORT

...the golden heart of the gulf

welcome

2013-2014

welcome to Etheridge Shire Council's 2013|2014 Annual Report. This report provides a comprehensive account of Council's performance from July 1, 2013 to June 30, 2014.

Council's 2013|2014 Annual Report details our achievements over the last 12 months, addresses the minor setbacks experienced and also identifies the future challenges that lie ahead for our region.

The information in this report demonstrates accountability to stakeholders, who include residents and ratepayers, staff, councillors, investors, community groups, government departments and other interested parties.

copies of the 2010-2015 Corporate Plan, this Annual Report and council's financial statements are available free of charge electronically on council's website at: www.etheridge.qld.gov.au

feedback Etheridge Shire Council aims to make this Annual Report transparent and easy to read. Council welcomes your feedback and suggestions for improvement.

If you have comments you wish to share, please direct them to council's Director of Corporate & Community Services by phoning 07 4062 1233 or emailing info@etheridge.qld.gov.au

our vision

a balanced community with robust economic and environmental assets which supports our youth and the wellbeing of our citizens

our mission

striving for excellence in planning and building a smart economy focused on long term prosperity, underpinned by education, industry and infrastructure

Etheridge

Shire
Council



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a message from

our mayor

Over the last year we as a Council have continued to bring local government to each of our shire towns in turn.

I see this as a method of keeping the governance of the Etheridge Shire open and accountable. Holding open public meetings to discuss in one area what is happening in other areas has been very successful.

The council has also made itself accessible to the public to gather information prior to decisions and then discuss the reasons why decisions were made. I would always like to see more people attend these meetings as it is the open forum that allows all residents to have input into the information gathering process before decisions are made.

Councillors understand that it is their responsibility as elected members to make decisions on behalf of the shire but what I want is to have as much information as possible so that all councillors can make informed decisions.

Over the past twelve months the councillors have worked long and hard to increase the liveability of the Etheridge Shire. Council is progressing with the project of bringing water security to Forsayth and Georgetown.



Cr Will Attwood
Mayor

Council is very supportive of projects that will bring jobs and prosperity to the shire. Water and extra jobs go hand in hand because we cannot offer people jobs if there is not enough water for them to live in our towns.

We are progressing the Charleston Dam project which is now up to the stage of producing plans for design and construct. The planning for the dam will also include other uses of the water such as boating, camping, fishing and other water recreation uses. This will bring visitors who will spend money with our and businesses within the Shire.

The big ticket items that will bring work and workers are agricultural projects, large road works and industries. Council will continue to be supportive of these types of projects.

The Etheridge Irrigation project is still proceeding through the environmental impact study processes and I am informed that the project is still on track. I am very involved in working towards having the 71 kilometres of single lane on the Gulf Developmental Road upgraded to two lanes and the work to be done by our workers.

I have lead the Etheridge Shire Council by chairing all council meetings, representing our shire at other local government forums and progressing the issues that affect our shire. I have attended State and Federal Government forums and presented arguments for change of procedures and laws which have an effect on us. These have included pest management, fatigue management, Hann Highway, Gulf Developmental Road and urban planning for Georgetown.

Over the next twelve months I will continue to be a high profile leader of the council. These duties will oversee to the construction of the Charleston Dam, obtaining the money for construction of the Gulf Developmental Road, developing public proposals for the urban planning of Georgetown which will allow for managed and controlled growth of the town when projects come to fruition.

The Etheridge Shire is currently in an economic slump due to the two continuous failed wet seasons. The council is helping those who have been affected by the drought with assistance for statutory fees and charges, drought declaration assistance and psychological services to help them get through the hard times.

However I look forward with optimism to the coming year where there is a great prospect of increased work and prosperity for our Shire.

Cr Will Attwood
MAYOR

A word from our CEO



Lew Rojahn
CEO

I always try to see our glass as half full as opposed to half empty but the previous year for Council has been a mixed bag of opportunity and opportunities past.

Our work on the Hann highway has finally come to an end and I am personally happy with the outcome. It must be remembered that whilst we were the constructing authority we were not the controlling authority. This was the role of the Department of Transport and Main Roads (DTMR) and any design was their responsibility.

Etheridge along with our neighbouring shire, Flinders, continues to actively support the sealing of the Hann Highway to provide a significant commercial connectivity for our shires and provide a reasonably flood free route through to Melbourne.

This leads to significant operational savings particularly for produce to be sold in the southern States. Even though our application to RDA was unsuccessful again this year, we will continue to press for funding and raise the profile of the Hann. In essence the squeaky wheel will again get the oil.

Whilst I have been critical of DTMR in their inability to communicate more effectively with Council, I have to acknowledge their contribution to Council for our annual RMPC contract to maintain their roads within our shire and their recent awarding of a contract on the Kennedy Highway to Council to undertake substantial works on the road shoulders of that highway. This will assist us with our continued employment of staff and fill the gaps with the flood damage work we are currently undertaking. However, this flood damage is falling off now as a result of the failed wet seasons over the past two years and Council will need to work hard to either find savings in our operations or ramp up our lobbying of the government to access more funding to create another substantial infrastructure project like we have enjoyed with the Hann Highway.

Another disappointment for Council was the apparent failure to gain funding under the Royalties for Regions programme to seal the remaining 13 kilometres of the DTMR road between Forsyth and Georgetown. This is a mere \$6 million that is a drop in the bucket compared to the money that was available but again, there are confusing reasons for our shire having our application refused.

To offset all this though there has been the bright side to all of Council's efforts.

Financially, we have maintained our reserves and had a good plant replacement programme this year. In relation to our works, we were able to increase our budget for road maintenance on Council's roads and if our projections are correct we should be able to increase this again next year.

We have also managed to maintain the employment of our staff which has a direct benefit to the community.

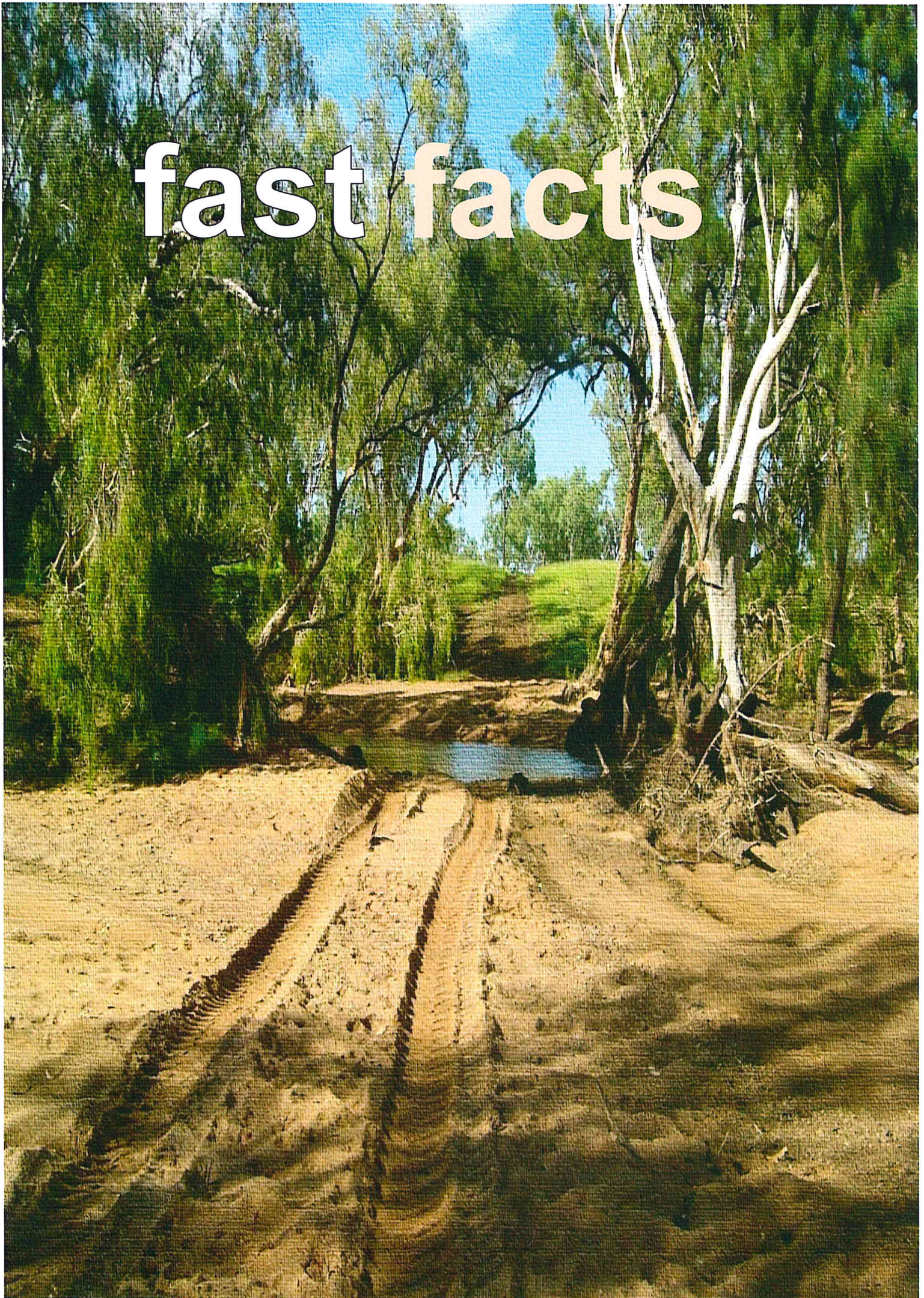
Having said that, we have not replaced staff when they have voluntarily left and this has helped contribute to our bottom-line.

Another achievement we have made again in my time is the attainment of another unqualified audit report. Matters raised were easily dealt with and were not considered high risk so again, Etheridge has proven to be well managed and a very sustainable Council as it heads into the future.

This year will see the end of my employment contract and I would like to extend my best wishes to the Council and the community of Etheridge Shire. It has been a pleasure to be part of this but it is now time to move to the next adventure.

Lew Rojahn
CHIEF EXECUTIVE OFFICER

fast facts



// our region's profile

Council acknowledges the **Ewamian** People as the Traditional Owners of most of the lands and waters within the Etheridge Shire. The **Tagalaka** and the **Gugu Badhun** Peoples also claim a connection to a small portion of the Etheridge Shire.

909 people

Area: **39,323**km²

2.3% of the total area of Queensland

567 rateable properties

17.4° – 31.4° average minimum and maximum daily temperature

734mm average rainfall per year

Value of Agricultural Production **\$43.7** million

1 world class mineral collection

// council's profile

had a budget of **\$28.274**million

\$138.895million in assets (written down value)

1,781km of roads and **476** floodway's and culverts

269 water connections

maintained **3.94**hectares of park

and **6,685**hectares of reserve land

173 tonnes of waste collected

managed **1** childcare centre

managed **5** aerodromes

maintained **4** landfill sites

managed **1** student hostel centre

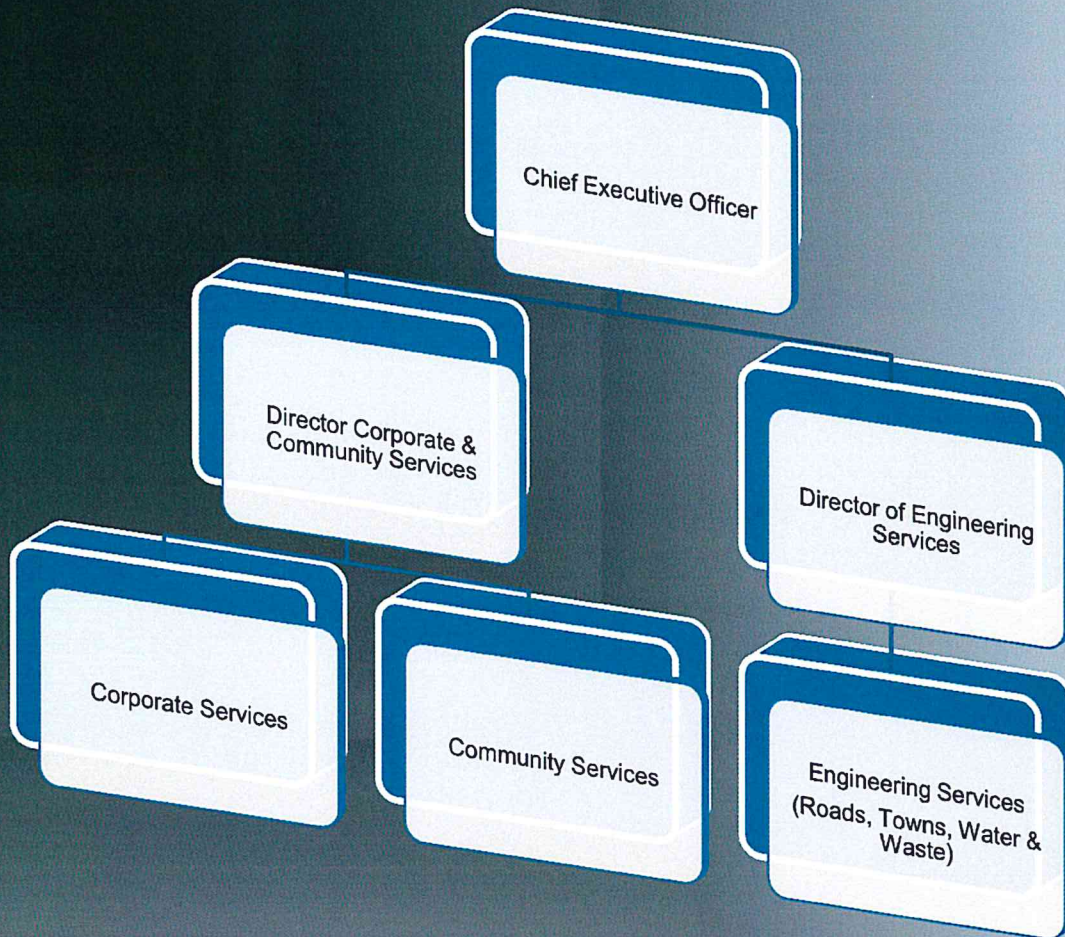
net rateable income **\$2.432**million

GEORGETOWN

ETHERIDGE SHIRE COUNCIL



corporate



structure

elected representatives



Mayor Will Attwood
// finance / budget



Deputy Mayor Ian Tincknell
// infrastructure development
// asset management

// Phone: 0458 621233
// Email: mayor@etheridge.qld.gov.au

Will was born and raised on a dairy farm near Daylesford in Victoria. He attended Daylesford Technical/High School. At 16 he joined the Victoria Police Cadets on 2/2/1971 and then graduated as a police officer 18 months later.

Will was stationed in the Melbourne CBD and suburbs, Colac, Highway Patrol, Cheltenham Crime Car Unit, Community Policing Squad, Swan Hill, Portland, Traffic Research Section, Shepparton and Portland again.

Will moved to Qld in 1997 and after a short stint of retraining in Brisbane he was stationed at Cairns and the Esplanade Police beat for 5 years. Will then moved to Laura and then to Pormpuraaw. Finally he finished off his policing career at Georgetown.

Will retired from policing in July 2011 after having spent 40 years serving the communities of Victoria and Queensland. After six months of retirement Will was looking for a new challenge, he stood for election for Mayor.

Will is married to Dawn and they have six children, three of them live in Georgetown, Paul (Wilson), Felicity and Kathryn. The others reside in Weipa, Tamworth and the Gold Coast.

Will has been a bit of a nomad but now Georgetown is home, Will and Dawn have bought a house in Crampton Road and intend staying put.

// Phone: 0448 089144
// Email: cr.tincknell@etheridge.qld.gov.au

Ian along with his wife Pauline and their three young children own and operate Dagworth Station north of Georgetown.

Ian has held positions of vice and chairman of the Cattleman's Union and has been involved in the Gulf Ringer Training Association.

Ian has also been actively involved in the Georgetown Horse & Pony Club and the Georgetown Rodeo Association, where Ian held the position of President for the Rodeo Committee for seven years.

Ian is passionate about the region and is keen to see the use of local experience and encouraging people to stay within our communities



Cr. Trevor Arnett
// engineering



Cr. Warren Bethel
// council personnel / shire well-being



Cr. Pauline Royes
// business activity

// Phone: 0448 089068
// Email:
cr.arnett@etheridge.qld.gov.au

Trevor was born on the Atherton Tablelands in 1962, where he spent the next 18 years moving between the towns of Malanda, Ravenshoe and Milla Milla.

He then joined the Department of Defence (Army) for the next 13 years and travelled and visited places like Melbourne, Sydney, Brisbane and Townsville.

He left the Army in 1994 where he journeyed up to Georgetown and spent the next 16 years working with the Etheridge Shire Council.

Trevor left the Etheridge Shire Council in April 2012 when he took over the Elders Depot and became elected as councillor for Etheridge Shire Council.

Trevor has been an active member of the Georgetown community and is a volunteer member in both the Ambulance and Rural Fire Services.

// Phone: 0448 089140
// Email:
cr.bethel@etheridge.qld.gov.au

A grazier and Rodeo Stock Contractor who's family history dates back more than one hundred years in the Etheridge Shire.

This is Warren's second term as a Councillor with the Etheridge Shire and Warren was a previous councillor with the Croydon Shire Council.

Warren brings a balance of traditional rural skilling and temperate modernization to the table.

Warren's strong interest is to improve opportunities and skills for young people of the shire and provides a much needed rural appreciation to the team.

// Phone: 0448 089047
// Email:
cr.royes@etheridge.qld.gov.au

Pauline moved to the Shire eight years ago.

A local business person who owns and operates along with her two daughters the "Oasis Roadhouse" at the Lynd Junction.

Before purchasing the Roadhouse in 2004, Pauline operated a Beef Cattle Station on the Tablelands as well a relief milking and butchering works, which Pauline still owns.

Pauline has been actively involved in many junior sports organisations and youth activities throughout North Queensland and is still pursuing these interests today.

Pauline is keen to see the Shire's potential grow, especially in the Tourism sector.

executive management team



Lew Rojahn
// chief executive officer

// Phone: 0458 621285
// Email: lew.rojahn@etheridge.qld.gov.au

Qualified Shire Clerk, Diploma in Local Government Administration, 38 years' experience in Local Government Management.

Formerly Principal Advisor with the Department of Local Government and Planning.



// Mr Lew Rojahn left Council on the 27th June 2014. Council appointed Mr. Michael Kitzelmann as Council's new Chief Executive Officer with Michael commencing on the 30th June 2014

David Munro
// deputy chief executive officer /
// director corporate & community services

// Phone: 0458 621231
// Email: david.munro@etheridge.qld.gov.au

Bachelor of Banking & Finance, Bachelor of Human Resources, Diploma in Local Government Administration, Diploma of Planning, President of the Local Government Finance Professionals of Queensland, Member of Local Government Managers of Australia.

Eleven (11) years' experience in Local Government Management.

Rohana Samarasekera
// director of engineering services

// Phone: 0458 621234
// Email: rohana@etheridge.qld.gov.au

Bachelor of Science Engineering, Master of Science Engineering Structures, Master of Science Engineering Public Health, Certificate Contract Engineering.

Has had experience in State Government, Local Government and the Private Sector

“...people are the key to Etheridge Shire Council’s future. The survival, growth and success of Etheridge Shire Council are directly linked to the quality of the staff as individuals and as collaborative colleagues....”

our organisation

// human resource strategy

In 2010-11, Council developed a Human Resource Strategy to provide Council with an integrated framework of policies and practices that will guide Council in meeting its workforce needs, an enable individuals and the organisation to excel. Council’s people strategy must be aligned and informed by Council’s mission and goals and flexible to accommodate a changing environment.

Council faces a number of key challenges:

. As changes to the demographics of the Australian population continue, the attraction of high quality staff will become more acute as the generation of baby boomers move out of the workforce;

. With the shortage of appropriate candidates, there are now numerous career alternatives for employees;

. Changes to funding patterns in Local Government will require Local Authorities to develop commercial edges in order to attract monies from other than the more traditional government funding sources in order to adequately fund necessary infrastructure for future development.

// six (6) key principles of the strategy

1. RECRUITMENT, SELECTION AND APPOINTMENT

Aim: Recruitment, selection and appointment policies, procedures and practices position Etheridge Shire Council to attract and retain high quality professional and skilled labour staff in a competitive labour market.

2. REWARD, RECOGNITION AND REMUNERATION

Aim: To apply flexible remuneration arrangements for staff and have appropriate mechanisms to attract, recognize and reward high performing staff.

3. EQUITY AND DIVERSITY

Aim: To build a socially inclusive working environment that enables all staff to contribute to their full potential and to embed the responsibility for staff equity initiatives and matters within Etheridge Shire Council management practices.

4. STAFF DEVELOPMENT AND WORKPLACE CULTURE

Aim: To provide formative staff development programmes that enable staff to strengthen those skills, capabilities and experience which contribute to the achievement of organizational goals, job satisfaction and career aspirations.

5. DEVELOPMENT OF LEADERSHIP & MANAGEMENT CAPABILITIES

The quality of front-line leadership and management is essential to the retention, motivation and engagement of staff as Etheridge Shire Council strives to meet new organizational challenges.

6. A SAFE, HEALTHY AND PRODUCTIVE WORK ENVIRONMENT

Aim: To promote the highest practicable standard of occupational health and safety with the Etheridge Shire Council and to promote the good health and wellbeing of staff.

// headcount of staff by year

Annual headcount includes all staff except councillors. Full-time, part-time, casual, temps, apprentices and trainees. As at 30 June 2014, Etheridge Shire Council retained 55.7 FTE, in comparison as at 30 June 2013, Council retained 68 FTE.



// breakdown of staff



// training and development activities

More than 40 per cent of staff undertook some form of formal training during the 2013-14 financial year. Courses included:

- Queensland Disaster Management training;
- Trainee – Cert III Business;
- Trainee – Cert IV Business;
- Diploma in Local Government Administration;
- Diploma in HRM;
- Diploma in Business (Accounting);
- Cert IV – Civil Construction;
- Cert III – Plant Operations;
- Cert III – Road Construction & Maintenance;
- Personal Safety Sessions;
- Cert IV – WH & S Rehab & RTW;
- Cert III Children Services;
- Advanced Diploma Children Services;
- Bachelor of Education (Early Childcare Learning)

our organisation

// workforce

The following charts give visual representations of the workplace demographics with a summary of changes over the past four years (2010-2013)

Diagram 1

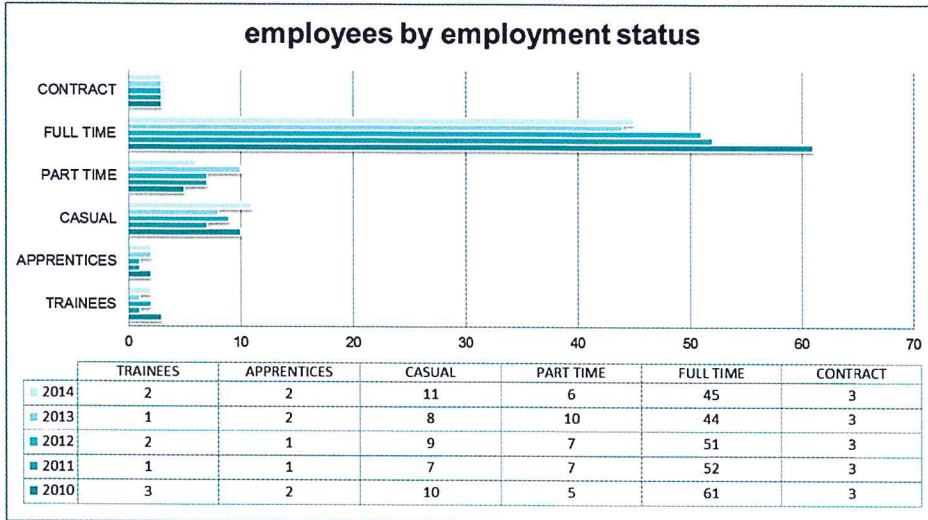
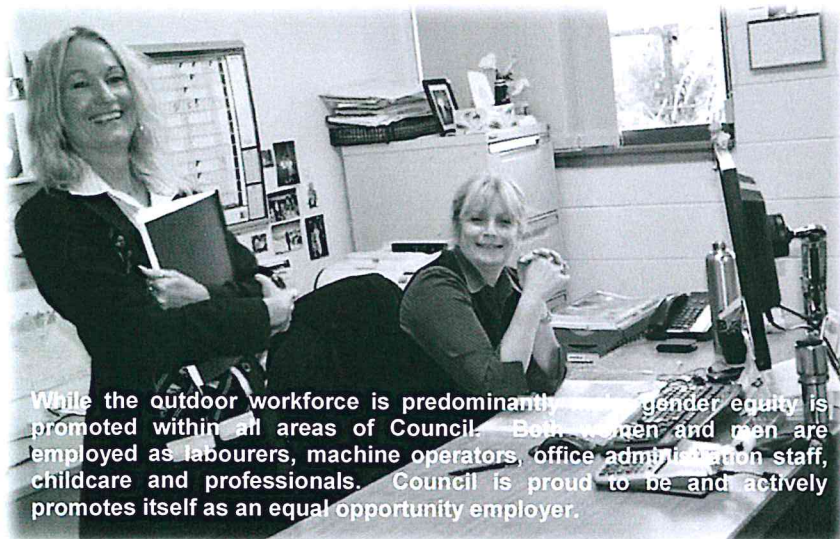
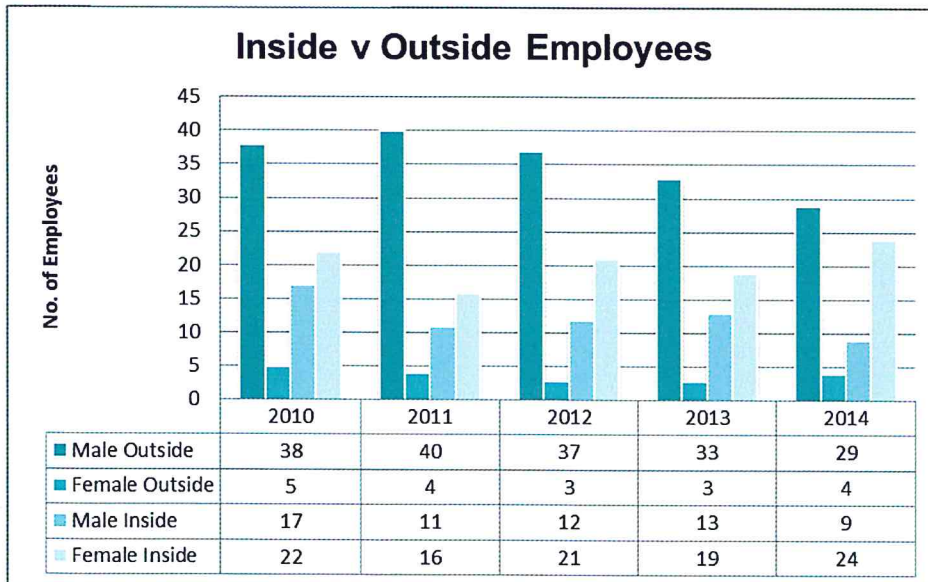


Diagram 7



While the outdoor workforce is predominantly male, gender equity is promoted within all areas of Council. Both men and women are employed as labourers, machine operators, office administration staff, childcare and professionals. Council is proud to be and actively promotes itself as an equal opportunity employer.

// employees by gender

Diagram 2 - June 2014

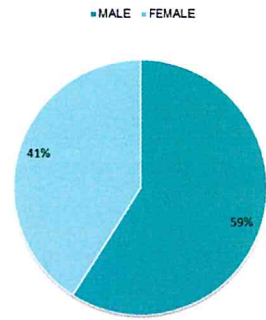


Diagram 3 - June 2013

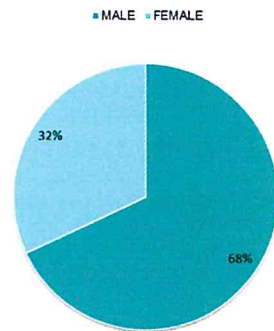


Diagram 4 - June 2012

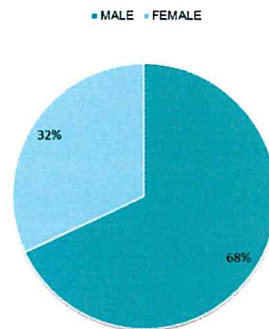


Diagram 5 - June 2011

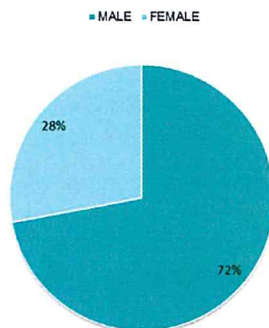


Diagram 6 - June 2010

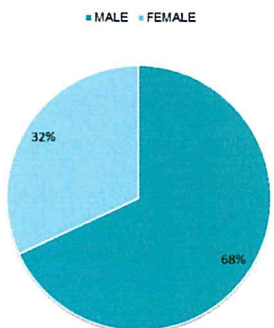
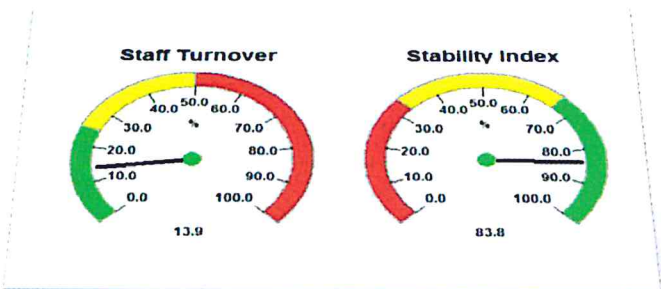
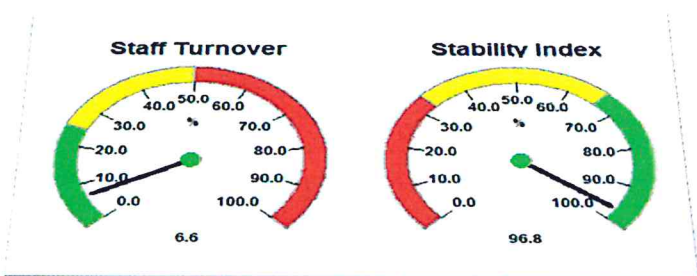


Diagram 7 2013/2014



2012/2013



The staff turnover and stability index shows a percentage rate difference for the 2013|2014 periods. There has been a slight increase in staff turnover in 2014 due to an increase in casuals being employed on flood works plus natural attrition.

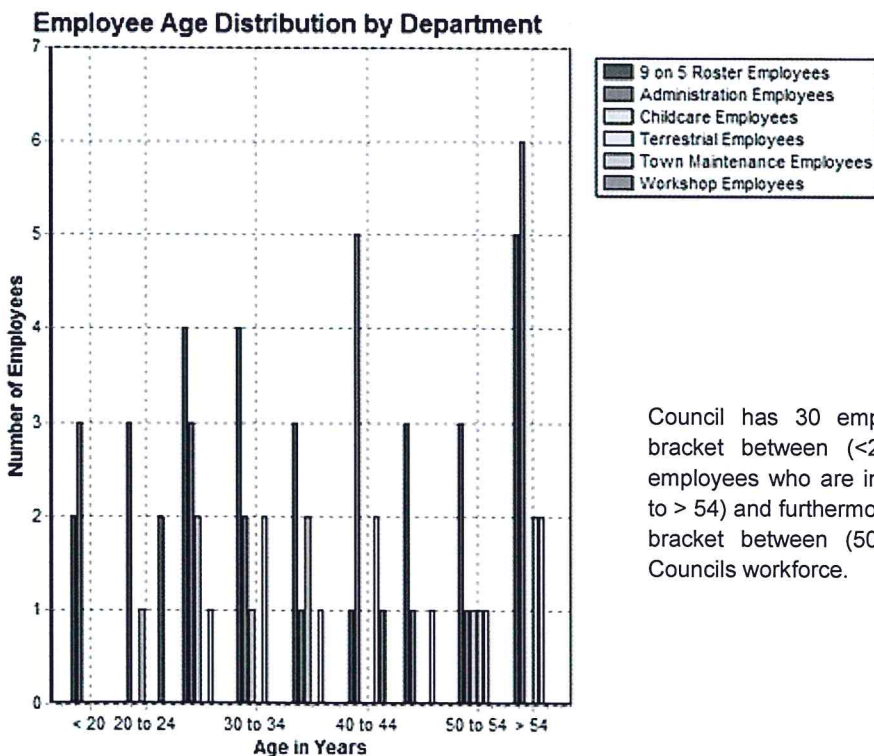
// benchmarking

Striving for best practice is an ongoing task for Council and involves the continuous and ongoing improvement of policies, procedures and other general functions of Council.

When maintaining compliance with changes in legislation, industry standards, local government expectations and the needs of staff and the community, continual review is essential.

During 2013-14 financial year, Council undertook a review of its policies and procedures to ensure it maintained consistency with organisational and community needs. It is anticipated that during the 2014-15 financial year, additional policies and procedures will be implemented as the organisation and its needs evolve.

Diagram 8



Council has 30 employees who are in an age bracket between (<20 to <40) Council has 35 employees who are in an age bracket between (40 to > 54) and furthermore 19 employees are in an age bracket between (50 to >54) which is 29% of Councils workforce.



corporate governance

// general meetings of council

The General Meeting of Council is responsible for managing the business of Council. Council must ensure decision making that supports the achievement of the community vision and the corporate plan in accordance with the *Local Government Act 2009* and other legislation.

The Local Government Act requires elected members to declare any material personal interests, in matters before Council and to remove themselves from any discussions or decision making on that matter. For a Councillor to have a material personal interest there must be an expectation of personal benefit gain or loss for the Councillor or an associate. A register listing Councillor's material personal interests is maintained.

// councillors code of conduct

It is so important the Community has confidence in its Council and Councillors. *The Local Government Act 2009* sets out specific rules Councillors must follow to ensure transparency and accountability, particularly in relation to receiving gifts and conflicts of interest.

Etheridge Shire Council utilises the Councillor Code of Conduct in accordance with the procedures set down in the Act and Regulations and further that Councils existing Code of Conduct was rescinded.

The Code provides Councillors with a frame of reference about their roles, obligations and acceptable behavioural standards.

There are a number of requirements contained within Section 180 & 181 of the *Local Government Act 2009*, that are required to be reported within the Annual Report, regarding complaints made about councillors. During the 2012|2013 financial year there were no complaints received against any of the Councillors.

// employee code of conduct

The Employee Code of Conduct assists Council in maintaining public trust and confidence in the integrity and professionalism of its employees by ensuring all employees maintain and enhance Councils reputation.

Employees are required to display the personal and professional behaviours that could be reasonably expected from persons holding positions that serve the community. More specifically, it requires employees to perform professional duties with care, skill, fairness and diligence. Employees are required to engage in ethical conduct, treat all others with courtesy, respect and with due regard to the rights of others.

The Code of Conduct is taken into account in the development and preparation of Council's Policies and guidelines. All new employees are provided with training regarding their obligations under the Code of Conduct. Any alleged breaches of the code are investigated in accordance with Councils guidelines.

// external audit

Council is audited annually by either the State Government's Queensland Audit Office or by a duly authorised representative of the Queensland Audit Office.

This provides a statutory mechanism for external review of Councils financial operations and other corporate matters affecting the sound management of the organisation.

Council has received an **"Unqualified Audit"** Report for 2013-2014.

// tenders

Changes to Tenders in accordance with S.228(7) of the Local Government Regulation 2012

Council had no occasion to invite tenderers to change their submissions in the manner contemplated in the Regulation.

Expressions of Interest in Accordance with S.228(6) of the Local Government Regulation 2012

Council had one (1) occasion to call for Expressions of Interests in accordance with Section 228(6) of the Regulation during the financial year.

This was for the "Purchase & Development of Lot 5 on SP206970 and Lot 99 on SP206971

// administrative complaints process

Council adopted a new 'Administrative Complaints Policy' which replaced the old General Complaints Policy. The old policy was compliant in relation to the *Local Government Act 1993*, however, with the introduction of the new Local Government Act and in particular the *Local Government Regulation 2012*, council was required to review its complaints process and ensure compliance with the new Act and Regulations.

Complaints to be welcomed

- Anyone who is dissatisfied about a decision or other action of the council, a council officer can easily and simply lodge a complaint.
- Complainants are to be provided with information on the complaints process and, if necessary, assistance to make their complaint.
- Each complaint is initially assessed in terms of its seriousness, safety implications, complexity and degree of urgency.
- Council officers will receive complaints in a professional manner and welcome valid feedback as an opportunity for improvement of the council's administrative practices.
- Complaints are to be responded to as quickly as possible and in accordance with the timeframes set out in the complaints process.
- Complainants will not suffer any reprisal from council or its officers for making a complaint.
- Complaints are properly monitored with a view to continuous improvement of the council's business processes.
- If a complainant is not satisfied that a complaint has been satisfactorily resolved, he/she will be informed of any statutory right of review and, if they request, be provided with details of any further review mechanism that is available.

The complaints process has been established for resolving complaints by affected persons about administrative action of the council.

However, the complaints process does not apply to a complaint-

1. That relates to competitive neutrality issues;
2. About official misconduct that should be directed to the Crime and Misconduct Commission; made under the *Whistleblowers Protection Act 1994*; or relate to actions of an elected member of Council.

"A complaint is a statement of dissatisfaction regarding the unsatisfactory delivery of a product or service offered by Council or the unsatisfactory conduct of Council officers. A complaint may be received in person, over the phone or by written or documented communication including electronic communication"

A complaint should not be confused with an action request. For example:-

A person may phone and request a pothole in a road be repaired. This is a request for service. If they phone to complain that he/she had requested a pothole be repaired weeks ago and nothing had been done, then this constitutes a complaint.

During the 2013/14 financial year a total of 85 'request for action' were received and 3 complaints. All complaints have been actioned and completed in terms of Councils policy.

// revenue policy

The Revenue Policy, adopted annually at the budget meeting governs council's revenue raising activities. The policy provides details on how rates are levied and explains the differential rating system that more fairly shares the burden of rates including differential categories. All water and waste charges are based on this policy, as well as special levies, rate remissions, payments and discounts, and overheads on private work. Copies of the Revenue Policy are available from www.etheridge.qld.gov.au

// special rates and charges

Under Section 190(d)(ii) and Section 190(g) of the *Local Government Regulation 2012*, council is required to provide details of action taken in relation to, and expenditure on, a service facility or activity for which the local government made and levied a special rate or charge for the financial year and a summary of all rebates and concessions allowed by the local government in relation to rates.

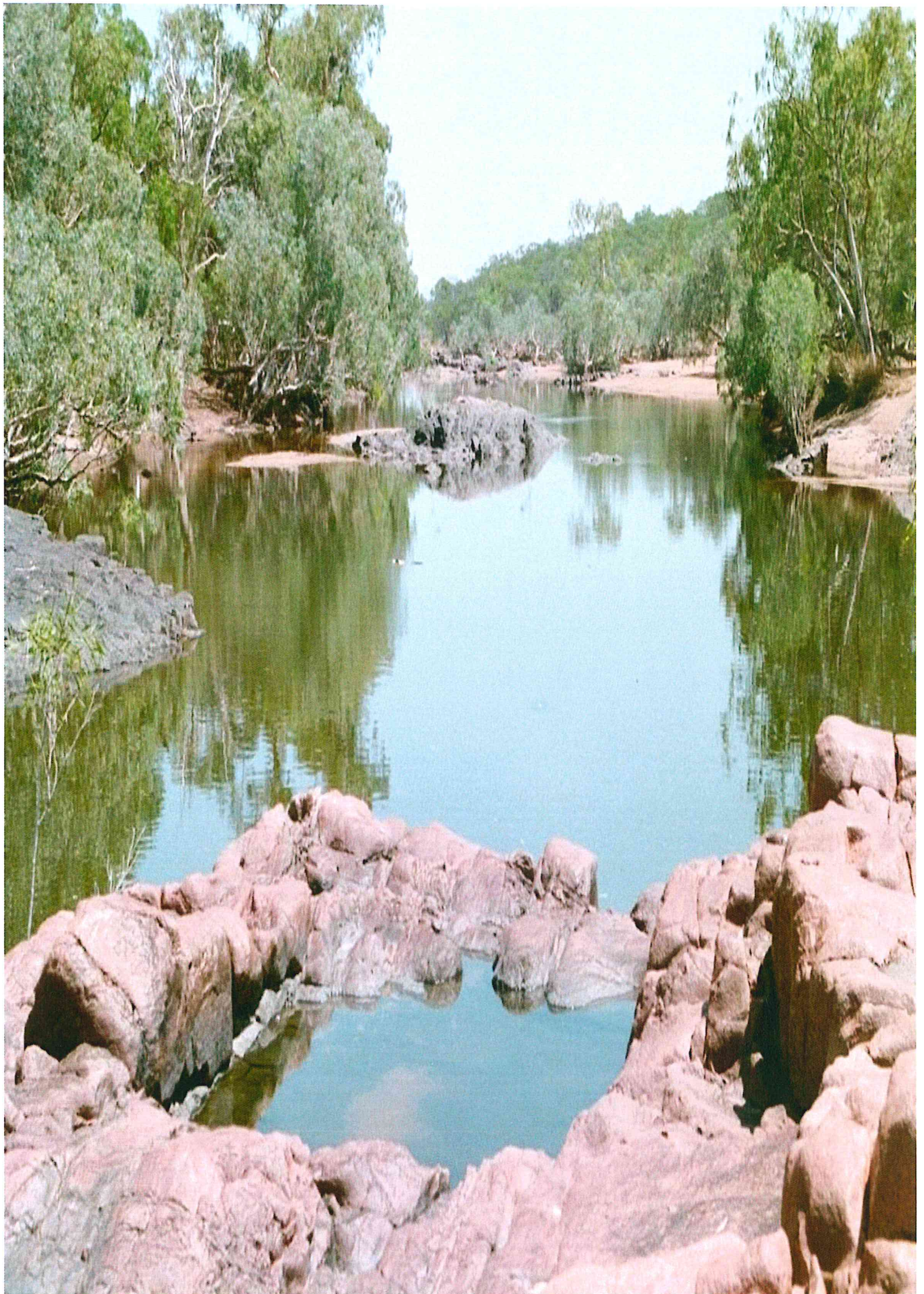
special Charge

A special charge was levied on properties within the Forsayth, Einasleigh and Mt Surprise townships for "Waste Management".

The revenue from these rates was used as core funding for the provision of maintenance and operations of all waste management facilities for the towns of Einasleigh, Mt Surprise and Forsayth. The Special Charge will substantially fund the activity, however Council may determine to subsidise the service in view of the high costs of this service provision and the undue hardship that may result if full cost recovery was sought from the special charge.

rebates and concessions

Council has four different rebates and concessions in relation to rates. These are Pensioner Rates Concession, Rates Remission for non-profit community organisations, Natural Hardship and Economic or Social Incentives. Full details of these rebates and concessions are available within the Revenue Statement from www.etheridge.qld.gov.au.



community

financial

Income Statement
How did we perform in relation to our trading result over the past 12 months?

Balance Sheet
What do we own and owe at year end?

Statement of cash flows Where has our cash been received and used during the past 12 months and how much remains at year end?

Statement of changes in equity
What is the wealth of the community at year end?

report

A Community Financial Report contains a summary and analysis of a Local Government's financial performance and position for the financial year.

This report makes it easier for readers to understand Council's financial management and performance by focusing on the four key financial statements.

statement of comprehensive income

This statement measures how Council performed in relation to income and expenses during the financial year.

This result does not necessarily represent surplus funds available for general use as certain items of revenue have restrictions on their use. Some revenue is non-monetary (e.g. contributed infrastructure assets such as roads and water mains, constructed by developers on council's behalf, in new land subdivisions), while other revenue is constrained for use on specific future activities (e.g. developer contributions or grants used to maintain and/or expand the region's infrastructure).

// 2013-2014 result

While further explanation is offered below, council continues to provide a wide range of services whilst maintaining a financially sustainable long term outlook.

// total revenue –

where our money comes from

Revenue totalled \$20.908 million in the 12 months to June 30, 2014. The graph below indicates that 76 per cent of council's revenue is generated from operating & capital grants and around 8 per cent from sales revenue. Only 11 per cent of council's revenue is generated from rates and charges. The high percentage of revenue from operating & capital grants is directly related to the funding for the delivery of significant flood damage repairs and the completion of the Safer Roads Sooner funds. This was the case with sales revenue; council was successful in gaining additional Main Roads works in 2013-2014 for flood damage works on various State Roads within the shire.

Council actively seeks revenue from other sources and attempts to maximise investment earnings to assist in funding the many services council provides.

Where our money is generated from, is shown in the accompanying graph.

// 2013-2014 result

\$20,908,473

total income

-\$14,858,961

total expenses

\$ 6,049,512

surplus

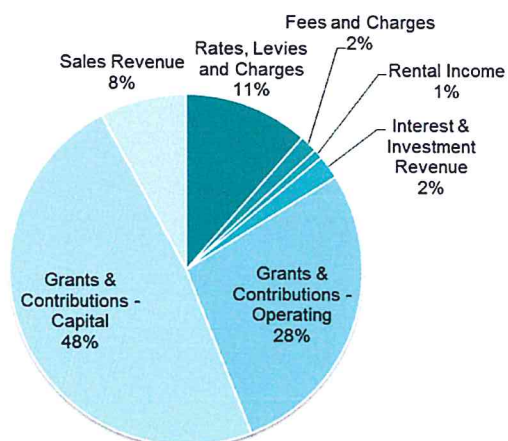
Council's Result

\$ '000	Actual 2014	Budget 2014	Actual 2013
Expenditure	14,859	29,261	20,199
Revenues (excl. income for capital purposes)	10,851	16,301	24,367
Net Result before Capital Grants & Contributions	- 4,008	- 12,960	4,168
Capital Grants & Contributions	10,057	10,453	1,996
Net Result	6,049	- 2,507	6,164

Statement of Comprehensive Income

for the year ended 30 June 2014

Revenue



\$ '000	Actual 2014	% of sub-total
Income		
Rates, Levies and Charges	2,391	11%
Fees and Charges	341	2%
Rental Income	184	1%
Interest & Investment Revenue	452	2%
Grants & Contributions - Operating	5,830	28%
Grants & Contributions - Capital	10,058	48%
Sales Revenue	1,652	8%
Total Income	20,908	100%

// where our money goes

Council incurs both operational and capital expenditure in providing services to the community. Capital spending is added to the carrying value of assets as it maintains and expands council's asset base. The graph shows the components of operating expenditure only.

The level of Council's expenditure is monitored constantly throughout the year. Detailed estimates are prepared at the beginning of each financial year and performance is measured against these estimates through regular budget reviews, ensuring funds are utilised as efficiently as possible.

While council's operating costs amounted to \$14.858 million, council also spent \$11.908 million on capital projects during the year.

// major items of capital expenditure

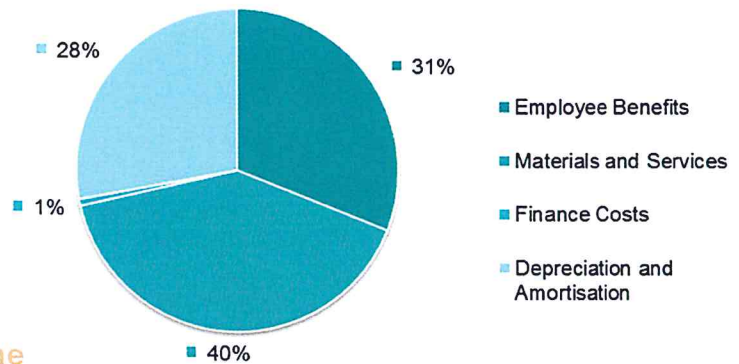
- roads, bridges and drainage (\$2.831M)
- buildings (\$0.108M)
- plant and equipment (\$0.817M)
- water (\$0.133M)
- W.I.P. (\$6.072M)

// operating expenditure 2013-2014

Statement of Comprehensive Income
for the year ended 30 June 2014

\$ '000	Actual 2014	% of sub-total
Expenses		
Employee Benefits	4,613	31%
Materials and Services	5,999	40%
Finance Costs	99	1%
Depreciation and Amortisation	4,147	28%
Total Expenses	14,858	100%

Expenses

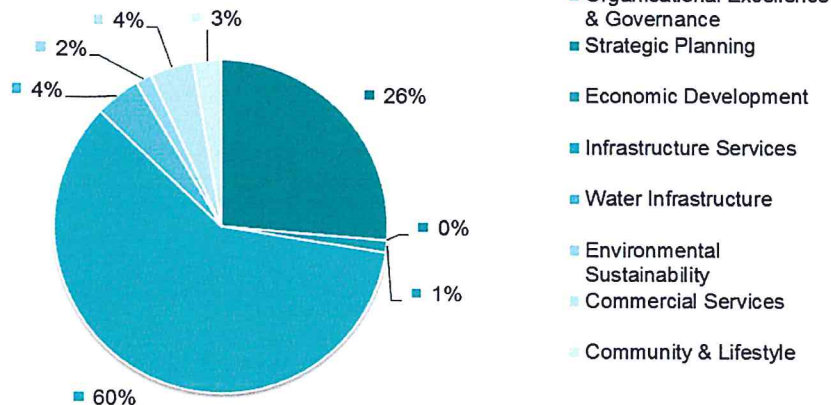


Statement of Comprehensive Income
for the year ended 30 June 2014

Expenses by functions

Organisational Excellence & Governance	3,904	26%
Strategic Planning	1	0%
Economic Development	174	1%
Infrastructure Services	8,865	60%
Water Infrastructure	654	4%
Environmental Sustainability	234	2%
Commercial Services	625	4%
Community & Lifestyle	401	3%
Total Expenses	14,858	100%

Expenses by functions



statement of financial position

The statement of financial position measures what council owns (assets) and owes (liabilities) to relevant stakeholders at the end of the financial year. The result of these two components determines the net wealth of council, which is net wealth of the community (equity).

Our community's net worth (what we own less what we owe) at the end of the financial year was approximately \$161.548 million.

// 2013-2014 result

\$165,046,254 assets
-\$ 3,497,278 liabilities

\$161,548,976 equity

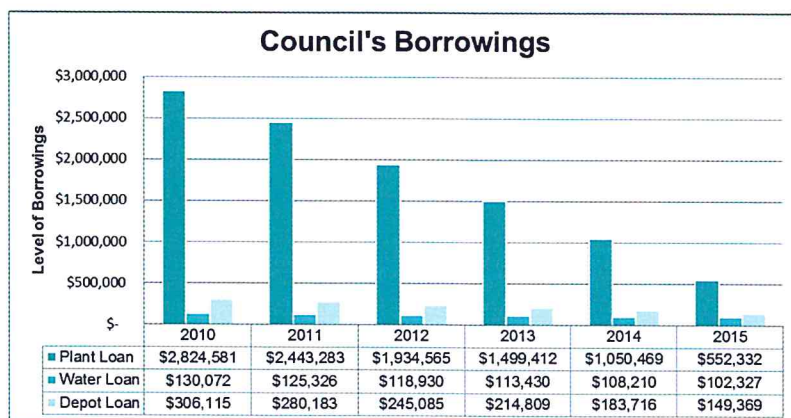
// what do our assets consist of?

The bulk of Council's assets are in the form of infrastructure such as roads, bridges and drainage, buildings, plant and equipment and water assets which collectively make up 90 per cent of Council's total asset base.

Significant parts of Council's expenditure in the long term financial forecast are focused on maintaining and upgrading these infrastructure assets, to ensure use by future generations and cater for projected future growth.

// what do our liabilities consist of?

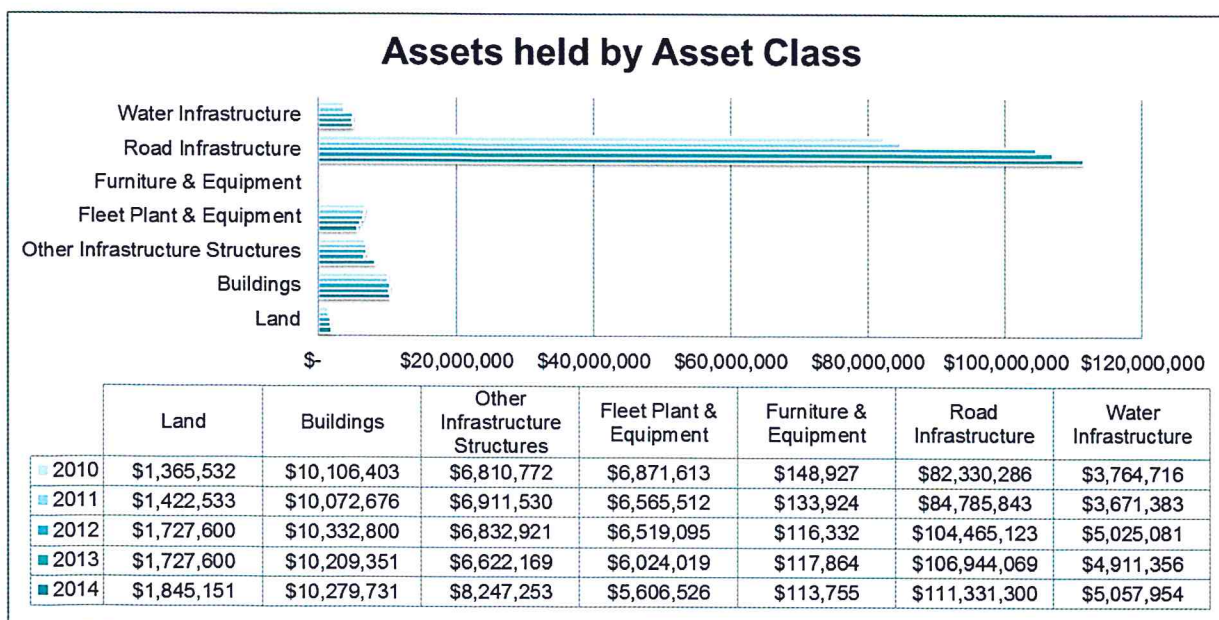
The bulk of council's liabilities are in the form of loans and provisions which collectively represent 50 per cent of council's total liabilities. Council uses loans to finance certain projects in order to ensure costs are shared across the generations who will receive a benefit from those assets. Provisions include the setting aside of funds to cover expenses relating to employee entitlements (e.g. long service leave).



Council's long term financial forecast shows debt decreasing with the majority of council's debt clearing in the next 18 months.

The borrowings that are outstanding relate to the water treatment plant at Forsyth, improvements to council's depot, and plant and equipment. The use of debt ensures that residents of the future also contribute their fair share to the cost for these long life assets.

Council's outstanding debt at financial year end was approximately \$1.326 million. The graph below shows the borrowings of Etheridge Shire Council over the past four years.



statement of cash flows

This statement identifies how council received and spent its money during the year. The end result details what cash is available at year end.

Council pools and invests funds throughout the year in low risk short term investments in accordance with council's investment policy.

While Council's cash balance is \$8.765 million, it is important to note that a large portion of this amount is restricted for specific purposes such as flood damage repairs and future capital works.

Council's short and long term cash flows indicate that sufficient cash is available to meet recurring activities and capital expenditure.

// 2013-2014 result

\$10,263,714 opening balance
+ \$21,584,731 cash received
- \$23,082,494 cash spent

\$ 8,765,951 cash available at year end

statement of changes in equity

This statement measures the change in our net wealth and considers such items as retained earnings, revaluations of our asset base and reserves held for future capital works.

A portion of the community wealth is cash backed by an appropriate level of reserves held to plan for future projects.

With good planning this can place less reliance on loan borrowings and provides flexibility to ensure council can weather any unforeseen financial shocks or adverse changes in its business.

The current balance of these reserves total approximately \$7.578 million.

2014/2015 RESERVES

I. OTHER RESERVES:

Particulars	2011/12 Actual			2012/13 Actual			2013/14 Actual		
	Transfers (from) 2011/12	Transfers to 2011/12	Balance 30-Jun-12	Transfers (from) 2012/13	Transfers to 2012/13	Balance 30-Jun-13	Transfers (from) 2013/14	Transfers to 2013/14	Balance 30-Jun-14
Future Capital Reserve	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant Replacement Reserve		229,000	1,266,166		1,760,355	3,026,521		3,035,827	6,052,348
Road Improvement Reserve		100,000	681,912	(600,000)	600,000	681,912		0	681,912
Georgetown Improvement Reserve			400,000			400,000			400,000
Forsyth Improvement Reserve		10,000	10,000		10,000	20,000	0	10,000	30,000
Snasleigh Improvement Reserve	(2,000)	10,000	18,000		10,000	28,000		10,000	38,000
Wit Surprise Improvement Reserve		10,000	10,000		10,000	20,000		10,000	30,000
Jak Park Community Infrastructure Reserve	(36,733)	10,000	0		10,000	10,000		10,000	20,000
Sports Stadium Reserve		10,000	27,748	(18,600)	10,000	19,148		10,000	29,148
Bridge & Culvert Reserve			243,000	(243,000)		0			0
			0	(155,500)	243,000	87,500		200,000	287,500
Total Other Reserves	(38,733)	379,000	2,656,826	(1,017,100)	2,653,355	4,293,081	0	3,285,827	7,578,908
			2,656,826			4,293,081			7,578,908

overall trends

Council ended the 2013-2014 financial year in a solid financial position, and Council's long term position remains sustainable based on current assumptions.

Council is committed to maintaining financial sustainability in the long term which allows us to meet our future obligations and the demands of our community for the foreseeable future.

// operating surplus ratio

This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes. A positive ratio indicates that funds are available for capital expenditure and the suggested target range is between 0% and 10%. Council's long term commitment to funding future capital growth is reflected in these results. The result for 2014 has been hampered by Council receiving payments in advance for flood damage works. This has meant that Council has received the revenue in the prior financial year with Council undertaken the associated works within the current financial year.

// net financial liabilities ratio

This is an indicator of the extent to which the net financial liabilities of council can be serviced by its operating revenues. The benchmark established for the Local Government sector is a maximum of 60 per cent and results higher than this indicate that the flexibility to use debt to fund future projects may be restricted. Council is currently within this target range, and council's long term financial forecast indicates that council will continue to fall within this benchmark, which means that council would have the capacity to increase its debt levels if required to assist in any future growth in the shire / region and to utilise borrowings as a source of funds.

// asset sustainability ratio

This ratio indicates whether council is renewing or replacing its existing assets at the same time that its overall stock of assets is wearing out, expressed as a percentage. The benchmark established for the Local Government sector is to have a ratio greater than 90 per cent. Council is currently above this target range, and Council's long term financial forecast indicates that Council will continue to meet this benchmark.

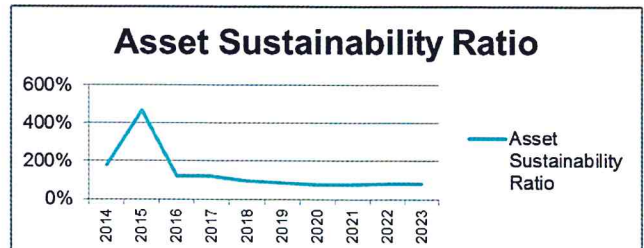
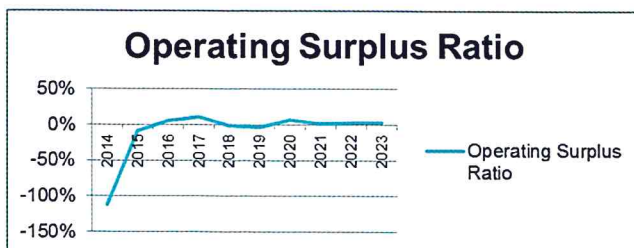
// relevant measures of financial sustainability

Financial Sustainability Indicators

for the year ended 30 June 2014

Measures of financial sustainability

	Target	Actual 2014
Ratio		
Operating Surplus Ratio	0 - 10%	-112%
Asset Sustainability Ratio	> 90%	179%
Net Financial Liabilities Ratio	< 60%	-93%



**// relevant measures of financial sustainability
(long term financial forecast)**

Financial Sustainability Indicators

for the year ended 30 June 2014

Measures of financial sustainability

Loan Purpose	Target	Actual 2014	Budget 2015	Long Term Financial Plan Projections							
				Yr 1 2016	Yr 2 2017	Yr 3 2018	Yr 4 2019	Yr 5 2020	Yr 6 2021	Yr 7 2022	Yr 8 2023
Ratio											
Operating Surplus Ratio	0 - 10%	-112%	-8%	6%	11%	-1%	-3%	7%	2%	3%	4%
Asset Sustainability Ratio	> 90%	179%	469%	121%	124%	98%	90%	80%	77%	84%	84%
Net Financial Liabilities Ratio	< 60%	-93%	-57%	-50%	-83%	-91%	-89%	-95%	-100%	-116%	-137%

// looking ahead

Etheridge Shire Council's Long Term Financial Plan is a dynamic tool which analysis financial trends over a ten (10) year period on a range of assumptions and provides the Shire with information to assess resourcing requirements to achieve its strategic objectives and to assist the Shire to ensure its future financial sustainability.

The objective is to provide a number of programs and services at desired levels in a financially sustainable manner. Some of these services that are provided by Council are capital intensive. This in effect means that the infrastructure assets that are associated with the service provision have to be strategically managed and aligned with the service demands.

Long term Financial Sustainability can only be said to have been achieved when Council is actually providing a number of services at defined levels to its community that are adequately funded, not only on an annual basis, but in the long term.

Long-term planning for infrastructure assets allows councils to understand the future financial commitments, and to develop strategies that address key strategic issues such as the local government's approach to service provision and service levels, its debt borrowing policy and revenue policy—including its rating methodology. A local government needs to clearly understand what its future commitments are in order to prepare budgets properly.

Financial sustainability is about the Shire being able to maintain its infrastructure capital and financial capital over the long-term. Debt when used sensibly and prudently to fund important infrastructure can help the Shire achieve the financial sustainability objectives and continue to provide a reliable level of service to the community.

// rates 2013-2014

567 number of rateable assessments

\$2,232,692 general rates

\$ 231,968 water charge

\$ 95,265 water consumption charge

\$ 178,524 waste management & garbage charges

\$2,675,449 total rates & charges

-\$ 310,731 rates discount

-\$ 20,981 pensioner remissions

\$2,343,737 net rates & charges

\$0.330M in rates arrears



...Council's financial results are reflective of good financial stewardship and sound planning and capacity to service its obligations in the future...

communication links

The dialogue between council and the community is open, transparent and on-going. It is exercised through four-yearly Local Government elections, deputations, correspondence, public meetings and planned consultation on projects and initiatives.

More informally, the community's views are submitted through regular meetings and community engagement opportunities, surveys, community participation opportunities at council meetings and contact with councillors.

A formally adopted Community Engagement Policy ensures that all groups - council, community and other spheres of government - are clear about the principles that guide council's efforts to involve the community in the planning and evaluation of council's activities.

// strategic planning framework





legislative

requirements

policies

borrowing policy

As a general principle, Council recognises that loan borrowings for capital works are an important funding source for Local Government and that the full cost of infrastructure should not be borne entirely by present day ratepayers but be contributed to by future ratepayers who will also benefit.

Whilst recognising the importance of loan borrowings, Council should not place undue reliance upon loans as a source of income.

Council restricts all borrowings to expenditure on identified capital projects that are considered by Council to be of the highest priority, and which cannot be funded from revenue, as identified by the adopted budget. In no circumstances should Council borrow funds for recurrent expenditure.

The Borrowings Policy deals with new borrowings, the purpose of the borrowings, and repayment terms. Proposed borrowings and repayments are as follows:

purposes of borrowing

The types of projects that are funded by loan borrowings are usually large infrastructure projects which would have a significant financial impact if funded in one financial year.

This method ensures that ratepayers are not burdened with unrealistic expenditure levels.

The repayment for these capital works creates an asset for council, which can then be repaid over a number of years reflective of the extended life of the asset, where appropriate.

The term of any loan should not exceed the expected life of the asset being funded.

// borrowing table 2013-2014

Project	Opening Book Value 06/2013	Interest	Admin Fee	Redemption Payment	New Advances	Closing Book Value 06/2014	Repayment Term
Water	\$113,715	\$7,045	\$127	\$12,703	Nil	\$108,184	12 years 6 months
Depot	\$215,701	\$13,507	\$225	\$45,706	Nil	\$183,727	4 years 9 months
Plant	\$1,499,841	\$72,629	\$1,386	\$539,685	Nil	\$539,685	2 years 2 months

Councillors' remuneration policy

Councillors' remuneration is determined by the Local Government Remuneration Tribunal who set remuneration levels for all councils across the State. Etheridge Shire Council adheres to the recommendation by the Local Government Remuneration Tribunal.

policies

councillors' reimbursement policy

The councillors' reimbursement of expenses and provision of facilities policy (as required under the *Local Government Act and Regulation 2012*) ensures accountability and transparency in the reimbursement of expenses incurred by councillors and ensures that councillors are provided with reasonable facilities to assist them in carrying out their civic duties.

// payment of expenses

Expenses will be paid to a councillor through administrative processes approved by Etheridge Shire Council's Chief Executive Officer (CEO) subject to the limits outlined in this policy, or council endorsement by resolution.

// expense categories

(i) Professional development

Council will reimburse expenses incurred for mandatory professional development and/or discretionary professional development deemed essential for the councillors' role. The Mayor attends the Local Government Association Queensland (LGAQ), Australian Local Government Association (ALGA) and any other relevant conferences/seminars/workshops as the primary delegate (Council shall appoint the other delegates). Councillors can attend workshops, courses, seminars and conferences that are related to the role of a councillor. Approval to attend is made by Council resolution and therefore councillors should advise the CEO of their desire to attend an event. The CEO will provide a report to Council seeking approval on behalf of the councillor.

(ii) Discretionary professional development

Each councillor can attend (at their own discretion) workshops, courses, seminars and conferences that improve the skills relevant to their role. This training is initially limited to \$5000 per councillor over the current term of office, but will be reviewed annually when setting the budget. There is no requirement for a council resolution to approve these attendances, however, the councillor would need to submit a request to the CEO (prior to attendance) and provide all relevant documentation within 14 days of attending the event to ensure their expenses are reimbursed.

(iii) Travel as required to represent council

Council will reimburse local, interstate and, in some cases, intrastate and overseas travel expenses (such as flights, motor vehicle, accommodation, meals and associated registration fees) deemed necessary to achieve the business of Council where a councillor is an official representative of Council and the activity/event and travel has been endorsed by resolution of Council.

Council will pay for reasonable expenses incurred for overnight accommodation when a councillor is required to stay outside or in some cases within the Etheridge Shire. All councillor travel approved by council will be booked and paid for by council. This includes transfers to and from airports (eg. taxis, trains and buses).

(iv) Private vehicle usage

Councillors' private vehicle usage will be reimbursed if the usage is for official council business. This includes travel to and from councillors' principal place of residence to:

- attend official council business/meetings/functions/community events and public meetings in the role of councillor;
- investigate issues/complaints regarding council services raised by residents/rate payers and visitors to the region.

Councillors making a claim for reimbursement of private vehicle usage can do so by submitting the appropriate form detailing the relevant travel based on log book details. The amount reimbursed will be based on the published Australian Tax Office business-use-of-motor vehicle-cents-per-kilometre method and kilometre rate applicable at the time of travel.

(v) Meals

Council will reimburse reasonable costs of meals for a councillor when the councillor has incurred the cost personally and the meal was not provided within the registration cost of the approved activity/event, upon production of a valid tax invoice. If a councillor elects not to produce tax invoices and seek reimbursement for meals while attending official council business, he/she may claim the following meal allowance where the meal was not provided within the registration costs of the approved activity/event: \$25 for breakfast (if the councillor is required to depart their home prior to 6am) \$15 for lunch and \$45 for dinner (if the councillor returns to their home after 9pm). Expenses relating to the consumption of alcohol will not be reimbursed. Should the councillor choose not to attend a provided dinner/meal, then the full cost of the alternative meal shall be met by the councillor.

(vi) Incidental daily allowance

An incidental daily allowance of \$10.00 up to five nights away and \$15.00 after five nights will be paid to councillors to cover incidental costs incurred while they are traveling and staying away from home overnight. Councillors claiming this allowance should do so on the appropriate form within 14 days of the conclusion of the event and submit to the CEO for reimbursement.

(vii) Hospitality

Councillors may have occasion to incur hospitality expenses while conducting council business apart from civic receptions organised by council. The Mayor may particularly require additional reimbursement when entertaining dignitaries outside of official events.

To allow for this expense, the following amounts can be claimed: \$500 per annum for councillors and up to \$5,000 per annum for the Mayor.

(viii) Accommodation

Councillors may need to stay away from home overnight while attending to council business. When attending conferences, councillors should take advantage of the package provided by conference organisers (if applicable) and therefore stay in the recommended accommodation unless prior approval has been granted by the CEO. All councillor accommodation for council business will be booked and paid for by council. Suitable accommodation will be sought within a reasonable distance to the venue that the councillor is to attend. Should more than one councillor attend the same event, council will book and pay for a separate room for each attending councillor.

// provision of facilities

Council will provide facilities for the use of councillors in the conduct of their respective roles with council. All facilities provided remain the property of council and must be returned when the councillor's term expires.

The facilities provided by Council to councillors are to be used only for council business unless prior approval has been granted by resolution of Council.

// facility categories

(a) Administrative tools and access to council office amenities.

- Councillors will be provided with the following:
- secretarial support for Mayor and councillors via the Executive Assistant to the Chief Executive Officer;
- laptop computer and/or tablet device
- use of council landline telephone and internet access, fax and/or scanner, printer, photocopier, paper shredder and stationery
- any other administrative necessities, which council resolves are necessary to meet the business of council.

(b) Home office

Council recognises that by using contemporary communication technologies (such as the internet for the electronic distribution of agendas and minutes) that some councillors would be required to travel long distances, therefore, it is necessary to provide home office facilities to councillors. Accordingly, council will supply and pay for: an internet connection (broadband or dial-up), to a council-supplied laptop – for each councillor residence.

(c) Maintenance costs of council-owned equipment

Council is responsible for the ongoing maintenance and reasonable wear-and-tear costs of council-owned equipment that is supplied to councillors for official business use. This includes the replacement of any facilities that fall under council's Asset Replacement Program.

(d) Uniforms and safety equipment

Council will provide to a councillor:

- Uniform allowance as per staff policy
- Necessary safety equipment for use on official business (eg. safety helmet, boots and safety glasses).

(e) Use of council vehicles on council business

Councillors will have access to a suitable council vehicle for official business. A councillor wishing to use a council vehicle for council business use must submit a request to the CEO at least two days prior, except in exceptional circumstances as determined between the councillor concerned, Mayor and CEO.

(f) Private use of council vehicles

The Mayor will be provided with a fully maintained Toyota Prado (or equivalent) including all running costs provided for unlimited and unrestricted use by the Mayor for council business in recognition of the duties required to be performed by the Mayor and the irregular hours required to attend council, community and civic responsibilities. This vehicle is also available for councillor's use while the Mayor is not utilizing the vehicle.

(g) Fuel costs

- All fuel used in a council-owned vehicle on official council business will be provided or paid for by council.

(h) Car parking amenities

- Councillors will be reimbursed for parking costs they have paid while attending to official council business (eg. secured vehicle parking at the airport).

(i) Telecommunication needs: mobile phones

Either of the following options for mobile phones shall be available to councillors

(j) Mobile phone provided by council

- Where a councillor is provided with a mobile phone by council, all costs attributed to council-business use shall be paid by council (including total plan costs).

(k) Mobile phone provided by councillor

- When a councillor uses his/her own personal mobile phone for business use, council shall reimburse the councillor \$50 per month. The respective councillor is to provide the CEO with a copy of their monthly account for reimbursement.

The Mayor and CEO shall in the event of a dispute be the final arbiters as to what costs are council business and may withdraw specific limits to benefits under this clause.

(l) Insurance cover

Councillors will be covered under relevant council insurance policies while discharging civic duties. Specifically, insurance cover will be provided for public liability, professional indemnity, councillors' liability and personal accident. Council will pay the excess for injury claims made by a councillor resulting from the conduct of official council business and on any claim made under insurance cover.

Council will cover costs incurred through injury, investigation, hearings or legal proceedings into the conduct of a councillor, or arising out of (or in connection with) the councillor's performance of his/her civic functions. If it is found the councillor breached the provisions of the Local Government Act 2009 the councillor will reimburse council with all associated costs incurred by council.

(m) Limit

Council may by resolution reduce or limit benefits receivable under this policy.

// returning of facilities

It is outlined within this policy that Council will provide reasonable facilities to a Councillor during their term to assist Councillors in carrying out their civic duties.

Councillors are entitled to use these facilities until such time as their term of office comes to an end. If a Councillor is not re-elected the term of office ends when the returning officer declares the result of the election of the council.

However, to ensure that facilities are returned in a reasonable period, and to assist the Chief Executive Officer in the collection of facilities (as stated within this policy), it is required that all Councillors return all facilities to the Chief Executive Officer on or before the Friday preceding the Quadrennial Local Government Elections, or if a Councillor resigns during their term, the facilities are to be returned to the Chief Executive Officer prior to their last day in active office.

// Misuse of Council Provided Resources for Electoral Purposes

This policy provides for the following –

- a payment of reasonable expenses incurred, or to be incurred, by councillors for discharging their duties and responsibilities as councillors;
- provision of facilities to the councillors for that purpose.

A breach of the reimbursement of expenses and facilities policy is a misuse of information or material acquired in or in connection with the performance of the councillor's responsibilities and would be "misconduct". Therefore, elected members should pay particular care in any campaign activity to ensure that there can be no possible perception of use of council provided resources / facilities for activity that could be perceived as having some electoral favour.

allowances

councillor's allowances

Each year the Local Government Remuneration and Discipline Tribunal review the rate of pay applicable to Councillors in each category of Council. In the past, Council has been able to nominate the rate they should be paid from a band of salaries. However, following the Tribunal's review they have this year again set single remuneration levels for all Councillors and the choice of level within a band has been taken away from Councils. Council must adopt the remuneration schedule by resolution within 90 days of gazettal of the Schedule.

On the 19 February 2014 council resolved in accordance with Section 247 of the Local Government Regulation 2012, Council resolve to set a remuneration payment as determined by the local Government Remuneration Tribunal as shown below:-

	Remuneration (current) 2013/2014	Remuneration 2014/2015	Remuneration 2014/2015
Mayor	73,803	95,488	76,017
Deputy Mayor	31,630	55,089	32,578
Councillors	22,492	47,744	23,166
	<i>(As set by the Local Government Remuneration Tribunal)</i>	<i>(As set by the Local Government Remuneration Tribunal)</i>	<i>(Resolved 2013/2014 Remuneration plus 3% effective 1/7/2014)</i>

// remuneration paid to councillors during 2012-2013

Councillor	Meetings Attended	Remuneration (as per the Local Government Remuneration Tribunal Report)	Mileage Paid + Other Allowances	Total Remuneration 2012-2013
Cr Will Attwood	13	\$ 73,987.50	\$ 6,211.58	\$ 80,199.08
Cr Ian Tincknell	13	\$ 31,708.96	\$ 9,085.62	\$ 40,794.58
Cr Trevor Arnett	13	\$ 22,548.13	\$ 2,100.40	\$ 24,648.53
Cr Warren Bethel	12	\$ 22,548.13	\$ 3,298.11	\$ 25,846.24
Cr Pauline Royes	13	\$ 22,548.13	\$13,937.12	\$ 36,485.25
		\$173,340.85	\$34,632.83	\$207,973.68

list of registers

Council maintains a list of registers and documents that are available on request. These include:

- Register of assets
- Register of authorised persons
- Register of cemetery
- Register of complaints
- Register of conflict/material personal interest
- Register of contracts
- Register of councillor complaints
- Register of delegations
- Register of electoral gifts
- Register of gifts and benefits
- Register of interests
- Register of land records
- Register of licensing
- Register of lobbyists
- Register of local laws and subordinate local laws
- Register of regulatory fees
- Register of roads and road maps
- Minutes of council meetings
- Annual budget
- Annual report
- Operational plan
- Corporate plan
- Town planning scheme and town planning maps

committees

// committees 2013-2014

Councillor	Committees
Cr Will Attwood	NWQROC District Disaster Management Group Chair of the Local Disaster Management Group Deputy Chair Gulf Savannah Development Inc. FNQRRG (Regional Road Group) Southern Gulf Catchments
Cr Ian Tincknell	Board Member of NGRMG Deputy Chair of the Local Disaster Management Group
Cr Trevor Arnett	FNQRRG (Regional Road Group)
Cr Warren Bethel	Southern Gulf Catchments
Cr Pauline Royes	Board Member of Savannah Way Limited

expenses

senior officer's remuneration

Under S.201(1) of the *Local Government Act 2009* the annual report of a local government must state -

- the total of all remuneration packages that are payable (in the year to which the annual report relates) to the senior management of the local government; and
- the number of employees in senior management who are being paid each band of remuneration.

Senior management of a local government is -

- the chief executive officer; and
- all senior executive employees of the local government.

The Senior Offices at Etheridge Shire Council during the 2013-2014 year were:

- Lew Rojahn
Chief Executive Officer
- David Munro
*Deputy Chief Executive Officer/
Director Corporate & Community Services*
- Rohana Samarasekera
Director of Engineering Services

// total remuneration packages for senior officers during 2013-2014

- 1 senior contract employee with a total remuneration package in the range of \$133,000 – \$181,000
- 1 senior contract employee with a total remuneration package in the range of \$131,500 – \$179,000
- 1 senior contract employee with a total remuneration package in the range of \$121,500 – \$168,000

grants to community organisations

During the 2013-2014 financial year, Council did not implement this policy within its Community Services Section. Council provides Community Assistance through other mediums such as

- Community Assistance Donations;
- Concessions to Community Groups through Rating

overseas travel

During the 2013 - 2014 financial year there was no overseas travel undertaken by a Councillor and or an Employee of Etheridge Shire Council for business purposes.

internal audit

It is a requirement under Section 190 of the Local Government Regulation 2012, that the annual report has summary of the activities undertaken by the Internal Auditor.

The Internal Audit function represents an integral part of Etheridge Shire Council's governance framework. It is designed to provide the organisation's stakeholders with assurance that business processes are operating appropriately and effectively in accordance with organisational and legislative requirements. The Internal Audit function is designed to assess and evaluate the control measures the organisation has adopted, or plans to adopt, to manage the operational risks to which the local government operations are exposed.

Council has an Internal Audit Policy supporting the creation of an Internal Audit function within the organisation in accordance with S.207 of the Local Government Regulation 2012. The Regulation requires that Council must:

- Undertake an internal audit each financial year;
- Prepare an internal audit plan after evaluating operational risks and relevant accounting documentation;
- Monitor its implementation of the internal audit plan;
- Prepare and present an internal audit progress report; and
- At least once per financial year, a summary of Internal Audit recommendations and the actions taken by management, if any, in response to the recommendations.

The purpose of Council's Internal Audit function is to objectively evaluate the organisation's business processes, work practices and systems of internal control to report opportunities for improvement to recommend enhancements to improve effectiveness and control.

Internal Audit will operate across all levels of the organisation, with the aim of developing practical recommendations to improve the adequacy and effectiveness of Council activities, operations and procedures.

The Internal Audit function reports to the Director Corporate & Community Services. To ensure the internal audit activity is directed to areas of most benefit, a number of Council processes have been selected for review during 2013-2014 and are incorporated into this Internal Audit Plan.

To be compliant with the professional standards of the Institute of Internal Audit, Council, through its Internal Audit function will also prepare a Strategic Internal Audit Plan including specific projects and activities that will be undertaken in each year of the next three years. The Annual and Strategic Internal Audit Plan will be reviewed at least annually to ensure they continue to reflect the areas of greatest importance to the organisation.

// composition of the annual internal audit plan

The following table represents the projects to be delivered during the 2013-14 financial year. For each project we have included a brief overview of the scope of review and the link to the Corporate Plan. Each project will culminate in the distribution of a report to the Chief Executive Officer.

// internal audit projects 2013|2014

Year	Project Description	Department	Overview of Project Scope	Link to Corporate Plan 2010 2015	Est Days
2013 2014	Plant Management Practices	Engineering / Finance / Fleet Management	Council has a fleet of heavy plant which it supplements with third party plant hire (wet/dry). The objective of this review is to examine the organisation plant management practices including: Compilation of Plant Rates charged to projects; Utilisation rates of existing Council plant; Extent of and rationale supporting use of external plant hire (wet/dry); and Plant Funding approach including turnover frequency.	Objective #6 – Commercial Services Risks: <input type="checkbox"/> Project Risk <input type="checkbox"/> Property/Asset Risk <input type="checkbox"/> Financial Risk <input type="checkbox"/> Fraud/Probity Risk	4 days

Year	Project Description	Department	Overview of Project Scope	Link to Corporate Plan 2010 2015	Est Days
2013 2014	Tender Evaluation Practices	All Departments	Materials and Services represent a significant portion of Council expenditure annually, much of which arises through the procurement of goods and services of both an operational and capital nature. Higher value procurement carries greater risk for Council due to the level of interest from prospective suppliers locally and regionally and the opportunity unsuccessful tenders to make accusations. A robust tender evaluation process manages reputation, financial and legal risks. The effectiveness of Council's tender evaluation practices associated with major contracts will be examined in this internal audit review	Objective #7 – Organisational excellence Risks: <input type="checkbox"/> Reputation Risk <input type="checkbox"/> Financial Risk <input type="checkbox"/> Property/Asset Risk <input type="checkbox"/> Operational Risk <input type="checkbox"/> Project Risk <input type="checkbox"/> Contractual & Contractor Risk	4 Days

principles of financial management

To comply with statutory requirements outlined in the Local Government Act and Regulations, Council continually takes into consideration the principles of financial management while at the same time bearing in mind the financial constraints imposed by local economic conditions which are a result of long term drought, commodity prices and the restricted capacity of ratepayers to meet any additional financial commitment.

The financial result for year ending 30 June 2013 and the Auditors Report reflect the effectiveness of the operation of internal control.

The depreciation of non-current assets and the amount of funded depreciation demonstrates Council's awareness of the need to have regard for the equity between people presently living in the area and between different generations. Council's corporate and operations plans set out their aims and objectives which together with the implementation of strategic management results in Council becoming very conscious of the importance of ensuring that every effort is made to achieve efficient, effective and proper management of the Local Government in the interests of all people living in the area, and the planning for those who will live in the area in the future.

right to information

Requests for information under the Right to Information Act (RTI) must be made on the required form (available on council's website or by contacting Council). During the period 1 July 2013 to 30 June 2014 council received no applications.

business activities

Activities to which the Code of Competitive Conduct applies. A "business activity" of a Local Government is divided into two categories:

a) Roads business activity means.

i) The construction or maintenance of State controlled roads for which the Local Government submits an offer to carry out work in response to a tender invitation other than through a sole supplier arrangement; or

ii) Submission of a competitive tender for construction or road maintenance on the Local Government's roads which the Local Government has put out to tender, or called for by another Local Government.

b) Business activity means.

i) Trading in goods and services to clients in competition with the private sector; or
ii) Submission of a competitive tender in the Local Government's own tendering process in competition with others for the provision of goods and services to itself.

Excluded activities are (a) library services, (b) an activity or part thereof prescribed by legislation.

These business activities are referred to as type 3 activities.

Local Governments may elect to apply a Code of Competitive Conduct (CCC) to their identified business activities. This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity. The application of the CCC to the roads business activity is compulsory.

The Council has resolved not to apply the CCC to the following activities.

Plant Hire
Waste Services
Road Services
Water Services

Land and roads prescribed not to have a value

Etheridge Shire Council has control of:

1. 6,689 hectares of reserve land under the Land Act 1994. (Includes Reserves for Parks, Recreation, Water Supply, Rubbish Disposal and Local Government Purposes); and
2. 1,797.1 km of Roads. This land does not have a value in the financial statements.



A large, dark silhouette of a water tower stands against a vibrant sunset sky. The tower's lattice structure is clearly visible, and the sky transitions from deep orange near the horizon to a lighter, hazy yellow at the top. The overall mood is contemplative and forward-looking.

**meeting
our
corporate
plan**

Council's strategic priorities are those major opportunities and challenges that our community believes need to be addressed in the Etheridge Shire.

The key strategic priorities and their corresponding corporate objectives identified are listed below.

// Community and Lifestyle

To provide accessible lifestyle choices through the provision of recreational and public facilities and services that will enhance community health, happiness and connections.

// Economic Development

To stimulate investment for existing and new industries creating a sustainable, diverse economy that is regionally significant.

// Environmental Sustainability

To ensure environmental assets and ecosystem services are available for future generations.

// Strategic Planning

To ensure the aspirations and safety of our community will be achieved through collaborative planning and action.

// Infrastructure Services

To ensure that service delivery and infrastructure is rolled out, maintenance and improvement underpins a healthy and growing economy and a comfortable lifestyle in the gulf region.

// Commercial Services

To ensure that substantial income is awarded and generated for foundation services, building infrastructure and implementing regional and local priorities.

// Organisational Excellence & Governance

To ensure that we deliver excellence as an organisation, embracing exceptional customer service, valuing staff and promoting ethical standards of practice supported by clear policies and strategies.

objectives

community and lifestyle

1

// to provide accessible lifestyle choices through the provision of recreational and public facilities and services that will enhance community health, happiness and connections.

Operational Plan Action / Outputs	Link to Strategy	Accomplished Outcome(s)
Libraries <ol style="list-style-type: none"> 1. Maintain Library services 2. Maintain Internet services provided through the Shire Library(s) 3. Continue to provide support & training to library staff 	1.3 1.9	<p>Etheridge Shire has continued to provide Library services to the Etheridge community over the past 12 months. The operating system has been upgraded to Aurora 4 which provides a better service to our rural members and furthermore to the travelling public. The system allows for online borrowing and direct access to the catalogue of books. Council's library can also accept other Shires library returns and the Centre can also allow other library users the freedom of utilising our collection as well.</p> <p>Council's internet room has been maintained with a number of computers being upgraded to provide better graphics and better access to certain programs and functions thereby enhancing the experience.</p> <p>Training has been completed by the librarians to become familiar with the new operating platform known as Aurora 4.</p>
Cultural Development <ol style="list-style-type: none"> 1. Continue participation in RADF program 2. Continue to hold RADF meetings with the committee and continue to educate and entice the community to utilize this funding program. 3. Maintain Arts & Cultural Policy 	1.1	<p>Council has continued to support the Regional Arts Development Fund (RADF) throughout the financial year. Several funding rounds were held with all applications submitted under this funding program being approved by the RADF committee and being endorsed by the Council.</p> <p>Council has maintained the level of compliance required to administer this program with a number of committee meetings being conducted throughout the financial year, plus council and the RADF committee have reviewed and maintained the Arts and Cultural policy.</p>
Cemeteries <ol style="list-style-type: none"> 1. Continue to maintain the Shire's cemeteries 2. Continue to develop and maintain Cemetery Register and Cemetery history 	1.17	<p>Council has continued its ongoing maintenance programs for the Shire's cemeteries, by undertaking maintenance to fencing, and the cemetery grounds.</p> <p>Council has also continued to maintain the cemetery records and has been continuing to undertake research into past cemetery records.</p>
Halls & Public Facilities <ol style="list-style-type: none"> 1. Maintain Public Halls within Georgetown 2. Maintain Public Halls within Einasleigh 3. Maintain Public Halls within Mt Surprise 	5.5	<p>Council has undertaken a number of major repairs to the Georgetown Shire Hall over the past financial year. Council has installed air conditioning to the Hall. Further maintenance works to this building have been scheduled for the 2014/15 financial year.</p> <p>The Einasleigh Hall has had a complete internal and external repaint to the facility.</p> <p>The Mt Surprise Hall has had a new multiple purpose kitchen installed during the financial year..</p>
Swimming Pool <ol style="list-style-type: none"> 1. Maintain swimming pool facilities for public use 	1.1	<p>The Shire's aquatic Centre located within Georgetown has been maintained throughout the financial year. Council has been investigating options to install a disabled lift to this facility over the past 12 months.</p>

economic development

2

// to stimulate investment for existing and new industries creating a sustainable, diverse economy that is regionally significant.

Operational Plan Action / Outputs	Link to Strategy	Accomplished Outcome(s)
<p>Membership</p> <ol style="list-style-type: none"> 1. Continue association and membership with Gulf Savannah Development Limited 2. Continue association and membership with Savannah Way Limited 3. Continue association and membership with Local Government Association Qld 4. Continue association and membership with NQ Local Government Association Qld 	<p>2.8</p> <p>2.9</p>	<p>Council has continued its membership with certain economic, tourism and lobbying associations throughout the financial year. Council is a member of the following Associations:</p> <ul style="list-style-type: none"> . GSD (Gulf Savannah Development Ltd) . Savannah Way Ltd . Local Government Association of Qld (LGAQ) . NGRMG (Northern Gulf Resource Management Group) . SGRMG (Southern Gulf Resource Management Group) . NQLGA (North Qld Local Government Association) . NWQROC (North West Qld Regional of Councils)
<p>Economic Development</p> <ol style="list-style-type: none"> 1. Update and support Gulf Savannah Development Ltd annual economic development publication 2. Continue to promote the shire within various publications. 	<p>2.5</p> <p>2.8</p>	<p>Council has been involved in a number of discussions with potential developers over the past 12 months, with the message being to all developers that the shire is open for business and there are plenty of opportunities to create and establish businesses within the region. Council has continued to promote vacant land sub-divisions throughout the year.</p> <p>Council has continued to promote the shire and the region through various forms of media (advertisements, media releases, flyers and radio).</p>
<p>Signage</p> <ol style="list-style-type: none"> 1. Develop and install Tourism Signage throughout key locations within the Shire. 	<p>2.7</p>	<p>Council has installed new Town entrance signs for the four townships which is part of Council's overall Tourism Signage Strategy.</p>

environmental sustainability

3

// to provide environmental assets and ecosystem services are available for future generations

Operational Plan Action / Outputs	Link to Strategy	Accomplished Outcome(s)
<p>Environmental Health – Inspection</p> <ol style="list-style-type: none"> 1. Continue regular inspection program for compliance with various Acts / Regulations 2. Continue and maintain education programs for the community to ensure compliance with new and or amended legislation. 3. Continue to provide data to the Department regarding compliance under Councils approved Environmental Licenses 	<p>3.1</p>	<p>Council has completed its annual food inspections plus carried out a number of interim inspections throughout the financial year to various food vendors within the shire. Council has had no reports of any breaches with food standards throughout the financial year.</p> <p>Council has completed the annual return to the Department regarding the Food Act.</p>
<p>Pest Management</p> <ol style="list-style-type: none"> 1. Maintain budget program in line with Pest Management Plan 2. Maintain procedures and compliance with Land Protection (Pest & Stock Route Management) Act 2002 3. Implement pest/plant control program on behalf of Main Roads 4. Maintain wash down bay at Mt Surprise 	<p>3.8</p>	<p>Council has continued to undertake a number of pest management initiatives throughout the financial year. Council continued with its with its 1080 baiting program. Council is in the development stages of implementing a Pest Management Committee and is developing a strategy to use the Federal Drought Assistance Funding that is on offer for Drought declared shires.</p> <p>Council continued its yearly program of roadside spraying of noxious weeds and pests along state roads which was funded by the Department of Main Roads.</p> <p>Council continued to operate the wash down bay located at Mt Surprise to assist in alleviating the transfer of noxious weeds and seeds within the shire.</p>
<p>Waste Management</p> <ol style="list-style-type: none"> 1. Continue to maintain landfill site at Georgetown 2. Continue to maintain landfill site at Forsyth 3. Continue to maintain landfill site at Einasleigh 4. Continue to maintain landfill site at Mt Surprise 5. Continue to provide refuse collection to Georgetown 6. Continue to maintain septic waste site at Georgetown 	<p>3.4 5.7</p>	<p>Council has continued to maintain its four (4) landfill sites within the shire in accordance with guidelines and licencing conditions set down by the Department.</p> <p>Council's new landfill site has been opened as at September 2013.</p> <p>The old landfill site is being rehabilitated in accordance with EPA guidelines.</p>

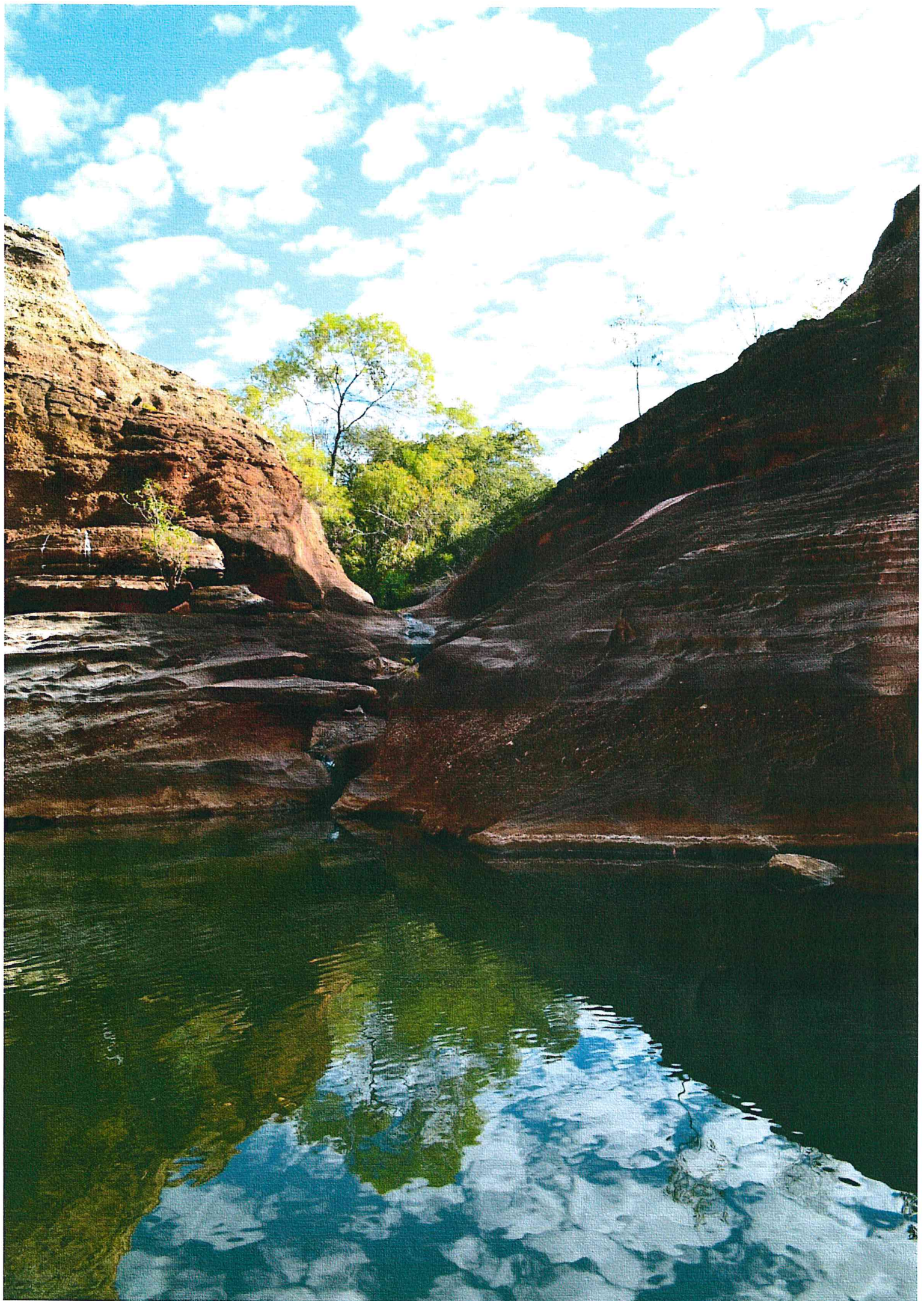
infrastructure services

5

// to provide service delivery and infrastructure roll out, maintenance and improvement underpins a healthy and growing economy and comfortable lifestyle in the gulf region.

Operational Plan Action / Outputs	Link to Strategy	Accomplished Outcome(s)
Road Maintenance (Shire) <ol style="list-style-type: none"> 1. Continue Town Street Maintenance programs 2. Continue Shire Road Maintenance programs 	5.3	<p>Council continued its annual town street maintenance program which consists of footpath mowing, cleaning of the gutters and drainage infrastructure, street repairs such as pothole maintenance.</p> <p>In addition, council continued to implement its rural roads maintenance program, with council being responsible for maintaining some 1,500km's of unsealed roads, plus 450 culverts and inverts.</p>
Road Improvements (Shire) <ol style="list-style-type: none"> 1. Continue scheduled re-seal program 2. Continue scheduled re-sheeting program 3. Continue TIDS program 4. Continue R2R program 5. Continue the upgrade to the Pave & Seal of the Hann Highway under the Safer Roads Sooner funding (Flinders & Etheridge SC) 6. Continue Town Street improvements (Short Street) 	5.3 5.12 5.15 5.16	<p>During the 2013/14 financial year, Council continued to implement its Re-Sealing program, which also incorporates Town Streets. Council completed re-seals within the Georgetown Township.</p> <p>Council also continued to implement its Re-Sheeting program throughout the 2013/14 financial year. Councils re-sheeting program is undertaken in-conjunction with Flood Damage works to provide efficiencies and cost benefits to council.</p> <p>The T.I.D.s allocation for 2013/14 financial year has been spent on upgrading the pavement on the Forsayth-Einasleigh Road to enable an additional 2.0km of seal to this Council road.</p> <p>Stage 2 of the Hann Highway has been completed. Unfortunately there is no further funding available at this stage to continue the upgrade to the pavement. Council is working hard to lobby for further funding on this major transport route. This project has been funded through the State Government via the Safer Roads Sooner funding program.</p> <p>Council constructed an extension to Short Street to help alleviate traffic issues with transport vehicles and also help reduce the dust issues within this area of town.</p>
Bridges <ol style="list-style-type: none"> 1. Submit Betterment Application to QRA for the upgrade of the Oak Park Bridge. 	5.3 5.5 5.15	<p>Council has submitted a comprehensive Betterment Application to the Queensland Reconstruction Authority for the upgrade of the Oak park Bridge. Application has been submitted with Council's application being approved. Tenders have been prepared and awarded for the scope of works. The upgrade to the Oak Park Bridge has commenced and will be ongoing into the 2014/15 financial year.</p>
Road Improvements (Main Roads) <ol style="list-style-type: none"> 1. Continue to work with Main Roads to improve state controlled road networks within the shire 2. Continue with RMPC expenditure 	5.14 5.15	<p>Council has continued its partnership with the Department of Main Roads by signing off on the RMPC agreement. Council has utilised the funding allocation within the 2013/14 financial year.</p> <p>Council has continued to meet with the Department on various issues regarding State Roads within the Shire and was successful in obtaining additional works within the 2013/14 financial year. This work was mainly to do with Main Roads Flood Damage works on the Kennedy and Gregory Developmental Roads.</p>

Operational Plan Action / Outputs	Link to Strategy	Accomplished Outcome(s)
<p>NDRRA (Flood Damage – Shire)</p> <ol style="list-style-type: none"> 1. Continue to implement and undertake flood damage works – 2011 2. Continue to implement and undertake flood damage works – 2012. 3. Continue to implement and undertake flood damage works – 2013 4. Prepare flood damage submission for the 2014 event to QRA. 	<p>5.3 5.4</p>	<p>Council is well in advance of completing the restoration works approved under the 2011 NDRRA. Flood damage work was completed by December 2013.</p> <p>Council has completed the 2012 Flood damage works as at 30 June 2014.</p> <p>2013 NDRRA works Is ongoing and will be finalised within the 2014/15 financial year.</p> <p>Council has submitted its NDRRA application for the 2014 Flood events. Council's application is still being processed by the Queensland Reconstruction Authority.</p> <p>Council was successful in securing additional Flood Damage works from the Department of Main Roads during the 2013/14 financial year. This work was mainly focused on the Kennedy & Hann Highway(s).</p>
<p>Water Supply – Georgetown</p> <ol style="list-style-type: none"> 1. Continue Rising & Reticulation System maintenance 2. Continue plant maintenance programs for reservoir and wells 3. Undertake replacement program for meters and valves 4. Undertake capital works required within the Georgetown water supply. <ol style="list-style-type: none"> (i) Hydrants & Valves; (ii) Replacement of Meters (iii) Reticulation Improvements 5. Actively seek funding opportunities to implement capital works programs <p>Water Supply – Forsayth</p> <ol style="list-style-type: none"> 6. Continue to update Asset Management Plans 7. Continue Rising & Reticulation System maintenance 8. Continue plant maintenance programs for reservoir and wells 9. Undertake replacement program for meters and valves 10. Undertake capital works program <ol style="list-style-type: none"> (i) Reticulation Improvements 	<p>5.8 5.9 5.10 5.11</p>	<p>Council has continued with its annual maintenance programs for supplying water to Georgetown residents. This has included replacement of water metres; maintenance to reticulation assets and general maintenance to the reservoir and treatment plant.</p> <p>In relation to Forsayth water supply, council has continued to undertake its annual maintenance programs for the treatment plant, reticulation assets and the ongoing program of replacing water metres. Council has also installed additional water tanks in preparation that council may have to undertake the carting of water to Forsayth due to the lack of annual rainfall within the 2012/13 financial year.</p> <p>Council has also undertaken its compliance obligations by having both water sources tested. This includes the raw water source and also the potable water. Council has had no infringements over the past 12 months from its water operations.</p> <p>Council had to source a new wtare supply for the Forsayth Township due to the current water supply source running dry. Council commissioned additional storage tanks and carted water from September 2013 – March 2014.</p>





financial

statements

2013|2014

Etheridge Shire Council

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Long Term Financial Sustainability Statement

Certificate of Accuracy-for the Long Term Financial Sustainability Statement

Etheridge Shire Council
Statement of Comprehensive Income
For the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3a	2,390,586	2,432,053
Fees and charges	3b	341,207	391,139
Rental income	3c	184,349	170,684
Interest received	3d	452,293	342,794
Sales revenue	3e	1,652,123	6,317,444
Grants, subsidies, contributions and donations	4a	5,830,286	14,713,408
		<u>10,850,844</u>	<u>24,367,522</u>
Capital revenue			
Grants, subsidies, contributions and donations	4b	10,101,479	1,943,284
		<u>10,101,479</u>	<u>1,943,284</u>
Capital (Expense)/Income			
Capital Income	5	(43,850)	53,295
Total income		<u>20,908,473</u>	<u>26,364,101</u>
Expenses			
Recurrent expenses			
Employee benefits	6	4,613,637	5,006,509
Materials and services	7	5,999,102	11,623,720
Finance costs	8	99,106	131,153
Depreciation	9	4,147,116	3,438,183
Total expenses		<u>14,858,961</u>	<u>20,199,566</u>
Net result		<u>6,049,512</u>	<u>6,164,534</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus	18	4,635,987	-
Total other comprehensive income for the year		<u>4,635,987</u>	<u>-</u>
Total comprehensive income for the year		<u>10,685,500</u>	<u>6,164,534</u>

The above Statement should be read in conjunction with the accompanying notes and the Summary of Significant Accounting Policies.

Etheridge Shire Council
Statement of Financial Position
as at 30 June 2014

	Notes	2014 \$	2013 \$
Current assets			
Cash and cash equivalents	10	8,765,950	10,263,714
Trade and other receivables	11	4,024,586	3,551,370
Inventories	12	<u>742,400</u>	<u>1,208,652</u>
Total current assets		13,532,935	15,023,736
Non-current assets			
Property, plant and equipment	13b	<u>151,513,319</u>	<u>139,515,812</u>
Total non-current assets		151,513,319	139,515,812
TOTAL ASSETS		<u>165,046,254</u>	<u>154,539,548</u>
Current liabilities			
Trade and other payables	15	1,599,291	1,402,084
Borrowings	16	533,924	503,152
Provisions	17	<u>74,765</u>	<u>75,847</u>
Total current liabilities		2,207,980	1,981,083
Non-current liabilities			
Trade and other payables	15	197,144	155,627
Borrowings	16	792,484	1,326,155
Provisions	17	<u>299,671</u>	<u>213,207</u>
Total non-current liabilities		1,289,298	1,694,989
TOTAL LIABILITIES		<u>3,497,278</u>	<u>3,676,072</u>
NET COMMUNITY ASSETS		<u>161,548,976</u>	<u>150,863,476</u>
Community equity			
Asset revaluation reserve	18	99,666,833	95,030,846
Retained surplus		61,882,143	55,832,630
Reserves	19	<u>-</u>	<u>-</u>
TOTAL COMMUNITY EQUITY		<u>161,548,976</u>	<u>150,863,476</u>

The above Statement should be read in conjunction with the accompanying notes and the Summary of Significant Accounting Policies.

Etheridge Shire Council
Statement of Cash Flows
For the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Cash flows from operating activities:			
Receipts from customers		4,660,671	13,035,445
Payments to suppliers and employees		<u>(10,576,260)</u>	<u>(17,418,574)</u>
		(5,915,590)	(4,383,129)
Interest received		452,293	342,794
Rental income		184,349	170,684
Non-capital grants and contributions		5,830,286	11,122,381
Borrowing costs		<u>(95,197)</u>	<u>(128,340)</u>
Net cash (outflow)/inflow from operating activities	20	456,142	7,124,391
Cash flows from investing activities:			
Payments for property, plant and equipment		(11,908,138)	(6,770,587)
Proceeds from sale of property, plant and equipment		355,653	181,786
Grants, subsidies, contributions and donations		<u>10,101,479</u>	<u>1,943,284</u>
Net cash inflow/(outflow) from investing activities		(1,451,006)	(4,645,517)
Cash flows from financing activities			
Repayment of borrowings		<u>(502,899)</u>	<u>(469,757)</u>
Net cash (outflow) from financing activities		(502,899)	(469,757)
Net (decrease)/increase in cash and cash equivalents held		(1,497,764)	2,009,117
Cash and cash equivalents at beginning of reporting period		10,263,714	8,254,597
Cash and cash equivalents at end of reporting period	10	<u>8,765,950</u>	<u>10,263,714</u>

The above Statement should be read in conjunction with the accompanying notes and the Summary of Significant Accounting Policies.

Etheridge Shire Council
Statement of Changes in Equity
For the year ended 30 June 2014

	Asset Revaluation Surplus	Retained Surplus	Reserves	Total
Notes	18		19	
Balance as at 1 July 2013	95,030,846	55,832,630	-	150,863,476
Net Result				
Other comprehensive income for the year	-	6,049,512	-	6,049,512
Increase in asset revaluation surplus	4,635,987	-	-	4,635,987
Total comprehensive income for the year	<u>99,666,833</u>	<u>61,882,142</u>	<u>-</u>	<u>161,548,976</u>
Balance as at 30 June 2014	<u>99,666,833</u>	<u>61,882,142</u>	<u>-</u>	<u>161,548,976</u>

	Asset Revaluation Surplus	Retained Surplus	Reserves	Total
Notes	18		19	
Balance as at 1 July 2012	95,117,613	40,503,513	9,077,816	144,698,942
Net Result				
Other comprehensive income for the year	-	6,164,534	-	6,164,534
Increase/(decrease) in asset revaluation surplus	(86,766)	86,766	-	-
Total comprehensive income for the year	<u>95,030,846</u>	<u>46,754,813</u>	<u>9,077,816</u>	<u>150,863,476</u>
Transfer to and from reserves	-			-
Transfers to reserves	-	(3,357,249)	3,357,249	-
Transfers from reserves	-	12,435,065	(12,435,065)	-
Total transfers to and from reserves	<u>-</u>	<u>9,077,816</u>	<u>(9,077,816)</u>	<u>-</u>
Balance as at 30 June 2013	<u>95,030,846</u>	<u>55,832,630</u>	<u>-</u>	<u>150,863,476</u>

The above Statement should be read in conjunction with the accompanying notes and the Summary of Significant Accounting Policies.

Note 1: Significant accounting policies

1.A Basis of Preparation

These general purpose financial statements are for the period 1 July 2013 to 30 June 2014 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets.

1.B Statement of compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

1.C Individual entity

The Etheridge Shire Council discloses that the Financial Statements are for an Individual Entity.

1.D Constitution

The Etheridge Shire Council is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

1.E Date of authorisation

The financial statements were authorised for issue on the date they were submitted to the Auditor-General for final signature. This is the date the management certificate is signed.

1.F Currency

The Council uses the Australian dollar as its functional currency and its presentation currency.

1.G Adoption of new and revised Accounting Standards

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies. However the application of AASB13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 for the first time this year has resulted in greater disclosures.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Effective for annual report periods beginning on or after:

AASB 9 Financial Instruments (December 2009)	1 January 2017
AASB 1055 Budgetary Reporting	1 July 2014
2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009)	1 January 2015
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	1 January 2015
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	1 January 2014
AASB 2013-1 Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements	1 July 2014

Note 1: Significant accounting policies

	1-Jan-14
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	Refer Title column
[Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015]"	
Interpretation 21 Levies	1-Jan-14
AASB 2014-1 Amendments to Australian Accounting Standards	Parts A-C – 1-Jul-14 Part D – 1-Jan-16 Part E – 1-Jan-15
AASB 2014-4 Amendments to Australian Accounting Standards -Clarification of Acceptable Methods of Depreciation and Amortisation (AASB116 and AASB138)	1 Jan 16

AASB 9 Financial Instruments (effective from 1 January 2015)

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2015 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

1.H Critical accounting judgements and key sources of estimation uncertainty

In the application of Council's accounting policies, management 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 other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes.

Contingent Liabilities-Note 21

Valuation and depreciation of property, plant and equipment-Note 1.O and Note 13.

Impairment of property, plant and equipment-Note 1.P.

Provisions-Note 1.R and Note 17.

1.I Revenue

Rates, levies, grants and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

Rates and levies

Where rate monies are received prior to the commencement of the rating/levying period, the amount is recognised as revenue in the period in which they are received, otherwise rates are recognised at the commencement of rating period.

Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. In the financial year ended 30 June 2013, and previous years, an equivalent amount was transferred from retained earnings to the relevant reserve until the funds were expended. Unspent non-reciprocal capital grants were placed in the Unspent capital grants reserve. On 26 June 2013, Council passed a resolution to close all existing reserves and account for these restrictions using an internal management accounting system. Internal restrictions that have been placed on Council's cash and cash equivalents are now disclosed in Note 10.

Note 1: Significant accounting policies

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.

Non-cash contributions

Non-cash contributions with a value in excess of the recognition thresholds are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

Physical assets contributed to Council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" (i.e. the Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition.

Rental income

Rental revenue from investment and other property is recognised as income on a periodic straight line basis over the lease term.

Interest

Interest received from term deposits is accrued over the term of the investment.

Sales revenue

Sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods.

Council generates revenues from a number of services including child care and contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

Fees and Charges

Fees and charges are recognised upon unconditional entitlement to the funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.

1.J Financial assets and financial liabilities

Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

Etheridge Shire Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial assets

Cash and cash equivalents (Note 1.K)
Receivables - measured at amortised cost (Note 1.L)

Financial liabilities

Payables - measured at amortised cost (Note 1.Q)

Borrowings - measured at amortised cost (Note 1.S)

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied.

Note 1: Significant accounting policies

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 24.

1.K Cash and cash equivalents

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.L Receivables

Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price/contract price. Settlement of these amounts is required within 30 days from invoice date. The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

All known bad debts were written-off at 30 June. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.

1.M Inventories

Stores, raw materials and water held for resale are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

Inventories held for distribution are:

- goods to be supplied at no or nominal, charge, and
- goods to be used for the provision of services at no or nominal, charge.

These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

1.N Houses Land Held for Resale

Houses and Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. As an inventory item, this land held for resale is treated as a current asset. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.

1.O Property, plant and equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

The classes of property, plant and equipment recognised by the Council are:

Land
Buildings
Other Structures
TerrEstrial Collection
Fleet, Plant and Equipment

Note 1: Significant accounting policies

Furniture and Other Equipment
Roads Infrastructure
Water Infrastructure
Work in Progress

Acquisition of assets

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, including freight in, architect's fees and engineering design fees and all other establishment costs

Property, 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.

Capital and operating expenditure

Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

Valuation

Land and improvements, buildings, major plant and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant & Equipment* and AASB13 *Fair Value Measurement*. Other plant and equipment and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, Council uses internal and external engineers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with suitable indexes from ABS (Australian Bureau of Statistics) and Department of Public Works. Together these are used to form the bases of a management valuation for infrastructure asset classes in each of the intervening years. With respect to the valuation of the land and improvements, buildings and major plant asset classes in the intervening years, management engage independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 13.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class.

Note 1: Significant accounting policies

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life. Separately identified components of assets are measured on the same basis as the assets to which they relate.

Details of valuers and methods of valuations are disclosed in Note 13a.

Capital work in progress

The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Council.

Major spares purchased specifically for particular assets that are above the asset recognition threshold are capitalised and depreciated on the same basis as the asset to which they relate.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the Council or the unexpired period of the lease, whichever is the shorter.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 13b.

TerrEstrial Collection is not depreciated as it has an unlimited useful life.

Land under roads

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where the Council holds title or a financial lease over the asset. The Etheridge Shire Council currently does not have any such land holdings.

Land under the road network within the Council area that has been dedicated and opened for public use under the *Land Act 1994* or the *Land Title Act 1994* is not controlled by Council but is controlled by the state pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

1.P Impairment of non-current assets

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount of an asset is the higher of its

Note 1: Significant accounting policies

fair value less costs to sell and its value in use. An impairment loss is recognised as an expense in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

1.Q Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

1.R Liabilities - employee benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected that the leave will be paid in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 15 as a payable.

Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months (the current portion) are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months (the non-current portion) are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 15 as a payable.

Sick leave

Council has no obligation to pay sick leave on termination to certain employees and therefore a liability has not been recognised for this obligation.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 22.

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and

includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 17 as a provision.

Note 1: Significant accounting policies

1.S Borrowings and borrowing costs

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost.

In accordance with the *Local Government Regulation 2012* Council adopts an annual debt policy that sets out Council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets.

1.T Asset revaluation surplus

The asset revaluation surplus comprises adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the asset revaluation surplus.

Increases and decreases on revaluation are offset within a class of assets.

Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense.

When an asset is disposed of, the amount reported in surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

1.U Retained surplus

In reference to the comparative figures for the year ended 30 June 2013, this represents the amount of Council's net funds set aside in reserves to meet specific future needs.

1.V Reserves

Council's cash and cash equivalents are subject to a number of internal restrictions that limit the amount that is available for discretionary or future use. In prior years council accounted for these restrictions using a system of reserves.

On 26 June, 2013 Council passed a resolution to close all existing reserves and account for these restrictions using an internal management accounting system. Internal restrictions that have been placed on council's cash and cash equivalents are now disclosed in Note 10.

The former reserves operated as follows:

- (i) **Capital Grant Reserve**
This reserve is comprised of a number of reserves set aside for capital purposes such as roads, water, building and town improvements. The amount in the building reserve is set aside for construction of staff housing.
- (ii) **Plant Replacement Reserve**
Etheridge Shire Council has determined by annual assessment, funds that are required to be set aside each year in this reserve to meet Council's plant replacement needs.
- (iii) **Capital Works Reserve**
This reserve represents amounts set aside for the future capital works.

Note 1: Significant accounting policies

(iv) **Recurrent Expenditure Reserve**

This reserve represents grant amounts that are accumulated within the Etheridge Shire Council to meet anticipated future recurrent or operating expenditure needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

1.W Rounding and comparatives

The financial statements have been rounded to the nearest \$1.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

1.X Trust funds held for outside parties

Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

The monies are disclosed in the notes to the financial statements for information purposes only in Note 23.

1.Y Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

Note 2a: Analysis of Results by Function Components

The activities relating to the Council's components reported on in Note 2. (b) are as follows :

Organisational Excellence & Governance

To ensure that we deliver excellence as an organisation, embracing exceptional customer service, valuing staff and promoting ethical standards of practice supported by clear policies and strategies.

Strategic Planning

To ensure the aspirations and safety of our community will be achieved through collaborative planning and action.

Economic Development

To stimulate investment for existing and new industries creating a sustainable, diverse economy that is regionally significant.

Infrastructure Services

To ensure that service delivery and infrastructure is rolled out, maintenance and improvement underpins a healthy and growing economy and a comfortable lifestyle in the gulf region.

Water Infrastructure

Providing water supply services.

Environmental Sustainability

To ensure environmental assets and ecosystem services are available for future generations.

Commercial Services

To ensure that substantial income is awarded and generated for foundation services, building infrastructure and implementing regional and local priorities.

This function includes:

- TerrEstrial
- Student Hostel and
- Child Care

Community and Lifestyle

Providing community services and facilities including cultural, health, welfare, and recreational services.

This function includes:

- Libraries
- Shire and public halls
- Public health services including Mt Surprise Clinic.
- Cemeteries
- Swimming Pool

Etheridge Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 2b: Analysis of Results by Function

Functions	Gross program income						Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring			Capital				Recurring	Capital				
	Grants	Other	Grants	Other	Grants	Other							
	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Organisational Excellence & Governance	2,352,931	2,640,664	-	(93,666)	4,899,928	3,904,874	-	1,088,720	995,054	26,004,410	8,005	8,005	-
Strategic Planning	-	9,471	-	-	9,471	1,467	-	8,005	(123,743)	683,909	(123,743)	683,909	683,909
Economic Development	3,298,556	1,739,855	9,924,743	49,816	14,963,154	8,865,228	-	(3,826,817)	6,097,925	114,754,336	6,097,925	114,754,336	114,754,336
Infrastructure Services	-	1,739,855	-	-	295,289	654,090	-	(358,802)	(358,802)	5,057,954	35,592	35,592	18,662
Water Infrastructure	-	112,744	156,736	-	269,480	233,888	-	(317,576)	(297,576)	18,662	(297,576)	18,662	18,662
Environmental Sustainability	89,209	218,492	20,000	-	327,701	625,277	-	(306,942)	(306,942)	18,526,984	(306,942)	18,526,984	18,526,984
Commercial Services	89,591	4,043	-	-	93,634	400,576	-	(306,942)	(306,942)	18,526,984	(306,942)	18,526,984	18,526,984
Community & Lifestyle	89,591	4,043	-	-	93,634	400,576	-	(306,942)	(306,942)	18,526,984	(306,942)	18,526,984	18,526,984
Total Council	5,830,286	5,020,558	10,101,479	(43,850)	20,908,473	14,858,961	-	(4,008,116.39)	6,049,512	165,046,254	6,049,512	165,046,254	165,046,254

Functions	Gross program income						Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net Result	Assets
	Recurring			Capital				Recurring	Capital				
	Grants	Other	Grants	Other	Grants	Other							
	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Organisational Excellence & Governance	4,059,581	2,577,387	-	(24,609)	6,612,359	2,829,478	-	3,807,491	3,782,882	27,804,576	(13,540)	(13,540)	-
Strategic Planning	-	11,455	-	-	11,455	24,995	-	(13,540)	(13,540)	93,443	(4,224)	(4,224)	93,443
Economic Development	10,504,157	6,420,098	957,818	77,904	17,882,073	15,554,596	-	1,369,659	2,327,476	108,307,942	2,327,476	108,307,942	108,307,942
Infrastructure Services	-	6,420,098	-	-	290,219	427,981	-	(137,762)	(137,762)	73,451	(137,762)	73,451	73,451
Water	-	290,219	805,466	-	946,547	320,204	-	(179,123)	626,344	1,248,616	(179,123)	626,344	1,248,616
Environmental Sustainability	30,773	110,309	180,000	-	500,879	537,727	-	(216,848)	(36,848)	-	(36,848)	-	-
Commercial Services	80,150	240,728	180,000	-	42,665	422,456	-	(379,792)	(379,792)	17,011,520	(379,792)	17,011,520	17,011,520
Community & Lifestyle	38,747	3,917	-	-	42,665	422,456	-	(379,792)	(379,792)	17,011,520	(379,792)	17,011,520	17,011,520
Total Council	14,713,408	9,654,114	1,943,284	53,295	26,364,101	20,199,566	-	4,167,956	6,164,534	154,539,548	6,164,534	154,539,548	154,539,548



Etheridge Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2014

Notes	2014 \$	2013 \$
Note 3: Revenue analysis		
(a) Rates and charges		
General rates	2,232,692	2,304,784
Water	231,968	196,327
Water consumption	95,265	124,245
Waste management	27,933	22,417
Garbage charges	87,591	76,346
State Emergency Levy	46,850	-
Total rates and utility charge revenue	2,722,298	2,724,118
Less: Discounts	(310,731)	(272,924)
Less: Pensioner remissions	(20,981)	(19,142)
Net rates and utility charges	2,390,586	2,432,053
(b) Fees and charges		
Building and development fees	8,585	11,455
Licences and registrations	5,900	5,900
TerrEstrial Centre	46,293	55,388
Child Care Centre	73,759	106,058
Hostel Fees	60,460	41,365
Einisleigh Common	2	14,672
Other fees and charges	146,207	156,302
Total Fees and Charges	341,207	391,139
(c) Rental income		
Other rental income	184,349	170,684
(d) Interest received		
Interest received from term deposits	387,504	317,404
Interest from overdue rates and utility charges	64,789	25,390
Total Interest Received	452,293	342,794
(e) Sales revenue		
Sales of services		
Contracts and recoverable works	1,604,858	6,222,527
Private Works	47,265	94,918
Total Sales Revenue	1,652,123	6,317,444

Etheridge Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2014

	2014	2013
	\$	\$
Note 4: Grants, Subsidies, Contributions and Donations		
(a) Recurrent		
State Government subsidies and grants	3,478,855	10,686,827
Federal Subsidies and grants	2,351,431	4,026,581
Total recurrent revenue	<u>5,830,286</u>	<u>14,713,408</u>
(b) Capital		
State Government subsidies and grants	10,101,233	1,298,071
Federal Government subsidies and grants	246	645,213
Total capital revenue	<u>10,101,479</u>	<u>1,943,284</u>
(c) Conditions over contributions		
Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but not had been expended at the reporting date:		
Non-reciprocal grants for expenditure on services	192,988	30,773
Non-reciprocal grants for expenditure on infrastructure	-	170,953
Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period:		
Non-reciprocal grants for expenditure on services	-	4,401,913
Non-reciprocal grants for expenditure on infrastructure	-	43,696
Note 5: Capital income/(Expense)		
Gain (loss) on the disposal of non-current assets		
(a) Proceeds from the sale of property, plant and equipment	305,837	103,882
Less: Book value of property, plant and equipment disposed	<u>(399,503)</u>	<u>(128,491)</u>
	(93,666)	(24,609)
(b) Proceeds from the sale of land and improvements	49,816	77,904
Less: Book value of land sold	<u>-</u>	<u>-</u>
	49,816	77,904
Total capital income/expense	<u>(43,850)</u>	<u>53,295</u>

Etheridge Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2014

	2014	2013
Notes	\$	\$
Note 6: Employee Benefits		
Total staff wages and salaries	4,370,281	4,217,680
Councillors' remuneration	192,603	173,827
Annual, sick and long service leave entitlements	544,180	452,247
Superannuation	430,555	410,998
	22	
	<u>5,537,619</u>	<u>5,254,752</u>
Other employee related expenses	192,098	115,657
	<u>5,729,717</u>	<u>5,370,408</u>
Less: Capitalised employee expenses	(1,116,080)	(363,899)
	<u>4,613,637</u>	<u>5,006,508</u>

Councillor remuneration represents salary, superannuation contributions and other allowances paid in respect of carrying out their duties.

Total Council employees at reporting date

Elected members	5	5
Administrative staff	15	24
Child Care	4	4
Depot and outdoors staff	38	33
Total full time equivalent employees	<u>62</u>	<u>66</u>

Note 7: Materials and services

Administration supplies and consumables	81,012	81,041
Audit of annual financial statements by the Auditor-General of Queensland	61,568	55,218
Communication and IT	180,308	233,468
Consultants	172,480	138,878
Contractor Works	360,297	(361,713)
Contract Works-Flood Damage 2010	-	2,126,161
Contract Works-Flood Damage 2011	10,567	5,467,117
Contract Works-Flood Damage 2012	476	41,335
Contract Works-Flood Damage 2013	109,777	9,104
Contract Works-Flood Damage 2014	28,177	-
99B Hann Highway	3,058,935	2,869,042
Repairs Maintenance & Power	1,022,172	801,178
Other material and services	287,976	(263,953)
Travel	90,959	88,849
Water	437,664	224,472
Waste	96,734	113,525
	<u>5,999,102</u>	<u>11,623,720</u>

Note 8: Finance costs

Finance costs charged by Queensland Treasury Corporation	95,197	128,340
Bank charges	3,909	2,814
	<u>99,106</u>	<u>131,153</u>

Etheridge Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2014

	2014	2013
Notes	\$	\$
Note 9: Depreciation		
(a) Depreciation of non-current assets		
Buildings	227,713	243,785
Fleet, Plant and Equipment	898,360	881,786
Furniture and Other Equipment	4,108	7,468
Other Structures	313,079	250,871
Road Infrastructure	2,584,452	1,940,548
Water Infrastructure	119,404	113,725
Total depreciation of non-current assets	4,147,116	3,438,183

Note 10: Cash and cash equivalents

Cash at bank and on hand	467,702	(251,028)
Deposits at call	8,298,248	10,514,742
Balance per Statement of Cash Flows	8,765,950	10,263,714

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

Plant Replacement Reserve	681,912	681,912
Future Capital Works Reserve	6,062,348	3,026,484
Capital Works Reserve	717,223	751,481
Recurrent Expenditure Reserves	147,128	2,185,438
Total unrestrict cash	7,608,610	6,645,315

These restrictions were previously allocated as reserves.

There were no externally imposed expenditure restrictions at reporting date.

Cash and deposits are held in Bendigo Bank in normal business cheque accounts.

Cash is also held in Queensland Treasury Corporation in cash management accounts.

Bendigo Bank has a short term credit rating of A-2.

Queensland Treasury Corporation has a short term credit rating of AA+.

Note 11: Trade and other receivables

(a) Current		
Rateable revenue and utility charges	300,586	150,716
Other debtors	3,641,685	3,237,890
GST recoverable	-	37,497
Prepayments	82,315	125,267
Total Current Trade and Other Receivables	4,024,586	3,551,370

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

Etheridge Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2014

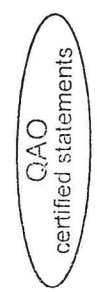
	2014	2013
Notes	\$	\$
Note 12: Inventories		
Current		
(a) Total inventories for distribution		
Plant and equipment stores	348,275	387,599
(b) House and Land for resale		
House and Land for resale	<u>394,125</u>	<u>821,053</u>
Total Current Inventories	<u>742,400</u>	<u>1,208,652</u>

Etheridge Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 13: Property, Plant and Equipment Valuations

30th June 2014	Note	Land		Buildings		Other Structures		Fleet Plant and Equipment		Furniture and Other Equipment		Road Infrastructure		Water Infrastructure		*TerrEstrial Collection		Work In Progress		TOTAL
		Fair Value		Fair Value		Fair Value		Cost		Cost		Fair Value		Fair Value		Fair Value		Cost		
Basis of measurement																				
Opening Balances																				
Opening Gross Value		1,727,600		17,036,936		8,412,891		11,218,896		461,560		127,752,591		6,953,699		620,571		2,338,814		176,523,558
Accumulated Depreciation		-		6,827,585		1,790,722		5,194,877		343,696		20,808,522		2,042,343		-		-		37,007,745
Opening Written Down Value		1,727,600		10,209,351		6,622,169		6,024,019		117,864		106,944,069		4,911,356		620,571		2,338,814		139,515,813
Movements during Year																				
Additions		117,551		108,377		1,828,468		817,299		-		2,831,157		133,022		-		6,072,263		11,908,138
Disposals	5	-		-		63,071		276,242		-		-		-		-		-		339,313
Depreciation	9	-		227,713		313,079		898,360		4,108		2,584,452		119,404		-		-		4,147,116
Revaluations	18	-		189,717		172,765		-		-		4,140,527		132,979		-		-		4,635,988
Closing Balances																				
Closing Gross Value		1,845,151		17,534,377		10,370,574		11,160,118		461,560		135,621,255		7,277,993		620,571		8,411,077		193,302,675
Accumulated Depreciation		-		7,254,646		2,123,321		5,553,591		347,804		24,289,955		2,220,039		-		-		41,789,356
Closing Written Down Value		1,845,151		10,279,731		8,247,253		5,606,526		113,755		111,331,300		5,057,954		620,571		8,411,077		151,513,319
Residual Value		-		1,468,700		482,799		3,378,516		2,400		3,360,699		-		-		-		8,693,114
Estimated Useful Life (Years)		Not Depreciated		3 - 100		5 - 80		2 - 20		3 - 80		1 - 100		10 - 100		Not Depreciated		-		-
2014 Additions comprise:																				
Renewals		\$		\$		\$		\$		\$		\$		\$		\$		\$		\$
Other additions		117,551		108,377		1,762,169		742,726		-		391,077		133,022		-		6,072,263		7,405,388
Total additions		117,551		108,377		1,828,468		817,299		-		2,831,157		133,022		-		6,072,263		11,908,138

*TerrEstrial Collection classified in the current year with Property, Plant and Equipment rather than an Other Financial Asset. Prior year figures have been adjusted to insure comparability.



Etheridge Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 13: Property, Plant and Equipment Valuations

30th June 2013	Land	Buildings	Other Structures	Fleet Plant and Equipment	Furniture and Other Equipment	Road Infrastructure	Water Infrastructure	TerrEstrial Collection	Work In Progress	TOTAL
Basis of measurement										
Opening Balances										
Opening Gross Value	1,727,600	16,916,600	8,372,773	11,026,370	452,560	123,333,097	6,953,699	620,571	672,377	170,075,647
Accumulated Depreciation	-	6,583,800	1,539,851	4,507,275	336,228	18,867,974	1,928,618	-	-	33,763,746
Opening Written Down Value	1,727,600	10,332,800	6,832,922	6,519,095	116,332	104,465,123	5,025,081	620,571	672,377	136,311,901
Movements during Year										
Additions	-	-	-	-	-	-	-	-	6,770,587	6,770,587
Disposals	-	-	-	(128,492)	-	-	-	-	-	(128,492)
Depreciation	-	(243,785)	(250,871)	(881,786)	(7,468)	(1,940,548)	(113,725)	-	-	(3,438,183)
Revaluations	-	-	-	-	-	-	-	-	-	-
Transfers	-	120,336	40,118	515,202	9,000	4,419,494	-	-	(5,104,150)	-
Closing Balances										
Closing Gross Value	1,727,600	17,036,936	8,412,891	11,218,896	461,560	127,752,591	6,953,699	620,571	2,338,814	176,523,558
Accumulated Depreciation	-	6,827,585	1,790,722	5,194,877	343,696	20,808,522	2,042,343	-	-	37,007,745
Closing Written Down Value	1,727,600	10,209,351	6,622,169	6,024,019	117,864	106,944,069	4,911,356	620,571	2,338,814	139,515,813
Residual Value	-	1,468,700	482,799	3,378,516	2,400	3,360,699	-	-	-	8,693,114
Estimated Useful Life (Years)	Not Depreciated	3 - 100	5 - 80	2 - 20	3 - 80	1 - 100	10 - 100	-	-	-

QAO
certified statements

Note 14: Fair Value Measurements

(i) **Recognised fair value measurements.**

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

Property Plant & Equipment

Land
Buildings
Other Structures
Road Infrastructure
Water infrastructure
TerrEstrial Collection

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

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes

Council borrowings are measured at amortised cost with interest recognised in profit and loss when incurred. The fair value of borrowings in Note 16 is provided by Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (Level 2)

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

In accordance with AASB 13 fair value measurements are categorised on the following basis:

- Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Fair value based on inputs that are directly or indirectly observable for the asset or liability (Level 2)
- Fair value based on unobservable inputs for the asset and liability (Level 3)

The following table categorises fair value measurements as either level 2 or 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

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 all significant inputs required to fair value of an asset are observable, the asset is included in level 2. 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.

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by the transitional provisions of *AASB 13 Fair Value Measurement*.

Note 14: Fair Value Measurements

Category		Level 2	Level 3	Total
Building Commercial	13		\$7,715,439	\$7,715,439
Building Residential	13	\$2,564,292		\$2,564,292
Building Total				10,279,731
Land	13	\$1,845,151		\$1,845,151
Other Structures	13		\$8,247,253	\$8,247,253
Road Infrastructure	13		\$111,331,300	\$111,331,300
Water Infrastructure	13		\$5,057,954	\$5,057,954
TerrEstrial Collection	13		\$620,571	\$620,571
Grand Total		\$4,409,443	\$132,972,517	\$137,381,960

There are no transfers between levels 1 and 2 during the year, not between levels 2 and 3.

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

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

(ii) Specific valuation techniques used to value Council assets comprise:

Land (level 2)

Land fair values were determined by independent valuer, AssetVal Pty Ltd and is effective 30 June 2012. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties. Where a depth in market can be identified we have assessed the fair value of an asset, as the best estimate of price reasonably obtained in the market at the date of valuation.

Buildings (level 2 and 3)

The fair values of buildings were determined by independent valuer, AssetVal Pty Ltd and is effective as at the 30 June 2012. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties. Where Council buildings are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset of similar type and service. The gross current values have been derived from reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook).

Where a depth in market can be identified we have assessed the fair value of an asset, as the best estimate of price reasonably obtained in the market at the date of valuation. Where there is no depth

Note 14: Fair Value Measurements

of market, the net current value of a building asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset.

The accumulated depreciation has been carried out on a component level by conducting a condition assessment on each of the various components within each building. Annual reviews of these values are completed to determine material differences. Currently the Australian Bureau Statistic indexes (Ref. ABS Catalogues, 6427.0 Producer Price Indexes, Australia Table 17.) are used to do these reviews.

Infrastructure assets (level 3)

All council infrastructure assets were fair valued using written down current replacement cost. The 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. Where existing assets were over designed, had excess capacity, or were redundant an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve required level of service output within the council's planning horizon.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced such as earthworks. There are some assets where a service % is applied to the CRC to represent the adjustments to the values to represent the proportion of asset that is providing the desire service level. Of particular note, is the unsealed road asset category.

The DRC was determined using methods relevant to the asset class as described under individual asset categories below.

Annual reviews of these values are completed to determine material differences. Currently the Australian Bureau Statistic indexes (Ref. ABS Catalogues, 6427.0 Producer Price Indexes, Australia Table 17.) are used to do these reviews.

Roads Infrastructure

Road fair values were determined by independent valuer, Shepherd Services Pty Ltd and is effective 30 June 2012.

1.1 Roads (Sealed)

Sealed road assets are broken into separate asset components, as shown below.

1. Sealed Surface: Two coat spray seal or Asphalt.
2. Sealed Pavement
3. Sealed Formation

1.2 Sealed Surface and Pavement

A sealed road is broken into these separate asset groups is because each group has different life expectancies.

Note 14: Fair Value Measurements

Allowances have been made for the use of difference pavement materials used for Urban and Rural roads. Urban materials are sourced from the commercial quarries and Rural materials are sourced from Council own gravel pits in the shire.

Allowances have been made for working in urban more confined areas compared to rural open areas.

1.3 Sealed Formation

Because the formation asset is considered to be an asset that will not need to be replaced, as its service potential is not consumed, the "depreciated replacement cost" will equal the current replacement cost and there will be no depreciation.

The reason the sealed formation is not consumed is because it is protected by two other layers above it. These layers over their life will be renewed at some time, yet the formation would not as it provides little or no strength to overall seal. Even on a seal expansion the formation is not normally touched, for example say the road is widened then the formation is actually widened (new capital) as well.

Terrain was considered when completing the calculation of the current replacement cost for this asset category. Terrain classifications of Flat, Rolling and Mountainous were assigned as past the asset pickup process.

Finally allowances have been made for working in urban more confined areas compared to rural more open areas.

The valuation used the following formulas to calculate all financial figures.

Depreciable Amount Calculation

$$\text{Depreciable Amount} = \text{Current Replacement Costs} - \text{Residual Amount}$$

Asset Current Replacement Cost

$$\text{Assets Current Replacement Cost (CRC)} = \text{Dimension 1} \times \text{Unit Cost}$$

Dimension 1: Is set for each different asset type. For example it could be volume, area, length or number of.

Unit Cost: Were developed from reviewing past construction work costs and for those assets that no recent work cost were available, rates were determined from first principles or obtained from surrounding regional councils. Allowances have been made for the difference in construction standards. Direct and Indirect Costs have been used in the development of the unit rates.

Residual Values

Sealed Surface – Two Coat Spray Seal has a 50% residual for rural and 50% for urban. This is because we only replace this with a single coat seal at time of renewal. Other surface types have no residual values.

Sealed Pavement –The renewal process is to complete a stabilized pavement renewal rather than a full pavement replacement. Therefore the residual value will be the % difference in cost of pavement replacement to stabilisation replacement. The results are rural pavements residual is 0% and urban pavements are 0% as the stabilized pavement is dearer than replacement methods for this council.

Annual Depreciation Expense

AASB116 States that depreciation is the "systematic allocation of the depreciable amount of an intangible asset over its useful life"

Note 14: Fair Value Measurements

Annual Depreciation = Depreciable Amount/Useful life

At the time of revaluation when the remaining life has been adjusted then;

Annual Depreciation = Depreciable Replacement Cost –Residual /Remaining life

Depreciable Replacement Cost

Formerly the Written Down Value. The following calculations outline each of the identified processes.

Depreciable Replacement Cost = Remaining Life x Annual Depreciation + Residual Amount

1.4 Roads (Unsealed)

Unsealed Roads are broken into separate asset components, as shown below.

1. Unsealed Pavement
2. Unsealed Earthworks (Formation)

Unsealed road assets are considered to be made up of a gravel pavement from either natural or imported materials and earthworks. The earthworks are considered to be an asset that will not need to be replaced, as its service potential is not consumed.

1.5 Unsealed Pavements

Current Replacement Value

Step 1. Road Classification of Network.

The Etheridge Shire Council has adopted a road classification system that separates each road in the road network into different road classes, as determined by an assessment of the traffic volume and road function. The different road classes reflect the different renewal needs.

Road Classification Description

Service Access Roads – unsealed roads that provide the main access for people in the shire

Arterial roads (Class 1)- Route carrying a main flow with many branches.

Collector roads (Class 2)- Collects from local access roads to distribute to an Arterial road.

Minor Collector roads (Class 3)-Collects from a limited number of local access roads to distribute to an Arterial road or Collector road.

Local access roads (Class 4) – Road to access properties from where people actually reside.
(3-10 houses)

Minor local access roads (Class 5) – Roads to access limited properties where people actually reside.
(Less than 3 houses)

Service track (Class 6) – Provides access to unoccupied properties.

Limited Service Access – unsealed roads that provide access to limited properties or areas.

Category A (class 7) - Limited Service Access Roads -Category A

Category B (class 8) – Limited Service Access Road -Category B

Step 2. Define Levels of Service for the Different Road Classes.

Defined levels of service

Desired minimum levels of service for unsealed roads can be determined as the percentage of imported materials required to ensure that each road class has adequate amounts of gravel to provide a good running surface in most weather conditions within Councils Budget limitations.

Note 14: Fair Value Measurements

Class 1, 30 % of the road will require imported gravel material.
Class 2, 30 % of the road will require imported gravel material.
Class 3, 20% of the road will require imported gravel material.
Class 4, 20% of the road will require imported gravel material.
Class 5, 20% of the road will require imported gravel material.

Class 6, 20% of the road will require imported gravel material.
Class 7, 0% of the road will require imported gravel material.

Class 8, 0% of the road will require imported gravel material.

Step 3. Replacement Unit Rates
The replacement \$/m3 for Gravel pavements.

Step 4. Calculate the Current Replacement Cost.
Current Replacement Cost (CRC) = Segment Volume (m3) x Service Level % x Unit Rate

Step 5. Useful Life of Unsealed Gravel Pavements
The life of gravel pavements are determined by the amount of gravel loss per year.
The Etheridge Shire Council resheets gravel pavements at 150 mm compacted depths.

Depreciated Replacement Cost

Step 1. Methodology for assessing remaining life.

To be able to measure the level of service (or in other words the amount of asset remaining) for an unsealed road, an assessment of how much gravel in kilometres is remaining on an unsealed gravel road is completed.

The assessment of remaining "Service Potential" for unsealed roads is based on an assessment of the remaining gravel pavement length over the full length of the road or segment.

The following formula can be used to determine this.

$$\% \text{ of Gravel Remaining} = (\text{Length of Road or Segment} - \text{Length of Subgrade breakout}) / \text{Length of Road or segment}$$

A visual assessment of the subgrade breakout, as shown below, is used to determine what percentage of pavement is remaining.

Subgrade Breakout

DESCRIPTION
Type 1 - Sections that are very boggy and have no gravel material.
Type 2 - Sections that is slightly boggy and have little gravel
Table 3.2 gravel assessment types

Also, for each road class a "Desired Level of Service" has been based on what has been seen as acceptable for those types of roads.

The following table show the different service levels for each road class.

Note 14: Fair Value Measurements

		Road Class	1	2	3	4	5	6	7	8
		% of Gravel Remaining Service Level	30%	30%	20%	20%	20%	20%	20%	20%
% of Gravel Remaining	Average %	Condition Index	% of Remaining Life	% of Remaining Life	% of Remaining Life	% of Remaining Life	% of Remaining Life	% of Remaining Life	% of Remaining Life	% of Remaining Life
>80	80	1	100%	100%	100%	100%	100%	100%	100%	100%
60-80	65	2	100%	100%	100%	100%	100%	100%	100%	100%
40-60	45	3	100%	100%	100%	100%	100%	100%	100%	100%
20-40	25	4	80%	80%	100%	100%	100%	100%	100%	100%
<20	10	5	30%	30%	50%	50%	50%	50%	100%	100%

1.6 Unsealed Formation

To determine the Current Replacement Cost for earthworks the following formula was used;

$$\text{Current Replacement Cost (Formation)} = \text{Area m}^2 \times \$/\text{m}^2$$

Also terrain type was considered as well.

Because the formation assets are considered to be an asset that will not need to be replaced, as its service potential is not consumed, the "Depreciated Replacement Cost" will equal the Current Replacement Cost and therefore no depreciation will be applied to this asset type.

The reason the formation is not consumed is because regular grading of the road under maintenance ensures that formation is kept in shape. Also the addition of imported material also ensures that the formation is protected from deterioration.

Bridges and Drainage Structure

Bridges and Drainage Structures fair values were determined by independent valuer, Shepherd Services Pty Ltd and is effective 30 June 2012.

The current replacement rates have been determined using the modern equivalent of a Concrete Bridge type.

The valuation used the following formulas to calculate all financial figures.

Depreciable Amount Calculation

$$\text{Depreciable Amount} = \text{Current Replacement Costs} - \text{Residual Amount}$$

Asset Current Replacement Cost

$$\text{Assets Current Replacement Cost (CRC)} = \text{Dimension 1} \times \text{Unit Cost}$$

Note 14: Fair Value Measurements

Dimension 1: Is set for each different asset type. For example it could be volume, area, length or number of.

Unit Cost: Were developed from reviewing past construction work costs and for those assets that no recent work cost were available, rates were determined from first principles or obtained from

surrounding regional councils. Allowances have been made for the difference in construction standards. Direct and Indirect Costs have been used in the development of the unit rates.

Annual Depreciation Expense

AASB116 States that depreciation is the "systematic allocation of the depreciable amount of an intangible asset over its useful life"

$$\text{Annual Depreciation} = \text{Depreciable Amount} / \text{Useful life}$$

At the time of revaluation when the remaining life has been adjusted then;

$$\text{Annual Depreciation} = \text{Depreciable Replacement Cost} - \text{Residual} / \text{Remaining life}$$

Depreciable Replacement Cost

Formerly the Written Down Value. The following calculations outline each of the identified processes.

$$\text{Depreciable Replacement Cost} = \text{Remaining Life} \times \text{Annual Depreciation} + \text{Residual Amount}$$

Water and Other Infrastructure

Water fair values were determined by independent valuer, Shepherd Services Pty Ltd and is effective 30 June 2012.

The valuation used the following formulas to calculate all financial figures.

Depreciable Amount Calculation

$$\text{Depreciable Amount} = \text{Current Replacement Costs} - \text{Residual Amount}$$

Asset Current Replacement Cost

$$\text{Assets Current Replacement Cost (CRC)} = \text{Dimension 1} \times \text{Unit Cost}$$

Dimension 1: Is set for each different asset type. For example it could be volume, area, length or number of.

Unit Cost: Were developed from reviewing past construction work costs and for those assets that no recent work cost were available, rates were determined from first principles or obtained from surrounding regional councils. Allowances have been made for the difference in construction standards. Direct and Indirect Costs have been used in the development of the unit rates.

Where no unit rates can be practically determined for assets then the following was used;

$$\text{Assets Current Replacement Cost (CRC)} = \text{Lump Sum Current Construction Costs}$$

Mostly this was used for fixed structures like pumps, reservoirs and structures

Annual Depreciation Expense

AASB116 States that depreciation is the "systematic allocation of the depreciable amount of an intangible asset over its useful life"

Note 14: Fair Value Measurements

Annual Depreciation = Depreciable Amount/Useful life

At the time of revaluation when the remaining life has been adjusted then;
Annual Depreciation = Depreciable Replacement Cost –Residual /Remaining life

Depreciable Replacement Cost

Formerly the Written Down Value. The following calculations outline each of the identified processes

Changes in Fair Value Measurements using significant unobservable inputs (level 3)

Since the residential buildings disclosed in notes comprise both level 2 and level 3 assets, the movement in level 3 commercial buildings are detailed below. There have been no transfers between level 1,2 or 3 measurements during the year.

Changes in commercial buildings (Level 3)	Council
	\$
Opening gross value as at 1 July 2013	11,876,936
Additions	108,377
Disposals	
Revaluation adjustment to other comprehensive income(asset revaluation surplus)	
Revaluation adjustment to income (capital income)	
Closing gross value as at 30 June 2014	11,985,313
Accumulated depreciation and impairment	
Opening balance as at 1 July 2013	4,449,728
Depreciation provided in period	196,811
Depreciation on disposals	
Revaluation adjustment to asset revaluation surplus	
Accumulated depreciation as at 30 June 2014	4,646,540

Note 14: Fair Value Measurements

The valuation's sensitivity to such inputs is outlined below.

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Land		
Market movement (Active Market)	10% - 0%(-5%)	The lower the market movement rate, the lower the fair value
Buildings		
Condition rating (useful life*)	0 - End of life	The lower the condition rating, the higher the fair value
Standard material usage quantities	Varies depending on the type of material	The higher the usage quantities, the higher the fair value
Residual Value	0 – 1,468,700	The higher the residual, the higher the fair value
Other Structures		
Condition rating (useful life*)	0 - End of life	The lower the condition rating, the higher the fair value
Standard material usage quantities	Varies depending on the type of material	The higher the usage quantities, the higher the fair value
Residual Value	0 – 482,799	The higher the residual, the higher the fair value
Road Infrastructure		
Condition rating	As specified in note 14(ii)	The lower the condition rating, the higher the fair value
Standard material usage quantities	Varies depending on the type of material	The higher the usage quantities, the higher the fair value
Residual Value	0 – 3,360,699	The higher the residual, the higher the fair value
Water Infrastructure		
Condition rating	As specified in note 14(ii)	The lower the condition rating, the higher the fair value
Standard material usage quantities	Varies depending on the type of material	The higher the usage quantities, the higher the fair value
TerrEstrial Collection		
Sales of comparable collections	Varies depending on type of degree of comparison	The higher the level of comparison and sales price, the higher the fair value

* Estimated useful lives are disclosed in note 13.

Valuation processes

Council's valuation policies and procedures are set by the finance committee of the executive management team which comprises the Chief Executive Officer, Chief Finance Officer.

They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment and investment property (recurring fair value measurements) is set out in note 1R and 1Q respectively. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

Note 14: Fair Value Measurements

Financial Valuation Calculation Methodology

For the completion of any revaluations we have listed out the formulas used to calculate all financial figures.

1.1 Current Replacement Amount Calculation

Calc 1.1. *Assets Current Replacement Cost (CRC)* = Dimension 1 x Unit Cost

Dimension 1: Is set for each different asset type. For example it could be volume, area, length or number of.

Unit Cost: Were developed from reviewing past construction work costs and for those assets that no recent work cost were available, rates were determined from first principles or obtained from surrounding regional councils. Allowances have been made for the difference in construction standards. Direct and Indirect Costs have been used in the development of the unit rates.

Where no unit rates can be practically determined for assets then the following was used;

Assets Current Replacement Cost (CRC) = Lump Sum Current Construction Costs

Mostly this was used for fixed structures like pumps, reservoirs and structures.

1.2 Depreciable Amount Calculation

Calc 1.2 – Depreciable Amount = Current Replacement Costs- Residual Amount

1.3 Accumulated Depreciation

The following calculations outline each of the identified processes.

Calc 1.3 - Accumulated Depreciation = Current Replacement Cost- Depreciated Replacement Cost

1.4 Depreciable Replacement Cost

Formerly the Written Down Value. The following calculations outline each of the identified processes.

Calc 1.4–Depreciable Replacement Cost = Remaining LifexAnnual Depreciation + Residual Amount

1.5 Annual Depreciation Expense

AASB116 States that depreciation is the “systematic allocation of the depreciable amount of an tangible asset over it useful life”

Calc 1.5.1 - Annual Depreciation = Depreciable Amount/Useful life

At the time of revaluation when the remaining life has been adjusted then;

Calc 1.5.2 - Annual Depreciation = Depreciable Replacement Cost –Residual /Remaining life

1.5.1 Depreciation Method

AASB116 states that the “depreciation method used shall reflect the pattern in which the asset’s future economic benefits are expected to be consumed by the entity”.

Note 14: Fair Value Measurements

Consumption of asset service potential will be taken as equally amounts each year as the service required from that asset will be considered to be the same for each year of the asset life.

There has been some debate recently about the use of non-linear methods of depreciation for Infrastructure Asset. Currently we are not using this method due to the following reasons;

1.5.2 Non linear methods require considerably more data and hence cost to validate and support with questionable benefit.¹

The problem of validation is illustrated in Austroads report AP-R235 "REMAINING LIFE OF ROAD INFRASTRUCTURE" which noted that;

a. There are still considerable difficulties with regard to the certainty of estimating the remaining life of road pavements.

b. Many of the mechanistic models upon which estimates of remaining life of pavements are based are far from perfect because of the lack of reliable data available to validate these models.

The uncertainty is more acute when the assets are in the first 50% of life, when there is little or no visual distress and only regular structural testing across the entire network is the only reliable method to validate and support reliable condition based life estimates.

1.5.3. Systematic consumption of service potential is not the same as deterioration of asset condition.²

This issue was recently explored in detail by Local Government Victoria working collaboratively with the MAV, LGPro, VicRoads, the Australian Road Research Board and the Auditor-General's Office to produce guidelines to support local councils in implementing AASB116. ¹ This matter is being reviewed by Auditors General in a number of States and we advise Councils to ensure that they have supporting data to validate and support their position, especially for the use of residual values and matching asset life and asset maintenance and renewal lives.

1.5.4 Using non linear methods to reduce present depreciation results in shifting higher service consumption costs to future infrastructure users³.

If the asset remaining life distribution is skewed so that the majority of assets are in the first 50% of life then Council will need to plan for future increases in depreciation as assets move progressively into higher depreciation rates. This raises issues of inequity for asset service potential consumption.

1.6 Remaining Life Calculations

The remaining life calculation has been determined based on the age and useful life of an asset.

1.6.1 Age Based Approach

Calc 1.6 – Remaining Life (Age) = Useful Life – Age

1.6 Useful Life

AASB116 states useful life as the "period over which an asset is expected to be available for use by an agency".

Considering the following factors;

¹ Jeff Roorda and Associates 2007

² Jeff Roorda and Associates 2007

³ Jeff Roorda and Associates 2007

Note 14: Fair Value Measurements

Expected usage
Etheridge Council's knowledge of the performance of assets.
Expected physical wear and tear
Technical or commercial obsolescence

Also the oldest assets within each asset category is inspected to estimate the remaining life (based on their delivery of future economic benefits) and the useful life is calculated using the following formula.

$$\text{Useful Life} = \text{Asset Age} - \text{Remaining Life}$$

1.8 Interim Material differences –Indexation

It is considered an acceptable method to review relevant Australian Bureau of Statistics price indices or other reliable measures that can be used to determine if there has been a material change since the time assets were added to the register. The methodology used is as set out in the Queensland Government Treasury "Non-Current Asset Policies".

A review of the cost inputs from actual constructed projects is annually completed and where there are suitable samples of data this information is then apply to the asset class of concern.

Also, to comply with AASB 116 management reviewed the asset class assumptions for useful and remaining lives.

Etheridge Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 14: Fair Value Measurements

Below is an example of movements checks by Class.

Australian Bureau of Statistics

Queensland Indices

Ref. ABS Catalogues, 6427.0 Producer Price Indexes, Australia. Table 17.

	"Other and Water Asset categories" Index Number ; 30 Building construction Queensland ;	Building Category – Residential" Index Number ; 3011 House construction Queensland ;	Building Category Commercial Index Number ; 3020 Non- residential building construction Queensland ;	Roads and Drainage Category Index Number ; 3101 Road and bridge construction Queensland ;
Unit	Index Numbers	Index Numbers	Index Numbers	Index Numbers
Series Type	Original	Original	Original	Original
Data Type	INDEX	INDEX	INDEX	INDEX
Frequency	Quarter	Quarter	Quarter	Quarter
Collection Month	3	3	3	3
Series Start	Sep-1998	Sep-1998	Sep-1996	Sep-1998
Series End	Mar-2013	Mar-2013	Mar-2013	Mar-2013
No. Obs	59	59	67	59
Series ID	A2333712W	A2333715C	A2333721X	A2333727L
Mar-2009	101.2	97.1	104.6	95.3
Jun-2009	100.5	97.9	102.1	95.2
Sep-2009	98.9	98.0	98.6	95.5
Dec-2009	99.0	98.0	98.8	95.7
Mar-2010	99.3	98.8	98.7	96.4
Jun-2010	99.0	99.0	97.8	96.6
Sep-2010	99.3	99.6	97.8	97.4
Dec-2010	99.6	100.5	97.5	97.3
Mar-2011	100.2	101.0	98.3	97.8
Jun-2011	101.0	101.7	99.2	100.3
Sep-2011	99.7	100.1	99.2	98.0
Dec-2011	100.2	100.1	100.2	99.1
Mar-2012	100.0	99.9	100.2	100.4
Jun-2012	100.0	99.9	100.4	102.5
Sep-2012	101.4	103.5	100.4	103.3
Dec-2012	100.9	105.1	98.5	103.5
Mar-2013	100.8	104.4	98.8	104.1
Jun-2013	101.7	106.4	99.1	104.5
Sep-2013	101.9	106.1	99.6	105.5
Dec-2013	102.4	107.2	99.7	106.1
Jun 2013 to Dec 2013	0.69	0.75	0.61	1.53

Prediction Based on Last 4 years Last Quarter Movement Dec to Mar 14

12/13	-0.10	-0.67	0.30	0.58
11/12	0.60	0.50	0.82	0.51
10/11	0.60	0.50	0.82	0.51
09/10	0.30	0.82	-0.10	0.73
Average	0.35	0.29	0.46	0.58
Estimate final Index for 13/14	1.04	1.04	1.07	2.12
Actual Index for 12/13	1.70	6.51	-	1.95
Cumulative Index 12/13 & 13/14	2.74	7.54	-	4.07

**Etheridge Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2014**

	2014	2013
	\$	\$
Note 15: Trade and other payables		
Current		
Creditors and accruals	1,306,962	1,130,118
Annual Leave	278,420	256,210
Time in Lieu	13,909	15,756
Total Current Trade and Other Payables	1,599,291	1,402,084
Non Current		
Annual Leave	197,144	155,627
Total Non-Current Trade and Other Payables	197,144	155,627

Note 16: Borrowings

Current		
Loans-Queensland Treasury Corporation	533,924	503,152
Total Current Borrowings	533,924	503,152
Non Current		
Loans-Queensland Treasury Corporation	792,484	1,326,155
Total Non-Current Borrowings	792,484	1,326,155
Loans Queensland Treasury Corporation		
Opening balance at beginning of financial year	1,829,307	2,299,064
Principal Repayments	(502,899)	(469,757)
Book value at end of financial year	1,326,408	1,829,307

The QTC loan market value at the reporting date was \$1,074,677 for the Fleet Loan, \$125,367 for the Water Loan Forsayth and \$201,887 for the Depot Administration Building Loan. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

Note 17: Provisions

Current		
Long service leave	74,765	75,847
Total Current Provisions	74,765	75,847
Non Current		
Long service leave	299,671	213,207
Total Non-Current Provisions	299,671	213,207
Long Service Leave		
Opening balance at beginning of financial year	289,054	230,882
Long service leave entitlement arising	134,680	78,218
Long service leave entitlement paid	(49,299)	(20,046)
Closing balance at the end of the financial year	374,435	289,054

Etheridge Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2014

	2014	2013
	\$	\$

Note 18: Asset Revaluation Surplus

Movements and the Asset Revaluation Surplus

Balance at the beginning of the financial year	95,030,846	95,117,612
Net adjustment to non-current assets at end of period to reflect a change in:		
Buildings	189,716	-
Other Structures	172,765	-
Fleet, Plant and Equipment	-	(86,766)
Road Infrastructure	4,140,527	-
Water Infrastructure	132,979	-
Balance at the End of the Financial Year	99,666,833	95,030,846

Asset Revaluation Reserve Analysis

The closing balance of the Asset Revaluation Surplus comprises the following asset categories:

Land and Improvements	1,609,035	1,609,035
Buildings	6,674,468	6,484,752
Other Structures	3,969,348	3,796,583
Road Infrastructure	84,781,714	80,641,187
Water Infrastructure	2,438,591	2,305,612
TerrEstrial Collection	193,677	193,677
Balance at the End of the Financial Year	99,666,833	95,030,846

Etheridge Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2014

	2014	2013
	\$	\$

Note 19: Reserves

Council's cash and cash equivalents are subject to a number of internal restrictions that limit the amount that is available for discretionary or future use. In prior years council accounted for these restrictions using a system of reserves. On 26 June 2013 Council passed a resolution to close all existing reserves and account for these restrictions using an internal management accounting system.

The internal restrictions that have been placed on Council's Cash and Cash equivalents are now disclosed in Note 10.

(a) Reserves held for funding future capital expenditure:

(i) Capital Grants Reserve	-	-
(ii) Plant Replacement Reserve	-	-
(iii) Future capital works reserve	-	-
(iv) Capital Works Reserve	-	-
	-	-

(b) Reserves held for funding future recurrent expenditure:

(i) Recurrent expenditure reserve	-	-
	-	-

Total reserves

	-	-
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(c) Movements in capital reserves:

(i) Future Capital Works Reserve		
Balance at beginning of financial year	-	1,266,166
Transfer from retained surplus for future expenditure	-	1,760,318
Transfer to retained surplus/capital due to the closure of the reserve.	-	(3,026,484)
Balance at end of financial year	-	-

(ii) Capital Grants Reserve

Balance at beginning of financial year		
Transfer to the retained surplus/capital funds expended in the period	-	-
Transfer to retained surplus/capital due to the closure of the reserve.	-	-
Balance at end of financial year	-	-

(iii) Plant Replacement Reserve

Balance at beginning of financial year	-	681,912
Transfer from retained surplus for future expenditure	-	-
Transfer to the retained surplus/capital funds expended in the period	-	(681,912)
Balance at end of financial year	-	-

(iv) Capital Works Reserve

Balance at beginning of financial year	-	875,601
Transfer from retained surplus for future expenditure	-	448,500
Transfer to the retained surplus/capital funds expended in the period	-	(1,324,101)
Balance at end of financial year	-	-

(d) Movements in recurrent reserves:

(i) Future recurrent expenditure reserve		
Balance at beginning of financial year	-	6,254,137
Transfer from retained surplus for future expenditure	-	2,236,851
Transfer to retained surplus due to the closure of the reserve.	-	(8,490,988)
Balance at end of financial year	-	-

Total Reserves

	-	-
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**Etheridge Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2014**

		2014	2013
		<u>\$</u>	<u>\$</u>
Note 20: Reconciliation of result from ordinary activities to net cash (outflow)/inflow from operating activities			
Net result		6,049,512	6,164,534
Non-cash operating items:			
Depreciation and amortisation	14	4,147,116	3,438,183
Investing and development activities:			
Net (profit) loss on disposal of non-current assets	5	93,666	24,609
Net (profit) on Land Sales	5	(49,816)	(77,904)
Capital grants and contributions	4	(10,101,479)	(1,943,284)
		<u>(10,057,629)</u>	<u>(1,996,578)</u>
Changes in operating assets and liabilities:			
Decrease/(Increase) in receivables		(473,217)	(1,267,605)
Decrease in inventory		466,252	165,119
(Decrease)/Increase in payables		238,724	562,565
Increase in other provisions		85,381	58,172
		<u>317,140</u>	<u>(481,749)</u>
Net cash inflow from operating activities		<u>456,141</u>	<u>7,124,391</u>

Note 21: Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

Local Government Mutual:

The Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or being unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect of any year that a deficit arises.

As at 30 June 2014 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare:

The Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$86,255.

**Etheridge Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2014**

Note 22: Superannuation

The Council contributes to the Local Government Superannuation Scheme (Qld). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 *Employee Benefits*.

The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.

The scheme has three elements referred to as:

The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund,
The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and

The Accumulation Benefits Fund (ABF)

The ABF is a defined contribution scheme as defined in AASB119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.

The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the schemes actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of the Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at that time.

Under the Local Government Act 2009 the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable – normally when the assets of the DBF are insufficient to meet members' benefits.

There are currently 72 Councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 Councils. Etheridge Shire Council made less than 4% of the total contributions to the plan in the 2013-2014 financial year. The next actuarial investigation will be made as at 1 July 2015.

	Notes	2014	2013
		\$	\$
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employee was:	6	430,555	410,998

**Etheridge Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2014**

Note 23: Trust Funds

Notes	2014 \$	2013 \$
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	1,698	4,974

Etheridge Shire Council performs a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements. These monies are held in a separate bank account with the Bendigo Bank which is identified as the Etheridge Shire Council Trust Account.

Etheridge Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2014

Note 24: Financial Instruments

Etheridge Shire Council's activities expose it to a variety of financial risks including interest rate risk, credit risk, and liquidity risk.

Exposure to financial risks is managed in accordance with Council approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of the Council. The Council minimises its exposure to financial risk in the following ways:

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia. The Council does not invest in derivatives or other high risk investments.

When the Council borrows, it borrows from the Queensland Treasury Corporation. Borrowing by the Council is constrained by the provisions of the Statutory Bodies Financial Arrangements Act 1982.

Etheridge Shire Council measures risk exposure using a variety of methods as follows:

RISK EXPOSURE	MEASUREMENT METHOD
Credit risk	Ageing analysis
Liquidity risk	Maturity analysis
Interest rate risk	Sensitivity analysis

(i) Credit risk exposure

Credit risk exposure refers to the situation where the Council may incur financial loss as a result of another party to a financial instrument failing to discharge their obligations.

In the case of rate receivables, the Council has the power to sell the property to recover any defaulted amounts. In effect this power protects the Council against credit risk in the case of these debts.

In other cases the Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

The Council is exposed to credit risk through its investments with the Queensland Treasury Corporation and deposits held with other banks or financial institutions.

The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. Deposits are capital guaranteed.

By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area. Because the area is largely agricultural, there is also a concentration in the mining sector.

The maximum exposure to credit risk at balance date in relation to each class of recognized financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment.

No collateral is held as security relating to the financial assets held by the Council.

The following represents an analysis of the age of the Council's financial assets that are either fully performing, past due, or impaired.

	Note	2014	2013
		\$	\$
Financial assets			
Cash and cash equivalents	10	8,765,950	10,263,714
Receivables - rates	11	300,586	150,716
Receivables - other	11	3,641,685	3,275,387
Total financial assets		12,708,221	13,778,733

**Etheridge Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2014**

Note 24: Financial Instruments

	Fully performing	<30 days	30-60 days	61-90 days	Impaired	Total
2014						
Receivables	1,344,914	1,821,733	19,264		756,361	3,942,271
2013						
Receivables	3,422,481	3,522	-	100	-	3,426,103

(ii) Liquidity risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from Queensland Treasury Corporation for capital works.

Council manages its exposure to liquidity risk by maintaining sufficient undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in the note 15.

The following table sets out the liquidity risk of financial liabilities held by the Council in a format as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date:

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows
	\$	\$	\$	\$
2014				
Trade and other payables	1,306,962	-	-	1,306,962
Loans - QTC	598,096	790,571	94,838	1,483,505
	1,905,058	790,571	94,838	2,790,467
2013				
Trade and other payables	1,130,118	-	-	1,130,118
Loans - QTC	598,096	1,333,658	139,679	2,071,433
	1,728,214	1,333,658	139,679	3,201,551

(iii) Interest rate risk

The Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation and investments held with financial institutions.

The risk in borrowing is effectively managed by borrowing only from Queensland Treasury Corporation and having access to a mix of floating and fixed funding sources such that the desired interest risk exposure can be constructed.

Interest rate risk in other areas is minimal.

The Council does not undertake any hedging of interest rate risk.

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. It is assumed that interest rates on overdue rates would not change. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.

**Etheridge Shire Council
Notes to the Financial Statements
for the financial year ended 30 June 2014**

Note 24: Financial Instruments

	Net Carrying Amount	Profit	Equity
	\$	\$	\$
2014			
Financial Assets	8,298,248	82,982	82,982
QTC Borrowings	(1,483,505)	(14,835)	(14,835)
	6,814,743	68,147	68,147
2013			
Financial Assets	10,263,714	102,637	102,637
QTC Borrowings	(2,071,433)	(20,714)	(20,714)
Net Total	8,192,281	81,923	81,923

The Council does not recognise any financial assets or financial liabilities at fair value in its Statement of Financial Position.

Note 25: Commitments for expenditure

Contractual commitments

Contractual commitments at end of financial year not recognised in the financial statements are as follows:

	2014 \$	2013 \$
Management of ESC Student Hostel 01/01/2013 to 30/06/2014	66,000	99,000
Town Maintenance Contract - Mt Surprise 01/07/2012 to 01/07/2014	-	26,000
Total Commitments	66,000	125,000

Note 26: Events after the reporting period

There were no material adjusting events after the balance date.

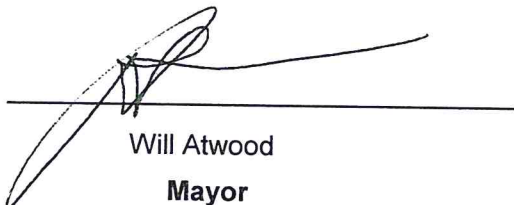
Etheridge Shire Council
Financial statements
For the year ended 30 June 2014

Management Certificate
For the year ended 30 June 2014

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.


In accordance with section 212(5) of the Regulation we certify that:

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 45, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Will Atwood
Mayor

Date: 26/9/2014



Michael Kitzelmann
Chief Executive Officer

Date: 26/9/2014

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Etheridge Shire Council

Report on the Financial Report

I have audited the accompanying financial report of Etheridge Shire Council, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the 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 entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Etheridge Shire Council for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



B MACRAE FCPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

Etheridge Shire Council
Current-year Financial Sustainability Statement
 For the year ended 30 June 2014

Measures of Financial Sustainability

Council's performance at 30 June 2014 against key financial ratios and targets:

	How the measure is calculated	Actual - Council	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-36.9%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	178.6%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-92.5%	not greater than 60%

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2014.



**Certificate of Accuracy
For Current-year Financial Sustainability Statement**

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.



Will Attwood
Mayor

Date: 26, 9, 2014



Michael Kitzelmann
Chief Executive Officer

Date: 26, 9, 2014

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Etheridge Shire Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Etheridge Shire Council for the year ended 30 June 2014, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Current-Year Financial Sustainability Statement

The Council is responsible for the preparation and fair presentation of the current-year financial sustainability statement in accordance with the *Local Government Regulation 2012*. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

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

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the Council's future sustainability.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

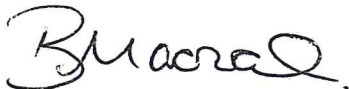
In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Etheridge Shire Council, for the year ended 30 June 2014, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, attention is drawn to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the *Financial Management (Sustainability) Guideline 2013* for the purpose of fulfilling the Council's reporting responsibilities under the *Local Government Regulation 2012*. As a result, the statement may not be suitable for another purpose.

Other Matters - Electronic Presentation of the Audited Statement

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



B MACRAE FCPA
(as Delegate of the Auditor-General of Queensland)



Etheridge Shire Council
 Long-Term Financial Sustainability Statement
 Prepared as at 30 June 2014

Measures of Financial Sustainability

Etheridge Shire Council
 Long Term Financial Sustainability Statement
 For the year ended 30 June 2014

Measure	Target	Projected for the years ended									
		Actuals at 30 June 2014	30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023
Operating surplus ratio	Between 0% and 10%	-112.1%	-8.1%	6.2%	11.2%	-0.8%	-2.8%	6.6%	2.3%	3.0%	3.5%
Asset sustainability ratio	greater than 90%	178.6%	468.8%	121.4%	124.2%	97.5%	90.1%	80.0%	76.7%	84%	84%
Net financial liabilities ratio	not greater than 60%	-92.5%	-57.1%	-49.9%	-83.0%	-91.3%	-89.1%	-95.4%	-100.2%	-116.3%	-137%

Etheridge Shire Council's Financial Management Strategy

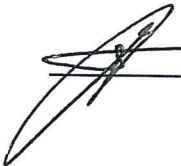
Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs.

Certificate of Accuracy

For the long-term financial sustainability statement prepared as at 30 June 2014

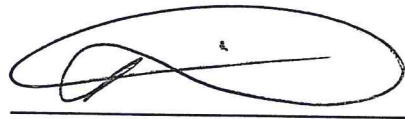
This long-term financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.



Will Attwood
Mayor

Date: 26, 9, 2014



Michael Kitzelmann
Chief Executive Officer

Date: 26, 9, 2014