



ANNUAL REPORT 2013 - 2014

TABLELANDS REGIONAL COUNCIL

**“A thriving region that
embraces our
natural, cultural and
economic diversity.”**

MALANDA
VISITOR CE



Welcome to the Tablelands Regional Council Annual Report 2013-14

Contents

1. PART A – PREAMBLE	1
1.1 Introduction	1
1.2 Our Vision	1
2. PART B – OUR BIG YEAR	2
2.1 Mayor’s Review	2
2.2 Chief Executive Officers Review	3
2.3 Elected Representatives.....	4
2.4 De-Amalgamation	5
2.5 Organisational Structure and Function	6
2.6 Office of the CEO.....	7
2.7 Organisational Services Department.....	9
2.8 Infrastructure Services Department.....	11
2.9 Community and Regional Planning Department	13
3. PART C – OUR GOVERNANCE	15
(Reportable items are listed in Alphabetical Order)	15
3.1 Administrative Action Complaints	15
3.2 Beneficial Enterprises.....	15
3.3 Changes to Tenders	16
3.4 Commercial Business Units.....	16
3.5 Competitive Neutrality – Complaints	16
3.6 Conduct of Business Activities	16
3.7 Corporate Plan.....	16
3.8 Councillors	18
3.9 Equal employment opportunity	21
3.10 Grants to Community Organisations	21
3.11 Internal Audit.....	22
3.12 Overseas Travel	22
3.13 Particular Resolutions.....	22
3.14 Public Sector Ethics.....	22
3.15 Registers.....	23
3.16 Remuneration Payable – Senior Contract Employees	23
3.17 Special Arrangements	24
4. PART D – OUR FINANCES	25
4.1 Community Financial report.....	25
4.2 Financial Statements	30
5. PART E – CONCLUSION	91
5.1 Glossary of Terms	91
5.2 Feedback and Contact	92
APPENDIX 1 - PROGRESS AGAINST CORPORATE PLAN	93
APPENDIX 2 - RATES AND CONCESSIONS POLICY	100
APPENDIX 3 - REVENUE POLICY	105
APPENDIX 4 - DEBT (BORROWING) POLICY	108

1. PART A – PREAMBLE

1.1 INTRODUCTION

This Annual Report is for the financial year period 1 July 2013 to 30 June 2014. It has been an extraordinary year, highlighted by the de-amalgamation of the Mareeba Shire Council effective 1st January 2014. Thus, this Report, collated by the on-going Tablelands Regional Council at the end of the financial year period, is prepared from the perspective of an on-going, strong and determined Council, providing services and programs to the newly-defined Region.

Tablelands Regional Council has adopted an interim Corporate Plan following de-amalgamation in January 2014, with a new Corporate Plan under consideration, to be effective January 2015. Progress on the development and implementation of that Plan will be reported in next year's 2014/2015 Annual Report.

1.2 OUR VISION

Tablelands Regional Council's vision for the Tablelands is for:

***“A thriving region that embraces
our natural, cultural and economic diversity.”***

To achieve this vision, Council will:

- Give priority to the needs of the community who are the key stakeholders in terms of provision of services and facilities.
- Create and support a variety of healthy, safe and vibrant lifestyle opportunities within the region.
- Strengthen business and employment opportunities by encouraging and supporting development of industry throughout the region.
- Continue to provide an open and transparent system of local governance to the community.

2. PART B – OUR BIG YEAR

2.1 MAYOR'S REVIEW



**Rosa Lee Long
Mayor**

In the past year Tablelands Regional Council has faced some testing challenges as a result of de-amalgamation.

Since that separation came in to effect from 1 January 2014 we have seen a marked reduction in our workforce, including a significant number of voluntary redundancies which took place mid-year.

We have also been faced with unexpectedly tough financial circumstances as a result of de-amalgamation, well beyond those predicted by Queensland Treasury modelling, and despite assurances from the State Government that the TRC would not suffer as a result of a decision it had no part of.

Both State and Federal Government continue to strip funding support away from Local Government as they address their own Budget issues.

Throughout all of these circumstances - and of course the normal activities of Council that continue day in and day out - your Council has maintained a clear focus on ensuring ratepayers' interests are protected.

We have moved to ensure services are delivered as efficiently as possible, including co-locating some service centres and libraries and restructuring the operations of Tablelands Regional Council.

The fallout from de-amalgamation will continue to be addressed by your Council, however the foundations have been put in place to return to a surplus within the next two Budgets. It is pleasing to see this take place with only a very modest increase in the general rate for most ratepayers of less than \$100 in the 2014-15 Budget.

Importantly Council has managed, for the first time in many years, to fund a re-sheet program for gravel roads. Finally, our work crews are able to begin putting new surfaces down, rather than simply re-grading existing surfaces.

The maintenance task is significant due to years of neglect, however, a good start has been made and it is my intention to continue this re-sheet program in coming years.

We are also nearing the conclusion of a massive project to bring in a new, unified Planning Scheme for the TRC. This is hoped to go to the State Government for approval early in 2015. It has been a very complex task to balance the needs and wishes of the community with the demands of State Government policy and legislation. When complete this new Planning Scheme will be a cornerstone for the future development of the Tablelands.

Council is also well underway in planning a major ANZAC Day event in the Centenary Year, focussed on the founder of the iconic Dawn Service, Pastor White, who is buried at the Herberton Cemetery.

While there have been difficult periods in the past year, I would like to recognise the efforts of my fellow Councillors, and Council's staff. Working together efficiently and professionally, your Councillors and staff have, I believe, put the interests of residents and ratepayers at the forefront of all we do.

2.2 CHIEF EXECUTIVE OFFICERS REVIEW



Ian Church
Chief Executive
Officer

At 1 July 2013 the Tablelands Regional Council (TRC) area covered an area of nearly 65,000 square kms, with some 540 staff servicing a community of 45,000 residents. From 1 January 2014, due to de-amalgamation with Mareeba Shire Council, the Tablelands Regional Council had changed into an organisation which covered an area of 11,400 sq kms with some 320 staff servicing a community of 25,000 residents.

Therefore, by any measure, the Tablelands Regional Council was subjected to massive change during the financial year. The organisation was to all intents and purposes cut in half as a result of the de-amalgamation. Further significant structural adjustments began almost immediately in January 2014, and were in progress at the end of June 2014, as the TRC grappled with the impact of the de-amalgamation and a significant reduction in external revenue streams.

These adjustments include implementation of measures to focus on and improve productivity, business reviews of discreet organisational functions, initiatives to drive down costs, building an organisational culture in which productivity and continuous improvement are core, building a robust asset management system and implementing a strategic planning framework.

Despite the fact that these change processes are at a relatively early stage, I am pleased to say that the TRC is now firmly embarked on the journey to long term sustainability. The organisation that we are building will focus on its customers, value its people, embrace continuous improvement and change.

As CEO of two iterations of the TRC I have to say how proud I am of the staff. The resilience and commitment they displayed during the first six months of the financial year as they grappled with the complexity and workload created by the de-amalgamation, and the delivery of day to day services, was exemplary. Those who remained with the TRC after 1 January 2014 have displayed the same level of commitment and resilience as they dealt, and continue to deal, with the structural adjustments required to make the TRC a sustainable organisation. I would like to record my thanks to each and every one of our staff.

In addition I would like to thank the Councillors for their support during the de-amalgamation process and their on-going support for the current structural change programs.

I look forward to the future with much enthusiasm and optimism.

2.3 ELECTED REPRESENTATIVES

MAYOR ROSA LEE LONG

Division 1

COUNCILLOR GAYE TAYLOR

Period to 31 December 2013 – prior to de-amalgamation

Division 2

COUNCILLOR SHAARON LINWOOD

On-going prior to and following de-amalgamation

Division 3

DEPUTY MAYOR GEOFF STOCKER

Councillor prior to and Deputy Mayor following de-amalgamation

Division 4

COUNCILLOR ROD MARTI

On-going prior to and following de-amalgamation

Division 5

COUNCILLOR PETER HODGE

On-going prior to and following de-amalgamation

Division 6

COUNCILLOR MARJORIE PAGANI

On-going prior to and following de-amalgamation

Division 7

DEPUTY MAYOR EVAN McGRATH

Period to 31 December 2013 – prior to de-amalgamation

Division 8

COUNCILLOR JENNY JENSEN

Period to 31 December 2013 – prior to de-amalgamation



Councillors following de-amalgamation December 2013
(L-R Crs Linwood, Pagani, Marti, Mayor Lee Long, Crs Stocker and Hodge)

2.4 DE-AMALGAMATION

In March 2013 the de-amalgamation poll of the former Mareeba Shire Residents returned a 57.9 % result in favour of de-amalgamation. The Minister for Local Government, Community Recovery and Resilience, Hon David Criafulli appointed a Transfer Manager to assist progressing the Mareeba portion of the de-amalgamation with the intent that the new Mareeba Shire Council would commence business on 1 January 2014.

The *Local Government (De-amalgamation Implementation) Regulation 2013* and the Transfer Methodology guided the process. The Transfer Committee, consisting of two members, the CEO of the Tablelands Regional Council and the Transfer Manager/Acting CEO of the Mareeba Shire Council was formed and proceeded to progress matters to effect the de-amalgamation. The Transfer Committee met 23 times in the 2013/14 financial year with the Minister approving a small extension of time to 1 October 2014 in order to finalise decisions.

The Transfer Committee was guided by 6 principles:

1. Minimise the impact on staff;
2. Transparency in the process;
3. Two successful Councils;
4. We won't always agree;
5. Separating the Councils, not dividing the community; and
6. Keeping the costs down.

By far the hardest components of the separation process related to "recreating the books" for the period of amalgamation with this work continuing into the 14/15 financial year, and the staff issues resulting from the creation of two new organisational structures, filling positions, addressing skills gaps and transfer of people to new locations. The co-operation between staff was extraordinary, especially in attending to de-amalgamation issues at the same time as continuing to provide services to the communities and conducting "business as usual". The result of which was two operating Councils as at 1 January 2014.

Mareeba Shire elections were held on 9 November 2013. The Tablelands Regional Council commenced the 2014 year with its existing Mayor and existing Councillors that held Divisions either fully or partly within the new Tablelands Regional Council Area (Divisions, 2, 3, 4, 5, & 6). The Local Government Tribunal maintained Tablelands Regional Council as a Category 4 Local Government.

During the period to 30 June 2014 the Transfer Committee made decisions on information and communications hardware and software, assisting the de-amalgamation process, staffing matters such as the list of staff to be transferred to the new Mareeba Shire Council, Disaster Management, external funding distribution and activities, service splits or co-operation for functional activities, separation of assets and liabilities, records storage and availability, and de-amalgamation costs.

The Transfer Committee had two disputes that needed to be referred to the Minister prior to 30 June 2014. The disputes concerned the cost of purchase and fit-out of the building at 52 Mabel Street Atherton and the payment of the Employee Transfer Costs. The Minister's decision was issued on 3 April 2014 in 3 parts:

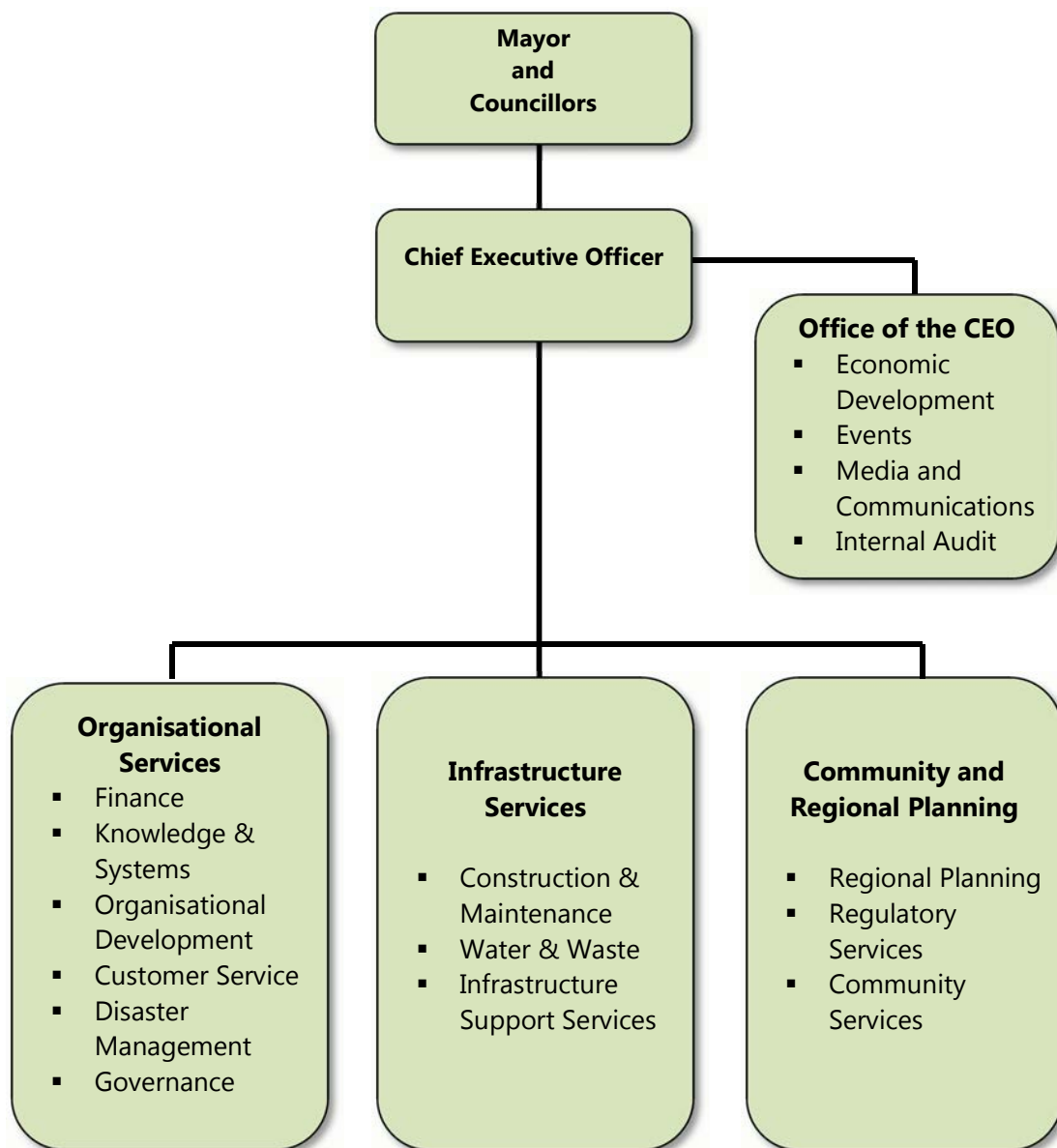
1. The purchase of the building is not a de-amalgamation cost;
2. \$267,897 refurbishment costs are a de-amalgamation cost and will be paid by the Mareeba Shire; and
3. The costs of employee transfer as per the Enterprise Bargaining Agreement will be payable by the Mareeba Shire Council.

There were a number of outstanding matters as at 30 June 2014 for the transfer committee (or the Minister) to resolve. These included settlement of the cash transfer, Mt Emerald Communications Tower, and further de-amalgamation costs.

As at the 30th June 2014 the transfer committee had approved \$4,600,469 in costs to be payable by the Mareeba Shire Council to the Tablelands Regional Council noting that further costs were likely into the 2014/15 financial year.

2.5 ORGANISATIONAL STRUCTURE AND FUNCTION

Council has examined and reviewed its structure, effective 1 January 2014, to ensure it maximises its effectiveness, coordination and decision-making capacities. Its' services are now delivered through the Office of the CEO and three Departments.



2.6 OFFICE OF THE CEO



Ian Church
Chief Executive Officer

Mission and Goals

The Mission of the Office of the CEO is to assist the management team achieve sound managerial control, improvement of internal business processes and efficiency, contribute to the economic wellbeing of the Tablelands Region through the growth and expansion of local businesses and the attraction of new businesses to the area and to communicate Council activities clearly, concisely and accurately.

Functions

- Internal Audit
- Special Projects
- Economic Development
- Media and Communications

2013/14 Significant Projects

Special Projects

- Special Projects Officer assisted with a significant number of de-amalgamation projects including but not limited to the Cash Flow Recreation; Grants split; separation of assets and liabilities; submissions to the Minister and service splits.
- Draft reports evaluating the financial sustainability of the current operation of Councils transfer stations and kerbside waste collection completed, including recommendations for future operations.
- Draft report evaluating the financial sustainability of the current Atherton Tablelands Geographic Information System business model completed, including recommendations for future operation.

Internal Audit

- No internal audits conducted during the financial year due to the priority created by de-amalgamation.
- Audit committee meeting of 23 June 14 agreed that the Internal Audit Plan should be reviewed and updated by the ELT as priorities had changed due to de-amalgamation.

Economic Development

- Eight grant applications for priority projects lodged by 30 June 2014
- Deliverables for TRC region under Advance Cairns TNQ Regional Economic Development Strategy confirmed
- Negotiations for new deliverables (2014/15) under Memoranda of Understanding with Tableland Futures Corporation and Tropical Tablelands Tourism commenced
- Grant and sponsorship funding for Soldier On Triathlon secured
- Ongoing contact maintained with NBN Co regarding planned rollout within Tablelands region
- Worked with Tableland Futures Corporation and Atherton Chamber of Commerce on Catalytic Infrastructure project
- Worked with Malanda Chamber of Commerce to progress Tropical Agriculture Precinct
- Participated in regional economic development groups to identify events which will cross regional boundaries and deliver economic development outcomes for the TRC

Media, Communications and Events

- Continued promoting Councils activities through targeted media releases
- Successfully completed all Council sponsored events during the year

2.7 ORGANISATIONAL SERVICES DEPARTMENT



Matthew Hyde
Deputy Chief Executive Officer

Mission and Goals

The Mission of the Organisational Services Department is to guide and enable Tablelands Regional Council to deliver efficient, effective and sustainable services to the organisation and community.

Functions

- Organisational Development
- Finance
- Knowledge and Systems
- Customer Service

Services

Services provided by the Organisational Services Department include:

- Organisational Development - Payroll, Workplace Health and Safety, Human Resource Management, corporate & operational planning, reporting and performance
- Finance - Management Accounting, Stores, Insurance, Procurement, Financial Accounting, Accounts Payable, Rates and Revenue
- Knowledge & Systems - Geographic Information Services, Business Integration, Information Technology, Records
- Customer Service
- Disaster Management
- Governance

2013/14 Significant Projects

Governance

- Transfer Committee meetings to effect the de-amalgamation have received information and made decisions to ensure the timely separation of Mareeba Shire Council;
- Systemic complaint issues have been analysed and systems introduced that have led to a decline in complaints;
- Corporate Risk Matrix has progressed with risks agreed by the executive team

Disaster Management

- Two new sub-plans have been adopted and implemented for resupply and emergency transportation
- Community resilience training has been completed in the areas of disaster management arrangements, radio communications, food hygiene, first aid
- Exercise "Bright Spark" and preparations for Cyclone Ita have tested our operations

Organisational Development

- New Drug and Alcohol Policy has been adopted and implemented
- Voluntary Redundancy Program was released to assist with long term financial sustainability
- 1461 hours of training were provided to 314 employees
- Employee Opinion Survey was conducted with a 71% response rate
- Improvement in Workplace Health and Safety with incident reports down 31% and days lost due to injuries down by 50%
- Designed and staffed new organisation structure for deamalgamated Council effective 1 January 2014
- Determined and managed staff to be transferred on deamalgamation to new Mareeba Shire Council effective 1 January 2014

Finance

- TRC long term financial plan was adopted on 19 June 2014
- Full Cost Pricing models were reviewed and updated to be used in the 14/15 budgeting process
- Financial evaluation projects were completed for de-amalgamation and Financial Assistance Grants.
- We continued to experience stress due to decreasing revenue streams as a result of funding cuts from other levels of government

Knowledge and Systems

- All systems and records were relocated to within the new TRC
- Operational and financial review was conducted for the Atherton Tablelands Geographic Information Systems Service and implemented
- Systems and software upgrades were completed
- Business systems improvement were implemented such as mobile asset information for bridges and structures

Customer Service

- Improvements have been implemented to ensure more customer issues were resolved at first point of contact
- Customer Relationship management system has been implemented

2.8 INFRASTRUCTURE SERVICES DEPARTMENT



Ross McKim
General Manager Infrastructure Services

Mission and Goals

The Mission of the Infrastructure Services Department is to deliver quality infrastructure services and assets that contribute to the Tablelands' success and prosperity. The Department is responsible for the delivery of services across the region with primary responsibility for the maintenance and delivery of new and replacement infrastructure with particular responsibility for buildings, roads, bridges, stormwater, water and wastewater infrastructure, waste facilities and parks and open space assets.

Functions

The Department's responsibilities are distributed into three operational groups comprising:

- Infrastructure Support Services;
- Construction and Maintenance;
- Water and Waste Operations

Services

The Services provided by the Infrastructure Services Department include:

- Asset management
- Road and Drainage Construction and Maintenance.
- Park and Open Space Maintenance
- Natural Revegetation
- DTMR RMPC
- Waste Collection and Disposal
- Waste Recycling Services
- Water Reticulation
- Water Treatment
- Sewerage Treatment
- Sewerage Reticulation
- Fleet Services
- Civil Design Services
- Natural Disaster Relief and Recovery Arrangements Survey Services
- Civil Investigations Capital Works Programming

2013/14 Significant Projects

- Vine Creek Bridge Replacement
- 2010 - 2013 NDRRA Programs
- 2013/14 Bitumen Reseal and Asphalt Overlay Program
- 2013/14 TIDS and R2R Programs
- Atherton Aerodrome Taxi-way Upgrade;
- Cook Street Footpath Extension;
- Evans Street Drainage Upgrades;
- Jack Street Drainage Extension – Stage 1;
- Louise Street Drainage Upgrades;
- Curtain Fig Tree Road Widening and Bitumen Re-seal;
- Gunnawarra Road Widening and Bitumen Seal;
- Patrick Street Footpath Extension;
- Sluice Creek Road Widening and Bitumen Seal
- Catherine Street Footpath Extension;
- Griffin Road Widening and Bitumen Seal;
- Manthey Road Drainage Upgrade;
- Hansen & Chewko Road Intersection upgrade;
- Pine Street Pavement Rehabilitation.
- Malanda Water Supply Bore Upgrade
- Atherton Transfer Station Recycle Market Facility
- Tolga Industrial Sewerage Scheme
- Tumoulin Road 3 Km Reconstruction (TMR NDRRA)

Achievements

- De-amalgamation – Services continued to be delivered through this period of uncertainty.
- De-amalgamation – Various operational reports prepared for and approved by the Transfer Committee.
- The Voluntary Redundancy Program commenced as part of the Departments efforts to reduce operational expenditure.
- Improved budget monitoring processes were established.
- Improved Departmental Communications Strategy was introduced.
- Improved connections with other groups within Council were established.
- Improved relationships with the Department of Transport and Main Roads were initiated.
- Disaster Management Levels of Alerts Actions document produced.
- The Gates and Grids Policy was reviewed and approved by Council
- Response to and recovery from Cyclone Ita
- Water meter reading improvements increased the efficiency of the program

2.9 COMMUNITY AND REGIONAL PLANNING DEPARTMENT



Dean Davidson
General Manager Community and Regional Planning

Mission and Goals

The Mission of the Community and Regional Planning Department is to sustainably manage growth and development on the Tablelands, ensure compliance with local laws and regulations, strengthen the social and cultural capacity of the Tablelands Communities and promote the integrity of the Tablelands Regional Council.

The goals of the Department include:

- Supporting, strengthening and empowering individuals and families through a broad continuum of community based services
- Aligning the needs and values of the Community and Policies of the incumbent Council
- Providing welcoming spaces and programs for learning, culture, leisure and connecting people
- Providing fair and equitable regulation of state and local laws
- Maintaining harmony, health and safety to the community
- Managing sustainable growth and development
- Protecting the natural environment, landscape qualities, rural lifestyle and primary industry base of the region

Functions

- Regional Planning
- Regulatory Services
- Community Services

Services

Services provided by the Community and Regional Planning Department include:

- Strategic Planning
- Development Assessment
- Development Engineering
- Building and Plumbing Certification
- Environmental Health
- Local Laws
- Land Protection
- Community Development
- Sport and Recreation
- Community Engagement
- Library Services
- Visitor, Museum and Art Gallery Services
- Management of Council and Community Facilities and
- Management of Council and Community Land and Leases

2013/14 Significant Projects

- \$203,667 expended on Stage 1 and 2 of the Rail Trail project
- 90% of Tinaburra Master Plan complete
- \$289,939 expended on the Atherton Forest Mountain Bike Park to achieve Milestone 3 - project on track to meet all funding commitments and timeframe
- \$279,202 Financial and In Kind assistance was provided by the Council to the community
- Opening of the new Malanda Falls Information Visitor Centre in September 2013
- Development of the Ravenshoe Visitor Information Centre photographic museum
- \$131,454 expended on improving the Atherton Aerodrome
- \$446,213 expended on the Atherton Library and Gallery Air Conditioner Upgrade
- \$113,927 expended on the installation of a Unisex toilet for people with disabilities at the Malanda Pavilion
- \$115,000 provided by Tablelands Regional Council towards the Malanda Majestic Theatre upgrade
- \$36,460 expended on upgrading and repairing the Tinaroo Pontoon

Achievements

- 2013/14 - Fuel Reduction Burn Plan – 77% achieved for the Financial Year
- Finalisation of Pest Management Plan for State Review
- 72 new development applications for the financial year (28% increase from the previous financial year)
- Arts & Cultural Plan 2013-2016 Adopted in November 2013
- 21 Land Management Plans commenced during the course of the year with 7 approved by the Department
- Community and Recreation Tenure Policy adopted
- 17 exhibitions carried out at the Council Galleries for the Financial Year
- Volunteers statistics for the 2013/14 – 35,348 hours (19% increase on previous year) equivalent to a value of \$883,688
- Collaboration with residents of Oleander Drive to assist Council with the dispersal of flying foxes
- Successful de-amalgamation in regards to the splitting of the library management system and collections
- Standardisation of library hours across the Tablelands Regional Council
- 5,534 attendees at 537 programs held at the libraries (Early, Family, Adult literacy programs)
- 28,530 reservations placed for the financial year from the libraries
- 236,862 issues (including renewals) for the financial year from the libraries
- 9,211 members of the Tablelands Regional Council Library
- 942 participants took part in Wellbeing Tablelands in 32 programs across the region
- 7832 participants attended Wellbeing Events during the course of the financial year

3. PART C – OUR GOVERNANCE

(Reportable items are listed in Alphabetical Order)

3.1 ADMINISTRATIVE ACTION COMPLAINTS

Reportable items under Section 187 of the *Local Government Regulation 2012*.

Council is committed to dealing fairly with administrative action complaints by processing customer complaints in a professional and cost effective way and analysing complaints to improve service to the community.

Systematic improvements to the complaint process were initiated early in 2012 following an audit by the Queensland Ombudsman. Almost all of the recommendations made by the Ombudsman have been implemented.

Council's performance in resolving complaints appears to be satisfactory, given that most complaints are resolved in less than 30 days. The Ombudsman has upheld Council's decision in 100% of the cases that were forwarded by the complainant to the Ombudsman for review. Systemic analysis of complaints has been combined with findings from internal audits to create a matrix of high risk issues and recurrent problems. Progress on completing improvements based on this matrix is monitored by the Internal Audit Committee as well as the Executive Leadership Team.

Average resolution time for administrative action complaints in 2013-2014 was 15.5 days which is approximately half the service standard time of 30 days.

Reportable item - Administrative Action Complaints	Number
Number of administrative action complaints received 2013-2014	90
Number of administrative action complaints resolved	90
Number of administrative action complaints sustained	30
Number of administrative action complaints not sustained	60
Number of complaints still in progress / unresolved	0
Number of administrative action complaints that were made in the previous financial year (2012-2013)	106
Number of administrative action complaints that were made two years ago (2011-2012)	58

3.2 BENEFICIAL ENTERPRISES

Reportable items under the *Local Government Act 2009* Section 41.

Council did not have any partnership arrangements, or conducted any business with beneficial enterprises during the reporting period.

3.3 CHANGES TO TENDERS

Reportable items under the *Local Government Regulation 2012* Section 228(7).

There were four occasions during the 13/14 Financial Year where persons who submitted a tender were invited to change their tender to take account of a change in the tender specification prior to Council making a decision.

These were in relation to the following tenders:

- T-TRC2013-67 Transport of Recyclable Materials (Atherton WTS to Brisbane);
- T-TRC2013-68 Sewer Relining;
- T-TRC2014-18 Occasional Plant Hire Register of Preferred Suppliers and
- T-TRC2014-23 Design and Construction of Malanda Sewerage Treatment Plant Effluent Irrigation Scheme

3.4 COMMERCIAL BUSINESS UNITS

Reportable items under the *Local Government Regulation 2012* Section 190(1)(c) and Section 190(2).

Council did not maintain any Commercial Business Units during the reporting period.

3.5 COMPETITIVE NEUTRALITY – COMPLAINTS

Reportable items under the *Local Government Regulation 2012* Section 190(i) .

No investigation notices were given in the financial year under section 49 for competitive neutrality complaints.

3.6 CONDUCT OF BUSINESS ACTIVITIES

Reportable items under the *Local Government Act 2009* Section 45.

Council did not conduct any significant business activities under section 45 during the reporting period.

3.7 CORPORATE PLAN

Reportable items under the *Local Government Regulation 2012* Section 190(1)(a).

Council's current Corporate Plan 2014 - 2018 extends and replaces the 2009 - 2013 Corporate Plan developed and implemented during the period of Council amalgamation which saw the former Atherton, Eacham, Herberton and Mareeba Shires form a Tablelands Regional Council in 2008. With the de-amalgamation of the Mareeba Shire Council in January 2014, it was necessary to review the goals, objectives and activities of the Tablelands Regional Council.

The 2014-18 Plan meets Councils legislative requirements, and also provided an interim plan for the 2014 year, immediately following the de-amalgamation process. The Plan took the priorities and strategies identified in the previous 5 year plan which were still relevant or were new initiatives for the Tablelands Regional Council for 2014, primarily to provide focus and direction over the forthcoming 12 month period.

The 2014-18 Corporate Plan represents the first step in a more comprehensive review and re-establishment of Tablelands Regional Council during 2014, which will result in a comprehensive 5 year Corporate Plan for the period 2015 - 2019, being developed by the end of 2014.

Appendix 1 provides an assessment of the Council's performance in implementing its Corporate and Operational Plans during the 13/14 Financial Year and in particular for the 6 month period following de-amalgamation from January to June 2014. In addition, the reports by the Mayor, Chief Executive Officer and General Managers contained herein give a general indication of the progress and achievements of the Council during the 2013/14 financial year.

Priority Area	Outcomes	# Strategies Identified	# Strategies attended to
Vibrant & Healthy Communities	Health & Well-being	4	4
	Quality of Living	5	5
Strong & growing Economy	Economic Development	4	4
	Connecting our Region	4	4
Sustainable Environment	Responsible Environmental Management	4	4
	Regional Infrastructure	3	3
Well Managed Region	Accountable Leadership	4	4
	Quality Management	4	4
		32	32
			100%

Number of Corporate Plan Strategies identified during 2013/14 financial year and number actioned through Councils Operational Planning.

3.8 COUNCILLORS

Reportable items under the *Local Government Regulation 2012* Section 186(a).

For each Councillor, the total remuneration, including superannuation contributions, paid to the Councillor during the financial year.

Councillor Remuneration 01 July 2013 to 30 June 2014 (Full Financial Year)	
Councillor	Remuneration
Mayor Rosa Lee Long	125,957.40
Deputy Mayor Geoff Stocker (Division 3)	70,024.11
Councillor Shaaron Linwood (Division 2)	66,915.42
Councillor Rod Marti (Division 4)	65,283.95
Councillor Peter Hodge (Division 5)	65,283.95
Councillor Marjorie Pagani (Division 6)	65,283.95

Councillor Remuneration 01 July 2013 to 31 December 2013 (To date of de-amalgamation)	
Councillor	Remuneration
Deputy Mayor Evan McGrath (Division 7)	42,934.35
Councillor Gaye Taylor (Division 1)	36,546.11
Councillor Jenny Jensen (Division 8)	36,546.11

Reportable items under the *Local Government Regulation 2012* Section 186(b).

For each Councillor, the expenses incurred by, and the facilities provided to, each Councillor during the financial year under the local government's reimbursement policy.

Councillor Expenses 01 July 2013 to 30 June 2014 (Full Financial Year)	
Councillor	Expenses
Mayor Rosa Lee Long - telephone & vehicle travel costs	14,221.22
Deputy Mayor Geoff Stocker (Division 3) - telephone & private vehicle travel costs	8,797.98
Councillor Shaaron Linwood (Division 2) - telephone & private vehicle travel costs	12,559.70
Councillor Rod Marti (Division 4) - telephone & private vehicle travel costs	4,320.99
Councillor Peter Hodge (Division 5) - telephone & private vehicle travel costs	7,629.81
Councillor Marjorie Pagani (Division 6) - telephone & private vehicle travel costs	5,229.97

Councillor Expenses <i>01 July 2013 to 31 December 2013</i> <i>(To date of de-amalgamation)</i>	
Councillor	Expenses
Deputy Mayor Evan McGrath (Division 7) - telephone & private vehicle travel costs	906.65
Councillor Gaye Taylor (Division 1) - telephone & private vehicle travel costs	18,564.14
Councillor Jenny Jensen (Division 8) - telephone & private vehicle travel costs	5,151.74

Reportable items under the *Local Government Regulation 2012* Section 186(c)

For each Councillor, the number of local government meetings that each Councillor attended during the financial year.

Councillor Meeting Attendance <i>01 July 2013 to 30 June 2014</i> <i>(Full Financial Year)</i>	
Councillor	Number of meetings
TOTAL NUMBER OF MEETINGS HELD (12 months)	28
Mayor Rosa Lee Long	27
Deputy Mayor Geoff Stocker (Division 3)	18
Councillor Shaaron Linwood (Division 2)	26
Councillor Rod Marti (Division 4)	27
Councillor Peter Hodge (Division 5)	27
Councillor Marjorie Pagani (Division 6)	26

Councillor Meeting Attendance <i>01 July 2013 to 31 December 2013</i> <i>(To date of de-amalgamation)</i>	
Councillor	Number of meetings
TOTAL NUMBER OF MEETINGS HELD (6 months)	17
Deputy Mayor Evan McGrath (Division 7)	16
Councillor Gaye Taylor (Division 1)	16
Councillor Jenny Jensen (Division 8)	12

Reportable items under the *Local Government Regulation 2012* Section 186(d-f).

Local Government Regulation 2012 Section	Application	Number
Section 186 (d) (i)	Applies to reporting against Section 180(2) or (4) of the Act - the number of complaints for which, if after hearing a complaint of misconduct, the regional conduct review panel or tribunal decides the councillor engaged in misconduct	0
Section 186 (d) (ii)	Applies to reporting against Section 181 of the Act - the number of complaints for which an order is made regarding the inappropriate conduct of a councillor	0
Section 186 (e) (i)(ii)(iii)	Applies to reporting: (i) the name of each Councillor for whom an order or recommendation was made under section 180 of the Act or; an order was made under section 181 of the Act. (ii) a description of the misconduct or inappropriate conduct engaged in by each of the councillors (iii) a summary of the order or recommendation made for each councillor.	Nil
Section 186 (f) (i)	Applies to reporting against Section 176C(2) of the Act - the number of complaints where the complaints assessor has decided that no further action need be taken in relation to a complaint against a Councillor because the preliminary assessment is that the complaint is about a frivolous matter, was made vexatiously or was lacking in substance.	44
Section 186 (f) (ii)	Applies to reporting against Section 176C(3)(a)(i) of the Act - the number of complaints where the complaints assessor has decided the complaint is about inappropriate conduct of the mayor or deputy-mayor and the complaint is referred to the department's chief executive	12
Section 186 (f) (iii)	Applies to reporting against Section 176C(3)(a)(ii) or (b) (i) of the Act - the number of complaints where the complaints assessor has decided the complaint is about inappropriate conduct of a councillor other than the mayor or deputy-mayor and the complaint is referred to the mayor for action (provided the complainant is not the mayor)	0
Section 186 (f) (iv)	Applies to reporting against Section 176C(4)(a) of the Act - the number of complaints where the complaints assessor has decided the complaint is about misconduct and the complaint is referred to department's chief executive or the regional conduct review panel or the tribunal.	2
Section 186 (f) (v)	Applies to the number of complaints assessed by the chief executive officer as being about corrupt conduct under the Crime and Corruption Act	0
Section 186 (f) (vi)	Applies to the number of complaints heard by a regional conduct review panel	0
Section 186 (f) (vii)	Applies to the number of complaints heard by the tribunal	1
Section 186 (f) (viii)	Applies to the number of complaints to which Section 176C(6) of the Act applied, being: if the preliminary assessment is that the complaint is about another matter the complaints assessor must deal with the complaint in an appropriate way.	1

3.9 EQUAL EMPLOYMENT OPPORTUNITY

Reportable under the *Local Government Regulation 2012* Section 190 (1) (i).

Council has a commitment to creating equal employment opportunities and eliminating unfair discrimination in the management of its workforce. During this financial year Council:

- Continued to promote and monitor equal employment opportunities through its recruitment policies and practices
- Promoted policies and processes to eliminate discrimination, bullying and harassment in the workforce
- Conducted an employee opinion survey to assess employee's views on the way the organisation is managed and the support provided to them in dealing with organisational issues. These results are being used to inform cultural change strategies to improve the working lives of all employees.
- Continued to provide and promote a free and confidential Employee Assistance Program to allow employees to access counseling and support services to assist in dealing with personal and organisational issues
- Improved consultation and communications with employees through regular internal communications, staff briefings, workplace visits and team meetings at all levels of the organisation
- Continued education and training to staff in respect of ethics, the Code of Conduct, discrimination, workplace harassment and bullying through targeted training of work groups and as part of the regular induction process for new staff

3.10 GRANTS TO COMMUNITY ORGANISATIONS

Reportable under the *Local Government Regulation 2012* Section 189.

The following grants/donations were made during the period 1 July 2013 to 30 June 2014 in accordance with Council's Financial and In-Kind Support Program Policy and via the Regional Arts Development Fund Program:

GRANTS	AMOUNT \$
TRC Grants - Rates	17,291
Community Events	101,112
Community Organisation	40,476
Fundraising Event	7,302
Rates Remission	46,691
School Activities	13,325
Sport Related	37,169
Christmas Events	8,300
Youth Assistance	7,535
Regional Arts Development Fund	66,801
	346,002

3.11 INTERNAL AUDIT

The Internal Audit function assists Council and all levels of management to maintain sound managerial control and improved efficiencies and effectiveness. The objectives of internal audit are achieved through an approved strategic Internal Audit Plan, by furnishing Council, the Audit Committee, Chief Executive Officer and other levels of management with reports, analyses, appraisals, recommendations, counsel and information concerning the activities audited/reviewed and by promoting effective control at reasonable cost.

The Internal Audit activities are performed by an appropriately qualified internal audit consultant on a wholly outsourced basis. For the year ended 30 June 2014, Council's outsourced internal audit consultant was Pacifica Chartered Accountants.

An Internal Audit Progress Report was presented to the Audit Committee in December 2013 and again to Council in June 2014. Limited Internal Audit activity took place during the intervening period due to Council's need to commit significant effort and resources to the deamalgamation process and the necessity for management to remain focussed on the strategic and operational risks of de-amalgamation and formalising the new TRC entity.

The Internal Audit Progress Report presented to Council on 23 June 2014 presents an overview of the work performed by Internal Audit from July 2013 - June 2014 in accordance with s.207(3)9B)(a), *Local Government Regulation 2012*. The Internal Auditors full report is available on the Council's web-site.

In addition to the Internal Audit Progress report Council staff have updated the internal audit matrix and have engaged with Pacifica Chartered Accountants to update relevant staff on the outstanding issues to ensure progress on the strategic Internal Audit Plan 14/15 to 16/17.

3.12 OVERSEAS TRAVEL

Reportable under the *Local Government Regulation 2012* Section 188.

This Section requires disclosure of information about any overseas travel made by a Councillor or local government employee in an official capacity during the financial year.

There were no Councillors or Council employees who travelled overseas in an official capacity during the 13/14 Financial Year.

3.13 PARTICULAR RESOLUTIONS

Reportable under the *Local Government Regulation 2012* Section 185.

There were no particular resolutions

3.14 PUBLIC SECTOR ETHICS

Reportable under the *Public Sector Ethics Act 1994*.

The above Act requires that the Annual Report includes details of the action taken during the financial year to implement a code of conduct and the ethics principles and values.

Council adopted a Code of Conduct in 2011 which reflects and incorporates the four public service ethics principles, viz:

- integrity and impartiality;
- promoting the public good;
- commitment to the system of government; and
- accountability and transparency.

Education and training in relation to the ethics principles and the code of conduct has been provided progressively to Council staff during the year, both in targeted sessions and as part of the induction process for all new employees. In addition, specific workshops have been conducted with work groups to reinforce code of conduct principles.

As part of Council's governance processes, all policies, procedures and practices have regard to the ethics obligations of public officials and the Council's Code of Conduct and all employees are encouraged to act in ways which give commitment to a high standard of ethics and which ensures the highest standards of public administration. The same principles have been applied by Council during the year in the review and preparation of corporate and operational plans, and compliance with the code of conduct is assessed through the performance management process.

3.15 REGISTERS

Reportable under the *Local Government Regulation 2012 Section 190 (1)(f)*. Registers maintained by Council and open to the public:

- Register of Members Interests
- Register of Delegations by Council
- Register of Enterprises
- Register of Roads
- Register of General Charges and Regulatory Fees
- Register of Delegations by the Chief Executive Officer
- Register of Local Laws and Subordinate Local Laws
- Register of Electoral Gifts
- Register of Lands
- Register of Policies
- Cemetery Register
- Impounding Register

3.16 REMUNERATION PAYABLE – SENIOR CONTRACT EMPLOYEES

Reportable under the *Local Government Regulation 2012 Section 201*.

The total of all remuneration packages that were payable in the financial year to the senior management as defined by S201 were:

- Two contract employees with a total remuneration package in the range of \$200,000 to \$300,00 per annum
- Two contract employees with a total remuneration package in the range of \$100,000 to \$200,000 per annum

3.17 SPECIAL ARRANGEMENTS

Reportable items under the *Local Government Regulation 2012* Section 190(1)(d)(i) and (ii).

Council was not supplied with any services, facilities or activities by another local government under any agreements or joint activities and for which any special rates or charges were levied, during the financial year.

4. PART D – OUR FINANCES

4.1 COMMUNITY FINANCIAL REPORT

The objective of this report is to provide easy to understand representation of Tableland Regional Council's recent financial performance.

De-amalgamation of Mareeba Shire Council

On the 12 April 2013 legislation was enacted to separate the former Mareeba Shire Council from the Tablelands Regional Council. Mareeba Shire Council commenced operations on 1 January 2014. The estimated revenue and expenses associated with the former Council for the period 6 months to December 2013 are shown under 'Discontinued Operations' (refer to note 11 in the audited financial statements).

Statement of Comprehensive Income

The statement of comprehensive income provides information about revenues and expenses.

Revenue

Where did the money come from?

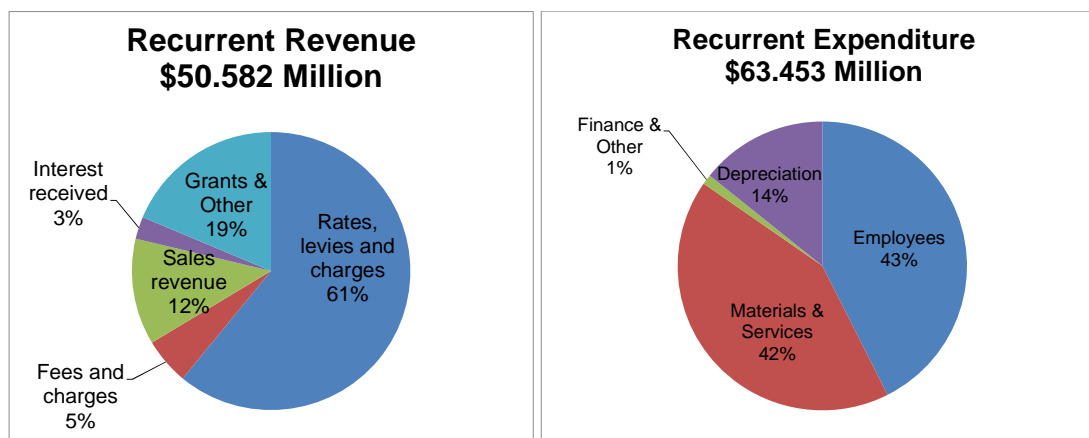
Recurrent revenue was less than Recurrent expenditure by \$12.871 million.

Expenses

Where was the money spent?

Council returns the majority of revenues to the community in the form of services and community projects.

Approximately \$6.5 million revenue for subsidies relating to expenditure for restoration of assets damaged from Natural disasters which is both funded by the Commonwealth (75%) and the Queensland (25%) Government was received in prior (\$2 million) and future (\$4.5 million) years. This has contributed to the \$12.871 million operating deficit.



Total operating revenue for 2013/2014 financial year was \$50.582 million, this result was \$2.481 million higher than the previous financial year.

Rates, levies and charges continue to be the major source of income equating to \$30.826 million. Council endeavours to maximise its revenue from sources other than rates by actively pursuing grants and subsidies from State and Federal Government, seeking contributions from developers and exploring other revenue opportunities. Operating grants, subsidies and contributions totalled \$9.266 million in 2013/2014 and sales revenue totalled \$6.258 million. Council seeks to recover costs on fees and charges within legislative requirements.

Council's operating expenses for the 2013/2014 financial year totalled \$63.453 million, an increase of \$11.932 million.

Council is actively working to reduce its operating expenditure and has a plan to move from an operating deficit position to an operating surplus within the next three years.

Capital Revenue

Capital revenue from developer contributions and grants and subsidies of \$16.465 million has been received to fund assets that the community will own.

Capital Expenditure

There was a loss incurred from the disposal of assets and from an increase in estimates for the future restoration of our landfill sites of \$0.989 million. We no longer recognise any Mareeba assets and they were transferred back on 1 January 2014 and the book loss of \$345.141 million represents their value.

The net result shown in the Statement of Comprehensive Income for Tablelands Regional Council (net result from continuing operations) is a loss of \$342.415 Million (inclusive of loss of assets transferred to Mareeba Shire).

Statement of Financial Position

The statement of financial position shows what we own (our assets) and what we owe (our liabilities) and our net worth (community equity).

Statement of Financial Position	30/06/2014
	\$'000
Assets - What Council Owns	
Cash Assets	\$34,380
Short term investments	\$4,000
Assets held to transfer to Mareeba Shire Council	\$4,584
Receivables	\$8,502
Inventories	\$1,333
Property Plant & Equipment	\$441,900
TOTAL ASSETS	\$494,699
Less Liabilities - What Council Owes	
Payables	\$21,242
Borrowings	\$5,881
Provisions	\$7,747
TOTAL LIABILITIES	\$34,870
Net Community Worth	\$459,829

The most significant component of our assets is our investment of \$441.900 million in property, plant and equipment in our region.

Another major component of our assets is our cash and short term investment assets with a balance of \$38.380 million. Included in the cash balance is \$9.971 million cash that is restricted for specific purposes like projects for which grants, subsidies or developer contributions have been received.

The substantial and involved de-amalgamation process between Tablelands Regional Council and Mareeba Shire Council has progressed to almost completion. A dispute arose in regard to the final cash allocation and this has been referred to the Minister for Local Government, Community Recovery and Resilience for his consideration and a decision is still pending. The cash balance is based on our best estimate of the cash distribution at de-amalgamation which differs by \$6 million from the appointed independent consultants report. A contingent liability has been recorded in the financial statements see note 26.

At 30 June 2014 \$4.584 million in cash was being held for transfer to Mareeba Shire Council.

Our liabilities include debt to fund infrastructure projects, amounts owed to suppliers, estimates to rehabilitate our landfill sites and amounts owing to our employees.

The difference between assets and liabilities is the community equity or total wealth of the Council.

Statement of Changes in Equity

The statement of changes in equity summarises the changes in equity accounts or the movement in our net worth.

The Asset Revaluation Reserve increased to \$85.749 million from \$66.409 million and this represents the increase in values relating to our roads, bridge, drainage, buildings, water, sewerage and other infrastructure assets. This Asset Revaluation Reserve is a component of the \$459.829 million net worth.

The remaining component of the Community net worth is retained surplus (\$374.080 million) which decreased from the prior year by the net result from the Statement of Comprehensive Income (\$348.295 million) and this was primarily due to the loss incurred from transfer of assets back to Mareeba Shire Council at 1 January, 2014.

Statement of Cash Flows

The statement of cash flows shows changes to cash balances and how they resulted.

There are three types of activities that have an impact on cash balances:

- Operating activities including receipts from customers and payments to suppliers, interest, operating grants and subsidies and interest on borrowings.
- Investing activities includes investments made in property, plant and equipment, movement in loans and advances, proceeds from sale of assets and contributions.
- Financing activities include the cash movement from borrowings proceeds received, less repayment commitments.

The overall cash increase was \$13.138 million which includes the \$4.584 million cash held for transfer to Mareeba Shire Council.

Financial Sustainability Ratios

Financial ratios provide an indication of the financial health of the Council. There are three measures of financial sustainability specified in the *Local Government Regulation 2012*. These have been calculated for the 2013/2014 year and for the Council's adopted Long Term Financial Forecast.

Operating Surplus Ratio – Target Benchmark between 0 and 10%

Measure	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
Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-25.4%	-2.6%	-0.3%	1.6%	2.5%	3.3%	3.8%	4.5%	5.0%	5.4%

Approximately \$6.5 million revenue for subsidies relating to expenditure for restoration of assets damaged from natural disasters which is funded by Commonwealth (75%) and Queensland (25%) Governments was received in prior (\$2 million) and future (\$4.5 million) years. This has contributed to the \$12.872 million operating deficit for 2013/2014.

Council's long term forecast shows the ratio moving back into the target range from 2016/2017. This is being achieved by addressing the challenges resulting from de-amalgamation and Council has endorsed a plan to return to operating surplus. This will be achieved by a combination of reductions in operating expenditure and increased revenue.

Asset Sustainability Ratio – Target Benchmark greater than 90%

This ratio is expressed as a percentage and indicates whether Council is renewing or replacing its existing assets at the same time that its overall stock of asset are wearing out.


Measure	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
Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	156.7%	102.0%	98.5%	97.9%	147.1%	94.8%	111.5%	93.9%	96.9%	80.0%

The forward ratios are above the target in all years except 2022/2023 when it reduces to 80%. This demonstrates Council's commitment to the long term management of current infrastructure assets.

Net Financial Liabilities Ratio – Target Benchmark not greater than 60%

This ratio is expressed as a percentage and indicates the extent to which Council's debts can be met by its operating income. A result less than 60% indicates that Council has the capacity to fund what it owes (liabilities) and has the capacity to increase its loan borrowings if required.

Measure	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
Total liabilities less current assets divided by total operating revenue (excluding capital items)	-35.4%	-12.6%	-15.1%	-13.3%	-3.7%	-5.8%	-4.4%	-8.8%	-12.5%	-17.7%



The forward ratios indicate that Council is able to fund its liabilities. Council has a relatively low debt level and has the capacity to borrow in the future if required.

Summary

The Tablelands Regional Council has and continues to work through the challenges resulting from de-amalgamation and is committed to improving our long term financial forecast. The organisation has essentially been split in half and this is a substantial unexpected shock that has led us to revising our way forwards.

As the landscape continues to change Council will adapt and is committed to strategic financial planning that will assist in making decisions to realise the goal to improve our long term financial sustainability outlook into the future.

Tablelands Regional Council Financial Statements For the year ended 30 June 2014

Table of contents

Statement of Comprehensive Income	
Statement of Financial Position	
Statement of Changes in Equity	
Statement of Cash Flows	
Notes to the financial statements	
1	Significant accounting policies
2	Analysis of results by function
3	Revenue analysis
4	Grants, subsidies, contributions and donations
5	Capital income
6	Employee benefits
7	Materials and services
8	Finance costs
9	Depreciation and amortisation
10	Capital expenses
11	Discontinued operations
12	Cash and cash equivalents
13	Short term investments
14	Trade and other receivables
15	Inventories
16	Assets classified as held for transfer
17	Property, plant and equipment
18	Fair value measurement
19	Intangible assets
20	Trade and other payables
21	Borrowings
22	Finance leases
23	Provisions
24	Asset revaluation surplus
25	Commitments for expenditure
26	Contingent liabilities
27	Superannuation
28	Operating lease income
29	Trust funds
30	Disposal due to the de-amalgamation of Mareeba Shire Council
31	Reconciliation of net result for the year to net cash inflow (outflow) from operating activities
32	Financial instruments
33	National Competition Policy
	Management Certificate
	Independent Auditor's Report

**Tablelands Regional Council
Statement of Comprehensive Income
For the year ended 30 June 2014**

		2014	2013
	Note	\$	\$
Continuing Operations			
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	30,825,953	28,775,710
Fees and charges	3(b)	1,626,781	2,374,676
Rental income	3(c)	1,111,800	1,021,952
Interest received	3(d)	1,316,607	1,892,183
Sales revenue	3(e)	6,258,243	4,210,439
Sale of developed land	3(f)	38,500	120,000
Other income	3(g)	137,481	135,085
Grants, subsidies, contributions and donations	4(a)	9,266,283	9,571,209
		<u>50,581,648</u>	<u>48,101,254</u>
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	16,464,494	3,773,816
Total revenue		<u>67,046,142</u>	<u>51,875,070</u>
Capital income	5	122,412	270,134
Total income from continuing operations		<u>67,168,554</u>	<u>52,145,204</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(26,998,310)	(22,985,050)
Materials and services	7	(26,723,941)	(17,866,025)
Cost of developed land sales		-	(456,290)
Finance costs	8	(698,758)	(629,590)
Depreciation and amortisation	9	(9,032,483)	(9,583,590)
		<u>(63,453,492)</u>	<u>(51,520,545)</u>
Capital expenses			
Capital expenses	10	(988,963)	(473,244)
Loss on restructure of local government	30	(345,140,877)	-
Total expenses from continuing operations		<u>(409,583,332)</u>	<u>(51,993,789)</u>
Net result from continuing operations		<u>(342,414,778)</u>	<u>151,415</u>
Net result from discontinued operations	11	(5,880,352)	2,656,787
Net result		<u>(348,295,130)</u>	<u>2,808,202</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase / (decrease) in asset revaluation surplus	24	19,340,712	(971,361)
Total other comprehensive income for the year		<u>19,340,712</u>	<u>(971,361)</u>
Total comprehensive income for the year		<u>(328,954,418)</u>	<u>1,836,841</u>

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

**Tablelands Regional Council
Statement of Financial Position
as at 30 June 2014**

	2014	2013
Note	\$	\$
Current assets		
Cash and cash equivalents	12 34,380,288	15,766,532
Short term investments	13 4,000,000	25,334,932
Trade and other receivables	14 8,493,310	4,207,883
Inventories	15 1,333,268	1,268,738
Assets held for transfer	16 4,583,923	373,812,366
Total current assets	52,790,789	420,390,451
Non-current assets		
Trade and other receivables	14 8,750	9,500
Property, plant and equipment	17 440,377,742	404,052,392
Intangible assets	19 1,521,342	1,322,165
Total non-current assets	441,907,834	405,384,057
Total assets	494,698,623	825,774,508
Current liabilities		
Trade and other payables	20 20,571,267	4,787,191
Borrowings	21 429,728	406,960
Provisions	23 1,731,504	265,201
Liabilities directly associated with assets held for transfer	16 -	16,722,813
Total current liabilities	22,732,499	22,182,165
Non-current liabilities		
Trade and other payables	20 670,692	674,284
Borrowings	21 5,450,810	5,882,516
Provisions	23 6,015,450	8,251,953
Total non-current liabilities	12,136,952	14,808,753
Total liabilities	34,869,451	36,990,918
Net community assets	459,829,172	788,783,590
Community equity		
Asset revaluation surplus	24 85,749,478	66,408,766
Retained surplus	374,079,694	722,374,824
Total community equity	459,829,172	788,783,590

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

Tablelands Regional Council

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

	Asset revaluation surplus	Retained surplus	Reserves	Total
Note	24			
	\$	\$	\$	\$
Balance as at 1 July 2013	66,408,766	722,374,824	-	788,783,590
Net result	-	(348,295,130)	-	(348,295,130)
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus	19,340,712	-	-	19,340,712
Total comprehensive income for the year	19,340,712	(348,295,130)	-	(328,954,418)
Balance as at 30 June 2014	85,749,478	374,079,694	-	459,829,172
Balance as at 1 July 2012	67,380,127	658,574,230	60,992,392	786,946,749
Net result	-	2,808,202	-	2,808,202
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus	(971,361)	-	-	(971,361)
Total comprehensive income for the year	(971,361)	2,808,202	-	1,836,841
Transfers to and from reserves				
Transfers from reserves	-	60,992,392	(60,992,392)	-
Total transfers to and from reserves	-	60,992,392	(60,992,392)	-
Balance as at 30 June 2013	66,408,766	722,374,824	-	788,783,590

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

**Tablelands Regional Council
Statement of Cash Flows
For the year ended 30 June 2014**

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		69,104,745	76,307,817
Payments to suppliers and employees		(84,390,594)	(94,901,368)
		<u>(15,285,849)</u>	<u>(18,593,551)</u>
Interest received		1,864,154	3,931,376
Rental income		1,623,470	1,021,952
Non capital grants and contributions		12,354,784	24,786,650
Payments for development of land held for resale		(3,636)	(963,698)
Proceeds from sale of land held for resale		38,500	511,580
Interest expense		(446,881)	(648,481)
Net cash inflow (outflow) from operating activities	31	<u>144,542</u>	<u>10,045,828</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(28,256,396)	(40,977,308)
Payments for intangible assets		(917,849)	(1,071,965)
Net movement in loans and advances		(12,750)	(20,000)
Proceeds from sale of plant and equipment		351,484	1,022,559
Grants, subsidies, contributions and donations for capital acquisitions		16,022,342	9,513,391
Net movement in short term investments		37,500,002	23,500,000
Transfer on restructure of local government		(14,000,000)	-
Net cash inflow (outflow) from investing activities		<u>10,686,833</u>	<u>(8,033,323)</u>
Cash flows from financing activities			
Proceeds from borrowings		2,808,355	-
Repayment of borrowings		(469,456)	(533,437)
Repayments made on finance leases		(32,500)	(37,500)
Net cash inflow (outflow) from financing activities		<u>2,306,399</u>	<u>(570,937)</u>
Net increase (decrease) in cash and cash equivalents held		<u>13,137,774</u>	<u>1,441,568</u>
Cash and cash equivalents at the beginning of the financial year		25,826,437	24,384,869
Cash and cash equivalents at end of the financial year	12	<u>38,964,211</u>	<u>25,826,437</u>

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

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

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 Constitution

Tablelands Regional Council is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

1.D 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.E Currency

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

1.F 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 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 AASB 13 *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 <i>Financial Instruments</i> (December 2010)	1 January 2018
AASB 10 <i>Consolidated Financial Statements</i>	1 January 2014
AASB 11 <i>Joint Arrangements</i>	1 January 2014
AASB 12 <i>Disclosure of interests in other entities</i>	1 January 2014
AASB 127 <i>Separate Financial Statements</i> (replaces the existing standard together with AASB 10)	1 January 2014
AASB 128 <i>Investments in Associates and Joint Ventures</i> (replaces the existing standard)	1 January 2014
AASB 1055 <i>Budgetary Reporting</i>	1 July 2014
2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)	1 January 2015
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	1 January 2015
AASB 2011-7 <i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards</i>	1 January 2014
AASB 2012-3 <i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</i> [AASB 132]	1 January 2014

Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014

AASB 2013-1 Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements	1 July 2014
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	1 January 2014
AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	1 January 2014
AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements	1 January 2014
AASB 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders [AASB 1038]	1 January 2014
AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, AASB 12 & AASB 1049]	1 January 2014
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015]	Refer Title column
Interpretation 21 Levies	1 January 2014

AASB 9 Financial Instruments (effective from 1 January 2018)

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 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.G 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:

Valuation and depreciation of property, plant and equipment - Note 1.O, Note 17 and Note 18
 Impairment of property, plant and equipment - Note 1.R
 Discontinued operations - de-amalgamation of Tablelands Regional Council - Note 11 and Note 30
 Provisions - Note 1.W and Note 23
 Contingent liabilities - Note 26.

1.H 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.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

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 30 July 2012, Council passed a resolution to close all existing reserves and account for these restrictions using an internal management accounting system. Restrictions that have been placed on Council's cash and cash equivalents are now disclosed in Note 12.

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.

Cash contributions

Developers also pay infrastructure charges for trunk infrastructure to construct assets such as roads and footpaths and to connect new property developments to water and sewerage networks in the local government area. Where agreements between Council and the developers relating to these contributions are determined to fall within the scope of AASB Interpretation 18 *Transfers of Assets from Customers* these contributions are recognised as revenue when the related service obligations are fulfilled.

Developers may also make cash contributions towards the cost of constructing existing and proposed water supply and sewerage headworks in accordance with Council's planning scheme policies. (Headworks include pumping stations, treatment works, mains and sewers). Cash contributions in relation to water supply and sewerage headworks are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with these contributions. Consequently, these cash contributions are recognised as income when received.

Rental income

Rental revenue from 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.

The Council generates revenues from contract and recoverable works, which 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.

Other revenue

Other revenue is recognised as a receivable when it is probable that it will be received and the amount is known, otherwise the amount is recognised upon receipt.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

1.I 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.

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.J)

Receivables - measured at amortised cost (Note 1.K)

Term deposits (Note 1.N)

Financial liabilities

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

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

Finance lease liabilities - measured at amortised cost (Note 1.S)

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

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 32.

1.J 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, and bank overdrafts.

1.K 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 2014. 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.

The value for loans and advances to community organisations is disclosed in Note 14. Loans and advances are recognised in the same way as other receivables. Terms are usually a maximum of five years with no interest charged. Security is not normally obtained.

1.L Inventories

Stores and raw materials 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.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

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.M Non current assets held for sale

Items of property, plant and equipment are reclassified as non-current assets held for sale when the carrying amount of these assets will be recovered principally through a sales transaction rather than continuing use. Non-current assets classified as held for sale are available for immediate sale in their present condition and management believe the sale is highly probable. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell and are not depreciated. On the eventual sale of these assets a gain or loss is recognised.

Tablelands Regional Council de-amalgamated its operations of the former Mareeba Shire Council area on 1 January 2014 after a majority referendum vote was polled on 9 March 2013. As per AASB 5 Non-Current Assets Held for Sale and Discontinued Operations, this represents a discontinued operation being a component of Council (a geographical area of operations) to be disposed of.

1.N Investments

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash equivalents.

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 \$5,000 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
- Plant and equipment
- Infrastructure
 - Road, drainage and bridge network
 - Water
 - Sewerage
 - Other infrastructure assets
- 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, plant and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant & Equipment* and AASB 13 *Fair Value Measurement*. Plant and equipment and work in progress are measured at cost.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

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 internally using the expertise of Council officers or by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 5 years. This process involves 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 officers to assess the condition and cost assumptions associated with all asset classes carried at fair value, the results of which are considered in combination with an appropriate Producers' Price Index published by the Australian Bureau of Statistics. Together these are used to form the basis of a management valuation for asset classes in each of the intervening years.

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 18.

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.

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.

Both water and sewerage asset classes are measured for valuation purposes into above ground and below ground asset groups. Above ground assets have a different methodology for valuations to below ground assets. A comprehensive revaluation will be completed for both these groups at least once every five years but not necessarily in the same reporting period.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Major plant

The Council has determined that plant which has an individual cost in excess of \$500,000 is of high value to the Council. Plant which meets this criteria is major plant if it is prone to a high degree of price fluctuations or in danger of becoming obsolete. The asset class primarily includes specialised earthmoving equipment. Council had no assets within this asset class at balance date.

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.

Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014

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 written down 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 17.

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 Tablelands Regional 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 Intangible assets

Intangible assets with a cost or other value exceeding \$10,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed.

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the development of computer software are capitalised and are amortised on a straight-line basis over the period of expected benefit to Council.

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate. Details of the estimated useful lives assigned to each class of intangible assets are shown in Note 19.

1.Q Biological assets

The Council operates a nursery to produce bedding plants and trees for its own use. In view of the immaterial nature of this operation the accounting procedures related to biological assets have not been applied. The costs incurred in this operation are included in Council's general operations as they are incurred.

1.R 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 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.S Leases

Leases of plant and equipment under which the Council as lessee/lessor assumes/transfers substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014

Finance leases as lessee

Where Council enters into a finance lease as lessee, Council recognises an asset equal to the lower of fair value of the leased property and the present value of the minimum lease payments. The lease liability is recognised at the same amount. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged as finance costs. The asset is accounted for on the same basis as other assets of the same class. Contingent rentals are written off as an expense in the accounting period in which they are incurred.

Operating leases

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

1.T 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.U 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 20 as a payable.

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 20 as a payable.

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 27.

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 23 as a provision.

1.V 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.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

1.W Restoration provision

A provision is made for the cost of restoration in respect of refuse dumps and quarries where it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. The provision is measured at the expected cost of the work required, discounted to current day values using the interest rates attaching to Commonwealth Government guaranteed securities with a maturity date corresponding to the anticipated date of the restoration.

Refuse dump restoration

The provision represents the present value of the anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the following sites will close in:

Yungaburra	- 2015
Malanda	- 2015 (Council controlled land)
Herberton	- 2015
Atherton	- 2027
Alcatraz	- 2034 (Council controlled land)

Where Council refuse dumps are located on state reserves which Council does not control, the provision for restoration is treated as an expense in the year the provision is first recognised.

Dump sites that are situated on Council controlled land are classified as land and land improvements assets. The provision for restoration is, therefore, included in the cost of the land and amortised over the expected useful life of the dump. Changes in the provision not arising from the passing of time are added to or deducted from the asset revaluation surplus for land. If there is no available revaluation surplus, increases in the provision are treated as an expense and recovered out of future decreases (if any). Changes to the provision resulting from the passing of time (unwinding of the discount) are treated as a finance cost.

Quarry rehabilitation

The provision represents the present value of the anticipated future costs associated with the closure of the quarries, refilling the basin, and reclamation and rehabilitation of these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for quarry rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that restoration will occur in 2039.

Quarries are situated on Council controlled land and are classified as land and land improvements assets. The provision for restoration is, therefore, included in the cost of the land and amortised over the expected useful life of the quarry. Changes in the provision not arising from the passing of time are added to or deducted from the asset revaluation surplus for land. If there is no available revaluation surplus, increases in the provision are treated as an expense and recovered out of future decreases (if any).

Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

1.X 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.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

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.Y Reserves

Council's cash and cash equivalents are subject to a number of 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 30 July 2012, Council passed a resolution to close all existing reserves and account for these restrictions using an internal management accounting system. Restrictions that have been placed on Council's cash and cash equivalents are now disclosed in Note 12.

1.Z National competition policy

The Council has reviewed its activities to identify its business activities. Details of these activities are disclosed in Note 33.

1.AA 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.AB 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, security deposits lodged to guarantee performance and external funds held for a specific purpose. 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 29.

1.AC Taxation

Local authorities are 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.

The Council pays payroll tax to the Queensland Government on certain activities.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

2 Analysis of results by function

2(a) Components of Council functions

2014

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

Office of the CEO

This comprises the support functions for the Mayor and Councillors, Council and committee meetings and statutory requirements.

Organisational Services

The support functions of Organisational Development, Finance, Customer Service, Knowledge and Systems.

Community and Regional Planning

Community and Regional Planning including Regional Planning, Regulatory Services and Community Services.

Infrastructure Services

Providing and maintaining Roads, Drainage, Parks and Fleet and provide infrastructure support services (Engineering, Design, Survey, Fleet, Project Management).

Waste Management

To provide refuse collection and disposal services and overall waste management services.

Water

To provide water supply services.

Sewerage

To provide sewerage services.

2013

The activities relating to the Council's components reported on in Note 2(b) for 2013 are as follows :

Corporate and Community Services

This comprises:

The support functions for the Mayor and Councillors, Council and committee meetings and statutory requirements.

The support functions of Management of the Council's Finance, Information Technology and Administration.

Community Services and Facilities including cultural, health, welfare, environmental and recreational services.

This function includes:

Libraries

Entertainment venues

Environmental licences and approvals.

Planning and Development

Management of the development of the shire and approval processes for development and building.

Transport Infrastructure

Providing and maintaining roads and drainage.

Waste Management

Providing refuse collection and disposal services.

Water

Providing water supply services.

Sewerage

Providing sewerage services.

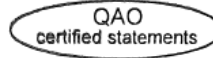
Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014

2(b) Analysis of results by function
Income and expenses defined between recurring and capital are attributed to the following functions:

Functions	Gross program income						Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net Result	Assets				
	Recurring		Capital		2014	2014			2014	2014						2014	2014	2014	2014
	Grants	Other	Grants	Other															
Office of the CEO	22,352	(120,279)	-	-	1,595,062	-	1,595,062	4,269,990	-	47,800	4,317,790	(4,357,917)	(2,721,728)	20,227					
Organisational Services	2,419,938	27,139,435	-	211,981	29,771,264	-	29,771,264	11,459,620	341,784,264	(1,313,607)	351,940,277	18,099,653	(322,169,023)	27,215,178					
Community & Regional Planning	1,196,680	3,370,021	1,016,862	89,059	5,673,622	-	5,673,622	16,478,916	150,851	(26,278)	16,603,489	(11,910,215)	(10,929,867)	83,810,941					
Infrastructure Services	8,697,678	9,912,762	11,169,017	1,247,562	31,017,019	-	31,017,019	43,307,181	4,031,848	833,385	48,172,414	(24,696,741)	(17,155,395)	264,480,832					
Waste Management	-	7,090,367	-	103,859	7,194,246	-	7,194,246	6,966,431	39,272	437,861	7,443,564	123,956	(249,318)	7,440,046					
Water	-	7,111,476	417,694	756,741	8,285,911	-	8,285,911	5,638,666	52,323	(71,476)	5,619,513	1,472,910	2,666,398	64,357,991					
Sewerage	-	5,680,343	214,024	455,943	6,350,310	-	6,350,310	3,942,910	61,292	92,315	4,096,507	1,747,433	2,263,803	47,373,408					
Total Council	12,338,648	60,194,145	12,807,597	4,558,134	89,898,424	-	89,898,424	92,063,714	346,129,840	-	438,193,554	(19,531,021)	(348,295,130)	494,696,623					
Discontinued operations	(3,088,500)	(18,862,545)	(417,522)	(361,303)	(22,729,870)	-	(22,729,870)	(28,610,222)	-	-	(28,610,222)	6,659,177	5,880,352	(4,653,623)					
Continuing Council	9,250,048	41,331,600	12,390,075	4,196,831	67,168,554	-	67,168,554	63,453,492	346,129,840	-	409,583,332	(12,871,844)	(342,414,778)	490,114,700					

* The loss on the restructure of the local government has been included in capital expenses relating to the Organisational Services function.

Functions	Gross program income						Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net Result	Assets				
	Recurring		Capital		2013	2013			2013	2013						2013	2013	2013	2013
	Grants	Other	Grants	Other															
Corporate & Community Services	9,247,213	34,018,762	7,027,274	1,021,253	54,837,203	3,522,701	54,837,203	31,466,233	4,887,336	4,467,712	40,813,281	11,807,742	14,023,922	287,432,262					
Planning & Development	910	866,521	-	-	867,431	-	867,431	2,909,812	-	(78,250)	2,831,562	(2,042,381)	(1,964,131)	-					
Transport Infrastructure	15,512,027	17,872,056	2,102	2,564,933	35,552,926	(398,192)	35,552,926	53,869,233	-	(1,254,183)	52,615,050	(20,485,150)	(17,062,124)	400,225,111					
Waste Management	8,833	10,142,346	-	-	9,629,950	(521,229)	9,629,950	10,081,659	-	(963,313)	9,128,346	59,520	501,604	4,437,765					
Water	8,833	10,954,112	487,697	341,566	10,040,684	(1,751,524)	10,040,684	8,051,030	-	(1,437,708)	6,613,322	2,911,915	3,427,362	86,031,673					
Sewerage	8,834	8,726,134	266,339	481,800	8,631,351	(851,796)	8,631,351	5,484,040	-	(734,258)	4,749,782	3,250,928	3,881,569	67,647,696					
Total Council	24,786,650	82,579,931	7,783,412	4,409,552	119,559,545	-	119,559,545	111,864,007	4,887,336	-	116,751,343	(4,497,426)	2,809,202	825,774,507					
Discontinued operations	(15,218,843)	(44,046,484)	(4,751,997)	(3,397,017)	(67,414,341)	-	(67,414,341)	(60,343,462)	(4,414,092)	-	(64,757,554)	1,078,135	(2,656,787)	(373,812,366)					
Continuing Council	9,567,807	38,533,447	3,031,415	1,012,535	52,145,204	-	52,145,204	51,520,545	473,244	-	51,993,789	(3,419,291)	151,415	451,962,141					



**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

Note	2014 \$	2013 \$
3 Revenue analysis		
(a) Rates, levies and charges		
General rates	20,032,948	18,755,096
Water	4,866,992	4,642,132
Sewerage	4,045,460	3,833,817
Waste collection	2,389,903	2,110,355
Special rates - Waste management levy	1,705,526	1,652,435
Special rates - Rural fire	76,899	-
Special rates	1,762	-
Total rates and utility charge revenue	<u>33,119,490</u>	<u>30,993,835</u>
Less: Discounts	(1,727,117)	(1,660,863)
Less: Pensioner remissions	(566,420)	(557,262)
	<u>30,825,953</u>	<u>28,775,710</u>
(b) Fees and charges		
Application fees	614,009	511,188
Cemetery fees	124,636	217,533
Commissions	39,547	26,440
Infringements	16,627	35,770
Legal fee recoveries	145,177	102,054
Licences and registrations	216,411	224,399
Sale of goods	417,972	524,521
Other fees and charges	52,402	732,771
	<u>1,626,781</u>	<u>2,374,676</u>
(c) Rental income		
Leases & rental	617,199	551,002
Motel/Caravan revenue	494,601	470,950
	<u>1,111,800</u>	<u>1,021,952</u>
(d) Interest received		
Interest received from QTC	767,974	413,311
Interest received from other sources (including term deposits)	428,608	1,360,837
Interest from overdue rates and utility charges	120,025	118,035
	<u>1,316,607</u>	<u>1,892,183</u>
(e) Sales revenue		
Contract and recoverable works	6,258,243	4,210,439
	<u>6,258,243</u>	<u>4,210,439</u>
(f) Sale of developed land		
Sale of developed land	38,500	120,000
	<u>38,500</u>	<u>120,000</u>
(g) Other income		
Insurance recoveries	137,481	135,085
	<u>137,481</u>	<u>135,085</u>
4 Grants, subsidies, contributions and donations		
(a) Recurrent		
General purpose grants	2,569,033	3,932,251
State government subsidies and grants	6,305,990	5,364,281
Commonwealth government subsidies and grants	375,025	271,275
Donations	3,035	3,402
Contributions	13,200	-
	<u>9,266,283</u>	<u>9,571,209</u>
(b) Capital		
State government subsidies and grants	9,736,428	3,031,415
Commonwealth government subsidies and grants	2,653,647	-
Contributions	2,853,443	591,318
Donated assets	1,220,976	151,083
	<u>16,464,494</u>	<u>3,773,816</u>

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

Note	2014 \$	2013 \$
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 had not been expended at the reporting date:		
Non-reciprocal grants for expenditure on services	202,568	-
Non-reciprocal grants for expenditure on infrastructure	1,405,709	591,318
	<u>1,608,277</u>	<u>591,318</u>

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	2,021,895	-
Non-reciprocal grants for expenditure on infrastructure	1,162,267	3,225,826
	<u>3,184,162</u>	<u>3,225,826</u>

5 Capital income

Gain on disposal of non-current assets

Proceeds from the sale of plant and equipment	351,484	457,741
Less: Book value of plant and equipment disposed of	(229,072)	(187,607)
	<u>122,412</u>	<u>270,134</u>

6 Employee benefits

Total staff wages and salaries	18,843,342	17,185,725
Redundancy expenses	1,813,144	-
Councillors' remuneration	313,360	326,508
Annual, sick and long service leave entitlements	3,751,203	2,868,633
Superannuation	2,281,470	2,112,788
	<u>27,002,519</u>	<u>22,493,654</u>
Workers compensation	270,714	108,539
Other employee related expenses	697,815	1,411,137
	<u>27,971,048</u>	<u>24,013,329</u>
Less: Capitalised employee expenses	(972,738)	(1,028,280)
	<u>26,998,310</u>	<u>22,985,050</u>

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

Total Council employees at the reporting date:	2014	2013
Elected members	6	9
Administration staff	129	242
Depot and outdoors staff	178	322
Total full time equivalent employees	<u>313</u>	<u>573</u>

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

Note	2014 \$	2013 \$
7 Materials and services		
Advertising and marketing	196,795	142,957
Audit fees	99,919	56,053
Cleaning	354,004	197,657
Entertainment and hospitality	14,483	23,167
Contractors	9,388,901	3,272,682
Electricity	1,560,846	748,168
Equipment purchases < \$5000	41,937	38,375
Fuels and oils	1,253,368	777,024
Goods, materials and services	2,792,347	1,579,165
Grants, sponsorships and donations	124,887	114,831
Hire of plant and equipment	1,436,921	2,036,081
Insurance	1,329,009	659,163
Legal	277,976	211,648
Licences, fees, subscriptions and memberships	1,022,596	490,885
Merchandise purchases	90,761	41,376
Postage and courier	39,911	29,744
Professional/consultancy services	1,547,334	1,450,119
Registrations	41,940	34,600
Rent, rates and leasing expenses	341,071	192,729
Repairs and maintenance	3,218,499	3,368,085
Road materials	727,752	1,967,641
Safety wear and equipment	111,929	85,957
Stationery, printing and copying	151,965	112,596
Telephone and Internet	440,040	154,625
Travel/accommodation expenses	118,750	80,697
	<u>26,723,941</u>	<u>17,866,025</u>
8 Finance costs		
Finance costs charged by the Queensland Treasury Corporation	362,241	379,684
Unwinding of discount on provision for restoration	137,828	147,264
Bank charges	65,997	70,776
Impairment of debts	132,692	31,866
	<u>698,758</u>	<u>629,590</u>
9 Depreciation and amortisation		
Depreciation of non-current assets		
Buildings	1,170,157	1,128,369
Plant and equipment	1,500,858	1,656,779
Road, drainage and bridge network	3,772,236	3,961,023
Water	1,264,448	1,227,905
Sewerage	796,539	1,023,941
Other infrastructure assets	282,402	409,846
	<u>8,786,640</u>	<u>9,407,863</u>
Amortisation of intangible assets		
Software	245,843	175,727
	<u>9,032,483</u>	<u>9,583,590</u>

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

Note	2014 \$	2013 \$
10 Capital expenses		
Loss on disposal of non-current assets		
Loss on disposal of building assets	127,051	71,575
Loss on disposal of roads and drainage infrastructure assets	682,529	401,669
Loss on disposal of water assets	39,625	-
Loss on disposal of sewerage assets	54,480	-
	<u>903,685</u>	<u>473,244</u>
Loss on disposal of Intangible assets		
Loss on disposal of Intangible assets	54,530	-
Provision for restoration of land		
Increase in refuse restoration provision estimates	30,748	-
	<u>988,963</u>	<u>473,244</u>

11 Discontinued operations

The de-amalgamation of Mareeba Shire Council from Tablelands Regional Council occurred as at 1 January 2014 as per the *Local Government (De-amalgamation Implementation) Regulation 2013*. Tablelands Regional Council have considered all relevant impacts, legislation, transactions and modelling on its assets and liabilities as at 31 December 2013 and beyond, as a result of the de-amalgamation process. In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, all revenue and expenses for the de-amalgamating Mareeba Shire Council have been separated for the six months ended 31 December 2013, and are summarised below.

Revenue and expenses were mainly apportioned based on geographical location or some other direct allocation. Where direct allocation was not possible, the default allocation methodology was rateable properties, while other methodologies were only used where they provided meaningful separation.

Revenue	22,729,870	67,414,340
Expenses	(28,610,222)	(64,757,553)
Net result from discontinued operations	<u>(5,880,352)</u>	<u>2,656,787</u>

Cash flows from (used in) discontinued operations

Net cash inflow/(outflows) from operating activities	(2,830,243)	8,858,150
Net cash inflow/(outflows) from investing activities	(7,543,001)	(5,266,854)
Net cash inflow/(outflows) from financing activities	2,732,192	(356,875)
Net (decrease)/increase in cash generated by the discontinued operations	<u>(7,641,052)</u>	<u>3,234,421</u>

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

Note	2014 \$	2013 \$
12 Cash and cash equivalents		
Cash at bank and on hand	404,540	1,933,494
Deposits at call	28,975,748	9,559,676
Term deposits	5,000,000	4,273,362
Balance as per financial statements	<u>34,380,288</u>	<u>15,766,532</u>
Component of cash held for transfer to Mareeba Shire Council	4,583,923	10,059,905
Balance as per statement of cash flows	<u>38,964,211</u>	<u>25,826,437</u>

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

Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

Unspent recurrent government grants and subsidies	206,873	2,026,200
Unspent capital government grants and subsidies	324,426	507,147
Unspent developer contributions	9,439,775	9,013,612
Cash balance to be transferred to Mareeba Shire Council	4,583,923	-

*Internally imposed expenditure restrictions at the reporting date:

Future Capital Works Reserve	18,431,816	7,195,369
Future Non-Capital Works Reserve	61,948	61,948
Total unspent restricted cash	<u>33,048,760</u>	<u>18,804,276</u>

Cash and deposits at call are held with various financial institutions in normal term deposits and business cheque accounts. These financial institutions have a short term credit rating of between A1+ to A2.

Note 26 includes details of a contingent liability in relation to a potential \$6 million dispute relating to the cash allocation to be transferred to Mareeba Shire Council as a result of de-amalgamation.

13 Short term investments

Opening balance as at 1 July	25,334,932	65,000,000
Add back assets held for transfer to Mareeba Shire Council	16,165,070	-
Transfers (to)/from operating bank account	(37,500,002)	(23,499,998)
Assets held for transfer to Mareeba Shire Council	-	(16,165,070)
Total current fixed short term deposits	<u>4,000,000</u>	<u>25,334,932</u>

14 Trade and other receivables

Current

Rateable revenue and utility charges	1,558,338	1,156,321
Other debtors	6,512,838	2,945,061
Less impairment	(126,551)	(161,024)
Prepayments	533,185	267,275
Loans and advances to community organisations	15,500	250
	<u>8,493,310</u>	<u>4,207,883</u>

Non-current

Loans and advances to community organisations	8,750	9,500
	<u>8,750</u>	<u>9,500</u>

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors.

Loans and advances to community organisations arise from time to time and are subject to negotiated interest rates.

Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014

Note	2014 \$	2013 \$
Movement in accumulated impairment losses (other debtors) is as follows:		
Opening balance at 1 July	161,024	159,063
Additional impairments recognised	126,105	3,001
	<u>287,129</u>	<u>162,064</u>
Less: transfer to assets held for distribution	(158,358)	(1,040)
Less: Impairment debts written off during the year	(2,220)	-
Closing balance at 30 June	<u>126,551</u>	<u>161,024</u>

15 Inventories

Inventories held for sale	-	55,382
Inventories held for distribution		
Quarry and road materials	654,854	604,336
Plant and equipment stores	639,566	573,808
	<u>1,294,420</u>	<u>1,178,144</u>
Land purchased for development and sale	38,848	35,212
	<u>1,333,268</u>	<u>1,268,738</u>

16 Assets classified as held for transfer

Assets held for transfer to Mareeba Shire Council	4,583,923	373,812,366
Liabilities held for transfer to Mareeba Shire Council	-	(16,722,813)
Net assets and liabilities to be transferred	<u>4,583,923</u>	<u>357,089,553</u>

The de-amalgamation of Mareeba Shire Council from Tablelands Regional Council occurred as at 1 January 2014 as per the *Local Government (De-amalgamation Implementation) Regulation 2013*. Assets and liabilities anticipated to be transferred to the Mareeba Shire Council are as follows:-

Cash, investments and cash equivalents	4,583,923	26,224,975
Trade and other receivables	-	10,510,176
Inventories	-	6,098,597
Property, plant and equipment	-	329,681,665
Intangible assets	-	1,296,953
Assets classified as held for transfer	<u>4,583,923</u>	<u>373,812,366</u>
Trade and other payables	-	6,775,505
Borrowings	-	2,264,043
Provisions	-	7,683,265
Liabilities classified as held for transfer	<u>-</u>	<u>16,722,813</u>
Net assets and liabilities to be transferred	<u>4,583,923</u>	<u>357,089,553</u>

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

17 Property, plant and equipment

Note	Land	Buildings		Plant and equipment	Road, drainage and bridge network	Water		Sewerage	Other infrastructure assets		Work in progress	Total
		Fair Value	Cost			Fair Value	Cost		Fair Value	Cost		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	22,974,843	58,795,111	15,986,407	288,517,312	86,145,325	49,818,488	9,558,986	10,119,468	541,915,840	48,215,835	30,527,331	30,527,331
	-	48,215,835	-	-	-	-	-	-	(2,673,466)	-	-	(2,673,466)
	-	(132,469)	(669,434)	(1,770,188)	(45,357)	(56,018)	-	-	206,970	-	-	19,816,100
	-	1,637,249	-	11,490,450	4,112,160	2,369,271	-	-	-	-	-	(1,198,778)
	-	(2,785)	(712,140)	6,799,122	-	-	-	-	(8,700)	-	(7,274,275)	(1,198,778)
	228,088	1,657,274	228,652	12,475,426	3,531,013	3,307,452	2,387,246	(23,815,151)	(297,236)	-	(685,164)	-
	-	-	(667,928)	-	-	-	-	-	-	-	(297,236)	(685,164)
	23,202,931	110,170,215	14,285,557	317,512,122	93,743,141	55,439,193	12,144,502	9,260,137	635,737,798	-	-	635,737,798

Note

Basis of measurement

Asset values

Opening gross value as at 1 July 2013

Adjustment*

Additions

Disposals

Revaluation adjustment to asset revaluation surplus

Final adjustment to assets for transfer to Mareeba

Shire Council

Transfers from work in progress

Transfers to intangible assets and inventories

Closing gross value as at 30 June 2014

5

24

Accumulated depreciation and impairment

Opening balance as at 1 July 2013

Adjustment*

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to asset revaluation surplus

Final adjustment to assets for transfer to Mareeba

Shire Council

Transfers to intangible assets and inventories

Accumulated depreciation as at 30 June 2014

9

5

24

Total written down value as at 30 June 2014

Residual value

Range of estimated useful life in years

Additions comprise:

Tablelands Regional Council

Renewals

Other additions

Total additions

-	-	1,336,101	7,381,021	84,085,299	32,683,911	10,421,590	1,955,626	-	-	-	-	137,863,548
-	-	48,215,834	-	-	-	-	-	-	-	-	-	48,215,834
-	-	1,170,157	1,500,858	3,772,236	1,264,448	796,539	282,402	-	-	-	-	8,786,640
-	-	(5,418)	(440,362)	(1,087,656)	(5,735)	(1,538)	-	-	-	-	-	(1,540,709)
-	-	975,960	-	(7,335,955)	5,381,495	3,084,910	(944,949)	-	-	-	-	1,162,461
-	-	(2,310)	(215,795)	1,214,326	-	-	42,859	-	-	-	-	1,039,080
-	-	-	(166,798)	-	-	-	-	-	-	-	-	(166,798)
-	-	51,691,324	8,058,924	80,648,250	39,324,119	14,301,501	1,335,938	-	-	-	-	195,360,056

23,202,931	58,478,891	6,206,634	236,863,872	54,419,022	41,137,692	10,808,564	9,260,137	440,377,742
-	7,177,808	-	99,524,588	23,800	1,300	-	-	106,727,496
Not depreciated.	10 - 80	2 - 20	12 - 500	10 - 80	10 - 100	5 - 100	-	-

\$	\$	\$	\$	\$	\$	\$	\$	\$
-	955,511	110,677	11,527,914	920,675	230,121	20,114	-	13,765,012
1,577,870	959,374	101,000	2,361,111	2,470,582	763,401	3,059,436	-	11,292,774
1,577,870	1,914,885	211,677	13,889,025	3,391,257	993,522	3,079,550	-	25,057,796

* In prior years certain buildings, after taking account of revaluation adjustments, were shown at net fair value, rather than on a gross basis where both the gross value and accumulated depreciation are both proportionately restated based on the valuation. This adjustment is so that these buildings are now shown on a gross basis.



**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

Note	Land	Buildings		Plant and equipment		Road drainage and bridge network		Water		Sewerage		Other infrastructure assets		Work in progress		Total
		Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	32,782,288	98,460,619	24,119,573	541,629,094	133,457,624	87,602,040	13,661,206	22,566,049	954,278,493							
	-	-	24,545	9,004,137	359,344	551,107	-	34,767,312	44,706,445							
5	-	(75,026)	(1,436,999)	(5,941,551)	-	-	-	-	(7,453,576)							
24	-	(1,975,409)	-	1,177,985	-	-	-	-	(797,424)							
16	(9,915,139)	(46,536,161)	(10,377,431)	(271,068,373)	(51,121,600)	(44,249,811)	(4,898,762)	(7,581,112)	(445,748,389)							
	-	2,456,939	(25,099)	-	-	-	(2,431,841)	-	-							
	107,694	6,464,149	3,681,817	13,716,020	3,449,957	5,915,152	3,228,383	(36,563,172)	(3,069,609)							
	-	-	-	-	-	-	-	-	-							
	22,974,843	58,795,111	15,986,407	288,517,312	86,145,325	49,818,488	9,558,986	(10,119,468)	541,915,940							

Basis of measurement
Asset values
 Opening gross value as at 1 July 2012
 Additions
 Disposals
 Revaluation adjustment to asset revaluation surplus
 Assets held for transfer to Mareeba Shire Council
 Assets transferred to correct class
 Transfers from work in progress
 Transfers to intangible assets and inventories
Closing gross value as at 30 June 2013

	-	445,300	11,453,669	152,947,153	48,755,737	24,796,247	2,523,281	-	240,921,387
9	-	1,859,007	2,450,542	6,628,511	1,847,405	1,516,023	696,521	-	14,998,009
5	-	(3,451)	(1,032,386)	(1,127,144)	-	-	-	-	(2,162,981)
24	-	(41,163)	-	215,100	-	-	-	-	173,937
16	-	(1,403,417)	(5,477,938)	(74,578,321)	(17,919,231)	(15,890,980)	(797,217)	-	(116,066,804)
	-	479,825	(12,866)	-	-	-	(466,959)	-	-
	-	1,336,101	7,381,021	84,085,299	32,683,911	10,421,590	1,955,626	-	137,863,548

Accumulated depreciation and impairment
 Opening balance as at 1 July 2012
 Depreciation provided in period
 Depreciation on disposals
 Revaluation adjustment to asset revaluation surplus
 Assets held for transfer to Mareeba Shire Council
 Assets transferred to correct class
Accumulated depreciation as at 30 June 2013

22,974,843	57,459,070	8,605,386	204,432,013	53,461,414	39,396,898	7,603,360	10,119,468	404,052,392
-	11,914,030	-	166,536,702	62,565	6,400	-	-	178,519,697
Not depreciated.	3 - 100	3 - 50	10 - 500	10 - 100	10 - 80	5 - 100	-	-

Total written down value as at 30 June 2013
 Residual value
 Range of estimated useful life in years

\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-	8,778,414	8,778,414
-	-	-	106,931	44,152	-	-	7,083,603	7,234,696
-	-	-	106,931	44,152	-	-	15,862,017	16,013,100

Additions comprise:
Tablelands Regional Council
 Renewals
 Other additions
 Total additions

\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	7,836,568	-	-	-	13,290,649	21,127,217
-	-	24,545	1,060,638	315,192	551,107	-	5,614,846	7,566,128
-	-	24,545	8,897,206	315,192	551,107	-	18,905,295	28,693,345

Mareeba Shire Council
 Renewals
 Other additions
 Total additions



**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

18 Fair value measurement

(i) Recognised fair value measurements

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

- Land
- Buildings
- Road, drainage and bridge network
- Water infrastructure
- Sewerage infrastructure
- Other infrastructure assets

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 or loss when incurred. The fair value of borrowings disclosed in Note 21 is provided by the 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 level 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 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*.

**Recurring fair value measurements
At 30 June 2014**

	Note	Level 2 (Significant other observable inputs)	Level 3 (Significant unobservable inputs)	Total
Land	17	23,202,931	-	23,202,931
Buildings	17	28,692,285	29,786,606	58,478,891
Road, drainage and bridge network	17	-	236,863,872	236,863,872
Water infrastructure	17	-	54,419,022	54,419,022
Sewerage infrastructure	17	-	41,137,692	41,137,692
Other infrastructure assets	17	-	10,808,564	10,808,564
		51,895,216	373,015,755	424,910,972

There were no transfers between level 2 and 3 during the year.

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

(ii) Valuation techniques used to derive fair values for level 2 and level 3 valuations

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.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

Specific valuation techniques used to value Council assets:

Condition ratings are a significant unobservable input of most Council assets. The condition rating scale that has been used in determining fair value of all relevant assets is outlined in the following table.

Condition rating	Condition description	Description explanation	Useful life consumed
1	Very Good	All components free of defects and structure well maintained. Only planned maintenance required.	0-20%
2	Good	Minor maintenance required plus planned maintenance. Free of defects affecting performance, integrity and durability.	20-40%
3	Fair/Satisfactory	Defects affecting durability which require monitoring and/or maintenance. Significant maintenance required to return to accepted level of service.	40-60%
4	Poor	Defects affecting performance and structural integrity. Renewal or upgrade required.	60-80%
5	Very Poor	Unserviceable. Requires urgent attention, life and property at risk.	80-100%

Land (level 2)

Land was last comprehensively valued at current market value as at 30 June 2012 by AssetVal Pty Ltd, Registered Valuers. Land is valued using level 2 inputs including observable historical sales data for properties of similar nature and specification within the Tablelands region. Research of the various submarkets within the Council area has been undertaken through analysis of sales evidence and discussion with real estate agents.

Where there was a lack of appropriate comparable sales evidence in certain geographic locations and also for properties for certain specific comparable land use and/or zoning, regard was given to the closest comparable sales and the subject properties' general geographic/land use/zoning in relation to those sales.

AssetVal Pty Ltd valuations are also based upon land zoning and land use information provided by Council as well as the information obtained from third party property and mapping databases such as RP Data, Property Data Solutions and Tablelands GIS.

There have been a number of new additions to the land register since the 2012 revaluations. As these assets are recorded at the actual cost to purchase the land, it is considered to provide observable market evidence of the market value and therefore these assets are also categorised at level 2.

A review was undertaken as at 30 June 2014 based on the ABS Producers' Price Index "Non-Residential Building Construction - Queensland". This index increased by 0.2188% since 30 June 2012. As the movement was not material, no revaluation adjustments have been provided for as at 30 June 2014.

Land under roads is not valued.

Buildings (level 2 and 3)

Building assets were last comprehensively valued as at 30 June 2012 by AssetVal Pty Ltd, Registered Valuers.

In determining the fair value of Council's building assets, AssetVal Pty Ltd conducted research into the Queensland property market. The valuation methodology has been determined having regard to the existence of a market, the level of specialisation of the asset and the availability of sales evidence. Each asset is considered together with the land component and other improvements at the location.

Level 2 valuation inputs

Level 2 valuation inputs were used to determine the fair value of residential buildings, Council office buildings, child care facilities and commercial properties within the buildings asset register. These assets fair values have been derived from an analysis of comparable residential, unit, vacant land and commercial sales within the Tableland Region between the beginning of the Global Financial Crisis and the date of the revaluation being 30 June 2012.

There have been a number of new additions to the buildings register since 30 June 2012. As these assets are recorded at the actual cost to build the asset, this is considered to provide observable market evidence of the replacement cost and therefore these assets are categorised as a level 2.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

Level 3 valuation inputs

Where Council buildings are of a specialised nature and there is no active market for the assets, fair value has been determined on the basis of written down current replacement cost, with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived from reference to market data for recent projects and costing guides issued by the Australian Institute of Quality Surveyors, Rawlinson's (Australian Handbook 2012).

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

The valuation's sensitivity to these inputs is summarised below.

<i>Significant unobservable input</i>	<i>Range of inputs</i>	<i>Relationship of unobservable inputs to fair value</i>
Condition rating	1-5 representing very good to very poor	The higher the condition rating, the lower the fair value.
Remaining useful life	40 - 100	The longer the remaining economic life, the higher the fair value.
Residual values	0-10%	The higher the residual value, the higher the fair value.
Number of labour hours	Varies depending on types of assets	The higher the labour hours, the higher the fair value.
Number of plant hours and type of plant used	Varies depending on types of assets	The higher the plant hours, the more costly the plant used in the process, the higher the fair value.
Standard material usage quantities	Varies depending on types of assets	The higher the usage quantities, the higher the fair value.

Building assets held by Council were valued as at 30 June 2012 at fair value by AssetVal Pty Ltd, Registered Valuers. The building assets were revalued using indexation on 30 June 2013. The index movement since the 2013 revaluation is 1.5136% which is considered immaterial.

While the movement in index from 30 June 2013 is not considered material, this asset class has been revalued incorporating a review of remaining useful lives. This has resulted in a net increase of \$660,289 to the asset revaluation surplus.

Infrastructure assets (Road, drainage and bridge network, water and sewerage)

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

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. 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 the 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. The DRC was determined using methods relevant to the asset class as described under individual asset categories below.

Road and bridge network (level 3)

Current replacement cost

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. The road network is managed in segments of varying lengths. This can be dependent on construction type, environment and surroundings. All road segments are then componentised into formation, pavement and surface (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is constructed to the same standard and uses consistent unit rates.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs, service costs, and overhead allocations. Council assumes that formation, pavement and surfaces are constructed to the standards of the FNQROC Development Manual and DTMR Construction Standards. For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and labour wage rates were based on Council's Enterprise Bargaining Agreement (EBA). All direct costs were allocated to assets at standard usage quantities according to recently completed similar projects. Where construction is outsourced, CRC was based on the average unit rates of completed similar projects over the last few years.

Accumulated depreciation

In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives.

Assessment of expired service potential and remaining useful lives was undertaken based on a straight line basis derived from the associated benchmark life for the type of asset or condition information where reliable information is available.

Estimated useful lives and residual values are disclosed in Note 17.

Road and bridge network - sensitivity of valuation to unobservable inputs

As detailed above, Council's road and bridge network has been valued using written down current replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

<i>Significant unobservable input</i>	<i>Range of inputs</i>	<i>Relationship of unobservable inputs to fair value</i>
Condition rating	1-5 representing very good to very poor	The higher the condition rating, the lower the fair value.
Remaining useful life	5 - 100	The longer the remaining economic life, the higher the fair value.
Residual values	0-10%	The higher the residual value, the higher the fair value.
Number of labour hours	Varies depending on types of assets	The higher the labour hours, the higher the fair value.
Number of plant hours and type of plant used	Varies depending on types of assets	The higher the plant hours, the more costly the plant used in the process, the higher the fair value.
Standard material usage quantities	Varies depending on types of assets	The higher the usage quantities, the higher the fair value.

The last comprehensive valuation of road and bridge infrastructure was undertaken effective 30 June 2012 by AssetVal Pty Ltd, Registered Valuers.

A review was undertaken as at 30 June 2014 based on the ABS Producers' Price Index "Road and Bridge Construction - Queensland". This index increased by 4.3436% since 30 June 2012. While the movement in index from 30 June 2012 is not considered material, this asset class has been revalued incorporating a review of residual values, useful lives and remaining lives and decrements relating to 2013 and 2014 weather events. This has resulted in an increase of \$17,961,437 to the asset revaluation surplus. Approximately \$8.5 million of the total asset revaluation increase would have applied in relation to the indexation increase only.

Drainage infrastructure (level 3)

Current replacement cost

Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. Where drainage assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date. Construction estimates were determined on a similar basis to roads.

Accumulated depreciation

In determining the level of accumulated depreciation, drainage assets were disaggregated into significant components which exhibited different useful lives.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

Estimated useful lives and residual values are disclosed in Note 17.

Drainage infrastructure - sensitivity of valuation to unobservable inputs

The table below summarised the effect that changes in the most significant unobservable inputs would have on the valuation:

<i>Significant unobservable input</i>	<i>Range of inputs</i>	<i>Relationship of unobservable inputs to fair value</i>
Condition rating	1-5 representing very good to very poor	The higher the condition rating, the lower the fair value.
Remaining useful life	20-100	The longer the remaining economic life, the higher the fair value.
Residual values	0-10%	The higher the residual value, the higher the fair value.
Number of labour hours	Varies depending on types of assets	The higher the labour hours, the higher the fair value.
Number of plant hours and type of plant used	Varies depending on types of assets	The higher the plant hours, the more costly the plant used in the process, the higher the fair value.
Standard material usage quantities	Varies depending on types of assets	The higher the usage quantities, the higher the fair value.

The drainage assets were valued internally by Council's qualified Civil Works Department engineering staff as at 30 June 2009. Material movements in indices resulted in revaluation adjustments in 30 June 2010 and 30 June 2013.

A review was undertaken as at 30 June 2014 based on the ABS Producers' Price Index "Roads and Bridges Construction - Queensland". This index increased by 2.3923% and this asset class has been revalued incorporating review of remaining lives resulting in an increase of \$864,968 to the asset revaluation surplus. Approximately \$1.2 million would have applied in relation to the indexation increase only.

**Below ground water and sewerage infrastructure (level 3)
Current replacement cost**

The water and sewerage assets were segregated into active and passive assets. For passive assets (water and sewer mains; water meters) unit rates were applied based on similar recent project costs, unit rate databases, indices, Rawlinson's construction rates and quotations, and reviews by Council engineers.

Accumulated depreciation

In determining the level of accumulated depreciation for major assets, the assets have been disaggregated into significant components which exhibit different patterns of consumption (useful lives). Residual value (the value at the time the asset is considered no longer available) is also a factor. A condition assessment is applied on a component basis, which is based on factors such as the age of the asset, overall condition at the time of inspection, economic and/or function obsolescence. The condition assessment directly translates to the level of depreciation applied.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

Below ground water and sewerage - sensitivity of valuation to unobservable inputs

The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

<i>Significant unobservable input</i>	<i>Range of inputs</i>	<i>Relationship of unobservable inputs to fair value</i>
Condition rating	1-5 representing very good to very poor	The higher the condition rating, the lower the fair value.
Remaining useful life	60-100	The longer the remaining economic life, the higher the fair value.
Residual values	0-10%	The higher the residual value, the higher the fair value.
Number of labour hours	Varies depending on types of assets	The higher the labour hours, the higher the fair value.
Number of plant hours and type of plant used	Varies depending on types of assets	The higher the plant hours, the more costly the plant used in the process, the higher the fair value.
Standard material usage quantities	Varies depending on types of assets	The higher the usage quantities, the higher the fair value.

The last comprehensive valuation of below ground water and sewerage was undertaken effective 30 June 2012 by AssetVal Pty Ltd, Registered Valuers.

A review was undertaken as at 30 June 2014 based on the ABS Producers' Price Index "Roads and Bridge Construction - Queensland". This index increased by 4.3436% since 30 June 2012. This has resulted in an increase of \$2,285,979 to the asset revaluation surplus.

Above ground water and sewerage infrastructure (level 3)

Current replacement cost

As previously stated, the water and sewerage assets are segregated into active and passive assets. The active assets of treatment, pumping and storage assets were componentised and valued independently, with allowances for complexity, size, function and site factors. Unit rates were applied based on unit rate databases, indices, Rawlinson's construction rates and quotations and reviews by Council engineers.

Accumulated depreciation

The process for determining the accumulated depreciation is similar to the below ground water and sewerage assets. The assets are disaggregated into significant components which exhibit different useful lives. A condition assessment is applied on a component basis, which is based on factors such as the age of the asset, overall condition at the time of inspection, economic and/or function obsolescence. Inspections were conducted on all above ground water and sewerage assets in determining the condition assessment. This condition assessment is then used to calculate the amount of depreciation that should be applied to the asset.

Above ground water and sewerage - sensitivity of valuation to unobservable inputs

The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

<i>Significant unobservable input</i>	<i>Range of inputs</i>	<i>Relationship of unobservable inputs to fair value</i>
Condition rating	1-5 representing very good to very poor	The higher the condition rating, the lower the fair value.
Remaining useful life	25-60	The longer the remaining economic life, the higher the fair value.
Residual values	0-10%	The higher the residual value, the higher the fair value.
Number of labour hours	Varies depending on types of assets	The higher the labour hours, the higher the fair value.
Number of plant hours and type of plant used	Varies depending on types of assets	The higher the plant hours, the more costly the plant used in the process, the higher the fair value.
Standard material usage quantities	Varies depending on types of assets	The higher the usage quantities, the higher the fair value.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

The last comprehensive valuation of above ground water and sewerage was undertaken effective 30 June 2011 by Sinclair Knight Mertz.

A review was undertaken as at 30 June 2014 based on the ABS Producers' Price Index "Road and Bridge Construction - Queensland". This index increased by 6.5370% since 30 June 2011. A review of the remaining lives based on condition assessments has resulted in a net decrease of \$4,270,953 to the asset revaluation surplus.

The revaluation resulted in a total water decrease of \$1,269,335 to asset revaluation surplus and a total sewerage decrease of \$715,639 to asset revaluation surplus.

Other infrastructure assets (level 3)

The fair value of other infrastructure assets is measured at written down current replacement cost. These assets consist primarily of park furniture, playground equipment and waste infrastructure.

Current replacement cost

As Council's other infrastructure assets 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 having similar service potential. Published or available market data for recent projects, and published cost guides are utilised to determine the estimated replacement cost, including allowances for preliminaries and professional fees.

Accumulated depreciation

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit different useful lives. As assessment of the economic life and remaining economic life has been derived from experience with similar assets.

Other infrastructure - sensitivity of valuation to unobservable inputs

The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

<i>Significant unobservable input</i>	<i>Range of inputs</i>	<i>Relationship of unobservable inputs to fair value</i>
Condition rating	1-5 representing very good to very poor	The higher the condition rating, the lower the fair value.
Remaining useful life	20 - 40	The longer the remaining economic life, the higher the fair value.
Residual values	0-10%	The higher the residual value, the higher the fair value.
Number of labour hours	Varies depending on types of assets	The higher the labour hours, the higher the fair value.
Number of plant hours and type of plant used	Varies depending on types of assets	The higher the plant hours, the more costly the plant used in the process, the higher the fair value.
Standard material usage quantities	Varies depending on types of assets	The higher the usage quantities, the higher the fair value.

Council's other infrastructure assets were valued as at 30 June 2009 by Council's qualified Civil Works Department engineering staff using the depreciated replacement cost.

An interim revaluation was carried out as at 30 June 2010 using an index management chosen after considering CPI, QLD Constructions, building indexes and local conditions.

A review was undertaken as at 30 June 2014 based on the ABS Producers' Price Index Queensland Non-Residential Building Construction. This index increased by 2.8600% since 30 June 2010. This has resulted in an increase of \$1,151,919 to the asset revaluation surplus.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

(iii) Changes in fair value measurements using significant unobservable inputs (level 3)

The changes in level 3 assets with recurring fair value measurements are detailed in Note 17 (Property, Plant and Equipment) and Note 5 (Capital Income). However, since the buildings class disclosed in those notes comprise both level 2 and level 3 assets, the movement in level 3 buildings is detailed below. There have been no transfers between level 1, 2 or 3 measurements during the year.

Changes in buildings (level 3)	\$
Opening value as at 1 July 2013	31,096,792
Additions	441,494
Disposals	(22,298)
Revaluation adjustment to other comprehensive income (asset revaluation surplus) *	30,342,437
Closing value as at 30 June 2014	<u>61,858,425</u>
Accumulated depreciation and impairment	
Opening balance as at 1 July 2013	681,821
Depreciation provided in period	607,211
Depreciation on disposals	(2,230)
Revaluation adjustment to asset revaluation surplus*	30,785,017
Accumulated depreciation as at 30 June 2014	<u>32,071,819</u>
Book value as at 30 June 2014	<u>29,786,606</u>

* In prior years, certain level 3 buildings, after taking account of the revaluation adjustments, were shown at net fair value, rather than on a gross basis where both the gross value and accumulated depreciation are proportionately restated based on the valuation. The revaluation adjustments at 30 June 2014 incorporate adjustments to both the gross values and the accumulated depreciation in respect of those buildings so that they are now shown on a gross basis.

(iv) Valuation processes

Council's valuation policies and procedures are set by the Executive Leadership Team which comprises the Chief Executive Officer, Deputy Chief Executive Officer, General Managers and Executive Manager Finance. 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 is set out in Note 1.O.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

Note	2014 \$	2013 \$
19 Intangible assets		
Software		
Opening gross value	2,099,041	3,090,755
Additions	349,921	1,071,965
Transfer from Property Plant & Equipment	567,928	-
Disposals	(88,632)	-
	<u>2,928,258</u>	<u>4,162,720</u>
Less transfers to assets held for distribution	(469,824)	(2,063,679)
Closing gross value	<u>2,458,434</u>	<u>2,099,041</u>
Accumulated amortisation		
Opening balance	1,322,165	1,195,498
Amortisation in the period	245,843	348,104
Transfer from Property Plant & Equipment	166,798	-
Disposals	(34,102)	-
	<u>1,700,704</u>	<u>1,543,602</u>
Accumulated amortisation of assets held for distribution	(763,612)	(766,726)
Closing balance	<u>937,092</u>	<u>776,876</u>
Total intangible assets	<u>1,521,342</u>	<u>1,322,165</u>

The software has a finite life estimated at 10 years.
Straight line amortisation has been used with no residual value.

20 Trade and other payables

Current

Creditors and accruals	12,119,231	3,156,950
Employee redundancy	1,809,181	-
Annual leave	1,852,353	1,436,531
Other entitlements	206,579	193,710
Balance of cash payable for restructure of local government	4,583,923	-
	<u>20,571,267</u>	<u>4,787,191</u>

Non-current

Annual leave	670,692	674,284
	<u>670,692</u>	<u>674,284</u>

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

Note	2014 \$	2013 \$
21 Borrowings		
Current		
Loans - Queensland Treasury Corporation	368,678	345,910
Loans - other	61,050	61,050
	<u>429,728</u>	<u>406,960</u>
Non-current		
Loans - Queensland Treasury Corporation	5,267,660	5,638,316
Loans - other	183,150	244,200
	<u>5,450,810</u>	<u>5,882,516</u>
Loans - Queensland Treasury Corporation		
Opening balance at beginning of financial year	5,984,226	8,720,656
Principal repayments	(347,888)	(472,387)
	<u>5,636,338</u>	<u>8,248,269</u>
Less: transfer to liabilities directly associated with assets held for distribution	-	(2,264,043)
Book value at end of financial year	<u>5,636,338</u>	<u>5,984,226</u>
<p>The QTC loan market value for the continuing council at the reporting date was \$6,374,528. 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.</p>		
Loans - other		
Opening balance at beginning of financial year	305,250	366,300
Principal repayments	(61,050)	(61,050)
Book value at end of financial year	<u>244,200</u>	<u>305,250</u>

No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland Government.

All borrowings are in \$A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 31 March 2017 to 30 June 2031. There have been no defaults or breaches of the loan agreement during the period.

Principal and interest repayments are made quarterly and semi annually in arrears.

22 Finance leases

Movements in finance lease during the reporting period were as follows:

Balance at beginning of financial year	-	422,500
Payments made in the period	-	(37,500)
Minimum lease payments	-	385,000
Less: transfer to liabilities directly associated with assets held for distribution	-	(385,000)
Balance at end of financial year	<u>-</u>	<u>-</u>

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

Note	2014	2013
	\$	\$
23 Provisions		
Current		
Long service leave	686,516	265,201
Refuse restoration	1,044,988	-
	<u>1,731,504</u>	<u>265,201</u>
Non-current		
Quarry rehabilitation	88,000	78,000
Refuse restoration	4,012,099	5,893,687
Long service leave	1,915,351	2,280,266
	<u>6,015,450</u>	<u>8,251,953</u>
Details of movements in provisions:		
Quarry rehabilitation		
Balance at beginning of financial year	78,000	78,000
Increase/(decrease) in provision	10,000	-
Balance at end of financial year	<u>88,000</u>	<u>78,000</u>
This is the present value of the estimated cost of restoring the quarry site to a useable state at the end of its useful life.		
Refuse restoration		
Balance at beginning of financial year	5,893,687	11,429,207
Increase/(decrease) in provision - Council controlled land	(687,073)	-
Increase/(decrease) in provision - Other land not Council controlled	168,576	195,153
	<u>5,375,190</u>	<u>11,624,360</u>
Less: transfer to liabilities directly associated with assets held for distribution	(318,103)	(5,730,673)
Balance at end of financial year	<u>5,057,087</u>	<u>5,893,687</u>
This is the present value of the estimated cost of restoring the refuse disposal sites to a useable state at the end of the landfill sites useful lives. The projected costs are \$1,044,988 for Yungaburra, Malanda and Herberton landfill sites with the costs to be incurred in 2015. The projected costs are \$4,461,165 for Atherton landfill site with the costs expected to be incurred in 2027 and \$2,633,617 for Alcatraz landfill site with the costs expected to be incurred in 2034.		
Long service leave		
Balance at beginning of financial year	2,545,467	3,851,593
Long service leave entitlement arising	659,886	1,085,492
Long service leave entitlement extinguished	(352,276)	-
Long service entitlement paid	(251,210)	(445,958)
	<u>2,601,867</u>	<u>4,491,127</u>
Less: transfer to liabilities directly associated with assets held for distribution	-	(1,945,660)
Balance at end of financial year	<u>2,601,867</u>	<u>2,545,467</u>

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

Note	2014	2013
	\$	\$
24 Asset revaluation surplus		
Movements in the asset revaluation surplus were as follows:		
Balance at beginning of financial year	66,408,766	67,380,127
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	687,073	-
Buildings	660,289	(1,934,246)
Road, drainage and bridge network	18,826,405	962,885
Water	(1,269,335)	-
Sewerage	(715,639)	-
Other infrastructure assets	1,151,919	-
Balance at end of financial year	<u>85,749,478</u>	<u>66,408,766</u>
Asset revaluation surplus analysis		
The closing balance of the asset revaluation surplus comprises the following asset categories:		
Land	6,883,128	6,196,055
Buildings	11,556,760	10,896,471
Road, drainage and bridge network	29,479,716	10,653,311
Water	26,838,444	28,107,779
Sewerage	9,204,882	9,920,521
Other infrastructure assets	1,786,548	634,629
	<u>85,749,478</u>	<u>66,408,766</u>
25 Commitments for expenditure		
Contractual commitments		
Continuing operations		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Garbage collection contract	220,152	808,846
Cleaning contractors	21,349	208,006
Facility management	75,644	-
Capital asset	2,385,424	-
	<u>2,702,569</u>	<u>1,016,852</u>

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

26 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 it is 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 to any year that a deficit arises.

As at 30 June 2014 the financial statements of LGM Queensland 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 worker's 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 \$729,560 (2013: \$689,935).

Possible liability arising from the de-amalgamation of Mareeba Shire Council

The substantial and involved de-amalgamation process between the above two councils has progressed almost to completion as at the reporting date. The process was guided by legislation consisting of the *Local Government (De-amalgamation Implementation) Regulation 2013*, supported by the De-amalgamation Transfer Methodology and independent consultants engaged to determine a final cash allocation to Mareeba Shire Council from Tablelands Regional Council.

As a result of the work performed by the consultant, a dispute arose in response to the treatment of de-amalgamation costs and the cash flow methodology used to account for asset movements between the two councils.

The position of Tablelands Regional Council is that the current cash allocation to Mareeba Shire Council, disclosed in note 30, is \$6 million lower than the figure arrived at by the consultant due to this dispute. Tablelands Regional Council maintains that, until the disputed amount can be substantiated, Tablelands Regional Council will be making no further cash payments to Mareeba Shire Council.

It is the contention of Mareeba Shire Council that the consultants findings should stand and an amount of up to \$6 million is still payable to Mareeba Shire Council. This matter could not be resolved by the Transfer Committee, and has been referred to the Minister for Local Government, Community Recovery and Resilience for his consideration.

27 Superannuation

The Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). 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 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).

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

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 full 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 Regional 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 Regional 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 scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this 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 71 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 71 councils. Tablelands Regional Council made less than 4% of the total contributions to the plan in the 2013-14 financial year.

The next actuarial investigation will be conducted as at 1 July 2015.

The amount of superannuation contributions paid to the scheme in this period for the benefit of employees and Councillors was:

Total from continuing operations
Total from discontinued operations

	2014	2013
	\$	\$
	2,281,470	2,112,788
	920,840	1,714,081
	<u>3,202,310</u>	<u>3,826,869</u>

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

Note	2014 \$	2013 \$
28 Operating lease income		
Continuing operations		
The Council has leased facilities to independent operators. The minimum lease receipts are as follows:		
Not later than one year	162,813	126,558
One to five years	324,585	269,991
Later than five years	1,371,998	1,500,942
	<u>1,859,396</u>	<u>1,897,491</u>

29 Trust funds

Trust funds held for outside parties

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	926,641	1,505,454
Plus Interest yet to be transferred to general fund	-	1,218
	<u>926,641</u>	<u>1,506,672</u>

The Council performs only 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.

The Council invests funds in a term deposit in the name of Tablelands Regional Council as Trustee for the Nellie Willetts Educational Bursary. These funds have been included in the total of the trust funds held for outside parties. On 30 June 2014 the total of these funds amounted to \$84,798 (2013 \$86,548).

Council opened a Mayor's Community Appeal Gift Fund on 8 October 2012. The purpose of the Gift Fund was for Council to receive and maintain money that can be used to support people in necessitous circumstances. On 30 June 2014 the total of these funds amounted to \$1,784 (2013 \$1,960).

30 Disposal due to the de-amalgamation of Mareeba Shire Council

On 11 April 2013 the Queensland State Government enacted the *Local Government (De-amalgamation Implementation) Regulation 2013* for the purpose of de-amalgamating several local government areas, including Tablelands. Tablelands Regional Council would continue with different boundaries and Mareeba Shire Council would be established as a new local government area. The de-amalgamation took effect on 1 January 2014. As part of the de-amalgamation process, the transfer committee which included representatives of both Councils, determined the assets and liabilities to transfer from Tablelands Regional Council. No compensation was received by either Council for the assets and liabilities transferred and a loss on restructure has been recorded in accordance with AASB 3 *Business Combinations*.

Cash was apportioned based on the opening balances inherited by Council on amalgamation and the reconstruction of the cash flows for the period of amalgamation. Similarly, loans were allocated based on the opening balances on amalgamation and the direct allocation of new borrowings and repayments over the period of amalgamation. Other assets and liabilities were mainly apportioned on the basis of geographical location. Where a geographical apportionment or another direct allocation was not possible, the number of rateable properties was used, while other allocation methodologies were only used where they provided meaningful separation.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

	Note	2014 \$	2013 \$
(a) Analysis of assets and liabilities over which control was lost			
Current assets			
Cash, investments and cash equivalents	30 (b)	18,583,923	
Trade and other receivables		2,760,716	
Inventories		5,727,861	
Non-current assets			
Trade and other receivables			
Property, plant and equipment		331,919,529	
Intangible assets		1,548,454	
Current liabilities			
Trade and other payables		(1,388,541)	
Borrowings		(3,028,933)	
Provisions		(2,070,451)	
Non-current liabilities			
Trade and other payables		(657,177)	
Borrowings		(2,201,417)	
Provisions		(6,053,087)	
		<u>345,140,877</u>	
Compensation received		-	
Loss on restructure of local government		<u>345,140,877</u>	
(b) Net cash outflow on disposal of Mareeba Shire Council			
Initial cash transfer made on restructure		14,000,000	
		<u>14,000,000</u>	
Balance of cash payable to Mareeba Shire Council		4,583,923	
		<u>18,583,923</u>	

In addition to the above, \$685,395 in trust monies was transferred to Mareeba Shire Council. As the Council only performed a custodial role in respect to these monies, they have not been brought to account in calculating the net loss on local government de-amalgamation.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

Note	2014 \$	2013 \$
31 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities		
Net result	(348,295,130)	2,808,202
Non-cash items:		
Loss on restructure of local government	345,140,877	-
Depreciation and amortisation	9,032,483	15,346,114
Finance costs	-	272,026
Donated assets	(1,220,976)	(2,078,015)
	<u>352,952,384</u>	<u>13,540,125</u>
Investing and development activities:		
Net (profit)/loss on disposal of non-current assets	835,803	4,285,779
Net movement in loans and advances	12,750	20,000
Capital grants and contributions	(16,022,342)	(9,513,391)
	<u>(15,173,789)</u>	<u>(5,207,612)</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(4,284,677)	(750,358)
(Increase)/decrease in inventory	(64,530)	(407,609)
Increase/(decrease) in payables	15,780,484	(443,202)
Increase/(decrease) in provisions	(770,200)	506,282
	<u>10,661,077</u>	<u>(1,094,887)</u>
Net cash inflow from operating activities	<u>144,542</u>	<u>10,045,828</u>

Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014

32 Financial instruments

Tablelands Regional Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

Financial risk management

Tablelands Regional Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

Council's Executive Leadership Team approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

Tablelands Regional Council does not enter into derivatives.

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar state/Commonwealth bodies or financial institutions in Australia, in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

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

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

	Note	2014 \$	2013 \$
Financial assets			
Cash and cash equivalents	12	34,380,288	15,766,532
Short term investments	13	4,000,000	25,334,932
Receivables - rates	14	1,558,338	1,156,321
Receivables - other	14	6,410,537	2,793,787
Other credit exposures			
Guarantee	26	729,560	689,935
		<u>47,078,723</u>	<u>45,741,507</u>

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. All investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

Short term investments

Term deposits are held with financial institutions, which are rated A1+ to A2 based on rating agency Standard & Poor's ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

Receivables - rates

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

Receivables - other

In the case of sundry receivables, the Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

By the nature of 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 agricultural sector.

Ageing of sundry receivables and the amount of any impairment is disclosed in the following table:

	2014	2013
	\$	\$
Not past due	5,457,852	2,555,365
Past due 31-60 days	882,219	76,209
Past due 61-90 days	13,143	30,173
More than 90 days	183,874	293,064
Impaired	(126,551)	(161,024)
Total	<u>6,410,537</u>	<u>2,793,787</u>

Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its 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 with Queensland Treasury Corporation.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2014					
Trade and other payables	16,703,154	-	-	16,703,154	16,703,154
Loans - QTC	701,419	2,293,736	5,631,875	8,627,030	5,636,338
Loans - other	61,050	183,150	-	244,200	244,200
	<u>17,465,623</u>	<u>2,476,886</u>	<u>5,631,875</u>	<u>25,574,384</u>	<u>22,583,692</u>
2013					
Trade and other payables	3,156,950	-	-	3,156,950	3,156,950
Loans - QTC	708,287	2,611,176	5,866,109	9,185,572	5,984,226
Loans - other	61,050	244,200	-	305,250	305,250
	<u>3,926,287</u>	<u>2,855,376</u>	<u>5,866,109</u>	<u>12,647,772</u>	<u>9,446,426</u>

The outflows in the above table are not expected to occur significantly earlier and are not expected to be for significantly different amounts than indicated in the table.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Council's income or the value of its holdings of financial instruments.

Interest rate risk

Tablelands Regional Council is exposed to interest rate risk through investments and borrowings with QTC and other financial institutions.

The Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

Sensitivity

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date.

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the result and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

	Net carrying amount \$	Result		Equity	
		1% increase \$	1% decrease \$	1% increase \$	1% decrease \$
2014					
QTC cash fund	28,975,748	289,757	(289,757)	289,757	(289,757)
Other investments	9,404,540	94,045	(94,045)	94,045	(94,045)
Loans - QTC	5,636,338	(56,363)	56,363	(56,363)	56,363
Loans - other	244,200	-	-	-	-
Net total	44,260,826	327,439	(327,439)	327,439	(327,439)
2013					
QTC cash fund	9,559,676	95,597	(95,597)	95,597	(95,597)
Other investments	31,541,788	315,418	(315,418)	315,418	(315,418)
Loans - QTC	5,984,226	(59,842)	59,842	(59,842)	59,842
Loans - other	305,250	-	-	-	-
Net total	47,390,940	351,173	(351,173)	351,173	(351,173)

In relation to the QTC loans held by the Council, the following has been applied:

QTC Generic Debt Pool - the generic debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

Fair value

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is disclosed in Note 21.

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

**Tablelands Regional Council
Notes to the financial statements
For the year ended 30 June 2014**

33 National Competition Policy

Business activities to which the code of competitive conduct is applied

Tablelands Regional Council applies the competitive code of conduct to the following activities:

- Water services
- Sewerage services
- Waste management

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 CSO value is determined by Council, and represents an activities cost(s) which would not be incurred if the primary objective of the activities was to make a profit. The Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSOs by the Council.

The following activity statements are for activities subject to the competitive code of conduct:

	Water services 2014 \$	Sewerage services 2014 \$	Waste management 2014 \$
Revenue for services provided to the Council	529,500	76,200	24,853
Revenue for services provided to external clients	4,940,759	3,884,075	7,073,400
Community service obligations	464,800	115,600	-
	5,935,059	4,075,875	7,098,253
Less : Expenditure	4,815,916	2,785,964	7,255,010
Surplus/(deficit)	1,119,143	1,289,911	(156,757)

Description of CSOs provided to business activities:

Activities	CSO description	Net cost \$
Water & sewerage	For providing free services to public areas and supporting small schemes	580,400



**Tablelands Regional 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.

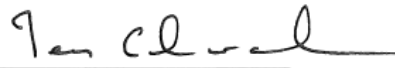
In accordance with section 212(5) of the Regulation we certify that:

- (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.



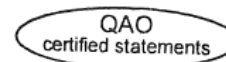
Mayor
Rosa Lee Long

Date: 30/01/2015



Chief Executive Officer
Ian Church

Date: 30/01/2015



INDEPENDENT AUDITOR'S REPORT

To the Mayor of Tablelands Regional Council

Report on the Financial Report

I have audited the accompanying financial report of Tablelands Regional 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 Tablelands Regional 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
or (as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane



Tablelands Regional Council Financial Sustainability Indicators

For the year ended 30 June 2014

Table of contents

Current year measures of financial sustainability
Certificate of accuracy - current year financial sustainability
Independent Auditor's Report on current year measures of financial sustainability
Long term measures of financial sustainability
Certificate of accuracy - long term financial sustainability

**Tablelands Regional Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2014**

Measures of Financial Sustainability

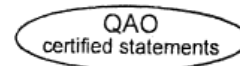
Council's performance at 30 June 2014 against key financial ratios and targets:

	How the measure is calculated	Actual	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-25.4%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	156.7%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-35.4%	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.

The operating deficit at 30 June 2014 includes approximately \$6.5 million dollars expenditure on Natural Disaster Recovery and Relief Arrangements restoration of essential public assets and emergency works for which the subsidy is yet to be paid or was paid in prior periods. Approximately \$2 million dollars subsidy was received in prior periods and approximately \$4.5 million is pending approval by the Queensland Reconstruction Authority.



Tablelands Regional Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2014

Certificate of Accuracy
For the year ended 30 June 2014

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.



Mayor
Rosa Lee Long

Date: 30/01/2015



Chief Executive Officer
Ian Church

Date: 30/01/2015

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Tablelands Regional 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 Tablelands Regional 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

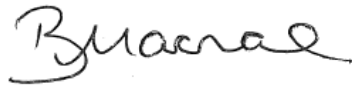
In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Tablelands Regional Council, for the year ended 30 June 2014, has been accurately calculated.

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)



Queensland Audit Office
Brisbane



Tablelands Regional Council Financial Sustainability Indicators For the year ended 30 June 2014

Table of contents

Current year measures of financial sustainability
Certificate of accuracy- current year financial sustainability
Independent Auditor's Report on current year measures of financial sustainability
Long term measures of financial sustainability
Certificate of accuracy- long term financial sustainability

**Tablelands Regional Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2014**

Measures of Financial Sustainability

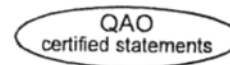
Council's performance at 30 June 2014 against key financial ratios and targets:

	How the measure is calculated	Actual	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-25.4%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	156.7%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-35.4%	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.

The operating deficit at 30 June 2014 includes approximately \$6.5 million dollars expenditure on Natural Disaster Recovery and Relief Arrangements restoration of essential public assets and emergency works for which the subsidy is yet to be paid or was paid in prior periods. Approximately \$2 million dollars subsidy was received in prior periods and approximately \$4.5 million is pending approval by the Queensland Reconstruction Authority.



Tablelands Regional Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2014

Certificate of Accuracy
For the year ended 30 June 2014


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.



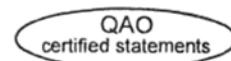
Mayor
Rosa Lee Long

Date: 30/01/2015



Chief Executive Officer
Ian Church

Date: 30/01/2015



INDEPENDENT AUDITOR'S REPORT

To the Mayor of Tablelands Regional 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 Tablelands Regional 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

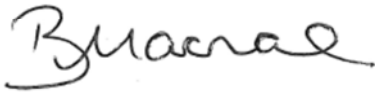
In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Tablelands Regional Council, for the year ended 30 June 2014, has been accurately calculated.

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)



Queensland Audit Office
Brisbane

Tablelands Regional Council
 Long-Term Financial Sustainability
 Prepared as at 30 June 2014

Measures of Financial Sustainability Council	Measure	Target	Projected for the years ended										
			Actuals at 30 June 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Operating surplus ratio	Net result divided by total operating revenue	Between 0% and 10%	-25.4%	-2.6%	-0.3%	1.6%	2.5%	3.3%	3.8%	4.5%	5.0%	5.4%	
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	156.7%	102.0%	98.5%	97.9%	147.1%	94.8%	111.5%	93.9%	96.9%	80.0%	
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	-35.4%	-12.6%	-15.1%	-13.3%	-3.7%	-5.8%	-4.4%	-8.8%	-12.5%	-17.7%	

Tablelands Regional 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.


The operating deficit at 30 June 2014 includes approximately \$6.5 million dollars expenditure on Natural Disaster Recovery and Relief Arrangements restoration of essential public assets and emergency works for which the subsidy is yet to be paid or was paid in prior periods. Approximately \$2 million dollars subsidy was received in prior periods and approximately \$4.5 million is pending approval by the Queensland Reconstruction Authority.

Tablelands Regional Council
Long-Term Financial Sustainability Statement
For the year ended 30 June 2014

Certificate of Accuracy
For the year ended 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.



Mayor
Rosa Lee Long

Date: 30/01/2015



Chief Executive Officer
Ian Church

Date: 30/01/2015

5. PART E – CONCLUSION

5.1 GLOSSARY OF TERMS

AUDIT An examination of the records, statements, systems, and procedures of an organisation, together with its stated claims for performance.

BEST PRACTICE The process(es) that achieve outcomes/ results which are superior to all others known.

BUSINESS CONTINUITY PLAN (BCP) Any plan of action that allows an organisation to respond to business disruption events should they occur.

COMMUNITY PLAN A strategic document, identifying community needs and articulating the long-term vision and aspirations for the Region.

CORPORATE PLAN A strategic document which outlines the Region's vision and translates it into medium and long-term priorities, goals and strategies for a minimum five-year period.

EXTERNAL AUDIT A formal, independent review of an organisation's financial statements, records, transactions, or operations. External audits are usually performed by professional accountants to provide credibility to financial statements, ensuring external accountability and to identify key internal weaknesses in an organisation

FINANCIAL YEAR The financial year, for the purpose of this Annual Report, is the period from 1 July 2013 to 30 June 2014.

FTE (FULL-TIME EQUIVALENT) In relation to staff numbers, FTE refers to a figure that is based on the wages for full-time staff e.g. two part-time employees can comprise one FTE.

GOVERNANCE The process by which decisions are taken and implemented, organisations are controlled and managed to achieve their objectives, and the process by which organisations are directed, reviewed and held to account.

KEY PERFORMANCE INDICATOR A meaningful, high-level measure used to determine whether an organisation has met, or is progressing towards, its planned outcomes.

OPERATIONAL PLAN The Operational Plan is a detailed document showing how it is intended to give effect to one year's portion of the Corporate Plan. It is a statement of specific works to be undertaken and services to be provided in order to progress the goals and objectives set out in the Corporate Plan.

OUTCOMES The effect, impact, result or consequence for the community, environment or organisation, of strategies, services, policies or activities.

PROGRAM An endeavour to deliver a particular strategic outcome and related benefits, and in doing so, coordinate a group of related projects, activities and work streams. Programs of services are natural groupings of services e.g. Waste Management Program includes waste collection, waste disposal, and cleaning services.

STRATEGIC PRIORITIES The organisation's priorities as outlined in its Corporate Plan, or as approved through its annual strategic planning, resource allocation and budgeting cycle.

VISION A statement articulating the desired long-term future towards which the organisation is working.

5.2 FEEDBACK AND CONTACT

If you have a comment or question about Tablelands Regional Council's 2013-2014 Annual Report, you may either:

Phone: 1300 362 242

Fax: (07) 4091 4300

Write: Chief Executive Officer
Tablelands Regional Council
PO Box 573
ATHERTON QLD 4883

E-mail: info@trc.qld.gov.au

Web: www.trc.qld.gov.au

APPENDIX 1 - PROGRESS AGAINST CORPORATE PLAN

Performance Assessment against January 2014 – 2018 Corporate Plan

Corporate Plan Priority	Outcome	Long-term Strategy	Assessment of Performance – 2013/14 Financial Year
1. Vibrant and Healthy Community	1.1 Health and Well-being	<p>1.1.1 - Active Lifestyles Provide a diverse range of enjoyable recreation, sport and physical activity opportunities to meet the needs of an active and healthy community.</p>	<ul style="list-style-type: none"> • Stage 1 and 2 of the Rail Trail will be complete in July 2014. • Atherton Forest Mountain Bike Park milestones has been achieved for the financial year. • Modified Ten Pin Bowling - 3x10 week programs • Fitness in the Park Mareeba – • Fitness in the Park Atherton – • Beat It Program – Mareeba 12 week program • Beat It Program – Atherton 2x 12 Week Programs • Mareeba Aqua fit Water program – 2x ten week program • Atherton Aqua fit Water program – 2x ten week program • Mareeba Living Strong Program- 2x ten week programs • Atherton Living Strong Program – 2x ten week programs • Ravenshoe Food to Plate program – 1x 12 week program • Wellbeing Camp at Tinaroo – 3 day camp • Heart Foundation Walking – Atherton Tolga Mareeba and Yungaburra
		<p>1.1.2 - Community Health Minimise the community's exposure to health risk by undertaking specific intervention-based preventative programs including inspection and licensing of food preparation premises, regulation of personal appearance services and support of the Tablelands Immunisation Program.</p>	<ul style="list-style-type: none"> • A Public Health Disaster Management Plan was commenced and due for completion in second quarter of 14/15 financial year.
		<p>1.1.3 - Community Safety Support a safe living environment for the community through a proactive response to public safety matters.</p>	<ul style="list-style-type: none"> • Council continues to prepare Local Disaster Management Plans and Sub Plans as required by the Disaster Management Act 2003. Community Resilience education sessions for emergency response personnel and Community members are an on-going priority into 2014/15 year, as is a partnership with Qld Health to carry out annual immunisation programs.

Corporate Plan Priority	Outcome	Long-term Strategy	Assessment of Performance – 2013/14 Financial Year
	1.2 Quality of Living	1.1.4 - Leisure Opportunities Provide a range of recreation and leisure opportunities for the community's relaxation and enjoyment.	<ul style="list-style-type: none"> National Youth Week occurring in Herberton. Regional grant funded CAFÉ project across four towns within TRC
		1.2.1 - Community Celebration Provide a supportive environment for events and activities that promote and enhance the region	<ul style="list-style-type: none"> Funding of over \$35,000 secured plus some local sponsorship and in-kind assistance for Soldier-On Triathlon – Oct 2014. Tablelands website managed by Atherton Visitor Information Centre continues to be updated with event information.
		1.2.2 - Community Partnerships Support opportunities for communities to network with one another and contribute towards improving their local areas so that the Tablelands enjoys a high degree of community cohesion.	<ul style="list-style-type: none"> Advance Cairns contribution and deliverables confirmed. New MoU to be negotiated with Tablelands Futures Corporation and Tropical Tablelands Tourism. Regular participation at meetings including Classic Car event and 3 Peaks Challenge concept which could cross regional boundaries and deliver economic outcomes for the region.
		1.2.3 - Cultural Development Encourage recognition and appreciation of regional arts, culture, heritage and diversity and support and provide opportunities for individuals, clubs and groups to participate in the arts and cultural life of the community.	<ul style="list-style-type: none"> Electronic and Audio Services in Libraries to be carried out during the 14/15 Financial Year. Literacy and reader development programs are in place across all libraries within the TRC.
		1.2.4 - Image and Identity Progressively improve the general appearance and image of the regional communities to foster and promote a sense of community pride and positive identity which is in keeping with the uniqueness and character of the region.	<ul style="list-style-type: none"> During the 2014/2015 year, Council will be developing strategies to address these issues, including strategic partnerships with clearly defined roles and responsibilities and funding mechanisms for the ongoing development of the region.
		1.2.5 - Social Equity Support a better quality of life for the community by ensuring equitable access to Council provided services and facilities, particularly for the aged, frail, disabled and disadvantaged members of the community.	<ul style="list-style-type: none"> Wellbeing Tablelands Program Federal funding ceased and the programs and reporting has been completed.
2. Strong and Growing Economy	2.1 Economic Development	2.1.1 - Activity Centres Ensure necessary infrastructure is in place and a sufficient land bank is maintained within existing service centres to facilitate expansion of business and industry.	<ul style="list-style-type: none"> Councils new Planning Scheme continues to be developed to facilitate future economic development initiatives.

Corporate Plan Priority	Outcome	Long-term Strategy	Assessment of Performance – 2013/14 Financial Year
		<p>2.1.2 - Business Support Market the Tablelands' competitive advantages and promote the region as an attractive investment option and a desirable place to work and do business by working with business associations and economic development groups and supporting and assisting business enterprises starting or expanding in the region.</p>	<ul style="list-style-type: none"> • Ongoing collaboration and consultation on regional submissions and participation in ED group. • Participation in Far NQ Economic Development Practitioner network facilitated by Economic Development Australia. • Lobbying for NBN - Ongoing promotion of Business Enterprise Centre training and assistance including Dive into Digital support and mentoring.
		<p>2.1.3 - Economic Investment Encourage new opportunities and projects that have the capacity to expand and diversify the regional economy and facilitate new business attraction and investment.</p>	<ul style="list-style-type: none"> • Working with Malanda Chamber of Commerce to progress Tropical Agriculture Precinct as a priority, community-lead, catalytic infrastructure project. • Continue to assist where required with the development of the Soldier on Triathlon and manage the construction of the Atherton Forest Mountain Bike Park as per the RDA Funding. • Participation in Regional Remote Area Training program.
		<p>2.1.4 Employment Opportunities Support initiatives that will enhance local employment opportunities, including the provision of appropriate training, education and employment networking initiatives that support existing and future industries.</p>	<ul style="list-style-type: none"> • During the 13/14 financial year, employment opportunities were offered in the following areas: • Break Thru People Solutions – Community Centre Precinct yard maintenance and maintenance of Park Furniture; approx. 600 man-days • Correctional Centre in-mates on Leave of Absence – Rail-trail clean-up approx. 24 man-days and parks and gardens vegetation control approx. 330 man-days.
	<p>2.2 Connecting our Region</p>	<p>2.2.1 - Mobility Support the use of alternative transport modes within the region including the provision of a more accessible, functional and integrated network of pathways for pedestrians, cyclists and other users and ensure that the needs of the disabled are addressed.</p>	<ul style="list-style-type: none"> • Council adopted a Disability and Inclusion Policy in June 2014. • Terms of Reference developed for Disability and Inclusion Advisory Committee for inaugural meeting early in 14/15 Financial Year
		<p>2.2.2 - Traffic Management Plan for, provide and maintain a safe and trafficable road network for the movement of people, goods and services safely, efficiently and conveniently.</p>	<ul style="list-style-type: none"> • A broad program of capital roadwork and drainage projects was undertaken prior to and following de-amalgamation, including bitumen seal upgrades, reconstruction, widening of seals to kerbs, intersection upgrades and footpath upgrades, all according to the approved Capital Works schedule.

Corporate Plan Priority	Outcome	Long-term Strategy	Assessment of Performance – 2013/14 Financial Year
		<p>2.2.3 - Transport Planning Work collaboratively with Department of Main Roads, Queensland Rail and Queensland Transport to upgrade road and rail transport networks within the region and continue to develop the region's airports to allow for growth in business operations and aircraft activity.</p>	<ul style="list-style-type: none"> • Council undertook minor works and projects for Department of Transport and Main Roads, including Atherton aerodrome taxiway extensions and upgrade to bitumen seal standard. & benching of hanger sites.
		<p>2.2.4 - Accessible Networks Advocate for and support the local, regional, national and global connections through integrated and accessible systems and networks.</p>	<ul style="list-style-type: none"> • During 2014/15 and beyond, Council plans to work in partnership with regional chambers, business and community groups to develop a Regional understanding of the advantages the National Broadband Network can provide, including examples of how Council will utilise NBN when it arrives.
<p>3. Sustainable Environment</p>	<p>3.1 Responsible Environmental Management</p>	<p>3.1.1 - Environmental Awareness Promote and encourage participation in activities that support the preservation of the natural environment including tree planting, recycling initiatives and the efficient use of water and other natural resources.</p>	<ul style="list-style-type: none"> • Preliminary Finding Reports on Transfer Stations and Waste Collections have been received outlining gaps in documentation, practices and physical aspects of operational and closed landfills.
		<p>3.1.2 - Environmental Protection Preserve and manage the region's natural environment, open space and scenic amenity including bushland, wildlife, waterways management, water and air quality so as to maintain urban amenity and the productivity of rural land as well as minimizing the impact that waste generated by human activity has on the natural environment.</p>	<ul style="list-style-type: none"> • Environmental Health staff have been conducting assessments on various development proposals and working closely with Planning staff on issues as they arise. • Methodology and assessment for Management of Poultry Farm Development has been completed. A full report will be provided in July 2014.
		<p>3.1.3 - Natural Hazards Reduce the community's risk and exposure to the adverse impacts of natural hazards such as cyclones, flooding, bushfires and landslides through disaster management planning and response in accordance with the requirements of the Disaster Management Act 2003.</p>	<ul style="list-style-type: none"> • Corporate level risk matrix - risks agreed; associated causes and consequences updated. • A review of National Disaster Relief Recovery Arrangements (NDRRA) is underway to improve cost recovery across the program.
		<p>3.1.4 - Sustainable Development Improve the region's urban form, character and natural environment through planning and development controls, design guidelines, traditional ownership considerations and sustainable development principles.</p>	<ul style="list-style-type: none"> • Sustainability review and report has been undertaken. Workshops have been held with staff across Council, with further reviews on-going. • 90% of the Tinaburra Master Plan is complete with final Council workshop to take place in July 2014. • Stage 1 and 2 of the Rail trail will be complete mid July 2014.

Corporate Plan Priority	Outcome	Long-term Strategy	Assessment of Performance – 2013/14 Financial Year
	3.2 Regional Infrastructure	3.2.1 - Infrastructure Design Ensure timely and co-ordinated provision of key infrastructure networks such as roads, drainage, water supply and sewerage through appropriate planning and design practices.	<ul style="list-style-type: none"> The 2013/14 infrastructure operational budgets are well overspent. Actions are being taken across Council to reduce establishments in preparation for the 2014/15 financial year. Design and Survey services completed for all externally funded projects.
		3.2.2 - Infrastructure Implementation Ensure the region's infrastructure networks are designed, constructed and renewed to maximise their long term benefit to industry and the community.	<ul style="list-style-type: none"> 87% of capital program completed by 30 June 2014.
		3.2.3 - Infrastructure Maintenance Ensure the region's infrastructure networks are continuously reviewed and maintained to a standard that will maximise their long term benefit to the community.	<ul style="list-style-type: none"> 2013/14 Construction and Maintenance operational budgets were overspent. Cost cutting measures are currently underway to ensure this overspend is not repeated in the 2014/15 financial year. To the end of May 2014, Water and Sewerage Reticulation group, Treatment group and Waste Transfer and Material Recovery incurred costs under operational budget during the quarter. National Disaster Relief Recovery (NDRRA) framework undergoing continued development in response to Cyclone Ita event. Water and Waste Plant and machinery replacement strategy in place. Overall fleet at 76% of budgeted utilisation and 93% of budgeted expenditure as at 30 June 2014.
4. A Well-managed Region	4.1 Accountable Leadership	4.1.1 - Advocacy Role Ensure the best interests of the region are advanced through representation and partnering with other government bodies and key stakeholders and advocate on behalf of the community to other levels of government on issues that could affect the community.	<p>During the 13/14 financial year, Council submitted 9 advocacy motions to North Queensland Local Government Association:</p> <ol style="list-style-type: none"> Funding – Natural Disaster Relief and Recovery Arrangements Local Government Financial Assistance Grants Day-Labour costs Community Well-being support Sport and recreation National Broadbanding Network Control of Navua Sedge Community Development and Resilience
		4.1.2 - Community Participation Ensure the community is well informed and has the opportunity to be actively engaged in local and regional decision making processes and initiatives.	<ul style="list-style-type: none"> Desktop review of Community Plan and a community survey will be undertaken as part of the Corporate Planning process to be undertaken in late 2014.

Corporate Plan Priority	Outcome	Long-term Strategy	Assessment of Performance – 2013/14 Financial Year
		<p>4.1.3 - Direction Setting Provide strategic direction for the region's continued growth and development through involvement in local and regional planning, policy and operational management and active membership of regional organisations.</p>	<ul style="list-style-type: none"> • Councils executive have endorsed a priority projects program to prepare new Corporate Plan to commence in second half 2014. • Council continues to develop the new Planning Scheme for targeted submission in October 2014. • Councils Local Laws review scheduled for mid-August, 2014.
		<p>4.1.4 - Transparent Practices Ensure the administration of the region is governed through open and transparent decision making practices and coordinated management and reporting processes.</p>	<ul style="list-style-type: none"> • Internal Audit Plan being developed • Business Models being reviewed. • Reviewed internal audit matrix of issues identified from internal audits and added draft items identified by complaints analysis. • On-going business improvements being actioned. • Council's 10-year long-term financial plan was adopted on 19 June 2014. • Infrastructure Services Program Plans developed.
	4.2 Quality Management	<p>4.2.1 - Asset Management Ensure a structured management approach is applied to the region's assets through a proper regime of investment, maintenance, renewal and disposal.</p>	<ul style="list-style-type: none"> • An asset management working group has focused on Road and Bridge assets. An action plan with timelines to progress asset management for all asset classes is yet to be developed. • Process under development to extend use of CONFIRM software system into Asset Management function for road transport and building infrastructure.
		<p>4.2.2 - Customer Relations Provide friendly, efficient, responsible and accessible services to all customers through the development and maintenance of a workplace culture and systems that focus on excellent customer service delivery.</p>	<ul style="list-style-type: none"> • Continued development of Customer Service Officer improvement initiatives are underway incorporating the monitoring of customer service levels. • A renewed Customer Service Program is under review, consistent with process improvement methodologies being developed across Council. • In Water and Waste Group, 98.4% of all Customer Requests received during the quarter were closed within 2 weeks of raising. • Standardisation of Hours Library Strategy endorsed by Council and implemented as from 01 July 2014 . • Community Engagement Strategy documented.
		<p>4.2.3 - Knowledge Management Provide quality corporate knowledge management throughout the organisation to assist in the delivery of services and Council business.</p>	<ul style="list-style-type: none"> • An Information Management Strategy that identifies the direction for systems and knowledge has been drafted and is subject to review.

Corporate Plan Priority	Outcome	Long-term Strategy	Assessment of Performance – 2013/14 Financial Year
		<p>4.2.4 - People Management Ensure the organisation's workforce reflects Council's values and is provided the support and development necessary to achieve job satisfaction and deliver quality and innovative services to all customers, and ensure that the health and safety of all employees is protected through the implementation of SafePlan as Council's Workplace Health and Safety Management System.</p>	<ul style="list-style-type: none"> • New Drug & Alcohol Policy released 1 May 2014. • Training provided to 314 employees, ranging from induction, workplace health & safety, technology and office systems, traffic control and professional development and conferences. • Safety Incidents down by 31% • Days Lost due to injuries down by 50% (based on comparison with same period last year) • A renewed set of Corporate Values "The TRC Way" has been developed with associated cultural renewal and workplace consultative programs developed, based on a comprehensive Employee Opinion Survey.

APPENDIX 2 - RATES AND CONCESSIONS POLICY

1. POLICY INTENT

This document sets out Council policy, as per annual budget resolution, in relation to the granting of concessions on rates and charges.

2. SCOPE

This policy applies to:

- Pensioners who own and reside on their property within the Tablelands Regional Council area and who meet the requirements set out in the Pensioner Remission Policy Statement in this document.
- Not-for-Profit community, cultural, recreation and sporting organisations who meet the requirements set out in the Rate Concession - Not-for-Profit Policy Statement in this document.
- Property owners where water usage is required to operate a home renal dialysis machine in their principal place of residence set out in the Water Usage Charge Concession Policy Statement in this document.
- Property owners impacted by increased water usage due to unapparent plumbing failures who meet the requirements set out in the Water Usage Dispute Resolution Policy.

3. BACKGROUND/SUPPORTING INFORMATION

The *Local Government Regulation 2012* - Chapter 4, Part 10 Concessions, gives local government the power to grant concessions for rates and charges.

A concession may only be of the following types:

- (a) a rebate of all or part of the rates or charges
- (b) an agreement to defer payment of the rates or charges
- (c) an agreement to accept a transfer of unencumbered land in full or part payment of the rates or charges

A concession may only be granted by resolution of the Council and for the Tablelands Regional Council, this is done as part of the annual budget adoption process and also noted in the adopted Revenue Statement.

4. POLICY STATEMENT

4.1 PENSIONER REMISSION

Applicants for the remission of rates from the Tablelands Regional Council must satisfy the following conditions:

- If an application is mailed in, it must be completed in detail and accompanied by a copy of both sides of the current Pensioner Concession Card (PCC) or a DVA Gold Card.
- An applicant must truthfully and correctly supply all information requested.
- The Council Pensioner Remission is allowable on only one property at a time
- A new application must be lodged if you change your principle place of residence.
- Should all owners not be in receipt of a pension or allowance, a proportionate amount of remission may be payable based upon State Government Guidelines.

- If a co-owner is in a spousal or recognised de-facto relationship and is an approved pensioner and is wholly responsible for payment of all rates and charges, the subsidy will be granted in full.

4.1.1 Council Pensioner Remission

Council grants a remission of thirty percent (30%) of the general rates up to a maximum of \$240 per year to pensioners within the Tablelands Regional Council area, providing they qualify for a remission in accordance with the conditions, as set out below.

This excludes water usage charges, special rates or special charges, interest and other charges on land.

To be eligible you must be:

- A holder of a Pensioner Concession Card (PCC) or a DVA Gold Card.
- The owner or life tenant of the property which is your principal place of residence. A life tenancy can be created only by a valid Will and is effective only after the death of the property owner, or by a Supreme or Family Court Order.
- Legally responsible for the payment of local council rates and charges levied on that property.

The Council Pensioner Remission is allowable on only one property at a time and a new application must be lodged if you change your principle place of residence.

The Council Pensioner Remissions can only be granted from the date on the pension card or 1 July 2014 (whichever is the latter), provided the application qualifies with Council's conditions.

Where the Council Pensioner Remission applies, Council will remit the appropriate amount off the rates notice.

4.2 RATE CONCESSIONS – NOT FOR PROFIT

4.2.1 Types of Concessions

Council grants a concession of the following to Council approved not-for-profit community, recreation and sporting organisations:

- *Rate Concession* - is fifty percent (50%) of the general rates up to a maximum of \$1,000 per year; and/or
- *Charge Concession* - is twenty percent (20%) up to a maximum of \$200 per year on Utility Charges (Sewerage, Waste Collection and Water Access Charges) and the Waste Management Levy.

4.2.2 Definition of not-for-profit community, recreation and sporting organisation

- *A not-for-profit organisation which exists primarily to undertake community service activities and relies mainly on volunteer labour; or*
- *A not-for-profit organisation which has a high level of paid labour and a low level of volunteer labour however a substantial community benefit is provided; or*
- *A not-for-profit organisation which undertakes sporting or recreational activities and relies on player and/or fees and community fundraising only; or*
- *An owner of a cultural icon which is a tourist attraction and to which the public is given access for no fee or charge;*

- *A not-for-profit community organisation which exists primarily to undertake community service activities and receives on going Federal or State Government funding support for the organisation's operations.*

4.2.3 Application and Continuation of the Concession

An initial application using the approved form must be lodged and an approved applicant is required to apply for continuance of the concession on the approved form on an annual basis or as requested by Council. The application should state that the information provided in the initial application is still current and that they would like to continue in claiming the approved concession/s.

The concession/s, if approved, will apply from the start of the rating period in which the application was successful and will be shown on the rates notice.

Applications for Rate and/or Charge Concession will only be considered for not-for-profit organisations as defined above and which comply with all the eligibility criteria.

To be eligible you must:

- Operate within the boundaries of the Tablelands Regional Council;
- Own or lease and occupy the land on which the general rates are being levied and the rates notice issued in the organisation's name;
- The property must not be used for residential purposes unless utilised for short-term accommodation for homeless and at risk persons or for accommodation of the aged;
- Not utilise gaming machines to raise revenue;
- In its constitution clearly prohibit any member of the organisation making private profit or gain either from the ongoing operations of the organisation or as a result of the distribution of assets if the organisation was wound up (this condition does not apply to the owner of a cultural icon);
- Meet the definition of a not-for-profit community, recreation and sporting organisation;
- Not have outstanding rates on the property;
- Lodge an application on the approved form. The application must also include any two of the following supporting documentation:
 - a copy of the organisation's constitution or certificate of incorporation;
 - minutes of its most recent Annual General Meeting;
 - incorporated groups are to provide a copy of their most recent audited financial statement (no greater than 12 months old), unincorporated groups are to provide a copy of their most recent reconciled financial statement (no greater than 12 months old);
 - details of the organisation's not-for-profit status from the Australian Taxation office or similar.

If in circumstances where an organisation does not fulfil its lease obligations, the concession can be cancelled by the Deputy Chief Executive Officer.

The concession is not available on vacant land.

If you are receiving a Tablelands Regional Council grant of \$500 or more you are ineligible for this concession.

There is a responsibility upon the not-for-profit organisation to contact the Council when there is a change that could affect the status of the concession so as to avoid the necessity for the organisation to reimburse the concession so obtained.

In some cases, the Council may have sufficient information on its records to make an assessment of the application. In other instances, Council may need to conduct a site inspection and/or request further information.

Where the Rate and Charge Concession applies, Council will remit the appropriate amount off the rates notice.

4.3 WATER USAGE CHARGE CONCESSION – HOME RENAL DIALYSIS

Tablelands Regional Council provides financial assistance to the property owner to offset water usage costs for use of Home Renal Dialysis Equipment.

A non-chargeable water allowance of up to 190kl per year will be granted to those patients on a home renal dialysis machine. A concession to eligible applicants will be applied on a pro-rata basis only for the period the dialysis occurred, up to a maximum of 95 kilolitres per 6-monthly levy period.

4.3.1 Eligibility

To be eligible, the following must occur:

- An application form from Council must be completed by the applicant
- Written confirmation from the doctor or hospital advising that treatment is being undertaken by a resident of the property including the commencement date of the treatment and if applicable the date the renal dialysis ended.
- The application form must be received by Council prior to the end of the discount period of the first concession being applied.

4.3.2 Application for Concession Approved

If the application for concession is approved the water consumption and consequent charges will be adjusted accordingly and an amended rate notice issued to the owner of the property, subject to the eligibility conditions above.

It is the responsibility of the applicant to advise Council if home renal dialysis is no longer undertaken on the premises.

4.3.3 Application for Concession Denied

If the application for concession is denied the Water Department will contact the applicant explaining the reasons for the denial.

4.3.4 Calculation of Concession

The concession has been calculated in consultation with Cairns Base Hospital Haemodialysis Unit as to the likely water consumption directly attributable to the operation of a home renal dialysis unit. This report is based upon that advice as outlined in Tables 1 and 2 below:

4.3.4.1. Table 1

ASSUMPTIONS

- 1 Frequency of treatment 5-6 treatments per week**
2 Length of each treatment 5 hours per treatment

assuming:

- 30 minutes hot rinse before treatment
- 4 hours treatment
- 30 minutes disinfection post treatment

- 3 Total water usage per treatment 600 litres**

assuming:

- water consumption of +/-1500mls/minutes reject water from the reverse osmosis
- water consumption of +/-500mls/minute dialysate flow rate

4.3.4.2. Table 2

Estimated Usage Calculation:

2	Litres per minute
300	Minutes per session
600	Litres per session
3,600	Litres per week
3.6	Kilolitres per week
187	Kilolitres per year

**190 kls Proposed Rebate per year
(95 kls credit per billing period)**

4.4 WATER USAGE CHARGE CONCESSION – UNAPPARENT PLUMBING FAILURE

Council may grant a concession relating to excessive water usage charges due to an unapparent plumbing failure.

Refer to Council policy Water Usage Dispute Resolution Policy for further details.

5. REVIEW

It is the responsibility of the Deputy Chief Executive Officer to monitor the adequacy of this policy and recommend appropriate changes. This policy will be formally reviewed annually or as required by Council.

APPENDIX 3 - REVENUE POLICY

1. POLICY INTENT

To identify the principles used by Council for making and levying rates and utility charges, exercising powers to grant rebates and concessions, for recovering unpaid amounts of rates and charges and the setting of miscellaneous fees and charges.

2. SCOPE

This policy applies to Tablelands Regional Council and all related business activities.

3. BACKGROUND/SUPPORTING INFORMATION

This Revenue Policy complies with Section 193 of The *Local Government Regulation 2012*.

4. POLICY STATEMENT

4.1 THE MAKING OF RATES AND UTILITY CHARGES

- (a) In general it is Council's policy that a *user pays principle* applies to all specific services provided to ratepayers and other users in Tablelands Regional Council.
- (b) Exceptions to the *user pays principle* include general services to the community as a whole when it is in the community interest to do so.
- (c) Council will have regard to the principles of:
 - Transparency in the making of rates and charges;
 - Having in place a rating regime that is as simple and inexpensive as possible;
 - Equity by taking account of the different levels of capacity to pay within the local community; and
 - Flexibility to take account of changes in the local economy.
- (d) In pursuing the abovementioned principles Council may avail itself of the following:
 - A system of differential general rating
 - Minimum general rates
 - Utility charges
 - Special rates and charges
 - Separate charges
 - Limitation of rate increases (rate capping)

4.2 LEVYING OF RATES AND CHARGES

In levying rates Council will apply the principles of:

- making clear what is the Council's and each ratepayers' responsibility to the rating system (Council may allow a discount for prompt payment);

- making the levying system as simple as possible to administer;
- timing the levy of rates where possible to take into account the financial cycle of local economic activity, in order to assist smooth running of the local economy; and
- equity through flexible payment arrangements for ratepayers with a lower capacity to pay.

4.3 CONCESSIONS FOR RATES AND CHARGES

In considering the application of concessions, Council will be guided by the principles of:

- equity by having regard to the different levels of capacity to pay within the local community,
- the same treatment for ratepayers with similar circumstances;
- transparency by making clear the requirements necessary to receive concessions, and
- flexibility to allow Council to respond to local economic issues

4.4 THE RECOVERY OF RATES AND CHARGES

(a) Council will exercise its rate recovery powers in order to reduce the overall rate burden on ratepayers.

(b) It will be guided by the principles of:

- transparency by making clear the obligations of ratepayers and the processes used by Council in assisting them meet their financial obligations;
- making the processes used to recover outstanding rates and charges clear, and as simple to administer and as cost effective as possible (refer to Council's Debt Recovery Policy);
- capacity to pay in determining appropriate arrangements for different sectors of the community;
- equity by having regard to providing the same treatment for ratepayers with similar circumstances; and
- flexibility by responding, where necessary, to changes in the local economy.

4.5 THE SETTING OF MISCELLANEOUS FEES AND CHARGES

Council will be guided by the following principles in the setting of miscellaneous fees and charges:

- Fees associated with regulatory services will be set at the full cost of providing the service or taking the action for which the fee is charges. Council may choose to subsidise the fee from other sources if it is in the community interest to do so.
- Commercial services charges will be set to recover the full cost of providing the service and, if provided by a Business of Council, may include a component for return on Council's investment.



5. REVIEW

It is the responsibility of the General Manager Corporate and Community Services to monitor the adequacy of this policy and recommend appropriate changes. This policy will be formally reviewed every three years or as required by Council.

APPENDIX 4 - DEBT (BORROWING) POLICY

1. POLICY INTENT

The intent of this policy is to detail the principles upon which Council bases its decisions when considering the type of expenditure to be funded by borrowing for the financial years 2013/14 to 2023/24, the total current and projected borrowings and the ranges of periods over which they will be repaid.

2. SCOPE

This policy applies to all borrowing of the Council.

3. BACKGROUND/SUPPORTING INFORMATION

Pursuant to Section 192 *Local Government Regulation 2012*, Council's adopted Policy on Borrowings for the period 2013/14 to 2023/24 is set out below.

4. POLICY STATEMENT

The Council will not use long-term debt to finance current operations.

Long term debt is only to be used for income producing assets or those assets that can be matched to a revenue stream. Consequently repayments for the borrowings will be funded from the revenue streams generated by the asset acquisition in question. Consideration must also be given to the long-term financial forecast before planning new borrowings.

Council will utilise long-term borrowing only for capital improvement projects that cannot be financed from existing sources.

Capital projects are to only be undertaken after a thorough process of evaluation (including whole of life costing and risk assessment), prioritisation and review.

When Council finances capital projects through borrowings it will generally pay back the loans in a term not exceeding 20 years. However in certain circumstances particularly assets with long useful lives borrowings may be for a longer period whereby repayments would match the income stream of the asset in question. Existing loans will be paid back within the fixed term provided for in the loan agreement.

Council will continue to ensure repayment schedules are well within Council's operating capability so as to ensure the Community is not burdened with unnecessary risk.

Projected Future Borrowing Predictions:

Year	Project	Term	Borrowings
2013/14	-		-
2014/15	-		-
2015/16	-		-
2016/17	-		-
2017/18	-		-

Year	Project	Term	Borrowings
2018/19	-		-
2019/20	-		-
2020/21	-		-
2021/22	-		-
2022/23	-		-
2023/24	-		-

Level of Existing Debt - As at the 30 June 2013 Tablelands Regional Council's outstanding loan balance is estimated to be \$8.6m.

5. REVIEW

It is the responsibility of the General Manager Corporate and Community Services to monitor the adequacy of this policy and recommend appropriate changes. This policy will be formally reviewed every year or as required by Council.