

OLLEYWOOD



Annual Report

2013-2014



Contact Tweed Shire Council

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Hard copies of this report can be viewed at Council's offices at Murwillumbah and Tweed Heads.

A digital copy is available online at www.tweed.nsw.gov.au.



Cover photos:

(Clockwise from top)

Olleywood signage at the official opening of the Margaret Olley Art Centre.

Koalas in tree.

General Manager, Troy Green and Destination Tweed's Emma Cao discussing the Economic Development Strategy with local business people.

Relaunch of Council's smartphone application.



Statement of acknowledgement of the Bundjalung Aboriginal Nation

We wish to recognise the generations of the local Aboriginal people of the Bundjalung Nation who have lived in and derived their physical and spiritual needs from the forests, rivers, lakes and streams of this beautiful valley over many thousands of years as the traditional owners and custodians of these lands.



Welcome to Tweed Shire Council's Annual Report for 2013-2014

Tweed Shire Council is committed to serving our community through the provision of infrastructure and services to facilitate and promote safety, prosperity and wellbeing.

We produce an annual report for the benefit of our community and stakeholders, to keep them informed about our operations and activities during the financial year and to provide a record of our investment of funding and resources.

This report provides an overview of Council's progress towards the goals set out in our ten year Community Strategic Plan and the specific activities outlined in the Delivery Program 2013-2017 and Operational Plan 2013-2014. For further details, see the section on Integrated Planning and Reporting.

Section 8 of the NSW *Local Government Act, 1993*, requires that all Councils operate in accordance with the following charter:

To provide directly or on behalf of other levels of government, after due consultation, adequate, equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively;

To exercise community leadership;

To exercise its functions with due regard for the cultural and linguistic diversity of its community;

To promote and to provide and plan for the needs of children;

To properly manage, develop, protect, restore, enhance and conserve the environment of the area for which it is responsible;

To have regard to the long term and cumulative effects of its decisions;

To bear in mind that it is the custodian and trustee of public assets and to effectively account for and manage the assets for which it is responsible;

To facilitate the involvement of Councillors, members of the public, users of facilities and services and Council staff in the development, improvement and coordination of local government;

To raise funds for local purposes by the fair imposition of rates, charges and fees, by income earned from investments and, when appropriate, by borrowings and grants;

To keep the local community and the State Government (and through it, the wider community); informed about its activities;

To ensure that, in the exercise of regulatory functions, they act consistently and without bias, particularly where an activity of the council is affected; and

To be a responsible employer.

Council is committed to the delivery of this charter and to transparent reporting and accountability to the community.

While the Annual Report 2013-2014 is the primary means of sharing Council's performance in the last financial year, there are many other ways members of the community can find out about and contribute to the running of Council.

Council's corporate website (www.tweed.nsw.gov.au) provides 24/7 access to detailed information on Council's operations, meeting agendas and minutes, and strategic plans, documents, policies and guidelines.

Council's smartphone app provides a wide range of services and information at your fingertips and is available free from the Apple App Store and Google Play.

Your Say Tweed (www.yoursaytweed.com.au) is Council's online hub for community engagement, where the community can learn about and provide feedback on a range of current Council projects and initiatives.

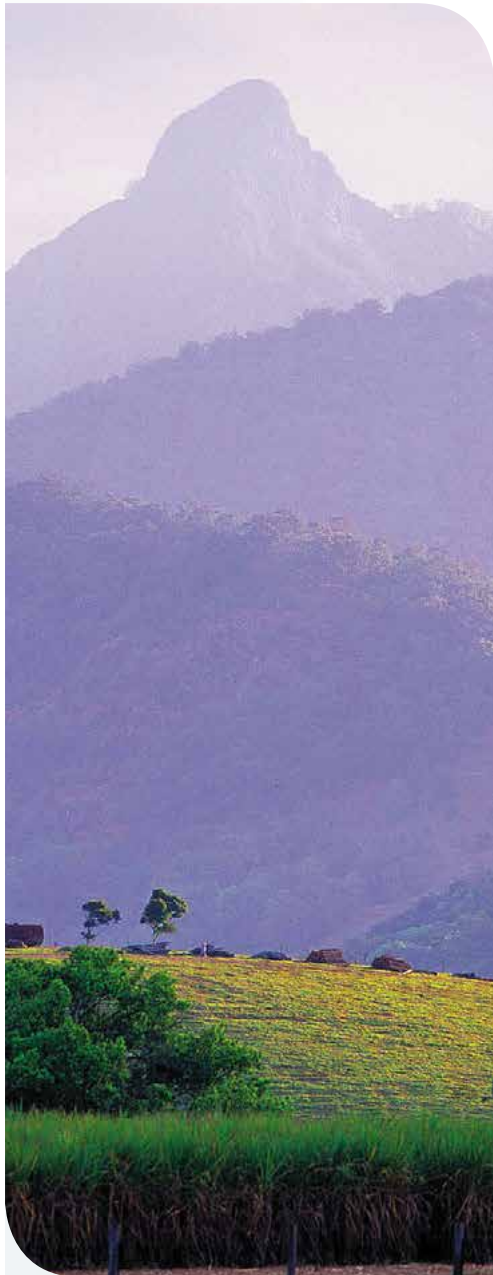
Tweed Link is a weekly gazetted newspaper produced in-house by Council to provide the community with the latest Council-related news and information. It is delivered free to more than 40,000 households in the Tweed and is published to Council's website each Tuesday. It is also available by email subscription. All of Council's statutory advertising is published in the Tweed Link.

Council meetings are generally held in the Council Chambers at the Murwillumbah Civic and Cultural Centre at Tumbulgum Road, Murwillumbah on the third Thursdays of each month. Occasionally, there may be changes to the date or venue of a Council meeting and this will be communicated through the Tweed Link.

Planning Committee meetings are generally held in the Council Chambers at the Murwillumbah Civic and Cultural Centre at Tumbulgum Road, Murwillumbah on the first Thursday of each month. These meetings deal exclusively with matters pertaining to land use planning.

Community Access sessions are convened immediately prior to Council meetings and Planning Committee meetings to enable the community to informally address Councillors on items for consideration of Council. A booking is required and can be made by contacting Council.





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Mayor's introduction

The 2013-2014 financial year has been a notable period of achievements for Council, in a year that was dominated by discussions about the future direction of local government as the NSW Government seeks to advance the sustainability of the sector.

The year was highlighted by the official opening of the \$4 million Margaret Olley Art Centre extension to the Tweed Regional Art Gallery by Quentin Bryce AC CVO, Governor-General of the Commonwealth of Australia in March 2014. The Gallery now also boasts an impressive Artist in Residence program, and attract large numbers of visitors to the 31 exhibitions held during the year.

The importance of sustainable economic growth for the Tweed resulted in Council adopting an Economic Development Strategy in April 2014. Part of this economic resurgence included the establishment by brewer Stone and Wood of a facility at Murwillumbah. Further economic initiatives delivered by Council in its second term included the completion of the \$17 million M1 interchange at Kirkwood Road in January 2014, which significantly improves access to the South Tweed commercial and retail precinct.

The Tweed Local Environmental Plan 2014 was gazetted in April 2014, which means the Shire now has a robust strategic planning framework to determine future development and environmental management. Work continues on the development of supporting strategies and plans including the Rural Lands Strategy and the Aboriginal Cultural Heritage Management Plan, which further define a planning framework for the Shire.

Protecting the qualities that make the Tweed a great place to live and creating strong, connected communities remains high on Council's agenda. In terms of infrastructure, Council completed the stage one upgrade of Arkinstall Park in April 2014 at a cost of \$7.75 million together with expansion and upgrade to Faulks Park Kingscliff and playground facilities at a cost of \$240,000. In terms of planning for connected communities, Council adopted a Youth Strategy and an Access and Inclusion Plan during the year. Council continued its support for NAIDOC Week, International Day of People with a Disability, NSW Seniors Week and held the first Reconciliation Week Event in May 2014.

The Rail Trail project, which has been unanimously supported by Council, holds the promise of significant economic benefit to the Tweed and wider Northern Rivers community. This year we saw the endorsement of a small section of the Trail between Murwillumbah Railway Station to the Tweed Regional Art Gallery with provision in our 2014/2015 budget for works to commence.

Council undertook to widen and extend the existing spillway capacity of Clarrie Hall Dam which was completed in May 2014 at a cost of \$7.3 million in order to meet NSW Dam Safety Committee standards. In terms of safety, Council introduced a new legislative compliance system for backyard swimming pools.

Protecting biodiversity and natural attributes of the Tweed is a priority for Council. Currently sixty hectares of koala habitat have been successfully regenerated through the Koala Connections Project earning Council a finalist position in the NSW Green Globe Awards. Council adopted the Tweed Riverbank Erosion Management Plan for the Shire along with investment in passive infra red monitoring camera's that gather information on pest animals in the Shire. Currently seventy Tweed landowners participate in the Land for Wildlife Program. Council also ran an inaugural sustainability Home Expo in November 2013, highlighting smart housing design and renovations.

Council has made substantial progress in delivering services and projects in its 2013/2017 Delivery Program. There is a lot to look forward to over the next 12 months with many exciting projects to be delivered.

**Cr Barry Longland
Mayor of Tweed**

General Manager's report



Organisational restructure was a key theme for Tweed Shire Council and local government throughout NSW in 2013-2014.

In my first financial year as General Manager, Tweed Shire Council has embarked on a comprehensive, three-phase restructure of the organisation, to further improve its efficiency and customer focus and to better align itself with the current and future demands on its resources and services.

Changes included realigning some sections of Council to equip them to meet the objectives outlined in the Community Strategic Plan, and empowering managers to run their units as businesses. All these changes were achieved while bringing savings in salary costs.

The third and final phase will involve Council's Planning division and will be completed in 2014/15, to coincide with the NSW State Government's Planning Reform process, the appointment of a new Planning Minister, and the restructuring of government portfolios to create a new Department of Planning and Environment.

While Tweed Shire Council implemented its own internal restructure, the organisation was also an active participant in discussions for the NSW Government's Fit for the Future reform package for a review of local government throughout NSW.

An Independent Local Government Review Panel established for the reform program found Tweed Shire Council was in a strong financial position compared to other NSW local government and had the right scale and capacity, so it will not be required to prepare a proposal for restructure or merger with a neighbouring local government.

Our Council will be required to address other criteria, including sustainability, efficiency, effective infrastructure and service management – issues largely addressed by our own restructure.

Council was also involved in some wonderful projects during 2013/14, providing facilities, key infrastructure and major events, as well as protecting the Tweed's rich biodiversity.

March 2014 brought one of the most exciting developments in Tweed Shire for many years, when many Tweed residents joined leading figures in the Australian art world to officially open the Margaret Olley Art Centre (MOAC) at Tweed Regional Gallery. It was fantastic to have Her Excellency the Honourable Quentin Bryce AC CVO, Governor-General of the Commonwealth of Australia officially open MOAC and the gala celebration was just a hint of things to come, with large crowds flocking to MOAC since its opening.

Arkininstall Park in Tweed Heads South was further entrenched as Tweed Shire's regional sporting complex, with upgrades to its netball and tennis facilities, and the opening of a new community playground. Stage 1 of the upgrade is scheduled for completion in early 2015 and planning is underway for Stage 2.

Nearby, an extension of Kirkwood Road linking the Pacific Highway and the Tweed Heads South business district was officially opened in January.

This year's adoption of Council's Tweed Economic Development Strategy set in motion a number of highly positive initiatives to boost economic activity in Tweed Shire, starting with the opening of Stone and Wood's new brewery in South Murwillumbah.

This was balanced by a long list of projects to protect the Tweed's flora and fauna, including the award-winning Koala Connections program, an initiative to protect platypus in the area and ongoing work to promote sustainable agriculture.

Troy Green
General Manager



Profile of the Tweed

Key facts and figures

Location

Nestled in the eroded caldera of the largest shield volcano in the southern hemisphere, the Tweed is the largest local government area on the north coast of New South Wales, covering an area of just over 1309 square kilometres.

The Tweed adjoins the NSW local government areas of Byron, Lismore and Kyogle, with the Queensland border to its north where it divides the twin towns of Tweed Heads and Coolangatta.

Population

The Tweed Shire population forecast for 2014 is 89,642, and is forecast to grow to 125,953 by 2036.[†]

In line with this population growth, the number of dwellings in the Tweed is forecast to grow from 40,452 in 2011 to 48,427 in 2026, with the average household size rising from 2.38 to 2.39 by 2026.[†]

Between 2011 and 2026, the age structure forecasts for Tweed Shire indicate a 28.3% increase in population under working age, a 27.3% increase in population of retirement age, and a 15.5% increase in population of working age.[†]

Economy

Tweed Shire's Gross Regional Product is estimated at \$2.82 billion, which represents 0.6% of the state's GSP (Gross State Product).⁺

The Tweed has a diverse industry base with employment access to a range of service sector and primary sector industries.

In the year ending June 2013, there were 29,442 local jobs and 6646 local businesses in the Tweed Shire.⁺

The key industry sectors in terms of jobs and value are health care and social assistance, retail trade, accommodation and food services, education and training, and construction.

Sources: *profile.id*[†], *economy.id*⁺, *forecast.id*[†], October 2014

Forecast resident
population 2014[†]
89,642

Gross Regional
Product⁺
\$2.8 billion

Local jobs⁺
29,442

Forecast resident
population 2036[†]
125,953

Land area^{*}
**130,918 ha /
1309km²**

Local
businesses⁺
6646

Sources: *profile.id^{*}, economy.id⁺, forecast.id[†], October 2014*

Tweed Shire Councillors

Your elected representatives



Councillor Barry Longland (Mayor)

Phone: 0458 525 372

Email: blongland@tweed.nsw.gov.au

Committee membership:

Aboriginal Advisory, Arts Northern Rivers Board, Australia Day, Destination Tweed, Local Traffic, Mayor's Disaster Relief Fund, Northern Rivers Regional Organisation of Councils, Tweed Coastal.



Councillor Michael Armstrong (Deputy Mayor)

Phone: 0410 023 538

Email: marmstrong@tweed.nsw.gov.au

Committee membership:

Equal Access Advisory, General Manager Review, Mayor's Disaster Relief Fund, Tweed Regional Museum Advisory.



Councillor Katie Milne

Phone: (07) 5590 9622

Email: kmilne@tweed.nsw.gov.au

Committee membership:

Far North Coast County Council, Floodplain Management, General Manager Review, Richmond-Tweed Regional Library, Tweed Coast Koala Advisory Group, Tweed River.



Councillor Warren Polglase

Phone: 0428 961 306

Email: wpolglase@tweed.nsw.gov.au

Committee membership:

General Manager Review, Tweed Regional Gallery Advisory.



Councillor Gary Bagnall

Phone: 0419 608 965

Email: gbagnall@tweed.nsw.gov.au

Committee membership:

Rural Fire Service Liaison, Tweed Coastal, Tweed River.



Councillor Carolyn Byrne

Phone: 0414 557 636

Email: cbyrne@tweed.nsw.gov.au

Committee membership:

Audit, General Manager Review, Gold Coast Airport Community Aviation Consultative Group, Richmond-Tweed Regional Library.



Councillor Phil Youngblutt

Phone: 0418 617 071

Email: pyoungblutt@tweed.nsw.gov.au

Committee membership:

Equal Access Advisory, Far North Coast Bush Fire Management, General Manager Review, Rural Fire Service Liaison, Sports Advisory, Tweed Regional Gallery Advisory.

Contacting your Councillors

All Councillors can be contacted by mail at PO Box 816 MURWILLUMBAH NSW 2484.

Councillors are your elected representatives and can be contacted by the public at any time.

On request, Councillors are also available to speak at public engagements such as school or educational functions, community groups and business and industry meetings.

For specific enquiries please contact the Mayor's office on (02) 6670 2402.

About Tweed Shire Council

Serving the Tweed community

Tweed Shire Council is the largest employer in the Tweed with a workforce of more than 650 employees across a range of professions.

With an annual budget of approximately \$200 million, Council delivers a wide range of programs and services to the nearly 90,000 residents who call the Tweed home.

Our vision:

The Tweed will be recognised for its desirable lifestyle, strong community, unique character and environment, and the opportunities its residents enjoy.

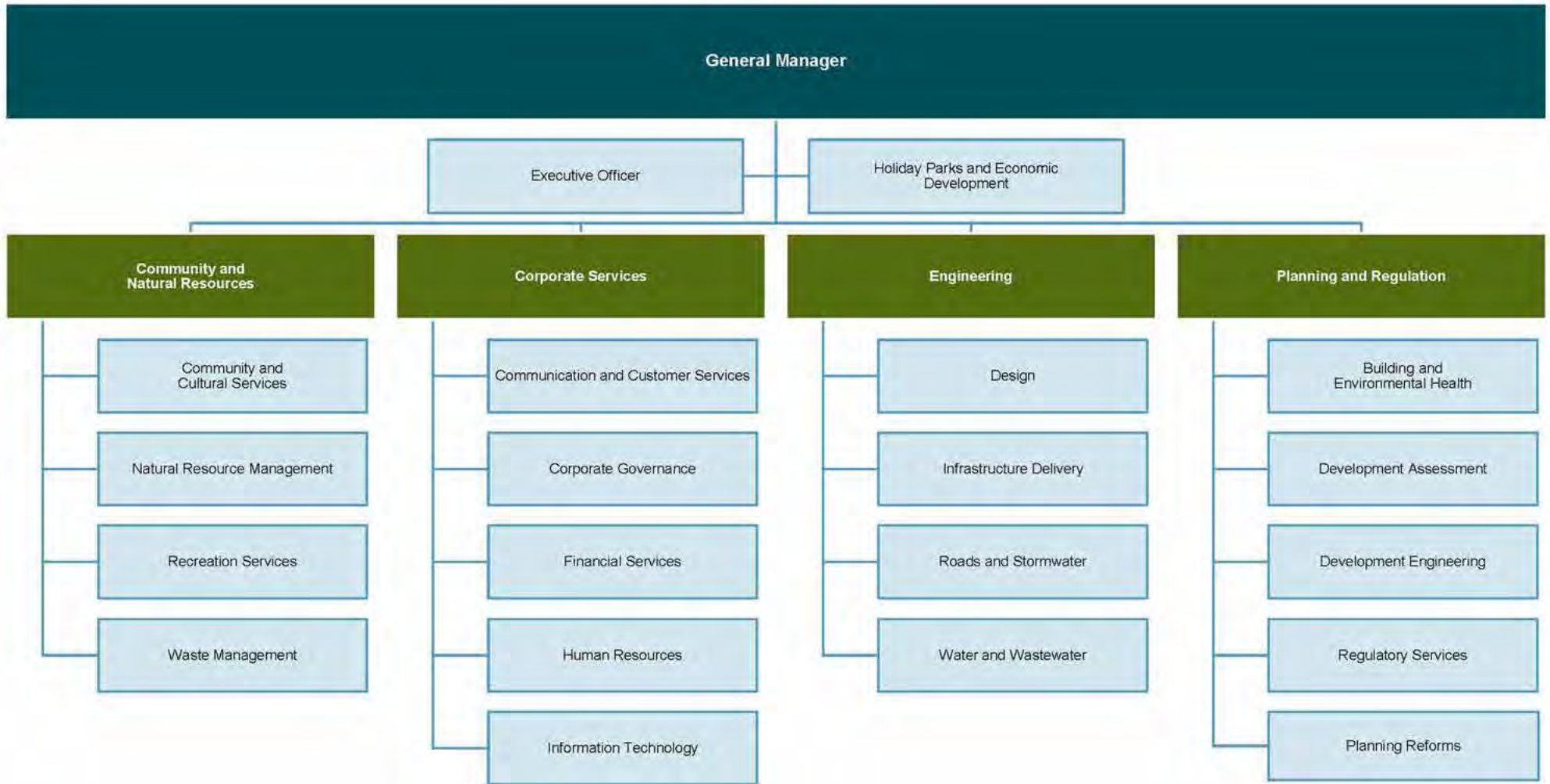
Our mission:

Working with community and partners, provide leadership in facilitating and delivering services that manage growth sustainably; create opportunity; and enhance the value of our civic and natural assets for this and future generations.

Our values:

Transparency, customer focus, fairness, reliability, progressiveness, value for money and collaboration.

Organisation structure





Section 1: Reporting on our progress

Integrated Planning and Reporting

A framework for strategic and sustainable local government

All councils in NSW are required to operate within the Integrated Planning and Reporting (IP&R) Framework. This framework was introduced by the NSW Government to facilitate a strong and sustainable local government system by ensuring all local councils have in place strategic plans, underpinned by community priorities and supported by appropriate resources.

The IP&R Framework encourages councils to view their various plans holistically to understand how they relate to each other, and in doing so, leverage maximum results.

Ultimately, it aims to provide greater accountability and transparency in local government, by strengthening councils' strategic focus, streamlining reporting processes and making it easier for the community to understand and track councils' progress on identified priorities.

The key documents included in the IP&R Framework, and an overview of their functions, is provided below.

Community Strategic Plan

This is the highest level plan that a council will have and is prepared for a minimum period of 10 years.

The purpose of the Community Strategic Plan is to identify the community's main priorities and aspirations for the future and to plan strategies for achieving these goals. It should be developed and delivered as a partnership between the council, state agencies, community groups and individuals and should address a broad range of issues that are relevant to the whole community.

Resourcing Strategy

This strategy addresses the resources – time, money, assets and people – required to deliver the long-term community aspirations expressed in the Community Strategic Plan. It comprises three elements: long term financial planning; workforce management planning; and asset management planning.

Delivery Program

This is a statement of commitment to the community by each newly elected Council outlining its priorities for achieving the community's long-term goals (as identified in the Community Strategic Plan) during its four-year term of office.

Operational Plan

Supporting the Delivery Program is an annual Operational Plan. It spells out the individual projects and activities that will be undertaken each year to achieve the commitments made in the Delivery Program.

Annual Report

This document is one of the key points of accountability between a council and its community. It focuses on the council's implementation of the Delivery Program and Operational Plan to help the community understand how the council has been performing both as a business entity and a community leader.



How to read the Annual Report

Following our progress

This Annual Report is divided into three sections:

Section 1: Reporting our progress

This section provides an outline of Council's progress against the actions set out in the Delivery Program 2013-2017. Like the Delivery Program, it is structured around four themes, as identified in the Community Strategic Plan 2013-2023. Under each theme is a summary of the key achievements and strategic outcomes delivered in 2013-2014, relevant to that objective. Achievements are shown with the relevant item number from the Delivery Program.

Section 2: Statutory reporting requirements

This section includes reporting requirements prescribed by the *Local Government (General) Regulation 2005*, including (but not limited to) a summary of Council's legal proceedings; details of contracts awarded by Council; financial assistance contributions to the community; written off rates and charges; and information relating to the Government Information (Public Access) Act 2009 NSW.

Section 3: Financial statements

This section includes general purpose financial statements for the financial year ending 30 June 2014, including an Income Statement, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows.



Civic Leadership

To set the overall direction and long-term goals for the Tweed in accordance with community aspirations.



Supporting Community Life

To create a place where people are healthy, safe, connected and in harmony with the natural environment to retain and improve the quality of community life.



Strengthening the Economy

To strengthen and diversify the region's economic base in a way that complements the environmental and social values of the Tweed.



Caring for the Environment

For Council and the community to value, respect and actively participate in the care and management of the Tweed's natural environment for current and future generations.



NSW Local Government Arts and Culture Awards

The 2014 Local Government Arts and Culture Awards recognised arts and cultural initiatives of NSW councils, predominantly delivered during the 18 months spanning 1 July 2012 to 31 December 2013.

Tweed Regional Gallery Director, Susi Muddiman, received the award for 'Leading Arts and Culture: Enduring Staff Contribution to Arts and Culture', recognising her seven years of devotion to developing the Gallery and "defining the cultural landscape" in the Tweed.

Tweed Regional Museum was also acknowledged, receiving the award for 'Places for Arts and Culture: Improved cultural facilities' for its success in bringing together three historical societies to form Tweed Regional Museum, the creation and upgrading of facilities to house the collection and new processes to improve the care and display of collection items.

Above: Susi Muddiman and Manager Community and Cultural Services, Robyn Grigg, accepting the Local Government Arts and Culture Awards at the ceremony.

Awards and recognition

In 2013-2014, Tweed Shire Council was again recognised for innovative communications as well as leadership in arts and culture, and yet another award for the Jack Evans Boat Harbour project.

RH Dougherty Awards

Awarded by Local Government NSW, the RH Dougherty Awards recognise and encourage greater understanding and communication by councils to their local communities.

Tweed Shire Council was honoured in the 'Reporting to Your Community (population 30,000 to 100,000)' category for its 2013 launch of a range of new communication, engagement and customer service initiatives for the community. This included five new websites, the introduction of social media channels, the re-launch of Council's smartphone application and the establishment of an online community engagement hub, Your Say Tweed. Council also completed the development of a new content management system built entirely in-house, which feeds through the Council's websites.

Council was also awarded a 'Highly Commended' in the 'Excellence in Communication (30,000-100,000)' category for the official opening event for the Margaret Olley Art Centre at the Tweed Regional Gallery on 15 March 2014.

Planning Institute of Australia NSW Awards for Excellence

An engagement campaign to create Council's Tweed Youth Strategy and Action Plan took out the 'Planning for Children and Young People' category at the 2013 Planning Institute of Australia NSW Awards for Excellence.

Council and consultants Cred Community Planning were jointly recognised for the extensive Speak Out engagement campaign conducted to help inform development of the youth strategy.

The Planning Institute of Australia is the peak body representing professionals involved in planning Australian cities, towns and regions.



Tweed Shire Council won the RH Dougherty award for 'Reporting to Your Community' (above) and was Highly Commended in the 'Excellence in Communication' category (below).



IMAGinE Awards

The IMAGinE Awards recognise excellence and contribution to communities from among the 500 museums and galleries across NSW.

The awards also acknowledge outstanding achievements from among the 8000 individuals who work and volunteer in the sector.

Tweed Regional Museum was granted the 'Collection Management Award' for its management of the museum's collection during the restoration of the historic Murwillumbah branch building.

The huge project of assessing, cataloguing and relocating the thousands of items housed at Murwillumbah took staff and more than 14 regular volunteers in excess of 4000 hours.

NSW Business Chamber Awards

A Tweed Shire Council program that has cut workplace injuries by almost half was awarded the Excellence in Workplace Health and Safety prize as part of the 2014 NSW Business Chamber Awards.

The program, which included changing the safety culture and supporting an incident reporting framework, has achieved a 40 per cent reduction in compensable injuries since 2009, and a 45 per cent reduction in the amount of worker time lost to injuries.

As a result, Council's workers compensation premium has been reduced from \$2.7 million in 2009-2010 to less than \$1 million in the coming 2014-2015 financial year.

Public Domain Awards

The multi-award-winning Jack Evans Boat Harbour project at Tweed Heads received two more awards in 2013-2014, this time from Cement Concrete & Aggregates Australia in its Public Domain Awards.

Tweed Shire Council and the project's designers, ASPECT Studios, were awarded the 'Precincts Award' and the 'Best Overall Project Award'.

Judges for said the design team had capitalised on local design expertise to engage both precast and insitu elements to reveal the site narrative and provide accessibility to all.



Above: Tweed Regional Museum staff and volunteers with the IMAGinE 'Collection Management' award.
Below: Jack Evans Boat Harbour (left) has won yet another award and (right) Council staff receive the NSW Business Chamber Award for 'Excellence in Workplace Health and Safety' at the ceremony.





Communication and Customer Services

Council's Communication and Customer Services team continues to deliver on its goal to meet the needs of ratepayers, residents and clients in a professional and ethical manner with courteous and efficient service.

In the 2013-2014 financial year, Council's Contact Centre handled almost 138,000 calls and walk-in customer interactions, providing a streamlined link between Council and the community and a centralised point of reliable information.

An average of 64 per cent of calls to the Contact Centre were answered in less than one minute, and more than half of these enquiries were resolved at the first point of contact.

Council kept the community informed with 231 media releases and 48 issues of the Tweed Link, a free weekly newspaper delivered to 38,500 and also available by online subscription.

There were also 385,630 visits and uses of Council's online service channels including the websites and smartphone application.

Achievements in Civic Leadership

Aim: To set the overall direction and long-term goals for the Tweed in accordance with community aspirations.

New Council website

1.3.1.2

In October 2013, Council introduced its new, customer-focused website. With more than 30,000 visits per month, Council's website plays a major role in providing customer services and information to the community. The new site includes new features and functions, accessibility enhancements and improved layout and searching. Council's top 200 online enquiries are all accessible within one click of the mouse, making it much easier for customers to find what they want, when they need it. Visit the site at www.tweed.nsw.gov.au.

New websites for Council facilities

1.3.1.2

Shortly following the successful launch of Council's new corporate website, the Tweed's premier community and cultural facilities also went live with new and independent websites. Council owned facilities Tweed Regional Gallery, Tweed Regional Museum and the Tweed Regional Aquatic Centres are significant attractions for both locals and visitors to the Tweed, so development of the new sites was led by a strong customer focus aimed at enhancing the overall visitor experience, before, during and after a visit to the facilities.

Tweed Shire Council smartphone app

1.3.1.2

Tweed Shire Council's smartphone app was relaunched this year and made available to download free from the Apple App Store and Google Play. The app was redesigned to improve usability and functionality for smartphones and tablets. Features include: access to road closure information, development application searches, property enquiries, Council meeting and Councillor information, emergency contacts and searching for a library book.



The refreshed Tweed Shire Council website is an important information and customer service tool.



The new Tweed Regional Museum website is one of five new Council websites launched in 2013.



Council relaunched its improved smartphone app.

DA determination time reduced by 34 per cent

1.5.2.1

Tweed Shire Council reduced the average determination time for development applications by 34 per cent in 2012-2013, compared to the previous financial year.

The average time was cut from 93 days in 2011-2012 to just 62 days in 2012-2013 - well below the state average of 68 days - even though Council had received an increased number of development applications and had fewer assessment staff, reduced from 25 to 19 officers.

Tweed LEP

1.5.2

A principal planning document for Tweed Shire, the Tweed Local Environmental Plan 2014 (LEP), was published and made law by the NSW Government in April 2014.

The LEP guides all other strategic planning decisions and documents for this local government area, by outlining permissible land uses and helping to define development standards for all Tweed Shire land outside the Tweed City Centre, which has its own LEP.

The adopted plan had undergone significant changes from the version submitted to the State Government by Council in 2012, but is expected to eliminate much of the uncertainty created by having a draft LEP for so long.

Community donations

1.2.1.5

Tweed community organisations received a total of \$25,750 through Council's Donations Policy in 2013-2014. The recipients included groups and organisations providing care for children and the elderly, supporting those with an illness or disability and fostering cultural, community and creative pursuits.

Festival and events funding

1.3.1.2

Council distributed \$63,900 in funding towards festivals and events to be held in the region in the 2013-2014 financial year. Nineteen organisations received a share of the funds to assist with the costs associated with staging the events, under Council's Festivals and Events Policy. Council also allocated \$18,500 in multi-year funding in 2012-2013 for 2013-2014 and 2014-2015.



Council reduced the average determination time for development applications by 34 in 2013-2014



Some of the recipients of Council's community donations funding for 2013-2014.



Some of the recipients of Council's festivals and events funding for 2013-2014.

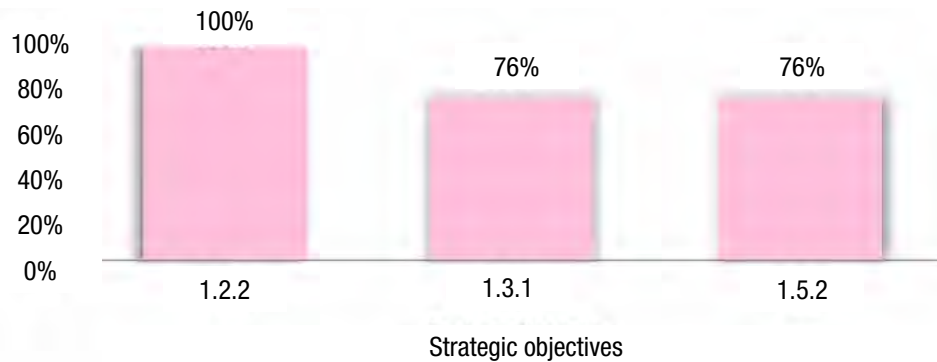


Progress report for 2013-2014: Civic Leadership

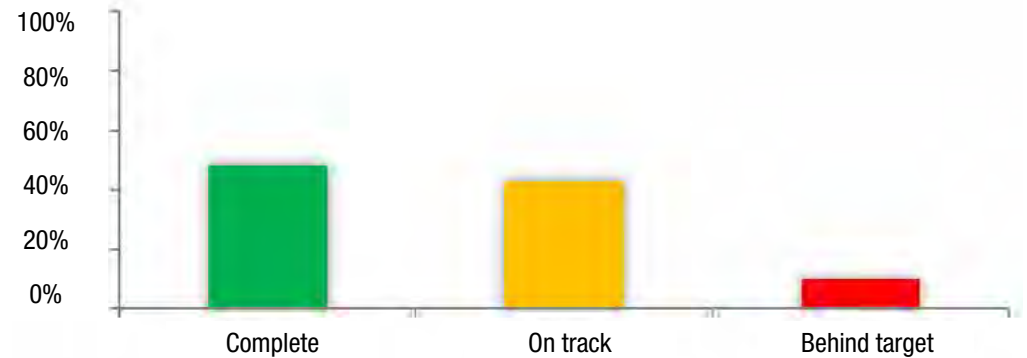
Performance against the Civic Leadership objectives, identified in the 2013-2017 Delivery Program

	2013-2014 result	Budget (\$000)		Actual (\$000)	
		Income	Expenditure	Income	Expenditure
1.1	Ensure actions taken and decisions reached are based on principles of sustainability.	0	0	0	0
1.2	Improve decision making by engaging stakeholders and taking community input into account.	0	475	0	518
1.3	Deliver the objectives of this plan.	(64,208)	6,647	(64,306)	6,631
1.4	Strengthen coordination among Commonwealth and State governments, their agencies and other service providers and statutory authorities to avoid duplication, synchronise service delivery and seek economies of scale.	0	0	0	0
1.5	Manage and plan for a balance between population growth, urban development and environmental protection and the retention of economically viable agricultural land.	(895)	5,406	(1,405)	5,807

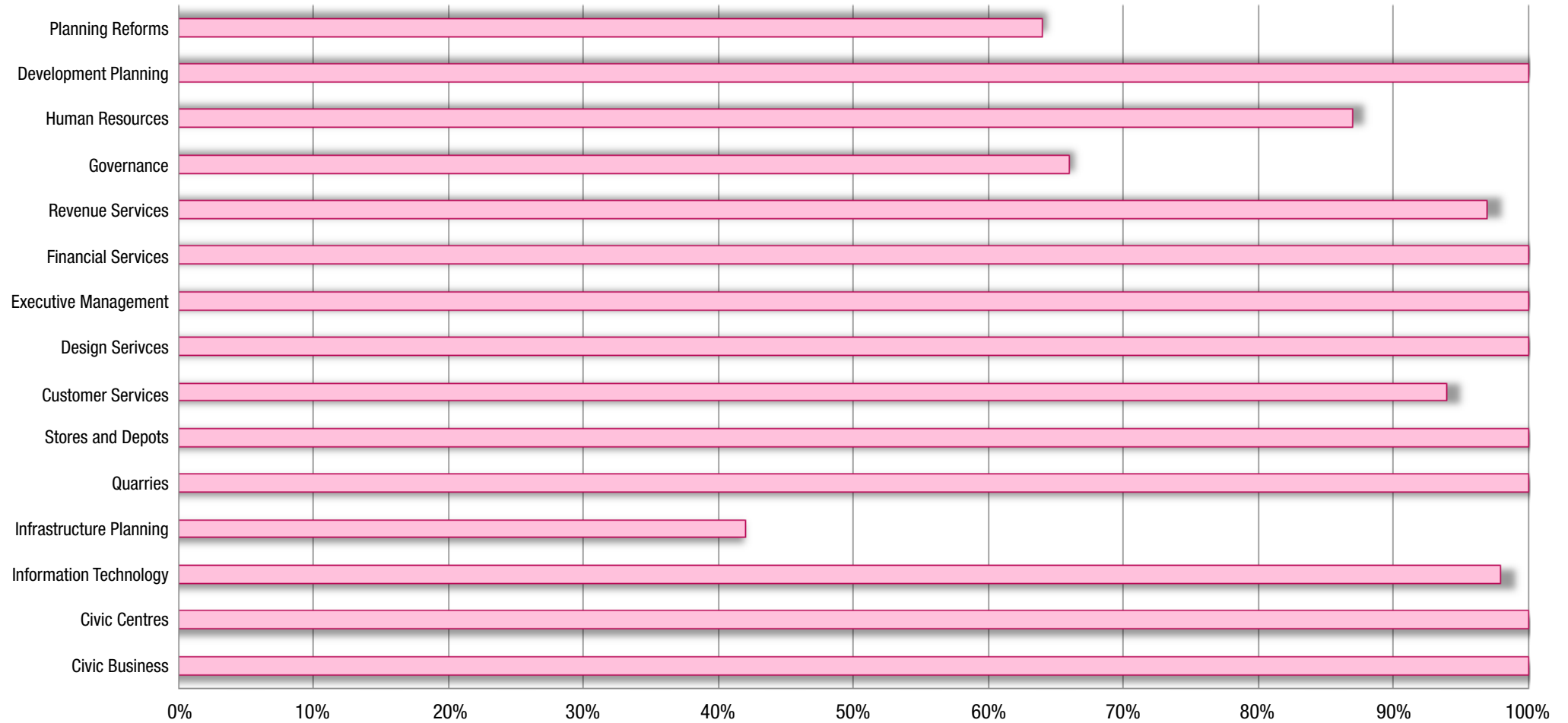
2013-2017 Delivery Program: strategic outcomes



2013-2014 Operational Plan: overall performance



Performance against the Civic Leadership objectives, identified in the 2013-2017 Delivery Program





Access and Inclusion Awards

2.1.1.6

Hosted by Council in December 2013, the inaugural Tweed Shire Access and Inclusion Awards celebrated the efforts of individuals, community groups, organisations and businesses to build and promote an accessible and inclusive Tweed community.

The awards will be held annually to heighten awareness, commitment and action to create opportunities and remove barriers so everyone can participate fully in the Tweed community.

Nomination was open to any individual, group, business or organisation residing in or with a connection to the Tweed and demonstrating an achievement or innovation in access and inclusion.

Above: The Healing Voices Choir performing at the 2013 Access and Inclusion Awards.

Achievements in Supporting Community Life

Aim: To create a place where people are healthy, safe, connected and in harmony with the natural environment to retain and improve the quality of community life.

Kirkwood Road extension

2.3.5.15

A \$17 million extension of Kirkwood Road, including a new access to the Pacific Highway, was officially opened in January 2014. The extension provides motorists with an alternative access to the Tweed Heads South business district and has relieved congestion at the southern Pacific Highway interchange on Minjungbal Drive. Council funded two-thirds of the project cost, with the remainder met by NSW Roads and Maritime Services.



The new Kirkwood Road interchange provides new access to the Pacific Motorway .

Margaret Olley Art Centre opening

2.1.3

The much anticipated launch of the Margaret Olley Art Centre (MOAC) at the Tweed Regional Gallery saw the construction of a \$4 million extension of the Tweed Regional Gallery and the re-creation of three of the rooms in Margaret's famous Sydney home.

The MOAC was officially opened by the outgoing Governor-General, Quentin Bryce as her last official duty in the role outside of Canberra, in March 2014.

In 2011, the Margaret Olley Art Trust announced the late Australian artist had bequeathed \$1 million to establish a re-creation of her studio and elements of her home and wanted it built in the Tweed, where she spent time as a child.



Dignitaries inspecting the display at the official opening of the Margaret Olley Art Centre.

Tweed Regional Museum expansion

2.1.3

A multi-million dollar project to restore and expand the Tweed Regional Museum in Murwillumbah entered its final stages when the keys to the building were handed over to Council in June 2014. With the building phase complete, Museum staff, volunteers and specialist museum contractors commenced the particularly intense process of identifying and preparing hundreds of collection items for display.

Clarrie Hall Dam spillway upgrade

2.3.2

A \$7.3 million major upgrade to Clarrie Hall Dam, unveiled in May 2014, increased the dam's spillway capacity to meet new standards established by the NSW Dam Safety Committee.

The project involved widening and extending the existing spillway and raising the dam's wave wall to help provide greater control of extreme flood levels in the dam. A number of innovations in design and construction resulted in the upgrade to Clarrie Hall Dam being delivered on schedule and \$300,000 under budget.

New signage at the site further recognised the significance of the local area for Indigenous culture through the telling of traditional Dreamtime stories relevant to the Tweed. The signs were developed in close consultation with the Aboriginal community and were welcomed by the Aboriginal Advisory Committee



A \$7.3 million major upgrade to Clarrie Hall Dam was delivered on schedule and under budget.

Seniors Information Hub @ Banora Point Community Centre

2.1.1

A new extension was added to the Banora Point Community Centre to house a Seniors Information Hub, which was officially opened in October 2013.

The hub is a place where seniors can come together to meet and find out about services, community groups, social education and leisure activities available locally and further afield. The facility was funded by the Commonwealth Government, Home and Community Care Program (HACC) and is run through Tweed Shire Council's Community and Cultural Services unit.



A new Seniors Information Hub was opened at the Banora Point Community Centre in October 2013.

Integrated Water Cycle Management Strategy

2.3.2

In line with best-practice, a major independent review of Council's Integrated Water Cycle Management (IWCN) Strategy was undertaken to ensure it remains relevant to current and emerging issues and community desires for future water cycle management. Community consultation was front-and-centre during the process. The review involved a program of public exhibitions, surveys, interviews, workshops and ongoing liaison with state government agencies.

Target 180 achieved

2.3.2

As an integral component of its Demand Management Strategy, Council continued to encourage households to reduce water consumption through its Target 180 program. This was reached in 2013 with residential water use down to 179 litres per person per day.

Given this success, Council is now challenging residents to reduce water consumption to 170 litres per person per day by the end of 2016.



Council and the community achieved their Target 180 program objective in 2013.

Knox Park Masterplan

2.3.6

Local youth and skating enthusiasts were invited to contribute to plans to create a dedicated public youth space as part of the Stage 1 redevelopment of Murwillumbah's Knox Park.

Council sought ideas for the facility from skaters, BMX riders and scooter riders when it hosted a feedback event at the Knox Park skate park in August 2013. The feedback was used to inform development of the draft Knox Park Masterplan, which went on public exhibition from October 2013 to January 2014.

Stage 1 of the project will include replacement of the existing dated skate park and play equipment with a 'best practice' plaza-style skate/scooter precinct and adventure playground, with cutting-edge design features to encourage participation by a range of young people and families.



Sharing ideas for the future of Knox Park at a Youth Skate Event hosted by Council in August 2013.

Youth Strategy adopted

2.1.1.1

After an extensive period of community consultation, the Tweed Youth Strategy and Action Plan was adopted by Council at its November 2013 meeting. The strategy will guide Council policy and activities involving youth, to help make the Tweed a great place to be a young person.

Council and project consultants, Cred Community Planning, worked closely together during a lengthy and diverse engagement campaign to identify the things that were important to young people in the Tweed and what they would like to see changed. Forums with several schools, video vox pops by a young film crew, online forums and surveys and a competition for photos and videos were among the activities conducted in 2012 and 2013.



The Tweed Youth Strategy and Action Plan aims to make Tweed a great place to be a young person.

Faulks Park upgrade

2.3.6

A \$240,000 upgrade and expansion of the playground and other facilities at Kingscliff's Faulks Park were officially opened in December 2013, in time for the holiday season at the seaside town.

Several features of the design were a response to the community input which helped shape Council's recently adopted Tweed Youth Strategy and Action Plan, outlining what young people would like to see in their area.



The expansion and upgrade of Faulks Park in Kingscliff was opened in December 2013.

Arkininstall Park

2.3.6

Council delivered the first section of a \$7.75 million Stage 1 upgrade of Arkininstall Park in April 2014, when it officially opened a \$200,000 playground and public recreation area. This was followed by an official handover of new \$740,000 netball clubrooms to Tweed netball association representatives in May 2014. Work continues on other sections of the Stage 1 upgrade, including a regional high performance tennis facility and additional netball courts.

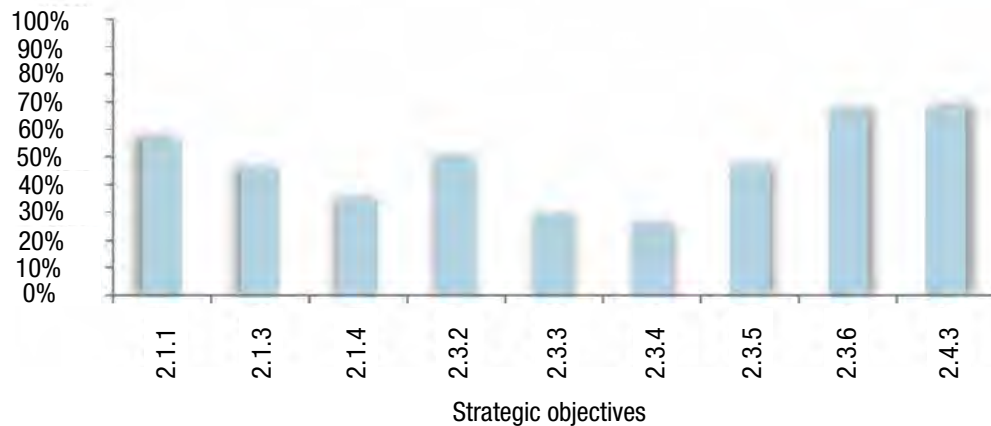


Progress report for 2013-2014: Supporting Community Life

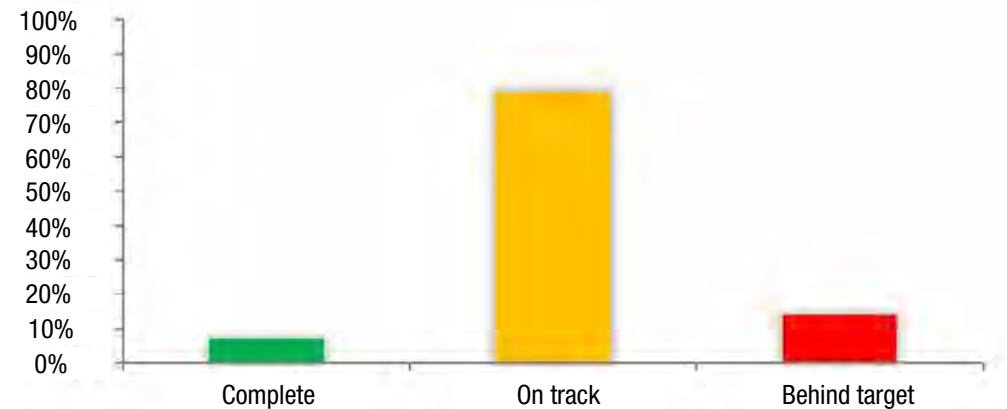
Performance against the Supporting Community Life objectives, identified in the 2013-2017 Delivery Program

	2013-2014 result	Budget (\$000)		Actual (\$000)	
		Income	Expenditure	Income	Expenditure
2.1	Foster strong, cohesive, cooperative, health and safe communities	(2,769)	12,046	(8,683)	21,915
2.2	Improve opportunities for housing choice	0	0	0	0
2.3	Provide well serviced neighbourhoods	(107,674)	125,657	(110,485)	114,862
2.4	An integrated transport system that meets local and regional needs	(7,381)	25,183	(18,262)	38,053
2.5	Provide vibrant and accessible town, community and business centres	0	0	0	0
2.6	Improve urban design	0	0	0	0

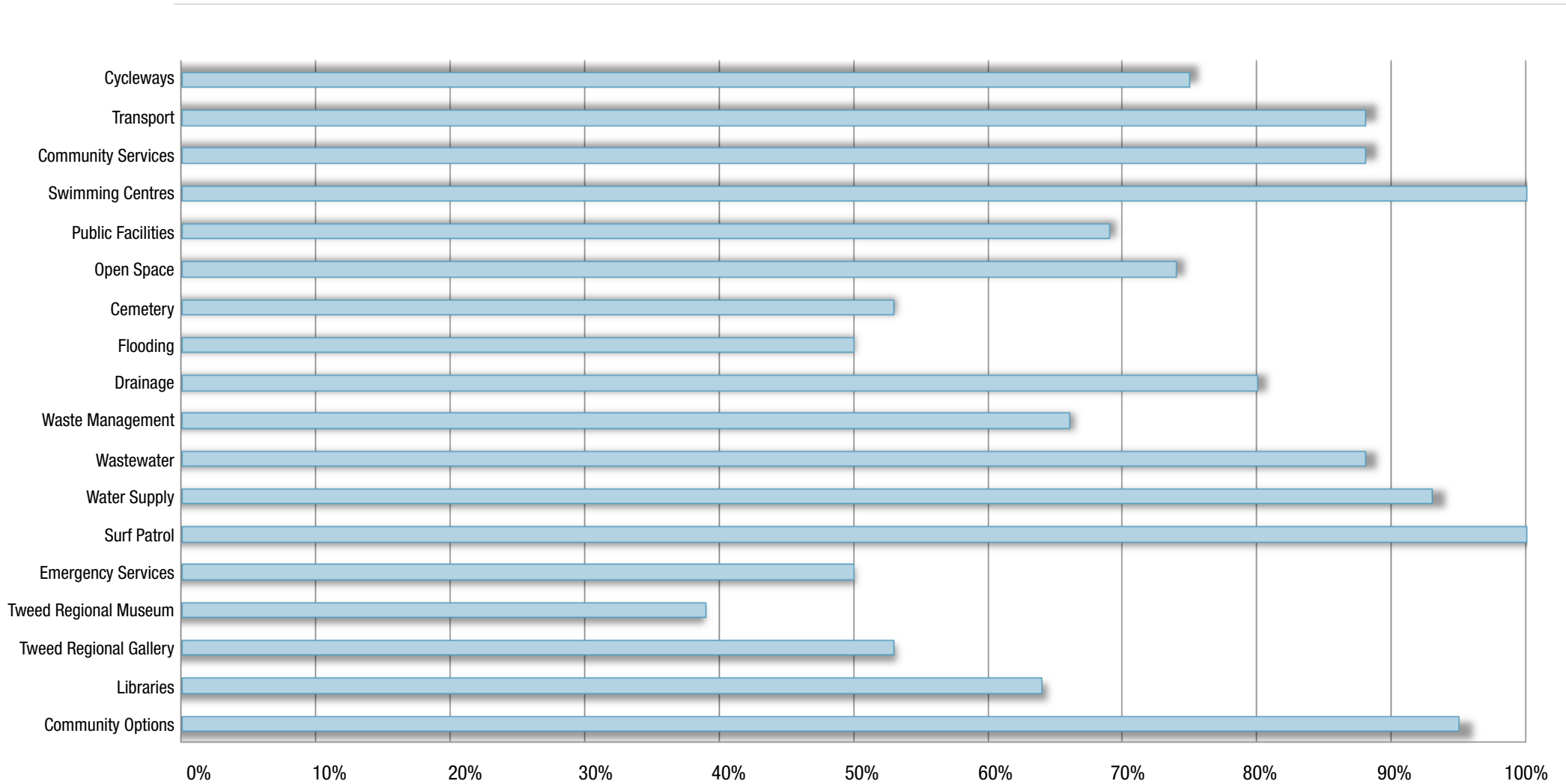
2013-2017 Delivery Program: strategic outcomes



2013-2014 Operational Plan: overall performance



Principle activities for Supporting Community Life, as identified in the 2013-2017 Delivery Program





Stone and Wood

Ongoing close liaison between Council and the Stone and Wood Brewing Company came to a head in May 2014, when the growing Northern Rivers business received final approval for its new brewery and bottling plant in South Murwillumbah.

Council worked closely with the Byron Bay-based company to explore and facilitate opportunities to expand into Tweed Shire, because the businesses had outgrown its headquarters in Byron Shire.

Company Director Jamie Cook said the Murwillumbah brewery was initially expected to produce about 1.5 million litres of beer per year, similar to the current output at the Byron Bay operation. However, the Murwillumbah plant offered the capacity for much greater production levels.

Above: Signing the final approval documents to allow Stone and Wood Brewing Company to begin production at its new South Murwillumbah plant ... (from left) company Directors Jamie Cook and Brad Rogers and Council General Manager Troy Green.

Achievements in Strengthening the Economy

Aim: To strengthen and diversify the region's economic base in a way that complements the environmental and social values of the Tweed.

Economic development strategy

3.1.4

The Tweed Shire Economic Development Strategy was jointly produced by Council and Destination Tweed to identify practical actions to enhance the Tweed Shire economy, providing greater investment certainty, supporting existing businesses, increasing local jobs and promoting business sustainability.

Development of the strategy was the result of a collaborative effort by Council, Destination Tweed, local businesses, industry sectors, environmental representatives and community groups.

The economic development strategy will be a road map for Destination Tweed and Council to work in partnership with industry to deliver a sustainable economic future for the Tweed.



Council and Destination Tweed collaborated on the Tweed Shire Economic Development Strategy.

New business gateway on Council's website

3.1.4

A new Business Gateway page was added to Council's website to provide a conduit to all of Council's business-related services.

The Gateway at www.tweed.nsw.gov.au/business provides links to a wide range of information and assistance for small business including information on business start-up incentives, a small business grants finder, planning and development advice as well as links to the Tweed's Business Chambers.



The new Business Gateway on Council's website provides access to a range of services and tools.



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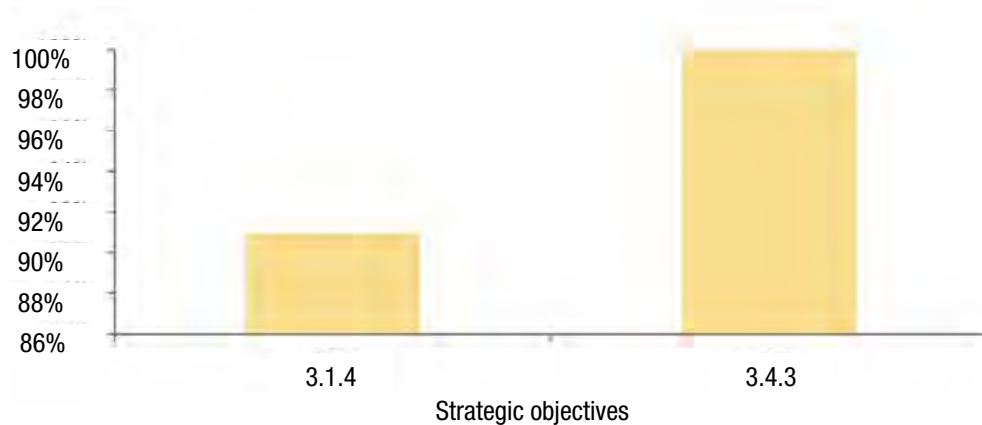


Progress report for 2013-2014: Strengthening the Economy

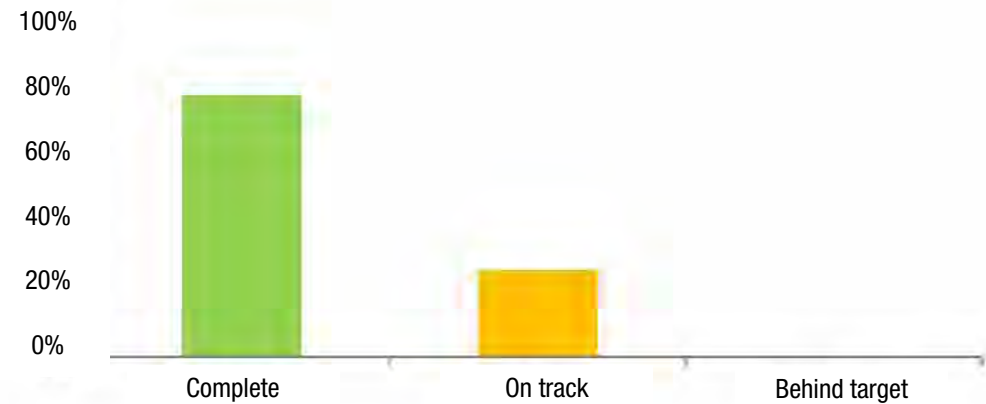
Performance against the Strengthening the Economy objectives, identified in the 2013-2017 Delivery Program

	2013-2014 result	Budget (\$000)		Actual (\$000)	
		Income	Expenditure	Income	Expenditure
3.1	Expand employment, tourism and education opportunities	(24)	1,635	(323)	2,397
3.2	Retain prime agricultural land, farm viability, manage rural subdivision and associated landscape impacts	0	0	0	9
3.3	Maintain and enhance the Tweed lifestyle and environmental qualities as an attraction to business and tourism	0	0	0	0
3.4	Provide land and infrastructure to underpin economic development and employment	(8,688)	8,717	(9,175)	8,739

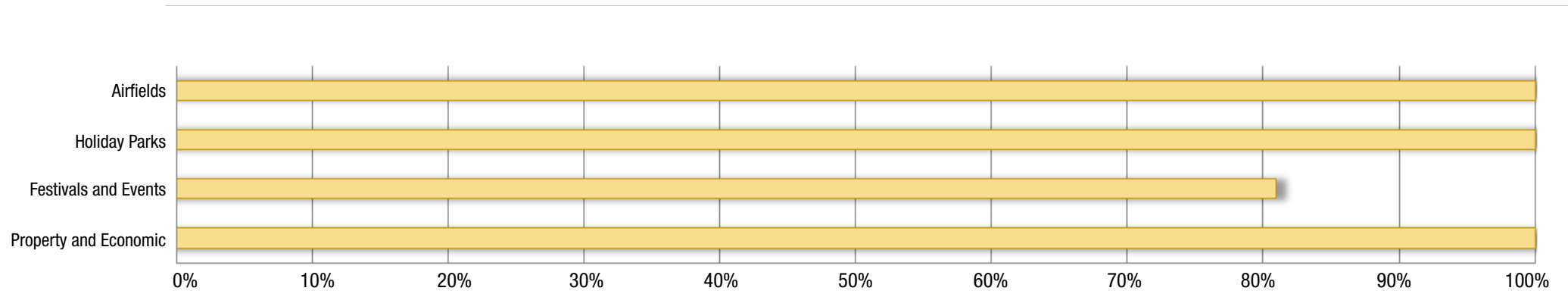
2013-2017 Delivery Program: strategic outcomes



2013-2014 Operational Plan: overall performance



Principle activities for Strengthening the Economy, as identified in the 2013-2017 Delivery Program





Inaugural 'Living for the Future' Home Expo

4.1.2

On 16 November 2013, Council hosted its inaugural Living for the Future Home Expo at the Tweed Heads Civic Centre, attracting more than 600 people seeking information, products and services to improve sustainability in their homes and in the community.

Local experts and business operators were on hand with a range of solutions to help people cut their power and water bills, grow their own food and build more vibrant communities.

The event also provided an excellent flow of information back to Council, with more than 70 sustainability ideas received from the community.

Above: Local businesses presented a range of sustainability solutions at the inaugural Living for the Future Home Expo, held in November 2013.

Achievements in Caring for the Environment

Aim: For Council and the community to value, respect and actively participate in the care and management of the Tweed's natural environment for current and future generations.

Renewable Energy Think Tank

4.1.2

In August 2013, several of the region's leading authorities on renewable energy gathered to attend Tweed Shire Council's second annual think tank, to build upon the success of 2012's inaugural event.

Discussion topics included the promotion of energy efficiency, better use of bioenergy sources in the Tweed Valley and the trial of community-scale solar energy storage and investment. An action plan was developed and a progress report published in April 2014. Both documents are available on the Council website.

Tweed River Festival

4.3.1

The Tweed River Festival is run annually by Council as a way to encourage residents and visitors to be more aware about the importance of local waterways to our lives and lifestyle.

In 2013, the week-long event featured a full program of interactive workshops, educational walks and artistic displays, culminating with the main festival day on Saturday 9 November.

About 2000 people attended the main festival day, hosted at Budd Park in Murwillumbah, enjoying free entertainment, a variety of food stalls and the Lights on the River Lantern Parade at dusk.

National Biodiversity Month tree planting

4.5.1

A Council-led initiative to celebrate National Diversity Month in September 2013 saw close to 3000 native trees planted in the Pottsville Wetland. The Pottsville Wetland is a great example of biodiversity, with over 281 native plant and 148 native fauna species found at this site.



The new Tweed Regional Museum website is one of five new Council websites launched in 2013.



The community gathered in Budd Park to celebrate the Tweed River Festival.

Workshops to improve soil and pasture health

4.5.1

Two workshops to build local farmers' capacity in soil health and pasture management were held in 2013 by Tweed Shire Council's Sustainable Agriculture Program, in collaboration with Tweed Landcare.

The workshops, delivered respectively by acclaimed agronomist Bob Shaffer and Australian pastures expert Carol Rose, from the NSW Department of Primary Industry, addressed the science, development and management of cover crop systems and the use of paddock plants to identify underlying soil, water or pest management issues.

10,000 more trees for koalas

4.2.1

The Tweed Byron Koala Connections project celebrated a significant milestone towards recovery of the local koala population when the 10,000th tree was planted in November 2013.

Koala Connections is working towards conserving the coastal populations of koalas in Tweed and Byron by restoring habitat, including linkages between the coast and ranges.

Supported by funding from the Australian Government, the Tweed and Byron shire councils are working with landholders to plant 60,000 trees in areas that will provide the greatest benefit for koalas and a range of other significant species.

Platypus project

4.5.1

Council launched its 'Platypus Project' in November 2013, collecting platypus sightings to better understand where the mammal lives and whether populations are increasing or decreasing.

The aim of the project was to protect platypus habitat and reduce threats to Tweed platypus populations and to help Council work with the community to protect and repair water catchments and special habitats. Members of the community were invited to report platypus sightings directly to Council or via the Australian Platypus Sighting smartphone app. A series of video interviews with local landholders actively protecting platypus habitat on their properties was also made available via Council's website and YouTube channel to increase community awareness and education.

Sustainable Agriculture Strategy

4.5.1

Council staged a series of community workshops in February 2014 to further develop its draft Sustainable Agriculture Strategy, working directly with local producers to better understand the issues they face and to identify solutions.



Council collaborated with Tweed Landcare to build local farmers' capacity in sustainability.



Koala Connections celebrated its 10,000th tree planting in November 2013.



Council and community worked together to raise awareness through the 'Platypus Project'.

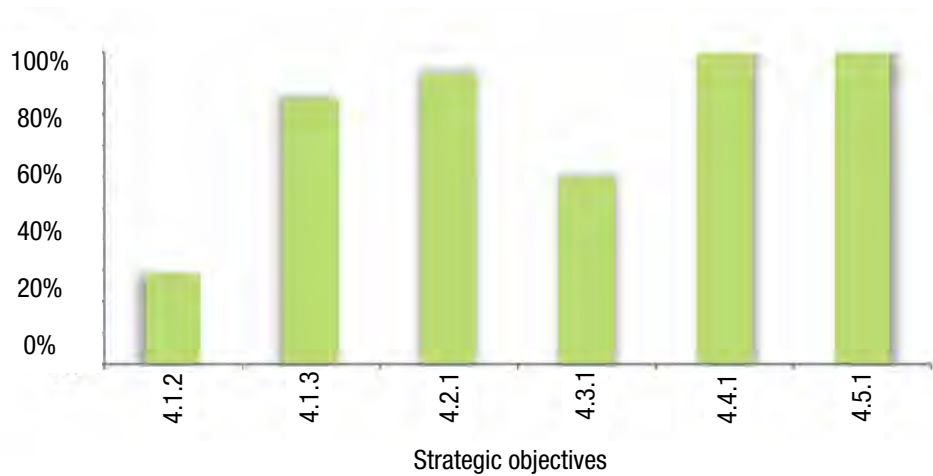


Progress report for 2013-2014: Caring for the Environment

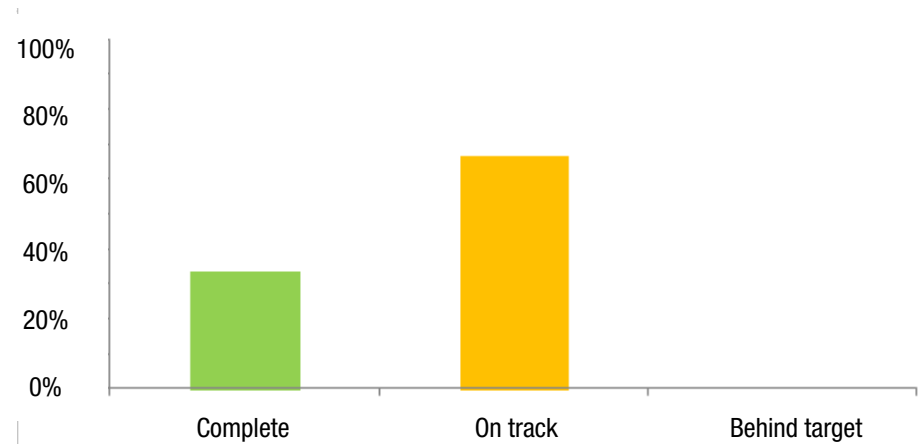
Performance against the Caring for the Environment objectives, identified in the 2013-2017 Delivery Program

	2013-2014 result	Budget (\$000)		Actual (\$000)	
		Income	Expenditure	Income	Expenditure
4.1	Protect the environment and natural beauty of the Tweed	(2,478)	4,870	(2,855)	4,932
4.2	Conserve native flora and fauna and their habitats	0	1,632	(826)	2,531
4.3	Maintain and enhance Tweed Shire's waterways and its catchments	(103)	1,134	(247)	1,544
4.4	Manage the Tweed coastline to ensure a balance between utilisation and conservation	0	741	(24)	809
4.5	Improve the environmental capacity of the Tweed agricultural lands	0	0	(116)	255

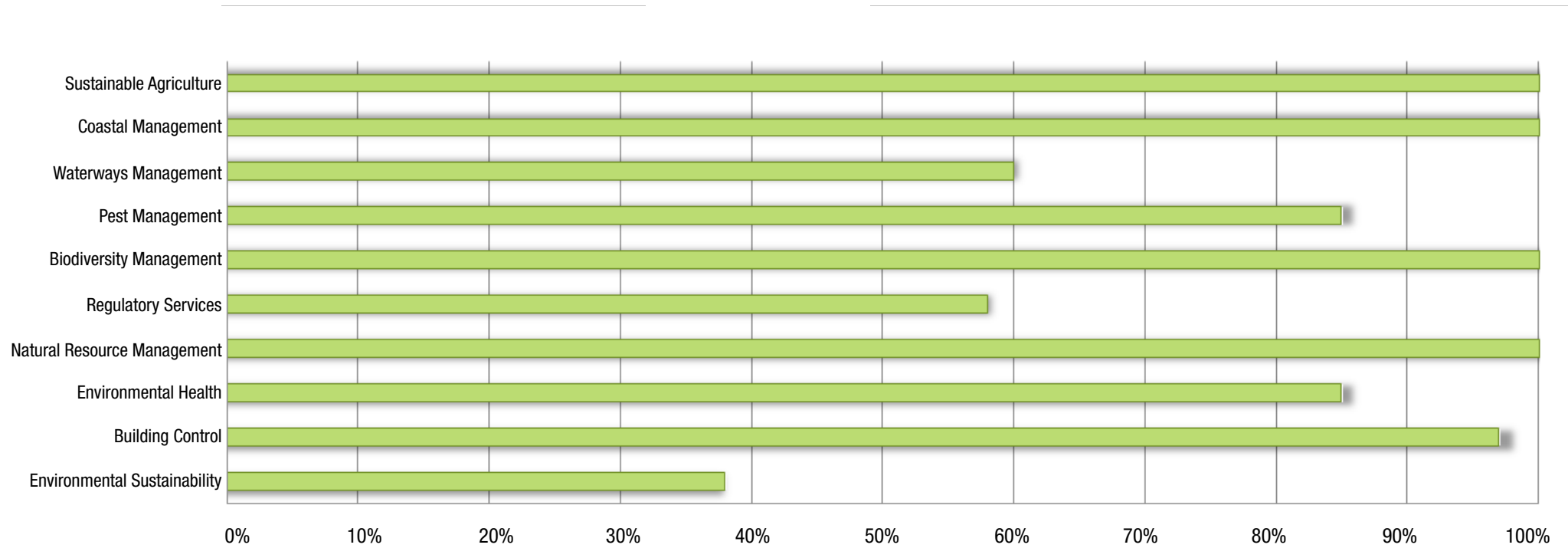
2013-2017 Delivery Program: strategic outcomes



2013-2014 Operational Plan: overall performance



Performance against the Caring for the Environment objectives, identified in the 2013-2017 Delivery Program





Section 2: Statutory reporting

Special rate variation

Report for 2013-2014

In 2006-2007, Council commenced a Seven Year Infrastructure and Services Plan, which involved rate variations above the normal rate-pegging amount. Whilst 2012-2013 was the last year of that plan, some funds accrued during the seven-year period remained available for expenditure on key infrastructure and services during 2013-2014.

This report outlines outcomes and expenditure of those funds in the 2013-2014 financial year.

Projects	Expenditure
Community and Natural Resources	\$2,395,966
Tweed Regional Museum - Murwillumbah	\$1,670,546
Vegetation Management Strategy	\$236,635
Improved services for Tweed youth	\$113,799
Tweed Coast Estuaries Management Plan 04	\$85,412
Community buildings maintenance	\$75,650
Coastline Management Plan implementation	\$73,436
Aboriginal Community Development	\$58,725
Administrative assistant (Community)	\$57,947
Waterways asset replacement	\$23,816

Projects	Expenditure
Technology and Corporate Services	\$49,505
Internal audit / Systems accounting	\$49,505

Projects	Expenditure
Engineering and Operations	\$5,440,861
Rehabilitation transport assets	\$1,631,278
Stormwater rehabilitation	\$553,497
Sealed road rehabilitation	\$497,070
Sealed road resurfacing	\$448,895
Faulks Park	\$443,014
Pools asset management	\$425,147
Gravel resheeting of unsealed roads	\$371,383
Sportsgrounds capital works (local)	\$283,294
Footpaths rehabilitation	\$247,522
Retaining walls	\$204,636
Lot 500 bushland	\$157,872
West Kingscliff drain - Gales/bowling club	\$83,944
Park asset maintenance	\$82,891
Kerb and gutter rehabilitation	\$66,408
Parks asset renewal	\$61,675
Budd Park Stage 2	\$24,188

Projects	Expenditure
Planning and Regulation	\$751,960
Environmental health compliance (food inspections)	\$117,770
Urban Design Planner	\$109,407
H&B Surveyor	\$101,834
Building Compliance Officer	\$83,348
Extension Officers (Urban Design)	\$79,719
Environmental Health Compliance (caravan)	\$78,175
Rural Lands Strategy	\$73,215
Administrative Assistant (Building)	\$59,696
Emergency Management Plan implementation	\$48,796

Projects	Expenditure
Office of the General Manager	\$265,366
Tourism and Economic Development (contract)	\$215,507
Corporate Planning Unit	\$49,859

Totals	Expenditure
All projects	\$13,695,590
Community and Natural Resources	\$2,395,966
Technology and Corporate Services	\$49,505
Engineering and Operations	\$5,440,861
Planning and Regulation	\$751,960
Office of the General Manager	\$265,366



The restoration and expansion of the Tweed Regional Museum at Murwillumbah was one of many projects to receive funding through the special rate variation.

Summary of legal proceedings

Net legal expenses for the 2013-2014 financial year totalled \$814,881.

Planning and environment law

Description of matter	General instructions	Costs	Comments
DA08/0966 refusal and other issues connected with onsite sewerage management, 49 Upper Crystal Creek Road Crystal Creek	Council resolved on 20 July 2010 to defend Class 4 Appeal in the Land and Environment Court.	Total \$98,317	In Progress. \$7106.53 security costs awarded to Council. Seeking advice on progress of recovery of costs.
DA10/0160 Tamarind Avenue Bogangar	Seek appropriate advice on section charges.	FY13-14 \$11,715	In Progress. Information being received regarding section charges.
Viavettene v Tweed Shire Council	Defend Appeal Supreme Court on issues of originating Local Court orders.	bwd \$31,676 FY13-14 \$0 Total \$31,676	Completed. Council response to court orders: 1 Notice of appeal to stand 2 Set aside order 3 from Barr AJ 28/6/13 decision 3 Dismiss appeal with no cost order.
Voluntary Planning Agreement, Area E Altitude Aspire	Council resolved on 19 September 2013 to prepare a planning proposal for Lots 2-8 DP 28597 Terranora Road, Terranora, and submit the planning proposal for a Gateway determination.	bwd \$17,423 FY13-14 \$9688 Total \$27,111	In Progress. Voluntary Planning Agreement currently on exhibition.
K99/1124 Cobaki development unapproved earthworks legal advice	Seek appropriate legal advice.	FY13-14 \$31,512 Total \$31,512	Completed. Advice provided.

Description of matter	General instructions	Costs	Comments
DA11/0456 Noble Lakeside	Council resolved on 21 March 2013 to defend Class 1 Appeal.	bwd \$51,325 FY13-14 \$309,762 Total \$361,087	Completed. Appeal dismissed December 2013. Agreed costs of \$30,000 accepted.
DA 10/0300, 29 Oyster Point Road, Banora Point	Defend Class 1 Appeal to the Land and Environment Court.	FY13-14 \$8204 Total \$8204	Completed. Modified consent orders issued 8/8/13.
DA12/0419 Everest, 63 Kingscliff Street	Defend Class 1 Appeal to the Land and Environment Court.	FY13-14 \$6428 Total \$6428	Completed. Consent orders made 3/9/13.
Casuarina Beach Holdings Pty Ltd	Defend Class 1 Appeal to the Land and Environment Court.	FY13-14 \$20,571 Total \$20,571	Completed. Appeal upheld on 4/10/13
Tricare(Hastings) Ltd 87-89 Tweed Coast Road Hastings Point DA06/0413 Senior Living Development	Council resolved on 19 September 2013 to submit an appearance only in the Class 4 Appeal - LEC.	FY13-14 \$6100 Total \$6100	Completed. Matter determined in Land and Environment Court in favour of the Applicant.
Provide advice regarding listening devices.	Seek appropriate legal advice.	FY13-14 \$3202	Completed. Advice provided.
DA12/0527 Gollan Drive Tweed Heads (IGA / Seagulls)	Council resolved on 12 December 2013 to defend Class 1 Appeal.	FY13-14 \$283,457	In Progress. Class 1 Appeal heard in Land and Environment Court - decision yet to be handed down.
DA13/0397 Pearl Street Kingscliff	Class 1 Appeal refusal DA.	FY13-14 \$3291	In Progress. Matter adjourned in Land and Environment Court for draft conditions to be provided by Council. Draft conditions provided. Awaiting outcome of decision.
Unauthorised excavation Tyalgum	Seek appropriate legal advice.	FY13-14 \$3982	In Progress. Legal advice provided.

Description of matter	General instructions	Costs	Comments
Business Investment Policy	Review of Policy.	bwd \$2610 FY13-14 \$366 Total \$2976	Completed. Review of Policy provided.
7 Year Special Rate Variation	Class 4 Appeal Land and Environment Court.	bwd \$493,120 FY13-14 \$0 Total \$493,120	In Progress. Dismissed by Land and Environment Court 30/12/08. Appeal dismissed 5/2/10 part costs awarded. Application to High Court for special leave dismissed with cost, not assessed. Recovery of assessed costs of \$134,058 being pursued.
Administrative Decisions Tribunal hearing - Leda Developments	Assist Council in dealing with Tribunal hearing.	bwd \$5,534 FY13-14 \$2,772 Total \$8,306	Completed. Decision handed down on 30 May 2013 to release some information. Other information not released, subject to an Appeal by Applicant. Heard on 22 October 2013.
Provide general advices	Provide appropriate advice.	FY13-14 \$9221	Completed. Advices provided.
Provide advice on Heritage matter	Provide appropriate advice.	FY13-14 \$2392	Completed. Advices provided.
Provide advice on Employment matter	Provide appropriate advice.	FY13-14 \$6561	Completed. Advices provided.
Provide advice on Election Posters	Provide appropriate advice.	FY13-14 \$736	Completed. Advices provided.
Provide advice on Delegation	Provide appropriate advice.	FY13-14 \$2040	Completed. Advice provided.

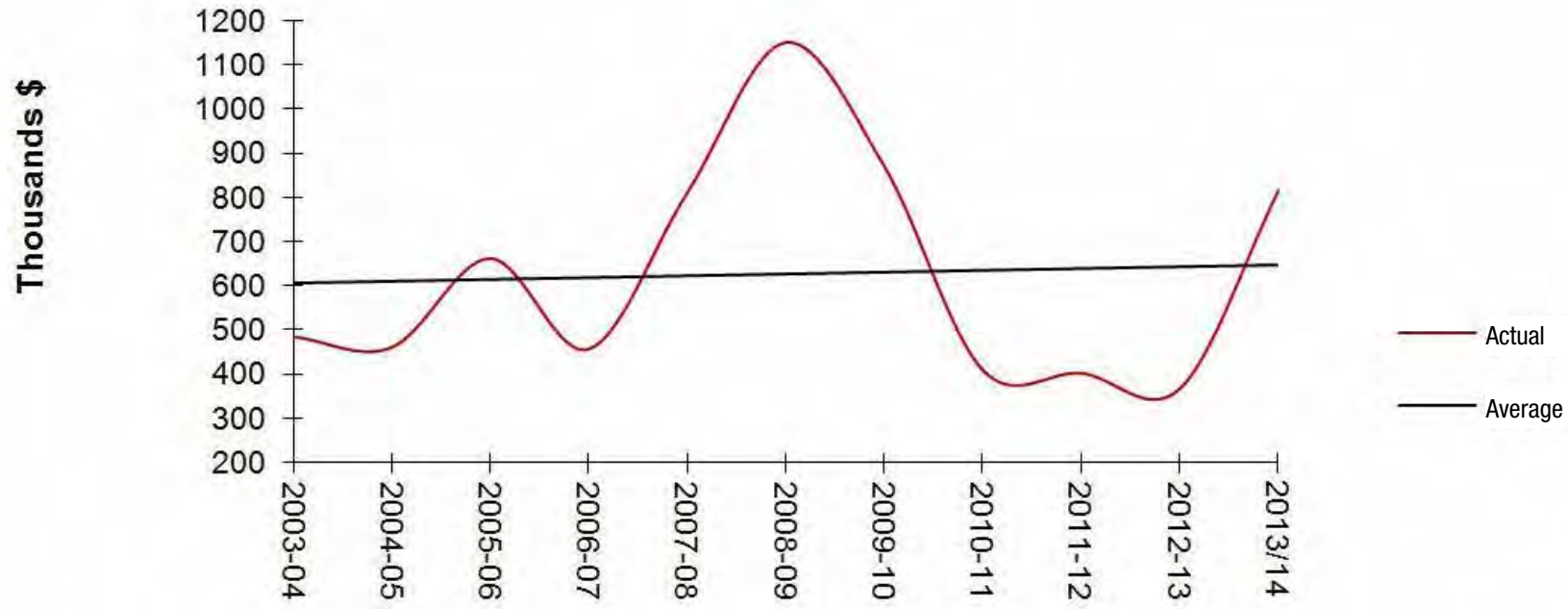
Local Government law (litigation and advice)

Description of matters	General instructions	Costs	Comments
Local government	General advice.	FY13-14 \$3673	Completed. Advice provided.
Appeal against Oakvale Capital Ltd ACN 009 070 884	Commence proceedings in Federal Court in claim against security bond.	bwd \$30,324 FY13-14 \$33,609 Total \$69,933	In Progress. Appeal currently being implemented.
Provide advice on GIPAA Applications	Provide appropriate advice.	FY13-14 \$8822	In Progress. Advice provided.

District / Local Court matters

Description of matters	General instructions	Costs	Comments
Hacienda and Homestead Caravan Park compliance matters	Council resolved on 24 January 2012 to seek legal advice on breach of legislation to operate the Homestead Caravan Parks.	bwd \$5100 FY13-14 \$40,818 Total \$40,817	In Progress. Local court found against Council on 18 June 2013. Council appealed to Land and Environment Court. Matter held on 26 November 2013 and awaiting decision.
Prosecute illegal development at 29 Oyster Point Road	Defend matter in Local Court.	bwd \$0 FY13-14 \$2600 Total \$2600	Completed. On 20/11/13 the Local Court ordered the defendant to pay \$1800 in fines and costs fee within 28 days. Defendant had 28 days to lodge an appeal. Council is not aware that an appeal has been lodged.
Unauthorised works, Hacienda Caravan Park Chinderah	Council resolved on 20 March 2014 to prosecute for unauthorised works	FY13-14 \$0	In Progress. Matter listed for hearing 18 July 2014.
Viavettene v Tweed Shire Council	Defend appeal issues in Local and District Court.	FY13-14 \$3360	In Progress. Awaiting hearing in the District Court.

Annual comparison of legal costs



Councillor fees and expenses

Payments of Mayoral and Councillor expenses were in accordance with the Tweed Shire Council Policy: *'Councillors – Payment of Expenses and Provision of Facilities for Mayor and Councillors'*.

General fees and expenses

Item	Amount
Fees	
Councillor and Mayoral fees	\$160,645
Mayoral vehicle	\$13,552
Councillor Policy provisions and expenses	\$41,000
Administration support	\$75,763
Insurance	\$52,153
Reportable items	
Provisions for dedicated office equipment	\$2694
Telephone and internet	\$13,211
Conferences and seminars	
Intrastate training attended	\$23,960
Interstate visits representing Council	\$4804
Overseas visits representing Council	\$0
Spouse expenses	\$0
Child care expenses	\$0
TOTAL EXPENSES	\$369,374

Conferences and seminars attended

Intrastate	Location
Local Government NSW Annual Conference 2013	Sydney
NOROC Meeting with NSW Ministers at Parliament House	Sydney
NSW Coastal Conference	Port Macquarie
Executive Certificate for Councillors - LGNSW	Sydney
Executive Certificate for Councillors - LGNSW	Coffs Harbour
Executive Certificate for Councillors - LGNSW	Sydney
Australian Coastal Councils Conference	Ballina
Rail Trails for NSW Launch Event	Sydney
Interstate	Location
16th International River Symposium	Brisbane
National General Assembly of Local Government	Canberra

Senior staff remuneration

In the 2013-2014 financial year, Tweed Shire Council employed a General Manager and four senior staff positions, with a total remuneration value of \$1,164,113.

General Manager

Item	Amount
Salary	\$240,326
Bonus payments	\$0
Superannuation	\$22,275
Motor vehicle (non cash)	\$8895
Fringe benefits tax	\$6120
Total package	\$277,616



Senior staff

Including:

- Director Community and Natural Resources
- Director Engineering and Operations
- Director Planning and Regulation
- Director Technology and Corporate Service

Total of all senior staff packages

Item	Amount
Total all packages	\$ 886,497

Senior staff packages - permanent positions

Item	Amount
Salary	\$549,391
Bonus payments	\$0
Superannuation	\$62,462
Motor vehicle (non cash)	\$20,731
Fringe benefits tax	\$16,391
Total package	\$648,975

Senior staff packages - Acting Director Community and Natural Resources (24 February 2014 - 30 June 2014)

Item	Amount
Salary	\$50,725
Bonus payments	\$0
Superannuation	\$6922
Motor vehicle (non cash)	\$0
Fringe benefits tax	\$1951
Total package	\$59,598

Senior staff packages - Acting Directors Technology and Corporate Services (1 July 2013 - 25 April 2014; 28 April 2014 - 30 June 2014)

Item	Amount
Salary	\$153,250
Bonus payments	\$0
Superannuation	\$19,086
Motor vehicle (non cash)	\$825
Fringe benefits tax	\$4763
Total package	\$177,924

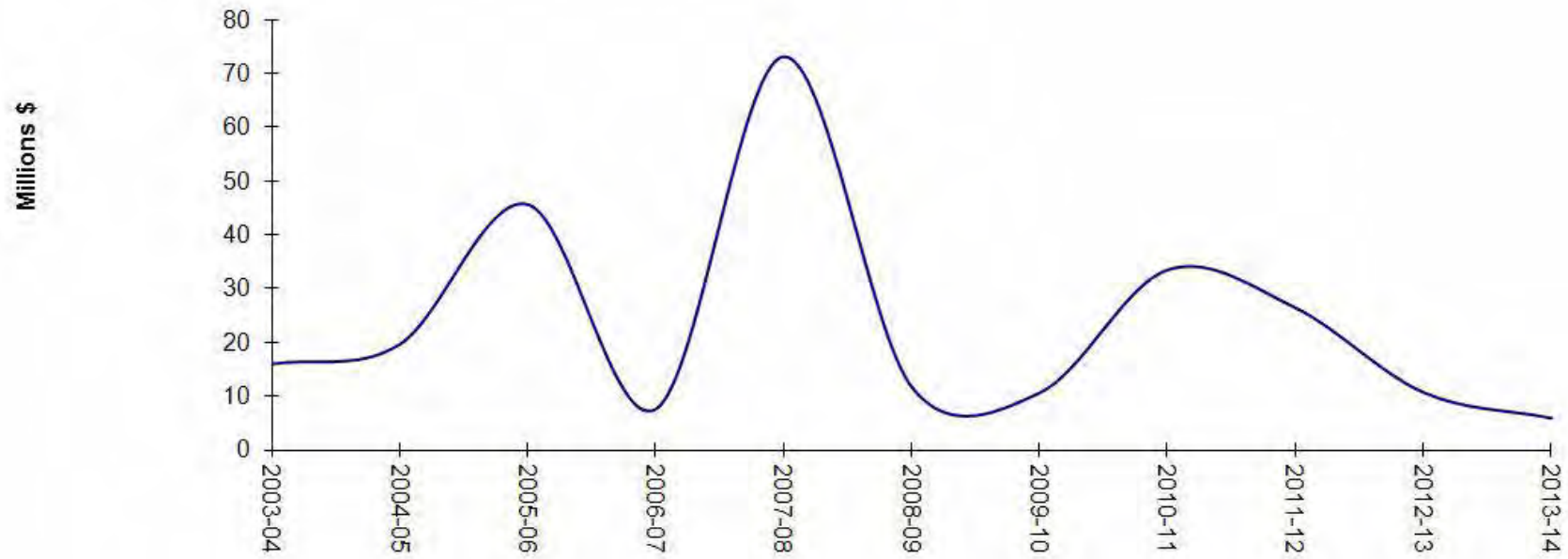


Details of contracts awarded by Council

In 2013-2014, Council awarded sixteen contracts exceeding \$150,000, totalling \$5,853,432.

Contract number	Nature of contract	Supplier name	Date	Value
EC2013-233	Supply of Light Fittings for Stages 1 and 2 of the Tweed Regional Gallery	Raylinc Agencies Pty Ltd	13 December 2013	\$170,782
EC2013-222	Supply of 1 Tracked Excavator Complete with Attachments CCF Class 10	CJD Equipment Pty Ltd	20 February 2014	\$184,469
EC2014-053	Provision of Specialist Museum Standard Display Units	Tashco Systems Pty Ltd	19 June 2014	\$189,182
EC2013-159	Hospital Hill Reservoir No. 2 Rehabilitation Structural	Thomas and Coffey Limited	19 September 2013	\$192,704
EC2013-160	Hospital Hill Reservoir No. 2 Rehabilitation Coating	Satin Touch	19 September 2013	\$201,335
EC2014-023	Asphalt Surfacing on Crabbes Creek Road, Wommin Bay Road, Ducat Street and Fraser Drive	Boral Resources	20 March 2014	\$222,210
EC2013-129	Faulks Park Kingscliff Proposed Park Upgrade	Greenwood Landscape Management	15 August 2013	\$227,398
EC2014-026	Arkininstall Park 500kVA Power Supply Design and Install	NJ Construction Pty Ltd	10 April 2014	\$239,652
EC2013-214	Asphalt Overlays on Greenway Drive and Dry Dock Road, Tweed Heads	East Coast Asphalt and Concrete Edging Pty Ltd	22 November 2013	\$257,131
EC2013-215	Manufacture Supply and Delivery of DN 375mm Diameter Class 12 Pressure Pipes	Iplex Pipelines Pty Ltd	19 December 2013	\$262,977
EC2013-207	Rehabilitation of Sewer Mains	Insituform Pacific Pty Ltd	20 March 2014	\$396,941
EC2013-171	Soil Nail Slope Stabilisation Works	Pan Civil	19 September 2013	\$440,180
EC2013-092	Arkininstall Park Regional Tennis Centre Design and Construct 8 Courts and Construct New Clubhouse Building	Lanskey Constructions Pty Ltd	18 November 2013	\$631,210
EC2014-048	Supply and Laying of Asphalt Resurfacings	East Coast Asphalt and Concrete Edging Pty Ltd	19 June 2014	\$663,857
EC2013-091	Arkininstall Park Netball New Clubhouse and Amenities Block	Lanskey Constructions Pty Ltd	19 September 2013	\$739,730
EC2013-139	Management of the Stotts Creek Resource Recovery Centre	Solo Resource Recovery	22 November 2013	\$833,674

Annual comparison of contracts awarded

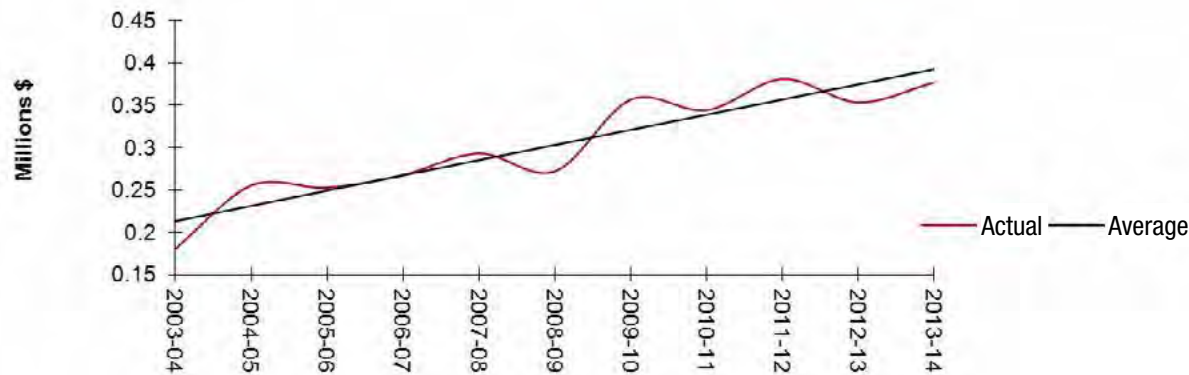


Financial assistance contributions to the community

Council resolved to contribute \$377,211 in financial assistance to the community under Section 356 of the *Local Government Act 1993* (NSW).

Assistance	Value
Financial assistance	\$326,214
Goods and or materials	\$1192
Provision of labour and or plant and equipment	\$13,525
Rates	\$22,710
Tweed Link advertising	\$5167
Room hire	\$8403
Total assistance	\$377,211

Annual comparison of financial grants assistance



Written off rates and charges

During the reporting period, Council resolved to write off \$3,474,866 in rates and charges:

Rate classification	Items written off	Total
Pensioner rates	Farmland	\$31,933.42
	Residential	\$1,647,897.83
Pensioner waste charges	Service	\$297,093.67
	Administration	\$84,717.37
	Landfill	\$69,114.36
Water and sewerage rates	Pensioner water rates	\$596,765.00
	Pensioner sewerage charges	\$659,907.26
	Burringbar	\$0.00
Water usage	Water usage	\$87,437.19
Total written off		\$3,474,866.10

External bodies delegated functions by Council

The following external bodies are delegated to exercise functions of Council:

External body	Function
Destination Tweed	Tourism and development in the Tweed
Far North Coast County Council	Weed control
Landcare and dune care groups	Land care and weed control
Lismore City Council - Richmond Tweed Regional Library	Library services

Overseas travel

Tweed Shire Council did not have any staff travel overseas to represent Council in the year ending 30 June 2014.

Companies of which Council held a controlling interest

Tweed Shire Council did not hold a controlling interest in any private company in the year ending 30 June 2014.

Annual levy for stormwater management services

Tweed Shire Council did not introduce an annual levy for stormwater management for the year ending 30 June 2014.

Annual charge for coastal protection services

Tweed Shire Council did not introduce an annual levy for coastal protection services for the year ending 30 June 2014.

Summary of works on private land

Tweed Shire Council did not carry out any work on private land that was fully or partly subsidised by Council during the year ending 30 June 2014.

Partnerships, cooperatives and joint ventures

This section outlines the partnerships, cooperatives and joint ventures in which Council was involved in 2013-2014.

External body	Function
Arts Northern Rivers	A joint venture between Tweed Shire Council, Byron Bay Shire, Ballina Shire, Clarence Valley Council, Kyogle Shire and Lismore City Council to facilitate and deliver regional cooperative ventures and cultural services.
Community Development and Support Expenditure (CDSE) scheme	A joint venture between the Tweed Clubs to facilitate the delivery of funds to cultural and social organisations for the benefit of the residents in the Tweed.
MyRoadInfo	The Northern Rivers Regional Organisation of Council, of which Tweed Shire Council is a member, has partnered with Roads and Maritime Services to provide a website of road conditions.
North East Weight Load Group ('NEWLOG')	A joint venture with other North Coast Council's to control overloading of vehicles on local roads.
Northern Rivers Catchment Management Authority	Tweed Shire Council works with the Northern Rivers Catchment Management Authority ('NRCMA') to implement natural resource management projects throughout the Shire. In certain cases, Council contributes funding to the NRCMA which can be allocated to on-ground components of riparian rehabilitation projects under their management. The NRCMA has funded planning components of projects subsequently delivered on-ground by Council.
State Cover	A self-insurance pool covering workers compensation. The scheme established by the Local Government and Shire Association (now Local Government NSW), consists of most Council's through the State of New South Wales.
State Forests of NSW	A joint venture hardwood plantation with New South Wales State Forests.
Statewide Mutual	A self-insurance pool covering public liability and professional indemnity insurance. The scheme established by the Local Government and Shire Association consists of most Council's throughout the state of New South Wales. Its purpose is to reduce insurance costs to members.
Tweed Coolangatta Crime Prevention Action Team	A joint venture between Tweed Shire Council and Gold Coast City Council and other relevant State and Non-Government Organisations ('NGO') to advice on crime prevention matters.
World Environment Day	An agreement between Council and the Caldera Environment Centre, the annual festival highlights local environmental issues and promotes community involvement in addressing these issues.

Equal employment opportunity

Tweed Shire Council demonstrates its commitment to the principles of Equal Employment Opportunity ('EEO') through the development of systems and processes that eliminate all forms of discrimination, harassment, bullying and vilification from the workplace.

Tweed Shire Council is committed to providing a supporting and inclusive workplace that enables all workers to pursue careers regardless of gender, race, disability or other factors.

The organisation's Equal Employment Opportunity Management Plan is implemented by an Equal Employment Opportunity Sub-Committee.

Nine members of staff have been elected by the Tweed Shire Equal Access Advisory Committee to work as Equal Employment Contact Officers to eradicate all forms of workplace discrimination.

Council is working to address imbalances in a predominantly male workforce through the development of a Workforce Diversity Strategy and internal policy arrangements in consultation with Government groups and educational institutions. This strategy will promote equal employment management for women, members of racial minorities and persons with a disability.

During 2013-2014:

- 577 employees attended an EEO workshop on discrimination.
- 14 EEO contact officers, four EEO sub-committee members and one Human Resources Officer attended EEO Contact Officer training delivered by the Anti-Discrimination Board of NSW.
- Five EEO Protocols were revised to reflect best practice standards as per the Anti-Discrimination Board's guidelines.
- Two new procedures developed and implemented: Grievance Procedure Guidelines for Managers and Supervisors and Grievance Procedure Guidelines for Contact Officers and Support Persons.
- Council's EEO Management Plan was updated to reflect the organisation's goals and objectives for 2012 - 2016.
- The Reflect Respect program continued to be rolled out to new Council employees.
- Posters and other information materials promoting EEO messages were displayed in all of Council's work sites.

Council has a two per cent staff turnover rate, with 71 per cent overall staff satisfaction. Currently, only three per cent of Council's total workforce identifies as an Indigenous person. No EEO matters or industrial matters were ruled against Council in the 2013-2014 financial year.

Companion Animals Act and Regulations

This section relates to activities associated with requirements of the Companion Animals Act and Regulation.

Statement of activities:

- Tweed Shire Council submitted all pound data returns to the Office of Local Government by the required lodgement date.
- Fifty three dog attacks were reported to the Office of Local Government for the year ending 30 June 2014.
- A total of \$82,327 was generated from the management of companion animals. Income received was used only for purposes that relate to the management and control of companion animals in Council's regulatory area. Including:
 - Impounding Facility management and maintenance;
 - The purchase and maintenance of resources (e.g. catch poles) used by Council's rangers; and
 - Contribution towards wages paid to employees at the Impounding Facility.
- Council undertook companion animal education programs at:
 - Education talks to the general public during micro-chipping field days and
 - Educational information published in Council's weekly free newsletter, The Tweed Link, delivered to all residents in the Shire.
- To promote and assist in the de-sexing of dogs and cats the following strategies were followed:
- All animals sold from the Tweed Council Pound were desexed before release and
 - Animals released (back) to their owners from the Tweed Council Pound, the owners were given the opportunity to have the animal desexed at reduced rates.
 - In conjunction with the RSPCA and the volunteer organisation Friends of the Pound, Council carried out a de-sexing week where reduced fees for cat or dog de-sexing was offered.
- To comply with the requirements under Section 64 of the Companion Animals Act and seek alternatives to euthanasia for unclaimed animals the following strategy has been applied:
 - Animals that meet the criteria to be re-homed, after behavioural assessment and veterinarian checks, were offered for sale to the public or re-homed through various animal welfare organisations such as Friends of the Pound.

There are 15 off-leash animal exercise areas in the Tweed Shire:

- Corowa Park, corner Chinderah Road and Terrace Street, Chinderah
- Ducat Park, Tweed Heads
- Boyds Family Park, Tweed Heads West
- Public park, Frangella Dr. Murwillumbah.
- Public park, 73-89 River Street Murwillumbah.
- South Cabarita Beach
- South Fingal / Kingscliff Beach
- South Pottsville Beach
- Riverbank reserve, Old Ferry Road, Oxley Cove
- South Kingscliff Beach
- Tree area, Arkinstall Park, Tweed Heads South
- Turnock Park, Chinderah
- Unnamed reserve, Bushland Drive, Banora Point.
- Unnamed reserve, corner Darlington Drive and Amaroos Drive, Banora Point
- Unnamed reserve corner Naponyah Road and Bilambil Road, Terranora

Privacy Management Plan statement

Tweed Shire Council is committed to protecting the privacy of individuals and their personal information and has adopted a Privacy Management Plan (version 1.3) in accordance with the Privacy and Personal Information Protection Act 1998 (NSW) and Health Records and Information Privacy Act 2002 (NSW).

The law requires Council to hold personal information in registers about Councillors and staff and personal information concerning rate payers, residents and customers. Council may collect and hold personal health information of its employees. Council is bound by legislation to protect personal information from misuse, unauthorised access and unlawful modification. Council's Privacy Contact Officer must ensure Council is compliant with privacy legislation.

The role of Council's Privacy Contact Officer is to ensure:

1. Collection of personal information is:
 - Only collected for the lawful need to carry out Council's functions;
 - Directly from an individual or their agent or indirectly from a third party when legislation requires;
 - Made known to the individual providing their personal information; and
 - Limited to only relevant information to avoid intrusion into a person's personal affairs.
2. Inquiry about personal information is permitted by:
 - Anyone to find out if Council holds their personal information;
 - Anyone to get a copy of their personal information held; and
 - Anyone to amend their personal information to correct any errors.
3. Council will use personal information:
 - Only when the personal information is accurate and correct;
 - Only for the purpose the personal information was collected; or
 - Only for another purpose if the individual for whom the information belongs consents to their personal information being used for another purpose.
4. Council will suppress personal information from public registers:
 - On request of an individual in threat of their own or their family's personal safety.
5. Council will disclose personal information only:
 - To the person to whom the information belongs; or
 - To another person only:
 - To prevent or lessen a serious and imminent threat to the life or health of the person to whom the information belongs;
 - When the personal information is held in a public register and the purpose for release is the same as the purpose of the register; and
 - When the personal information is held in a non-public register, the information cannot generally be released unless strict legislative conditions are met.

Government Information (Public Access) Act 2009 NSW

The *Government Information (Public Access) Act 2009* (GIPA Act) replaced the Freedom of Information Act 1989 on 1 July 2010, providing widespread reform for in the way community members access Government information.

This section provides a summary of Tweed Shire Council's activity in accordance with section 125 (1) of the GIPA Act during the 2013-2014 financial year.

Clause 7(a): Review of proactive release program

Under Section 7 of the Government Information (Public Access) Act 2009 (NSW), ('GIPA') Council must review its programs for the release of government information and identify the kinds of information that can be made publicly available. This review must be undertaken at least once annually.

Tweed Shire Council during the financial year reviewed its program for the proactive release of information that includes release of information in Council newsletters and on its internet website. Council reviewed information available on its internet website to ensure availability. Council established a Customer Contact Centre with the purpose of assisting the public in obtaining Council information. A Right to Information Officers also provide assistance to the public to proactively obtain Council information.

Council will proactively releases the following information: Policy documents, general documents, guidelines, plans, reports and other documents upon adoption by Council.

Clause 7(b): Number of access applications received

During the year Council received a total of 19 formal access applications (including withdrawn applications but not invalid applications).

Clause 7(c): Number of refused applications for Schedule 1 information

During the year Council refused a total of two formal access applications because the information requested was information referred to in Schedule 1 of GIPA.

Clause 7(d) and Schedule 2: Statistical information about access applications

Table A: Annual comparison of financial grants assistance¹

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	3	5	1	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Private sector business	3	5	1	0	0	1	0	0
TOTALS	6	10	2	0	0	1	0	0

¹ More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This applies to Tables A and B.

Table B: Number of applications by type of application and outcome²³

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications	2	3	1	0	0	1	0	0
Access applications (other than personal information applications)	4	2	1	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	5	0	0	0	0	0	0
TOTALS	6	10	2	0	0	1	0	0

Table C: Invalid applications

Reason for invalidity	Number of applications
Application contravenes restraint order (Section 110 of the Act)	0
Application does not comply with formal requirements (Section 41 of the Act)	0
Application is for excluded information of the agency (Section 43 of the Act)	0
Invalid applications that subsequently became valid applications	0
TOTAL NUMBER OF INVALID APPLICATIONS RECEIVED	0

2 More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This applies to Tables A and B.

3 A 'personal information application' is an application to access personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual). The total number of decisions in Table B should be the same as in Table A.

Table D: Conclusive presumption of overriding public interest against disclosure - matters listed in Schedule 1 of the Act

Consideration	Number of times used
Aboriginal and environmental heritage	0
Adoption	0
Cabinet information	0
Care and protection of children	0
Contempt	0
Documents affecting law enforcement and public safety	0
Excluded information	2
Executive Council information	0
Legal professional privilege	2
Ministerial code of conduct	0
Overriding secrecy laws	0
Transport safety	0
TOTAL	4

Table E: Other public interest considerations against disclosure - matters listed in Section 14 of the Act

Consideration	Number of times when application unsuccessful
Business interests of agencies and other persons	2
Environment, culture, economy and general matters	0
Exempt documents under interstate Freedom of Information legislation	0
Individual rights, judicial processes and natural justice	6
Law enforcement and security	0
Responsible and effective government	6
Secrecy provisions	0
TOTAL	14

Table F: Timeliness

Timeframe	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	19
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)⁴

	Decision varied	Decision upheld	Total
Internal review	2	0	2
Internal review following recommendation under Section 93 of Act	0	0	0
Review by anti-discrimination tribunal	0	0	0
Review by Information Commissioner	0	0	0
TOTALS	2	0	2

Table H: Applications for review under Part 5 of the Act (by type of applicant)

Reason for review	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see Section 54 of the Act)	0

4 The Information Commissioner does not have the authority to vary decisions, but can make recommendation to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.



Section 3: Financial statements



Tweed Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2014

"TOGETHER FORWARD"



TWEED
SHIRE COUNCIL

Tweed Shire Council

General Purpose Financial Statements

for the financial year ended 30 June 2014

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Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Tweed Shire Council.

(ii) Tweed Shire Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act 1993 (LGA) of NSW.

Council's Statutory Charter is detailed in Paragraph 8 of the LGA and includes giving Council;

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

(iii) All figures presented in these financial statements are presented in Australian Currency.

(iv) These financial statements were authorised for issue by the Council on 30 October 2014. Council has the power to amend and reissue these financial statements.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their council and community.

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of council for the financial year ended 30 June 2014.

The format of the financial statements is standard across all NSW councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by senior staff as "presenting fairly" the Council's financial results for the year, and are required to be adopted by Council - ensuring both responsibility for and ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair values of Council's Infrastructure, Property, Plant and Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities and "Net Wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "Net Wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the financial statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialise in Local Government).

In NSW, the Auditor provides two audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. Their observations on the conduct of the Audit including commentary on the Council's financial performance and financial position.

Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

Tweed Shire Council

General Purpose Financial Statements for the financial year ended 30 June 2014

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

The attached General Purpose Financial Statements have been prepared in accordance with:

- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these Financial Statements:

- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

We are not aware of any matter that would render the Reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 30 October 2014.



Gary Bagnall
MAYOR



Phil Youngblutt
COUNCILLOR



Troy Green
GENERAL MANAGER



Michael Chorlton
RESPONSIBLE ACCOUNTING OFFICER

Tweed Shire Council

Income Statement

for the financial year ended 30 June 2014

Budget ¹ 2014	\$ '000	Notes	Actual 2014	Actual 2013
Income from Continuing Operations				
<i>Revenue:</i>				
90,062	Rates & Annual Charges	3a	90,566	85,683
36,295	User Charges & Fees	3b	41,462	37,177
6,265	Interest & Investment Revenue	3c	8,747	10,933
2,031	Other Revenues	3d	2,033	2,414
15,066	Grants & Contributions provided for Operating Purposes	3e,f	15,921	20,202
15,377	Grants & Contributions provided for Capital Purposes	3e,f	45,629	25,214
165,096	Total Income from Continuing Operations		204,358	181,623
Expenses from Continuing Operations				
44,740	Employee Benefits & On-Costs	4a	46,823	46,051
13,418	Borrowing Costs	4b	13,882	14,035
45,481	Materials & Contracts	4c	56,661	46,941
40,809	Depreciation & Amortisation	4d	43,678	40,078
13,945	Other Expenses	4e	14,532	15,735
-	Net Losses from the Disposal of Assets	5	4,588	6,651
158,393	Total Expenses from Continuing Operations		180,164	169,491
6,703	Operating Result from Continuing Operations		24,194	12,132
6,703	Net Operating Result for the Year		24,194	12,132
6,703	Net Operating Result attributable to Council		24,194	12,132
-	Net Operating Result attributable to Non-controlling Interests		-	-
(8,674)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(21,435)	(13,082)

¹ Original Budget as approved by Council - refer Note 16

Tweed Shire Council

Statement of Comprehensive Income
for the financial year ended 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
Net Operating Result for the year (as per Income statement)		24,194	12,132
Other Comprehensive Income:			
<i>Amounts which will not be reclassified subsequently to the Operating Result</i>			
Gain (loss) on revaluation of I,PP&E	20b (ii)	67,975	109,241
Impairment (loss) reversal relating to I,PP&E	20b (ii)	(239)	-
Total Items which will not be reclassified subsequently to the Operating Result		67,736	109,241
<i>Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met</i>			
Other Movements in reserves	20b (ii)	-	(866)
Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met		-	(866)
Total Other Comprehensive Income for the year		67,736	108,375
Total Comprehensive Income for the Year		91,930	120,507
Total Comprehensive Income attributable to Council		91,930	120,507
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Tweed Shire Council

Statement of Financial Position

as at 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	16,407	19,275
Investments	6b	78,564	95,715
Receivables	7	24,304	22,071
Inventories	8	899	807
Other	8	664	1,507
Total Current Assets		120,838	139,375
Non-Current Assets			
Investments	6b	98,739	66,781
Receivables	7	1,701	2,987
Infrastructure, Property, Plant & Equipment	9	2,748,545	2,670,643
Investment Property	14	-	1,276
Intangible Assets	25	419	754
Total Non-Current Assets		2,849,404	2,742,441
TOTAL ASSETS		2,970,242	2,881,816
LIABILITIES			
Current Liabilities			
Payables	10	14,070	13,353
Borrowings	10	7,251	7,653
Provisions	10	16,576	16,721
Total Current Liabilities		37,897	37,727
Non-Current Liabilities			
Payables	10	405	460
Borrowings	10	178,247	181,458
Provisions	10	5,666	6,074
Total Non-Current Liabilities		184,318	187,992
TOTAL LIABILITIES		222,215	225,719
Net Assets		2,748,027	2,656,097
EQUITY			
Retained Earnings	20	1,256,878	1,232,684
Revaluation Reserves	20	1,491,149	1,423,413
Council Equity Interest		2,748,027	2,656,097
Non-controlling Interests		-	-
Total Equity		2,748,027	2,656,097

Tweed Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2014

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		1,224,315	1,423,413	2,647,728	-	2,647,728
a. Correction of Prior Period Errors	20 (c)	8,369	-	8,369	-	8,369
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		1,232,684	1,423,413	2,656,097	-	2,656,097
c. Net Operating Result for the Year		24,194	-	24,194	-	24,194
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	67,975	67,975	-	67,975
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(239)	(239)	-	(239)
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	67,736	67,736	-	67,736
Total Comprehensive Income (c&d)		24,194	67,736	91,930	-	91,930
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		1,256,878	1,491,149	2,748,027	-	2,748,027
2013						
Opening Balance (as per Last Year's Audited Accounts)		1,207,322	1,315,038	2,522,360	-	2,522,360
a. Correction of Prior Period Errors	20 (c)	13,230	-	13,230	-	13,230
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/12)		1,220,552	1,315,038	2,535,590	-	2,535,590
c. Net Operating Result for the Year		12,132	-	12,132	-	12,132
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	109,241	109,241	-	109,241
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	(866)	(866)	-	(866)
Other Comprehensive Income		-	108,375	108,375	-	108,375
Total Comprehensive Income (c&d)		12,132	108,375	120,507	-	120,507
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		1,232,684	1,423,413	2,656,097	-	2,656,097

Tweed Shire Council

Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
Cash Flows from Operating Activities				
Receipts:				
90,062	Rates & Annual Charges		91,409	86,070
36,445	User Charges & Fees		40,859	40,627
6,265	Investment & Interest Revenue Received		8,349	10,569
30,443	Grants & Contributions		44,181	35,478
-	Bonds, Deposits & Retention amounts received		854	86
2,031	Other		5,149	9,375
Payments:				
(44,740)	Employee Benefits & On-Costs		(47,332)	(44,232)
(44,566)	Materials & Contracts		(55,347)	(56,311)
(13,418)	Borrowing Costs		(13,218)	(13,359)
(15,011)	Other		(15,656)	(15,129)
<u>47,511</u>	Net Cash provided (or used in) Operating Activities	11b	<u>59,248</u>	<u>53,174</u>
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		102,083	170,654
-	Sale of Investment Property		53	-
2,806	Sale of Infrastructure, Property, Plant & Equipment		2,275	1,759
-	Deferred Debtors Receipts		1,018	129
Payments:				
(46,000)	Purchase of Investment Securities		(116,457)	(170,216)
(51,593)	Purchase of Infrastructure, Property, Plant & Equipment		(46,796)	(46,552)
<u>(94,787)</u>	Net Cash provided (or used in) Investing Activities		<u>(57,824)</u>	<u>(44,226)</u>
Cash Flows from Financing Activities				
Receipts:				
2,076	Proceeds from Borrowings & Advances		3,366	6,060
Payments:				
(7,655)	Repayment of Borrowings & Advances		(7,658)	(8,752)
<u>(5,579)</u>	Net Cash Flow provided (used in) Financing Activities		<u>(4,292)</u>	<u>(2,692)</u>
(52,855)	Net Increase/(Decrease) in Cash & Cash Equivalents		(2,868)	6,256
3,609	plus: Cash & Cash Equivalents - beginning of year	11a	19,275	13,019
<u>(49,246)</u>	Cash & Cash Equivalents - end of the year	11a	<u>16,407</u>	<u>19,275</u>
Additional Information:				
	plus: Investments on hand - end of year	6b	177,303	162,496
	Total Cash, Cash Equivalents & Investments		<u>193,710</u>	<u>181,771</u>

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

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n/a - not applicable

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in their general understanding.

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

The Local Government Reporting Entity

For the period 1 July 2013 to 30 June 2014 Tweed Shire Council had its principal business office at the Murwillumbah Civic Centre, Tumbulgum Road, Murwillumbah NSW 2484. Tweed Shire Council is empowered by the Local Government Act and its Charter is specified in Section 8 of that Act.

A description of the nature of the Council's operations and its principal activities are provided in Note 2(b) of these financial statements. Tweed Shire Council is classified as a "not for profit" entity as defined by the Australian Accounting Standards.

The General Purpose Financial Statements incorporate the assets and liabilities of all entities controlled by Council (the parent entity) and the results of all controlled entities for the financial period ended 30 June 2014. They include the consolidated fund and other entities through which Council controls resources to carry on its functions. In the process of reporting Council as a single unit, all transactions and balances between activities (for example, loans and transfers) have been eliminated.

(a) Basis of preparation

(i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards and Australian Accounting Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act 1993 (as amended) and Regulation,

- the Local Government Code of Accounting Practice and Financial Reporting.

(ii) Compliance with International Financial Reporting Standards (IFRS)

Because AASB are sector neutral, some standards either:

- a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS, or
- b) specifically exclude application by Not for Profit entities.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the Local Government Act 1993 (as amended), Regulation and Local Government Code of Accounting Practice and Financial Reporting, it should be noted that Councils in New South Wales only have a requirement to comply with AASB.

(iii) New and amended standards adopted by Council

During the current year, the following relevant standards became mandatory for Council and have been adopted:

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

AASB 13 Fair Value Measurement has not affected the assets or liabilities which are to be measured at fair value; however it provides detailed guidance on how to measure fair value in accordance with the accounting standards.

It introduces the concept of highest and best use for non-financial assets and has caused the Council to review their valuation methodology.

The levels of disclosures regarding fair value have increased significantly and have been included in the financial statements at Note 27.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

AASB 119 Employee Benefits introduced revised definitions for short-term employee benefits.

Whilst the Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period, there has been no effect on the amounts disclosed as leave liabilities since Council's existing valuation policy was to discount annual leave payable more than 12 months after the end of the reporting period to present values.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

(v) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for:

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non-current assets (e.g. Infrastructure, Property, Plant and Equipment and Investment Property) that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

(vi) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

(vii) Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

Accordingly this requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

- (i) Estimated fair values of investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment.
- (iii) Estimated tip remediation provisions.

Critical judgements in applying Council's accounting policies

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (ii) Council has used significant judgement in determining the useful lives of assets and the associated consumption (depreciation expense).

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Revenue from contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided as at balance date.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant and accordingly would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

A detailed Note relating to developer contributions can be found at Note 17.

User Charges, Fees and Other Income

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

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

Sale of Infrastructure, Property, Plant and Equipment

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

Interest, Rents and Other Income

Interest, rents and other income is recorded when the payment is due, the value of the payment is notified or the payment is received, whichever occurs first.

Tweed Shire Council

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

Note 1. Summary of Significant Accounting Policies

Interest Income from Cash and Investments is accounted for using the effective interest rate at the date that interest is earned in accordance with AASB 139.

(c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2014) and (ii) all the related operating results (for the financial year ended the 30th June 2014).

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

(i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (as amended), all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated Fund:

- *General Purpose Operations*
- *Water Supply*
- *Sewerage Service*
- *Tweed Coast Holiday Parks*

Council does not have any minority interest in other entities.

Council is a member of the Far North Coast Weeds but has no equity in its operation.

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a

separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these statements.

(iii) Joint Ventures

Introduction

Council's objectives can in some cases be best met through the use of separate entities and operations.

Generally, these types of operations and entities could range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, bodies and other outside organisations.

Section 358 of the *Local Government Act 1993* (as amended) restricts councils in forming or participating in the formation of a corporation or other entity without first obtaining the consent of the Minister for Local Government. The restriction also extends to acquiring a controlling interest in a corporation or other entity.

An entity for the purpose of section 358 of the Act means any partnership, trust, joint venture, syndicate or other body (whether or not incorporated). It does not include any such entity that is of a class prescribed by the Local Government (General) Regulation 2005 as not being within this definition. To date, the Regulation has not prescribed such a class.

It should be noted that the restrictions on the formation of corporations and other entities does not prevent a council from being a member of a co-operative society or a company limited by guarantee and licensed not to use the word "limited" in its name.

DLG Circular 07-49

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

At present Council has interests in the following entities:-

Richmond Tweed Regional Library (RTRL)

The Richmond-Tweed Regional Library was established in January 1971, when Lismore City Council and Ballina Shire Council signed an agreement to develop a joint free public library service. They were quickly joined by Byron Shire Council and Tweed Shire Council, and the Richmond-Tweed Regional Library Service was created.

Currently the Regional Library serves a rapidly growing regional population of approximately 215,000, over 50% of who are registered library members.

Lismore City Council is the 'Executive Council' of the Richmond Tweed Regional Library.

Richmond Tweed Regional Library is not a separate legal entity and as such all financial reporting is consolidated with the Financial Statements prepared by Lismore City Council.

Far North Coast Weeds (FNCW)

Far North Coast County Council, trading as Far North Coast Weeds (FNCW), works with a wide range of stakeholders to combat the spread of noxious weeds in the Northern Rivers region of NSW.

FNCW is the Local Control Authority responsible for administering the Noxious Weeds Act 1993 in the region.

FNCW includes all of Tweed, Byron, Ballina, Lismore City, Richmond Valley and Kyogle shires.

Far North Coast Weeds (FNCW) has six councillors, one appointed by each of its constituent councils.

The delegate from each council is a councillor of FNCW and does not specifically represent the interest of their own council, but represents the interests of the county district.

North East Weight of Loads Group (NEWLOG)

The aims and objectives of NEWLOG are to preserve the road system asset and promote road

safety, by encouraging heavy vehicles to comply with weight regulations on local and classified roads.

The member Councils are Tweed, Byron, Ballina, Kyogle, Richmond Valley, Lismore City, Clarence Valley and Tenterfield Council and the Group is administered by Ballina Shire Council.

NEWLOG is a cooperative that relies on income from contributions from member Councils, a contribution from the RTA and income from fines.

Arrangements - Control and Influence

Arrangements

Associated Entities and Joint Venture Entities

Arrangements in the form of a separate entity that deploys the resources of the operation itself; under 'associated entities', a party significantly influences the operations but does not control them, whilst for joint venture entities; a party jointly controls the operations with other parties.

Joint Venture Operations

Arrangements that do not comprise an actual individual entity which can deploy the resources of the individual participants; under joint venture operations, a party jointly controls the operations with the other parties involved.

Definitions (AASB 131)

Control is the power to govern the financial and operating policies of an economic activity so as to obtain benefits from it.

Significant influence is the power to participate in the financial and operating policy decisions of an economic activity but is not control or joint control over those policies.

Joint control is the contractually agreed sharing of control over an economic activity and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

A *joint venture* is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Accounting Treatment

The accounting and reporting for the various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of (i) interest and (ii) control and the type (form) of entity/operation and the overall materiality to Council's operations.

Joint Venture Entities

Equity Method - an interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for the post-acquisition change in the venturer's share of net assets of the jointly controlled entity. The profit or loss of the venturer includes the venturer's share of the profit or loss of the jointly controlled entity.

Joint Venture Operations

Proportionate consolidation - a venturer's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is combined line by line with similar items in the venturer's financial statements or reported as separate line items in the venturer's financial statements.

Associated Entities

Equity Method - an interest in an associated entity is initially recorded at cost and adjusted thereafter for the post-acquisition change in the venturer's share of net assets of the jointly controlled entity. The profit or loss of the venturer includes the venturer's share of the profit or loss of the jointly controlled entity.

Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

(d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

Finance Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated over the shorter of each leased asset's useful life and the lease term.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

- cash on hand,
- 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

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

of cash and which are subject to an insignificant risk of changes in value, and

- bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash and Cash Equivalents for presentation of the Cash Flow Statement.

(f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss,**
- **loans and receivables,**
- **held-to-maturity investments,** and
- **available-for-sale financial assets.**

Each classification depends on the purpose/intention for which the investment was acquired and at the time it was acquired.

Council determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are “held for trading”.

A financial asset is classified in the “held for trading” category if it is acquired principally for the purpose of selling in the short term.

Assets in this category are primarily classified as current assets as they are primarily held for trading and/or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council has the positive intention and ability to hold to maturity.

In contrast to the “Loans and Receivables” classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless Council intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

General Accounting and Measurement of Financial Instruments:

(i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

(ii) Subsequent Measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value.

Loans and receivables and **held-to-maturity** investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "**fair value through profit or loss**" category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as "**available-for-sale**" are recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as "**available-for-sale**" are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

If there is evidence of impairment for any of Council's financial assets carried at amortised cost (eg. loans and receivables), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act 1993 (as amended) and Clause 212 of the Local Government (General) Regulation 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains its investment Policy in compliance with the Act and ensures that it and its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

(g) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates and Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Indicators of impairment include; significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue). Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land Held for Resale/Capitalisation of Borrowing Costs

Land held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(j) Infrastructure, Property, Plant and Equipment (I,PP and E)

The use of an asset over its service life requires the injection of both capital funds to prolong its use and maintenance expenditure to keep the asset in working order.

As a general guide, repair and maintenance of an asset is an expense of one accounting period, whereas a capital expense changes or replaces the service potential of the asset and is expensed over the useful remaining life of the asset.

Maintenance Expenditure on an asset

Expenditure on assets should be treated as maintenance expenditure in the following circumstances:

- It is part of an ongoing, regular or rotational maintenance, repairs and maintenance program.
- It will not significantly increase the service potential or useful life of the asset.
- It relates to repair of localised problems such as subsidence, breaking up, etc.
- The basic qualities of the asset are not being upgraded.
- Whilst relating to the acquisition or upgrading of an asset, it is not material to the total value of the relevant nature / type asset category

Capital Expenditure on an asset

Expenditure on assets should be classified as capital expenditure in the following circumstances:

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

- It is expected to significantly increase the practical capacity or useful life of the asset.
- It is an upgrading of the basic qualities of the asset.
- It is a renewal of an existing asset, which had reached the point of being unserviceable.
- It is reconstruction of an asset, which was destroyed.
- It is material to the total value of the relevant nature/type asset category

Initial Recognition and Capitalisation of Costs

On initial recognition, an asset's cost is measured at its fair value.

Expenditure that is directly attributable to the acquisition should be capitalised when:-

- It is probable that future (i.e. beyond the current financial year) economic benefits associated with the item will flow to Council; and
- The cost of the item can be measured reliably, and this amount (excluding any refundable taxes (GST etc)) is equal to or greater than the asset capitalisation thresholds stated below.

An assessment of control of the asset is required where it is uncertain as to whether the future economic benefit associated with the item will flow to the entity (Council).

The following test is applied:

1. Council can deny or regulate access of others to the asset.
2. The asset is held to meet the objectives of Council.
3. Council enjoys the majority of risks and benefits relating to the asset.

The initial cost of an asset should include the following items:

- Any directly attributable costs associated with bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by

Council including; initial delivery and handling costs; costs of site preparation; installation and assembly costs.

- Purchase price, including import duties, professional fees and non refundable purchase taxes, after deducting trade discounts and rebates.
- The cost of employees/contract staff including: - design, survey, project management, supervision, and construction staff and their associated on-costs, set each financial year, to recover workers compensation, superannuation, leave entitlements and training.
- Fleet/plant hire costs (predominately internal hire rates set by Fleet Manager)
- Initial estimate of costs of decommissioning, dismantling and removing the item and restoring the site on which it is located, where the Council is under an obligation to do so and the amount can be reliably measured (i.e. make-good).

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (i.e. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Capitalisation Procedures

During the budget process, project expenditure is identified and classified as a capital or operating item on the general ledger. Capital or operating employee/plant costs are collected through weekly timesheets allocations, whilst other costs are primarily captured using the purchasing system.

At year end all project expenditures with substantial transactions are re-evaluated to assess whether they remain a capital or operating expense. (These

Tweed Shire Council

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

Note 1. Summary of Significant Accounting Policies

identified capital project expenditures can include the design and survey costs of future, yet to be constructed assets.)

Asset capitalisation is finalised upon the commissioning of the asset. Capital costs incurred prior to commissioning, in prior financial periods, are held in the Works In Progress (WIP) accounts.

Assets are separated into component parts, where practical, as each major part may have a different useful life and require a different depreciation rate.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Categories of assets

Council will categorise Infrastructure, Property, Plant and Equipment into the following asset classes as required by the Local Government Code of Accounting Practice and Financial Reporting;

- Plant and Equipment
 - (as approximated by depreciated historical cost)
- Office Equipment
 - (as approximated by depreciated historical cost)
- Furniture and Fittings
 - (as approximated by depreciated historical cost)
- Operational Land (external valuation)
- Community Land (external valuation)
- Buildings – Specialised/Non Specialised (external valuation)
- Other Structures (including tips and quarries)
 - (as approximated by depreciated historical cost)
- Investment Properties (external valuation)
- Roads Assets incl. roads, bridges and footpaths (internal/external valuation)
- Bulk Earthworks (internal/external valuation)

- Drainage Assets (internal/external valuation)
- Water and Sewerage Networks (internal/external valuation)
- Other Assets (Artworks as approximated by depreciated historical cost)
- Reinstatement, Rehabilitation and Restoration Assets (internal valuation)

Asset Revaluations (including Indexation)

Council's non current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Office of Local Government.

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant and Equipment:

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via the income statement, then that increase is first recognised in income statement.
- Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

Land

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads	100% Capitalised

Plant and Equipment

- office furniture	> \$5,000
- office equipment	> \$5,000
- other plant and equipment	> \$2,000

Buildings

- construction/extensions	> \$5,000
- renovations	> \$5,000
- other structures	> \$5,000
- park furniture and equipment	> \$5,000

Water and Sewer Assets

- reticulation extensions	> \$5,000
- other	> \$5,000

Stormwater Assets

- drains and culverts	> \$5,000
- other	> \$5,000

Transport Assets

- road construction and reconstruct	> \$5,000
- reseal/Re-sheet and major repairs:	> \$5,000
- bridge construction and reconstruct	> \$5,000

- Vehicles	2.5 years
- Road Making equip.	5 - 10 years
- Other plant and equipment	5 - 10 years

Buildings (components)

- Buildings : Floor	60 to 130 years
- Buildings : Envelope	45 to 125 year
- Buildings : Roof	40 to 90 years

Stormwater Drainage

- Drains	80 years
- Culverts	80 years

Transportation Assets

- Sealed Roads Surface	20-25 years
- Unsealed Road Surface	10 years
- Concrete/paved Road	50 years
- Road Pavement	40 years
- Bridge : Concrete	80 years
- bridges other	80 years
- footpaths	50 years
- kerb and guttering	50 years
- traffic facilities	20 years

Water and Sewer Assets

- dams and reservoirs	100 years
- PVC and other	70 years
- pumps and telemetry	20 years

Other Infrastructure Assets

- bulk earthworks	Infinite
- flood control structures	80 years

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method, with the exception of water/sewerage above ground assets and transport assets, in which case Council uses consumption based depreciation in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's Infrastructure, Property, Plant and Equipment include:

Plant and Equipment

- Office Equipment	10 years
- Office furniture	10 years

All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(s) on Asset Impairment.

Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

asset) is included in Council's Income Statement in the year the asset is derecognised.

(k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act 1993 (as amended) classified as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

(l) Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected to recognise land under roads in accordance with AASB 1051. Council used the "Englobo" valuation method for land under roads. This requires the calculation of an average Site value (SV) of the Council area on a dollar per square metre basis. The site value is "the value of the underlying land assuming that any existing improvements have not been made. It also assumes that the land is not encumbered by any lease, mortgage or other charge." - Australian Property Institute, 2004. Adjustment factors for 65% and 25% respectively have been applied for Englobo value and access and carriageway rights and infrastructure (other users for carriageway reserve and infrastructure).

(m) Intangible Assets

IT Development and Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service. No direct payroll and payroll related costs of employees' time are capitalised to these projects.

Amortisation is calculated on a straight line bases over periods generally ranging from 3 to 5 years.

(n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Council's Income Statement.

(o) Rural Fire Service assets

Under section 119 of the Rural Fires Act 1997, "*all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed*".

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these financial statements.

(p) Investment property

Investment property comprises land and/or buildings that are principally held for long-term rental yields, capital gains or both that are not occupied by Council.

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

Full revaluations are carried out every year.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(q) Provisions for close down, restoration and for environmental clean up costs – including Tips and Quarries

Close down, Restoration and Remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down, Restoration and Remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period.

This amortisation of the discount is disclosed as a borrowing cost in Note 4(b).

Other movements in the provisions for Close down, Restoration and Remediation costs including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment.

These costs are then depreciated over the lives of the assets to which they relate.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date. These costs are charged to the income statement.

(r) Non-Current Assets (or Disposal Groups) "Held for Sale" and Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either (i) their carrying amount or (ii) fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(s) Impairment of Infrastructure, Property, Plant and Equipment Assets

All Council's infrastructure, Property, Plant and Equipment is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For non-cash generating assets of Council such as roads, drains and public buildings etc - value in use is represented by the "deprival value" of the asset which is approximated as it's written down replacement cost.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(t) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(v) Borrowing costs

Borrowing costs are expensed over the life of the loan.

(w) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

(x) Employee benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be wholly settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

All other short-term employee benefit obligations are presented as payables.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages and salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

(ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119 Employee Benefits.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

The last valuation of the Scheme was performed by Mercer Actuaries on 30/06/14 and covers the period ended 30/06/14.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2014 was \$1,690,215.

The amount of additional contributions included in the total employer contribution advised above is \$661,038.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$2.6 million as at 30 June 2014.

For this reason, no liability for the deficiency has been recognised in these financial statements.

Council has, however, disclosed a contingent liability in Note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

Defined Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/14.

(y) Self insurance

Council does not self insure.

(z) Allocation between current and non-current assets and liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

(aa) Taxes

Council is liable to pay various taxes and financial duties. Where this is the case, they are to be disclosed as a cost of operations in the same manner as all other costs.

However, where Council does not pay taxes which are generally paid by private sector business, such as income tax, these equivalent tax payments are to be applied to all Council nominated business

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

activities and reflected in the Special Purpose Financial Reports.

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

Goods and Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

(ab) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

Council has not adopted any of these standards early.

Council's assessment of the impact of these new standards and interpretations is set out below.

Applicable to Local Government with implications:

AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments and AASB 2014-1 Amendments to Australian Accounting Standards (effective from January 1 2018)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

Applicable to Local Government but no implications for Council;

AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for 30 June 2015 Financial Statements)

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 1. Summary of Significant Accounting Policies

There are no changes to reported financial position or performance from AASB 2013 – 3; however additional disclosures may be required.

Applicable to Local Government but not relevant to Council at this stage;

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective for 30 June 2015 Financial Statements for not-for-profit entities)

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

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a “partial disposal” concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

Not applicable to Local Government per se;

There are no other standards that are “not yet effective” and expected to have a material impact on

Tweed Shire Council

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

Note 1. Summary of Significant Accounting Policies

Council in the current or future reporting periods and on foreseeable future transactions.

(ac) Rounding of amounts

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

(ad) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(ae) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 2(a). Council Functions / Activities - Financial Information

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2014	2014	2013	2014	2014	2013	2014	2014	2013	2014	2013	2014	2013
Governance	-	1	-	2,599	2,807	4,188	(2,599)	(2,806)	(4,188)	-	-	105	-
Administration	742	2,090	2,941	19,289	14,038	14,817	(18,547)	(11,948)	(11,876)	-	1,223	80,458	59,112
Public Order & Safety	1,013	1,046	1,229	3,281	3,341	3,041	(2,268)	(2,295)	(1,812)	236	245	7,729	7,364
Health	329	367	341	1,633	1,595	1,571	(1,304)	(1,228)	(1,230)	-	-	123	46
Environment	18,735	22,509	20,602	23,693	25,429	24,055	(4,958)	(2,920)	(3,453)	1,214	775	206,784	143,509
Community Services & Education	1,342	1,398	1,807	2,683	3,211	2,704	(1,341)	(1,813)	(897)	3,713	3,726	4,816	7,238
Housing & Community Amenities	1,716	4,486	3,732	6,728	10,981	10,800	(5,012)	(6,495)	(7,068)	272	959	52,819	84,180
Water Supplies	28,167	33,435	23,354	22,510	22,994	22,875	5,657	10,441	479	1,293	716	523,489	505,623
Sewerage Services	27,985	37,874	30,815	24,433	25,912	24,990	3,552	11,962	5,825	683	1,439	652,435	638,025
Recreation & Culture	7,516	12,449	4,526	18,922	20,547	18,951	(11,406)	(8,098)	(14,425)	5,359	615	421,267	460,962
Mining, Manufacturing & Construction	1,133	1,566	1,292	1,743	1,875	2,415	(610)	(309)	(1,123)	-	-	3,331	3,327
Transport & Communication	5,094	18,143	19,381	23,770	38,956	31,136	(18,676)	(20,813)	(11,755)	3,837	3,158	906,471	859,709
Economic Affairs	8,689	8,598	7,953	7,109	8,478	7,948	1,580	120	5	-	-	110,415	112,721
Total Functions & Activities	102,461	143,962	117,973	158,393	180,164	169,491	(55,932)	(36,202)	(51,518)	16,607	12,856	2,970,242	2,881,816
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	62,635	60,396	63,650	-	-	-	62,635	60,396	63,650	5,481	9,758	-	-
Operating Result from Continuing Operations	165,096	204,358	181,623	158,393	180,164	169,491	6,703	24,194	12,132	22,088	22,614	2,970,242	2,881,816

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 2(b). Council Functions / Activities - Component Descriptions

Details relating to the Council's functions / activities as reported in Note 2(a) are as follows:

GOVERNANCE

Costs relating to the Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance.

ADMINISTRATION

Corporate Support and Other Support Services (not otherwise attributed to the listed functions / activities).

PUBLIC ORDER & SAFETY

Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

HEALTH

Inspection, immunisations, food control, health centres, other, administration.

ENVIRONMENT

Noxious plants and insect/vermin control, other environmental protection, solid waste management, street cleaning, drainage, stormwater management.

COMMUNITY SERVICES & EDUCATION

Administration, family day care, child care, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

HOUSING & COMMUNITY AMENITIES

Housing, town planning, street lighting, other sanitation and garbage, public cemeteries, public conveniences, other community amenities.

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

MINING, MANUFACTURING & CONSTRUCTION

Building control, quarries & pits.

TRANSPORT & COMMUNICATION

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RMS works, other.

ECONOMIC AFFAIRS

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, commercial nurseries, other business undertakings.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		43,029	41,547
Farmland		2,995	2,789
Business		4,854	4,705
Total Ordinary Rates		50,878	49,041
Special Rates			
Sewerage Services		-	55
Main Street - Tweed Heads		-	91
Koala Beach		75	73
Total Special Rates		75	219
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		10,255	8,463
Water Supply Services		4,232	3,930
Sewerage Services		22,771	21,086
Waste Management Services (non-domestic)		2,355	1,889
Waste Levy		-	1,055
Total Annual Charges		39,613	36,423
TOTAL RATES & ANNUAL CHARGES		90,566	85,683

Council has used 2011 year valuations provided by the NSW Valuer General in calculating its rates.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		2,942	3,166
Water Supply Services		17,874	14,712
Sewerage Services		2,206	2,005
Waste Management Services (non-domestic)		2,210	2,775
Total User Charges		25,232	22,658
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Building		1,174	968
Private Works		234	197
Section 603 Certificates		191	146
Town Planning		901	621
Animal Control		156	164
Health Approvals		262	249
Total Fees & Charges - Statutory/Regulatory		2,918	2,345
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Beach Vehicles		27	29
Caravan Parks		7,653	7,117
Cemeteries		605	556
Parking Fees		8	5
Parks & Gardens		65	41
Pools		1,282	1,181
Saleyards		-	9
Sewer/Drainage		300	252
Sportsgrounds		51	100
Tweed Laboratory		511	422
Water Connection Fees		272	179
Other		2,538	2,283
Total Fees & Charges - Other		13,312	12,174
TOTAL USER CHARGES & FEES		41,462	37,177

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		516	629
- Interest earned on Investments (interest & coupon payment income)		7,640	9,388
- Interest on Deferred Debtors		158	304
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		433	612
TOTAL INTEREST & INVESTMENT REVENUE		8,747	10,933
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		335	629
General Council Cash & Investments		3,201	3,769
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		952	1,138
- Section 64		109	323
Water Fund Operations		1,153	1,201
Sewerage Fund Operations		1,995	2,972
Domestic Waste Management operations		501	448
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		501	453
Total Interest & Investment Revenue Recognised		8,747	10,933
(d) Other Revenues			
Rental Income - Investment Properties	14	-	31
Rental Income - Other Council Properties		694	611
Fines - Parking		403	507
Fines - Other		158	241
Tweed Coast Holiday Parks Income		263	434
Other		515	590
TOTAL OTHER REVENUE		2,033	2,414

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	3,257	6,364	-	-
Financial Assistance - Local Roads Component	1,300	2,470	-	-
Pensioners' Rates Subsidies - General Component	924	924	-	-
Total General Purpose	5,481	9,758	-	-

¹ The Financial Assistance Grant for 13/14 reflects a one off reduction due to the fact that this grant is no longer being paid in advance by up to 50% as has occurred in previous years - it does not represent a loss of income but is instead a timing difference.

Specific Purpose

Pensioners' Rates Subsidies:

- Water	376	373	-	-
- Sewerage	363	360	-	-
- Domestic Waste Management	248	236	-	-
Water Supplies	-	-	917	343
Sewerage Services	-	-	320	1,080
Art Gallery	51	56	2,000	-
Bushfire & Emergency Services	239	240	-	-
Community Centres	-	-	-	1,041
Community Service	831	1,225	-	-
Cycleways/Walkways	-	-	72	457
Environment (incl. coastal/estuary management)	994	998	-	-
Library	257	246	-	-
Pedestrian Facilities	-	-	60	54
Positions Funded by Other Govt. Dept	604	567	-	-
Recreation & Culture	-	-	2,991	-
Street Lighting	152	152	-	-
Transport (Other Roads & Bridges Funding)	1,380	893	2,340	1,728
Other Affordable Housing	2,362	2,000	-	-
Other Waste and Sustainability Improvement	-	500	-	-
Other	50	32	-	275
Total Specific Purpose	7,907	7,878	8,700	4,978
Total Grants	13,388	17,636	8,700	4,978

Grant Revenue is attributable to:

- Commonwealth Funding	8,266	11,854	6,529	2,548
- State Funding	5,122	5,782	2,171	2,430
	13,388	17,636	8,700	4,978

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	-	-	7,185	3,061
S 64 - Water Supply Contributions	-	-	5,062	1,443
S 64 - Sewerage Service Contributions	-	-	2,565	806
Water S 64 - In Kind	-	-	2,825	404
Sewerage S 64 - In Kind	-	-	5,386	1,729
Total Developer Contributions	17 -	-	23,023	7,443
Other Contributions:				
Art Gallery	-	-	737	280
Community Services	55	31	-	-
Dedications (other than by S94)	-	-	624	12
Dedications (other than by S94) - Roads	-	-	3,041	5,119
Dedications (other than by S94) - Drainage	-	-	2,226	567
Dedications (other than by S94) - Open Space	-	-	55	363
Dedications (other than by S94) - Land Under Roads	-	-	86	-
Environment	23	160	-	-
Govt Subsidy	19	49	-	-
LIRS Subsidy	70	-	-	-
Recreation & Culture	-	-	-	6
Roads	-	-	72	-
RMS Contributions (Regional Roads, Block Grant)	2,064	2,127	5,558	6,316
Sewerage (excl. Section 64 contributions)	139	135	1,387	-
Water Supplies (excl. Section 64 contributions)	1	-	-	-
Other	162	64	120	130
Total Other Contributions	2,533	2,566	13,906	12,793
Total Contributions	2,533	2,566	36,929	20,236
TOTAL GRANTS & CONTRIBUTIONS	15,921	20,202	45,629	25,214

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2014	Actual 2013
(g) Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	31,788	30,626
add: Grants & contributions recognised in the current period but not yet spent:	9,831	6,965
less: Grants & contributions recognised in a previous reporting period now spent:	(12,187)	(5,803)
Net Increase (Decrease) in Restricted Assets during the Period	(2,356)	1,162
Unexpended and held as Restricted Assets	29,432	31,788
Comprising:		
- Specific Purpose Unexpended Grants	2,764	3,632
- Developer Contributions	26,254	27,260
- Other Contributions	414	896
	29,432	31,788

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
(a) Employee Benefits & On-Costs			
Salaries and Wages		40,703	39,389
Travelling		90	85
Employee Leave Entitlements (ELE)		5,538	6,989
Superannuation		4,348	4,289
Workers' Compensation Insurance		656	472
Fringe Benefit Tax (FBT)		213	133
Payroll Tax		886	825
Training Costs (other than Salaries & Wages)		405	436
Other		153	128
Total Employee Costs		52,992	52,746
less: Capitalised Costs		(6,169)	(6,695)
TOTAL EMPLOYEE COSTS EXPENSED		46,823	46,051
Number of "Equivalent Full Time" Employees at year end		677	672
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Overdraft		1	-
Interest on Loans		13,368	13,339
Total Interest Bearing Liability Costs Expensed		13,369	13,339
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	(166)	(55)
- Fair Value of Interest Free Sewer Loan - Dept of Planning Loan ⁽¹⁾		679	751
Total Other Borrowing Costs		513	696
TOTAL BORROWING COSTS EXPENSED		13,882	14,035

(1) Council received an interest free loan from NSW Planning for \$16,825,000 on 24/6/10 for Banora Point Waste Water Treatment Plant. Council is obliged under accounting standards to determine the fair value of the loan and to recognise the interest free benefit at inception.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Materials & Contracts			
Raw Materials & Consumables ⁽¹⁾		55,022	45,698
Auditors Remuneration ⁽²⁾		90	107
Legal Expenses:			
- Legal Expenses: Planning & Development		809	298
- Legal Expenses: Other		215	131
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽³⁾		525	707
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>56,661</u>	<u>46,941</u>
1. Raw Materials & Consumables			
Includes \$6.2m of maintenance expenditure previously recorded as WIP, predominantly the Kirkwood Road project			
2. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
(i) Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		89	93
Remuneration for audit and other assurance services		<u>89</u>	<u>93</u>
(ii) Other Services			
- Other Services		1	14
Remuneration for other services		<u>1</u>	<u>14</u>
Total Auditor Remuneration		<u>90</u>	<u>107</u>
3. Operating Lease Payments are attributable to:			
Computer equipment		525	707
		<u>525</u>	<u>707</u>

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2014	Actual 2013	Actual 2014	Actual 2013
Plant and Equipment		-	-	2,668	2,602
Office Equipment		-	-	69	82
Furniture & Fittings		-	-	116	127
Buildings - Non Specialised		239	-	1,649	1,116
Buildings - Specialised		-	-	39	29
Other Structures		-	-	21	21
Infrastructure:					
- Roads		-	-	14,913	12,787
- Bridges		-	-	2,094	1,839
- Footpaths		-	-	509	458
- Stormwater Drainage		-	-	2,631	2,371
- Water Supply Network		-	-	6,890	6,635
- Sewerage Network		-	-	9,982	9,631
- Swimming Pools		-	-	285	288
- Other Open Space/Recreational Assets		-	-	786	1,022
- Other Infrastructure		-	-	566	566
Asset Reinstatement Costs	9 & 26	-	-	21	68
Intangible Assets	25	-	-	439	436
Total Depreciation & Impairment Costs		239	-	43,678	40,078
less: Impairments (to)/from ARR [Equity]	9a	(239)	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	43,678	40,078

\$ '000	Notes	Actual	Actual
		2014	2013
Bad & Doubtful Debts		-	61
Caretakers Remuneration		1,548	1,506
Contributions/Levies to Other Levels of Government			
- Department of Lands Levy		381	354
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		689	642
- Waste Levy		651	1,480
Councillor Expenses - Mayoral Fee		38	37
Councillors' Expenses (incl. Mayor)		20	15
Councillor Expenses - Councillors' Fees		140	126
Donations, Contributions & Assistance to other organisations (Section 356)		2,523	3,048
Electricity & Heating		5,585	5,677
Insurance		1,585	1,374
Street Lighting		944	956
Telephone & Communications		428	459
TOTAL OTHER EXPENSES		14,532	15,735

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2014	Actual 2013
Property (excl. Investment Property)			
Proceeds from Disposal - Property		1,060	1
less: Carrying Amount of Property Assets Sold / Written Off		(2,096)	-
Net Gain/(Loss) on Disposal		(1,036)	1
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		1,215	1,758
less: Carrying Amount of P&E Assets Sold / Written Off		(1,694)	(1,967)
Net Gain/(Loss) on Disposal		(479)	(209)
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(3,071)	(6,353)
Net Gain/(Loss) on Disposal		(3,071)	(6,353)
Investment Properties			
Proceeds from Disposal - Investment Properties		53	-
less: Carrying Amount of Investment Properties Sold / Written Off		(55)	(90)
Net Gain/(Loss) on Disposal		(2)	(90)
Financial Assets			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		102,083	170,654
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(102,083)	(170,654)
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(4,588)	(6,651)

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 6a. - Cash Assets and Note 6b. - Investments

\$ '000	Notes	2014	2014	2013	2013
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		2,791	-	806	-
Cash-Equivalent Assets ¹					
- Deposits at Call		6,390	-	15,279	-
- Short Term Deposits		7,226	-	3,190	-
Total Cash & Cash Equivalents		16,407	-	19,275	-
Investments (Note 6b)					
- Long Term Deposits		76,531	52,000	90,677	28,000
- FRN's & Fixed Rate Bonds		2,033	46,739	5,038	38,781
Total Investments		78,564	98,739	95,715	66,781
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		94,971	98,739	114,990	66,781

¹ Those Investments where time to maturity (from date of purchase) is < 3 mths.

Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"		16,407	-	19,275	-
--	--	---------------	----------	---------------	----------

Investments

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	2,033	46,739	5,038	38,781
- "Designated at Fair Value on Initial Recognition"	6(b-i)	-	-	-	-
b. "Held to Maturity"	6(b-ii)	76,531	52,000	90,677	28,000
c. "Loans & Receivables"	6(b-iii)	-	-	-	-
d. "Available for Sale"	6(b-iv)	-	-	-	-
Investments		78,564	98,739	95,715	66,781

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 6b. Investments (continued)

\$ '000	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	5,038	38,781	3,056	28,380
Revaluations (through the Income Statement)	-	433	1	611
Additions	16,079	7,525	7,135	12,790
Disposals (sales & redemptions)	(19,084)	-	(5,154)	(3,000)
Balance at End of Year	2,033	46,739	5,038	38,781
Comprising:				
- NCD's, FRN's (with Maturities > 3 months)	2,033	43,739	5,038	38,781
- Other Long Term Financial Assets	-	3,000	-	-
Total	2,033	46,739	5,038	38,781
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	90,677	28,000	93,886	37,000
Additions	68,853	24,000	96,791	53,500
Disposals (sales & redemptions)	(82,999)	-	(100,000)	(62,500)
Balance at End of Year	76,531	52,000	90,677	28,000
Comprising:				
- Long Term Deposits	76,531	52,000	81,000	28,000
- Other Long Term Financial Assets	-	-	9,677	-
Total	76,531	52,000	90,677	28,000
Note 6(b-iii)				
Reconciliation of Investments classified as "Loans & Receivables"				
Nil				
Note 6(b-iv)				
Reconciliation of Investments classified as "Available for Sale"				
Nil				

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details

\$ '000	2014	2014	2013	2013
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	94,971	98,739	114,990	66,781
attributable to:				
External Restrictions (refer below)	47,245	88,928	61,697	66,781
Internal Restrictions (refer below)	42,181	9,811	47,503	-
Unrestricted	5,545	-	5,790	-
	94,971	98,739	114,990	66,781

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-Sewer (A)	9,262	-	(295)	8,967
Other - Security Deposits	1,255	759	-	2,014
External Restrictions - Included in Liabilities	10,517	759	(295)	10,981

External Restrictions - Other

Developer Contributions - General (D)	23,344	8,139	(7,844)	23,639
Developer Contributions - Water Fund - CCR (D)	3,916	5,185	(6,486)	2,615
Developer Contributions - Sewer Fund - CCR (D)	-	2,550	(2,550)	-
RMS (formerly RTA) Contributions (E)	390	156	(199)	347
Specific Purpose Contributions (E)	506	33	(472)	67
Specific Purpose Unexpended Grants (F)	4,975	-	(2,211)	2,764
Water Supplies (G)	2,091	243	-	2,334
Water Supplies - Asset Replacement - ARR (G)	16,694	4,225	(4,458)	16,461
Sewerage Services (G)	1,992	1,490	-	3,482
Sewerage Services - Banora Point Laboratory (G)	521	92	(200)	413
Sewerage Services - Asset Replacement - ARR (G)	37,140	11,308	(5,337)	43,111
Domestic Waste Management (G)	10,075	1,332	-	11,407
Caravan Park Cash Assets (J)	15,926	2,412	-	18,338
Special Rate - Koala Beach (K)	230	75	(91)	214
External Restrictions - Other	117,800	37,240	(29,848)	125,192
Total External Restrictions	128,317	37,999	(30,143)	136,173

A Loan moneys which must be applied for the purposes for which the loans were raised.

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

E RMS Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.

F Grants which are not yet expended for the purposes for which the grants were obtained (refer Note 1).

G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

J Caravan park cash assets relates to externally restricted cash assets of Tweed Coast Holiday Parks.

K Special rate cash assets yet to be expended with these conditions.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details (continued)

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Employees Leave Entitlement	5,123	4,688	-	9,811
Unexpended Loans	10,328	2,076	(2,968)	9,436
Unexpended Grants	5,930	1,300	(4,477)	2,753
Asset Management Reserve - Office Ext.	164	21	-	185
Community Facilities	4	-	-	4
Land Sales - Cemetery Asset Management	45	2	-	47
Murwillumbah Community Centre	5	-	-	5
Software & Equipment - Asset management	1,063	1,399	(964)	1,498
Sports fields - Asset management	46	1	(46)	1
Swimming Pools Asset management	1	-	-	1
Waterways Asset Management	10	-	(4)	6
Civic Centre Asset management	151	95	(62)	184
Museum Asset Management	58	2	-	60
Land Development	5	492	(59)	438
Workers Comp. Cont. Reserve	4	1	-	5
Non- DWM Management	7,105	908	-	8,013
Access Funding	294	51	(58)	287
Agenda 21	60	-	(2)	58
Art Gallery Construction	82	66	(64)	84
Beach Vehicle Licence Income	220	36	(19)	237
Car Parking	392	33	(9)	416
Catchment Water Quality	921	31	(215)	737
Coastal Management Planning	60	1	(30)	31
Haulage Fees	312	1	-	313
Plant Operations	1,528	785	-	2,313
Revolving Energy Fund	218	18	-	236
Road Land Sale	43	10	(10)	43
Sewerage Management Facilities	7	1	-	8
04/05 Rate Rise	307	-	(307)	-
7 Year Plan	4,340	4,745	(5,991)	3,094
Works Carried Forward	8,762	7,683	(4,668)	11,777
Environmental Enforcement Levy	(358)	172	(256)	(442)
SES Vehicle Replacement	20	1	-	21
Museum Donations	3	11	-	14
Frangela Park Maintenance	41	2	(2)	41
Cemeteries Perpetual Maintenance	209	68	-	277
Opportunity Matching Grant	-	50	(50)	-
Total Internal Restrictions	47,503	24,750	(20,261)	51,992
TOTAL RESTRICTIONS	175,820	62,749	(50,404)	188,165

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 7. Receivables

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		3,828	1,276	4,460	1,487
Interest & Extra Charges		407	140	315	296
User Charges & Fees		11,308	-	9,003	-
Accrued Revenues					
- Interest on Investments		2,026	-	1,997	-
- Other Income Accruals		2,461	-	1,822	-
Government Grants & Subsidies		3,564	-	4,139	-
Deferred Debtors		7	285	106	1,204
Net GST Receivable		835	-	492	-
Total		24,436	1,701	22,334	2,987
less: Provision for Impairment					
Doubtful Debts		(132)	-	(263)	-
Total Provision for Impairment - Receivables		(132)	-	(263)	-
TOTAL NET RECEIVABLES		24,304	1,701	22,071	2,987
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		472	-	404	-
- Rates & Availability Charges		253	-	285	-
- Other		10,217	-	7,457	-
Sewerage Services					
- Specific Purpose Grants		1	-	434	-
- Rates & Availability Charges		1,228	-	1,412	-
- Other		1,580	-	2,109	-
Domestic Waste Management		374	124	508	170
Tweed Coast Holiday Parks		194	-	90	-
Total External Restrictions		14,319	124	12,699	170
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		9,985	1,577	9,372	2,817
TOTAL NET RECEIVABLES		24,304	1,701	22,071	2,987

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 9.00% (2013 10.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 8. Inventories & Other Assets

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		899	-	807	-
Total Inventories		899	-	807	-
Other Assets					
Prepayments		664	-	1,507	-
Total Other Assets		664	-	1,507	-
TOTAL INVENTORIES / OTHER ASSETS		1,563	-	2,314	-
Externally Restricted Assets					
Water					
Prepayments		30	-	23	-
Total Water		30	-	23	-
Sewerage					
Prepayments		26	-	17	-
Total Sewerage		26	-	17	-
Domestic Waste Management					
Nil					
Tweed Coast Holiday Parks					
Prepayments		126	-	123	-
Total Other		126	-	123	-
Total Externally Restricted Assets		182	-	163	-
Total Internally Restricted Assets		-	-	-	-
Total Unrestricted Assets		1,381	-	2,151	-
TOTAL INVENTORIES & OTHER ASSETS		1,563	-	2,314	-

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other assets held.

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2013					Asset Movements during the Reporting Period									as at 30/6/2014				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in Equity)	WIP Transfers	Adjustments & Transfers	Tfrs from/(to) Inv. Properties	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment													Dep'n	Impairment	
Capital Work in Progress	24,729	-	-	-	24,729	9,800	-	-	-	(14,593)	(6,634)	-	-	-	13,302	-	-	-	13,302
Plant & Equipment	-	33,893	14,750	-	19,143	4,340	(1,311)	(2,668)	-	249	(138)	-	-	-	-	34,474	14,859	-	19,615
Office Equipment	-	1,327	1,147	-	180	179	-	(69)	-	-	-	-	-	-	-	1,457	1,167	-	290
Furniture & Fittings	-	2,146	1,572	-	574	14	-	(116)	-	-	-	-	-	-	-	2,161	1,689	-	472
Land:																			
- Operational Land	-	442,403	-	-	442,403	866	(1,034)	-	-	-	-	720	(80)	-	-	442,875	-	-	442,875
- Community Land	-	157,834	-	-	157,834	-	-	-	-	-	2,427	215	-	25	-	160,501	-	-	160,501
- Land under Roads (pre 1/7/08)	-	41,867	-	-	41,867	-	-	-	-	-	-	-	-	-	-	41,867	-	-	41,867
- Land under Roads (post 30/6/08)	-	1,364	-	-	1,364	371	-	-	-	365	-	-	-	-	-	2,100	-	-	2,100
Buildings - Non Specialised	-	117,129	11,344	-	105,785	5,428	(689)	(1,649)	(239)	1,287	5,129	286	-	615	-	129,839	13,886	-	115,953
Buildings - Specialised	-	6,978	423	-	6,555	90	(348)	(39)	-	-	-	-	-	-	-	6,677	419	-	6,258
Other Structures	-	35,697	11,791	-	23,906	-	-	(21)	-	-	(23,517)	-	-	-	-	6,140	5,772	-	368
Infrastructure:																			
- Roads	-	775,329	179,325	-	596,004	11,761	(1,308)	(14,913)	-	5,411	(171,156)	-	-	20,040	-	621,758	175,919	-	445,839
- Bridges	-	-	-	-	-	3,031	(107)	(2,094)	-	255	147,656	-	-	6,402	-	173,377	18,234	-	155,143
- Footpaths	-	-	-	-	-	1,751	(10)	(509)	-	50	24,312	-	-	1,233	-	31,031	4,204	-	26,827
- Bulk Earthworks (non-depreciable)	-	139,083	-	-	139,083	2,888	(200)	-	-	-	-	-	-	6,278	-	148,049	-	-	148,049
- Stormwater Drainage	-	186,384	53,626	-	132,758	4,205	(27)	(2,631)	-	289	-	-	-	6,223	-	204,272	63,455	-	140,817
- Water Supply Network	-	578,810	146,572	-	432,238	10,689	(805)	(6,890)	-	6,009	-	-	-	12,345	-	609,447	155,861	-	453,586
- Sewerage Network	-	718,855	184,601	-	534,254	7,757	(613)	(9,982)	-	512	-	-	-	14,894	-	746,567	199,745	-	546,822
- Swimming Pools	-	-	-	-	-	391	(4)	(285)	-	23	4,631	-	-	-	-	5,058	302	-	4,756
- Other Open Space/Recreational Assets	-	-	-	-	-	1,633	(379)	(786)	-	143	9,829	-	-	-	-	17,365	6,925	-	10,440
- Other Infrastructure	-	-	-	-	-	188	(26)	(566)	-	-	9,195	-	-	-	-	8,791	-	-	8,791
Other Assets:																			
- Artworks	-	3,472	-	-	3,472	325	-	-	-	-	-	-	-	-	-	3,797	-	-	3,797
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26):																			
- Tip Assets	-	2,203	2,126	-	77	-	-	(11)	-	-	-	-	-	-	-	687	621	-	66
- Quarry Assets	-	533	485	-	48	-	-	(10)	-	-	(27)	-	-	-	-	351	340	-	11
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	24,729	3,245,307	607,762	-	2,662,274	65,707	(6,861)	(43,239)	(239)	-	1,707	1,221	(80)	68,055	13,302	3,398,641	663,398	-	2,748,545

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$29,835) and New Assets (\$33,741).
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 9b. Externally Restricted Infrastructure, Property, Plant & Equipment

\$ '000	Actual				Actual			
	2014				2013			
Class of Asset	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
WIP	-	1,163	-	1,163	-	6,535	-	6,535
Plant & Equipment	-	85	54	31	-	85	45	40
Office Equipment	-	-	-	-	-	23	23	-
Furniture & Fittings	-	20	20	-	-	20	20	-
Land								
- Operational Land	-	34,814	-	34,814	-	33,974	-	33,974
- Community Land	-	86	-	86	-	86	-	86
Buildings	-	2,853	612	2,241	-	1,575	395	1,180
Other Structures	-	-	-	-	-	4	3	1
Infrastructure	-	609,093	155,861	453,232	-	578,810	146,572	432,238
Other Assets	-	354	-	354	-	3	-	3
Total Water Supply	-	648,468	156,547	491,921	-	621,115	147,058	474,057
Sewerage Services								
WIP	-	2,947	-	2,947	-	1,378	-	1,378
Plant & Equipment	-	1,168	792	376	-	1,061	717	344
Office Equipment	-	26	26	-	-	116	105	11
Furniture & Fittings	-	87	87	-	-	87	87	-
Land								
- Operational Land	-	43,642	-	43,642	-	43,463	-	43,463
- Community Land	-	238	-	238	-	238	-	238
Buildings	-	6,382	406	5,976	-	6,174	270	5,904
Infrastructure	-	746,566	199,745	546,821	-	718,855	184,601	534,254
Total Sewerage Services	-	801,056	201,056	600,000	-	771,372	185,780	585,592
Domestic Waste Management								
Plant & Equipment	-	129	116	13	-	-	-	-
Office Equipment	-	16	16	-	-	-	-	-
Furniture & Fittings	-	198	102	96	-	-	-	-
Land								
- Operational Land	-	3,199	-	3,199	-	3,354	-	3,354
Buildings	-	848	243	605	-	-	-	-
Infrastructure	-	131	112	19	-	-	-	-
Total DWM	-	4,521	589	3,932	-	3,354	-	3,354
Other Restricted Assets								
- Capital WIP	-	1,604	-	1,604	-	641	-	641
- Plant & Equipment	-	2,929	2,390	539	-	3,345	2,604	741
- Office Equipment	-	137	119	18	-	137	111	26
- Operational Land	-	79,615	-	79,615	-	79,615	-	79,615
Buildings	-	11,684	1,793	9,891	-	18,686	8,275	10,411
Swimming Pools	-	390	301	89	-	-	-	-
Total Other Restrictions	-	96,359	4,603	91,756	-	102,424	10,990	91,434
TOTAL RESTRICTED I,PP&E	-	1,550,404	362,795	1,187,609	-	1,498,265	343,828	1,154,437

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 9c. Infrastructure, Property, Plant & Equipment - Current Year Impairments

\$ '000	Notes	Actual 2014	Actual 2013
(i) Impairment Losses recognised direct to Equity (ARR):			
Buildings non-specialised		(239)	
IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)	20 (ii)	<u>(239)</u>	<u>-</u>

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		8,222	-	8,845	-
Payments Received In Advance		3,630	-	3,266	-
Accrued Expenses:					
- Borrowings		488	-	518	-
- Salaries & Wages		-	-	1	-
- Other Expenditure Accruals		119	-	21	-
Security Bonds, Deposits & Retentions		1,611	405	702	460
Total Payables		<u>14,070</u>	<u>405</u>	<u>13,353</u>	<u>460</u>
Borrowings					
Loans - Secured ¹		7,251	178,247	7,653	181,458
Total Borrowings		<u>7,251</u>	<u>178,247</u>	<u>7,653</u>	<u>181,458</u>
Provisions					
Employee Benefits;					
Annual Leave		5,104	-	5,008	-
Sick Leave		848	4,330	868	4,470
Long Service Leave		10,624	439	10,835	523
Sub Total - Aggregate Employee Benefits		<u>16,576</u>	<u>4,769</u>	<u>16,711</u>	<u>4,993</u>
Asset Remediation/Restoration (Future Works) ²⁶		-	897	10	1,081
Total Provisions		<u>16,576</u>	<u>5,666</u>	<u>16,721</u>	<u>6,074</u>
Total Payables, Borrowings & Provisions		<u>37,897</u>	<u>184,318</u>	<u>37,727</u>	<u>187,992</u>

(i) Liabilities relating to Restricted Assets

	2014		2013	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Water	1,474	64,803	2,272	65,989
Sewer	3,088	33,886	3,580	35,654
Other	2,001	-	1,150	-
Other - Holiday Parks	2,540	-	2,026	-
Liabilities relating to restricted assets	<u>9,103</u>	<u>98,689</u>	<u>9,028</u>	<u>101,643</u>
Total Liabilities relating to Unrestricted Assets	<u>28,794</u>	<u>85,629</u>	<u>28,699</u>	<u>86,349</u>
TOTAL PAYABLES, BORROWINGS & PROVISIONS	<u>37,897</u>	<u>184,318</u>	<u>37,727</u>	<u>187,992</u>

¹ Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 10a. Payables, Borrowings & Provisions (continued)

\$ '000	Actual 2014	Actual 2013
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	10,000	10,000
Payables - Security Bonds, Deposits & Retentions	220	220
	<u>10,220</u>	<u>10,220</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2013		2014			
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/14
Annual Leave	5,008	3,185	(3,089)	-	-	5,104
Sick Leave	5,338	753	(913)	-	-	5,178
Long Service Leave	11,358	888	(1,183)	-	-	11,063
Asset Remediation	1,091	-	-	(194)	-	897
TOTAL	22,795	4,826	(5,185)	(194)	-	22,242

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2014	Actual 2013
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	16,407	19,275
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		16,407	19,275
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		24,194	12,132
Adjust for non cash items:			
Depreciation & Amortisation		43,678	40,078
Net Losses/(Gains) on Disposal of Assets		4,588	6,651
Non Cash Capital Grants and Contributions		(18,987)	(8,601)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(433)	(612)
- Investment Properties		-	(39)
Transfers from Work in Progress through Income Statement		6,634	-
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
- Interest Exp. on Interest Free Loans received by Council (previously Fair Valued)		679	751
Unwinding of Discount Rates on Reinstatement Provisions		15	(55)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(1,834)	(238)
Increase/(Decrease) in Provision for Doubtful Debts		(131)	61
Decrease/(Increase) in Inventories		(92)	860
Decrease/(Increase) in Other Assets		843	754
Increase/(Decrease) in Payables		(623)	(731)
Increase/(Decrease) in accrued Interest Payable		(30)	(20)
Increase/(Decrease) in other accrued Expenses Payable		97	(1)
Increase/(Decrease) in Other Liabilities		1,218	323
Increase/(Decrease) in Employee Leave Entitlements		(359)	1,968
Increase/(Decrease) in Other Provisions		(209)	(107)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		59,248	53,174

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 11. Statement of Cash Flows - Additional Information (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Non-Cash Investing & Financing Activities			
Art Gallery		463	280
Development Contributions - General		10,313	6,188
Development Contributions - Water		2,825	404
Development Contributions - Sewerage		5,386	1,729
Total Non-Cash Investing & Financing Activities		18,987	8,601
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		1,000	1,000
Credit Cards / Purchase Cards		300	300
Total Financing Arrangements		1,300	1,300
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		19	27
Total Financing Arrangements Utilised		19	27

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

(ii) Secured Loan Liabilities

Loans are secured by a mortgage over future years Rate Revenue only.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2014	Actual 2013
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		467	3,765
Plant & Equipment		-	1,054
Other		2,357	10,379
Total Commitments		2,824	15,198
These expenditures are payable as follows:			
Within the next year		2,722	13,198
Later than one year and not later than 5 years		102	2,000
Total Payable		2,824	15,198
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		1,207	840
Section 94 Contributions		77	4,755
Unexpended Grants		1,213	2,471
Unexpended Loans		3	1,086
Internally Restricted Reserves		93	-
Unrestricted Water Funds		66	4,751
Unrestricted Sewerage Funds		165	1,295
Total Sources of Funding		2,824	15,198

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)**a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:**

Within the next year	416	480
Later than one year and not later than 5 years	576	419
Total Non Cancellable Operating Lease Commitments	992	899

b. Non Cancellable Operating Leases include the following assets:

Computer equipment

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

Conditions relating to Operating Leases:

- All Operating Lease Agreements are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

(d) Investment Property Commitments

Nil

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 2013 2012	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	<u>(17,280)</u>	-10.92%	-4.52%	0.51%
Total continuing operating revenue ⁽¹⁾ (excl. Capital Grants & Contributions)	158,296			
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(less ALL Grants & Contributions)</u>	<u>142,375</u>	69.82%	74.91%	74.18%
Total continuing operating revenue ⁽¹⁾	203,925			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	<u>59,092</u>	3.18 : 1	3.51	3.07
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	<u>18,574</u>			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	<u>40,280</u>	1.87	2.07	2.69
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)	<u>21,540</u>			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	<u>5,651</u>	5.79%	7.04%	8.08%
Rates, Annual and Extra Charges Collectible	<u>97,640</u>			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents including All Term Deposits	<u>144,938</u>	12.49	12.01	14.13
Payments from cash flow of operating and financing activities	<u>11,601</u>			

Notes

(1) Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and net share of interests in joint ventures.

(2) Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

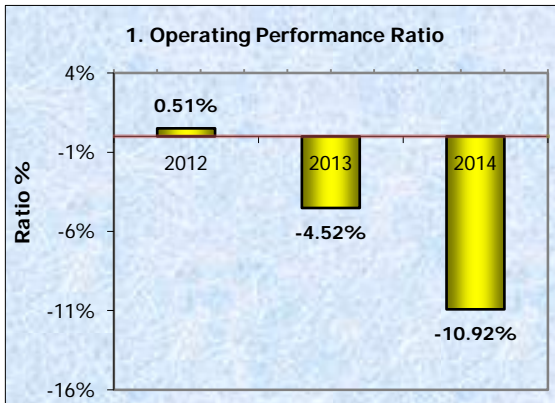
(3) Refer to Note 10(a).

(4) Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

Tweed Shire Council

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

Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



Purpose of Operating Performance Ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

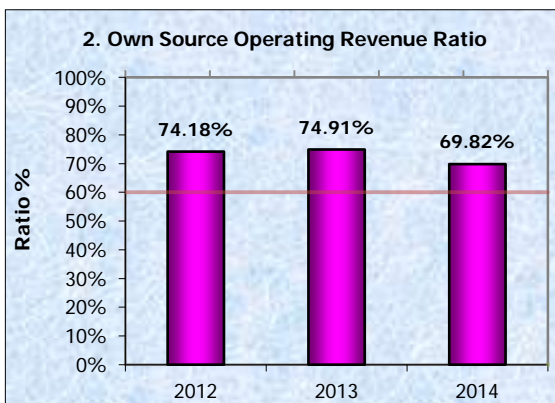
Commentary on 2013/14 Result

2013/14 Ratio -10.92%

A negative ratio indicates that Council's operating revenue is insufficient to fund depreciation

— Minimum 0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



Purpose of Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.

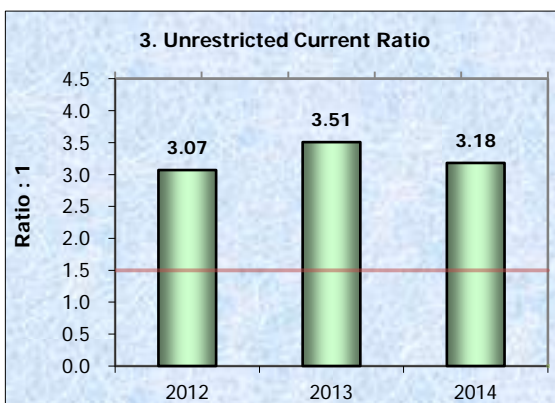
Commentary on 2013/14 Result

2013/14 Ratio 69.82%

Elevated levels of capital grants & contributions in 2014 have decreased this ratio

— Minimum 60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



Purpose of Unrestricted Current Ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2013/14 Result

2013/14 Ratio 3.18 : 1

Remains at an acceptable ratio

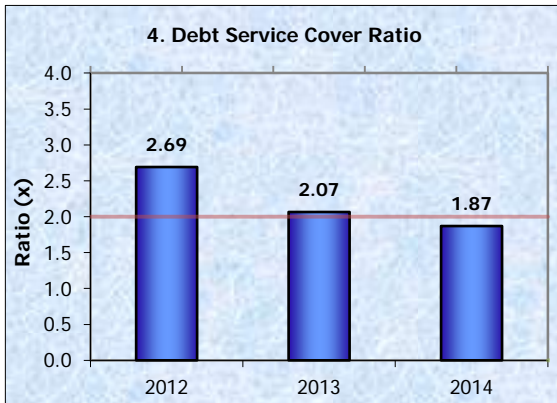
— Minimum 1.50

Source for Benchmark: Code of Accounting Practice and Financial Reporting

Tweed Shire Council

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

Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



— Minimum 2.00

Source for Benchmark: NSW Treasury Corporation

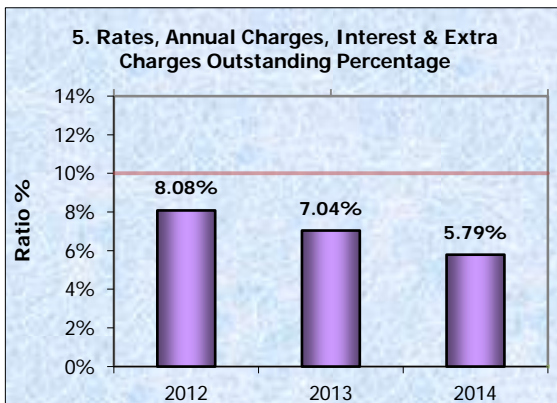
Purpose of Debt Service Cover Ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2013/14 Result

2013/14 Ratio 1.87

This result remains close to benchmark



— Maximum 10.00%

Source for Benchmark: Office of Local Govt - Comparative Information (10/11)

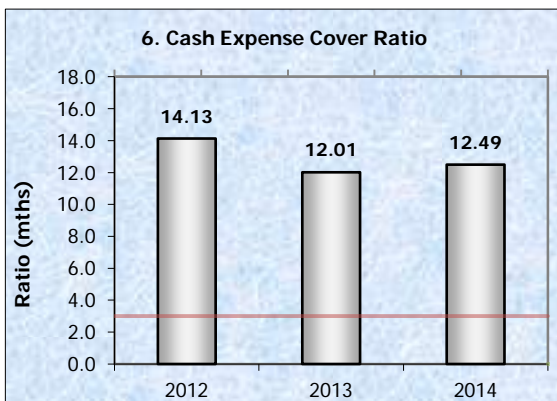
Purpose of Rates & Annual Charges Outstanding Ratio

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2013/14 Result

2013/14 Ratio 5.79%

Level of outstanding rates & annual charges has improved



— Minimum 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting

Purpose of Cash Expense Cover Ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on Result

2013/14 Ratio 12.49

Remains at an acceptable ratio

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 13b. Statement of Performance Measurement - Indicators (by Fund)

\$ '000	Water 2014	Sewer 2014	General ⁵ 2014
Local Government Industry Indicators - by Fund			
1. Operating Performance Ratio			
Total continuing operating revenue ⁽¹⁾			
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	-3.51%	-6.52%	-13.93%
Total continuing operating revenue ⁽¹⁾			
(excl. Capital Grants & Contributions)	prior period: -19.88%	-4.48%	-1.29%
2. Own Source Operating Revenue Ratio			
Total continuing operating revenue ⁽¹⁾			
<u>(less ALL Grants & Contributions)</u>	73.39%	73.60%	67.79%
Total continuing operating revenue ⁽¹⁾			
	prior period: 89.43%	87.09%	69.13%
3. Unrestricted Current Ratio			
<u>Current Assets less all External Restrictions⁽²⁾</u>	16.12 : 1	8.04 : 1	3.18 : 1
Current Liabilities less Specific Purpose Liabilities ^(3, 4)			
	prior period: 11.85	9.81	3.51
4. Debt Service Cover Ratio			
<u>Operating Result⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation (EBITDA)</u>	1.66	1.70	2.11
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)			
	prior period: 1.05	1.69	2.84
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
<u>Rates, Annual and Extra Charges Outstanding</u>	5.18%	5.07%	6.09%
Rates, Annual and Extra Charges Collectible			
	prior period: 6.23%	6.24%	7.37%
6. Cash Expense Cover Ratio			
<u>Current Year's Cash and Cash Equivalents including All Term Deposits</u> x12	12.67	30.96	8.34
Payments from cash flow of operating and financing activities			
	prior period: 16.02	27.78	7.73

Notes

(1) - (4) Refer to Notes at Note 13a(i) above.

(5) General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 14. Investment Properties

\$ '000	Notes	Actual 2014	Actual 2013
(a) Investment Properties at Fair value			
Investment Properties on Hand		-	1,276
Reconciliation of Annual Movement:			
Opening Balance		1,276	1,327
- Disposals during Year		(55)	(90)
- Transfers from/(to) Owner Occupied (Note 9)		(1,221)	55
- Other Movements		-	(16)
CLOSING BALANCE - INVESTMENT PROPERTIES		-	1,276
(b) Valuation Basis			
In the prior year, the basis of valuation of Investment Properties was Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.			
In 2014, the investment properties were transferred to Land and Buildings in Note 9.			
(c) Leasing Arrangements			
Details of leased Investment Properties are as follows;			
Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are receivable as follows:			
Within 1 year		-	31
Total Minimum Lease Payments Receivable		-	31
(d) Investment Property Income & Expenditure - summary			
Rental Income from Investment Properties:			
- Minimum Lease Payments		-	31
Direct Operating Expenses on Investment Properties:			
- that generated rental income		-	(28)
Net Revenue Contribution from Investment Properties		-	3
Total Income attributable to Investment Properties		-	3
(e) Restricted Investment Properties			
Water Fund		-	750
Sewer Fund		-	86
Total Restricted Investment Properties		-	836

Refer to Note 27- Fair Value Measurement for information regarding the fair value of investment properties held.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management

\$ '000

Risk Management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2014	2013	2014	2013
Financial Assets				
Cash and Cash Equivalents	16,407	19,275	16,302	26,952
Investments				
- "Held for Trading"	48,772	43,819	48,772	43,819
- "Held to Maturity"	128,531	118,677	128,531	111,000
Receivables	26,005	25,058	26,005	25,058
Total Financial Assets	219,715	206,829	219,610	206,829
Financial Liabilities				
Payables	10,845	10,547	10,560	10,261
Loans / Advances	185,498	189,111	209,084	206,963
Total Financial Liabilities	196,343	199,658	219,644	217,224

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) "**at fair value through profit & loss**" or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of financial assets & liabilities

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(a) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' "Available-for-sale" financial assets & "Held-to-maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

- **Price Risk** - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest Rate Risk** - the risk that movements in interest rates could affect returns and income.
- **Credit Risk** - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2014				
Possible impact of a 10% movement in Market Values	4,877	4,877	(4,877)	(4,877)
Possible impact of a 1% movement in Interest Rates	1,936	1,936	(1,936)	(1,936)
2013				
Possible impact of a 10% movement in Market Values	4,382	4,382	(4,382)	(4,382)
Possible impact of a 1% movement in Interest Rates	1,818	1,818	(1,818)	(1,818)

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

Council's major receivables comprise **(i) Rates & Annual charges** and **(ii) User Charges & Fees**.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates & annual charges at higher than market rates which further encourages the payment of debt.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

	2014 Rates & Annual Charges	2014 Other Receivables	2013 Rates & Annual Charges	2013 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	0%	96%	0%	78%
Overdue	100%	4%	100%	22%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

(ii) Ageing of Receivables - value

Current (not yet overdue)	-	20,252	-	15,112
Past due between 31 and 60 days	-	410	-	-
Past due between 61 and 90 days	-	75	-	-
Past due by more than 90 days	5,104	296	5,947	4,262
	<u>5,104</u>	<u>21,033</u>	<u>5,947</u>	<u>19,374</u>

(iii) Movement in Provision for Impairment of Receivables

	2014	2013
Balance at the beginning of the year	263	202
+ new provisions recognised during the year	12	76
- amounts already provided for & written off this year	(128)	(14)
- amounts provided for but recovered during the year	(15)	(1)
Balance at the end of the year	<u>132</u>	<u>263</u>

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended & overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the maturity table below:

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2014									
Trade/Other Payables	2,016	8,829	-	-	-	-	-	10,845	10,845
Loans & Advances	-	20,921	20,319	20,119	19,975	19,794	241,701	342,829	185,498
Total Financial Liabilities	2,016	29,750	20,319	20,119	19,975	19,794	241,701	353,674	196,343
2013									
Trade/Other Payables	1,162	8,925	460	-	-	-	-	10,547	10,547
Loans & Advances	-	21,036	20,558	19,962	19,768	19,631	254,841	355,796	189,111
Total Financial Liabilities	1,162	29,961	21,018	19,962	19,768	19,631	254,841	366,343	199,658

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities & interest rate structures.

The following interest rates were applicable to Council's Borrowings at balance date:

	2014		2013	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	10,845	0.0%	10,547	0.0%
Loans & Advances - Fixed Interest Rate	155,783	6.8%	160,725	6.8%
Loans & Advances - Variable Interest Rate	29,715	8.3%	28,386	8.5%
	<u>196,343</u>		<u>199,658</u>	

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 20 June 2013.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

Note that for Variations* of Budget to Actual :

Material Variations represent those variances that amount to **10%** or more of the original budgeted figure.

F = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	90,062	90,566	504	1%	F
User Charges & Fees	36,295	41,462	5,167	14%	F
Water & Sewerage usage fees, dumping fees, rates recovery legal fees and development and building fees all performed better than budget					
Interest & Investment Revenue	6,265	8,747	2,482	40%	F
Council adopts a conservative approach to budgeting for interest revenue, and does not budget for non-cash items such as fair value adjustments					
Other Revenues	2,031	2,033	2	0%	F
Operating Grants & Contributions	15,066	15,921	855	6%	F
Capital Grants & Contributions	15,377	45,629	30,252	197%	F
Non-cash contributions, representing dedicated assets, are not included in the budget					

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 16. Material Budget Variations (continued)

\$ '000	2014 Budget	2014 Actual	2014 ----- Variance* -----	
EXPENSES				
Employee Benefits & On-Costs	44,740	46,823	(2,083)	(5%) U
Borrowing Costs	13,418	13,882	(464)	(3%) U
Materials & Contracts	45,481	56,661	(11,180)	(25%) U
\$6 million of capital work for the Kirkwood Road interchange project was expensed as operating costs as ownership of the assets passed to the RMS. In addition \$4m of unexpended grant funds were paid for the Building Better Regional Cities affordable housing project. Neither of these were budgeted for in the reporting year.				
Depreciation & Amortisation	40,809	43,678	(2,869)	(7%) U
Other Expenses	13,945	14,532	(587)	(4%) U
Net Losses from Disposal of Assets	-	4,588	(4,588)	U
Gains and losses from asset disposals are not included in the budget				

Budget Variations relating to Council's Cash Flow Statement include:

Cash Flows from Operating Activities	47,511	59,248	11,737	24.7% F
Major contributing factor was capital grants and contributions exceeding the budget				
Cash Flows from Investing Activities	(94,787)	(57,824)	36,963	(39.0%) F
Sale of investment securities exceeded budget expectations				
Cash Flows from Financing Activities	(5,579)	(4,292)	1,287	(23.1%) F
Proceeds from loan funding for Tweed Coast Holiday Parks was not anticipated in the budget				

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council through s94/s94F of the Environmental Planning & Assessment Act 1979 and s64 of the Local Government Act 1993 (as amended).

All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in their future use.

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	555	1	-	22	(2)	-	576	14,484	(14,827)	233	-
Roads	9,847	2,772	-	374	(4,903)	-	8,090	300,689	(480,201)	(171,422)	-
Traffic Facilities	62	28	-	2	(26)	-	66	40	(93)	13	-
Parking	1,459	9	-	57	(117)	-	1,408	14,818	(117)	16,109	-
Open Space	6,955	2,391	-	296	(2,079)	-	7,563	60,157	(53,743)	13,977	-
Community Facilities	2,548	907	-	112	(136)	-	3,431	17,114	(38,860)	(18,315)	-
Path/Cycleways	139	185	-	8	(94)	-	238	2,329	(2,406)	161	-
Street Trees	136	33	-	6	(7)	-	168	-	-	168	-
Other	917	860	-	47	(479)	-	1,345	26,436	(26,764)	1,017	-
S94 Contributions - under a Plan	22,618	7,186	-	924	(7,843)	-	22,885	436,067	(617,011)	(158,059)	-
Total S94 Revenue Under Plans	22,618	7,186	-	924	(7,843)	-	22,885				-
S94 not under Plans	726	-	-	28	-	-	754	-	-	754	-
S64 Contributions	3,916	7,627	8,210	109	(9,037)	-	2,615				
Total Contributions	27,260	14,813	8,210	1,061	(16,880)	-	26,254	436,067	(617,011)	(157,305)	-

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	3,947	-	-	153	(7)	-	4,093	816	(4,072)	837	-
Total	3,947	-	-	153	(7)	-	4,093	816	(4,072)	837	-

CONTRIBUTION PLAN NUMBER 2

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	564	-	-	22	-	-	586	(21)	(400)	165	-
Total	564	-	-	22	-	-	586	(21)	(400)	165	-

CONTRIBUTION PLAN NUMBER 3

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Community Facilities	5	-	-	-	(4)	-	1	-	-	1	-
Total	5	-	-	-	(4)	-	1	-	-	1	-

CONTRIBUTION PLAN NUMBER 4

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	9,762	2,772	-	371	(4,903)	-	8,002	300,692	(480,201)	(171,507)	-
Total	9,762	2,772	-	371	(4,903)	-	8,002	300,692	(480,201)	(171,507)	-

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 5

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	830	115	-	31	(342)	-	634	5,496	(5,792)	338	-
Total	830	115	-	31	(342)	-	634	5,496	(5,792)	338	-

CONTRIBUTION PLAN NUMBER 6

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Street Trees	136	33	-	6	(7)	-	168	-	-	168	-
Total	136	33	-	6	(7)	-	168	-	-	168	-

CONTRIBUTION PLAN NUMBER 7

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	(9)	1	-	-	(2)	-	(10)	14,505	(14,427)	68	-
Open Space	432	9	-	16	-	-	457	3,947	(3,977)	427	-
Total	423	10	-	16	(2)	-	447	18,452	(18,404)	495	-

CONTRIBUTION PLAN NUMBER 11

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Community Facilities (Libraries)	1,453	386	-	62	(79)	-	1,822	10,031	(38,807)	(26,954)	-
Total	1,453	386	-	62	(79)	-	1,822	10,031	(38,807)	(26,954)	-

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 12

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Traffic Facilities - Bus Shelters (Other)	62	28	-	2	(26)	-	66	40	(93)	13	-
Total	62	28	-	2	(26)	-	66	40	(93)	13	-

CONTRIBUTION PLAN NUMBER 13

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other (Cemeteries)	(31)	57	-	-	(3)	-	23	2,068	(1,599)	492	-
Total	(31)	57	-	-	(3)	-	23	2,068	(1,599)	492	-

CONTRIBUTION PLAN NUMBER 14

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads (Mebbin Springs)	85	-	-	3	-	-	88	(3)	-	85	-
Total	85	-	-	3	-	-	88	(3)	-	85	-

CONTRIBUTION PLAN NUMBER 15

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Community Facilities	458	266	-	22	(40)	-	706	(407)	(40)	259	-
Total	458	266	-	22	(40)	-	706	(407)	(40)	259	-

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 16

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other (Surf Lifesaving)	347	19	-	14	(3)	-	377	(33)	(213)	131	-
Total	347	19	-	14	(3)	-	377	(33)	(213)	131	-

CONTRIBUTION PLAN NUMBER 18

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other (Council Admin Fees)	601	784	-	33	(473)	-	945	24,401	(24,952)	394	-
Total	601	784	-	33	(473)	-	945	24,401	(24,952)	394	-

CONTRIBUTION PLAN NUMBER 19

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	(550)	93	-	(19)	68	-	(408)	8,242	(997)	6,837	-
Community Facilities	632	255	-	28	(13)	-	902	7,490	(13)	8,379	-
Path/Cycleways	97	-	-	4	-	-	101	4	-	105	-
Total	179	348	-	13	55	-	595	15,736	(1,010)	15,321	-

CONTRIBUTION PLAN NUMBER 20

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	1	-	-	-	-	-	1	-	-	1	-
Total	1	-	-	-	-	-	1	-	-	1	-

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 21

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	29	1	-	-	-	-	30	-	-	30	-
Total	29	1	-	-	-	-	30	-	-	30	-

CONTRIBUTION PLAN NUMBER 22

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Path/Cycleways (Shire Wide Cycleways)	42	185	-	4	(94)	-	137	2,325	(2,406)	56	-
Total	42	185	-	4	(94)	-	137	2,325	(2,406)	56	-

CONTRIBUTION PLAN NUMBER 23

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Parking (Shire Wide Car parking)	1,459	9	-	57	(117)	-	1,408	14,818	(117)	16,109	-
Total	1,459	9	-	57	(117)	-	1,408	14,818	(117)	16,109	-

CONTRIBUTION PLAN NUMBER 25

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space (Salt Open Space)	1,024	53	-	40	(2)	-	1,115	6	(134)	987	-
Total	1,024	53	-	40	(2)	-	1,115	6	(134)	987	-

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 26

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space (Shirewide)	1,105	1,971	-	67	(1,781)	-	1,362	41,807	(38,756)	4,413	-
Total	1,105	1,971	-	67	(1,781)	-	1,362	41,807	(38,756)	4,413	-

CONTRIBUTION PLAN NUMBER 27

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	98	78	-	4	(8)	-	172	(82)	(8)	82	-
Total	98	78	-	4	(8)	-	172	(82)	(8)	82	-

CONTRIBUTION PLAN NUMBER 28

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	40	71	-	4	(7)	-	108	(75)	(7)	26	-
Total	40	71	-	4	(7)	-	108	(75)	(7)	26	-

CONTRIBUTION PLAN NUMBER 10

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	(1)	-	-	-	-	-	(1)	-	-	(1)	-
Total	(1)	-	-	-	-	-	(1)	-	-	(1)	-

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	263	-	-	9	-	-	272	-	-	272	-
Traffic Facilities	97	-	-	4	-	-	101	-	-	101	-
Open Space	388	-	-	14	-	-	402	-	-	402	-
Community Facilities	(24)	-	-	1	-	-	(23)	-	-	(23)	-
Footpath	2	-	-	-	-	-	2	-	-	2	-
Total	726	-	-	28	-	-	754	-	-	754	-

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit. Accordingly, Council has not recorded a net liability of \$2,644,152 for its Defined Benefit Scheme obligations in accordance with AASB 119 was at 30 June 2014.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

(ii) Other Guarantees

Council has provided no other Guarantees other than those listed above.

2. Other Liabilities

(i) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Councils intention to spend funds in the manner and timing set out in those Plans.

(ii) Richmond - Tweed Regional Library

Council together with other local government authorities to operate a regional facility known as the Richmond-Tweed Regional Library.

Annually, Councils contribute to fund its activities based upon a formula. In the event that Council wishes to withdraw from the arrangement, Council will receive it's attributable share of assets and liabilities.

Tweed Shire Council

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

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities (continued)

(iii) Legal Issues

Council can defend actions in Land & Environment Court. It is not practical to estimate the amount, if any, for which the Council could be liable thereof.

ASSETS NOT RECOGNISED:

(i) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Council's Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

Due to the limited information available on the status, value and duration of outstanding Notices, Council is unable to determine the value of outstanding income.

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

Council has no material interest in any Controlled Entities, Associated Entities or Joint Ventures for financial statement accounting and disclosure purposes.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2014	Actual 2013
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		1,224,315	1,207,322
a. Correction of Prior Period Errors	20 (c)	8,369	13,230
b. Net Operating Result for the Year		24,194	12,132
Balance at End of the Reporting Period		<u>1,256,878</u>	<u>1,232,684</u>
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		1,491,149	1,423,413
Total		<u>1,491,149</u>	<u>1,423,413</u>
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		1,423,413	1,315,038
- Revaluations for the year	9(a)	67,975	109,241
- (Impairment of revalued assets) / Impairment reversals	9(a),(c)	(239)	-
- Other movements		-	(866)
- Balance at End of Year		<u>1,491,149</u>	<u>1,423,413</u>
TOTAL VALUE OF RESERVES		<u>1,491,149</u>	<u>1,423,413</u>

(iii) Nature & Purpose of Reserves**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

\$ '000	Notes	Actual 2014	Actual 2013
(c) Correction of Error/s relating to a Previous Reporting Period			
Correction of errors disclosed in this year's financial statements:			
During the current year Council reviewed its assessment of control of buildings revalued in 2013. Arising from this review a number of buildings were recognised in Council's Statement of Financial Position for the first time.		5,129	
Cemeteries land considered to be under Council control (Council Administered Crown Land) rather than State control		2,427	
Bridges omitted from Council's asset register in prior years		813	
Correction of errors as disclosed in last year's financial statements:			
Upon review of Council's current asset records, a number of asset classes had minor adjustments to prior period retained earnings arising from revised control assessments and revaluation processes.			
* Buildings			2,018
* Other Structures			3,614
* Other Classes			(771)
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/12 (relating to adjustments for the 30/6/12 reporting year end and prior periods)		-	4,861
- Adjustments to Closing Equity - 30/6/13 (relating to adjustments for the 30/6/13 year end)		8,369	-
Total Prior Period Adjustments - Prior Period Errors		8,369	4,861

(d) Voluntary Changes in Accounting Policies

Council made no material voluntary changes in any accounting policies during the year.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
	Water	Sewer	General¹
Continuing Operations			
Income from Continuing Operations			
Rates & Annual Charges	4,485	22,917	63,164
User Charges & Fees	19,487	2,806	19,169
Interest & Investment Revenue	1,262	1,995	5,490
Other Revenues	85	75	1,873
Grants & Contributions provided for Operating Purposes	377	502	15,042
Grants & Contributions provided for Capital Purposes	8,804	9,657	27,168
Total Income from Continuing Operations	34,500	37,952	131,906
Expenses from Continuing Operations			
Employee Benefits & on-costs	4,090	6,189	36,544
Borrowing Costs	4,768	3,160	5,954
Materials & Contracts	8,329	7,194	41,138
Depreciation & Amortisation	6,934	10,102	26,642
Other Expenses	1,796	2,632	10,104
Net Losses from the Disposal of Assets	806	613	3,169
Total Expenses from Continuing Operations	26,723	29,890	123,551
Operating Result from Continuing Operations	7,777	8,062	8,355
Net Operating Result for the Year	7,777	8,062	8,355
Net Operating Result attributable to each Council Fund	7,777	8,062	8,355
Net Operating Result attributable to Non-controlling Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(1,027)	(1,595)	(18,813)

¹ General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.

Tweed Shire Council

Notes to the Financial Statements

as at 30 June 2014

Note 21. Financial Result & Financial Position by Fund (continued)

Statement of Financial Position by Fund \$ '000	Actual 2014	Actual 2014	Actual 2014
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	410	974	15,023
Investments	15,000	30,000	33,564
Receivables	10,942	2,808	10,554
Inventories	-	-	899
Other	30	26	608
Total Current Assets	26,382	33,808	60,648
Non-Current Assets			
Investments	6,000	25,000	67,739
Receivables	-	-	1,701
Infrastructure, Property, Plant & Equipment	491,921	600,000	1,656,624
Intangible Assets	-	2	417
Total Non-Current Assets	497,921	625,002	1,726,481
TOTAL ASSETS	524,303	658,810	1,787,129
LIABILITIES			
Current Liabilities			
Payables	288	641	13,141
Borrowings	1,186	2,447	3,618
Provisions	-	-	16,576
Total Current Liabilities	1,474	3,088	33,335
Non-Current Liabilities			
Payables	-	-	405
Borrowings	64,803	33,886	79,558
Provisions	-	-	5,666
Total Non-Current Liabilities	64,803	33,886	85,629
TOTAL LIABILITIES	66,277	36,974	118,964
Net Assets	458,026	621,836	1,668,165
EQUITY			
Retained Earnings	188,266	228,666	839,946
Revaluation Reserves	269,760	393,170	828,219
Total Equity	458,026	621,836	1,668,165

¹ General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 22. "Held for Sale" Non Current Assets & Disposal Groups

\$ '000

Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

Note 23. Events occurring after the Reporting Date

Events that occur between the end of the reporting period (ending 30 June 2014) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 30/10/14.

Events that occur after the Reporting Period represent one of two types:

(i) Events that provide evidence of conditions that existed at the Reporting Period

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2014.

(ii) Events that provide evidence of conditions that arose after the Reporting Period

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2014 and which are only indicative of conditions that arose after 30 June 2014.

Council is unaware of any material or significant "non-adjusting events" that should be disclosed.

Note 24. Discontinued Operations

Council has not classified any of its Operations as "Discontinued".

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 25. Intangible Assets

\$ '000	Actual 2014	Actual 2013
Intangible Assets represent identifiable non-monetary asset without physical substance.		
Intangible Assets are as follows;		
Opening Values:		
Gross Book Value (1/7)	3,325	2,865
Accumulated Amortisation (1/7)	(2,571)	(2,135)
Accumulated Impairment (1/7)	-	-
Net Book Value - Opening Balance	754	730
Movements for the year		
- Purchases	104	460
- Amortisation charges	(439)	(436)
Closing Values:		
Gross Book Value (30/6)	3,429	3,325
Accumulated Amortisation (30/6)	(3,010)	(2,571)
Accumulated Impairment (30/6)	-	-
<u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u> ¹	<u>419</u>	<u>754</u>

¹: The Net Book Value of Intangible Assets represent:

- Software	419	754
	419	754

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2014	2013
Tips	2020	634	659
Quarries	2020	263	432
Balance at End of the Reporting Period	10(a)	897	1,091

Under AASB 116 - Property, Plant & Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 - Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

Reconciliation of movement in Provision for year:

Balance at beginning of year	1,091	1,253
Amounts capitalised to new or existing assets:		
Effect of a change in discount rates used in PV calculations	(5)	(27)
Effect of a change in other calculation estimates used	(209)	(60)
Amortisation of discount (expensed to borrowing costs)	20	32
Expenditure incurred attributable to Provisions	-	(107)
Total - Reinstatement, rehabilitation and restoration provision	897	1,091

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement

\$ '000

The Council measures the following material asset and liability classes at fair value on a recurring basis:

- Infrastructure, Land & Buildings
- Financial Assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values:

2014	Fair Value Measurement Hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements				
Financial Assets				
Investments				
- "Held for Trading"	-	48,772	-	48,772
Total Financial Assets	-	48,772	-	48,772
Material Infrastructure, Land & Buildings				
Operational Land	-	-	442,873	442,873
Community Land	-	-	160,501	160,501
Land Under Roads	-	-	43,967	43,967
Buildings - Non Specialised	-	-	115,954	115,954
Buildings - Specialised	-	-	6,258	6,258
Roads (Including Bulk Earthworks)	-	-	593,889	593,889
Bridges	-	-	155,143	155,143
Footpaths	-	-	26,827	26,827
Stormwater Drainage	-	-	140,818	140,818
Water Supply Network	-	-	453,585	453,585
Sewerage Network	-	-	546,822	546,822
Total Infrastructure, Property, Plant & Equipment	-	-	2,686,637	2,686,637

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (ie. Level 1 inputs), Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Financial Assets

Council's financial assets are held in a number of forms including cash on hand and at bank, deposits at call, term deposits, floating rate notes and fixed rate bonds. Of these, floating rate notes and fixed rate bonds are fair valued.

These investments are valued by Laminar Group Pty Ltd, using marked to market methodology. Laminar has elected to use the mid-price, that is, the price point that falls halfway between the bid and offer spread to value securities held in portfolios within the Treasury Direct system. Typically when an asset has no bid price or ask price, other level 2 inputs are used to determine the most appropriate fair value, such as quoted prices for similar assets, interest rates, yield curves and credit spreads. Appropriateness may change depending upon market conditions and asset type.

Movements in investments, including fair value movements, are reported to Council monthly.

Infrastructure, Property, Plant & Equipment

Operational Land

Council's operational land includes all of Council's land classified as operational land under the Local Government Act 1993. Land use is extremely varied and includes Public Parks, Drainage Reserves, Sports fields, Sewer Pump Stations & Community Services.

Valuation indexation indices are applied on an annual basis only where the percentage indexation results in a material change. Indexation was not applied at 30 June 2014. A comprehensive revaluation is completed every five years, the most recent one being performed for 30 June 2013 by APV Valuers and Asset Management.

Where there is an active and liquid market, Fair Value is Market Value being highest and best use. When there is no active and liquid market, assessment is made as to whether there is alternative market evidence such as sales of dissimilar but comparable land. Where there is no observable market evidence, for example parks and reserves, Fair Value is then determined by the cost to acquire it (Replacement Cost) rather than what you could sell it for (Market Value).

The key unobservable input to the valuation is the rate per square metre. Influencing elements in determining a rate per square metre include market movements, location, size, shape, access, topography, exposure to traffic and facilities, condition (Impairment), use / zoning and flooding risk levels.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets, require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

Community Land

Council's Community Land is land owned by Council and Council Administered Crown Land (CACL). It is land intended for public access and use or where other restrictions apply to the land create some obligation to maintain public access. Many of these parcels of land have no practical use other than for parks, reserves and cemeteries. Community Land cannot be sold, cannot be leased or licensed for more than 21 years at a time and must have a plan of management for it.

The most recent valuation was performed for 30 June 2012, when the Valuer General issued Unimproved Capital Values (UCV) for properties with a base date of 1 July 2011. Where the Valuer has not provided a land value, estimated Unimproved Capital Values are provided by APV Valuers and Asset Management or a unit rate per square metre is applied at the same rate as a similar community land parcel within close proximity.

The key unobservable input to the valuation is the rate per square metre. Influencing elements in determining rate per square metre include market movements, location, size, shape, access, topography, exposure to traffic and facilities, condition (Impairment), use / zoning and flooding risk levels.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

Land under Roads

Land under Roads is land under roadways, and road reserves, including land under footpaths, nature strips and median strips, as per AASB1051.

Land under Roads was recognised for the first time at 30 June 2011. Council elected to recognise Land under Roads acquired pre 1 July 2008 and post 30 June 2008 as per ASSB 116 - Property, Plant and Equipment. Fair Value for Land under Roads was determined using the Englobo methodology derived from the Local Government Code of Accounting Practice and Financial Reporting. This method applies the total shires road reserve in square metres to the average shires rate calculated from the latest Valuers General Unimproved Capital Values (UCV), with a 90% discount.

This asset class is categorised as Level 3 as inputs used in the valuation require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

Buildings – Non Specialised & Specialised

Buildings are owned or controlled Non Specialised and Specialised buildings. They are componentised into Floor, Building Envelope, Floor Fit-out, Internal Screens Fit-out, Roof, Mechanical Services, Fire Services and Transportation and Security Services.

Building use is extremely varied and includes civic centre administration, depot, community and cultural services such as museums, art galleries, libraries, childcare and aged care, sport and recreation clubhouse amenities and Public Amenities.

Valuation indexation indices are applied on an annual basis only where the percentage indexation results in a material change. Indexation was not applied at 30 June 2014. A comprehensive revaluation is completed every five years, the most recent one being performed for 30 June 2013 by APV Valuers and Asset Management.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

Where there is an active and liquid market, Fair Value is Market Value being highest and best use. When there is no active and liquid market, assessment is made as to whether there is alternative market evidence such as sales of dissimilar but comparable buildings. Where there is no observable market evidence, Fair Value is then determined by the cost to acquire it (Depreciated Current Replacement Cost) rather than what you could sell it for (Market Value).

The key unobservable input to the valuation is the Gross Replacement Cost which is influenced by changes in construction costs. Other unobservable inputs are changes to any of the buildings components - in condition and hence patterns of consumption, remaining useful life and residual values. Value of a building is intrinsically linked to the value of the associated land as combined they represent fair value of the entire parcel.

The depreciation method used for this asset class is consumption based straight line.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets, require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

Roads

This asset class comprises the Road Carriageway, Car Parks, Kerb and Gutter, Retaining Walls and Traffic Facilities. The road carriageway consists of the trafficable portion of a road, between but not including the kerb and gutter. The road carriageway is componentised into surface, pavement and formation and further separated into segments for inspection and valuation.

A valuation of Road assets is undertaken on a five year cycle with values indexed every other year as per the Road and Bridge Construction Cost Indexes - New South Wales issued by IPWEA (Institute of Public Works Engineering Australia). The most recent valuation was undertaken in 2009/10 and will next be undertaken in 2014/15.

Valuations for this asset class were undertaken in-house by Engineer's from Council's Engineering Division. Technical information for the valuation was extracted from the asset management system MyData as well as physical asset inspections. The 'Cost Approach' was adopted with actual costs (based on invoices, contracts, labour and plant costs) used to develop unit rates. The unit rates are then applied to square or lineal metres as applicable to establish replacement cost at component level. The value of each component is summed to arrive at an overall fair value for an individual asset.

This asset class is categorised Level 3 as extensive professional judgment was required in applying unobservable inputs including the pattern of consumption, residual value and remaining service potential. These inputs impacted significantly on the determination of fair value.

The valuation process includes a condition assessment of each asset. A condition scale of 1 to 5 is assigned to each asset, with 1 representing excellent condition and 5 representing very poor condition. The depreciation method used for this asset class is condition based straight-line.

Valuation techniques remained the same for this reporting period.

Bridges

Council's Bridge asset register consists of all pedestrian and vehicle access bridges. Bridge assets are componentised into significant parts with different useful lives and patterns of consumption, including the Sub Structure (abutments and foundations), Super Structure, Rails and Surface (where applicable).

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

A valuation of Bridge assets is undertaken on a five year cycle with values indexed every other year as per the Road and Bridge Construction Cost Indexes - New South Wales issued by IPWEA (Institute of Public Works Engineering Australia). The most recent valuation was undertaken in 2009/10 and will next be undertaken in 2014/15.

Bridges were valued in-house by Council's Engineering Division using the 'Cost Approach'. Technical information was sourced from Council's asset management system MyData. The valuation process includes a condition assessment of each asset. Bridges were physically inspected to determine condition. A condition scale of 1 to 5 is assigned to each asset, with 1 representing excellent condition and 5 representing very poor condition.

The depreciation method used for this asset class is condition based straight-line. The data collected was used to calculate the remaining service potential of each asset. Actual costs (based on invoices, contracts, labour and plant costs) were used to develop unit rates and replacement costs and applied at component level to square or lineal metres as applicable. The value of each component is summed to arrive at an overall fair value for an individual asset.

This asset class is categorised Level 3 as extensive professional judgment was required in applying unobservable inputs including the pattern of consumption, useful life, residual value and remaining life. These inputs impacted significantly on the determination of fair value.

Valuation techniques remained the same for this reporting period.

Footpaths

This asset class consists of footpaths on road reserves and cycle-ways on Council owned and controlled reserves. Footpaths are segmented to match the adjacent road segment. No further componentisation is undertaken.

A valuation of Footpath assets is undertaken on a five year cycle with values indexed every other year as per the Road and Bridge Construction Cost Indexes - New South Wales issued by IPWEA (Institute of Public Works Engineering Australia). The most recent valuation was undertaken in 2009/10 and will next be undertaken in 2014/15.

A physical inspection was undertaken to determine footpath condition ratings. A condition scale of 1 to 5 is assigned to each asset, with 1 representing excellent condition and 5 representing very poor condition. Footpath unit rates were developed using actual construction costs and contract rates. Professional judgement based on historical information and experience was applied in determining residual values and remaining useful life. The depreciation method used for this asset class is condition based straight-line.

Valuation techniques remained the same for this reporting period.

Drainage Infrastructure

This asset class consists of pits, pipes, open channels, culverts and headwalls. Pipes are segmented from node to node. No further componentisation is undertaken.

A valuation of Drainage assets is undertaken on a five year cycle with values indexed every other year as per the Road and Bridge Construction Cost Indexes - New South Wales issued by IPWEA (Institute of Public Works Engineering Australia). The most recent valuation was undertaken in 2009/10 and will next be undertaken in 2014/15.

Fair Values were calculated in-house by Council's Engineering Division using the 'Cost Approach' on actual costs (based on invoices, contracts, labour and plant costs) occurring in the valuation year.

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

This asset class is categorised Level 3 as extensive professional judgment was required in applying unobservable inputs including the pattern of consumption, useful life, residual value and remaining life. Asset conditions are assumed based on the age of the pipe. A condition scale of 1 to 5 is assigned to each asset, with 1 representing excellent condition and 5 representing very poor condition. The depreciation method used for this asset class is condition based straight-line.

Valuation techniques remained the same for this reporting period.

Water Supply Network

Assets within this class comprise dams, weirs, reservoirs, water treatment plant, water pumping stations and water pipelines.

This asset class is classified as being valued using Level 3 inputs.

The water supply network, excluding water pipelines, was valued by APV Valuers & Asset Management for 30 June 2012. The Gross Current Replacement Value had been assessed on the basis of replacement with a new asset having similar service potential and includes allowances for installation and professional fees. The Gross Current Replacement Value costings were derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, NSW Reference Rates Manual, Rawlinson's (Australian Construction Handbook), Tweed Shire Council and APV internal database of costs. The Fair Value is the Gross Current Replacement Value less accumulated depreciation calculated to reflect the consumed or expired service potential of the asset. The depreciation of the assets was carried out by conducting a condition assessment of each asset at component level. Components have varying useful lives and consumption patterns.

The water pipeline assets were valued for 30 June 2012. The unit rates were developed in-house using a recognised estimating software package Benchmark Estimator. This uses the Cost Approach, values were taken from contract price list, and actual internal costs. The first principles of engineering was applied for the estimation of unit rates. Unit rates for some pipe sizes were provided by APV. Depreciation is calculated using the straight line, aged based method, with varying useful lives for different material types and purpose.

These assets are indexed annually using the rate as determined by NSW Office of Water.

This asset class is classified as being valued using Level 3 inputs. There has been no change to the valuation process during the reporting period.

Sewerage Network

Assets within this class comprise sewer treatment plants, sewer pumping stations, sewer pipelines

This asset class is classified as being valued using Level 3 inputs.

The sewerage network, excluding water pipelines, was valued by APV Valuers & Asset Management for 30 June 2012. The Gross Current Replacement Value had been assessed on the basis of replacement with a new asset having similar service potential and includes allowances for installation and professional fees. The Gross Current Replacement Value costings were derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, NSW Reference Rates Manual, Rawlinson's (Australian Construction Handbook), Tweed Shire Council and APV internal database of costs. The Fair Value is the Gross Current Replacement Value less accumulated depreciation calculated to reflect the consumed or expired service potential of the asset. The depreciation of the assets was carried out by conducting a condition assessment of each asset at component level. Components have varying useful lives and consumption patterns.

Tweed Shire Council

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

Note 27. Fair Value Measurement (continued)

The sewer pipeline assets were valued for 30 June 2012. The unit rates were developed in-house using a recognised estimating software package Benchmark Estimator. This uses the Cost Approach, values were taken from contract price list, and actual internal costs. The first principles of engineering was applied for the estimation of unit rates. Unit rates for some pipe sizes were provided by APV. Depreciation is calculated using the straight line, aged based method, with varying useful lives for different material types and purpose.

These assets are indexed annually using the rate as determined by NSW Office of Water.

There has been no change to the valuation process during the reporting period.

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3)

a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Operational Land	Community Land	Land Under Roads	Buildings Non- Specialised	Buildings Specialised	Roads	Bridges	Footpaths	Total
Adoption of AASB 13	442,403	157,834	43,231	105,785	6,555	735,087	-	-	1,490,895
Transfers from/(to) another asset class	-	-	-	-	-	(171,156)	146,844	24,312	-
Purchases	866	-	736	6,715	90	20,060	3,286	1,801	33,554
Disposals (WDV)	(1,034)	-	-	(689)	(348)	(1,508)	(107)	(10)	(3,696)
Depreciation & Impairment	-	-	-	(1,649)	(39)	(14,913)	(2,094)	(509)	(19,204)
FV Gains - Other Comprehensive Income	-	25	-	615	-	26,318	6,402	1,233	34,593
Other movement (details here)	(80)	-	-	(239)	-	-	-	-	(319)
Other movement	720	2,642	-	5,415	-	-	812	-	9,589
Closing Balance - 30/6/14	442,875	160,501	43,967	115,953	6,258	593,888	155,143	26,827	1,545,412

	Stormwater Drainage	Water Supply Network	Sewerage Network	Total
Adoption of AASB 13	132,758	432,238	534,254	1,099,250
Purchases	4,494	16,698	8,269	29,461
Disposals (WDV)	(27)	(805)	(613)	(1,445)
Depreciation & Impairment	(2,631)	(6,890)	(9,982)	(19,503)
FV Gains - Other Comprehensive Income	6,223	12,345	14,894	33,462
Closing Balance - 30/6/14	140,817	453,586	546,822	1,141,225

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

b. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I,PP&E					
Operational Land	442,873		Rate per square metre	Unit rates \$0.48 - \$1,116/m ²	Any change in the rate per square metre such as annual market movements will have an effect on the fair value of Operational Land
Community Land	160,501		Unimproved Capital Value per square metre as per Valuer General	Unit rates \$0.28 - \$603/m ²	Any change in the rate per square metre such as annual market movements will have an effect on the fair value of Community Land
Land Under Roads	43,967		Unimproved Capital Value per square metre as per Valuer General. Englobo valuation basis with a 90% discount on average Shire rates per square metre	+/- 10% of unit rate \$0.89/m ²	Any change in the rate per square metre such as annual market movements will have an effect on the fair value of Land under Roads

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

b. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value (continued)

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Buildings - Non Specialised	115,954		Gross Replacement Cost	Varies significantly from \$5k to \$24m	Any change in fair value is generally in line with changes in construction costs which have historically been in the range of 1.0% to 2.5% pa. Changes in building components' assessed condition and hence patterns of consumption, remaining useful life and residual values have an effect on the fair value of Non-Specialised buildings
			Asset condition per building component	Very poor (5) to Excellent (1)	
			Remaining useful life per building component	0-130 years	
			Residual value per building component	0% to 70%	
Buildings - Specialised	6,258		Gross Replacement Cost	Varies significantly from \$14k to \$585k	Any change in fair value is generally in line with changes in construction costs which have historically been in the range of 1.0% to 2.5% pa. Changes in building components' assessed condition and hence patterns of consumption, remaining useful life and residual values have an effect on the fair value of Specialised buildings
			Asset condition per building component	Very poor (5) to Excellent (1)	
			Remaining useful life per building component	0-100 years	
			Residual value per building component	0% to 65%	

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

b. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value (continued)

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Roads - Including Bulk Earthworks	593,889		Gross Replacement Cost	Applicable unit rates vary significantly from asset to asset	Any change in the gross replacement cost is generally in line with changes in construction costs which have generally been in the range of 4.7% to 5.6%pa. In addition, pattern of consumption, residual value or asset condition will have an effect on the fair value of roads
			Asset condition	Very poor (5) to Excellent (1)	
			Remaining useful life	1-100 years	
			Residual value	0% to 100%	
Bridges	155,143		Gross Replacement Cost	Applicable unit rates vary significantly from asset to asset	Any change in the gross replacement cost is generally in line with changes in construction costs which have generally been in the range of 1.5% to 4.4%pa. In addition, pattern of consumption, residual value or asset condition will have an effect on the fair value of bridges
			Asset condition	Very poor (5) to Excellent (1)	
			Remaining useful life	1-100 years	

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

b. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value (continued)

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Footpaths	26,827		Gross Replacement Cost	Applicable unit rates vary significantly from asset to asset	Any change in the gross replacement cost is generally in line with changes in construction costs which have generally been in the range of 4.7% to 5.6%pa. In addition, pattern of consumption, residual value or asset condition will have an effect on the fair value of Footpaths
			Asset condition	Very poor (5) to Excellent (1)	
			Remaining useful life	5-50 years	
			Residual value	10% to 50%	
Stormwater Drainage	140,818		Gross Replacement Cost	Applicable unit rates vary significantly from asset to asset	Any change in the gross replacement cost is generally in line with changes in construction costs which have generally been in the range of 1.8% to 5.1%pa. In addition, pattern of consumption, residual value or asset condition will have an effect on the fair value of Drainage
			Asset condition	Very poor (5) to Excellent (1)	
			Remaining useful life	6-72 years	

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

b. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value (continued)

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Water Supply Network	453,585		Gross Replacement Cost	Applicable unit rates vary significantly from asset to asset	Any change in the gross replacement cost is generally in line with changes in construction costs which have generally been in the range of 2.5% to 8.1%pa. In addition, pattern of consumption, residual value or asset condition will have an effect on the fair value of Water Supply
			Asset condition	Very poor (5) to Excellent (1)	
			Remaining useful life	0-80 years	
			Residual value	0% to 80%	
Sewerage Network	546,822		Gross Replacement Cost	Applicable unit rates vary significantly from asset to asset	Any change in the gross replacement cost is generally in line with changes in construction costs which have generally been in the range of 2.5% to 8.1%pa. In addition, pattern of consumption, residual value or asset condition will have an effect on the fair value of Sewerage Network
			Asset condition	Very poor (5) to Excellent (1)	
			Remaining useful life	0-80 years	
			Residual value	0% to 60%	

Tweed Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2014

Note 27. Fair Value Measurement (continued)

\$ '000

(5). Highest and best use

All of Council's non financial assets are considered to being utilised for their highest and best use.

Tweed Shire Council

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

Note 28. Council Information & Contact Details

Principal Place of Business:

Civic & Cultural Centre Tumbulgum Road
Murwillumbah NSW 2484

Contact Details

Mailing Address:

PO Box 816
Murwillumbah NSW 2484

Opening Hours:

8.30 am - 4.15 pm Monday to Friday
Closed Public Holidays

Telephone: 1300 292 872

Facsimile: 02 6670 2149

Internet: www.tsc.nsw.gov.au

Email: tsc@council.nsw.gov.au

Officers

GENERAL MANAGER

Troy Green

RESPONSIBLE ACCOUNTING OFFICER

Michael Chorlton

PUBLIC OFFICER

Neil Baldwin

AUDITORS

Thomas Noble & Russell
Chartered Accountants
31 Keen Street
Lismore NSW 2480

Elected Members

MAYOR

Gary Bagnall

COUNCILLORS

Barry Longland
Michael Armstrong
Gary Bagnall - Mayor
Carolyn Byrne
Katie Milne
Warren Polglase
Phil Youngblutt - Deputy Mayor

Other Information

ABN: 90 178 732 496



**TWEED SHIRE COUNCIL
GENERAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDIT REPORT**

Report on the Financial Statements

We have audited the accompanying financial statements of Tweed Shire Council (the Council), which comprises the statement of financial position as at 30 June 2014, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by Councillors and Management.

Council's Responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements that gives a true and fair view in accordance with Australian Accounting Standards and the *Local Government Act 1993* and for such internal control as the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 Council, as well as evaluating the overall presentation of the financial statements.

Our audit responsibility does not extend to the original budget information included in the income statement, statement of cash flows, note 2(a), note 16 budget variation explanations and note 17 forecast information, and accordingly, we do not express an opinion on such. In addition, our audit did not include an analysis of the prudence of business decisions made by Council or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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31 Keen Street (PO Box 106) Lismore NSW 2480	Email: enquiries@tnr.com.au	Website: www.tnr.com.au
	Phone: Business Services +61 (0)2 6621 8544	Facsimile: +61 (0)2 6621 9035
	Audit & Assurance +61 (0)2 6626 3000	

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Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion:

- a) The Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2; and
- b) the financial statements:
 - i. Have been presented in accordance with the requirements of this Division;
 - ii. Are consistent with the Council's accounting records;
 - iii. Present fairly, in all material respects, the Council's financial position as at 30 June 2014 and of its performance and its cash flows for the year then ended; and
 - iv. Are in accordance with applicable Accounting Standards, Interpretations and other mandatory professional reporting requirements in Australia;
- c) All information relevant to the conduct of the audit has been obtained; and
- d) There are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the general purpose financial statements of Tweed Shire Council for the year ended 30 June 2014 published in the annual report and included on Council's website. The Council is responsible for the integrity of the website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial statements identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements to confirm the information contained in this website version of the financial statements.

THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS

.....
A J BRADFIELD (Partner)
Registered Company Auditor

Dated at Lismore this 30th day of October 2014.

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31 Keen Street (PO Box 106) Lismore NSW 2480	Email: enquiries@tnr.com.au	Website: www.tnr.com.au
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Tweed Shire Council

Report to Council under s417 of the Local Government Act 1993

30 June 2014



TWEED

SHIRE COUNCIL

BRW.
CLIENT
CHOICE
AWARDS
2013
australia's best professional service firms
WINNER

BRW.
CLIENT
CHOICE
AWARDS
2014
australia's best professional service firms
WINNER



Thomas
Noble &
Russell

Accountants | Auditors | Business Advisers

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We are pleased to advise that we have completed the audit of Council's financial statements for the year ended 30 June 2014, in accordance with Section 415 of the Local Government Act 1993. The financial statements that have been subject to independent audit are the:

- General purpose financial statements; and
- Special purpose financial statements.

Unmodified audit reports have been issued for the Council for the 2014 year and further commentary as required by the Office of Local Government is provided in this report.

1. THE AUDITOR'S ROLE & RESPONSIBILITY

Council's annual financial audit engagement has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements comply with Australian Accounting Standards as well as other statutory requirements and are free of material misstatement.

Our audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional 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, we consider internal control relevant to the Council's preparation and fair presentation of the financial reports 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 organisation's internal control. Our 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 statements.

Our independent audit report is attached to each financial report.

This report should be read in conjunction with our audit opinion on the general purpose financial statements provided under Section 417(2) of the *Local Government Act 1993*.

Reporting on the Conduct of the Audit

Section 417 (3) of the *Local Government Act 1993* requires us to consider and provide comment on the material items affecting the general purpose and special purpose financial statements and other matters pertinent to the audit. These observations are set out below.

2. INCOME STATEMENT

2.1 Consolidated Operating Result

Council's consolidated surplus from all activities for 2014 was \$24,194,000. This compares to a surplus in 2013 of \$12,132,000. This result can be summarised as follows:

Consolidated Operating Result	2014 \$'000	2013 \$'000	2012 \$'000
Revenues from continuing operations	158,296	155,797	153,542
Expenses from continuing operations	(131,898)	(122,762)	(114,598)
Result from continuing operations before depreciation	26,398	33,035	38,944
Less: depreciation expense	(43,678)	(40,078)	(38,167)
Operating deficit after depreciation & before capital revenue and other significant items	(17,280)	(7,043)	777
<i>Other Items impacting the operating result</i>			
Fair value gains and losses on investments	433	612	402
Loss on disposal of assets	(4,588)	(6,651)	(5,570)
Operating result before capital revenue	(21,435)	(13,082)	(4,391)
Capital grants and contributions	45,629	25,214	23,859
Surplus from all activities	24,194	12,132	19,468

The result from continuing operations after depreciation & before capital revenue and other items has deteriorated from a deficit of \$7,043,000 for the 2013 year to a deficit of \$17,280,000 in the 2014 financial year. Significant changes in this result include:

Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
Revenue		
Ordinary Rates	1,837	Ordinary rates have increased due to a rate pegged increment of 3.4%.
Annual Charges	3,190	<p>Sewerage annual service charges have increased by \$1,685,000 due to a 6.3% increment in the annual charge per assessment from \$650 in 2012/13 to \$691 in 2013/14.</p> <p>There was also incremental increases to Water Supply, Domestic Waste and Waste Management Services in-line with Council's pricing strategy. The Waste Levy reduced by \$1,055,000 due to changes in the way Council disposes of waste and the related liability for the waste levy is minimised.</p>
User Charges & Fees	4,285	<p>Water and sewer user charges increased by \$3,162,000 and \$201,000 respectively due to changes in Council's pricing schedule. In addition, the volume of water sales increased by 6.5%.</p> <p>Charges for both residential and non-residential assessments consuming <300K/L increased from \$2.05 K/L to \$2.25 K/L and residential assessments consuming >300KL increased from \$3.10K/L to \$3.40K/L.</p>
Interest & Investments Revenue	(2,186)	Interest revenue from investments decreased as a result of lower interest rates in 2013/14 compared to 2012/13.

Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
Operating Grants & Contributions	(4,281)	Total revenue from the Financial Assistance Grant decreased from \$8,834,000 in 2012/13 to \$4,557,000 in 2013/14. This reflects a one off reduction due to the fact the grant is no longer being paid in advance and does not represent a loss of income but is instead a timing difference.
Expenses		
Employee Benefits & On-Costs	772	<p>Salaries and wages increased by \$1,314,000 and reflects an award increase of 3.25% and an overall increase in the number of FTE employees to 677 (2013: 672).</p> <p>Employee leave entitlement expenses decreased by \$1,451,000 largely due to a number of long-term employee terminations. Additionally, decreases in workers compensation expenses amounted to \$1,099,000 as a result of an improved claims history. This also contributed to a reduction in on-costs applied to employee leave entitlements.</p>
Materials and Contracts	9,720	Additional payments of \$4,362,000 for the Affordable Housing Scheme - Building Better Regional Cities affordable housing project and non-capital construction costs for the Kirkwood Road Interchange of \$6,039,000 which were expensed as operating costs as ownership of some components were passed to the RMS upon completion (previously held in WIP).
Depreciation and Amortisation	3,600	Depreciation of assets has increased due to prior year capitalised additions as well as the impact on depreciation arising from prior year revaluation increments and indexation adjustments.
Other Expenses	(1,203)	Waste Levy payments reduced due to transportation of waste interstate. Residential Toilet Rebate program discontinued after 2012/13.

2.2 Operating Result by Fund

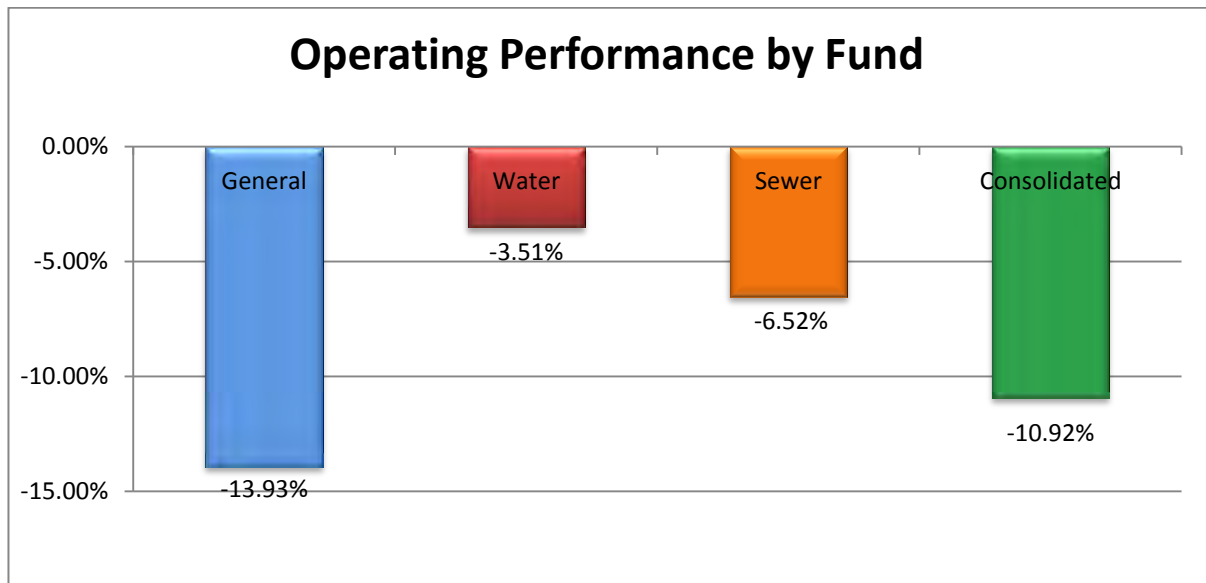
The consolidated operating result comprises the surpluses and deficits associated with Council's general, sewer and water funds. Note 21 to the general purpose financial statements provides the results of each fund on a gross basis. The results of each fund are provided below:

Operating Result by Fund	General 2014 \$'000	General 2013 \$'000	Water 2014 \$'000	Water 2013 \$'000	Sewer 2014 \$'000	Sewer 2013 \$'000
Revenues from continuing operations	104,738	107,330	25,696	22,057	28,295	27,022
Expenses from continuing operations	(93,740)	(85,445)	(18,983)	(19,512)	(19,175)	(17,805)
Result from continuing operations before depreciation	10,998	21,885	6,713	2,545	9,120	9,217
Less: depreciation expense	(26,642)	(23,670)	(6,934)	(6,666)	(10,102)	(9,742)
Operating surplus/(deficit) after depreciation & before capital revenue and other items	(15,644)	(1,785)	(221)	(4,121)	(982)	(525)
Significant items impacting the operating result						
Loss on disposal of assets	(3,169)	(5,127)	(806)	(585)	(613)	(939)
Operating result before capital revenue	(18,813)	(6,912)	(1,027)	(4,706)	(1,595)	(1,464)
Capital grants and contributions	27,168	19,244	8,804	2,190	9,657	3,780
Surplus/(Deficit) from all activities	8,355	12,332	7,777	(2,516)	8,062	2,316

Operating Performance

The NSW Office of Local Government has introduced a ratio that measures a Council's achievement of containing operating expenditure within operating revenue (achieving a surplus after depreciation but before capital revenue).

It is important to distinguish that this ratio is focusing on operating performance and hence capital grants and contributions, fair value adjustments and reversal of revaluation decrements are excluded. The benchmark for this ratio is greater than 0%, that is, Council should not be recording recurring operating deficits but should contain operating expenditure within operating revenue.



The table above indicates that Council's General Water and Sewer Fund operating results are in deficit for 2014.

Council is not generating sufficient revenue and controlling its expenditure to fund annual depreciation expense. Council will need to review its Long Term Financial plan results in accordance with the Fit for the Future reforms proposed by the NSW Office of Local Government.

2.3 Capital Grants & Contributions – All Funds

Capital grants and contributions received during the year amounted to \$45,629,000, including \$36,929,000 contributions. Council receives capital grants and contributions from various sources each financial year to renew existing assets as well as construct new assets. Capital contributions include developer contributions as well as dedications received by Council on the finalisation of a development.

The table below provides an understanding of the nature and quantum of contributions received during the financial year.

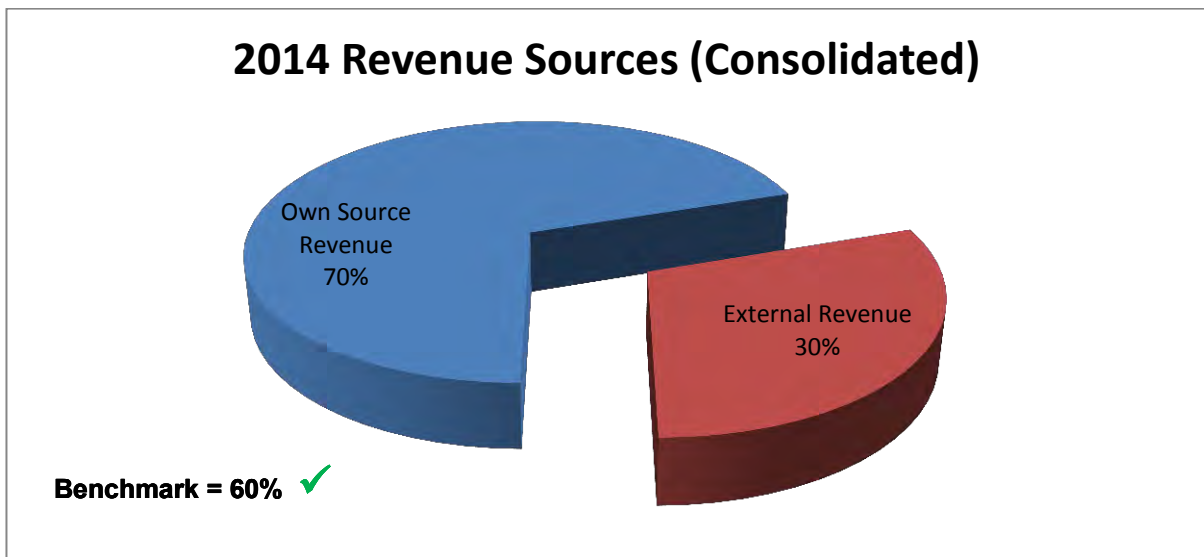
	2014 \$'000	2013 \$'000	2012 \$'000
Section 64 contributions - In kind	8,211	2,133	5,236
Section 94 contributions - cash	7,185	3,061	2,238
Section 64 contributions - cash	7,627	2,249	2,178
Other contributions	7,874	6,732	1,665
Non-cash developer infrastructure dedications	6,032	6,061	8,042
Specific purpose capital grants	8,700	4,978	4,500
	<u>45,629</u>	<u>25,214</u>	<u>23,859</u>

Large capital grants totalling \$8,700,000 were received which included a grant for Margaret Olley Art Gallery of \$2,000,000 and Recreation & Culture grants of \$2,991,000 mainly relating to Arkinstall Park.

Local Government performance benchmarking now analyses the ability of Council to generate its own revenue sources rather than over-reliance on grants and contributions (capital and operating) received from external sources.

The Own Source Operating Revenue ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A Council's financial flexibility improves the higher the level of its own source revenue. The NSW Office of Local Government stipulates a benchmark of greater than 60% is recommended.

The graph below illustrates that Council sources 70% of its consolidated revenue from rates, annual charges, user charges, interest etc. which exceeds industry benchmarks.



This ratio can be subject to significant fluctuations, depending on the level of development, that is revenues from Section 94 and Section 64 developer contributions, as well as the level of general user fees and charges raised.

3. STATEMENT OF FINANCIAL POSITION

Council's Statement of Financial Position (Balance Sheet) is summarised below:

	2014 \$'000	2013 \$'000	2012 \$'000
Current Assets	120,733	139,375	135,797
Non-Current Assets	2,849,404	2,742,441	2,612,846
Total Assets	2,970,137	2,881,816	2,748,643
Current Liabilities	37,792	37,727	38,550
Non-Current Liabilities	184,318	187,992	187,733
Total Liabilities	222,110	225,719	226,283
Equity	2,748,027	2,656,097	2,522,360

We provide commentary on some of the material assets and liabilities appearing on Council's statement of financial position as at 30 June 2014 together with related NSW Office of Local Government benchmark data.

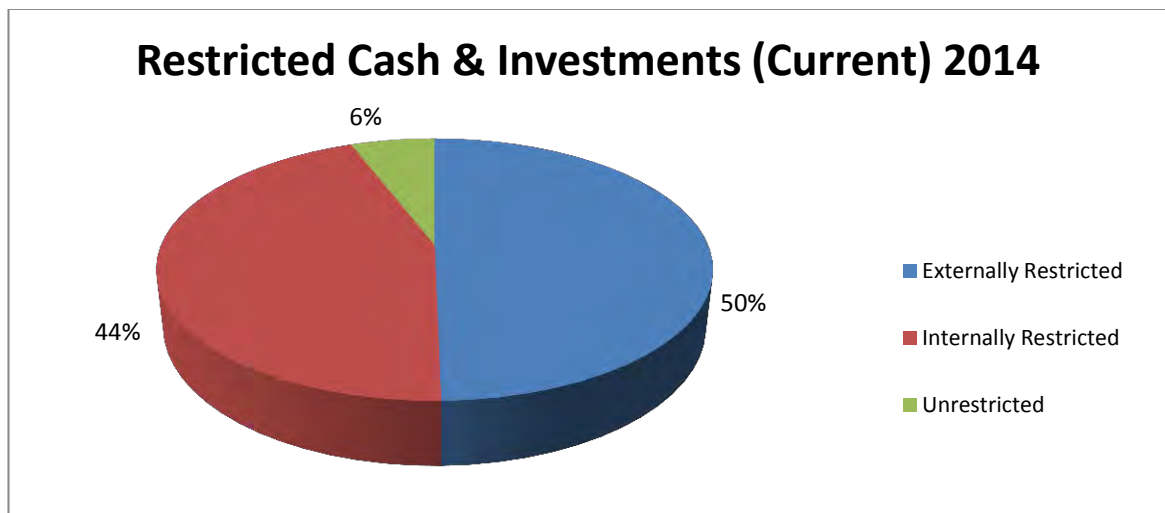
3.1 Assets

3.1.1 Cash & Cash Equivalents

Included in Council's net current assets are cash and investments which are restricted in their use as follows:

	2014 \$'000	2013 \$'000	2012 \$'000
Externally Restricted (Current) Monies can only be spent in accordance with legislation, grant agreement or developer contribution plan specifications	47,245	61,697	64,349
Internally Restricted (Current) Money set aside for special projects via Council resolution	42,181	47,503	41,474
Unrestricted (Current) Funds forming part of working capital used for day-to-day Council operations	5,545	5,790	4,138
Total Current Cash & Investments	94,971	114,990	109,961

Council is managing its investment portfolio in accordance with the Minister's Investment Order which is applicable to all local government authorities.

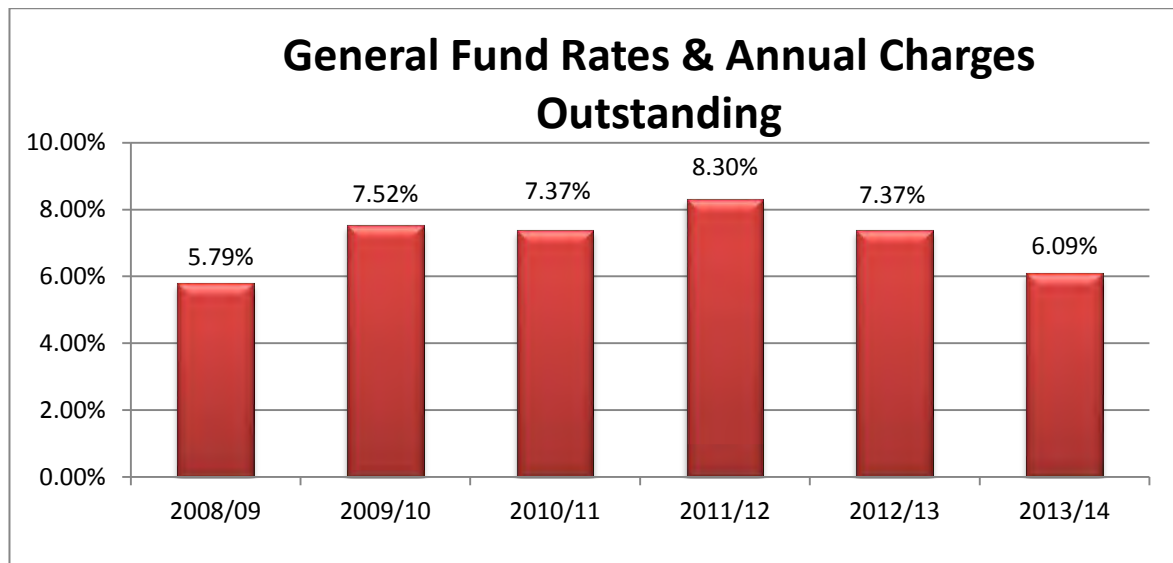


The table below illustrates Council's efforts to fund important projects and create reserves to assist absorption of any unforeseen financial shocks. Internal special purpose reserves include:

	2014 \$'000	2013 \$'000	2012 \$'000
Infrastructure projects			
Works carried forward	11,777	8,762	6,773
7 Year Plan	3,094	4,340	3,525
Non-DWM Management	8,013	7,105	5,304
Land Development	438	5	28
Plant & Equipment Renewal			
Plant / Fleet Replacement	2,313	1,528	965
Software & Equipment - Asset Management	1,498	1,063	754
Employee Entitlements	9,811	5,123	4,414
Unspent Grants	2,753	5,930	6,013
Unspent Loans	9,436	10,328	9,753
Other	2,859	3,319	3,945
Total Current & Non-Current Internally Restricted Cash & Cash Equivalents	51,992	47,503	41,474

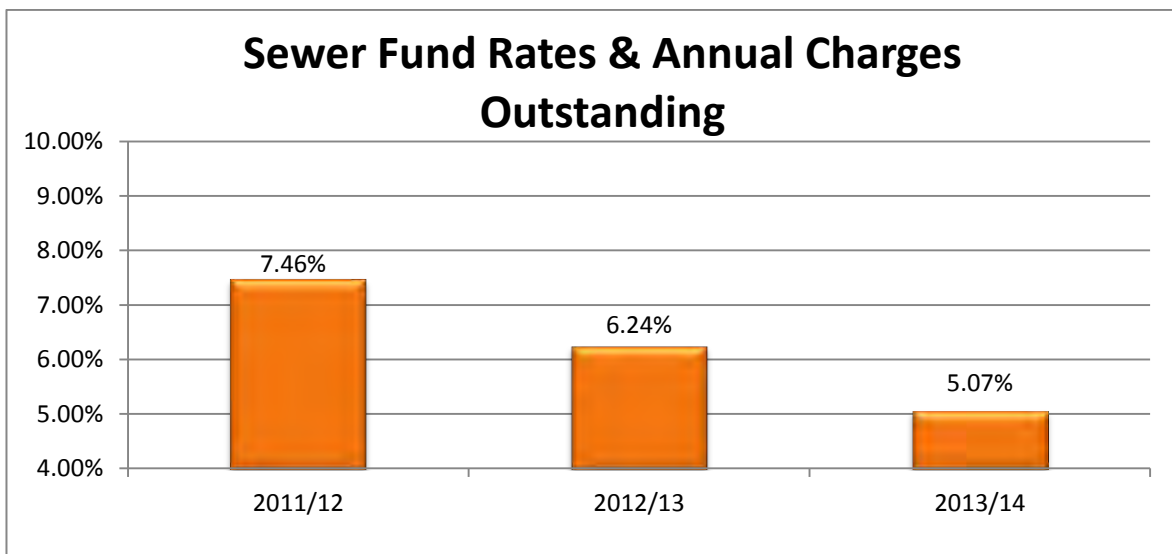
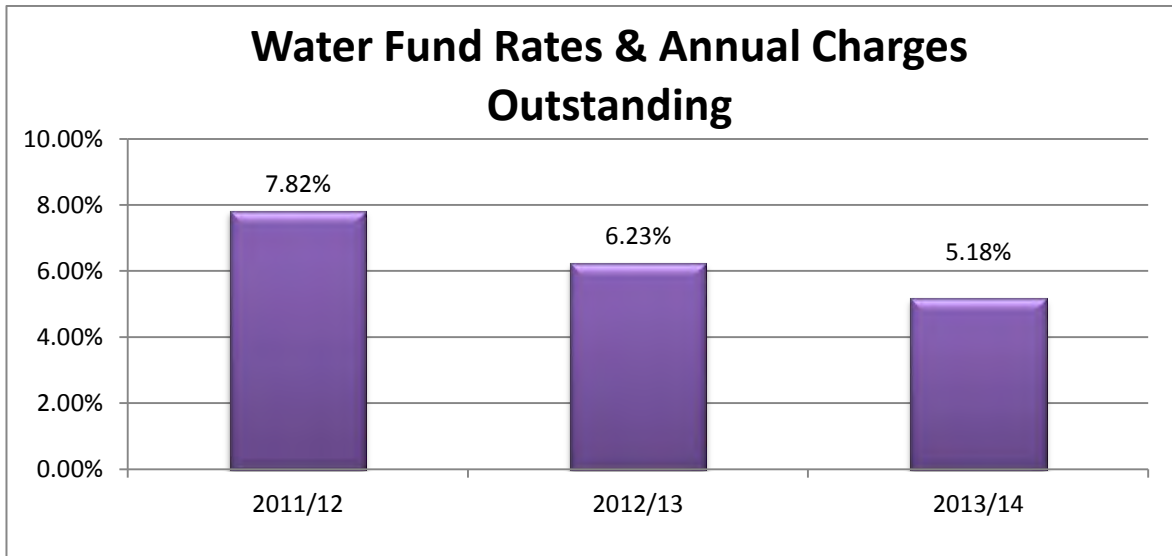
3.1.2 Rates and Annual Charges Outstanding Percentage

This indicator assesses the effectiveness of Council's revenue collection processes.



Council's General Fund rates and annual charges outstanding ratio has improved from 7.37% in 2013 to 6.09% as at 30 June 2014 with similar reductions in water and sewer funds arising from improved receivables monitoring and collection procedures.

The NSW Office of Local Government benchmark is <5% for urban and coastal Council's and <10% for rural Council's.



3.2 Non-Current Assets

3.2.1 Infrastructure, Property, Plant and Equipment (I,P,P&E)

The largest asset or liability appearing on Council's statement of financial position is in relation to I,P,P&E. Note 9 to the general purpose financial statements provides an understanding of Council's I,P,P&E and illustrates that Council is responsible for maintaining and improving assets with a written down value of approximately \$2.7 billion.

The following table illustrates the impact of annual depreciation across various asset classes during the year:

Depreciation & Amortisation

	Cost to Replace 2014 \$'000	WDV 2014 \$'000	DEP'N EXP 2014 \$'000	WDV as a % of Cost %	Depr as a % of Cost %
Plant & Equipment	38,092	20,377	2,853	53%	7%
Land	647,343	647,343	-	100%	0%
Buildings	136,516	122,211	1,688	90%	1%
Artworks	3,797	3,797	-	100%	0%
Tip & Quarry	1,038	77	21	7%	2%
Infrastructure:					
- Roads, Bridges, Footpaths	826,166	627,809	17,516	76%	2%
- Bulk Earthworks (non- dep)	148,049	148,049	-	100%	0%
- Stormwater Drainage	204,272	140,817	2,631	69%	1%
- Water Supply Network	609,447	453,586	6,890	74%	1%
- Sewerage Network	746,567	546,822	9,982	73%	1%
- Other structures and assets	37,354	24,355	1,658	65%	4%
Capital Work in Progress	13,302	13,302	-	100%	0%
Total Infrastructure, Property, Plant & Equipment	3,411,943	2,748,545	43,239	-	-

Council Constructed / Purchased Additions

The following table illustrates Council's capitalisation of asset additions during the year:

	2014 \$'000	2013 \$'000	2012 \$'000
<i>Non-cash Developer Contributions</i>			
Art Gallery	463	280	269
General/Roads and Drainage Network	10,313	6,188	8,042
Water Supply Network	2,825	404	1,671
Sewerage Network	5,386	1,729	3,565
	18,987	8,601	13,547
<i>Council Constructed / Purchased Assets</i>			
Infrastructure Under Construction - WIP	9,800	16,882	18,764
Land and Buildings	6,755	4,067	3,098
Plant and Equipment	4,533	4,832	3,622
Roads and Drainage Network	13,323	12,950	8,898
Water Supply Network	7,864	1,153	2,324
Sewerage Network	2,371	7,481	12,281
Other Structures & Assets	2,074	880	1,120
	46,720	48,245	50,107
Total Asset Additions	65,707	56,846	63,654

Asset Revaluations 2014

The NSW Office of Local Government has mandated that all infrastructure assets including land and buildings are to be recognised in Council's financial records at their fair value. Fair value represents the written-down replacement cost of each asset using modern day equivalent materials, design and capacity. During the year, Council revalued the following material asset classes:

Water & Sewer Infrastructure Revaluation

Water and sewer infrastructure assets were indexed by 2.8% in accordance with the NSW Office of Water guidelines, resulting in an increase in fair value of \$12,345,000 for water infrastructure and \$14,894,000 for sewer infrastructure assets.

Transport Infrastructure Revaluation

Transport infrastructure assets were indexed by between 4.7% for Roads/Bulk Earthworks, 4.4% for Bridges and 4.6% for Footpaths in accordance with the IPWEA NSW Local Road Construction Costs guidelines.

3.2.2 Asset Management Performance Indicators

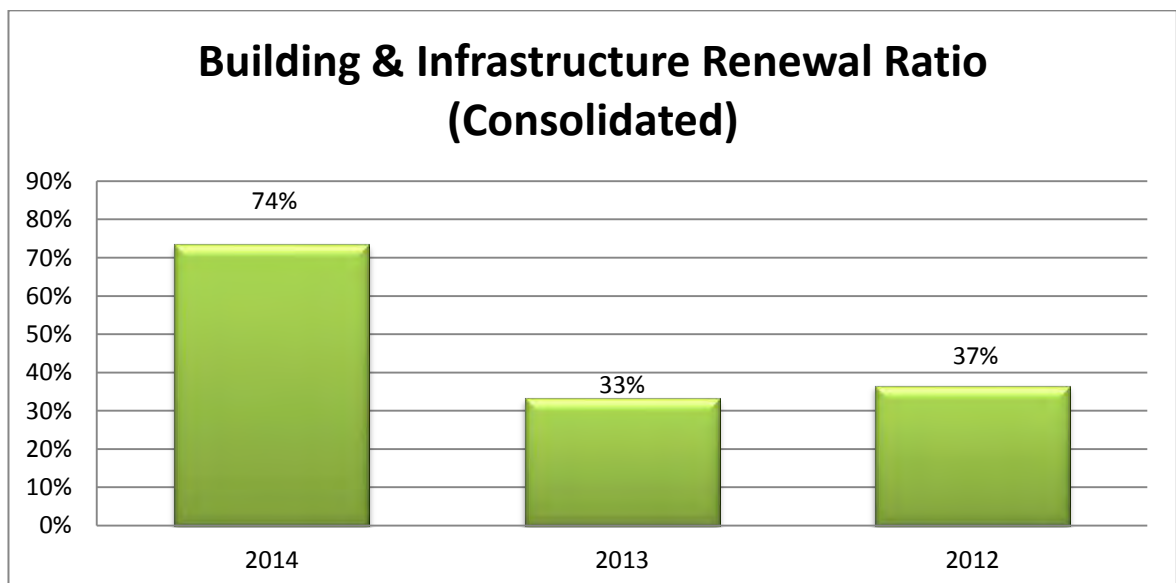
The Council is responsible for managing a large infrastructure and asset portfolio. The NSW Office of Local Government has introduced several performance indicators designed to provide Council with measures of asset management. These ratios are not subject to audit and are included in Special Schedule 7.

Buildings & Infrastructure Renewals Ratio

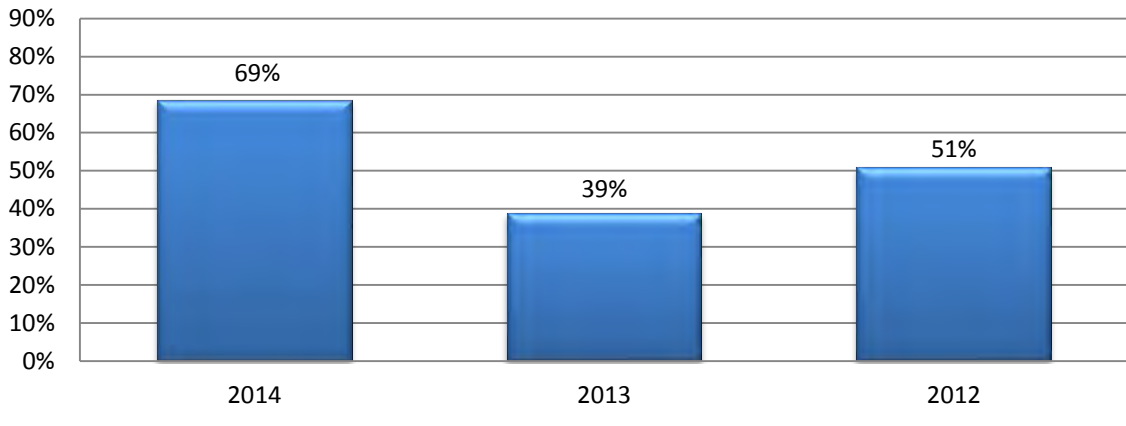
Assessing the rate at which buildings and infrastructure assets are being renewed against the rate at which they are depreciating (being consumed) is measured using the buildings and infrastructure renewals ratio.

	Renewals Expenditure \$'000	Depreciation Expense \$'000	Renewals Shortfall / (Surplus) \$'000	Asset Renewals Ratio %
General Fund	16,222	23,641	7,419	69%
Sewer Fund	2,332	10,018	7,686	23%
Water Fund	11,281	6,924	(4,357)	163%
Total	29,835	40,583	10,748	74%

The ratio is calculated based on replacement of existing assets with assets of equivalent capacity or performance as opposed to the acquisition of new assets or adding capacity to existing assets. Expenditure incurred to add capacity to existing assets is excluded from this ratio. Industry benchmarking recommends that asset renewals equate to the related depreciation expense or be in the range of 90-100%.



Building & Infrastructure Renewal Ratio (General Fund)



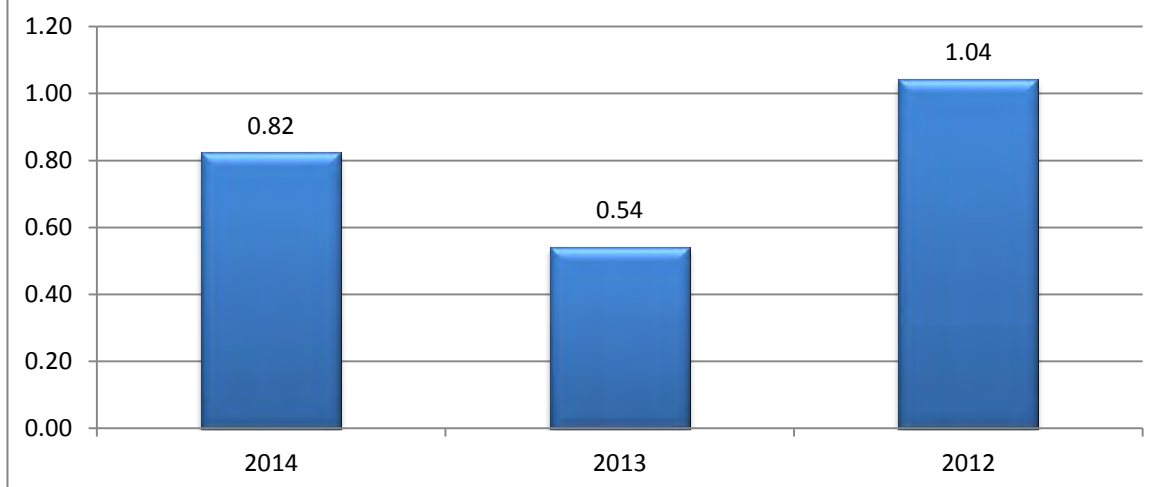
The challenge facing all local government authorities is to improve this ratio to satisfy this industry benchmark continuously, particularly in the general fund, which is subject to rate pegging limits or special rate variations, if Council has applied for such.

Asset Maintenance Ratio

This ratio compares actual versus required (as estimated by Council staff) annual asset maintenance. A ratio of above 1.0 indicates that the Council is investing enough funds within the year to stop the Infrastructure Backlog from growing. This ratio is highly dependent on accurate and consistent required maintenance and quantified infrastructure backlog calculations.

The benchmark for this ratio is greater than 1.0.

General Fund Asset Maintenance Ratio



Currently Council is not spending sufficient funds on asset maintenance to ensure their condition does not deteriorate below a satisfactory level.

Creating financial capacity to fund asset maintenance, renewals and new capital projects is one of the most difficult issues facing the Local Government industry in Australia. The ability to satisfy the industry parameters for asset renewals is a key goal for any local government authority which will only be achieved by:

- having asset management and financial systems that accurately identify and record renewals expenditure throughout each year,
- ensuring that the depreciation expense disclosed in the financial report reflects the actual consumption of each asset,
- ensuring policies and procedures are updated so that Council personnel have sound guidance on capital v maintenance and renewals v new capital works,
- accurately recording renewals expenditure where projects include replacing an existing asset with greater capacity, and
- constantly reviewing Council's operations so that the maximum available resources can be directed toward asset renewal.

Asset Management

The management of infrastructure, property, plant and equipment is an important part of Council's objectives. The Local Government Infrastructure audit report released by the NSW Office of Local Government in 2013 identified Tweed Shire Council as having strong infrastructure asset management practices. Tweed Shire Council was 1 of 12 Council's in NSW outside of the Sydney metropolitan area to receive this rating and the only Council on the North Coast. This is reflective of the investment made by Council in prior years to improve their overall infrastructure asset management practices.

It is important that Council continues to develop asset management systems so that revenue and borrowings are utilised effectively and efficiently and integrated strategic planning goals are achieved. Council should ensure that the recommendations arising from the Local Government Infrastructure audit are considered and implemented where not already done so.

Audit of Asset Management Information

In 2015 Council's special schedule 7 will be subject to independent audit. Special schedule 7 contains asset management ratios, costs to bring assets to a satisfactory standard and information relating to actual and required maintenance expenditure levels. As this information has not been subject to independent review in prior years, it is important that Council:

- Review the information contained in special schedule 7 to ensure it is accurate;
- Have policies and procedures supporting the compilation of information that is included in special schedule 7 so that asset management ratios are calculated accurately; and
- Aligns asset data collection to allow efficient compilation of the information contained in special schedule 7.

3.2 Liabilities

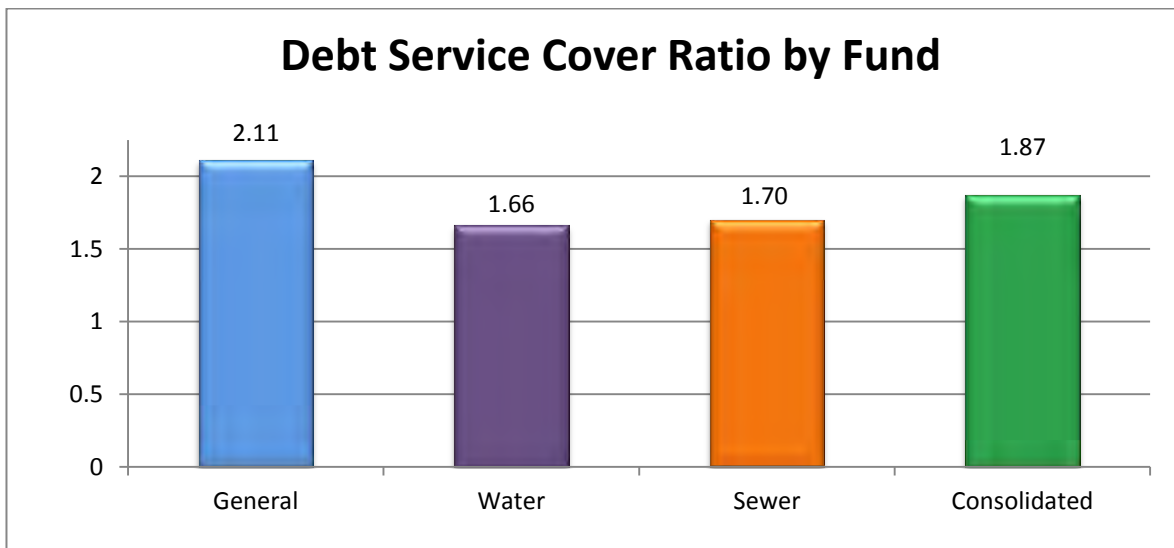
3.2.1 Loans Liability

	2014 \$'000	2013 \$'000	2012 \$'000
Current Loan Liability	7,251	7,653	9,024
Non-Current Loan Liability	178,247	181,458	182,028
Total Loan Liability	185,498	189,111	191,052
By Fund			
General Fund	83,176	83,298	81,861
Water Fund	65,989	67,057	68,078
Sewer Fund	36,333	38,756	41,113
Total Loan Liability	185,498	189,111	191,052

Debt Service Cover Ratio

This year the Local Government Code of Accounting Practice and Financial Reporting introduced the "Debt Service Cover Ratio". This ratio measures the operating result before capital, excluding interest and depreciation/impairment/amortisation (commercially known as EBITDA), against loan principal repayments and borrowing interest costs.

The benchmark for the new ratio is greater than 2.



The Council's consolidated Debt Service Cover ratio for 2014 is 1.87 (2013: 2.07) and the ratio for the general fund for 2014 is 2.11 (2013: 2.84).

Council's declining ratio is largely the result of increased borrowing costs from recent infrastructure borrowings. We suggest that the ratio for Water and Sewer Funds be analysed to determine if cash flow over the short to medium term is sufficient to allow this benchmark to be achieved.

A debt service cover ratio of this level for the General Fund for a regional council such as Tweed Shire Council is acceptable under NSW Local Government performance measures.

4. OTHER MATTERS

4.1 Internal Control Environment

No significant breakdowns of internal control were encountered during the course of our audit nor did we become aware of the existence of items comprising material error, sufficient to cause us to issue a modified audit opinion. We will issue a separate report to Council which identifies internal control weaknesses and other audit observations in due course.

Subject to the foregoing comments the books of account and records of the Council were maintained in good order and condition and the information and explanations required during the course of our work were readily supplied by the General Manager and his staff.

Yours faithfully

THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS

A handwritten signature in black ink, appearing to read 'A J Bradfield', is written over a dotted line.

A J BRADFELD (Partner)



Tweed Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2014

"TOGETHER FORWARD"



TWEED
SHIRE COUNCIL

Tweed Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

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Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.
- (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- (iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

- (iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).
-

Tweed Shire Council

Special Purpose Financial Statements

for the financial year ended 30 June 2014

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached Special Purpose Financial Statements have been prepared in accordance with:


- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

To the best of our knowledge and belief, these Financial Statements:

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

We are not aware of any matter that would render these Statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 30 October 2014.



Gary Baghall
MAYOR



Phil Youngblutt
COUNCILLOR



Troy Green
GENERAL MANAGER



Michael Chorlton
RESPONSIBLE ACCOUNTING OFFICER

Tweed Shire Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2014

\$ '000	Actual 2014	Actual 2013
Income from continuing operations		
Access charges	4,485	4,127
User charges	19,487	15,283
Fees	-	-
Interest	1,262	1,524
Grants and contributions provided for non capital purposes	377	373
Profit from the sale of assets	-	-
Other income	85	750
Total income from continuing operations	25,696	22,057
Expenses from continuing operations		
Employee benefits and on-costs	4,090	3,845
Borrowing costs	4,768	5,318
Materials and contracts	8,329	8,650
Depreciation and impairment	6,934	6,666
Water purchase charges	-	-
Loss on sale of assets	806	585
Calculated taxation equivalents	681	676
Debt guarantee fee (if applicable)	330	335
Other expenses	1,796	1,699
Total expenses from continuing operations	27,734	27,774
Surplus (deficit) from Continuing Operations before capital amounts	(2,038)	(5,717)
Grants and contributions provided for capital purposes	8,804	2,190
Surplus (deficit) from Continuing Operations after capital amounts	6,766	(3,527)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	6,766	(3,527)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	6,766	(3,527)
plus Opening Retained Profits	180,593	183,213
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	681	676
- Debt guarantee fees	330	335
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	(104)	(104)
- Surplus dividend paid	-	-
Closing Retained Profits	188,266	180,593
Return on Capital %	0.6%	-0.1%
Subsidy from Council		-
Calculation of dividend payable:		
Surplus (deficit) after tax	6,766	(3,527)
less: Capital grants and contributions (excluding developer contributions)	(3,742)	(747)
Surplus for dividend calculation purposes	3,024	-
Potential Dividend calculated from surplus	1,512	-

Tweed Shire Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2014

\$ '000	Actual 2014	Actual 2013
Income from continuing operations		
Access charges	22,917	21,245
User charges	-	-
Liquid Trade Waste charges	2,207	1,999
Fees	599	130
Interest	1,995	2,972
Grants and contributions provided for non capital purposes	502	360
Profit from the sale of assets	-	-
Other income	75	316
Total income from continuing operations	28,295	27,022
Expenses from continuing operations		
Employee benefits and on-costs	6,189	5,309
Borrowing costs	3,160	3,338
Materials and contracts	7,194	6,641
Depreciation and impairment	10,102	9,742
Loss on sale of assets	613	939
Calculated taxation equivalents	861	859
Debt guarantee fee (if applicable)	182	194
Other expenses	2,632	2,517
Total expenses from continuing operations	30,933	29,539
Surplus (deficit) from Continuing Operations before capital amounts	(2,638)	(2,517)
Grants and contributions provided for capital purposes	9,657	3,780
Surplus (deficit) from Continuing Operations after capital amounts	7,019	1,263
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	7,019	1,263
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	7,019	1,263
plus Opening Retained Profits	220,703	218,486
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	861	859
- Debt guarantee fees	182	194
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	(99)	(99)
- Surplus dividend paid	-	-
Closing Retained Profits	228,666	220,703
Return on Capital %	0.1%	0.1%
Subsidy from Council		-
Calculation of dividend payable:		
Surplus (deficit) after tax	7,019	1,263
less: Capital grants and contributions (excluding developer contributions)	(7,092)	(2,974)
Surplus for dividend calculation purposes	-	-
Potential Dividend calculated from surplus	-	-

Tweed Shire Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2014

\$ '000	Holiday Parks		Commercial Waste	
	Category 1		Category 1	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
Income from continuing operations				
Access charges	-	-	2,374	1,913
User charges	-	-	2,706	3,011
Fees	7,653	7,116	-	-
Interest	594	638	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	263	434	6	130
Total income from continuing operations	8,510	8,188	5,086	5,054
Expenses from continuing operations				
Employee benefits and on-costs	698	711	466	276
Borrowing costs	21	-	(12)	3
Materials and contracts	1,738	1,604	2,846	2,252
Depreciation and impairment	856	591	77	94
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	1,576	1,576	50	44
Debt guarantee fee (if applicable)	6	-	-	-
Other expenses	2,966	3,180	724	896
Total expenses from continuing operations	7,861	7,662	4,151	3,565
Surplus (deficit) from Continuing Operations before capital amounts	649	526	935	1,489
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	649	526	935	1,489
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	649	526	935	1,489
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(195)	(158)	(281)	(447)
SURPLUS (DEFICIT) AFTER TAX	454	368	655	1,042
plus Opening Retained Profits	25,477	24,448	10,331	8,798
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	1,576	1,576	50	44
- Debt guarantee fees	6	-	-	-
- Corporate taxation equivalent	195	158	281	447
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	(1,074)	(1,073)	-	-
Closing Retained Profits	26,634	25,477	11,316	10,331
Return on Capital %	0.7%	0.6%	23.0%	39.7%
Subsidy from Council	2,597	2,921	-	-

Tweed Shire Council

Statement of Financial Position - Council's Water Supply Business Activity

as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
ASSETS		
Current Assets		
Cash and cash equivalents	410	51
Investments	15,000	22,650
Receivables	10,942	8,123
Inventories	-	-
Other	30	23
Non-current assets classified as held for sale	-	-
Total Current Assets	26,382	30,847
Non-Current Assets		
Investments	6,000	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	491,921	474,057
Investments accounted for using equity method	-	-
Investment property	-	750
Other	-	-
Total non-Current Assets	497,921	474,807
TOTAL ASSETS	524,303	505,654
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	288	1,204
Interest bearing liabilities	1,186	1,068
Provisions	-	-
Total Current Liabilities	1,474	2,272
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	64,803	65,989
Provisions	-	-
Total Non-Current Liabilities	64,803	65,989
TOTAL LIABILITIES	66,277	68,261
NET ASSETS	458,026	437,393
EQUITY		
Retained earnings	188,266	180,593
Revaluation reserves	269,760	256,800
Council equity interest	458,026	437,393
Non-controlling equity interest	-	-
TOTAL EQUITY	458,026	437,393

Tweed Shire Council

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
ASSETS		
Current Assets		
Cash and cash equivalents	974	7,393
Investments	30,000	33,000
Receivables	2,808	3,956
Inventories	-	-
Other	26	17
Non-current assets classified as held for sale	-	-
Total Current Assets	33,808	44,366
Non-Current Assets		
Investments	25,000	8,000
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	600,000	585,592
Investments accounted for using equity method	-	-
Investment property	-	86
Other	2	-
Total non-Current Assets	625,002	593,678
TOTAL ASSETS	658,810	638,044
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	641	478
Interest bearing liabilities	2,447	2,713
Provisions	-	-
Total Current Liabilities	3,088	3,191
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	33,886	36,043
Provisions	-	-
Total Non-Current Liabilities	33,886	36,043
TOTAL LIABILITIES	36,974	39,234
NET ASSETS	621,836	598,810
EQUITY		
Retained earnings	228,666	220,703
Revaluation reserves	393,170	378,107
Council equity interest	621,836	598,810
Non-controlling equity interest	-	-
TOTAL EQUITY	621,836	598,810

Tweed Shire Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2014

\$ '000	Holiday Parks		Commercial Waste	
	Category 1		Category 1	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
ASSETS				
Current Assets				
Cash and cash equivalents	192	280	940	1,106
Investments	18,146	15,646	8,079	7,105
Receivables	194	90	-	-
Inventories	-	-	-	-
Other	126	123	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	18,658	16,139	9,019	8,211
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	91,756	91,435	4,019	3,759
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	91,756	91,435	4,019	3,759
TOTAL ASSETS	110,414	107,574	13,038	11,970
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	2,148	1,770	182	29
Interest bearing liabilities	129	-	-	-
Provisions	263	256	10	10
Total Current Liabilities	2,540	2,026	192	39
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	1,161	-	-	-
Provisions	89	81	307	320
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	1,250	81	307	320
TOTAL LIABILITIES	3,790	2,107	499	359
NET ASSETS	106,624	105,467	12,539	11,611
EQUITY				
Retained earnings	26,634	25,477	11,316	10,331
Revaluation reserves	79,990	79,990	1,223	1,280
Council equity interest	106,624	105,467	12,539	11,611
Non-controlling equity interest	-	-	-	-
TOTAL EQUITY	106,624	105,467	12,539	11,611

Tweed Shire Council

Special Purpose Financial Statements for the financial year ended 30 June 2014

Contents of the Notes accompanying the Financial Statements

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2	Water Supply Business Best Practice Management disclosure requirements	13
3	Sewerage Business Best Practice Management disclosure requirements	15

Tweed Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office of Local Government.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over \$2 million)

- a. **Tweed Water**
Supply of water
- b. **Tweed Sewerage**
Sewerage Services
- c. **Tweed Coast Holiday Parks**
Holiday/Caravan parks
- d. **Commercial Waste**
Non-domestic waste collection and disposal

Category 2

(where gross operating turnover is less than \$2 million)

Nil

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

Tweed Shire Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

Notional Rate Applied %

Corporate Income Tax Rate – **30%**

Land Tax – The first **\$412,000** of combined land values attracts **0%**. From \$412,001 to \$2,519,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,519,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a “Dividend for Taxation equivalent”, may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the “Council” as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the Business Activity.

Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face “true” commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

Tweed Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 1. Significant Accounting Policies

(ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported Business Activity.

(iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field".

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.56% at 30/6/14.

The actual rate of return achieved by each Business Activity is disclosed at the foot of each respective Income Statement.

(iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2014 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.

Tweed Shire Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

Note 2. Water Supply Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2014

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	1,011,000
(ii)	No of assessments multiplied by \$3/assessment	104,976
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	104,976
(iv)	Amounts actually paid for Tax Equivalents	104,037

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	1,512,000
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	944,784
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	(7,044,000)

2014 Surplus	3,024,000	2013 Surplus	(4,274,000)	2012 Surplus	(5,794,000)
		2013 Dividend	-	2012 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

3. Required outcomes for 6 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	NO
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	NO
(vi)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Tweed Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2014Note 2. Water Supply Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2014

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	32,404
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	76.72%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	491,889
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	13,480
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	8,628
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	2.44%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	917

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

Tweed Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2014Note 3. Sewerage Business
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2014

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	1,043,000
(ii)	No of assessments multiplied by \$3/assessment	100,122
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	100,122
(iv)	Amounts actually paid for Tax Equivalents	99,144

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	901,098
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	(3,651,000)

2014 Surplus	(73,000)	2013 Surplus	(1,711,000)	2012 Surplus	(1,867,000)
		2013 Dividend	-	2012 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

3. Required outcomes for 4 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	Complying charges	
	(a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	YES
	(c) Trade Waste [Item 2(d) in Table 1]	YES
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii)	Complete Performance Reporting Form (by 15 September each year)	NO
(iv)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Tweed Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2014Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2014

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	35,735
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	599,624
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	15,344
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	4,452
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	1.71%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	320

**National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)**

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	66,721
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.11%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	13,080
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	2.04%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

Tweed Shire Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2014Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2014

**National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)**

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	2.31%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): 22,280 Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c) Net Interest: 4,809 Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		5
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	14,196
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	739

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.



**TWEED SHIRE COUNCIL
SPECIAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDIT REPORT**

Report on the Financial Statements

We have audited the accompanying financial statements, being special purpose financial statements, of Tweed Shire Council (the Council), which comprises the statement of financial position as at 30 June 2014, the income statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Councillors' and Management.

Council's Responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements and has determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the *Local Government Act 1993* and meet the needs of the NSW Office of Local Government. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 Council, as well as evaluating the overall presentation of the financial statements.

Our audit responsibility does not extend to the best practice management disclosures in note 2 and note 3, and accordingly, we do not express an opinion on such. In addition, our audit did not include an analysis of the prudence of business decisions made by Council or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion, the special purpose financial statements of Tweed Shire Council:

- a) Have been prepared in accordance with the requirements of those applicable Australian Accounting Standards detailed in note 1 and the Local Government Code of Accounting Practice and Financial Reporting;
 - i) Are consistent with the Council's accounting records;
 - ii) Present fairly, in all material respects, the financial position of Council's nominated Business Activities as at 30 June 2014 and the results of their operations for the year then ended;
- b) All information relevant to the conduct of the audit has been obtained; and
- c) There are no material deficiencies in the accounting records or financial statements that we have become aware of in the course of the audit.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describe the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the NSW Office of Local Government. As a result, the financial statements may not be suitable for another purpose.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the special purpose financial statements of Tweed Shire Council for the year ended 30 June 2014 included on Council's website. The Council is responsible for the integrity of the website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial statements identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements to confirm the information contained in this website version of the financial statements.

THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS

.....
A J BRADFELD (Partner)
Registered Company Auditor

Dated at Lismore this 30th day of October 2014.



Tweed Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2014

"TOGETHER FORWARD"



TWEED
SHIRE COUNCIL

Tweed Shire Council

Special Schedules

for the financial year ended 30 June 2014

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¹ Special Schedules are not audited (with the exception of Special Schedule 9).

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Tweed Shire Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	2,807	1	-	(2,806)
Administration	14,038	1,150	940	(11,948)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	1,240	332	19	(889)
Beach Control	552	27	-	(525)
Enforcement of Local Govt. Regulations	1,118	405	-	(713)
Animal Control	352	263	-	(89)
Other	79	-	-	(79)
Total Public Order & Safety	3,341	1,027	19	(2,295)
Health	1,595	367	-	(1,228)
Environment				
Noxious Plants and Insect/Vermin Control	407	-	-	(407)
Other Environmental Protection	4,609	1,449	1	(3,159)
Solid Waste Management	14,841	18,537	-	3,696
Street Cleaning	-	-	-	-
Drainage	5,572	94	2,428	(3,050)
Stormwater Management	-	-	-	-
Total Environment	25,429	20,080	2,429	(2,920)
Community Services and Education				
Administration & Education	1,709	26	-	(1,683)
Social Protection (Welfare)	889	1,341	-	452
Aged Persons and Disabled	598	28	-	(570)
Children's Services	15	3	-	(12)
Total Community Services & Education	3,211	1,398	-	(1,813)
Housing and Community Amenities				
Public Cemeteries	1,017	606	57	(354)
Public Conveniences	1,175	-	-	(1,175)
Street Lighting	954	152	-	(802)
Town Planning	4,523	1,309	-	(3,214)
Other Community Amenities	3,312	2,362	-	(950)
Total Housing and Community Amenities	10,981	4,429	57	(6,495)
Water Supplies	22,994	23,244	10,191	10,441
Sewerage Services	25,912	29,604	8,270	11,962

Tweed Shire Council

Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	2,657	257	-	(2,400)
Museums	509	12	-	(497)
Art Galleries	1,624	405	3,200	1,981
Community Centres and Halls	692	346	947	601
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	164	3	-	(161)
Sporting Grounds and Venues	2,077	369	4,756	3,048
Swimming Pools	4,003	1,282	-	(2,721)
Parks & Gardens (Lakes)	7,505	134	723	(6,648)
Other Sport and Recreation	1,316	15	-	(1,301)
Total Recreation and Culture	20,547	2,823	9,626	(8,098)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	1,602	1,566	-	(36)
Other Mining, Manufacturing & Construction	273	-	-	(273)
Total Mining, Manufacturing and Const.	1,875	1,566	-	(309)
Transport and Communication				
Urban Roads (UR) - Local	25,656	1,638	5,917	(18,101)
Urban Roads - Regional	86	-	-	(86)
Sealed Rural Roads (SRR) - Local	1,134	-	1,724	590
Sealed Rural Roads (SRR) - Regional	1,840	1,782	155	97
Unsealed Rural Roads (URR) - Local	2,465	-	34	(2,431)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	736	-	-	(736)
Bridges on SRR - Local	2,427	-	2,562	135
Bridges on URR - Local	40	-	-	(40)
Bridges on Regional Roads	44	-	-	(44)
Parking Areas	333	76	-	(257)
Footpaths	1,197	35	883	(279)
Aerodromes	117	23	-	(94)
Other Transport & Communication	2,881	492	2,822	433
Total Transport and Communication	38,956	4,046	14,097	(20,813)
Economic Affairs				
Camping Areas & Caravan Parks	6,869	8,510	-	1,641
Other Economic Affairs	1,609	88	-	(1,521)
Total Economic Affairs	8,478	8,598	-	120
Totals – Functions	180,164	98,333	45,629	(36,202)
General Purpose Revenues ⁽²⁾		60,396		60,396
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT ⁽¹⁾	180,164	158,729	45,629	24,194

(1) As reported in the Income Statement

(2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) & Interest on overdue Rates & Annual Charges

Tweed Shire Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2014

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	1,682	10,095	11,777	1,290	1,683	-	-	-	1,812	9,572	11,384
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	7,590	172,678	180,268	2,076	5,975	-	-	13,368	6,042	170,327	176,369
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	9,272	182,773	192,045	3,366	7,658	-	-	13,368	7,854	179,899	187,753
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	9,272	182,773	192,045	3,366	7,658	-	-	13,368	7,854	179,899	187,753

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Tweed Shire Council

Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993] for the financial year ended 30 June 2014

\$'000

Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General	430,000	18,490	430,000
Water			
Sewer			
Domestic Waste Management			
Gas			
Other			
Totals	430,000	18,490	430,000

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
Records Facility	DWM	28/03/2012	30/06/2013			4.30%	430,000	18,490	430,000
Totals							430,000	18,490	430,000

Tweed Shire Council

Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	4,010	4,110
b. Engineering and Supervision	1,595	1,774
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	333	231
b. Maintenance expenses	110	192
- Mains		
c. Operation expenses	10	-
d. Maintenance expenses	1,036	934
- Reservoirs		
e. Operation expenses	135	203
f. Maintenance expenses	76	65
- Pumping Stations		
g. Operation expenses (excluding energy costs)	132	129
h. Energy costs	1,181	1,267
i. Maintenance expenses	121	74
- Treatment		
j. Operation expenses (excluding chemical costs)	1,319	1,284
k. Chemical costs	1,014	913
l. Maintenance expenses	276	290
- Other		
m. Operation expenses	616	685
n. Maintenance expenses	1,474	1,340
o. Purchase of water	42	34
3. Depreciation expenses		
a. System assets	6,899	6,645
b. Plant and equipment	34	20
4. Miscellaneous expenses		
a. Interest expenses	4,725	4,773
b. Revaluation Decrements	-	-
c. Other expenses	780	1,215
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	104	104
5. Total expenses	26,022	26,282

Tweed Shire Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
Income		
6. Residential charges		
a. Access (including rates)	4,008	3,692
b. Usage charges	13,209	11,033
7. Non-residential charges		
a. Access (including rates)	481	435
b. Usage charges	5,294	4,250
8. Extra charges	83	92
9. Interest income	1,179	1,432
10. Other income	1,066	751
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	917	-
b. Grants for pensioner rebates	376	373
c. Other grants	-	-
12. Contributions		
a. Developer charges	5,062	1,442
b. Developer provided assets	2,825	404
c. Other contributions	-	343
13. Total income	34,500	24,247
14. Gain (or loss) on disposal of assets	(805)	(585)
15. Operating Result	7,673	(2,620)
15a. Operating Result (less grants for acquisition of assets)	6,756	(2,620)

Tweed Shire Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	4,997	2,022
b. New Assets for Growth	116	1,892
c. Renewals	3,515	1,316
d. Plant and equipment	-	7
e. Buildings	280	-
17. Repayment of debt		
a. Loans	1,068	1,021
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	9,976	6,258
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	32,096	32,675
b. Residential (unoccupied, ie. vacant lot)	1,059	174
c. Non-residential (occupied)	1,645	1,675
d. Non-residential (unoccupied, ie. vacant lot)	192	155
25. Number of ETs for which developer charges were received	401 ET	113 ET
26. Total amount of pensioner rebates (actual dollars)	\$ 706,492	\$ 682,414

Tweed Shire Council

Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2014

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="-"/>

* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

Tweed Shire Council

Special Schedule No. 4 - Water Supply Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2014

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	2,615	-	2,615
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	12,795	6,000	18,795
31. Receivables			
a. Specific purpose grants	472	-	472
b. Rates and Availability Charges	253	-	253
c. User Charges	10,217	-	10,217
d. Other	-	-	-
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	491,889	491,889
b. Plant and equipment	-	32	32
34. Other assets	30	-	30
35. Total assets	26,382	497,921	524,303
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	288	-	288
38. Borrowings			
a. Loans	1,186	64,803	65,989
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	1,474	64,803	66,277
41. NET ASSETS COMMITTED	24,908	433,118	458,026
EQUITY			
42. Accumulated surplus			188,266
43. Asset revaluation reserve			269,760
44. TOTAL EQUITY			458,026
Note to system assets:			
45. Current replacement cost of system assets			648,362
46. Accumulated current cost depreciation of system assets			(156,473)
47. Written down current cost of system assets			491,889

Tweed Shire Council

Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	3,614	3,257
b. Engineering and Supervision	1,696	1,414
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	17	1
b. Maintenance expenses	1,287	1,280
- Pumping Stations		
c. Operation expenses (excluding energy costs)	616	577
d. Energy costs	781	841
e. Maintenance expenses	1,670	1,369
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	1,772	1,681
g. Chemical costs	538	438
h. Energy costs	1,418	1,339
i. Effluent Management	58	57
j. Biosolids Management	723	577
k. Maintenance expenses	700	736
- Other		
l. Operation expenses	358	203
m. Maintenance expenses	96	56
3. Depreciation expenses		
a. System assets	9,982	9,631
b. Plant and equipment	120	111
4. Miscellaneous expenses		
a. Interest expenses	3,160	3,338
b. Revaluation Decrements	-	-
c. Other expenses	671	641
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	99	99
5. Total expenses	29,376	27,646

Tweed Shire Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
Income		
6. Residential charges (including rates)	21,054	19,514
7. Non-residential charges		
a. Access (including rates)	1,893	1,731
b. Usage charges	-	-
8. Trade Waste Charges		
a. Annual Fees	66	67
b. Usage charges	2,138	1,932
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	98	173
10. Interest income	1,897	2,799
11. Other income	785	611
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	320	1,080
b. Grants for pensioner rebates	363	360
c. Other grants	-	-
13. Contributions		
a. Developer charges	3,952	806
b. Developer provided assets	5,386	1,729
c. Other contributions	-	-
14. Total income	37,952	30,802
15. Gain (or loss) on disposal of assets	(613)	(939)
16. Operating Result	7,963	2,217
16a. Operating Result (less grants for acquisition of assets)	7,643	1,137

Tweed Shire Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	496	-
b. New Assets for Growth	1,061	4,055
c. Renewals	2,895	3,107
d. Plant and equipment	-	892
e. Buildings	22	214
18. Repayment of debt		
a. Loans	3,102	3,001
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	7,576	11,269
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	5,373
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	5,373
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	30,601	31,158
b. Residential (unoccupied, ie. vacant lot)	1,018	150
c. Non-residential (occupied)	1,602	1,615
d. Non-residential (unoccupied, ie. vacant lot)	153	125
26. Number of ETs for which developer charges were received	434 ET	151 ET
27. Total amount of pensioner rebates (actual dollars)	\$ 659,686	\$ 658,402

Tweed Shire Council

Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2014

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text" value="-"/>

* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

Tweed Shire Council

Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2014

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	8,967	-	8,967
e. Sinking fund	-	-	-
f. Other	22,006	25,000	47,006
32. Receivables			
a. Specific purpose grants	1	-	1
b. Rates and Availability Charges	1,228	-	1,228
c. User Charges	663	-	663
d. Other	917	-	917
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	599,624	599,624
b. Plant and equipment	-	376	376
35. Other assets	26	2	28
36. Total Assets	33,808	625,002	658,810
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	641	-	641
39. Borrowings			
a. Loans	2,447	33,886	36,333
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	3,088	33,886	36,974
42. NET ASSETS COMMITTED	30,720	591,116	621,836
EQUITY			
42. Accumulated surplus			228,666
44. Asset revaluation reserve			393,170
45. TOTAL EQUITY			621,836
Note to system assets:			
46. Current replacement cost of system assets			799,775
47. Accumulated current cost depreciation of system assets			(200,151)
48. Written down current cost of system assets			599,624

Tweed Shire Council

Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2014

Administration ⁽¹⁾

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Impairment Losses (item 4d & 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Tweed Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets
as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard ⁽¹⁾	Required Annual Maintenance ⁽²⁾	Actual Maintenance 2013/14 ⁽³⁾	Written Down Value (WDV) ⁽⁴⁾	Assets in Condition as a % of WDV ^{(4), (5)}				
						1	2	3	4	5
Buildings	Council Offices / Administration Centres	1,379	250	181	22,881	6%	0%	94%	0%	0%
	Council Works Depot	156	50	25	4,020	0%	25%	59%	16%	0%
	Council Public Halls	476	275	52	11,397	41%	17%	23%	16%	3%
	Libraries	241	22	93	7,566	0%	21%	79%	0%	0%
	Cultural Facilities	52	60	55	13,895	30%	63%	8%	0%	0%
	Childcare, Aged & Disabled	31	15	9	1,456	1%	17%	59%	23%	0%
	Specialised Buildings	43	180	165	6,259	23%	34%	35%	8%	0%
	Other Buildings	1,179	1,121	518	54,737	35%	29%	32%	3%	1%
	sub total	3,557	1,973	1,098	122,211	25.0%	25.9%	44.4%	4.0%	0.6%
Other Structures	Other Structures	129	10	1	368	72%	4%	4%	18%	2%
	sub total	129	10	1	368	72.0%	4.0%	4.0%	18.0%	2.0%
Roads	Sealed Roads Surface	14,194	5,225	4,379	73,486	54%	37%	9%	1%	0%
	Sealed Roads Structure	13,133	1,457	1,416	449,544	48%	45%	6%	1%	0%
	Unsealed Roads	3,027	1,264	1,016	12,377	98%	1%	1%	0%	0%
	Bridges	7,077	360	344	155,143	79%	18%	3%	0%	0%
	Footpaths	760	584	568	26,827	93%	3%	3%	1%	0%
	Kerb and Gutter	397	289	286	44,126	95%	4%	1%	0%	0%
	Street Furniture	-	104	104	7,221	100%	0%	0%	0%	0%
	Car Parks	684	16	14	7,135	72%	18%	8%	1%	1%
	sub total	39,272	9,299	8,127	775,859	60.5%	33.7%	5.2%	0.7%	0.0%

Tweed Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard ⁽¹⁾	Required Annual Maintenance ⁽²⁾	Actual Maintenance 2013/14 ⁽³⁾	Written Down Value (WDV) ⁽⁴⁾	Assets in Condition as a % of WDV ^{(4), (5)}				
						1	2	3	4	5
Water Supply Network	Dams/Weirs	-	115	68	68,769	98%	2%	0%	0%	0%
	Mains	22,406	1,217	1,041	239,325	67%	24%	7%	1%	1%
	Reservoirs	-	85	76	38,658	29%	47%	24%	0%	0%
	Pumping Station/s	120	157	121	14,853	53%	38%	8%	1%	0%
	Treatment	-	322	276	82,034	92%	8%	0%	0%	0%
	Buildings	-	-	-	9,594	98%	2%	0%	0%	0%
	sub total	22,526	1,896	1,582	453,233	73.2%	19.7%	6.0%	0.6%	0.5%
Sewerage Network	Mains	14,185	1,376	1,287	292,162	58%	26%	15%	1%	0%
	Pumping Station/s	-	405	364	67,612	52%	32%	16%	0%	0%
	Treatment	1,000	1,247	701	180,914	81%	18%	1%	0%	0%
	Buildings	44	-	-	6,134	92%	7%	0%	1%	0%
	sub total	15,229	3,028	2,352	546,822	65.2%	23.9%	10.2%	0.6%	0.1%
Stormwater Drainage	All Infrastructure	25,192	1,343	1,139	140,817	43%	30%	23%	1%	3%
	sub total	25,192	1,343	1,139	140,817	43.3%	30.2%	22.5%	1.0%	3.0%

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard ⁽¹⁾	Required Annual Maintenance ⁽²⁾	Actual Maintenance 2013/14 ⁽³⁾	Written Down Value (WDV) ⁽⁴⁾	Assets in Condition as a % of WDV ^{(4), (5)}				
						1	2	3	4	5
Open Space/ Recreational Assets	Swimming Pool Equipment	209	32	30	330	91%	6%	2%	1%	1%
	Swimming Pool Structures	7	15	12	4,427	2%	97%	1%	0%	0%
	Recreation Other Structures	1,665	573	526	10,439	51%	37%	12%	0%	0%
	sub total	1,881	620	568	15,196	37.6%	53.8%	8.6%	0.0%	0.0%
Other Infrastructure Assets	Other Structures	1,056	220	147	8,791	32%	64%	4%	0%	0%
	Other	-	-	-	-					
	sub total	1,056	220	147	8,791	32.0%	64.0%	4.0%	0.0%	0.0%
TOTAL - ALL ASSETS		108,842	18,389	15,014	2,063,297	61.0%	27.6%	10.2%	0.9%	0.4%

Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard."
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements

(5). **Infrastructure Asset Condition Assessment "Key"**

1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required
4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required

Tweed Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2014

\$ '000	Amounts	Indicator	Prior Periods	
	2014	2014	2013	2012
Infrastructure Asset Performance Indicators Consolidated				
1. Building and Infrastructure Renewals Ratio				
Asset Renewals (Building and Infrastructure) ⁽¹⁾	<u>29,835</u>	73.52%	33.16%	36.53%
Depreciation, Amortisation & Impairment	<u>40,583</u>			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	<u>108,842</u>	0.06	0.03	0.03
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	<u>1,915,600</u>			
3. Asset Maintenance Ratio				
Actual Asset Maintenance	<u>15,014</u>	0.82	0.67	1.00
Required Asset Maintenance	<u>18,389</u>			
4. Capital Expenditure Ratio				
Annual Capital Expenditure	<u>39,859</u>	0.91	1.00	1.02
Annual Depreciation	<u>43,678</u>			

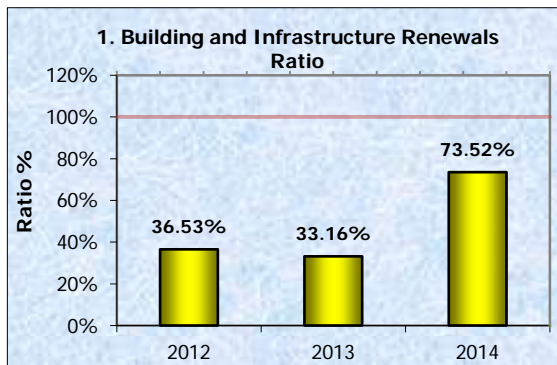
Notes

⁽¹⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

⁽²⁾ Written down value

Tweed Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2014



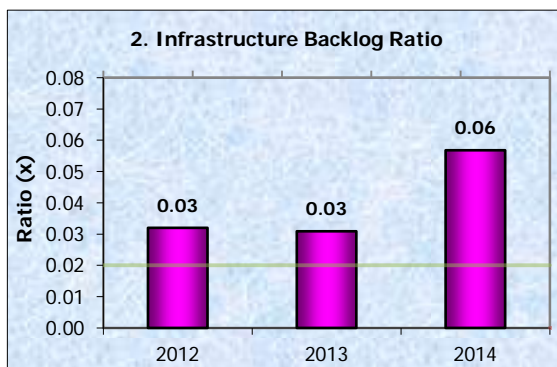
— Minimum 100.00%

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

Purpose of Asset Renewals Ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on 2013/14 Result	
2013/14 Ratio	73.52%
Council is currently not spending sufficient funds on asset renewals to match the consumption (depreciation) of assets	



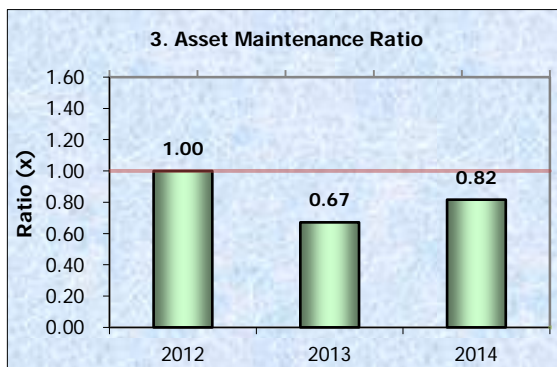
— Maximum .02

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

Purpose of Infrastructure Backlog Ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on 2013/14 Result	
2013/14 Ratio	0.06 x
Council is currently not spending sufficient funds to bring all its infrastructure assets to a satisfactory standard	



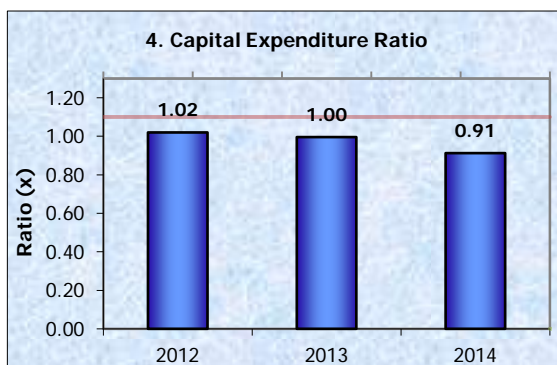
— Minimum 1.00

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

Purpose of Asset Maintenance Ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

Commentary on 2013/14 Result	
2013/14 Ratio	0.82 x
Council is currently not spending sufficient funds on asset maintenance to ensure their condition does not deteriorate below a satisfactory level	



— Minimum 1.10

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

Purpose of Capital Expenditure Ratio

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

Commentary on 2013/14 Result	
2013/14 Ratio	0.91 x
Council does not plan to expand its General Fund asset base other than through developer contributed assets. The Water and Sewerage Funds will from time to time upgrade their system capacity. As a result this benchmark will be difficult to achieve	

Tweed Shire Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2014

\$ '000	Water 2014	Sewer 2014	General ⁽¹⁾ 2014
Infrastructure Asset Performance Indicators By Fund			
1. Building and Infrastructure Renewals Ratio			
<u>Asset Renewals (Building and Infrastructure)⁽¹⁾</u>	162.93%	23.28%	68.62%
Depreciation, Amortisation & Impairment			
prior period:	28.43%	32.18%	35.17%
2. Infrastructure Backlog Ratio			
<u>Estimated Cost to bring Assets to a Satisfactory Condition</u>			
Total value ⁽³⁾ of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	0.05	0.03	0.08
prior period:	0.00	0.00	0.06
3. Asset Maintenance Ratio			
<u>Actual Asset Maintenance</u>			
Required Asset Maintenance	0.83	0.78	0.82
prior period:	0.93	0.90	0.54
4. Capital Expenditure Ratio			
<u>Annual Capital Expenditure</u>			
Annual Depreciation	1.12	0.38	1.06
prior period:	0.70	0.73	1.15

Notes

⁽¹⁾ General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

⁽²⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

⁽³⁾ Written down value

Tweed Shire Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2014

\$'000	Actual ⁽¹⁾ 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16	Forecast ⁽³⁾ 16/17	Forecast ⁽³⁾ 17/18	Forecast ⁽³⁾ 18/19	Forecast ⁽³⁾ 19/20	Forecast ⁽³⁾ 20/21	Forecast ⁽³⁾ 21/22	Forecast ⁽³⁾ 22/23	Forecast ⁽³⁾ 23/24
(i) OPERATING BUDGET											
Income from continuing operations	204,358	181,908	170,492	179,531	187,697	198,306	225,589	216,691	230,176	242,751	255,044
Expenses from continuing operations	180,164	166,773	171,176	177,043	181,096	185,967	191,833	197,855	205,120	211,896	218,353
Operating Result from Continuing Operations	24,194	15,135	(684)	2,488	6,601	12,339	33,756	18,836	25,056	30,855	36,691
(ii) CAPITAL BUDGET											
New Capital Works ⁽²⁾	13,658	15,975	10,179	13,233	5,562	11,354	9,052	12,412	27,308	19,117	59,976
Replacement/Refurbishment of Existing Assets	8,124	5,695	776	776	776	776	3,278	776	776	776	776
Total Capital Budget	21,782	21,670	10,955	14,009	6,338	12,130	12,330	13,188	28,084	19,893	60,752
Funded by:											
– Loans	997	5,376	776	776	776	776	776	776	776	776	776
– Asset sales	-	-	-	-	-	-	-	-	-	-	-
– Reserves	4,409	8,175	2,239	5,815	443	459	3,973	492	8,068	8,373	29,988
– Grants/Contributions	15,076	4,269	2,239	5,815	444	459	3,972	492	8,067	8,373	29,988
– Recurrent revenue	-	3,850	5,701	1,603	4,675	10,436	3,609	11,428	11,173	2,371	-
– Other	1,300	-	-	-	-	-	-	-	-	-	-
	21,782	21,670	10,955	14,009	6,338	12,130	12,330	13,188	28,084	19,893	60,752

Notes:

(1) From 13/14 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.

Tweed Shire Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2015

\$'000		Calculation 2013/14	Calculation 2014/15
Notional General Income Calculation ⁽¹⁾			
Last Year Notional General Income Yield	a	53,521	53,521
Plus or minus Adjustments ⁽²⁾	b	(1,772)	280
Notional General Income	c	51,749	53,801
Permissible Income Calculation			
Special variation percentage ⁽³⁾	d		
or Rate peg percentage	e	3.40%	2.30%
or Crown land adjustment incl. rate peg percentage	f		
less expiring Special variation amount	g	-	-
plus Special variation amount	h = c x d	-	-
or plus Rate peg amount	i = c x e	1,759	1,237
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	53,509	55,039
plus (or minus) last year's Carry Forward Total	l	12	(0)
less Valuation Objections claimed in the previous year	m	-	-
sub-total	n = (l + m)	12	(0)
Total Permissible income	o = k + n	53,521	55,039
less Notional General Income Yield	p	53,521	55,220
Catch-up or (excess) result	q = o - p	(0)	(181)
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	-	183
less Unused catch-up ⁽⁵⁾	s	-	-
Carry forward to next year	t = q + r - s	(0)	2

Notes

- ¹ The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- ² Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- ³ The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- ⁴ Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- ⁵ Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.



**TWEED SHIRE COUNCIL
SPECIAL SCHEDULE NO 9
INDEPENDENT AUDITORS' REPORT**

REPORT ON SPECIAL SCHEDULE NO 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Tweed Shire Council for the year ending 30 June 2015.

Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 22. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Ref: Z.10.16

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Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, Special Schedule No. 9 of Tweed Shire Council for 2014/15 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

Basis of Accounting

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.

THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS

Per:

A handwritten signature in dark ink, appearing to read 'A J Bradfield', is written over a horizontal dotted line. The signature is stylized and extends upwards and to the right.

A J BRADFIELD (Partner)

Dated at Murwillumbah this 27th day of October 2014.



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