Surf Coast Shire Council
Annual Financial Report
For the Year Ended 30 June 2014

Surf Coast Shire Council
Financial Report
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Comprehensive Income Statement
For the Year Ended 30 June 2014

	Note	2014 $'000	2013 $'000
Income			
Rates and charges	2	40,086	37,761
Statutory fees and fines	3	619	397
User fees	4	7,002	5,825
Contributions - cash	6 (a)	3,133	2,510
Contributions - non-monetary assets	6 (b)	5,303	1,400
Grants - Operating (recurrent)	5	4,240	5,593
Grants - Operating (non-recurrent)	5	620	993
Grants - Capital (recurrent)	5	-	-
Grants - Capital (non-recurrent)	5	4,120	4,883
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	7	(30)	(36)
Other income	8	925	1,040
Share of net surplus/(loss) of Geelong Regional Library Corporation	15	9	20
Total income		**66,027**	**60,386**
Expenses			
Employee costs	9	(22,574)	(20,501)
Materials and services	10	(21,575)	(18,661)
Bad and doubtful debts	11	(129)	(69)
Depreciation and amortisation	12	(9,445)	(9,744)
Borrowing costs	13	(1,199)	(1,257)
Other expenses	14	(7,959)	(4,967)
Total expenses		**(62,881)**	**(55,199)**
Surplus/(deficit) for the year		**3,146**	**5,187**
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Impairment of fire impacted infrastructure		-	-
Net asset revaluation increment(decrement)		-	7,496
Share of other comprehensive income of associates and joint ventures accounted for by the equity method		-	-
Total comprehensive result		**3,146**	**12,683**

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

Balance Sheet
As at 30 June 2014

	Note	2014 $'000	2013 $'000
Assets			
Current assets			
Cash and cash equivalents	16	14,744	13,316
Trade and other receivables	17	3,015	3,140
Financial assets	18	2,000	4,200
Inventories	19	302	306
Non-current assets classified as held for sale	20	430	430
Other assets	21	198	134
Total current assets		**20,689**	**21,526**
Non-current assets			
Trade and other receivables	17	644	335
Investments in regional library corporation	15	589	580
Financial assets	18	1,500	2,500
Property, infrastructure, plant and equipment	22	384,413	375,577
Total non-current assets		**387,146**	**378,992**
Total assets		**407,835**	**400,518**
Liabilities			
Current liabilities			
Trade and other payables	23	4,308	4,554
Trust funds and deposits	24	1,199	1,030
Provisions	25	4,777	5,430
Interest-bearing loans and borrowings	26	542	627
Total current liabilities		**10,826**	**11,641**
Non-current liabilities			
Provisions	25	14,644	9,117
Interest-bearing loans and borrowings	26	16,101	16,643
Total non-current liabilities		30,745	25,760
Total liabilities		**41,571**	**37,401**
Net Assets		**366,264**	**363,117**
Equity			
Accumulated surplus		186,118	183,144
Reserves	27	180,146	179,973
Total Equity		**366,264**	**363,117**

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

Statement of Changes in Equity
For the Year Ended 30 June 2014

2014	**Note**	**Total 2014 $'000**	**Accumulated Surplus 2014 $'000**	**Revaluation Reserve 2014 $'000**	**Other Reserves 2014 $'000**
Balance at beginning of the financial year		363,117	183,144	178,488	1,485
Comprehensive result		3,146	3,146	-	-
Net asset revaluation increment(decrement)	27(a)	-	-	-	-
Transfers to other reserves	27(b)	-	260	-	(260)
Transfers from other reserves	27(b)	-	(432)	-	432
Balance at end of the financial year		**366,264**	**186,118**	**178,488**	**1,658**

2013		**2013 $'000**	**Accumulated Surplus 2013 $'000**	**Revaluation Reserve 2013 $'000**	**Other 2013 $'000**
Balance at beginning of the financial year		350,434	178,260	170,992	1,182
Comprehensive result		12,683	5,187	7,496	-
Net asset revaluation increment(decrement)	27(a)	-	-	-	-
Transfers to other reserves	27(b)	-	193	-	(193)
Transfers from other reserves	27(b)	-	(496)	-	496
Balance at end of the financial year		**363,117**	**183,144**	**178,488**	**1,485**

The above statement of changes in equity should be read with the accompanying notes.

Statement of Cash Flows
For the Year Ended 30 June 2014

	Note	2014 Inflows/ (Outflows) $'000	2013 Inflows/ (Outflows) $'000
Cash flows from operating activities			
Rates		39,902	37,880
Statutory fees and fines		504	337
User charges and other fines (inclusive of GST)		7,323	6,890
Grants (inclusive of GST)		9,030	11,392
Developer contributions (inclusive of GST)		3,133	2,594
Interest		925	1,040
Net GST refund/payment		2,999	3,474
Payments to suppliers (inclusive of GST)		(24,933)	(25,962)
Payments to employees		(24,212)	(21,259)
Net cash provided by (used in) operating activities	28	**14,671**	**16,386**
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	42	(15,205)	(14,695)
Proceeds from sale of property, infrastructure, plant and equipment		419	1,756
Other financial assets		3,200	4,850
Net cash provided by (used in) investing activities		**(11,586)**	**(8,089)**
Cash flows from financing activities			
Finance costs		(1,199)	(1,257)
Repayment of borrowings		(627)	(1,190)
Trust funds and deposits		169	7
Net cash provided by (used in) financing activities		**(1,657)**	**(2,440)**
Net increase (decrease) in cash and cash equivalents		1,428	5,857
Cash and cash equivalents at the beginning of the financial year		13,316	7,459
Cash and cash equivalents at the end of the financial year	29	**14,744**	**13,316**
Financing arrangements	30		
Restrictions on cash assets	31		

The above cash flow statement should be read with the accompanying notes.

Introduction

(a) The Surf Coast Shire Council was established by an Order of the Governor in Council on 9 March 1994 and is a body corporate.
The Council's main office is located at 1 Merrijig Drive Torquay.

(b) The purpose of the Council is to:
- provide for the peace, order and good government of its municipal district;
- to promote the social, economic and environmental viability and sustainability of the municipal district;
- to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
- to improve the overall quality of life of people in the local community;
- to promote appropriate business and employment opportunities;
- to ensure that services and facilities provided by the Council are accessible and equitable;
- to ensure the equitable imposition of rates and charges; and
- to ensure transparency and accountability in Council decision making.

The following information could also be provided here:
External Auditor - Auditor-General of Victoria
Internal Auditor - Grant Thornton
Solicitors - Harwood Andrews
Bankers - Commonwealth Bank of Australia
Website address - www.surfcoast.vic.gov.au

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989, and the Local Government (Finance and Reporting) Regulations 2004.

Note 1 Significant accounting policies

(a) Basis of accounting

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(h), 1(j), 1(l), 1(t), 1(x) and 1(y).

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, have been included in this financial report. All transactions between these entities and the Council have been eliminated in full. Details of entities not included in this financial report based on their materiality are detailed in note 43.

Note 1 Significant accounting policies (cont.)

(b) Change in accounting policies

AASB 13 Fair Value Measurement

Council has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements. The fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other A-IFRS require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 Share-based Payment, leasing transactions that are within the scope of AASB 17 Leases, and measurements that have some similarities to fair value but not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, Council has not made any new disclosures required by AASB 13 for the 2012 comparative period (please see note 22 for disclosures).

Other than the additional disclosures, the application of AASB 13 has not had any material impact on the amounts recognised in the financial statements.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

AASB 119 Employee benefits

In the current year, Council has applied AASB 119 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time. AASB 119 changes the definition of short-term employee benefits. These were previously benefits that were due to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified by Council as short-term benefits no longer meet this definition and are now classified as long-term benefits. This has resulted in a change of measurement for that portion of annual leave provision from an undiscounted to discounted basis.

This change in classification has not materially altered Councils measurement of the annual leave provision.

Note 1 Significant accounting policies (cont.)

(c) Revenue recognition

Rates, grants and contributions

Rates, 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 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 doubtful debts on rates has not been established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold.

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

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and 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 5. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

User fees and fines

User fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for doubtful debts is recognised when collection in full is no longer probable.

Sale of property, plant and equipment, infrastructure

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

Rental

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

Interest

Interest is recognised as it is earned.

Dividends

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

Other Income

Other income is measured at the fair value of the consideration received or receivable and is recognosed when Council gains control over the right to receive the income.

Note 1 Significant accounting policies (cont.)

(d) Trade and other receivables and inventories

Trade receivables

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

Inventories

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

(e) Depreciation and amortisation of property, plant and equipment, infrastructure, intangibles

Buildings, land improvements, plant and equipment, infrastructure, heritage assets, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

Artworks are not depreciated.

Straight line depreciation is charged based on the residual useful life as determined each year.

Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:

Property	
buildings	20-150 years
Plant and equipment	
plant, machinery and equipment	2-15 years
furniture, equipment and computers	3-10 years
Infrastructure	
road pavements and other structures	5-130 years
drainage	80-150 years
passive recreation facilities	10-50 years
street furniture	5-40 years

(f) Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

(g) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges.

Note 1 Significant accounting policies (cont.)

(h) Recognition and measurement of assets

Acquisition

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

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

The following classes of assets have been recognised in note 22.
In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

	Threshold **$'000**
Property	
land	5
land under roads	5
buildings	5
Plant and equipment	
plant, machinery and equipment	1
furniture, equipment and computers	1
Infrastructure	
road pavements and other structures	5
drainage	5
passive recreation facilities	5
street furniture	10

Note 1 Significant accounting policies (cont.)

(h) Recognition and measurement of assets (cont.)

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 22 Property Plant and Equipment.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 3 years. The valuation is performed either by experienced council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Land under roads

Land under roads acquired after 30 June 2008 is brought to account using a cost basis. Council does not recognise land under roads that it controlled prior to that period in its financial report. Council recognises land under roads it controls at fair value.

(i) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities within three months of balance date, net of outstanding bank overdrafts.

(j) Financial assets

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

(k) Investments

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

(l) Accounting for investments in associates

Council's investment in associates is accounted for by the equity method as the Council has the ability to influence rather than control the operations of the entities. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in the Council's share of the net assets of the entities. The Council's share of the financial result of the entities is recognised in the comprehensive income statement.

Note 1 Significant accounting policies (cont.)

(m) Tender deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 24).

(n) Employee benefits

The calculation of employee benefits includes all relevant on-costs and are calculated as follows at reporting date.

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.
Current Liability - unconditional LSL representing 7 years is disclosed as a current liability even when the council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at :
- present value - component that is not expected to be settled within 12 months.
- nominal value - component that is expected to be settled within 12 months.

Non-current liability - conditional LSL representing less than 7 years is disclosed as a non - current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Gain or loss following revaluation of the present value of non-current LSL liability due to changes in bond interest rates is recognised as an other economic flow.

(i) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The council recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(ii) Employee benefits on-costs
Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and long service leave accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

Note 1 Significant accounting policies (cont.)

(o) Leases

Operating leases

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

(p) Allocation between current and non-current

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

(q) Agreements equally proportionately unperformed

The Council does not recognise assets and liabilities arising from agreements that are equally proportionately unperformed in the balance sheet. Such agreements are recognised on an 'as incurred' basis.

(r) Web site costs

Costs in relation to websites are charged as an expense in the period in which they are incurred.

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(t) Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

Note 1 Significant accounting policies (cont.)

(u) Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars. Figures in the financial statement may not equate due to rounding.

(v) Non-current assets held for sale

A non-current asset held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

(w) Provision for landfill rehabilitation

Financial assurance is required to be provided to the Environment Protection Authority under the Environment Protection Act 1970 in relation to the future remediation, rehabilitation and site aftercare of operating Council landfill sites. Financial assurance for potential remedial action is recognised as a contingent liability (Refer to Note 35). Financial assurance for future rehabilitation and site aftercare is provided through future planned capital works over the life of the Anglesea and Deans Marsh landfills and subsequent planned site aftercare, and this obligation is recognised as a liability and measured at the present value of planned future cash outflows (Refer to Note 25).

(x) Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate. In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

(y) Contingent assets and contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of note and presented inclusive of the GST payable.

(z) Pending Accounting Standards

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

Note 1 (z) (cont)

Pronouncement	Summary	Application Date	Impact on Council
AASB 9 Financial Instruments	AASB 9 standard is one of a series of amendments that are expected to eventually completely replace AASB 139. During 2010-11, the standard will be expanded to include new rules on measurement of financial liabilities and hedge accounting. Currently the existing provisions of AASB 139 will continue to apply in these areas. AASB 9 simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value – the 'available for sale' and 'held-to-maturity' categories no longer exists. AASB 9 also simplifies requirements for embedded derivatives and removes the tainting rules associated with held-to-maturity assets. The new categories of financial assets are: • Amortised cost – those assets with 'basic' loan features'. • Fair value through other comprehensive income - this treatment is optional for equity instruments not held for trading (this choice is made at initial recognition and is irrevocable). • Fair Value through profit and Loss - everything that does not fall into the above two categories. The following changes also apply: • Investments in unquoted equity instruments must be measured at fair value. However, cost may be the appropriate measure of fair value where there is insufficient more recent information available to determine a fair value. • There is no longer any requirement to consider whether 'significant or prolonged' decline in the value of financial assets has occurred. The only impairment testing will be on those assets held at amortised cost, and all impairments will be eligible for reversal. Similarly, all movements in the fair value of a financial asset now go to the income statement, or, for equity instruments not held for trading, other comprehensive income. There is no longer any requirement to book decrements through the income statement, and increments through equity.	1-Jul-15	The impact is likely to be minimal for Council. It will create a requirement to measure some term deposits as financial instruments annually that has not previously existed. This is not expected to led to any material difference in carry values or volatility in the income statement.

Note 1 (z) (cont)

Pronouncement	Summary	Application Date	Impact on Council
AASB 10 Consolidated Financial Statements	This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities. The AASB has issued an exposure draft ED 238 Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors. This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities. The AASB has issued an exposure draft ED 238 Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.	1-Jul-14	The AASB have finalised deliberations on ED 238 and any modifications made to AASB 10 for not-for-profit entities, Council will need to re-assess the nature of its relationships with other entities, including those that are currently not consolidated.
AASB 11 Joint Arrangements	This Standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.	1-Jul-14	The AASB have finalised deliberations and any modifications made to AASB 11 for not-for-profit entities, Council will need to assess the nature of arrangements with other entities in determining whether a joint arrangement exists in light of AASB 11.
AASB 12 Disclosure of Interests in Other Entities	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 131 Interests in Joint Ventures. The exposure draft ED 238 proposes to add some implementation guidance to AASB 12, explaining and illustrating the definition of a 'structured entity' from a not-for-profit perspective.	1-Jul-14	Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from AASB 10, AASB 11 and AASB 128 Investments in Associates and Joint Ventures.

Note 1 (z) (cont)

Pronouncement	Summary	Application Date	Impact on Council
AASB 127 Separate Financial Statements	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1-Jul-14	The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities.
AASB 128 Investments in Associates and Joint Ventures	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1-Jul-14	The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities.
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounts Standard arising from Reduced Disclosure Requirements	These standards set out the tiers of financial reporting and the reduced disclosure framework.	1-Jul-14	Council has yet to determine the impact of this standard

		2014 $'000	2013 $'000
Note 2	**Rates and charges**		

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the total market value of the land and buildings and other improvements.

The valuation base used to calculate general rates for 2013/14 was $12,632 million (2012/13 $12,456 million). The 2013/14 rate in the dollar was 0.0023036 (2012/13, 0.0022106).

	2014 $'000	2013 $'000
Residential	24,285	22,941
Commercial	2,653	2,425
Vacant land	2,614	2,063
Farm/Rural	1,679	1,797
Municipal charge	3,515	3,281
Garbage charge	5,340	5,254
	40,086	**37,761**

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2014, and the valuation will be first applied in the rating year commencing 1 July 2014

The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2012, and the valuation first applied to the rating period commencing 1 July 2012.

Note 3 Statutory fees and fines

	2014 $'000	2013 $'000
Planning application fees	232	181
Supervision and plan checking of subdivision fees	269	111
Other fees and charges	118	105
	619	**397**

Note 4 User fees

		2014 $'000	2013 $'000
(a)	Fees	2,578	2,317
	Penalties/fines	605	668
	Charges	3,819	2,840
		7,002	**5,825**

(b) Ageing analysis of contractual receivables

Please refer to table in Note 36 entitled Ageing of Trade and Other Renewables for the ageing analysis of contractual receivables.

		2014 $'000	2013 $'000
Note 5	**Grants**		
	Grants were received in respect of the following :		
	Summary of grants		
	Federally funded grants	1,170	1,398
	State funded grants	7,764	10,011
	Others	46	60
	Total	**8,980**	**11,469**
	Recurrent		
	Operating		
	Victoria Grants Commission 2013/14 advance payment - unallocated	-	1,774
	Victoria Grants Commission - general purpose	1,065	1,002
	Home and community care	977	941
	Victoria Grants Commission - local roads	719	621
	Kindergartens	471	316
	Maternal and child health	218	215
	Commonwealth aged care package services	215	213
	Commonwealth respite care	99	104
	State Emergency Services	32	53
	Rural Access Services	47	46
	Youth services	45	45
	Family day care	63	44
	Recreation centres	38	42
	Meals on wheels services	69	40
	Aged and disability services	48	35
	School crossing supervisors	35	31
	Fleet management	14	25
	Senior citizens	35	24
	Other	50	22
	Capital		
	Other	-	-
	Total recurrent	4,240	5,593
	Non-recurrent		
	Operating		
	Municipal emergency management	240	328
	Environmental management	20	174
	Community development and planning	-	128
	Strategic planning	25	100
	Positive ageing	18	98
	Recreational, youth and cultural services	57	56
	Early years	-	51
	Publications and publicity design support	38	34
	Tourism	13	15
	Paraparap regional cycling facility	1	9
	Growing Winchelsea Placemaking Strategy	108	-
	Streetlife - Revitalise Rural Retail	40	-
	Other	60	-

	2014 $'000	2013 $'000
Capital		
Spring Creek Reserve pavilion	-	1,000
Winchelsea - Atkins Rd pavement widening	-	720
Torquay SES Building	-	642
Messmate / Coombes Rd intersection upgrade	-	330
Anglesea Riverbank master plan upgrade	10	301
Jan Juc Kindergarten redevelopment	-	300
Re-seal program for local roads	230	283
Torquay Horseshoe Bend Rd widening Stage 2	175	280
Anglesea Football Club pavilion redevelopment	-	250
Surf Coast Shire town parks upgrade	-	193
Surf Coast Walk	-	150
Deans Marsh bore	-	105
Aireys Inlet Fairhaven link upgrade	-	76
Lorne Visitor Information Centre extension	60	63
Bells Beach master plan	-	53
Winchelsea skate park	5	43
Winchelsea School traffic management	-	35
Erosion mitigation - Bells Beach stairs	-	29
Torquay Library refurbishment	-	20
Torquay Nth Early Learning Centre Design	1,600	-
Mount Moriac Res Master Plan - Stage 1	585	-
Winchelsea Larcombes Road Renewal	400	-
Regional Bike Route through Torquay	300	-
Modewarre Church Road Culvert Replacement	273	-
Anglesea Catchment Upgrade	161	-
Bellbrae Primary School Traffic Management	109	-
Lorne Stribling Reserve Drainage and Oval	90	-
Aireys Inlet Skate Park Upgrade	54	-
Road Safety Project CAP EX	34	-
Other	34	10
Total non-recurrent	4,740	5,876

	2014 $'000	2013 $'000
Conditions on grants		
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
Jan Juc Kindergarten redevelopment	-	300
Surf Coast Shire town parks upgrade	-	193
Surf City master plan	-	100
Lorne Vistor Information Centre extension	60	63
Home and community care minor capital	-	50
Torquay Nth Early Learning Centre Design	1,600	-
Mount Moriac Res Master Plan - Stage 1	585	-
Winchelsea Larcombes Road Renewal	400	-
Regional Bike Route through Torquay	300	-
Modewarre Church Road Culvert Replacement	273	-
Anglesea Catchment Upgrade	161	-
Bellbrae Primary School Traffic Management	110	-
Growing Winchelsea Placemaking Strategy	108	-
Lorne Stribling Reserve Drainage and Oval	90	-
Aireys Inlet Skate Park Upgrade	54	-
Streetlife - Revitalise Rural Retail	40	-
Road Safety Project CAP EX	35	-
Winchelsea Common CCMA Plains Tender	21	-
Coastal Printz - Graffiti Prevent/Remove	15	-
Eastern Res. clubrooms solar hot water	14	-
Other	41	-
	3,907	706
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
Community and Civic Precinct sports facilities	-	(1,331)
Anglesea Football Club pavilion redevelopment	-	(200)
Anglesea Riverbank master plan upgrade	(10)	(46)
	(10)	(1,577)
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	**3,897**	**(871)**

Note 6 Contributions

	2014 $'000	2013 $'000
(a) Cash		
Developer Contributions	1,172	711
Open Space	426	495
State Revenue Office valuation fees	20	124
Family day care service recoupments	266	220
Other recoupments	1,249	960
	3,133	2,510
(b) Non-monetary assets		
Land under roads	811	219
Roads	2,759	654
Drainage	1,733	435
Passive recreation facilities	-	92
Parking	-	-
Other	-	-
	5,303	1,400
Total contributions	**8,436**	**3,910**

		2014	2013
		$'000	$'000
Note 7	**Net gain/(loss) on disposal of property, infrastructure, plant and equipment**		
	Proceeds of sale	419	1,756
	Write down value of assets disposed	(449)	(1,792)
	Total	**(30)**	**(36)**
Note 8	**Other income**		
	Interest	795	904
	Interest on rates	130	136
	Total other income	**925**	**1,040**
Note 9	**Employee costs**		
	Wages and salaries	18,762	16,937
	Casual staff	748	856
	Superannuation	1,731	1,585
	Superannuation - additional defined benefit contribution	-	(46)
	Fringe benefits tax and work cover	642	544
	Training	468	404
	Recruitment	68	92
	Other costs	155	129
	Total employee costs	**22,574**	**20,501**
Note 10	**Materials and services**		
	Subcontract labour and services	11,485	8,532
	Utilities	1,079	1,007
	Materials	1,116	1,338
	Contributions	1,249	1,372
	Insurances	603	594
	Consultants	2,473	2,160
	Printing and publications	430	406
	Equipment rental	192	192
	Royalties	813	804
	Agency fees	196	190
	Software and hardware	608	674
	Retail stocks	292	296
	Fuel	719	684
	Other	320	412
	Total materials and services	**21,575**	**18,661**
Note 11	**Bad and doubtful debts**		
	Infringement debtors	115	60
	Other debtors	14	9
	Total bad and doubtful debts	**129**	**69**
Note 12	**Depreciation and amortisation**		
	Property		
	Property		
	Buildings	1,570	1,590
	Plant and equipment		
	Plant, machinery and equipment	726	637
	Furniture, equipment and computers	516	467
	Infrastructure		
	Roads	4,734	4,827
	Drainage	647	642
	Passive recreational facilities	1,098	1,360
	Street furniture	154	221
	Total depreciation and amortisation	**9,445**	**9,744**

		2014 $'000	2013 $'000
Note 13	**Borrowing costs**		
	Interest - Borrowings	1,199	1,257
	Total finance costs	**1,199**	**1,257**
Note 14	**Other expenses**		
	Auditors' remuneration	32	31
	Councillors' allowances	276	277
	Operating lease rentals	740	901
	Future landfill rehabilitation	5,134	2,572
	Assets transferred to Department of Sustainability & Environment/Country Fire Authority	497	106
	Write off roads	250	925
	Asset write off other	57	110
	Write off of work in progress assets	973	45
	Other	-	-
	Total other expenses	**7,959**	**4,967**
Note 15	**Investment in Geelong Regional Library Corporation**		
	Investments in associates accounted for by the equity method are:	**589**	**580**
	- Geelong Regional Library Corporation		
	Council's share of accumulated surplus(deficit)		
	Council's share of accumulated surplus(deficit) at start of year	580	560
	Reported surplus(deficit) for year	9	20
	Council's share of accumulated surplus(deficit) at end of year	**589**	**580**

		2014 $'000	2013 $'000
Note 16	**Cash and cash equivalents**		
	Cash on hand	5	5
	Cash at bank	14,739	13,311
	Term deposits	-	-
		14,744	**13,316**

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

		2014 $'000	2013 $'000
	- Reserve funds allocated for specific future purposes (Note 31)	1,658	1,485
	- Trust funds and deposits (Note 24)	1,199	1,030
	Restricted Funds	**2,857**	**2,515**
	Total unrestricted cash and cash equivalents	**11,887**	**10,801**
Note 17	**Trade and other receivables**		
	Current		
	Rates debtors	1,602	1,418
	Government grants	104	154
	Infringement debtors	829	770
	Special charge scheme debtors	26	39
	Private works debtors	19	42
	Sundry debtors	440	667
	Provision for doubtful debts	(154)	(131)
	Net GST receivable	149	181
		3,015	3,140
	Non-current		
	Special charge scheme debtors	644	335
		644	335
	Total	**3,659**	**3,475**
Note 18	**Financial assets**		
	Current		
	Term deposits at fair value	**2,000**	**4,200**
	Non-current		
	Term deposits at fair value	**1,500**	**2,500**
	Total financial assets	**3,500**	**6,700**
Note 19	**Inventories**		
	Inventories held for operations	242	242
	Inventories held for sale	60	64
	Total inventories	**302**	**306**
Note 20	**Assets held for sale**		
	Cost of acquisition	430	430
	Total	**430**	**430**
Note 21	**Other assets**		
	Prepayments	29	-
	Accrued income	169	134
		198	**134**

Note 22 Property, infrastructure, plant and equipment

	2014 $'000	2013 $'000
Summary		
at cost	59,925	42,225
at fair value as at 30 June 2009	951	951
at fair value as at 31 December 2011	9,325	9,325
at fair value as at 30 June 2012	227,701	227,701
at fair value as at 1 July 2012	178,078	178,602
at fair value as at 30 June 2013	54,347	54,347
	530,327	**513,151**
Less accumulated depreciation	(145,914)	(137,574)
Total	**384,413**	**375,577**
Property		
Land		
at cost	-	-
at fair value as at 1 July 2012	101,467	101,467
at fair value as at 30 June 2014	-	-
	101,467	**101,467**

The valuation of land is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Valuation of land was undertaken by qualified independent valuer, Opteon at 1 July 2012. All freehold land reserved for public open space is valued at discounted fair value.

	2014 $'000	2013 $'000
Land under roads		
at cost	2,714	1,903
at fair value as at 30 June 2014	-	-
	2,714	**1,903**

Land under roads acquired after 30 June 2008 is valued at deemed cost on acquisition. The valuation of land under roads was undertaken by qualified independent valuer, Opteon using site values adjusted for englobo (underdeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. Granted land under road assets were received during 2013/14 at cost by developers relating to completed subdivision works at cost of $811,000

	2014 $'000	2013 $'000
Total Land	**104,181**	**103,370**
Buildings		
at cost	9,163	6,944
at fair value as at 1 July 2012	76,611	77,135
at fair value as at 30 June 2014	-	-
Less accumulated depreciation	(32,972)	(31,402)
Total buildings	**52,802**	**52,677**

The valuation of buildings is at fair value based on market value and current replacement cost less accumulated depreciation at the date of valuation. Valuation of buildings was undertaken by qualified valuer, Opteon on 1 July 2012.

	2014 $'000	2013 $'000
Total Property	**156,983**	**156,047**

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2014 are as follows:

2014	Significant observable inputs Level 2 $'000	Significant unobservable inputs - Level 3 $'000
Land - Specialised		69,511
Land - Non Specialised	31,756	
Land Under Roads		2,714
Heritage - Land		200
Buildings - Specialised		48,985
Buildings - Non Specialised	3,058	
Heritage Buildings		759
Total	**34,814**	**122,169**

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

	2014 $'000	2013 $'000
Plant and Equipment		
Plant, machinery and equipment		
at cost	6,792	5,957
Less accumulated depreciation	(2,476)	(2,420)
Total plant machinery and equipment	**4,316**	**3,537**
Fixtures, equipment and computers		
at cost	2,687	2,586
at fair value as at 30 June 2009	951	951
at fair value as at 30 June 2014	-	-
Less accumulated depreciation	(1,772)	(1,465)
Total furniture, equipment and computers	**1,866**	**2,072**

The valuation of furniture, equipment and computers is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. Valuation of furniture, equipment and computers was undertaken by the Information Services Manager, Mr Neil McQuinn B.Sc on 30 June 2009. The measurement of plant and machinery is at cost less accumulated depreciation and impairment (if any).

Total Plant and Equipment	**6,182**	**5,609**

	2014 $'000	2013 $'000
Infrastructure		
Roads		
at cost	12,111	5,196
at fair value as at 30 June 2012	222,787	222,787
at fair value as at 30 June 2014	-	-
Less accumulated depreciation	(80,042)	(75,467)
Total roads	**154,856**	**152,516**

The valuation of roads pavements and other structures is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. Valuation of roads pavements and other structures was undertaken by independent valuer, Mr Peter Maloney, Director of Maloney Asset systems and the contracts and capital works engineer, Mr John Bertoldi B E (Civil) on 30 June 2012. Granted roads, pavements and other structure assets were received during 2013/14 at cost by developers relating to completed subdivision works at cost of $2,759,000

	2014 $'000	2013 $'000
Drainage		
at cost	5,216	2,629
at fair value as at 30 June 2013	54,347	54,347
at fair value as at 30 June 2014	-	-
Less accumulated depreciation	(16,205)	(15,558)
Total drainage	**43,358**	**41,418**

Valuation of drainage is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. Valuation of drainage was undertaken by the contracts and capital works engineer, Mr John Bertoldi B E (Civil) on 30 June 2013. Granted drainage assets were received during 2013/14 relating to completed subdivision works by developers and valued at cost of $1,733,000

	2014 $'000	2013 $'000
Passive recreation facilities		
at cost	14,700	12,282
at fair value as at 31 December 2011	9,325	9,325
at fair value as at 30 June 2014	-	-
Less accumulated depreciation	(10,588)	(9,557)
Total passive recreation facilities	**13,437**	**12,050**

The valuation of passive recreation facilities is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. Valuation of passive recreation facilities was undertaken by the contracts and capital works engineer, Mr John Bertoldi BE (Civil) on 31 December 2011. Granted passive recreation assets were received during 2013/14 relating to completed subdivision works by developers and valued at cost of $529,000

	2014 $'000	2013 $'000
Note 22 Property, infrastructure, plant and equipment (cont)		
Street furniture		
at cost	1,273	321
at fair value as at 30 June 2012	4,914	4,914
at fair value as at 30 June 2014	-	-
Less accumulated depreciation	(1,859)	(1,705)
Total street furniture	**4,328**	**3,530**

The valuation of street furniture is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. Valuation of street furniture was undertaken by the contracts and capital works engineer, Mr John Bertoldi B E (Civil) on 30 June 2012.

	2014	2013
Total Infrastructure	**215,979**	**209,514**

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2014 are as follows:

2014	Significant unobservable inputs -Level 3 $'000
Roads	154,856
Drainage	43,358
Recreation facilities & Street Furniture	17,765
Total	**215,979**

	2014	2013
Works in progress		
Land	-	-
Buildings	1,027	213
Road pavements and other structures	2,752	3,914
Drainage	684	137
Furniture, equipment and computers	304	105
Street furniture	18	7
Passive recreation facilities	484	31
Total Works in progress	**5,269**	**4,407**
Total property, infrastructure, plant and equipment	**384,413**	**375,577**

Non -specialised land, non-specialised buildings

Non-specialised land and non-specialised buildings are valued using the market based direct comparison method. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by Opteon to determine the fair value using the market based direct comparison method. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 1st July 2012.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market based direct comparison approach.

Specialised land and specialised buildings

The market based direct comparison method is also used for specialised land although is adjusted to reflect the specialised nature of the assets being valued. For Council specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. Specialised assets contain significant, unobservable adjustments, therefore these assets are classified as Level 3 fair value measurements.

An adjustment is made to reflect a restriction on the sale or use of an asset by Council. The adjustment is an allowance made to reflect the difference in value between unrestricted assets and those held by the Council which are impacted by external restraints on their use.

An independent valuation of Council's specialised land and specialised buildings was performed by Opteon. The valuation was performed using either the market based direct comparison method or depreciated replacement cost, adjusted for restrictions in use. The effective date of the valuation is 1st July 2012.

Land Under Roads

Land under roads is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

2014 $'000 2013 $'000

Infrastructure

Infrastructure is valued using the depreciated replacement cost method. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the property to an "as new" standard. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable.

Infrastructure assets contain significant unobservable adjustments, therefore these assets are classified as Level 3.

There were no changes in valuation techniques throughout the period to 30 June 2014.

For all assets measured at fair value, the current use is considered the highest and best use.

Reconciliation of Level 3 Fair Value

A reconcilation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

2014	Specialised Land	Specialised Buildings	Heritage Land & Buildings	Land Under Roads	Roads	Drainage	Recreation Facilities & Street Furniture
Opening Balance	69,511	48,704	931	2,714	152,516	41,418	15,580
Depreciation	0	(1,414)	(28)	0	(4,575)	(647)	(1,184)
Impairment Loss	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Acquisitions	0	2,219	0	0	7,324	2,587	3,463
Disposals	0	(524)	0	0	(409)	0	(94)
Transfers	0	0	0	0	0	0	0
Closing Balance	69,511	48,985	959	2,714	154,856	43,358	17,765

Description of unobservable inputs into level 3 valuations

Asset Category	Valuation Technique	Significant Unobservable In	Expected Range	Sensitivity
Specialised Land	Market based direct comparison approach	Extent and Impact of restriction of use	Varies significantly from asset to asset. $0.21 - $1,285 per sq metre	Increase or decrease in the extent of restriction would result in a significantly lower or higher fair value
Specialised Buildings	Market based direct comparison approach	Direct cost per square metre. Useful life of specialised buildings Asset Condition Useful Life Residual value	Varies significantly from asset to asset. Very poor to excellent condition 25-100 years 80%	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value
Heritage Land and Buildings	Depreciated Replacement Cost	Extent and Impact of restriction of use Asset Condition Useful Life Residual value	Varies significantly from asset to asset. Very poor to excellent condition 1-50 years 0% - 80%	Increase or decrease in the extent of restriction would result in a significantly lower or higher value
Land Under Roads	Market based direct comparison approach	Extent and Impact of restriction of use	$2- $233 per sq metre	Significant changes in gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.
Infrastructure	Depreciated Replacement Cost	Cost per unit. Useful life of Infrastructure	Varies significantly from asset to asset Very poor to excellent condition 2-100 years 0% to 100%	Significant changes in gross replacement value, asset condition, pattern of consumption effecting the remaining useful life or residual value would result in significant changes to fair value measurement.

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

2014	Balance at beginning of financial year $'000	Acquisition of assets $'000	Revaluation increments (decrements) (note 27) $'000	Depreciation and amortisation (note 12) $'000	Replaced Assets $'000	Derecognised Assets $'000	Written down value of disposals $'000	Granted Assets $'000	Transfers $'000	Balance at end of financial year $'000
Property										
land	101,467	-	-	-	-	-	-	-	-	101,467
land under roads	1,903	-	-	-	-	-	-	811	-	2,714
Total land	103,370	-	-	-	-	-	-	811	-	104,181
buildings	52,677	1,812	-	(1,570)	(524)	-	-	-	407	52,802
Total buildings	52,677	1,812	-	(1,570)	(524)	-	-	-	407	52,802
Total property	156,047	1,812	-	(1,570)	(524)	-	-	811	407	156,983
Plant and Equipment										
plant, machinery and equipment	3,537	1,954	-	(726)	-	-	(449)	-	-	4,316
furniture, equipment and computers	2,072	314	-	(516)	(4)	-	-	-	-	1,866
Total plant and equipment	5,609	2,268	-	(1,242)	(4)	-	(449)	-	-	6,182
Infrastructure										
roads, pavements and other structures	152,516	2,802	-	(4,734)	(250)	-	-	2,759	1,763	154,856
drainage	41,418	841	-	(647)	-	-	-	1,733	13	43,358
passive recreation facilities	12,050	1,983	-	(1,098)	(27)	-	-	-	529	13,437
street furniture	3,530	650	-	(154)	-	-	-	-	302	4,328
Total infrastructure	209,514	6,276	-	(6,633)	(277)	-	-	4,492	2,607	215,979
Works in progress										
land	-	-	-	-	-	-	-	-	-	-
buildings	213	910	-	-	-	(4)	-	-	(92)	1,027
roads, pavements and other structures	3,914	2,722	-	-	-	(922)	-	-	(2,962)	2,752
drainage	137	536	-	-	-	(36)	-	-	47	684
furniture, equipment and computers	105	199	-	-	-	-	-	-	-	304
street furniture	7	18	-	-	-	-	-	-	(7)	18
passive recreation facilities	31	464	-	-	-	(11)	-	-	-	484
Total works in progress	4,407	4,849	-	-	-	(973)	-	-	(3,014)	5,269
Total property, plant and equipment, infrastructure	375,577	15,205	-	(9,445)	(805)	(973)	(449)	5,303	-	384,413

(a) Impairment losses

Impairment losses are recognised in the comprehensive income statement under other expenses.

Reversals of impairment losses are recognised in the comprehensive income statement under other revenue.

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

2013	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 27)	Depreciation and amortisation (note 12)	Replaced Assets	Derecognised Assets	Written down value of disposals	Granted Assets	Transfers	Balance at end of financial year
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Property										
land	97,081	-	4,468	-	-	-	-	-	(82)	101,467
land under roads	1,602	-	-	-	-	-	-	219	82	1,903
Total land	98,683	-	4,468	-	-	-	-	219	-	103,370
buildings	44,529	3,687	2,794	(1,590)	-	-	-	-	3,257	52,677
Total buildings	44,529	3,687	2,794	(1,590)	-	-	-	-	3,257	52,677
Total property	143,212	3,687	7,262	(1,590)	-	-	-	219	3,257	156,047
Plant and Equipment										
plant, machinery and equipment	3,359	1,305	-	(637)	-	-	(490)	-	-	3,537
furniture, equipment and computers	2,187	357	-	(467)	(5)	-	-	-	-	2,072
Total plant and equipment	5,546	1,662	-	(1,104)	(5)	-	(490)	-	-	5,609
Infrastructure										
roads, pavements and other structures	153,259	3,290	-	(4,827)	(925)	(106)	-	654	1,171	152,516
drainage	39,760	737	234	(642)	-	-	-	435	894	41,418
passive recreation facilities	12,010	1,328	-	(1,360)	(105)	-	-	92	85	12,050
street furniture	3,430	214	-	(221)	-	-	-	-	107	3,530
Total infrastructure	208,459	5,569	234	(7,050)	(1,030)	(106)	-	1,181	2,257	209,514
Works in progress										
land	-	-	-	-	-	-	-	-	-	-
buildings	3,314	156	-	-	-	-	-	-	(3,257)	213
roads, pavements and other structures	1,932	3,340	-	-	-		-	-	(1,358)	3,914
drainage	924	152	-	-	-	(45)	-	-	(894)	137
furniture, equipment and computers	-	105	-	-	-	-	-	-	-	105
street furniture	-	7	-	-	-	-	-	-	-	7
passive recreation facilities	19	17	-	-	-	-	-	-	(5)	31
Total works in progress	6,189	3,777	-	-	-	(45)	-	-	(5,514)	4,407
Total property, plant and equipment, infrastructure	363,406	14,695	7,496	(9,744)	(1,035)	(151)	(490)	1,400	-	375,577

(a) Impairment losses

Impairment losses are recognised in the comprehensive income statement under other expenses.

Reversals of impairment losses are recognised in the comprehensive income statement under other revenue.

		2014 $'000	2013 $'000
Note 23	**Trade and other payables**		
	Trade payables	3,534	1,776
	Defined benefit superannuation call	-	1,675
	Accrued expenses	774	1,103
		4,308	**4,554**
Note 24	**Trust funds and deposits**		
	Refundable building deposits	552	589
	Refundable subdividers deposits	620	354
	Retention amounts	23	79
	Other refundable deposits	4	8
		1,199	**1,030**

Note 25 Provisions

	Annual leave	Long service leave	Landfill restoration	Other	Total
2014	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Balance at beginning of the financial year	1,763	3,523	9,200	61	14,547
Additional provisions	1,351	546	4,835	-	6,732
Amounts used	(1,315)	(177)	(310)	(7)	(1,809)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(15)	(333)	299	-	(49)
Balance at the end of the financial year	**1,784**	**3,559**	**14,024**	**54**	**19,421**
2013					
Balance at beginning of the financial year	1,798	3,399	7,245	67	12,509
Additional provisions	1,167	376	2,436	-	3,979
Amounts used	(1,199)	(206)	(617)	(6)	(2,028)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(3)	(46)	136	-	87
Balance at the end of the financial year	**1,763**	**3,523**	**9,200**	**61**	**14,547**

	2014	2013
	$'000	**$'000**
(a) Employee provisions		
Current provisions expected to be settled within 12 months		
Annual leave	1,491	1,424
Long service leave	302	2,944
	1,793	**4,368**
Current provisions expected to be settled after 12 months		
Annual leave	293	339
Long service leave	2,685	-
	2,978	**339**
Total Current provisions	**4,771**	**4,707**
Non-current		
Long service leave	572	579
	572	**579**
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	3.58%	4.20%
Weighted average discount rates	2.76%	2.82%
Weighted average settlement period	65 mths	64 mths

(b) Landfill rehabilitation

Under legislation Council is obligated to rehabilitate the Anglesea landfill site to a particular standard. Current engineering projections indicate that the Anglesea landfill site will cease operation in 2024-25 and rehabilitation work is progressively occurring until this date. The forecast life of the Anglesea landfill site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill rehabilitation has been calculated based on the present value of the expected cost of works to be undertaken, with the present values calculated using the long term treasury bond rates provided by the RBA. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard and planned costs for that work. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, the natures of works required and related costs.

Council raises an annual service charge for garbage collection and disposal which includes revenue to fund future landfill rehabilitation works.

	2014	2013
Current	-	717
Non-current	14,024	8,483
Total	**14,024**	**9,200**

(c) Cemetery Maintenance

	2014	2013
Current	6	6
Non-current	48	55
Total	**54**	**61**

Note 26 Interest-bearing loans and borrowings

	2014 $'000	2013 $'000
Current		
Borrowings - secured (by Council's general rates)	542	627
	542	**627**
Non-current		
Borrowings - secured (by Council's general rates)	16,101	16,643
Total	**16,643**	**17,270**
The maturity profile for Council's borrowings is:		
Not later than one year	577	627
Later than one year and not later than five years	2,766	2,408
Later than five years	13,300	14,235
	16,643	**17,270**
Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	542	627
Non-current	16,101	16,643
	16,643	**17,270**

Note 27 Reserves

(a) Asset revaluation reserves	Balance at beginning of reporting period $'000	Increment (decrement) $'000	Balance at end of reporting period $'000
2014			
Property			
Land	62,917	-	62,917
Buildings	12,510	-	12,510
	75,427	-	75,427
Infrastructure			
Roads, pavements and other structures	84,396	-	84,396
Drainage	15,826	-	15,826
Passive recreation facilities	2,539	-	2,539
Furniture, equipment and computers	32	-	32
Street furniture	143	-	143
Library	125	-	125
	103,061	-	103,061
Total asset revaluation reserves	**178,488**	**-**	**178,488**
2013			
Property			
Land	58,449	4,468	62,917
Buildings	9,716	2,794	12,510
	68,165	7,262	75,427
Infrastructure			
Roads, pavements and other structures	84,396	-	84,396
Drainage	15,592	234	15,826
Passive recreation facilities	2,539	-	2,539
Furniture, equipment and computers	32	-	32
Street furniture	143	-	143
Library	125	-	125
	102,827	234	103,061
Total asset revaluation reserves	**170,992**	**7,496**	**178,488**

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

(b) Other reserves	Balance at beginning of reporting period $'000	Transfer from accumulated surplus $'000	Transfer to accumulated surplus $'000	Balance at end of reporting period $'000
2014				
Main Drainage	205	-	-	205
Open Space Development	948	(260)	426	1,115
Aireys Inlet Aged Units	332	-	6	338
Total Other reserves	**1,485**	**(260)**	**432**	**1,658**
2013				
Main Drainage	204	-	1	205
Open Space Development	646	(193)	495	948
Aireys Inlet Aged Units	332	-	-	332
Total Other reserves	**1,182**	**(193)**	**496**	**1,485**

The open space development reserve was established to control contributions received from developers that will, upon completion of developments be utilised to develop recreation and other facilities for residents in the respective development areas.

		2014 $'000	2013 $'000
Note 28	**Reconciliation of cash flows from operating activities to surplus (deficit)**		
	Surplus/(deficit) for the year	3,146	5,187
	Depreciation/amortisation	9,445	9,744
	(Gain)/loss on disposal of property, plant and equipment, infrastructure	30	36
	Impairment losses	-	-
	Contributions - Non-monetary assets	(5,303)	(1,400)
	Asset write-offs	1,778	1,186
	Finance Costs	1,199	1,257
	Other	1	-
	Change in assets and liabilities:		
	(Increase)/decrease in trade and other receivables	(184)	93
	(Increase)/decrease in prepayments	(29)	35
	(Increase)/decrease in accrued income	(35)	177
	Increase/(decrease) in trade and other payables	(246)	(1,920)
	(Decrease)/increase in other liabilities	-	-
	(Increase)/decrease in inventories	4	(27)
	Increase/(decrease) in provisions	4,874	2,038
	Share of comprehensive income of associates	(9)	(20)
	(insert other relevant items)	-	-
	Net cash provided by/(used in) operating activities	**14,671**	**16,386**
Note 29	**Reconciliation of cash and cash equivalents**		
	Cash and cash equivalents (see note 16)	14,744	13,316
		14,744	**13,316**
Note 30	**Financing arrangements**		
	Bank overdraft	2,300	2,300
	Unused facilities	**2,300**	**2,300**

Note 31 Restricted assets

Council has cash and cash equivalents (note 18) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to reserve funds (Recreational Lands Reserves).

	2014 $'000	2013 $'000
Trust funds and deposits (note 24)	1,199	1,030
Reserve funds (note 27)	1,658	1,485
	2,857	**2,515**

Note 32 - Superannuation

Council makes the all of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Counil and the Counil's legal or constructive obligation is limited to these contributions.

Obligations for contributions to the Fund are recognised as an expense in Comprehensive Operating Statement when they are made or due.

Accumulation funds

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2014, this was 9.25% required under Superannuation Guarantee legislation). Our commitment to defined contribution plans is limited to making contributions in accordance with our minimum statutory requirements. No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Effective from 1 July 2014, the Superannuation Guarantee contribution rate is legislated to increase to 9.5%, and will progressively increase to 12% by 2019. Based on announcements included in the May 2014 Federal Budget, this progressive increase to 12% may be delayed until 2022.

Defined benefit fund

As provided under Paragraph 34 of AASB 119, Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a multi-employer sponsored plan

As a multi-employer sponsored plan, the Fund was established as a mutual scheme to allow for the mobility of the workforce between the participating employers without attaching a specific liability to particular employees and their current employer. Therefore, there is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employer. While there is an agreed methodology to allocate any shortfalls identified by the Fund Actuary for funding purposes, there is no agreed methodology to allocate benefit liabilities, assets and costs between the participating employers for accounting purposes. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. The Fund's employer funding arrangements comprise of three components (which are detailed below) are:
1. Regular contributions - which are ongoing contributions needed to fund the balance of benefits for current members and pensioners;
2. Funding calls – which are contributions in respect of each participating employer's share of any funding shortfalls that arise; and
3. Retrenchment increments – which are additional contributions to cover the increase in liability arising from retrenchments.

Council is also required to make additional contributions to cover the contribution tax payable on the contributions referred to above.

Employees are also required to make member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue.

Note 32 - Superannuation (cont.)

Employer contributions

Regular contributions

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2014, this rate was 9.25% of members' salaries. This rate increased to 9.5% on 1 July 2014 and is expected to increase in line with the required Superannuation Guarantee contribution rate.

In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the VBI multiplied by the benefit).

Funding Calls

The Fund is required to comply with the superannuation prudential standards. Under the superannuation prudential standard SPS 160, the Fund is required to target full funding of its vested benefits. There may be circumstances where:
• a fund is in an unsatisfactory financial position at an actuarial investigation (i.e. its vested benefit index (VBI) is less than 100% at the date of the actuarial investigation); or
• a fund's VBI is below its shortfall limit at any time other than at the date of the actuarial investigations.

If either of the above occur, the fund has a shortfall for the purposes of SPS 160 and the fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. There may be circumstances where the Australian Prudential Regulation Authority (APRA) may approve a period longer than three years.

The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.
The Fund is currently fully backed, with the most recently published VBI estimate 104.6% as at the end of March 2014.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. The methodology used to allocate the shortfall was agreed in 1997 to fairly and reasonably apportion the shortfall between the participating employers.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's defined benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.
The pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund are based on:
• The service periods of all active members split between the active members pre-1 July 1993 and post-30 June 1993 service period;
• The service periods of all deferred members split between the deferred members pre-1 July 1993 and post-30 June 1993 service period; and
• The pensioner (including fixed term pension) liabilities which are allocated to the pre-1993 period.
The pre-1 July 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at 30 June 1993.
The post-30 June 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. In the unlikely event that the Fund is wound up and there is a surplus in the Fund, the surplus cannot be applied for the benefit of the defined benefit employers where there are on-going defined benefit obligations. The surplus would be transferred to the fund accepting those defined benefit obligations (including the lifetime pension obligations) of the Fund. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

Note 32 - Superannuation (cont.)

Differences between calculations

The Fund surplus or deficit (i.e. the difference between fund assets and liabilities) is calculated differently for funding purposes (i.e. calculating required contributions), for the calculation of accrued benefits as required in AAS 25 and for the values needed for the AASB 119 disclosure in Council's financial statements. AAS 25 requires that the present value of the defined benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

Retrenchment increments

During 2013/14, Council was not required to make payments to the Fund in respect of retrenchment increments (2013 $nil). Council's liability to the Fund as at 30 June 2014, for retrenchment increments, accrued interest and tax is $nil (2013 $nil).

Shortfall amounts

The Local Authorities Superannuation Fund's latest actuarial investigation as at 31 December 2011 identified an unfunded liability of $406 million (excluding contributions tax) in the defined benefit category of which Council is a contributing employer.

Council was made aware of the expected shortfall during the 2011/12 year and was informed of its share of the shortfall on 2 August 2012. Council has not been advised of any further adjustments.

Council's share of the shortfall amounted to $1,721,000 (including contributions tax) which was accounted for in the 2012 Comprehensive Income Statement within Employee Benefits and in the Balance Sheet in Current Liabilities.

For the 2013 year, Council received an early payment discount of $46,000 which was accounted for in the 2013 Comprehensive Income Statement within Employee Benefits (see Note 9) and in the Balance Sheet in Current Liabilities (see Note 23).

The amount of the unpaid shortfall at 30 June 2014 is $nil (2013 $1,675,000). This unpaid amount is included in the Balance Sheet in Current Liabilities (see Note 23)

Accrued Benefits

The Fund's liability for accrued benefits was determined in the 31 December 2011 actuarial investigation pursuant to the requirements of Australian Accounting Standard Board AAS25 follows:

	31-Dec-11 $'000
Net Market Value of Assets	4,315,324
Accrued Benefits (per accounting standards)	4,642,133
Difference Between Assets and Accrued Benefits	**(326,809)**
Vested Benefits - minimum sum which must be paid to members when they leave the Fund	**4,838,503**

The financial assumptions used to calculate the Accrued Benefits for the defined benefit category of

Net Investment Return	7.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

The next full actuarial investigation of the Fund's liability for accrued benefits will be based on the Fund's position as at 30 June 2014. The anticipated completion date of this actuarial investigation is 19 December 2014.

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2014 are detailed below.

	2014 $'000	2013 $'000
Vision Super accumulation fund	1,609	1,445
Vision Super defined benefits fund	122	140
	1,731	**1,585**

There were $nil contributions outstanding and $nil loans issued from or to the above schemes as at 30 June 2014.

The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2015 is $130,000.

Note 33 Commitments

The Council has entered into the following commitments

2014	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	$'000	$'000	$'000	$'000	$'000
Operating					
Clean toilets/bins/streets	755	249	-	-	1,004
Recycling and Hard waste collection	1,568	1,568	4,703	653	8,492
Waste skip hire and transfers	236	236	709	374	1,555
Anglesea landfill	898	-	-	-	898
Security	24	9	-	-	33
Cleaning contract for council buildings	362	-	-	-	362
Provision of Asset Information System	18	-	-	-	18
Great Ocean Road Heritage Centre Interpretative Consultant Tender	48	-	-	-	48
Maintenance of Air Conditioning & Kitchen Equipmei	1	-	-	-	1
Great Ocean Road Heritage Centre - Head Contract	165	-	-	-	165
Stribling Reserve Surface Upgrade	15	-	-	-	15
Rehabilitation of Gherang Gravel Pit	116	-	-	-	116
Parks for Community Shelter & Amenity Project	85	-	-	-	85
Total	4,291	2,062	5,412	1,027	12,792
Capital					
Construction works	1,192	-	-	-	1,192
Total	1,192	-	-	-	1,192

2013	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	$'000	$'000	$'000	$'000	$'000
Operating					
Clean toilets/bins/streets	377	251	-	-	628
Recycling and Hard waste collection	2,012	1,974	5,922	4,888	14,796
Waste skip hire and transfers	75	-	-	-	75
Anglesea landfill	354	-	-	-	354
Security	1	-	-	-	1
Cleaning contract for council buildings	361	361	-	-	722
Plant hire	128	6	-	-	134
Valuations	173	173	216	-	562
Internal audit	27	27	26	-	80
Green waste bins	29	-	-	-	29
Total	3,537	2,792	6,164	4,888	17,381
Capital					
Construction works	1,306	-	-	-	1,306
Total	1,306	-	-	-	1,306

		2014 $'000	2013 $'000
Note 34	**Operating leases**		

(a) Operating lease commitments

At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

	2014 $'000	2013 $'000
Not later than one year	662	539
Later than one year and not later than five years	573	447
Later than five years	609	162
	1,844	1,148

Note 35 Contingent liabilities and contingent assets

Contingent liabilities

The Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors. As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report.

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. As a result of the increased volatility in financial markets the likelihood of making such contributions in future periods has increased. At this point in time it is not known if any further contributions will be required, or their timing or potential amount.

As a land manager for a portion of the Winchelsea Common, Council has an obligation along with the state government to undertake remediation works for lead shot contamination. The precise scope of work and associated costs are still being determined as part of a master planning process.

Council operates a landfill at Anglesea. Council will have to carry out site rehabilitation works in the future. At balance date Council provided a Bank Guarantee to State of Victoria - Environment Protection Authority. The guarantee provides financial assurance up to $545,000 for remedial action as defined in section 3.1 EPA Publication 777 Determination of financial assurance for Landfills, September 2001.

Guarantees for loans to other entities

Council has provided contract performance guarantees. The details and extent of Council exposure at the reporting date are as follows:

	2014 $'000	2013 $'000
Contract Performance:		
2 Red Phoenix Pty Ltd	5	5
Department of Minerals and Energy	20	20
Department of Energy and Resources	50	50
Barwon Region Water Corporation	5	5
	80	80

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

Note 36 Financial Risk Management

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	16	Cash on hand and at bank and money market call account are valued at face value.	On call deposits returned a floating interest rate of between 2.40% (2013: 2.65%) and 4.00% (2013: 5.25%). The interest rates at balance date are between 2.40% (2013: 2.65%) and 3.50% (2013: 4.00%).
		Interest is recognised as it accrues.	Funds returned fixed interest rate of between 3.50% (2013: 3.85%), and 5.90% (2013: 5.90%) net of fees.
		Investments and bills are valued at cost.	
		Investments are held to maximise interest returns of surplus cash.	
Trade and other receivables			
Other debtors	17	Receivables are carried at amortised cost using the effective interest method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and arrears attract an interest rate of 10.50% (2013: 10.50%). Credit terms are based on 30 days.
Other financial assets			
Held-to-maturity investments	18	Held-to-maturity investments are initially measured at cost and subsequently at amortised cost using the effective interest method less any impairment.	Funds returned fixed interest rate of between 3.63% (2013: 4.12%), and 5.33% (2013: 5.92%) net of fees.
		Interest is recognised as it accrues. Investments are held to maximise interest returns of surplus cash.	
Financial liabilities			
Trade and other payables	23	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within 28 days of invoice receipt.
Interest-bearing loans and borrowings	26	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 7.05% (2013: 7.04%).
Bank overdraft	30	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates and is repayable on demand. Interest rates on utilised overdraft were 9.73% (2013: 9.73%) . The interest rate as at balance date was 9.73% (2013: 9.73%).

Note 36 Financial instruments (cont.)

(b) Interest Rate Risk

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

2014	Floating interest rate	Fixed interest maturing in: 1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash and cash equivalents	2,989	11,750	-	-	5	14,744
Other financial assets	2,500	1,000		-	430	3,930
Trade and other receivables	-	-	-	-	712	712
Other assets	-	-	-	-	198	198
Total financial assets	5,489	12,750	-	-	1,345	19,584
Weighted average interest rate	3.57%	3.60%				
Financial liabilities						
Trade and other payables	-	-	-	-	4,308	4,308
Trust funds and deposits	-	-	-	-	1,199	1,199
Interest-bearing loans and borrowings	-	577	2,766	13,300	-	16,643
Total financial liabilities	-	577	2,766	13,300	5,507	22,150
Weighted average interest rate		7.05%	7.05%	7.05%		
Net financial assets (liabilities)	5,489	12,173	(2,766)	(13,300)	(4,162)	(2,566)

2013	Floating Interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash and cash equivalents	5,761	12,550	-	-	5	18,316
Other financial assets	2,500	4,200	-	-	430	7,130
Trade and other receivables	-	-	-	-	709	709
Other assets	-	-	-	-	134	134
Total financial assets	8,261	16,750	-	-	1,278	26,289
Weighted average interest rate	4.32%	4.09%				
Financial liabilities						
Trade and other payables	-	-	-	-	4,554	4,554
Trust funds and deposits	-	-	-	-	1,030	1,030
Interest-bearing loans and borrowings	-	627	2,408	14,235	-	17,270
Total financial liabilities	-	627	2,408	14,235	5,584	22,854
Weighted average interest rate		7.04%	7.04%	7.04%		
Net financial assets (liabilities)	8,261	16,123	(2,408)	(14,235)	(4,306)	3,435

Note 36 Financial Instruments (cont.)

(c) Net Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Financial assets				
Cash and cash equivalents	14,744	18,316	14,744	18,316
Other financial assets	3,930	7,130	3,930	7,130
Trade and other receivables	712	709	712	709
Other assets	198	134	198	134
Total financial assets	19,584	26,289	19,584	26,289
Financial liabilities				
Trade and other payables	4,308	4,554	4,308	4,554
Trust funds and deposits	1,199	1,030	1,199	1,030
Interest-bearing loans and borrowings	16,643	17,270	16,643	17,270
Total financial liabilities	22,150	22,854	22,150	22,854

(d) Credit Risk

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Balance Sheet.

(e) Risks and mitigation

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below.

Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Council's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

Interest rate risk

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

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

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

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

Investment of surplus funds is made with approved financial institutions under the Local Government Act 1989. We manage interest rate risk by adopting an investment policy that ensures:

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

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

Note 36 Financial Instruments (cont.)

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in our balance sheet. To help

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is the Victorian Government. Apart from the Victorian Government we do not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised.

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 35.

Movement in provisions for doubtful debts	**2014 $'000**	**2013 $'000**
Balance at the beginning of the year	131	128
New Provisions recognised during the year	23	7
Amounts provided for but recovered during the year	-	(4)
Balance at end of year	154	131

Ageing of trade and other receivables

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's Trade & other receivables was:

	2014 $'000	**2013 $'000**
Current (not yet due)	549	582
Past due by up to 30 days	125	90
Past due between 31 and 180 days	38	37
Total Trade & Other Receivables	712	709

Ageing of individually impaired Trade and Other Receivables

At balance date, other debtors representing financial assets with a nominal value of $nil (2013: $nil) were impaired. The amount of the provision raised against these debtors was $nil (2013: $nil).

Note 36 Financial Instruments (cont.)

Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:
- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial assets at all.

To help reduce these risks we:
- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Councils exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The table below lists the contractual maturities for Financial Liabilities

These amounts represent undiscounted gross payments including both principal and interest amounts

2014	6 mths or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	>5 years $'000	Contracted Cash Flow $'000
Trade and other payables	4,308	-	-	-	-	4,308
Trust funds and deposits	1,199	-	-	-	-	1,199
Interest-bearing loans and borrowings	848	848	1,696	5,087	18,447	26,926
Total financial liabilities	**6,355**	**848**	**1,696**	**5,087**	**18,447**	**32,433**

2013	6 mths or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	>5 years $'000	Contracted Cash Flow $'000
Trade and other payables	4,554	-	-	-	-	4,554
Trust funds and deposits	1,030	-	-	-	-	1,030
Interest-bearing loans and borrowings	962	869	1,696	5,087	20,143	28,757
Total financial liabilities	**6,546**	**869**	**1,696**	**5,087**	**20,143**	**34,341**

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from Reserve Bank of Australia):

- A parallel shift of + 1.00% and -0.50% in market interest rates (AUD) from year-end rates of 2.50%.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by the Council at year-end, if the above movements were to occur.

		Interest rate risk			
		-0.50%		+1.00%	
		-50	basis points	+100	basis points
		Profit	Equity	Profit	Equity
2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets:					
Cash and cash equivalents	14,739	(74)	(74)	147	147
Other financial assets	3,500	(18)	(18)	35	35

(g) Fair Value Hierarchy

All financial assets carried at fair value are measured at quoted prices in active markets for identical assets or liabilities

Note 37 Auditors' remuneration

	2014 $'000	2013 $'000
Audit fee to conduct external audit - Victorian Auditor-General (note 14)	32	31
Internal audit fees - Grant Thornton (note 10)	81	-
Internal audit fees - Deloitte Touche Tohmatsu	-	46
	113	77

Internal audit fees are included in the Consultants cost in note 10

Note 38 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

Note 39 Related party transactions

(i) Responsible Persons

Names of persons holding the position of a Responsible Person at the Council at any time during the year are:

Councillors	Councillor Rosemary Hodge (Elected 27/11/04) (Mayor 6/12/06 to 12/12/07) (Councillor 12/12/07 to 28/10/13) (Mayor 29/10/13 to current)
	Councillor Libby Coker ((Elected 30/11/08) (Mayor 9/12/09 to 1/12/10) (Councillor 1/12/10 to 30/10/12) (Mayor 31/10/12 to 29/10/13) Councillor 30/10/13 to current)
	Councillor Brian McKiterick (Elected 30/11/08) (Mayor 7/12/11 to 31/10/12) (Councillor 8/12/11 to current)
	Councillor David Bell (Elected 27/10/12)
	Councillor Eve Fisher (Elected 27/10/12)
	Councillor Clive Goldsworthy (Elected 27/10/12)
	Councillor Rod Nockles (Elected 27/10/12)
	Councillor Heather Wellington (Elected 27/10/12)
	Councillor Margot Smith (Elected 27/10/12)
Chief Executive Officer	Stephen Wall (3/09/12 to current)

(ii) Remuneration of Responsible Persons

The numbers of Responsible Officers, whose total remuneration from Council and any related entities fall within the following bands:

	2014	**2013**
Income Range:	**No.**	**No.**
$1 - $9,999	-	6
$10,000 - $19,999	-	6
$20,000 - $29,999	7	1
$30,000 - $39,999	-	-
$40,000 - $49,999	1	1
$50,000 - $59,999	1	1
$240,000 - $249,999	-	1
$250,000 - $259,999	1	-
	10	16
	$'000	**$'000**
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	**529**	**514**

(iii) No retirement benefits have been made by the Council to a Responsible Person. (2012/13 nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2012/13 nil).

(v) Other Transactions

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2012/13 nil).

(vi) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who:
a) has management responsibilities and reports directly to the Chief Executive; or
b) whose total annual remuneration exceeds $133,000 (2012/13 $130,000)

The number of Senior Officers other than the Responsible Persons, are shown below in their relevant income bands:

	2014	**2013**
Income Range:	**No.**	**No.**
$133,000 - $139,999	9	1
$170,000 - $179,999	-	2
$180,000 - $189,999	4	1
	13	**4**
	$'000	**$'000**
Total Remuneration for the reporting year for Senior Officers included above, amounted to	1,960	804

The number of senior officers (as defined in the local government act) has increased in the $133,000 to $139,000 range due to annual increases as outlined in the Council's enterprise barganing agreement, and does not represent a net increase of employee numbers.

Note 40 Income, expenses and assets by function/activities

	Corporate		Community		Planning & Environment		Infrastructure		Total	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Income										
Grants	1,794	3,577	2,486	2,893	546	-	4,154	4,999	8,980	11,469
Other	36,418	35,925	2,053	2,768	2,175	-	16,401	10,224	57,047	48,917
Total Income	38,212	39,502	4,539	5,661	2,721	-	20,555	15,223	66,027	60,386
Expenses	(9,242)	(13,230)	(10,751)	(11,953)	(6,820)	-	(36,068)	(30,016)	(62,881)	(55,199)
Surplus (deficit) for the year	28,970	26,272	(6,212)	(6,292)	(4,099)	-	(15,513)	(14,793)	3,146	5,187
Assets attributed to functions / activities *	35,147	37,291	14,653	13,587	829	-	357,206	349,640	407,835	400,518

*Assets have been attributed to functions/activities based on the control and/or custodianship of specific assets.

Community and Planning & Environment were included in Sustainable Communities in 2013 and have been treated as separate divisions since 1 July 2013.

Corporate

Corporate is responsible for providing council and executive support, information technology, financial management, human resources, governance, risk management, and occupational health and safety.

Community

Community is responsible for providing aged and family services, community relations, customer service, leisure and wellbeing, community planning and events, major facilities, and tourism (Including Surfworld museum and Visitor Information Centres).

Planning and Environment

Planning and Environment manage statutory and strategic planning, development compliance, local laws, economic development, environmental health, and community safety.

Infrastructure

Infrastructure are responsible for roads and streets, parks and reserves, asset management, private works, waste management, emergency management and infrastructure administration

Note 41 Financial ratios (Performance indicators)

	2014 $'000	2014 (%)	2013 $'000	2013 (%)	2012 $'000	2012 (%)
(a) Debt servicing ratio (to identify the capacity of Council to service its outstanding debt)						
Debt servicing costs / Total revenue	1,199 / 66,027	= 1.82%	1,257 / 60,386	= 2.08%	1,163 / 64,457	= 1.80%

Debt servicing costs refer to the payment of interest on loan borrowings, finance lease, and bank overdraft.
The ratio expresses the amount of interest paid as a percentage of Council's total revenue.

	2014 $'000	2014 (%)	2013 $'000	2013 (%)	2012 $'000	2012 (%)
(b) Debt commitment ratio (to identify Council's debt redemption strategy)						
Debt servicing & redemption costs / Rate revenue	1,826 / 34,746	= 5.26%	2,447 / 32,507	= 7.53%	2,395 / 30,528	= 7.85%

The strategy involves the payment of loan principal and interest, finance lease principal and interest.
The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.

	2014 $'000	2014 (%)	2013 $'000	2013 (%)	2012 $'000	2012 (%)
(c) Revenue ratio (to identify Council's dependence on non-rate income)						
Rate revenue / Total revenue	34,746 / 66,027	= 52.62%	32,507 / 60,386	= 53.83%	30,528 / 64,457	= 47.36%

The level of Council's reliance on rate revenue is determined by assessing rate revenue as a proportion of the total revenue of Council.

	2014 $'000	2014 (%)	2013 $'000	2013 (%)	2012 $'000	2012 (%)
(d) Debt exposure ratio (to identify Council's exposure to debt)						
Total indebtedness / Total realisable assets	40,372 / 141,062	= 28.62%	36,371 / 140,972	= 25.80%	37,443 / 137,366	= 27.26%

For the purpose of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use.

Any liability represented by a restricted asset (note 31) is excluded from total indebtedness.
The following assets are excluded from total assets when calculating Council's realisable assets:
land and buildings on Crown land; restricted assets; heritage assets; total infrastructure assets; and Council's investment in associate.
This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses the percentage of total liabilities for each dollar of realisable assets.

Note 41 Financial ratios (Performance indicators) (cont.)

(e) Working capital ratio (to assess Council's ability to meet current commitments)

	2014 $'000	2014 (%)	2013 $'000	2013 (%)	2012 $'000	2012 (%)
Current assets	20,689		21,526		22,775	
Current liabilities	10,826	= 191.10%	11,641	= 184.92%	11,467	= 198.61%

The ratio expresses the level of current assets the Council has available to meet its current liabilities.

(f) Adjusted working capital ratio (to assess Council's ability to meet current commitments)

	2014 $'000	2014 (%)	2013 $'000	2013 (%)	2012 $'000	2012 (%)
Current assets	20,689		21,526		22,775	
Current liabilities	7,848	= 263.62%	11,302	= 190.46%	11,086	= 205.44%

The ratio expresses the level of current assets the Council has available to meet its current liabilities.

Current liabilities have been reduced to reflect the long service leave that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within 12 months after the end of the period.

Note 42 Capital expenditure

	Note	2014 $'000	2013 $'000
Capital expenditure areas			
Land		-	-
Road pavements and other structures		5,524	6,630
Drainage		1,377	889
Passive recreation facilities		2,447	1,345
Buildings		2,722	3,843
Street furniture		668	221
Plant machinery and equipment		1,954	1,305
Furniture equipment and computers		513	462
Total capital works		**15,205**	**14,695**
Represented by:			
Renewal of infrastructure	(a)	5,853	4,647
Upgrade of infrastructure	(b)	2,772	2,323
Expansion of infrastructure	(c)	2,418	1,582
New infrastructure		715	2,892
New land		-	-
New buildings		189	842
New passive recreation facilities		1,158	686
New drainage		962	408
New street furniture		625	28
New plant and equipment		513	1,287
Total capital works		**15,205**	**14,695**

Property, plant and equipment, infrastructure movement

The movement between the previous year and the current year in property, plant and equipment, infrastructure as shown in the Balance Sheet links to the net of the following items:

	Note	2014 $'000	2013 $'000
Total capital works		15,205	14,695
Contributions - non-monetary assets	6(b)	5,303	1,400
Asset revaluation movement	27(a)	-	7,496
Depreciation/amortisation	12	(9,445)	(9,744)
Written down value of assets sold	22	(449)	(490)
Derecognised assets	22	(973)	(151)
Replaced assets	22	(805)	(1,035)
Asset movement to current assets	22	-	-
Net movement in property, plant and equipment, infrastructure	22	**8,836**	**12,171**

(a) Asset renewal expenditure

Expenditure on an existing asset which returns the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time.

(b) Asset upgrade expenditure

Expenditure which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretional and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the council's asset base.

(c) Asset expansion expenditure

Expenditure which extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. It is discretional expenditure which increases future operating and maintenance costs, because it increases council's asset base, but may be associated with additional revenue from the new user group.

	Note	2014	2013
		$'000	$'000

(d) New asset expenditure

Expenditure which creates a new asset that provides a new service that did not previously exist. New asset expenditure does not have any element of renewal, expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for council and will result in an additional burden for future operation, maintenance and capital renewal.
Expenditure which creates a new asset that provides a new service that did not previously exist. New asset expenditure does not have

Note 43 Special committees and other activities

The following entities are not included in this financial report:
(The aggregated income is less than $100,000, and these entities prepare their own financial reports seperately)

Deans Marsh Public Hall and Memorial Park Committee of Management
Stribling Reserve Committee of Management
Anderson Roadknight Reserve Committee of Management
Eastern Reserve Committee of Management
Modewarre Memorial Hall and Reserve Committee of Management
Connewarre Reserve Committee of Management
Globe Theatre Committee of Management
Anglesea Bike Park

Certification of the Financial Report

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act* 1989, the *Local Government (Planning and Reporting) Regulations 2014* , Australian Accounting Standards and other mandatory professional reporting requirements.

John Brockway CPA
Principal Accounting Officer

Date : *September 2014*
Torquay

In our opinion the accompanying financial statements present fairly the financial transactions of Surf Coast Shire Council for the year ended 30 June 2014 and the financial position of the Council as at that date.

As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council on 09 September 2014 to certify the financial statements in their final form.

Clive Goldsworthy
Councillor

Date : *September 2014*
Torquay

Rod Nockles
Councillor

Date : *September 2014*
Torquay

Stephen Wall
Chief Executive Officer

Date : *September 2014*
Torquay