

BURNIE CITY COUNCIL

CITY _{of} MAKERS



Financial Report 2007 - 2008



INDEPENDENT AUDIT REPORT To the Aldermen of Burnie City Council

Financial Report for the Year Ended 30 June 2008

Report on the Financial Report

I have audited the accompanying financial report of Burnie City Council (Council), which comprise the balance sheet as at 30 June 2008, the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the General Manager's statement of the consolidated entity comprising of council and the entities it controlled at the year's end or from time to time during the financial year.

The Responsibility of the General Manager for the Financial Report

The General Manager is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and Section 84 of the *Local Government Act 1993*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

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

Manager, as well as evaluating the overall presentation of the financial report.

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

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

Independence

In conducting my audit, I have met applicable independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In my opinion the financial report of Burnie City Council:

- (a) presents fairly, in all material respects, Burnie City Council's and the consolidated entity's financial position as at 30 June 2008, and of their financial performance, cash flows and changes in equity for the year then ended; and
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards (including Australian Accounting Interpretations).

TASMANIAN AUDIT OFFICE



H M Blake
AUDITOR-GENERAL

HOBART
14 November 2008

Statement of the General Manager

In my opinion:

- the financial report following presents fairly the financial position of the Burnie City Council as at 30 June 2008 and the results of its operations and cash flows for the year then ended, in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board; and,
- the financial report has been prepared in accordance with the requirements of the Local government Act 1993.



Paul Arnold
General Manager

29 September 2008

Burnie City Council Income Statement for the year ended 30 June 2008

		Consolidated Actual 2008 (\$)	Consolidated Actual 2007 (\$)	Council Budget 2008 (\$)	Council Actual 2008 (\$)	Council Actual 2007 (\$)
Note						
Revenues						
	Rates	22,884,295	21,119,638	22,697,942	22,884,295	21,119,638
	User Charges & Licences	3	8,308,072	8,477,213	8,993,539	7,547,424
	Interest	998,840	601,287	541,700	970,248	555,957
	Grants	5	3,814,071	3,232,973	5,767,630	3,481,936
	Other revenues	7	3,822,277	1,734,445	353,250	2,943,904
	Total revenues		39,827,555	38,354,061	38,069,173	33,957,092
Expenses						
	Employee costs	8	12,105,449	11,900,163	10,833,466	11,145,459
	Depreciation	9	10,099,185	9,751,763	10,088,684	9,907,207
	Borrowing Costs		1,107,980	737,102	960,027	943,488
	Loss (Gain) on Disposal of assets	4	2,365,886	(822,089)	(326,095)	2,370,098
	Levies to State Government		1,746,513	1,576,303	1,637,666	1,614,261
	Materials and Contracts		9,829,021	9,933,127	10,409,826	9,616,663
	Remissions and Discounts		817,496	782,104	826,487	817,497
	Total expenses		38,071,530	33,858,473	34,430,061	36,414,673
	Change in net assets before		1,756,025	3,924,000	1,654,500	1,283,900
Non-operating Revenue / (Expenditure)						
	Adjustment to Non-Current Asset Recognition		40,213	9,715	-	40,213
	Decrement on Revaluation of Non-Current Assets		-	(36,517)	-	(36,517)
			40,213	(26,802)	-	40,213
	SURPLUS/(DEFICIT) FOR THE PERIOD		1,796,238	1,280,281	3,924,000	1,694,713

The above Income Statement should be read in conjunction with the notes forming to and part of the financial statements.

**Burnie City Council
Balance Sheet
as at 30 June 2008**

	Notes	Consolidated Actual 2008 (\$)	Consolidated Actual 2007 (\$)	Council Actual 2008 (\$)	Council Actual 2007 (\$)
Current Assets					
Receivables	11	5,565,980	2,511,360	4,702,083	2,713,606
Other Financial Assets	12	13,157,530	7,268,290	12,947,229	6,641,808
Cash & Cash Equivalents	13	1,201,973	1,181,519	863,743	961,470
Other Current Assets	14	651,993	495,758	437,729	332,595
Total Current Assets		20,577,476	11,456,927	18,950,784	10,649,479
Non-Current Assets					
Receivables	19	25,797	42,869	233,873	42,869
Property, Plant & Equipment	20	331,020,110	329,795,059	320,665,778	319,866,566
Other Non-Current Assets	21	-	-	2,003,766	1,683,756
Total Non Current Assets		331,045,907	329,837,928	322,903,417	321,593,191
TOTAL ASSETS		351,623,383	341,294,855	341,854,201	332,242,670
Current Liabilities					
Payables	15	3,634,094	3,130,065	3,100,061	2,986,037
Provisions	17	1,647,207	1,767,010	1,538,528	1,741,423
Financial Liabilities	16	897,705	1,300,714	895,471	1,287,922
Other Liabilities	18	527,882	384,835	464,035	334,834
Total Current Liabilities		6,706,888	6,582,624	5,998,095	6,350,216
Non-Current Liabilities					
Provisions	22	1,346,997	1,385,261	1,346,996	1,385,261
Financial Liabilities	16	18,793,936	16,170,284	16,481,434	14,105,550
Total Non-Current Liabilities		20,140,933	17,555,545	17,828,430	15,490,811
TOTAL LIABILITIES		26,847,821	24,138,169	23,826,525	21,841,027
NET ASSETS		324,775,562	317,156,686	318,027,676	310,401,643
Equity					
Community Equity		242,393,487	240,145,485	242,455,239	240,760,526
Reserves	23	78,224,152	73,001,168	75,572,437	69,641,117
Total Parent Entity		320,617,639	313,146,653	318,027,676	310,401,643
Outside Equity Interests	24	4,157,923	4,010,033	-	-
Total Equity		324,775,562	317,156,686	318,027,676	310,401,643

The above Balance Sheet should be read in conjunction with the notes to and forming part of the financial statements.

Burnie City Council
Statement of Changes in Equity
for the year ended 30 June 2008

Consolidated

	Total Equity 2008	Total Equity 2007	Consolidated Community Equity 2008	Consolidated Community Equity 2007	Consolidated Asset Revaluation 2008	Consolidated Asset Revaluation 2007	Consolidated Outside Equity Interests 2008	Consolidated Outside Equity Interests 2007
Balance at the beginning of the reporting period	\$ 317,156,686	\$ 279,977,498	\$ 240,145,485	\$ 238,958,006	\$ 73,001,168	\$ 37,009,888	\$ 4,010,033	\$ 4,009,604
Surplus/(Deficit)	\$ 1,796,238	\$ 1,280,281	\$ 1,796,238	\$ 1,280,281	\$ -	\$ -	\$ -	\$ -
Revaluation of Assets (refer Note 23)	\$ 1,994,698	\$ 35,991,280	\$ -	\$ -	\$ 1,994,698	\$ 35,991,280	\$ -	\$ -
Transfers to Reserves (refer Note 23)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outside Equity Interests	\$ 3,827,940	\$ (92,373)	\$ 451,764	\$ (92,802)	\$ 3,228,286	\$ -	\$ 147,890	\$ 429
Balance at the end of the reporting period	\$ 324,775,562	\$ 317,156,686	\$ 242,393,487	\$ 240,145,485	\$ 78,224,152	\$ 73,001,168	\$ 4,157,923	\$ 4,010,033

Council

	Total Equity 2008	Total Equity 2007	Council Community Equity 2008	Council Community Equity 2007	Council Asset Revaluation 2008	Council Asset Revaluation 2007	Council General Reserve 2008	Council General Reserve 2007
Balance at the beginning of the reporting period	\$ 310,401,643	\$ 273,153,265	\$ 240,760,526	\$ 239,503,428	\$ 69,641,117	\$ 33,649,837	\$ -	\$ -
Surplus/(Deficit)	\$ 1,694,713	\$ 1,257,098	\$ 1,694,713	\$ 1,257,098	\$ -	\$ -	\$ -	\$ -
Revaluation of Assets (refer to Note 23)	\$ 5,931,320	\$ 35,991,280	\$ -	\$ -	\$ 5,931,320	\$ 35,991,280	\$ -	\$ -
Transfers from reserves (refer Note 23)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance at the end of the reporting period	\$ 318,027,676	\$ 310,401,643	\$ 242,455,239	\$ 240,760,526	\$ 75,572,437	\$ 69,641,117	\$ -	\$ -

The above Statement should be read in conjunction with the notes to and forming part of the financial statements.

**Burnie City Council
Cashflow Statement
for the year ended 30 June 2008**

	Notes	Consolidated Actual 2008 (\$)	Consolidated Actual 2007 (\$)	Council Actual 2008 (\$)	Council Actual 2007 (\$)
Cash Flows from Operating Activities					
Payments					
Employee costs		(12,731,666)	(11,467,797)	(11,854,629)	(11,068,465)
Borrowing costs		(1,107,979)	(655,126)	(943,488)	(493,086)
Levies to State Government		(1,921,164)	(1,576,303)	(1,775,687)	(1,443,589)
Materials and Contracts		(10,175,817)	(12,869,002)	(10,152,138)	(12,196,596)
Remissions and Discounts		(817,496)	(782,104)	(817,496)	(782,104)
Total Payments		(26,754,122)	(27,350,332)	(25,543,438)	(25,983,840)
Receipts					
Rates		22,858,321	20,984,227	22,858,321	20,984,227
User charges & licences		6,838,997	9,735,536	6,551,036	8,510,089
Interest received		998,841	571,039	970,248	527,752
Other		3,140,487	539,461	2,553,324	197,951
GST received from ATO (Net)		(188,907)	1,262,831	(91,515)	1,248,282
Cash Flows from Government		4,195,478	3,243,381	3,830,130	3,159,181
Total Receipts		37,843,217	36,336,475	36,671,544	34,627,482
Net Cash From (Used in) Operating Activities	28	11,089,095	8,986,143	11,128,106	8,643,642
Cash Flows from Investing Activities					
Purchase of non-current assets		(8,947,820)	(18,063,506)	(7,532,140)	(17,290,498)
Proceeds from (Payments for) new investments		(5,880,245)	(2,155,832)	(6,496,425)	(2,639,908)
Proceeds from disposal of non-current assets		1,899,370	4,992,499	1,139,309	4,970,681
Payments for Distributions		(96,155)	(93,258)	-	-
Payments for Outside Equity Interests		(264,433)	-	(320,010)	(200,000)
Net Cash From (Used in) Investing Activities		(13,289,283)	(15,320,097)	(13,209,266)	(15,159,725)
Cash Flows from Financing Activities					
Repayment of borrowings		(1,529,358)	(961,025)	(1,516,567)	(914,868)
Proceeds from borrowings		3,750,000	8,000,000	3,500,000	8,000,000
Net Cash Used in Financing Activities		2,220,642	7,038,975	1,983,433	7,085,132
Net (Decrease) Increase in Cash Held		20,454	705,021	-	569,049
Cash at beginning of the reporting period		1,181,519	476,498	961,470	392,421
Cash at the end of the reporting period	27	1,201,973	1,181,519	963,470	961,470

The above Statement should be read in conjunction with the notes to and forming part of the financial statements.

Burnie City Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

1. Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of Compliance

This general purpose financial report of the Burnie City Council has been prepared in accordance with Australian Accounting Standards including AAS 27 'Financial Reporting by Local Government', other authoritative announcements of the Australian Accounting Standards Board and the *Local Government Act 1993*.

Australian Accounting Standards (AASs) include equivalents to International Financial Reporting Standards (IFRSs). Where Australian Accounting Standards conflict with IFRSs, the requirements of AASs have been applied. Except to the extent that AASs require, this financial report complies with IFRSs.

In the current year Council has adopted all of the new and revised Standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period.

The adoption of these new and revised standards has had no material effect on Council's accounting policies.

At the reporting date the following standards and interpretations were available for early adoption but were not applied by Council.

Standard	Title	Operative Date*	Impact
AASB 1004	Contributions	1 July 2008	This Standard broadly reproduces the requirements relating to contributions contained in AAS 27, there will be no direct impact on the financial statements.
AASB 1051	Land Under Roads	1 July 2008	The impact of any changes that may be required to the valuation of land under roads can not be readily estimated and is not disclosed in the financial statements.
AASB 1052	Disaggregated Disclosures	1 July 2008	This Standard broadly reproduces the requirements to disaggregate disclosures contained in AAS 27, there will be no direct impact on the financial statements.

Burnie City Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2008

AASB 2007-9	Amendments to Australian Accounting Standards arising from the review of AAS 27	1 July 2008	This Standard broadly reproduces the requirements relating to certain relevant requirements contained in AAS 27, there will be no direct impact on the financial statements.
AASB 123	Borrowing Costs	1 January 2009	Initial application is not expected to have an impact on the Council's financial results as the transitional provisions of the standard do not require retrospective application.

* Annual reporting periods beginning on or after.

(b) Basis of Preparation

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

This report has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment. In the application of AAS, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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

Judgements made by management in the application of AAS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

In the year ending 30th June 2008 a change was made to the estimate for the provision for impaired debts relating to parking infringements. On 28 April 2008, the Monetary Penalties Enforcement Act 2005 was implemented giving the Monetary Penalties Enforcement Service (MPES) extensive powers to enforce payment on behalf of Council. Whilst there is still some uncertainty as to the ability for MPES to collect all outstanding debts, based on collection data to date, it is believed that Council's doubtful debts will be considerably reduced as a result of legislative changes. Council has therefore made a provisional estimate of 20% of the current outstanding infringement debtors balance based on these changes. In previous years Council has calculated its provision for impaired debts using a range of percentages (50-100%) for infringement debts greater than 2 years old which was based on history of recoverability and payment. The revised methodology provides a more reliable reflection of anticipated collection trends.

Burnie City Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

All entities controlled by Council have been included in this consolidated financial report. All transactions between these entities and the Council have been eliminated in full.

(c) The Local Government Reporting Entity

All funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of the consolidated financial report.

In the process of reporting on the Council as a single unit, all transactions and balances between those functions (for example, loans and transfers between functions) have been eliminated in full.

(d) Recognition of Revenue

Revenue is recognised when it is probable that the inflow of economic benefits has occurred; and the inflow of economic benefit can be measured reliably.

An allowance for impaired debts is recognised when collection of revenues in full is no longer probable.

Rates

Rates 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 period or, where earlier, upon receipt of the rates.

An allowance for impaired 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.

User Charges and Licences

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

Rental revenue is recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

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

Interest

Interest is recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

Gain or Loss on Disposal of Assets

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

Grants

Grants are recognised as revenues when the Council obtains control over the assets comprising these receipts. Control over grant revenue is normally obtained upon receipt.

Burnie City Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

Other Revenues from Ordinary Activities

Sales are recognised as revenue when the product and or service have been provided.

Contributions are recognised when council obtains control or the right to receive the contribution, it is probable that the economic benefit comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

Profit Distributions are recognised when the Council's right to receive payment or distribution is established.

(e) Depreciation and Amortisation of Non-Current Assets

Non-current assets having limited useful lives are systematically depreciated over their useful lives to 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 infrastructure 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.

Currently, all non-current assets have been depreciated over their useful lives as determined by Council officers. These are as follows:

Classification	Useful Life (Years)
Land	Infinite
Buildings	20-100 years
Motor Vehicles	7 years
Furniture and Fittings	5-50 years
Plant and Equipment	3-10 years
Heritage	100 years
Telecommunications Infrastructure	3-10 years
Infrastructure	10-75 years
Sewerage	10-60 years
Water	10-100 years
Waste Disposal	10-60 years
Drainage	20-100 years
Car Parks	15-40 years
Bridges and Culverts	20-75 years
Parks and Recreation	10-100 years
Roads	10-100 years

(f) Repairs and Maintenance

If expenditure on an asset improves its service potential or future economic benefits (i.e. the useful life is extended) then this expenditure will be capitalised (added to the value of the asset). If not, the expenditure will be charged to the income statement as materials and contracts.

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred unless their total value is \$5,000 or more, or the value is 10% or greater of the current written down value of a particular asset class.

Burnie City Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

(g) Recognition and Valuation of Non-Current Assets

Recognition

The purchase method of accounting is used for all acquisition of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition.

Earthwork expenses incurred on the construction of roads are expensed.

The following classes of assets have been recognised in note 20. 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.

Classification	Recognition Threshold (\$)
Land	0
Buildings	5,000
Motor Vehicles	5,000
Furniture and Fittings	500
Plant and Equipment	500
Heritage	0
Telecommunications Infrastructure	500
Infrastructure	500
Sewerage	5,000
Water	5,000
Waste Disposal	5,000
Drainage	5,000
Car Parks	5,000
Bridges and Culverts	5,000
Parks and Recreation	5,000
Roads	5,000

Useful Lives

The useful lives for major asset components are summarised as follows:

Classification	Life (years)
Sewerage	
PVC sewer pipes	100
Water	
PVC water pipes	80-100
Polymer water pipes (small sizes)	80
Cast iron water pipes	100
Drainage	
Vitreous clay storm water pipes	100
Reinforced concrete storm water pipes	90
PVC storm water pipes	100
Bridges and Culverts	
Box culverts	100
Pipe culverts	100
Roads	
Driveways	70
Kerbs	70

Burnie City Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

Valuation

For the purposes of AASB116, the Council has adopted the following valuation basis for its non-current assets:

Classification	Valuation Basis
Land	Fair Value
Buildings	Fair Value
Motor Vehicles	Cost
Furniture and Fittings	Cost
Plant and Equipment	Cost
Heritage	Cost
Telecommunications Infrastructure	Fair Value
Infrastructure	Cost
Sewerage	Fair Value
Water	Fair Value
Waste Disposal	Fair Value
Drainage	Fair Value
Car Parks	Fair Value
Bridges and Culverts	Fair Value
Parks and Recreation	Fair Value
Roads	Fair Value

The cost of non-current assets constructed by Council includes the cost of all materials used in construction, direct labour and an appropriate proportion of variable and fixed overheads. Such assets are recognised as "Work in Progress" until they become available for service.

Revaluations

Where assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve. Net revaluation decrements will be debited to any previous revaluation increments for that class of assets, with any deficiency being recognised as an expense. Assets are revalued with such frequency as to ensure the carrying value does not differ materially from fair value at reporting date.

Investment Property

Investment property is held for long-term rental yields and is not occupied by Council. Investment property is carried at fair value, with changes in fair value recorded in the income statement as part of other income.

(h) Trust Funds

Where the Council received monies as an agent and performs only a custodial role in respect of these monies, and cannot use the monies for Council purposes, these funds are not recorded as part of these financial statements.

Bank Guarantees to the value of \$1,419,413 are held as security for some contract retention and various bonds and guarantees are shown in note 25.

(i) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Burnie City Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2008

(j) Employee Entitlements

The Consolidated Entity employed 216.3 Full Time Equivalents as at 30 June 2008 (228.8 Full Time Equivalents as at 30 June 2007).

Employee Entitlements are accrued for wages and salaries, annual leave, long service leave and other current employee entitlements in respect of services provided by employees up to the reporting date. Liabilities for employee entitlements are assessed as at each reporting date.

Liabilities for wages and salaries, annual leave and other current employee entitlements are measured at their nominal amounts, using remuneration rates (including all on-cost components and leave loading where applicable) the entity expects to pay when the obligation is settled.

Liabilities for long service leave are measured as the present value of the estimated future cash outflows to be made by the Council in respect of services provided by employees up to the reporting date. The interest rates attaching, as at the reporting date, to Commonwealth Government guaranteed securities are used to discount the estimated future cash outflows to their present value.

There is no liability for sick leave as sick leave is non-vesting.

(k) Superannuation

The superannuation expense for the reporting period is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in note 30.

(l) Leases

Leases are accounted for in accordance with AASB 117 'Leases'. A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non current assets (finance leases) and operating leases under which the lessor effectively retains all such risks and benefits.

(m) Payables, Prepayments and Accruals

Accruals and prepayments are recognised in accordance with relevant accounting standards with materiality a major factor in determining their applicability.

Payables are settled within specific trading terms or 30 days, whichever is earlier.

(n) Financial Liabilities

The borrowing capacity of Council is limited by the *Local Government Act 1993*. Loans are recognised in the financial statements as the principal outstanding as at balance date, which would be repayable in the ordinary course of business and in accordance with the existing terms of each loan.

The Council bank loans are secured against the future rate revenue of Council. Other financial liabilities are secured by a fixed and floating charge over all the assets of the controlled entity.

(o) Receivables

Unreceived revenue over which Council has control are recognised as receivables. All rates and charges, and costs incurred by Council in the abatement of statutory nuisances are charges on the land, and are recoverable from the owner or occupier, or upon the transfer of ownership of that land. In extreme circumstances the *Local Government Act 1993* grants power for the compulsory sale of such land to recover outstanding amounts. As a result, all amounts of uncollected rates and charges are considered collectable.

Burnie City Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

Settlement of rates receivable can be made by instalments, by arrangement or in full less 5% discount if paid within 30 days of issue. If an instalment is not paid by the due date interest at the prescribed percentage determined under section 128 (2) of the Local Government Act will be charged on a daily basis until paid. If an instalment is not paid within 21 days of the due date, the outstanding rates for the whole year become due and payable and unless covered by an arrangement the debts are collected in accordance with Council's debt collection procedures which is part of the Council's Financial Management Strategy.

Sundry receivables are required to be settled as they become due. Accounts unpaid at due date will then be collected in accordance with the Council's debt collection procedures which is part of Council's Financial Management Strategy.

(p) Significant Business Activities

For its significant business activities, which have been deemed to be Roads, Water, Wastewater, and Stormwater as defined in note 2, Council is required to provide details of the opportunity cost of capital and competitive neutrality costs. These are provided in Note 29.

Competitive neutrality costs are those net costs eg. Rates, land tax and income tax, for example, which would be payable by an undertaking where no exemptions apply. Income tax has been calculated at the business rate after allowance for tax deductible items.

In preparing the information disclosed in relation to significant business activities, the following assumptions have been applied.

- The notional opportunity cost of capital was calculated by applying an interest rate of 7.7% which Council had determined as an appropriate interest rate adjusted for a risk margin.
- Notional Council rates and land tax have been calculated using actual rates and charges set by Council and Government for the current financial period.
- The impact of fringe benefits tax credits, stamp duty, debits tax, and financial instruments duty were determined to be immaterial and have not been included.
- Payroll tax was calculated using actual wages in each activity.
- Loan guarantee fees were not included as council believes that no advantage is available.
- Income tax equivalents are only charged when the significant business activity makes a profit. The rate used to determine the tax payable is the company tax rate of 30%.

(q) Other Financial Assets

Council classifies its Other Financial Assets into the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available for sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Burnie City Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

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

(s) Goods and Services Tax

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 Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. The net amount of GST recoverable or payable to the Australian Taxation Office is included as a current asset or liability in the Balance Sheet. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component on investing and financing activities, which are disclosed as operating cash flows.

(t) Investment in Controlled Entities

Controlled entities included in the consolidated accounts are:

Burnie Airport Corporation Unit Trust (51% ownership)
Creative Paper Mill Pty Ltd (100% ownership)
Integrated Community Networks Unit Trust (100% ownership)
Burnie Sports & Events (100% ownership)

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses have been eliminated on consolidation.

Where controlled entities have been acquired through the year, their results are only included from the date of acquisition, whilst for controlled entities that have been disposed of during the year, their results are only included to the date of disposal.

Surplus/(Deficit) for the period relating to Controlled Entities:

	Consolidated Actual (\$)	Consolidated Actual (\$)	2008 (\$)	2007 (\$)
Attributable to				
Equity holders of the parents	1,648,349	1,187,469	1,694,713	1,257,098
Minority Interest	147,890	92,812	-	-
	1,796,239	1,280,281	1,694,703	1,257,098

(u) Budget Information

The estimated revenue and expense amounts in the Income Statement represent revised budget figures. Underlying budget figures have not been audited.

(v) Rounding

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

Burnie City Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

(w) Water and Sewerage Reform

On 25 February 2008, the Treasurer announced that the Government was proceeding with a major regulatory and structural reform of the Tasmanian water and sewerage sector designed to facilitate the sustainability of the sector.

Under the reforms, three new local government owned and regionally based companies will be created. The intent is for all councils and existing bulk water authorities to transfer their direct and indirect water and sewerage activities, employees and infrastructure and related rights, assets and liabilities to the three new companies. In addition, a common service provider company, jointly owned by the regional companies, will be established to avoid unnecessary duplication in the regional companies and minimise costs to customers. The Water and Sewerage Corporations Act 2008 and the Water and Sewerage Industry Act 2008 giving effect to these changes received Royal Assent on 13 June 2008.

The timing of the reforms will result in the new companies commencing minimal operations from 1 January 2009. Councils will transfer assets, rights, liabilities and employees directly and indirectly associated with water and sewerage functions to the new companies on 1 July 2009. Assets likely to be transferred include land, pipes, pump stations, reservoirs, treatment plants and equipment.

The legislation defines water and sewerage functions as comprising:

Water

- Collection (Catchment) and storage by way of bulk supply
- Treatment
- Conveyance and reticulation
- Supply

Sewerage

- Collection or Storage
- Conveyance and reticulation
- Treatment
- Other functions associated with water and sewerage, may include drainage and
- re-use of sewage

The above functions are disclosed in Note 2 (b) against the activities titled Integrated Services, which also includes Stormwater. Further information relating to water and sewerage (wastewater) activities can be found in Note 29 which discloses Council's significant business activities.

(x) Inventories

Inventories consist of materials held for maintenance and construction requirements and are carried at lower of cost and net replacement value.

Burnie City Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2008

(y) *Impairment of Assets*

At each reporting date 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 recognised in the income statement.

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

During the 2008 financial year, Council reviewed the basis for assessing impairment of debts relating to parking fines. In previous years the impairment provision was calculated based upon an assessment at balance date of payment history. However, in 2008, with the introduction of the Monetary Penalties enforcement Act 2005 and application of new powers to enforce payment, Council have revised the basis for calculating the impairment provision to 20%. The impact of the change has resulted in the impairment provision decreasing by \$99,068. As Council assess the success of the new recovery procedures, the calculation of the impairment provision will continuously reviewed.

Burnie City Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

2 Functions/Activities of the Council

(a) Consolidated expenses, revenues and assets have been attributed to the following functions/activities, descriptions of which are set out in note 2(b).

2008 ACTUAL	CHILDRENS SERVICES \$	CORPORATE SERVICES \$	CULTURAL ACTIVITIES \$	PARKS AND RECREATION \$	PUBLIC SERVICES \$	REGULATORY SERVICES \$	ROADS AND STREETS \$	WASTE MANAGEMENT \$	INTEGRATED SERVICES \$	COMMERCIAL ACTIVITIES \$	TOTAL \$
Expenses	2,412,764 6.34%	11,294,062 29.67%	2,646,012 6.95%	1,751,656 4.60%	1,450,953 3.81%	2,079,214 5.46%	4,642,913 12.20%	2,351,953 6.18%	7,785,146 20.45%	1,656,857 4.35%	38,071,530 100.00%
Revenues											
Grants	138,174	1,162,595	84,745	0	669,848	59,862	1,366,712	0	0	332,135	3,814,071
Rates	0	13,408,726	0	0	0	0	0	1,295,128	8,180,441	0	22,884,295
Other	2,096,937	3,857,538	554,463	27,325	282,650	2,489,946	65,714	801,916	412,755	2,539,945	13,129,189
Total	2,235,111	18,428,859	639,208	27,325	952,498	2,549,808	1,432,426	2,097,044	8,593,196	2,872,080	39,827,555
Change in net assets resulting from operations	(177,653)	7,134,797	(2,006,804)	(1,724,331)	(498,455)	470,594	(3,210,487)	(254,909)	808,050	1,215,223	1,756,025
Non Operating Revenue/(Expenditure)	0	40,213	0	0	0	0	0	0	0	0	40,213
Surplus/(Deficit)	(177,653)	7,175,010	(2,006,804)	(1,724,331)	(498,455)	470,594	(3,210,487)	(254,909)	808,050	1,215,223	1,796,238
Assets (Note 2 (b))	1,516,124	63,298,903	11,504,367	15,150,317	3,705,939	14,257,979	92,153,147	2,031,682	141,010,748	6,994,177	351,623,383

Burnie City Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2008

2007 ACTUAL	CHILDRENS SERVICES \$	CORPORATE SERVICES \$	CULTURAL ACTIVITIES \$	PARKS AND RECREATION \$	PUBLIC SERVICES \$	REGULATORY SERVICES \$	ROADS AND STREETS \$	WASTE MANAGEMENT \$	INTEGRATED SERVICES \$	COMMERCIAL ACTIVITIES \$	TOTAL \$
Expenses	2,271,229	7,510,296	2,789,946	2,188,928	1,315,643	2,156,071	4,588,391	2,148,535	7,063,028	1,826,406	33,858,473
	6.55%	24.03%	8.04%	6.31%	3.79%	6.22%	13.23%	6.20%	20.37%	5.27%	100.00%
Revenues											
Grants	60,087	1,068,098	252,436	0	263,953	1,000	1,503,199	0	0	84,200	3,232,973
Rates	0	12,644,138	0	0	0	0	0	1,182,318	7,293,182	0	21,119,638
Other	1,864,097	3,119,083	601,905	128,998	444,302	2,026,903	(147,622)	689,492	320,398	1,765,389	10,812,945
Total	1,924,184	16,831,319	854,341	128,998	708,255	2,027,903	1,355,577	1,871,810	7,613,580	1,849,589	35,165,556
Change in net assets resulting from operations	(347,045)	9,321,023	(1,935,605)	(2,059,930)	(607,388)	(128,168)	(3,232,814)	(276,725)	550,552	23,183	1,307,083
Non Operating Revenue/(Expenditure)	0	(26,802)	0	0	0	0	0	0	0	0	(26,802)
Surplus/(Deficit)	(347,045)	9,294,221	(1,935,605)	(2,059,930)	(607,388)	(128,168)	(3,232,814)	(276,725)	550,552	23,183	1,280,281
Assets (Note 2 (b))	2,409,494	27,885,188	15,328,205	20,862,684	14,235,407	12,870,446	91,294,003	2,447,791	143,195,086	10,766,551	341,294,855

Burnie City Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2008

2(b) Functions/Activities of the Council (cont'd)

Total assets shown in note 2(a) are reconciled with the amounts shown for assets in the statement of financial position as follows:

	2008 (\$)	2007 (\$)
Current assets	20,577,476	11,456,927
Non-current assets	331,045,907	329,837,928
	351,623,383	341,294,855

The activities of the Council are categorised into the following broad functions:

Corporate Services

Operation and maintenance of council chambers, Governance Services, Administration Offices, Engineering Services, Economic Development, Works Depot and Private Works.

Children's Services

Operation and maintenance of Child Care Services.

Cultural Services

Operation and maintenance of Civic Centre, Art Gallery, Pioneer Village Museum and Promotions and Marketing activities.

Waste Management

Collection, handling, processing and disposal of waste materials.

Parks and Recreation

Operation and maintenance of parks and gardens, sporting and natural reserves and other sporting facilities.

Integrated Services

Construction, operation and maintenance of sewerage collection, treatment and disposal facilities as well as drainage and stormwater works; and construction, operation and maintenance of water collection, treatment and distribution works.

Roads and Streets

Construction, maintenance and cleaning of roads, footpaths, street lighting and bridges.

Public Services

Operation and maintenance of community amenities including public halls, restrooms, Olympic pool, emergency services, cemeteries and provision of welfare services.

Regulatory Services

Administration of parking facilities, animal control, building control, town planning and environmental protection.

Commercial Activities

Operations of Burnie Airport, Creative Paper Tasmania, Integrated Community Networks and Burnie Sports & Events.

Burnie City Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2008

	Consolidated Actual 2008 (\$)	Consolidated Actual 2007 (\$)	Council Actual 2008 (\$)	Council Actual 2007 (\$)
3 User charges & licences				
Parent Fees and Childcare Income	1,789,664	1,862,496	1,789,664	1,862,496
Section 132 & 337 Certificates	170,505	137,403	170,505	137,403
Rental Revenues	439,126	593,111	436,522	474,285
Excess Water Charges Revenue	44,871	141,559	44,871	141,559
Parking Revenue	1,487,268	1,116,805	1,487,268	1,116,805
Passenger Fares	936,949	951,194	-	-
Other	3,439,689	3,674,645	3,859,960	3,814,876
	8,308,072	8,477,213	7,788,790	7,547,424
4 Gain/(Loss) on non-current assets sold or retired				
Proceeds from Sales	1,899,369	4,992,499	1,139,309	4,970,681
Less Carrying amount of assets sold or retired	4,265,255	4,170,410	3,509,407	4,130,334
Gain/(Loss) on Disposal/Retirement	(2,365,886)	822,089	(2,370,098)	840,347
<i>Former Adult Education Building Fire</i>				
Building and development works destroyed by fire in April 2007 has resulted in a loss of \$2,463,675 being recognised in 2007/2008. Insurance policies of Council covered the losses incurred and consequently a settlement of \$2,724,331 is recognised in the income statement under 'Other revenues from ordinary activities'.				
5 Grants				
Grants were received in respect of the following:				
Art Gallery - "Arts Tasmania"	70,000	85,936	70,000	85,936
Cultural Activities and Development	200	6,500	200	500
Roads and Streets	488,749	608,957	488,749	608,957
Community & Welfare	813,022	299,935	813,022	299,934
Economic Development	9,545	44,000	9,545	44,000
Communication & Information Technology	64,413	89,305	64,413	61,105
Buildings and Fittings	441,862	215,000	109,727	165,000
Federal Nature Conservation	37,134	1,000	37,134	1,000
	1,924,926	1,350,633	1,592,791	1,266,433
Grants to Consolidated Entity as a Whole				
Tax Sharing Grants	1,889,145	1,882,340	1,889,145	1,882,340
	1,889,145	1,882,340	1,889,145	1,882,340
Total Grants Revenue	3,814,071	3,232,973	3,481,936	3,148,773
Government funds received in relation to pensioner rates rebates of \$732,733 were treated in the Income Statement as rate revenue.				
6 Grants - Operating and Capital				
Operating Grants	2,906,187	2,409,016	2,906,187	2,374,816
Capital Grants	907,884	823,957	575,749	773,957
Total Grants Revenue	3,814,071	3,232,973	3,481,936	3,148,773
7 Other Revenue				
Donations	43,969	221,263	2,064	6,202
Sales Revenue	1,442,078	803,872	144,015	243,307
Less Cost of Goods Sold	(964,388)	(417,020)	(203,798)	(199,739)
Developer Donations	617,197	1,118,330	617,197	1,118,330
Profit Distribution	-	-	(108,681)	417,200
Insurance recoverable - fire damage Adult Education Building	2,415,847		2,415,847	
Other	267,574	8,000	77,260	-
	3,822,277	1,734,445	2,943,904	1,585,300
8 Employee Costs				
Wages and Salaries	11,042,983	10,477,991	10,244,935	10,108,511
Superannuation	1,392,781	1,187,278	1,296,734	1,152,715
Employee Leave Entitlements	37,605	417,423	29,564	405,032
Other Employee Related Expenses	639,781	1,732,037	581,928	1,731,050
	13,113,150	13,814,729	12,153,161	13,397,308
Less Amounts Capitalised	(1,007,701)	(1,914,566)	(1,007,701)	(1,914,566)
	12,105,449	11,900,163	11,145,459	11,482,742

Burnie City Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2008

	Consolidated Actual 2008 (\$)	Consolidated Actual 2007 (\$)	Council Actual 2008 (\$)	Council Actual 2007 (\$)
9 Depreciation Expense				
Depreciation and amortisation for the reporting period was charged in respect of:				
Buildings	787,362	682,248	719,534	633,578
Furniture and Fittings	77,790	79,789	75,552	77,788
Infrastructure	194,426	189,299	194,426	189,299
Telecommunications Infrastructure	126,823	126,823	126,823	126,823
Motor Vehicles	314,029	304,491	301,584	294,808
Plant and Equipment	876,496	969,971	819,709	931,978
Sewerage	1,267,784	1,140,695	1,267,784	1,140,695
Waste Disposal	554,033	534,118	554,033	534,118
Water	1,717,932	1,547,451	1,717,932	1,547,451
Drainage	664,365	844,025	664,365	844,025
Car Parks	127,176	103,051	127,176	103,051
Bridges & Culverts	104,594	63,706	104,594	63,706
Roads/Runways	2,904,547	2,764,051	2,851,867	2,711,393
Heritage	14,123	15,400	14,123	15,400
Parks	336,801	303,573	336,801	303,573
Municipal Property Revaluations	30,905	83,072	30,905	83,072
	10,099,185	9,751,763	9,907,207	9,600,758
10 Auditors Remuneration				
Auditors Services	30,820	27,980	30,820	27,980
	30,820	27,980	30,820	27,980
11 Current Receivables				
Rates and Charges	915,438	889,461	915,438	889,461
Accrued Interest	78,021	36,383	78,021	36,383
Other Accrued Income	2,037,403	157,543	2,037,403	574,743
Trade Debtors	103,217	245,565	-	-
Sundry Debtors	2,632,604	1,468,016	1,871,924	1,498,627
Allowance for Impaired Debts	(216,306)	(308,193)	(216,306)	(308,193)
Loans Receivable	15,603	22,585	15,603	22,585
	5,565,980	2,511,360	4,702,083	2,713,606
12 Other Financial Assets				
Term Deposits	13,157,530	7,268,290	12,947,229	6,641,808
	13,157,530	7,268,290	12,947,229	6,641,808
Term deposits have been designated as financial assets at fair value through profit and loss.				
13 Cash and Cash Equivalents				
Cash in Bank Account	1,181,159	1,166,267	846,129	947,156
Cash Advances	17,614	14,564	17,614	14,314
Cash on Hand	3,200	688	-	-
	1,201,973	1,181,519	863,743	961,470
14 Other Current Assets				
Stores and Materials	529,973	441,113	335,349	329,847
Prepaid Expenses	122,020	54,645	102,380	2,748
	651,993	495,758	437,729	332,595

Burnie City Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2008

	Consolidated Actual 2008 (\$)	Consolidated Actual 2007 (\$)	Council Actual 2008 (\$)	Council Actual 2007 (\$)
15 Payables				
Payables	3,453,395	2,551,573	2,919,362	2,407,545
Accrued Interest	131,503	156,241	131,503	156,241
Accrued Wages	49,196	422,251	49,196	422,251
	<u>3,634,094</u>	<u>3,130,065</u>	<u>3,100,061</u>	<u>2,986,037</u>
16 Financial Liabilities				
Current - Secured				
Borrowings	895,471	1,287,922	895,471	1,287,922
Finance Lease	2,234	12,792	-	-
	<u>897,705</u>	<u>1,300,714</u>	<u>895,471</u>	<u>1,287,922</u>
Non Current - Secured				
Borrowings	18,793,936	16,168,050	16,481,434	14,105,550
Finance Lease	-	2,234	-	-
	<u>18,793,936</u>	<u>16,170,284</u>	<u>16,481,434</u>	<u>14,105,550</u>
Security for Borrowings				
The Council bank loans are secured over the general rates of the Council.				
Other bank borrowings are secured by a fixed and floating charge over all the assets of the controlled entity.				
17 Provisions - Current				
Employee Entitlements Annual Leave	784,358	933,305	718,031	908,122
Employee Entitlements RDO	45,052	70,376	45,052	70,376
Employee Entitlements Long Service Leave	691,014	635,018	657,177	635,018
Oncosts on Employee Entitlements	126,783	128,311	118,268	127,907
	<u>1,647,207</u>	<u>1,767,010</u>	<u>1,538,528</u>	<u>1,741,423</u>
18 Other Liabilities - Current				
Deposits, Bonds & Retentions	166,446	245,106	105,696	195,106
Trusts	23,097	32,000	20,000	32,000
Revenue Received in Advance	338,339	107,729	338,339	107,728
	<u>527,882</u>	<u>384,835</u>	<u>464,035</u>	<u>334,834</u>
19 Non-Current Receivables				
Balance at the beginning of reporting period	42,869	22,823	42,869	22,823
Add Loans provided	-	47,183	208,076	47,183
Deduct Loan Principal payments made	(17,072)	(27,137)	(17,072)	(27,137)
Balance at the end of reporting period	<u>25,797</u>	<u>42,869</u>	<u>233,873</u>	<u>42,869</u>
Current Loans Receivable	15,603	22,585	15,603	22,585
Non-Current Loans Receivable	25,797	42,869	233,873	42,869
Total Other Financial Assets	<u>41,400</u>	<u>65,454</u>	<u>249,476</u>	<u>65,454</u>

Burnie City Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2008

20 Property, Plant & Equipment

Land

Land - at fair value

Land valuations were determined by the office of the Valuer-General effective 30 June 2007.

Valuations were restated by applying an index of 2.50% at 30 June 2008. The index was based on the Consumer Price Index, All Groups for Hobart.

Buildings

Buildings - at fair value

less Accumulated Depreciation

Building valuations were determined by independent valuers Johnston Eastaugh Hearps as at 1 July 2004. The valuation was updated on 30 June 2007 by applying an index of 9.08%. The index was based on the Consumer price Index, All Groups for Hobart.

Valuations were restated by applying an index of 2.50% at 30 June 2008. The index was based on the Consumer Price Index, All Groups for Hobart.

Sewerage Infrastructure

Sewerage - at fair value

less Accumulated Depreciation

Sewerage infrastructure valuations were determined by Council's Technical Services division as at 30 June 2007.

Valuations were restated by applying an index of 2.50% at 30 June 2008. The index was based on the Consumer Price Index, All Groups for Hobart.

Water Infrastructure

Water - at fair value

less Accumulated Depreciation

Water infrastructure valuations were determined by Council's Technical Services division as at 30 June 2007.

Valuations were restated by applying an index of 2.50% at 30 June 2008. The index was based on the Consumer Price Index, All Groups for Hobart.

Infrastructure

Infrastructure - at cost

less Accumulated Depreciation

	Consolidated Actual 2008 (\$)	Consolidated Actual 2007 (\$)	Council Actual 2008 (\$)	Council Actual 2007 (\$)
Land				
Land - at fair value	25,813,700	24,182,723	22,494,817	20,827,852
	25,813,700	24,182,723	22,494,817	20,827,852
Buildings				
Buildings - at fair value	57,777,462	56,928,634	55,790,548	55,019,658
less Accumulated Depreciation	(23,838,258)	(20,320,147)	(23,622,147)	(20,171,865)
	33,939,204	36,608,487	32,168,401	34,847,793
Sewerage Infrastructure				
Sewerage - at fair value	74,341,148	72,283,074	74,341,148	72,283,074
less Accumulated Depreciation	(33,680,632)	(31,589,650)	(33,680,632)	(31,589,650)
	40,660,516	40,693,424	40,660,516	40,693,424
Water Infrastructure				
Water - at fair value	113,637,625	110,473,939	113,637,625	110,473,939
less Accumulated Depreciation	(52,499,490)	(49,651,469)	(52,499,490)	(49,651,469)
	61,138,135	60,822,470	61,138,135	60,822,470
Infrastructure				
Infrastructure - at cost	6,803,701	6,549,468	6,803,701	6,549,468
less Accumulated Depreciation	(3,668,076)	(3,473,650)	(3,668,076)	(3,473,650)
	3,135,625	3,075,818	3,135,625	3,075,818

Burnie City Council
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for the year ended 30 June 2008

Infrastructure consists of assets which do not fall within the other asset categories. Examples include parking meters, playground equipment and air conditioning units.

Plant and Equipment

Plant and Equipment - at cost
less Accumulated Depreciation

Consolidated Actual 2008 (\$)	Consolidated Actual 2007 (\$)	Council Actual 2008 (\$)	Council Actual 2007 (\$)
10,546,830	10,115,127	10,136,615	9,864,761
(6,736,927)	(6,457,425)	(6,553,617)	(6,330,902)
3,809,904	3,657,702	3,582,998	3,533,859

Furniture and Fittings

Furniture and Fittings - at cost
less Accumulated Depreciation

2,080,136	2,010,439	2,056,991	1,987,294
(1,568,026)	(1,490,237)	(1,556,860)	(1,481,308)
512,110	520,202	500,132	505,986

Motor Vehicles

Motor Vehicles - at cost
less Accumulated Depreciation

2,039,336	2,026,858	1,980,080	1,967,602
(801,441)	(642,661)	(771,719)	(625,384)
1,237,895	1,384,197	1,208,361	1,342,218

Waste Disposal

Waste Disposal - at fair value
less Accumulated Depreciation

3,855,653	3,573,196	3,855,653	3,573,196
(2,014,964)	(1,411,405)	(2,014,964)	(1,411,405)
1,840,689	2,161,791	1,840,689	2,161,791

Waste Disposal valuations were determined by Council's Technical Services division as at 30 June 2007.

Valuations were restated by applying an index of 2.50% at 30 June 2008. The index was based on the Consumer Price Index, All Groups for Hobart.

Car Parks

Car Parks - at fair value
less Accumulated Depreciation

12,414,468	12,111,676	12,414,468	12,111,676
(1,451,321)	(1,288,746)	(1,451,321)	(1,288,746)
10,963,147	10,822,930	10,963,147	10,822,930

Car park valuations were determined by Council's Technical Services division as at 30 June 2007.

Valuations were restated by applying an index of 2.50% at 30 June 2008. The index was based on the Consumer Price Index, All Groups for Hobart.

Bridges and Culverts

Bridges and Culverts - at fair value
less Accumulated Depreciation

5,961,043	5,811,550	5,961,043	5,811,550
(2,088,462)	(1,933,774)	(2,088,462)	(1,933,774)
3,872,581	3,877,776	3,872,581	3,877,777

Bridge and Culvert valuations were determined by TasSpan as at 30 June 2007.

Valuations were restated by applying an index of 2.50% at 30 June 2008. The index was based on the Consumer Price Index, All Groups for Hobart.

Burnie City Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2008

Roads

Roads - at fair value
less Accumulated Depreciation

Consolidated Actual 2008 (\$)	Consolidated Actual 2007 (\$)	Council Actual 2008 (\$)	Council Actual 2007 (\$)
171,138,068	166,630,211	166,382,838	161,944,331
(79,142,144)	(74,717,689)	(78,919,970)	(74,548,195)
91,995,924	91,912,522	87,462,868	87,396,136

Road valuations were determined by Council's Technical Services division as at 30 June 2007.

Valuations were restated by applying an index of 2.50% at 30 June 2008. The index was based on the Consumer Price Index, All Groups for Hobart.

Drainage

Drainage - at fair value
less Accumulated Depreciation

59,753,030	57,901,691	59,753,030	57,901,691
(22,626,383)	(21,405,658)	(22,626,383)	(21,405,658)
37,126,647	36,496,033	37,126,647	36,496,033

Drainage valuations were determined by Council's Technical Services division as at 30 June 2007.

Valuations were restated by applying an index of 2.50% at 30 June 2008. The index was based on the Consumer Price Index, All Groups for Hobart.

Heritage

Heritage - at cost
less Accumulated Depreciation

1,384,100	1,361,418	1,384,100	1,361,418
(213,572)	(199,449)	(213,572)	(199,449)
1,170,528	1,161,969	1,170,528	1,161,969

Telecommunications Infrastructure

Telecommunications Infrastructure - at fair value
less Accumulated Depreciation

1,797,202	1,797,202	1,797,202	1,797,202
(715,134)	(588,311)	(715,134)	(588,311)
1,082,068	1,208,891	1,082,068	1,208,891

Telecommunications Infrastructure valuations were determined by Council's Technical Services division as at 30 June 2007.

Parks and Recreation

Parks and Recreation - at fair value
less Accumulated Depreciation

15,276,928	14,311,881	15,276,928	14,311,881
(8,387,927)	(7,913,126)	(8,387,927)	(7,913,126)
6,889,001	6,398,755	6,889,001	6,398,755

Parks and Recreation valuations were determined by Council's Technical Services division as at 30 June 2007.

Valuations were restated by applying an index of 2.50% at 30 June 2008. The index was based on the Consumer Price Index, All Groups for Hobart.

Municipal Property Revaluations

Revaluations - at cost
less Accumulated Amortisation

185,434	164,864	185,434	164,864
(30,905)	-	(30,905)	-
154,529	164,864	154,529	164,864

Works in Progress

Works in Progress - at cost

5,677,906	4,644,504	5,214,736	4,528,000
331,020,110	329,795,059	320,665,778	319,866,566

Burnie City Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2008

Reconciliations

Reconciliations of the carrying amounts for each non-current asset class that forms part of this note are set out below

Land

Carrying amount at beginning of year
Adjustments / Transfers
Revaluation
Additions
Disposals
Depreciation
Carrying amount at end of year

Consolidated Actual 2008 (\$)	Consolidated Actual 2007 (\$)	Council Actual 2008 (\$)	Council Actual 2007 (\$)
24,182,723	14,874,087	20,827,852	11,519,216
-	972,841	-	972,841
2,035,548	9,299,604	2,035,548	9,299,604
19,909	81,403	19,910	81,403
(424,480)	(1,045,212)	(388,493)	(1,045,212)
-	-	-	-
25,813,700	24,182,723	22,494,817	20,827,852

Buildings

Carrying amount at beginning of year
Adjustments / Transfers
Revaluation
Additions
Disposals
Depreciation
Carrying amount at end of year

36,608,487	30,935,390	34,847,793	29,866,636
(2,287,588)	(1,017,384)	(2,287,588)	(1,056,381)
687,437	2,900,788	687,437	2,900,788
441,231	4,462,799	363,294	3,747,671
(723,001)	(13,515)	(723,001)	-
(787,362)	(659,591)	(719,534)	(610,921)
33,939,204	36,608,487	32,168,401	34,847,793

Sewerage

Carrying amount at beginning of year
Adjustments / Transfers
Revaluation
Additions
Disposals
Depreciation
Carrying amount at end of year

40,693,424	28,042,306	40,693,424	28,042,306
-	37,568	-	37,568
962,502	2,191,641	962,502	2,191,641
285,977	11,562,604	285,976	11,562,604
(13,602)	-	(13,602)	-
(1,267,784)	(1,140,695)	(1,267,784)	(1,140,695)
40,660,516	40,693,424	40,660,515	40,693,424

Water

Carrying amount at beginning of year
Adjustments / Transfers
Revaluation
Additions
Disposals
Depreciation
Carrying amount at end of year

60,822,470	56,779,856	60,822,470	56,779,856
428	(4,859)	428	(4,859)
1,621,519	4,977,905	1,621,519	4,977,905
455,261	625,376	455,261	625,376
(43,611)	(8,357)	(43,611)	(8,357)
(1,717,932)	(1,547,451)	(1,717,932)	(1,547,451)
61,138,135	60,822,470	61,138,135	60,822,470

Infrastructure

Carrying amount at beginning of year
Adjustments / Transfers
Additions
Disposals
Depreciation
Carrying amount at end of year

3,075,818	7,525,970	3,075,818	2,988,774
-	(4,537,196)	-	-
254,233	276,343	254,233	276,343
-	-	-	-
(194,426)	(189,299)	(194,426)	(189,299)
3,135,625	3,075,818	3,135,625	3,075,818

Plant and Equipment

Carrying amount at beginning of year
Adjustments / Transfers
Additions
Disposals
Depreciation
Carrying amount at end of year

3,657,702	5,144,661	3,533,859	5,001,446
-	(1,323,412)	-	(1,284,454)
1,071,000	969,182	910,470	911,603
(41,622)	(162,802)	(41,622)	(162,802)
(877,176)	(969,927)	(819,709)	(931,934)
3,809,904	3,657,702	3,582,998	3,533,859

Burnie City Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2008

	Consolidated Actual 2008 (\$)	Consolidated Actual 2007 (\$)	Council Actual 2008 (\$)	Council Actual 2007 (\$)
<i>Furniture and Fittings</i>				
Carrying amount at beginning of year	520,202	539,103	505,986	526,676
Adjustments / Transfers	-	-	-	-
Additions	69,697	60,932	69,697	57,142
Disposals	-	-	-	-
Depreciation	(77,789)	(79,833)	(75,551)	(77,832)
Carrying amount at end of year	512,110	520,202	500,132	505,986
<i>Motor Vehicles</i>				
Carrying amount at beginning of year	1,384,197	1,578,515	1,342,218	1,500,291
Adjustments / Transfers	-	28	-	28
Additions	385,305	430,673	385,305	430,673
Disposals	(217,578)	(320,528)	(217,578)	(293,966)
Depreciation	(314,029)	(304,491)	(301,584)	(294,808)
Carrying amount at end of year	1,237,895	1,384,197	1,208,361	1,342,218
<i>Waste Disposal</i>				
Carrying amount at beginning of year	2,161,791	2,497,418	2,161,791	2,497,418
Adjustments / Transfers	-	-	-	-
Revaluation	41,516	106,132	41,516	106,132
Additions	191,415	92,359	191,415	92,359
Disposals	-	-	-	-
Depreciation	(554,033)	(534,118)	(554,033)	(534,118)
Carrying amount at end of year	1,840,689	2,161,791	1,840,689	2,161,791
<i>Car Parks</i>				
Carrying amount at beginning of year	10,822,930	6,014,711	10,822,930	5,984,793
Adjustments / Transfers	-	(29,918)	-	-
Revaluation	267,394	(50,550)	267,394	(50,550)
Additions	-	5,058,092	-	5,058,092
Disposals	-	(66,354)	-	(66,354)
Depreciation	(127,176)	(103,051)	(127,176)	(103,051)
Carrying amount at end of year	10,963,147	10,822,930	10,963,147	10,822,930
<i>Bridges and Culverts</i>				
Carrying amount at beginning of year	3,877,777	2,479,712	3,877,777	2,479,712
Adjustments / Transfers	-	121,926	-	121,926
Revaluation	94,252	1,256,905	94,252	1,256,905
Additions	5,145	82,940	5,145	82,940
Disposals	-	-	-	-
Depreciation	(104,593)	(63,706)	(104,593)	(63,706)
Carrying amount at end of year	3,872,581	3,877,777	3,872,581	3,877,777
<i>Roads</i>				
Carrying amount at beginning of year	91,912,522	85,859,291	87,396,136	85,859,291
Adjustments / Transfers	-	4,445,188	-	(121,926)
Revaluation	1,545,531	2,066,925	1,545,531	2,066,925
Additions	1,628,341	2,454,164	1,558,991	2,452,234
Disposals	(185,922)	(148,995)	(185,922)	(148,995)
Depreciation	(2,904,547)	(2,764,051)	(2,851,867)	(2,711,393)
Carrying amount at end of year	91,995,924	91,912,522	87,462,868	87,396,136
<i>Drainage</i>				
Carrying amount at beginning of year	36,496,033	24,267,675	36,496,033	24,267,675
Adjustments / Transfers	-	-	-	-
Revaluation	835,424	12,410,594	835,424	12,410,594
Additions	469,478	670,574	469,478	670,574
Disposals	(9,923)	(8,785)	(9,923)	(8,785)
Depreciation	(664,365)	(844,025)	(664,365)	(844,025)
Carrying amount at end of year	37,126,647	36,496,033	37,126,647	36,496,033

Burnie City Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2008

	Consolidated Actual 2008 (\$)	Consolidated Actual 2007 (\$)	Council Actual 2008 (\$)	Council Actual 2007 (\$)
<i>Heritage</i>				
Carrying amount at beginning of year	1,161,969	1,152,450	1,161,969	1,152,450
Additions	22,682	24,919	22,682	24,919
Disposals	-	-	-	-
Depreciation	(14,123)	(15,400)	(14,123)	(15,400)
Carrying amount at end of year	1,170,528	1,161,969	1,170,528	1,161,969
<i>Telecommunications Infrastructure</i>				
Carrying amount at beginning of year	1,208,891	-	1,208,891	-
Adjustments / Transfers	-	1,372,231	-	1,372,231
Revaluation	-	(36,517)	-	(36,517)
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation	(126,823)	(126,823)	(126,823)	(126,823)
Carrying amount at end of year	1,082,068	1,208,891	1,082,068	1,208,891
<i>Parks and Recreation</i>				
Carrying amount at beginning of year	6,398,755	5,668,235	6,398,755	5,668,235
Adjustments / Transfers	14,983	-	14,983	-
Revaluation	127,786	831,336	127,786	831,336
Additions	684,760	207,514	684,760	207,514
Disposals	(482)	(4,757)	(482)	(4,757)
Depreciation	(336,801)	(303,573)	(336,801)	(303,573)
Carrying amount at end of year	6,889,001	6,398,755	6,889,001	6,398,755
<i>Municipal Property Revaluations</i>				
Carrying amount at beginning of year	164,864	83,072	164,864	83,072
Additions	20,570	164,864	20,570	164,864
Depreciation	(30,905)	(83,072)	(30,905)	(83,072)
Carrying amount at end of year	154,529	164,864	154,529	164,864
<i>Work in Progress</i>				
Carrying amount at beginning of year	4,605,417	14,672,584	4,528,000	14,595,167
Net Transfers	1,072,489	(10,028,080)	686,736	(10,067,167)
Carrying amount at end of year	5,677,906	4,644,504	5,214,736	4,528,000

Burnie City Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2008

	Consolidated Actual 2008 (\$)	Consolidated Actual 2007 (\$)	Council Actual 2008 (\$)	Council Actual 2007 (\$)
21 Other				
Investments in controlled entities				
Investments in controlled entities at cost	-	-	2,003,766	1,683,756
	-	-	2,003,766	1,683,756
Formation Expenses				
Formation Expenses at cost	105,142	105,142	-	-
less Accumulated amortisation	(105,142)	(105,142)	-	-
	-	-	-	-
Loan Establishment				
Loan Establishment at cost	35,687	35,687	-	-
less Accumulated amortisation	(35,687)	(35,687)	-	-
	-	-	-	-
	-	-	2,003,766	1,683,756
22 Non-current Provisions				
Provision for Landfill Restoration	1,127,000	1,031,044	1,127,000	1,031,044
Employee Entitlements Long Service Leave	202,575	326,467	202,575	326,467
Oncosts on Employee Entitlements	17,422	27,750	17,421	27,750
	1,346,997	1,385,261	1,346,996	1,385,261
The aggregate employee entitlement liability recognised and included in the financial statements is as follows:				
Current (refer to note 17)	1,647,207	1,638,699	2,569,572	1,613,516
Non-current (refer to note 22)	1,346,997	326,467	1,346,996	326,467
	2,994,204	1,965,166	3,916,568	1,939,983
23 Reserves				
Asset Revaluation Reserve	78,224,152	73,001,168	75,572,437	69,641,117
Movements				
Asset Revaluation Reserve				
balance at the beginning of the financial year	73,001,168	37,009,888	69,641,117	33,649,837
amount transferred due to revaluation of assets	5,222,984	35,991,280	5,931,320	35,991,280
Balance at the end of the financial year	78,224,152	73,001,168	75,572,437	69,641,117
24 Outside Equity interests in Controlled Entities				
Interest in Controlled Entity	4,010,033	4,009,604	-	-
Interest in Operating Profit/(Loss)	147,890	429	-	-
	4,157,923	4,010,033	-	-

Burnie City Council
Notes to and forming part of the Financial Statements
for the year ended 30 June 2008

	Consolidated Actual 2008 (\$)	Consolidated Actual 2007 (\$)	Council Actual 2008 (\$)	Council Actual 2007 (\$)
25 Contingency				
Consolidated Entity holds bank guarantees for the following:				
Security deposits and retentions	1,419,414	2,171,578	1,419,414	2,171,578
Buildings, frontage, landscaping/subdivisions	12,500	1,000	12,500	1,000
	<u>1,431,914</u>	<u>2,172,578</u>	<u>1,431,914</u>	<u>2,172,578</u>
These guarantees have not been recognised as assets as it is uncertain, and unlikely, that the Consolidated Entity will require these funds.				
Council did not have any other material contingencies at balance date.				
26 Commitments				
Capital Commitments (not longer than one year)				
Buildings	-	237,000	-	237,000
Sewerage	86,941	462,743	86,941	462,743
	<u>86,941</u>	<u>699,743</u>	<u>86,941</u>	<u>699,743</u>
Financing Lease Commitments				
Commitments under non-cancellable financing leases at the reporting date are payable as follows:				
Not later than one year	-	13,537	-	-
Later than 1 year but not later than 5 years	-	2,256	-	-
	-	15,793	-	-
	-	767	-	-
Less Future lease finance charges	-	15,026	-	-
Lease Liabilities provided for in the Financial Statements	-		-	-
Leases generally do not provide the Consolidated Entity with a right of renewal.				
27 Reconciliation of Cash				
For the purpose of the statement of cash flows, Council considers cash to include cash on hand, and in banks and investments in the short term money market instruments.				
Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:				
Cash in Bank Account	1,181,159	1,166,267	846,129	947,156
Cash Advances	17,614	14,564	17,614	14,314
Cash on Hand	3,200	688	-	-
	<u>1,201,973</u>	<u>1,181,519</u>	<u>863,743</u>	<u>961,470</u>
28 Reconciliation of Change in Net Assets Resulting from Operations to Net Cash Provided by Operating Activities				
Change in Net Assets before non-operating items	1,756,025	1,307,083	1,654,500	1,283,900
Items not involving cash				
Depreciation expense	10,099,185	9,751,763	9,907,207	9,600,758
Change to Employee Entitlement Provisions	(253,162)	297,512	(336,115)	281,233
Distribution of Profits	(108,682)	-	-	-
Developer Donations	(617,197)	(1,118,330)	(617,197)	(1,118,330)
Investing Activity				
Net (Gain)/Loss on Disposal of Plant and Equipment	2,365,886	(822,089)	2,370,098	(840,347)
Changes in Operating Assets and Liabilities				
(Increase)/Decrease in Receivables - Rates	(25,974)	(135,411)	(25,974)	(135,411)
(Increase)/Decrease in Receivables - General	(2,925,417)	34,690	(1,962,502)	(329,055)
(Increase)/Decrease in Inventories	(103,496)	(39,174)	(5,503)	(11,868)
(Increase)/Decrease in Other Current Assets	(83,880)	149,654	(99,632)	140,910
Increase/(Decrease) in Payables	1,215,815	(172,214)	487,079	82,403
Increase/(Decrease) in Accrued Employee Costs	(373,055)	126,253	(373,055)	133,043
Increase/(Decrease) in Other Liabilities	143,047	(393,594)	129,200	(443,594)
Net Cash inflow from Operating Activities	<u>11,089,095</u>	<u>8,986,143</u>	<u>11,128,106</u>	<u>8,643,642</u>

Burnie City Council
Notes to and forming part of the Financial Statements
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29 Significant Business Activities

Council's Road and Integrated Services Operations have been deemed to be Significant Business Activities. The following information is provided in relation to these activities:

2007/08

Revenue

Rates
Grants
Other
Total Revenue

Expenses

Direct Costs:

Employee Costs
Materials & Contracts
Interest
Other

Indirect Costs:

Engineering & Administration

Capital Costs:

Depreciation
Opportunity Cost of Capital

Competitive Neutrality Costs

2006/07

Revenue

Rates
Grants
Other
Total Revenue

Expenses

Direct Costs:

Employee Costs
Materials & Contracts
Interest
Other

Indirect Costs:

Engineering & Administration

Capital Costs:

Depreciation
Opportunity Cost of Capital

Competitive Neutrality Costs

Roads	Integrated Services	Total
\$	\$	\$
0	8,180,441	8,180,441
1,366,712	0	1,366,712
65,714	412,755	478,469
1,432,426	8,593,196	10,025,622
597,606	1,304,873	1,902,479
1,316,009	1,817,429	3,133,438
0	935,611	935,611
0	67,136	67,136
1,913,615	4,125,049	6,038,664
181,835	513,512	695,347
2,729,298	3,660,097	6,389,395
7,095,792	10,857,827	17,953,619
9,825,090	14,517,924	24,343,014
0	0	0

Roads	Integrated Services	Total
\$	\$	\$
0	7,293,182	7,293,182
1,503,199	0	1,503,199
1,372	337,903	339,275
1,504,571	7,631,085	9,135,656
621,855	1,266,883	1,888,738
1,191,082	1,474,138	2,665,220
0	525,288	525,288
148,994	270,664	419,658
1,961,931	3,536,973	5,498,904
389,099	770,080	1,159,179
2,775,455	3,543,560	6,319,015
7,029,638	11,026,022	18,055,660
9,805,093	14,569,582	24,374,675
0	0	0

Burnie City Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

30 Superannuation

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

At the present time Council contributes 12.5% of employees' gross income to the Fund. Assets accumulate in the scheme to meet member benefits as they accrue, and if assets within the scheme are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

Bendzulla Actuarial Pty Ltd undertook the last actuarial review of the Scheme at 30 June 2005. The review disclosed that at that time the net market value of assets available for funding member benefits was \$64,804,407, the value of vested benefits was \$58,913,097, the surplus was \$5,891,310 and the value of total accrued benefits was \$61,267,000. These amounts relate to all members of the scheme at the date of valuation and no asset or liability is recorded in Quadrant Superannuation Scheme's financial statements for Council employees.

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

Net Investment Return	7.0% pa
Salary Inflation	4.0% pa
Price Inflation	n/a

In the opinion of the Actuary, the Quadrant Defined Benefits Fund was adequately funded in that assets were sufficient to cover the vested benefits of all members at the review date and the actuarial value of accrued past service benefits. The next full triennial review is scheduled for 30 June 2008.

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

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

During the 2007/08 reporting period the amount of contributions paid to superannuation schemes was \$ 1,305,180.

31 Aldermens' Emoluments

Aldermens' Emoluments have been made in accordance with the Consolidated Entity's decision regarding payment of Aldermens' Allowances and reimbursement of expenses.

Consolidated Actual 2008 (\$)	Consolidated Actual 2007 (\$)	Council Actual 2008 (\$)	Council Actual 2007 (\$)
148,459	139,919	148,459	139,919
148,459	139,919	148,459	139,919

32 Register of Interests

Aldermen & Position

	Interest
A P Boyd (Major)	No
A Dow (Deputy Mayor)	No
R Bentley	No
S A French	No
S Green	No
A Dow	No
C Winter	No
D Hodgetts	No
M Ryan	No

Burnie City Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

33 Financial Instruments and Financial Risk Management as at 30 June 2008

Financial Risk Management

Capital Risk Management

Burnie City Council's objectives when managing capital are to safeguard the Council's ability to continue as a going concern in order to provide quality services to the community in a sustainable way. Council seeks to maintain a balance between borrowing and the advantages and security afforded by a sound capital position.

The Council monitors capital on the basis of the gearing ratio. This is a measure of the proportion of borrowing to community equity. The consolidated gearing ratio at the end of the financial year was:

	2008 \$	2007 \$
Total Financial Liabilities	19,691,641	17,470,998
Less: cash and short term deposits	14,359,503	8,449,809
Net debt	5,332,138	9,021,189
Total equity	320,996,082	313,146,653
Total equity employed	326,328,220	322,167,842
Gearing ratio	1.6%	2.8%

This ratio demonstrates that the Council's assets are financed mostly with equity rather than debt.

Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices such as interest rates, foreign exchange rates, and equity prices.

Financial instruments held by the Council do not give rise to any material or direct exposure to currency or equity price risk. The Council's primary market risk exposure is to interest rate risk. This is the risk that the fair value of future cash flows from financial assets and liabilities will fluctuate because of changes in market interest rates.

The Council manages its borrowing costs by using fixed rate debt for the term of each of its loans. Investment of surplus funds is reviewed periodically for interest rate exposure and consideration is given to the potential renewal of existing positions and the mix of fixed and variable interest rates.

Sensitivity Analysis

At year end, the effect on consolidated profit and equity as a result of a change in the interest rate, with all other variables remaining constant would be as follows:

	2008 \$	2007 \$
Change in profit		
- increase in market interest rates by 100 basis points (1%)	114,047	69,194
- decrease in market interest rates by 100 basis points (1%)	(114,047)	(69,194)
Change in equity		
- increase in market interest rates by 100 basis points (1%)	114,047	69,194
- decrease in market interest rates by 100 basis points (1%)	(114,047)	(69,194)

	Carrying Value	Net Fair Value	Difference
Financial Assets			
Cash assets	\$863,743	\$863,743	\$0
Investments	\$12,947,229	\$12,947,229	\$0
Receivables	\$4,935,958	\$4,935,958	\$0
Financial Liabilities			
Payables	\$3,100,061	\$3,100,061	\$0
Interest Bearing Liabilities	\$17,376,905	\$17,019,044	\$357,861

Burnie City Council

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

Credit Risk

Credit risk is the risk of financial loss to the Council in the event that one party to a financial instrument fails to meet its obligations. This risk arises principally from the Council's receivables and Burnie City Council limits its exposure to credit risk by only investing in liquid securities and only with recognised Australian financial institutions with a satisfactory industry credit rating. Council does not expect any counterparty to fail to meet its obligations.

Council's exposure to credit risk is influenced mainly by the individual characteristics of each debtor therefore the Council does not have any significant exposure for any particular demographic or Council's maximum exposure to credit risk is generally the carrying amount of the financial instrument, as reflected in the balance sheet.

Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash to meet financial obligations as they fall due. Burnie City Council maintains flexibility in funding to ensure that it will have sufficient liquidity to pay its operational expenses, capital works obligations and financial liabilities as they fall due.

The Council monitors its liquidity on the basis of expected cash flows. Forecast liquidity as per the Annual Plan and Budget Estimates 2008/2009 is as follows: -

	June 2009
Opening balance for the period	\$ 13,810,972
Operating inflows	\$ 41,498,885
Operating outflows	-\$ 25,958,206
Proceeds from sale of assets	\$ 200,000
Financial Liability	
Repayments	-\$ 895,471
Capital Expenditure	-\$ 20,991,774
Closing balance for the period	\$ 7,664,406

Council's contractual maturity for its non-derivative financial instruments are disclosed in the table below. Contractual cash flows are based on undiscounted total payment on the earliest possible

	Weighted Average Interest Rate %		Less than 1 Year \$'000		1 to 5 Years \$'000		More than 5 Years \$'000		Non Interest Bearing \$'000		Total \$'000	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Financial Assets												
Cash assets	7.81%		\$ 863,743	\$ 961,470							\$ 863,743	\$ 961,470
Investments	7.81%		\$ 12,947,229	\$ 6,641,808							\$ 12,947,229	\$ 6,641,808
Receivables		6.39%										
Loans		6.39%										
Rates	7.20%		\$ 15,605	\$ 22,585	\$ 233,873	\$ 26,896	\$ -	\$ 15,973	\$ 3,771,042	\$ 1,801,560	\$ 249,478	\$ 65,454
Sundry	11.69%		\$ 915,438	\$ 889,461							\$ 915,438	\$ 889,461
Total			\$ 14,742,015	\$ 8,515,324	\$ 233,873	\$ 26,896	\$ -	\$ 15,973	\$ 3,771,042	\$ 1,801,560	\$ 18,746,930	\$ 10,359,753
Financial Liabilities												
Other Liabilities									\$ 464,035	\$ 334,834	\$ 464,035	\$ 334,834
Payables									\$ 3,100,061	\$ 2,986,037	\$ 3,100,061	\$ 2,986,037
Interest Bearing Liabilities	6.70%	6.48%	\$ 897,706	\$ 1,287,922	\$ 4,839,975	\$ 4,151,200	\$ 11,639,224	\$ 9,954,350	\$ 3,564,096	\$ 3,320,871	\$ 17,376,905	\$ 15,393,472
Total			\$ 897,706	\$ 1,287,922	\$ 4,839,975	\$ 4,151,200	\$ 11,639,224	\$ 9,954,350	\$ 3,564,096	\$ 3,320,871	\$ 20,941,001	\$ 18,714,343
Net Financial Assets/(Liabilities)			\$ 13,844,309	\$ 7,227,402	\$ (4,606,102)	\$ (4,124,304)	\$ (11,639,224)	\$ (9,938,377)	\$ 206,946	\$ (1,519,311)	\$ (2,194,071)	\$ (8,354,591)