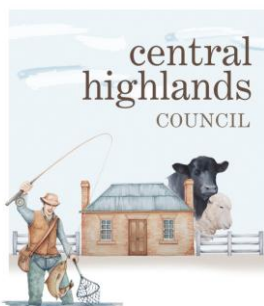


Central Highlands Council



ANNUAL REPORT 2015 – 2016



CORPORATE VISION

To provide residents and visitors opportunities to participate in and enjoy a vibrant local economy, rewarding community life, cultural heritage and a natural environment that is world class.

CORPORATE MISSION

Provide leadership to ensure that local government and other services are provided to meet the social, economic and environmental needs of the present day community, whilst trying to ensure the best possible outcomes for future generations.

STRATEGIC PLAN

Council's Strategic Plan 2015-2024 is available free of charge by contacting either the Bothwell or Hamilton Office or on Council's website at www.centralhighlands.tas.gov.au

INVITATION FOR SUBMISSIONS

Members of the community are invited to make submissions on the Annual Report for discussion at Council's Annual General Meeting which will be held at the Council Chambers, Bothwell on Tuesday, 6 December 2016 at 8.45am.

Any person wishing to make a submission should do so by close of business on Tuesday, 29 November 2016.

Current Councillors as at 30 June 2016



Cllr Deirdre Flint OAM
Mayor



Cllr Andrew Downie
Deputy Mayor



Cllr Loueen Triffitt



Cllr Jim Allwright



Cllr Erika McRae



Cllr Tony Bailey



Cllr Robert Cassidy



Cllr Richard Bowden OAM



Cllr Lana Benson

COUNCILLOR ATTENDANCE AT ORDINARY COUNCIL MEETINGS, SPECIAL COUNCIL MEETINGS AND THE ANNUAL GENERAL MEETING

	Contact Numbers	Meeting Attendance (including Annual Meeting & Special meetings)			
		Full	Part	Absent	Possible
Deirdre E Flint OAM	0418 319 832	11		2	13
Andrew J Downie	6260 4170	13			13
Richard G Bowden OAM	6259 5542	10		3	13
Loueen M Triffitt	6286 3275	11		2	13
Anthony W Bailey	6286 3284	9		4	13
James R Allwright	6288 1392	12	1		13
Erika M McRae	0439 392 245	11		2	13
Evan J Evans to Feb 2016	6288 1183	9			9
Robert L Cassidy	0458 737 747	11		2	13
Lana Benson From April 2016	6288 1554	2			2

COUNCILLOR ATTENDANCE AT COMMITTEE MEETINGS & WORKSHOPS

	Meeting Attendance at Council Committee Meetings				Meeting Attendance at Council Workshops			
	Full	Part	Absent	Possible	Full	Part	Absent	Possible
Deirdre E Flint OAM	4		6	10	5		1	6
Andrew J Downie	10		3	13	3		3	6
Richard G Bowden OAM	10		3	13	5		1	6
Loueen M Triffitt	6			6	3		3	6
Anthony W Bailey	10		2	12	5		1	6
James R Allwright	11			11	5		1	6
Erika M McRae	3		1	4	4		2	6
Evan J Evans to Feb 2016	2			2	2			2
Robert L Cassidy	9		2	11	5		1	6
Lana Benson from March 2016					4			4

MAYOR'S REPORT



It gives me great pleasure to present this Annual Report which covers the period July 2015 to June 2016.

The Central Highlands of Tasmania is one of the most beautiful and unique areas in the world. It covers a total area of 8,010 square kilometres (11.6% of the state) and makes a significant and increasing contribution to the economic wealth of Tasmania. Our region supports a large and diverse agricultural industry as well as a significant livestock industry. This includes meat and dairy production and contains in excess of 15% of the state's sheep and lamb population. Our horticulture industry produces grapes, stone fruit and berries and together with the forest industry, power production, trout fishing, tourism and recreation, makes our area a diverse rural location.

Council welcomed our new Councillor, Lana Benson, who was elected as a result of a Bi-election held upon the resignation of Evan Evans.

Council has reviewed and adopted its 10 Year Asset Management Plan and 10 Year Financial Management Plan and Strategy to guide our decision making.

Council share resources, where appropriate, with other Councils and is a member of the Common Services Joint Venture with 6 other southern councils.

Major roadworks undertaken during the year and funded from the Federal Roads to Recovery Program included:

- Rehabilitation works on Hollow Tree Road and Ellendale Road
- Reconstruction of part of Victoria Valley Road
- Sealing a further 1.2 kms of Arthurs Lake Road

A Black Spot Funding Grant of \$90,000 was received to remove the crest on Victoria Valley Road to improve line of sight and improve safety.

Financial Assistance Grants, provided by the Federal Government and distributed through the State Grants Commission, assists Council in undertaking maintenance works on our roads and bridges.

Council has continued the campaign to complete the sealing of the Highlands Lake Road. This is an important transport route for residents and tourists and is also a vital freight corridor to the north

west of the State. The State Government has committed a further \$3.9 million towards the sealing of this road and the Federal Coalition Government has committed to providing a further \$5 million to complete the sealing to Haulage Hill.

It is pleasing to see that the Southern Highlands Irrigation Scheme has commenced, and indications are that it should be completed and able to provide water to the scheme irrigators for the 2017/2018 irrigation season.

The Derwent Bridge Visitor Facilities comprising toilets, information bay, barbecue and seating was officially opened in February 2016. Council acknowledges the funding received from the State Government (\$100,000) and the grant funding for the project under the Tourism Driver Infrastructure Funding Program of \$88,670.

Highlands Bushfest, held in Bothwell in November 2015, was a great success with over 90 sites and 4,000 visitors over the weekend. It is a valuable event promoting activities within the Central Highlands and provides an economic benefit for our community. My thanks go to our staff who organise and run the event.

My thanks also go to our wonderful community groups who organise and hold events to encourage people to come to the Central Highlands. Many volunteer hours are given by these groups and their efforts are to be commended. Without this support, some of our events just would not happen.

I would like to thank Council's Deputy Mayor, Andrew Downie, for his continued support and also acknowledge Councillors contributions, particularly those who represent Council on Committees. These Committees are time consuming and Councillors' input is invaluable.

I acknowledge the contribution and dedication from Council's General Manager, Mrs Lyn Eyles, who is charged with implementing Council's budget and policies. I would also like to thank Departmental Managers and staff for their commitment to the Central Highlands Municipality.

Deirdre E Flint OAM
Mayor

31 July 2016.

COUNCIL COMMITTEE REPRESENTATION 2015-2016

Bothwell Swimming Pool Committee

Clr E M McRae (Chair) to April 2016
Clr L M Triffitt (Chair) from April 2016
Clr R G Bowden OAM

Bothwell Cemetery Committee

Clr L M Triffitt (Chair)
Mayor D E Flint OAM Proxy
Clr R L Cassidy

Plant Committee

Mayor Deirdre Flint OAM (Chair)
Clr R G Bowden OAM
Clr A W Bailey

Independent Living Units Committee

Mayor D E Flint OAM (Chair)
Clr E M McRae
Clr L M Triffitt

Audit Panel

Deputy Mayor A J Downie
Clr E J Evans resigned Feb 2016
Clr J R Allwright from March 2016

Strategic Planning Sub-Committee

Deputy Mayor A J Downie (Chair)
Clr E M McRae
Clr A W Bailey

Planning Committee

Deputy Mayor A J Downie (Chair)
Clr J R Allwright
Clr R G Bowden OAM
Clr R L Cassidy
Clr A W Bailey

Highlands Tasmania Tourism Committee

Clr L M Triffitt (Chair)
Mayor D E Flint OAM
Clr R L Cassidy
Clr A W Bailey

Australia Day Committee

Deputy Mayor A J Downie (Chair)
Clr A W Bailey
Clr L M Triffitt

Waste Committee

Clr A J Downie (Chair)

Clr R G Bowden OAM

Clr J R Allwright

OTHER COMMITTEE REPRESENTATION

Bothwell Spin-In Committee

Mayor D E Flint OAM

Clr R Cassidy Proxy

Australasian Golf Museum

Mayor D E Flint OAM

Clr E M McRae

Southern Waste Strategy Authority

Deputy Mayor A J Downie

Mayor D E Flint OAM (Proxy)

Derwent Catchment NRM Committee

Clr J R Allwright

Local Government Association of Tasmanian General Management Committee

Mayor Deirdre Flint OAM

Premiers Local Government Council

Mayor Deirdre Flint OAM

The Central Highlands Men's Shed Steering Committee

Clr Anthony Bailey

Clr J R Allwright (Proxy)

Great Lake Community Centre Committee

Clr L M Triffitt

Central Highlands Health Service Project – Community Consultation Committee

Mayor Deirdre Flint OAM

Clr E M McRae

Ellendale Hall Committee

Mayor D E Flint OAM

Rural Alive and Well

Clr E M McRae

OVERVIEW AND HIGHLIGHTS

- Four thousand people attended Highlands Bushfest which was held at Bothwell on 21st and 22nd November, 2015.

There was a variety of stalls among the 90 sites, with everything from four wheel driving and camping products, quad bikes, caravans, cars and four wheel drives, boats, crafts, food and beverages.

New attractions this year were very popular. Eddie Freeman's chainsaw carvings drew huge crowds to marvel at his skills; Rosedale Equine Stud's animals were a huge success with the children as was the Face Painting Lady Tas. Excited children lined up for a turn on the mechanical bull, and were even timed, much to their delight.

Bothwell Speed Shear was held at Bushfest this year, and the speed shear and novelty events drew large crowds. Bernard and Taylor McGlashan provided working sheepdog demonstrations and Tas Reptilia's snake display was very popular.

Trout Guides and Lodges, Anglers Alliance, Sporting Shooters Association Tasmania Branch, Parks and Wildlife Service, Tasmanian Trail and Field Hunting and Conservation Tasmania attended to support Highlands Bushfest.

- The Derwent Bridge Visitor Amenities, comprising public toilets, information bay, barbeque, grey water dump point and seating, was completed.
- A new cricket pitch was completed to enable the newly formed Bothwell Cricket Club to host home games.
- The new Visitors Centre at Bothwell was opened by the Governor.
- Council's new Interim Planning Scheme commenced.
- Work commenced on the Southern Highlands Irrigation Scheme.
- The Federal Coalition Government committed \$5M towards the completion of the sealing of the Highland Lakes Road
- Cllr Lana Benson was elected as a result of a bi-election held upon the resignation of Cllr Evan Evans.
- Australia Day was celebrated at Hamilton and was well attended.
- Anzac Day Services were held at Gretna, Hamilton and Bothwell and all services were well attended by the community.

KEY FOCUS AREAS

Goal 1 *Community Building – Build Capacity to enhance community spirit and sense of well being*

Strategies	We have
1.1 Continue to upgrade existing public open spaces and sporting facilities and encourage community use	<ul style="list-style-type: none"> • Replaced the fence around Queens Park Bothwell • Installed a new cricket pitch at the Bothwell Recreation Ground to support the establishment of a local cricket club • Provided a loan to the Bothwell Football Club to enable the Club to complete the clubrooms to lock up stage • Installed a barbecue at Grace Nicholas Park Ouse
1.2 Advocate for improved health, education, transport and other government and non government services within the Central Highlands	<ul style="list-style-type: none"> • Council has representation on the Central Highlands Community Health Committee • Council is a member of the Southern Tasmanian Council's Authority
1.3 Continue to strengthen partnerships with all tiers of government	<p>Council is a member of the Common Services Joint Venture</p> <p>The Mayor is on the Premiers Local Government Council</p>
1.4 Support and encourage social and community events within the Central Highlands	<p>Council provides funding and in-kind support to community groups providing events in the Central Highlands.</p> <p>Support was provided for the Ellendale Buskers, Ouse and Highlands Regional Fair, Hamilton Show and Highlands Bushfest.</p>
1.5 Provide support to community organisations and groups	<p>Council provides support to community groups through Council's community grants.</p> <p>Schools are supported by:</p>

	<p>An annual allocation of \$1,000 was given to the following schools:</p> <p>Bothwell District High School Glenora District High School Ouse District Primary School Westerway Primary School</p> <p>Council provide annual bursaries to Central Highlands year 10 students at Bothwell District High School, Glenora District High School and New Norfolk High School to further their education.</p> <p>Council provide annual citizenship awards to students at the following schools:</p> <p>Bothwell District High School Glenora District High School Westerway Primary School Ouse District Primary School</p>
1.6 Foster and Develop a community with a strong sense of ownership of its area	<p>Continued providing monetary assistance to retain the home day care facility at Bothwell.</p> <p>Allocated funds to enable medical services to be provided at Bothwell and Ouse.</p> <p>Provide an allocation of \$10,800 to Centralinc to assist with the production of the Highlands Digest, which provides a valuable avenue for dissemination of information about Central Highlands.</p>



Highlands Bushfest 2015

Goal 2 *Infrastructure and Facilities – Manage Council’s physical assets in an efficient and effective manner*

Strategies	We have
2.1 Develop and implement a 10 year Asset Management Plan for all classes of assets	<p>Asset management Plans have been prepared for:</p> <ul style="list-style-type: none"> • Roads and Bridges • Buildings <p>and adopted on 19 January 2016</p>
2.2 Continue to work at regional and state levels to improve transport and infrastructure	<ul style="list-style-type: none"> • Council continually lobby the State Government to complete the sealing of the Highlands Lake Road • Council is a member of the STCA and support the regional lobbying for transport and infrastructure improvements.
2.3 Seek external funding to assist with upgrading of existing infrastructure and funding of new infrastructure and facilities	<p>Council was successful in obtaining a grant of \$38,560 from Community Sport and Recreation to construct a netball/tennis court at Bothwell. Work will begin in November/December 2016</p> <p>Council received a Black Spot Funding Grant of \$90,000 to remove the crest on Victoria Valley Road.</p> <p>The \$300,000 Visitor Amenities at Derwent Bridge was constructed with funding from Council, \$100,000 State Government Grant and \$88,670 from the Federal Tourism Demand Driver Infrastructure Program.</p> <p>Council receives Financial Assistance Grants through the State Grants Commission.</p> <p>Federal Roads to Recovery Funding received enabled Council to undertake capital upgrades on roads.</p>
2.4 Ensure that the standard of existing assets and services are maintained in a cost effective manner	Council allocates funds in its budget to maintain its existing assets

	<p>Council:</p> <ul style="list-style-type: none"> • constructed a pedestrian footway at Westerway to increase the safety of pedestrians • Replaced a section of kerb and channel at Elizabeth Street, Bothwell • Undertook internal repairs to the Old Headmaster's House at Bothwell • Undertook rehabilitation works on Hollow Tree Road and Ellendale Road • Sealed 2 kms of Arthurs Lake Road <p>Council budgets sufficient funds to ensure that its assets and services are maintained.</p>
--	--



Pedestrian Footway at Westerway

Goal 3 *Financial Sustainability – Manage Council’s finances and assets to ensure long term viability and sustainability of Council*

Strategies	We have
3.1 Manage finances and assets in a transparent way to allow the maximisation of resources to provide efficient and consistent delivery of services	<p>Estimates, Annual Plan and Annual Report were all completed and adopted.</p> <p>Monthly Financial Reports are submitted to Council.</p>
3.2 Review annually, Councils Long Term Financial Management Plan and Councils Long Term Asset Management Plan	<p>Council’s Long Term Asset Management Plans were reviewed and adopted on 19 January 2016.</p> <p>Councils Long Term Financial Plan and Strategy was reviewed and adopted on 17 May 2016.</p>
3.3 Where efficiency gains can be identified, resource share services with other local government councils	<p>Council resource share a Planner with Southern Midlands and are partnering with the Common Services Joint Venture to investigate other services that may benefit Central Highlands.</p>
3.4 Increase the level of grant income	<p>Council attend annual meetings with the Grants Commission to submit Council’s case for increased funding.</p> <p>The following grants were received:</p> <ul style="list-style-type: none"> • Black spot funding \$90,000 • Community Sport & Recreation \$38,560 • Tourism Demand Driver Infrastructure Grant \$88,670 • State Government Grant \$100,000 • Roads to Recovery Grants \$1,135,698 • Financial Assistance Grants \$1,212,252 plus \$1,124,584 received in advance in June 2015
3.5 Encourage development to expand Council’s rate base	<p>Council has adopted its Interim Planning Scheme which encourages development.</p>

3.6 Identify revenue streams that could supplement/substitute for existing resources	Identifying revenue streams is a works in progress.
3.7 Develop and maintain sound risk management processes	Council's risk register is reviewed and updated on a regular basis and presented to Audit Panel Meetings.



Visitor Amenities Derwent Bridge

Goal 4 *Natural Environment – Encourage responsible management of the natural resources and assets in the Central Highlands*

Strategies	We have
4.1 Continue to fund and support the Derwent Catchment Natural Resource Management Committee	Council continues to fund natural resource management through funding to the Derwent Catchment Natural Resource Management Committee.
4.2 Continue with existing waste minimisation and recycling opportunities	<p>Council operates one controlled refuse site at Hamilton which has available a DrumMUSTER facility.</p> <p>Manned waste transfer sites are available at Bothwell, Miena and Bronte Park.</p> <p>A Bulky Waste Collection is provided twice per year throughout the municipal area which is designed to allow residents to place items out for collection that are too bulky or unsuitable for the door to door collection.</p> <p>Council provided a relatively comprehensive kerbside collection service for waste & recycling to the residents of Bothwell, Ellendale, Fentonbury, Gretna, Hamilton, Ouse, Osterley, Wayatinah and Westerway. Thorpe Waste currently holds the contract. All waste is taken to the Hamilton Refuse Disposal Site and the recyclables taken to Hobart for processing.</p> <p>Roadside stand alone bins have been placed at Reynolds Neck, Brandum Bay, Jillet Road, Doctors Point, Haulage Hill, Interlaken, Cramps Bay, Wilburville, Arthurs Lake and Derwent Bridge. The bins are designed to accept domestic waste only, can be accessed 24/7 and have proved to be very successful in most areas.</p> <p>All waste and recycling collected is reported to the DPIPWE annually.</p>
4.3 Promote the reduce, reuse, recycle, recover message	<p>Council provides recycling facilities throughout the municipal area and have a fortnightly door to door recycling collection throughout our towns.</p> <p>Council engage a contractor, Thorp Recycling, to</p>

	<p>collect recycling from static sites and ensure that sites are clean. Thorp Recycling improved the way that recyclable material is managed at the sites by installing 25m skip bins for the collection of scrap steel which is then taken to Hobart for processing. This has been very successful.</p>
4.4 Continue the program of weed reduction in the Central Highlands	<p>Council works with the Derwent Catchment Natural Resource Management Committee to implement its weed strategy and allocated funds to carry out weed management.</p>
4.5 Ensure the Central Highlands Emergency Management Plan is reviewed regularly to enable preparedness for natural events and emergencies	<p>A review of Council's Municipal Emergency Management Plan was undertaken with the updated plan endorsed by Council in April 2016. It is a requirement that the plan be reviewed at least every two years.</p>
4.6 Strive to provide a clean and healthy environment	<p>Council undertakes regular maintenance and cleaning of public conveniences and other public facilities.</p> <p>Sampling of Council's recreational waters has been undertaken to monitor compliance with the quality standards contained in the guidelines. Statutory reporting to the Department of Health and Human Services is completed annually. Two sites Clyde River at Bothwell and Clyde River at Hamilton have 'No Swimming Signs' erected.</p> <p>The Hamilton landfill site has been analysed to determine compliance with the Environmental Protection Notice. Results are reported to the Department of Primary Industries, Water and Environment on an annual basis.</p>
4.7 Support and assist practical programs that address existing environmental problems and improve the environment	<p>Grey water disposal sites are located at Bothwell, Hamilton and Derwent Bridge.</p> <p>Council provides many options for refuse and recycling disposal and undertakes weed eradication in conjunction with the Derwent Catchment Natural Resource Management Committee.</p>

Goal 5 *Economic Development – encourage economic viability within the municipality*

Strategies	We have
5.1 Encourage expansion in the business sector and opening of new market opportunities	Council are encouraged by the commencement of the Southern Highlands Irrigation Scheme which will enable irrigators to diversify and open new market opportunities.
5.2 Support the implementation of the Southern Highlands Irrigation Scheme	The Southern Highlands Irrigation Scheme has commenced, and indications are that it should be completed and able to provide water to scheme irrigators for the 2017/2018 irrigation scheme.
5.3 Continue with the Highlands Tasmania Branding	The branding continues with the annual Highlands Bushfest and Council brochures.
5.4 Encourage the establishment of alternative industries to support job creation and increase permanent residents	With the introduction of the Southern Highlands Irrigation Scheme, Council expects that alternative produce opportunities will arise with a subsequent increase in employment opportunities and permanent residents.
5.5 Promote our areas' tourism opportunities, destinations and events	<p>Council's tourism brochure is distributed through Brochure Exchange at Hobart, Launceston, Devonport and Burnie airports and also on the Spirit of Tasmania 1 and 2.</p> <p>The Brochure is also distributed from Brooke Street Pier.</p> <p>Council contributed to the reprint of the Miena Tourism Brochure.</p> <p>Councils Touring Route map is distributed widely throughout the state.</p> <p>Highlands Bushfest is an annual Council hosted event which highlights recreational pursuits that can be undertaken in the Central Highlands.</p>

5.6 Support existing businesses to continue to grow and prosper	Council support existing businesses and provide letters of support to assist grant funding applications.
5.7 Develop partnerships with State Government, industry and regional bodies to promote economic and employment opportunities	Council is a member of Destination Southern Tasmania.
5.8 Work with the community to further develop tourism in the area	<p>Council supports community events that bring visitors to Central Highlands.</p> <p>Council's Highlands Tasmania Tourism Committee consists of councillors and tourism operators.</p> <p>Council provided funds of \$50,000 towards the new Visitor Centre at Bothwell.</p>



Croakers Alley Bothwell

Goal 6 Governance and Leadership – Provide governance and leadership in an open, transparent, accountable and responsible manner in the best interests of our community as a whole

Strategies	We have
6.1 Ensure Council fulfils its legislative and governance responsibilities and its decision making, supported by sustainable policies and procedures	Council fulfils its legislative and governance responsibilities. Policies and procedures are reviewed regularly.
6.2 Ensure that Council members have the resources and skills development opportunities to effectively fulfil their responsibilities	All opportunities for Councillors further skill development are advised
6.3 Ensure appropriate management of risk associated with Council's operations and activities	Council's risk register is continually reviewed. Council continues to be proactive in inspections and reviews to minimise risk exposure.
6.4 Promote a supportive culture that promotes the well-being of staff and encourages staff development and continuous learning	Through the performance management system staff are encouraged to undertake further courses of benefit to them Council is hosting a trainee for 12 months
6.5 Provide advocacy on behalf of the community and actively engage government and other organisations in the pursuit of community priorities	Council has actively engaged with the State Government and Federal Coalition Government for completion of the sealing of the Highlands Lake Road.
6.6 Consider Council's strategic direction in relation to resource sharing with neighbouring councils and opportunities for mutual benefit	Council is a member of the Common Services Joint Venture and undertakes resource sharing.

	<p>Council is also part of a sub-region collaboration comprising Brighton, Central Highlands, Derwent Valley and Southern Midland Councils with the aim of identifying and pursuing opportunities of common interest and to more effectively and efficiently serve ratepayers, residents and communities in these municipal areas.</p>
<p>6.7 Support and encourage community participation and engagement</p>	<p>Support is provided to community groups through Council's Community Grants.</p> <p>Council supports and encourages community events and participation within the Central Highlands.</p> <p>Our Australia Day Function and Anzac Day Services are well attended by our community.</p>
<p>6.8 Ensure that customers receive quality responses that are prompt, accurate and fair</p>	<p>Council strives to respond to customers promptly, and with fairness and accuracy.</p>
<p>6.9 Council decision making will be always made in open council except where legislative or legal requirements determine otherwise</p>	<p>Council's agendas and minutes are available on Council's website.</p> <p>The community has access to all Senior Council Managers.</p> <p>Public Question time is allocated at all council meetings.</p> <p>Arrangements can be made with Council for delegations to attend and make representations at Council meetings.</p>

ENVIRONMENTAL AND PUBLIC HEALTH REPORT

Council performed its functions under the Public Health Act 1997 and the Food Act 2003 as detailed below.

Council employs a part-time Environmental Health Officer (EHO).

Council strives for ongoing and measurable improvements to community health through responsive, educative, monitored, participative and enforcement programs. Council has implemented inspection and immunisation services as well as education programs for the health of the community and to provide advice to the community on environmental and public health issues.

These objectives and strategies form part of Council's Strategic Plan, and this was developed in consultation with the Central Highlands community. Thus, the programs implemented by Council can be seen to be meeting at least part of the needs of members of the community.

The various public health strategies that have been undertaken by Council are detailed:

- 49 Food Business Registrations have been issued following inspection in accordance with the Food Act 2003. These premises are assessed in accordance with Food Standards Code.
- Several Special Events Licences have been issued during the year.
- A DrumMUSTER collection facility continues to operate at the Hamilton Regional Disposal and Recycling Site and one is to be instigated at the Bothwell site to provide an ongoing service with two employees trained as DrumMUSTER inspectors.
- Council have also implemented a silage recycling point at the Hamilton Landfill, and this service is free of charge to both residents and Council.
- School immunisation was carried out in accordance with the National Health and Medical Research Council Immunisation Schedule, and was conducted by Council's Medical Officer of Health at the Bothwell District High School.
- "Free" infant immunisation continues to be offered by appointment at the Ouse Medical Centre and Bothwell Medical Centre as per the national immunisation schedule.
- Environmental Nuisances are followed up by inspections and may require the issue of abatement notices, Environmental Protection Notices and / or infringement notices.

DEVELOPMENT STATISTICS

	2011-12	2012-13	2013-14	2014-15	2015-16
Total No Applications	98	79	74	67	52
No. Permitted	40	30	30	19	18
No. Discretionary	58	33	29	33	32
Subdivision Applications	15	16	15	14	5
No. Lots	107	51	66	19	20
Planning Scheme Amendments	0	0	0	0	0
No Permit Required	N/A	N/A	N/A	1	2

BUILDING STATISTICS

	2011-12	2012-13	2013-14	2014-15	2015-16
No. Buildings	79	65	67	52	50
No. Plumbing	68	55	57	47	49
No. Special Connections	27	16	20	20	12
Value of Building Applications	\$5,044,022	\$3,975,758	\$7,747,293	\$4,233,541	\$6,816,704

POOL ATTENDANCE STATISTICS

Season Passes	2011-12	2012-13	2013-14	2014-15	2015-16
Family	2	1	1	2	0
Junior	1	1	2	4	3
Daily Attendance					
Junior	353	635	722	427	524
Adult	120	56	301	127	189
Season Users	144	31	80	125	25

DOG CONTROL STATISTICS

	2011-12	2012-13	2013-14	2014-15	2015-16
Dogs Registered	1089	1052	1029	1022	1024
Kennel Licenses	0	27	28	30	31
Infringement Notices	2	0	7	6	1
Impounded Dogs	20	11	13	12	9
Declared Dangerous	0	0	0	0	0

The following donations and contributions were made during the year:

DONATIONS AND CONTRIBUTIONS

Bothwell Licenced Anglers	\$200	PCYC Child Safety Handbook	\$290
Bothwell Exercise Group	\$1,000	J Watkins Tas Darts Team Representation	\$100
Gretna Volunteer Fire Brigade – Juniors State Championship	\$300	Edmund Rice Camps	\$5,000
Royal Flying Doctor Service	\$1,000	RAW (Rural Alive and Well)	\$10,000
Bothwell Anglican Church	\$500	Ouse Online Centre	\$1,000
Bothwell District High School	\$500	Webcams in the Highlands	\$2,727
Lions Club Christmas BBQ	\$200	Ellendale Buskers Bash	\$1000
Bothwell Speed Shear	\$2000	Miena Tourism Brochure	\$800
Ouse & Highlands Craft Fair	\$1000	Gretna Cricket Club – contribution to wicket	\$1,522
New Norfolk Scouts - Jamboree	\$100	Centralinc – Highlands Digest Contribution	\$10,800
Bothwell Day Care Centre – annual contribution	\$5000	Annual Donation Glenora District High School	\$1000
Annual Donation Bothwell District High School	\$1,000	Donation Bothwell District High School – Chainsaw Courses	\$1000
Annual Donation Ouse District School	\$1,000	Ouse District School 2 x primary awards and 1 x bursary	\$200
Annual Donation Westerway Primary School	\$1,000	Bothwell District High encouragement award, citizenship award and bursary	\$350
Westerway Primary School citizenship award and bursary	\$150	Glenora District High School citizenship award and bursary	\$300
Hamilton Show Committee Donation	\$1,000	Hamilton Show Committee – shed levies and marquee inspection	\$599
Central Highland Lakes Community Association – contribution to power	\$600	Bothwell Medical Centre – contribution to telephone and power	\$2745.89

Remissions & Small Debt Write Offs

05-0700-03580	\$0.83	04-0015-03798	\$5.51
04-0013-01118	\$0.80	03-0241-01921	\$24.20
04-0010-03864	\$0.20	01-0805-02781	\$36.80
04-0001-00018	\$2.00	01-0805-03937	\$504.84
03-0241-01928	\$1.86	01-0810-03938	\$360.44
03-0237-03915	\$1.47	01-0823-04055	\$46.70
03-0237-01678	\$0.67	01-0843-03202	\$20.54
03-0237-01663	\$0.50	01-0805-03678	\$698.16
03-0233-01513	\$1.90	02-0101-00486	\$940.02
03-0226-01292	\$0.31	01-0805-02758	\$114.77
03-0219-00890	\$0.11	01-0805-02757	\$18.24
03-0219-00863	\$1.71	01-0805-03970	\$3.46
03-0216-00738	\$0.77	04-0001-00029	\$19.23
03-0210-00540	\$0.12	03-0221-00978	\$12.31
03-0210-00534	\$0.35	01-0852-03996	\$14.67
03-0210-00533	\$0.22	01-0823-03856	\$76.98
01-0890-02492	\$1.10	01-0823-02331	\$21.29
01-0823-02405	\$0.60	01-0809-02029	\$110.11
01-0823-02359	\$1.31	01-0805-02805	\$357.22
01-0821-02274	\$0.11	04-0011-03963	\$280.43
01-0805-03822	\$0.26	01-0838-02982	\$138.00
01-0805-02853	\$0.20	04-0017-03967	\$464.76
01-0805-02635	\$0.13	Total	\$4286.21

Remissions given on Building, Plumbing & Development applications 2014/2015:

DA 2015/10 – waive public open space contribution

DA 2014/2 : Waive fee associated with extension of time for permit \$85.00

Waive development and advertising fees for carport for Ellendale Hall

Remission of building and plumbing fees for shed at Hamilton Recreation Ground and remit development application fee of \$590.10

Assistance was also provided to community groups and clubs by way of in-kind support such as provision of plant and labour, photocopying, and free or subsidised use of Council premises, to name a few. Groups to benefit were:

- Ouse & Highland Festival – waive fees for hire of Hamilton Recreation Ground for children's xmas party
- Waive fees for seasonal hire of Bothwell Recreation Ground – Bothwell Cricket Club
- Waive Hall hire and PA hire fees Bothwell Licenced Anglers Annual Dinner
- Katie Clifton waive support room fees for events during Seniors Week
- Bothwell Exercise Group – waive hire fees Bothwell Hall for exercise classes

- Janene Glover – waive hire fees Bothwell Hall for Get Active Program
- Bothwell Tourism Committee – waive hire fees Bothwell Recreation Ground for sheepdog trials
- Bothwell Tourism Committee – Waive hire fees Bothwell Hall for free community dance
- Anglican Parish of Hamilton – free use of Resource Centre for church services
- Rural Primary Health Service – Use of Ash Cottage – no charge
- Australasian Golf Museum – lease of premises – no charge
- Bothwell Historical Society – lease of building – no charge
- Ouse On-Line Access Centre – lease of building – no charge
- Central Highland Lakes Community Association – lease of building no charge
- Central Highlands Community Mens Shed – waive food licence
- Derwent Catchment NRM Committee – use of building – no charge
- Bothwell Spin-in Committee – assist set up Spin Out
- Ellendale Hall Committee – use of Ellendale Hall – no charge
- Ouse & Highland Festival Committee – waive hire fees Ouse Hall for festival

Under Section 72 of the Local Government Act 1993, the following is reported:

TOTAL REMUNERATION BRACKET	NO OF SENIOR EMPLOYEES
\$0 - \$80,000	1 (part year)
\$80,000 - \$100,000	2
\$140,000 - \$160,000	1

- Total remuneration includes salary, employer superannuation contribution, value of use of motor vehicle provided, value of other allowances and benefits paid to an employee.

Total Allowances and expenses and reimbursements paid to the Mayor, Deputy Mayor and Councillors were \$123,227.

Loans

Council has signed a loan agreement with TasWater for Council to provide \$500,000 towards the upgrade of the Gretna Water Scheme. The loan is interest free and payable by four equal instalments over 20 years. The loan funds were paid to TasWater in January 2016.

Council has provided a loan of \$35,451 to the Bothwell Football Club to enable the new clubrooms to be completed to lock up stage. The loan is repayable over 5 years with interest of 1% on loan funds. Repayments of \$7,304.32 are due on 1 October of each year of the loan.

Donation of Land Statement S177 Local Government Act 1993

Section 177 of the Local Government Act requires Council to report on any land donated by Council during the year. It is reported that no land was donated during the 2015/16 financial year.

PUBLIC INTEREST DISCLOSURES STATEMENT

Statement required under Section 86 of the Public Interest Disclosures Act 2002.

Council has established a written procedure in accordance with the Act. A copy of the Central Highlands Council Public Interest Disclosure Procedures Manual is available on Council's website www.centralhighlands.tas.gov.au

Number of Disclosures made to Council & determined to be a public interest disclosure	0
Number of disclosures investigated by Council	0
Number of disclosed matters referred by the Ombudsman	0
Number of disclosures referred by Council to the Ombudsman	0
Number of disclosures taken over by the Ombudsman from Council	0
Number of disclosed matters Council declined to investigate	0
Number of disclosed matters that were substantiated	0
Number of recommendations made by the Ombudsman to Council	0

Code of Conduct Complaint Information

Section 72 of the Act requires Council to report in its Annual Report the number of code of conduct complaints that were upheld by the Code of Conduct Panel during 2015/2016 and the total costs met by Council during the year in respect to all code of conduct complaints.

It is reported that no code of conduct complaints were made during 2015/2016 and no costs were incurred.

Enterprise Powers Statement

Council has not exercised any powers or undertaken any activities in accordance with Section 21 of the Local Government Act 1993.

Contracts for supply or provision of goods and services valued at or above \$100,000

Description	Period of Contract	Value excluding GST	Successful Contractor	Business Address Of Successful Contractor
Gravel Crushing and Winning	01/07/15 to 30/06/17	Various rates based on size of gravel	Fieldwicks Pty Ltd	PO Box 131E East Devonport 7310
Road Stabilisation Ellendale and Hollow Tree Roads	2015/2016	\$319,004.70 ex GST	Andrew Walter Construction Pty Ltd	PO Box 5 Claremont 7011
Road rehabilitation Cross Street, Water Street, Victoria Valley Rd Ouse design and	2015/2016	\$188,072.20 ex GST	Andrew Walter Construction Pty Ltd	PO Box 5 Claremont 7011
Preparation and application of road seal Stage 3 Arthurs Lake Road	2015/2016	\$182,090 ex GST	Stornoway Asset Services	63 Crooked Billet Road Brighton 7030
Road Resealing 2015-2017	2015-2017	Various rates based on length and type of sealing (2 coat, prime seal and reseal)	Roadways	PO Box 303 Glenorchy 7010
Victoria Valley Road Stabilisation Design and Construct	2015/2016	\$263,430 ex GST	Andrew Walter Construction Pty Ltd	PO Box 5 Claremont 7011
Supply & Servicing of waste material from Waste Transfer Stations and domestic roadside bins	1/7/11 - 30/6/16	\$118,874 p.a. plus annual cpi	Toxfree Australia Pty Ltd	PO Box 400 Mowbray 7248
Door to Door Garbage and Recycling Collection Service	1/7/15 – 30/6/16	\$133,192	Thorp Waste	1237 Main Road Mangalore 7030

NON APPLICATION OF PUBLIC TENDER PROCESS

A Council is to report in its annual report all instances where the public tender process (Regulation 23) has not been applied.

Council has applied the public tender process in all situations where it is required in accordance with Section 333A (1) of the Local Government Act 1993. Council advises that no report is required for the 2015/2016 year.

FINANCIAL PERFORMANCE INDICATORS

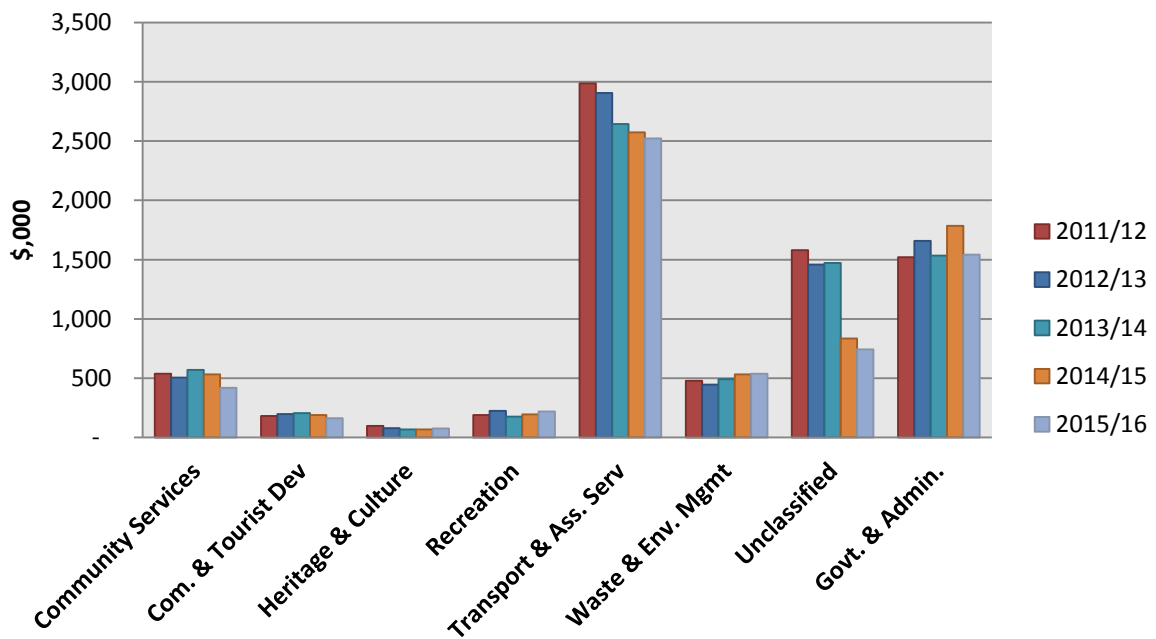
Comparative Financial Performance Indicators are provided for the current and previous six years.

Indicator	2016 %	2015 %	2014 %	2013 %	2012 %	2011 %	2010 %
Rate Revenue Analysis Rate Income : Total Revenue	49.8	48	48	46	45	48	45
Working Capital Ratio Current Assets: Current	6.94	6.40	6.51	7.68	7.39	10.51	9.46
Debt Ratio Total Liabilities: Total Assets	1.11	1.32	.70	.81	.86	.61	.64

EXPENDITURE BY FUNCTION

	2015/16 '000	2014/15 '000	2013/14 '000	2012/13 '000	2011/12 '000
Community Services	420	532	572	507	537
Com. & Tourist Dev	162	190	207	199	182
Heritage & Culture	76	70	70	79	98
Recreation	219	196	176	224	189
Transport & Ass. Serv	2,552	2,573	2,643	2,905	2,985
Waste & Env. Mgmt	539	532	492	446	480
Unclassified	743	836	1,472	1,458	1,579
Govt. & Admin.	1,542	1,785	1,535	1,658	1,522

EXPENDITURE BY FUNCTION



RESERVES

	\$'000	\$'000	\$'000	\$'000	\$'000	\$,000	\$,000
Reserve	2010	2011	2012	2013	2014	2015	2016
Plant Replacement	453	453	453	453	453	453	453
Bridges	377	377	377	377	377	377	377
Sundry	619	721	164	165	121	297	196
Long Service Leave	231	231	231	288	298	335	351
Regional Refuse Site	80	80	80	80	80	80	80
Quarry Reserve	80	80	80	80	80	80	80
Shacksites Program	158	158	158	0	0	0	0
Roads to Recovery	5	79	0	0	0	0	0
Financial Assistance Grants			948	1,056	0	0	0
Healthy Communities Grant			193	213	0	0	0
Total	2,003	2,179	2,684	2,712	1,409	1,542	1,537

NON- CURRENT ASSETS

<i>NON-CURRENT ASSET</i>	<i>30 JUNE 2015 ASSET VALUE \$'000</i>	<i>30 JUNE 2016 ASSET VALUE \$'000</i>	<i>INCREASE/ (DECREASE) \$'000</i>
Land	3,395	3,395	0
Buildings	4,492	4,990	498
Plant, Machinery & Equipment	1,920	1,761	(159)
Motor Vehicles	57	56	(1)
Office Equipment	120	122	2
Computer Equipment	67	114	47
Infrastructure	650	677	27
Roads	59,545	59,235	(310)
Drainage Systems	1,017	1,001	(16)
Bridges	8,048	7,826	(222)
Footpaths, Kerbs & Gutters	1,023	1,057	34
Works in Progress	214	487	273
Valuer-General	88	66	(22)
Investment in Southern Water	7,742	7,874	132
Land Under Roads		957	957
Loan TasWater		500	500
TOTALS	88,378	90,118	1,740

Roads, Bridges, Footpaths, Kerb and Gutters were re-valued in the 2014-2015 financial year.

16 September 2016

Cr Benson
Acting Mayor
Central Highlands Council
PO Box 20
HAMILTON TAS 7140

Dear Cr Benson

Central Highlands Council – Final Management Letter - Audit of Financial Report for the Year Ended 30 June 2016

The audit of the financial report for Central Highlands Council (Council) has been completed in accordance with the agreed financial audit strategy. I have issued my audit report on the financial report, a copy of which is enclosed.

Audit Findings

The audit was completed with no issues outstanding.

You will appreciate that my normal audit procedures are designed primarily to enable me to form an opinion on the financial report as a whole and therefore do not necessarily bring to light at each audit all the weaknesses in internal control or accounting practice which a special investigation might do.

I have prepared this report solely for the use of Council. As you know, this report forms part of a continuing dialogue between Council and the Auditor-General and, therefore, it is not intended to include every matter, whether large or small, that has come to my attention. For this reason I believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy without my prior written consent, I would not accept any responsibility for any reliance that they might place on it.

Auditor-General's Report

Relevant commentary from the Auditor-General's Report to Parliament will be forwarded to you for formal comment where the contents impacts on Council.

...1 of 2

Review of the Annual Report

Please will you forward to me a copy of the final draft of Council's annual report for review by my staff prior to its publication. This review will be conducted in accordance with Auditing Standard ASA 720 *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Report* to identify any material inconsistencies between the financial report and other information disclosed in the annual report.

Appreciation is expressed for the assistance and co-operation provided to my staff during the course of the audit.

Please note that a copy of this letter together with the audit report and management report will be provided to the Minister for Planning and Local Government, the Hon. P C Gutwein, MP in accordance with section 19(2) of the *Audit Act 2008*.

If you have any queries regarding the audit or any other matters, please contact me on 6173 0900.

Yours sincerely



P Chung
Group Leader Financial Audit Services

Encl.

Copy for:
Ian McMichael, Chair Audit Panel
Lyn Eyles, General Manager

|

Independent Auditor's Report

To the Councillors of Central Highlands Council

Financial Report for the Year Ended 30 June 2016

Report on the Financial Report

I have audited the accompanying financial report of Central Highlands Council (Council), which comprises the statement of financial position as at 30 June 2016 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the General Manager's statement.

Auditor's Opinion

In my opinion Council's financial report:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2016 and financial performance, cash flows and changes in equity for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

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 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 is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 my judgement, including the assessment of

...1 of 2

risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I considered internal control relevant to the General Manager'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 responsibility does not extend to the budget figures included in the statement of comprehensive income, the asset renewal funding ratio disclosed in note 36(e), nor the Significant Business Activities disclosed in note 35 to the financial report and accordingly, I express no opinion on them.

Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements.

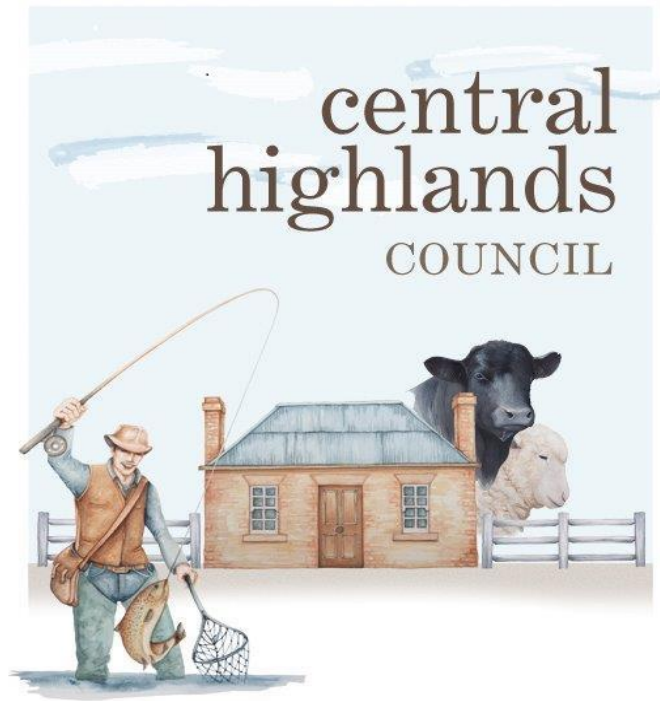
The *Audit Act 2008* promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Tasmanian Audit Office



Phillip Chung
Group Leader Financial Audit Services
Delegate of the Auditor-General

Hobart
16 September 2016



Central Highlands Council
ANNUAL FINANCIAL REPORT
For the Year Ended 30 June 2016

Central Highlands Council

Financial Report

Table of Contents

FINANCIAL REPORT	Page
Financial Statements	
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Cash Flows	3
Statement of Changes in Equity	4
Notes to Financial Statements	
Introduction	5
Note 1 Significant accounting policies	5
Note 2 Functions/Activities of the Council	17
Note 3 Rates and charges	19
Note 4 Statutory fees and fines	19
Note 5 User fees	19
Note 6 Grants	19
Note 7 Contributions	20
Note 8 Interest	20
Note 9 Other income	20
Note 10 Net gain/(loss) on disposal of property, infrastructure, plant and equipment	20
Note 11 Investment revenue from water corporation	20
Note 12 Employee benefits	21
Note 13 Materials and services	21
Note 14 Depreciation and amortisation	21
Note 15 Other expenses	21
Note 16 Investment in water corporation	22
Note 17 Cash and cash equivalents	22
Note 18 Trades and other receivables	22
Note 19 Financial assets	22
Note 20 Inventories	22
Note 21 Other Assets	22
Note 22 Property, infrastructure, plant and equipment	23
Note 23 Trade and other payables	27
Note 24 Trust funds and deposits	27
Note 25 Provisions	27
Note 26 Reserves	28
Note 27 Reconciliation of cash flows from operating activities to surplus or deficit	29
Note 28 Reconciliation of cash and cash equivalents	29
Note 29 Superannuation	30
Note 30 Commitments	31
Note 31 Contingent liabilities	31
Note 32 Financial instruments	32
Note 33 Events occurring after balance date	37
Note 34 Related party transactions	38
Note 35 Significant Business Activities	40
Note 36 Management Indicators	41
Note 37 Fair Value Measurement	43
Certification of the Financial Report	46

**Statement of Profit and Loss and Other Comprehensive Income
For the Year Ended 30 June 2016**

	Note	Budget 2016 \$	Actual 2016 \$	Actual 2015 \$
Income				
Recurrent Income				
Rates and charges	3	3,229,120	3,243,446	3,145,850
Statutory fees and fines	4	32,000	31,314	29,812
User fees	5	221,900	236,543	208,470
Grants	6	2,272,821	1,226,119	3,398,405
Contributions - cash	7	45,000	45,551	47,301
Interest	8	80,000	191,377	190,215
Other income	9	247,500	271,476	454,859
Investment revenue from water corporation	11, 16	100,000	144,865	163,822
		6,228,341	5,390,691	7,638,734
Capital income				
Capital grants received specifically for new or upgraded assets	6	892,867	1,264,258	577,269
Contributions - non-monetary assets	7	-	188,000	-
Recognition of land under roads	22	-	957,396	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	10	45,000	(224,475)	(121,038)
		937,867	2,185,179	456,231
Total income		7,166,208	7,575,870	8,094,965
Expenses				
Employee benefits	12	(1,654,419)	(1,753,998)	(1,839,666)
Materials and services	13	(1,522,850)	(1,332,219)	(1,648,105)
Depreciation and amortisation	14	(2,095,500)	(2,088,489)	(2,113,633)
Other expenses	15	(1,361,733)	(1,078,197)	(1,113,007)
Total expenses		(6,634,502)	(6,252,903)	(6,714,411)
Surplus / (deficit)		531,706	1,322,967	1,380,554
Other comprehensive income				
Items that will not be reclassified to surplus or deficit				
Net asset revaluation increment	26	-	(103,240)	(46,510,914)
		-	(103,240)	(46,510,914)
Items that may be reclassified subsequently to surplus or deficit				
Financial assets available for sale reserve				
— Fair Value adjustment on Available for Sale Assets	26	-	131,780	61,660
		-	131,780	61,660
Total Other Comprehensive Income		-	28,540	(46,449,254)
Comprehensive result		531,706	1,351,507	(45,068,700)

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

**Statement of Financial Position
As at 30 June 2016**

	Note	2016 \$	2015 \$
Assets			
Current assets			
Cash and cash equivalents	17	6,546,061	4,191,686
Trade and other receivables	18	297,355	188,119
Financial assets	19	-	3,000,000
Inventories	20	3,491	13,233
Other assets	21	52,304	105,503
Total current assets		6,899,211	7,498,541
Non-current assets			
Investment in water corporation	16	7,873,560	7,741,780
Trade and other receivables	18	522,224	-
Property, infrastructure, plant and equipment	22	81,678,712	80,548,312
Other assets	21	44,000	66,000
Total non-current assets		90,118,496	88,356,092
Total assets		97,017,707	95,854,633
Liabilities			
Current liabilities			
Trade and other payables	23	189,106	394,056
Trust funds and deposits	24	110,063	101,533
Provisions	25	693,791	672,483
Total current liabilities		992,960	1,168,072
Non-current liabilities			
Provisions	25	79,935	93,256
Total non-current liabilities		79,935	93,256
Total liabilities		1,072,895	1,261,328
Net Assets		95,944,812	94,593,305
Equity			
Accumulated surplus		28,572,331	27,164,308
Reserves	26	67,372,481	67,428,997
Total Equity		95,944,812	94,593,305

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

Statement of Cash Flows
For the Year Ended 30 June 2016

	Note	2016 Inflows/ (Outflows) \$	2015 Inflows/ (Outflows) \$
Cash flows from operating activities			
Rates		3,211,471	3,230,695
Statutory fees and fines		34,445	31,794
User charges and other fines		228,391	229,317
Grants		1,226,119	3,398,405
Interest		231,800	163,040
Investment revenue from water corporation		144,865	163,822
Other receipts		325,557	565,355
Net GST refund/payment		192,601	248,023
Payments to suppliers		(2,852,133)	(2,897,884)
Payments to employees (including redundancies)		(1,746,011)	(1,765,993)
Net cash provided by (used in) operating activities	27	997,105	3,366,574
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(2,419,255)	(2,081,347)
Proceeds from sale of property, infrastructure, plant and equipment		40,047	70,908
Payments for other assets		-	(104,500)
Payments for other financial assets		-	(1,281,190)
Proceeds from sale of other financial assets		3,000,000	-
Loans and advances to organisations		(527,780)	-
Net cash provided by (used in) investing activities		93,012	(3,396,129)
Cash flows from financing activities			
Capital grants		1,264,258	577,269
Net cash provided by (used in) financing activities		1,264,258	577,269
Net increase (decrease) in cash and cash equivalents		2,354,375	547,714
Cash and cash equivalents at the beginning of the financial year		4,191,686	3,643,972
Cash and cash equivalents at the end of the financial year	28	6,546,061	4,191,686
Restrictions on cash assets	17		

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

**Statement of Changes in Equity
For the Year Ended 30 June 2016**

	Note	Total 2016 \$	Accumulated Surplus 2016 \$	Asset Revaluation Reserve 2016 \$	Fair Value Reserve 2016 \$	Other Reserves 2016 \$
2016						
Balance at beginning of the financial year		94,593,305	27,164,308	67,223,163	(1,416,540)	1,622,374
Surplus / (deficit) for the year		1,322,967	1,322,967	-	-	-
Other Comprehensive Income:						
— Fair Value adjustment on Available for Sale Assets	16	131,780	-	-	131,780	-
Net asset revaluation increment(decrement) reversals	26	(103,240)	-	(103,240)	-	-
Transfers between reserves		-	85,056	-	-	(85,056)
Balance at end of the financial year		95,944,812	28,572,331	67,119,923	(1,284,760)	1,537,318
		Total 2015 \$	Accumulated Surplus 2015 \$	Asset Revaluation Reserve 2015 \$	Fair Value Reserve 2015 \$	Other Reserves 2015 \$
2015						
Balance at beginning of the financial year		139,662,005	25,916,132	113,734,077	(1,478,200)	1,489,996
Surplus / (deficit) for the year		1,380,554	1,380,554	-	-	-
Other Comprehensive Income:						
— Fair Value adjustment on Available for Sale Assets	16	61,660	-	-	61,660	-
Net asset revaluation increment(decrement) reversals	26	(46,510,914)	-	(46,510,914)	-	-
Transfers between reserves		-	(132,378)	-	-	132,378
Balance at end of the financial year		94,593,305	27,164,308	67,223,163	(1,416,540)	1,622,374

The above statement should be read with the accompanying notes.

Introduction

- (a) The Central Highlands Council (the Council) was established in 1993 and is a body corporate with perpetual succession and a common seal.
Council's main office is located at 6 Tarleton Street, Hamilton, Tasmania.
- (b) The purpose of the Council is to:
 - provide for health, safety and welfare of the community;
 - to represent and promote the interests of the community;
 - provide for the peace, order and good government in the municipality.

These financial statements are a general purpose financial report that consists of the Statements of Profit and Loss and Other Comprehensive Income, Financial Position, Statement of Changes in Equity, Statement of Cash Flows, 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 (AASB), and the *Local Government Act 1993 (LGA1993)* (as amended). Council has determined that it does not have profit generation as a prime objective. Consequently, where appropriate, Council has elected to apply options and exemptions within accounting standards that are applicable to not-for-profit entities.

Note Significant accounting policies

(a) Basis of accounting

This financial report has been prepared on the accrual and going concern basis.

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(f), 1(i), 1(k), 1(o), 1(p), 1(q), 1(v), 1(w), 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.

Judgements and Assumptions

In the application of Australian Accounting Standards, Council 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 circumstances, 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.

Council has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. Judgements made by Council that have significant effects on the financial report are disclosed in the relevant notes as follows:

Employee entitlements

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in note 1(o).

Defined benefit superannuation fund obligations

Actuarial assumptions are utilised in the determination of Council's defined benefit superannuation fund obligations. These assumptions are discussed in note 29.

Fair value of property, plant & equipment

Assumptions and judgements are utilised in determining the fair value of Council's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in notes 1(f) and in note 22.

Investment in water corporation

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 1(k) and in note 16.

(b) Adoption of new and amended accounting standards

- (i) AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality* (effective from 1 July 2015)

The completion of AASB project to remove Australian guidance on materiality from Australian Accounting Standards with the issue of the final amending standard to effect the withdrawal of AASB 1031 *Materiality*. Guidance on materiality is now located in AASB 101 *Presentation of Financial Statements*.

- (ii) AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101* (effective from 1 January 2016)

The amendments do not require any significant change to current practice, but should facilitate improved reporting, including an emphasis on only including material disclosures, clarity on the aggregation and disaggregation of line items, the presentation and subtotals, the ordering of notes and the identification of significant accounting policies.

(c) Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

- (i) AASB 2014-3 *Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations* (effective from 1 January 2016)

Under AASB 2014-3 business combination accounting is required to be applied to acquisitions of interests in a joint operation that meets the definition of a 'business' under AASB 3 *Business Combinations*.

- (ii) AASB 2014-4 *Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation* (effective from 1 January 2016)

This amendment introduces a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. In addition to this, there is limited opportunity for presumption to be overcome and clarifies that revenue-based depreciation for property, plant and equipment cannot be used.

- (iii) AASB 2014-9 *Amendments to Australian Accounting Standards - Equity method in Separate Financial Statements* (effective from 1 January 2016)

Under this amendment, the use of the equity method in separate financial statements in accounting for associates, joint ventures and subsidiaries is allowed.

- (iv) AASB 2015-1 *Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle* (effective from 1 January 2016)

Amendments to existing accounting standards, particularly in relation to:

IFRS 5 - guidance on changes in method of disposal;

IFRS 7 - clarifies 'continuing involvement for service contracts and also clarifies offsetting disclosures are not specifically required in interim financial statements, but may be included under general requirements of IAS 34;

IAS 19 - clarifies that discount rates used should be in the same currency as the benefits are to be paid; and

IAS 34 - clarifies that disclosures may be incorporated in the interim financial statements by cross-reference to another part of the interim financial report.

- (v) AASB 2015-6 *Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* (effective from 1 July 2016)

The amendment extends the scope of AASB 124 *Related Party Disclosures* to include not-for-profit public sector entities.

- (vi) AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities* (effective from 1 July 2016)

The amendment provides relief to not-for-profit public sector entities from certain disclosures about the fair value measurement of property, plant and equipment held for their current service potential rather than to generate net cash inflows that is categorised within Level 3 of the fair value hierarchy.

- (vii) AASB 1057 *Application of Australian Accounting Standards*, AASB 2015-9 *Amendments to Australian Accounting Standards - Scope and Application Paragraphs* (effective from 1 January 2016)

The AASB has reissued most of its Standards (and Interpretations) that incorporate IFRSs to make editorial changes. The editorial changes will enable the AASB to issue Australian versions of IFRS more efficiently. As part of the reissuance, the AASB has moved the application paragraphs that identify the reporting entities and general purpose financial statements to which the pronouncements apply to a new Standard, AASB 1057 *Application of Australian Accounting Standards*. However, the technical application requirements have not been amended.

- (viii) AASB 9 *Financial Instruments* and the relevant amending standards (effective from 1 January 2018)

AASB 9 is one of a series of amendments that are expected to replace AASB 139 *Financial Instruments: Recognition and Measurement*. The main impact of the standard is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four categories of financial assets in AASB 139 will be replaced with two measurement categories: fair value and amortised cost.

Amortised cost is to be used for assets with contractual terms giving rise to principal and interest payments.

Fair value is to be used for all other financial assets. Gains or losses on financial assets at fair value are to be recognised in profit and loss unless the asset is part of a hedging relationship or an irrevocable election has been made to present in other comprehensive income changes in the fair value of an equity instrument not held for trading.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

- (ix) AASB 15 *Revenue from Contracts with Customers*, and AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15* (effective from 1 January 2018)

Under the new standard, a single model that applies to contracts with customers and two approaches to recognising revenue, at a point in time or over time is proposed. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The new standard will apply to contracts of not-for-profit entities that are exchange contracts. AASB 1004 *Contributions* will continue to apply to non-exchange transactions until the Income from Transactions of Not-for-Profit Entities project is completed.

- (x) AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, AASB 2015-9 *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB10 and AASB 128* (effective 1 January 2018)

AASB 2014-10 amendments require the full gain or loss to be recognised when the assets transferred meet the definition of a 'business' under AASB 3 *Business Combinations* (whether housed in a subsidiary or not).

AASB 2015-10: the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Deferring the effective date indefinitely in the Australian jurisdiction may have unintended legal consequences given AASBs are legislative instruments. Accordingly, the AASB has deferred the effective date of the amendments to 1 January 2018.

- (xi) AASB 16 *Leases* (effective from 1 January 2019)

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

- (xii) *Disclosure Initiative - Amendments to AASB 107* (effective from 1 January 2017)

Amendments to AASB 107 will see the introduction of additional disclosures to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as effects of changes in foreign exchange rates and changes in fair values).

(d) Revenue recognition

Rates, grants and contributions

Rates, grants and contributions (including developer contributions) are recognised as revenues when 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 impairment 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.

Revenue is recognised when 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 Council and the amount of the contribution can be measured reliably. 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.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be

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 and conditions include a requirement to refund unused contributions. Revenue is then recognised as the various performance obligations under an agreement are fulfilled.

Non-monetary contributions

Non-monetary contributions (including developer contributions) with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets. Non-monetary contributions below the thresholds are recorded as revenue.

User fees and Statutory fees and fines

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 impairment 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.

Rent

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 progressively as it is earned.

Dividends

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

(e) Expense recognition

Expenses are recognised in the Statement of Profit and Loss and Other Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

Employee benefits

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

Depreciation and amortisation of property, plant and equipment, infrastructure and intangibles

Buildings, land improvements, plant and equipment, infrastructure 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.

Land, heritage and road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

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:

	Period
Property	
Land improvements	50 years
Buildings	
buildings	10-100 years
building improvements	10-20 years
Leasehold improvements	
leasehold building improvements	10-20 years
Plant and Equipment	
plant, machinery and equipment	2-15 years
fixtures, fittings and furniture	10-20 years
computers and telecommunications	2.5-10 years
leased plant and equipment	2-15 years
Roads	
road pavements and seals	12-30 years
road substructure	60 years
road formation and earthworks	200 years
road kerb, channel and minor culverts	50-80 years
Bridges	
bridges deck	20-80 years
bridges substructure	25-50 years
Other Infrastructure	
footpaths and cycleways	5-80 years
drainage	100 years
recreational, leisure and community facilities	10-20 years
waste management	10-20 years
parks, open space and streetscapes	10-20 years
off street car parks	10-20 years
Intangible assets	
intangible assets	5 years

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.

Borrowing Costs

Finance 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. 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. No borrowing costs were capitalised during the period, (\$0).

Finance costs include interest on bank overdrafts, interest on borrowings, unwinding of discounts, and finance lease charges.

(f) Recognition and measurement of assets

Acquisition and Recognition

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

Property, infrastructure, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

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 \$
Land	
land	5,000
land improvements	5,000
land under roads	5,000
Buildings	
buildings	5,000
building improvements	5,000
leasehold building improvements	5,000
heritage buildings	5,000
Plant and Equipment	
plant, machinery and equipment	1,000
fixtures, fittings and furniture	1,000
computers and telecommunications	1,000
leased plant and equipment	1,000
Roads	
road pavements and seals	5,000
road substructure	5,000
road formation and earthworks	5,000
road kerb, channel and minor culverts	5,000
Bridges	
bridges deck	5,000
bridges substructure	5,000
Other Infrastructure	
footpaths and cycleways	5,000
drainage	5,000
recreational, leisure and community facilities	5,000
waste management	5,000
parks, open space and streetscapes	5,000
off street car parks	5,000
Intangible assets	
intangible assets	1,000

Revaluation

Council has adopted the following valuation bases for its non-current assets:

Land	fair value
Plant and machinery	cost
Furniture, fittings and office equipment	cost
Stormwater and drainage infrastructure	fair value
Roads and streets infrastructure	fair value
Bridges	fair value
Buildings	fair value
Intangibles	cost
Parks, recreation facilities and community amenities	cost
Heritage	fair value
Investment in water corporation	fair value

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, furniture and fittings and computers, are measured at their fair value in accordance with AASB 116 *Property, Plant & Equipment* and AASB 13 *Fair Value Measurement*. At balance date, Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset class materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis to ensure valuations represent fair value. The valuation is performed either by experienced Council officers or independent experts.

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. Further details regarding the fair value hierarchy are disclosed at Note 32, Financial Instruments.

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 surplus 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 is being recognised for the first time in the 2016 financial statements, consistent with the Report to Parliament by the Auditor-General No. 5 of 2013-2014 *Infrastructure Financial Accounting in Local Government*. Because of its materiality, land under roads is now reported as a separate category of non-current assets.

(g) Cash and cash equivalents

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

(h) Trade and other receivables

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

Council has provided TasWater an interest free loan of \$500,000 repayable at \$125,000 every five years to enable a treated water supply to be provided to residents of Gretna. The loan was taken up by TasWater in January 2016. Council assessed the fair value of the loan as defined in AASB 139 *Financial Instruments: Recognition and Measurement* and have formed the view that the discount is not material to Councils financial statements and have recognised the loan at face value.

(i) Financial assets

Term deposits 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.

(j) 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.

Where inventories are acquired at no cost, or for nominal consideration, the cost shall be the current replacement cost as at the date of acquisition.

(k) Investments in water corporation

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2016, Council held a 0.5% (2015: 0.5%) ownership interest in TasWater which is based on schedule 2 of the Corporations Constitution which reflects the council's voting rights. Any unrealised gains and losses are recognised through the Statement of Comprehensive Income to a Financial assets available for sale Reserve each year (refer note 26).

Council has classified this asset as an Available-for-Sale financial asset as defined in *AASB 139 Financial Instruments: Recognition and Measurement* and has followed *AASB 132 Financial Instruments: Presentation* and *AASB 7 Financial Instruments: Disclosures* to value and present the asset in the financial report.

Council has derived returns from the corporation as disclosed at note 11.

(l) Investments

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

(m) Accounting for investments in associates

Council's investment in associates is accounted for by the equity method as 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 Council's share of the net assets of the entities. Council's share of the financial result of the entities is recognised in the Statement of Profit and Loss and Other Comprehensive Income.

(n) 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).

(o) Employee benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) *Other long term employee benefit obligations*

The liability for long service leave and annual leave which is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) *Sick Leave*

Liability for sick leave has been created under a collective bargaining agreement and is recognised in the financial statements. Entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date. Sick leave is measured at nominal value based on the amount, including appropriate oncosts, expected to be paid when settled.

(iv) *Retirement benefit obligations*

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Defined benefit plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the statement of financial position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans i.e as an expense when it becomes payable.

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 Quadrant 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 *Employee Benefits*, Council does not use defined benefit accounting for these contributions.

Defined contribution plans

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

(p) **Interest bearing liabilities**

The borrowing capacity of Council is limited by the *Local Government Act 1993*. Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition these liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss and Other Comprehensive Income over the period of the liability using the effective interest method.

(q) Leases

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to Council where it is likely that Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Council does not currently have any leased assets.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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

(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 twelve months, being Council's operational cycle, or if Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

(s) Taxation

Council is exempt from all forms of taxation except Fringe Benefits Tax, Payroll Tax and the Goods and Services Tax.

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 Statement of Cash Flows 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, 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 Statement of Profit and Loss and Other Comprehensive Income, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation reserve 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. For non-cash generating assets of Council 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.

(u) Rounding

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

(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) Investment property

Council does not hold any investment property.

(x) Financial guarantees

Council has not issued any financial guarantees.

(y) Significant Business Activities

Council is required to report the operating capital and competitive neutrality costs in respect of each significant business activity undertaken by the council. The council's disclosure is reconciled in note 35. Council has determined, based upon materiality that Hamilton and Bothwell camping grounds as defined in note 35 are considered significant business activities. Competitive neutrality costs include notional costs i.e. income tax equivalent, rates and loan guarantees in preparing the information disclosed in relation to significant business activities.

(z) Contingent assets, contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, 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 Statement of Financial Position. Commitments are disclosed at their nominal value inclusive of the GST payable.

(aa) Budget

The estimated revenue and expense amounts in the Statement of Profit and Loss and Other Comprehensive Income represent revised budget amounts and are not audited.

Note 2 Functions/Activities of the Council

Revenue, expenditure and assets attributable to each function as categorised in (c) below:

	Grants	Other	Total Revenue	Total Expenditure	Surplus/ (Deficit)	Assets
	\$	\$	\$	\$	\$	\$
Government and administration						
2015 - 2016	469,599	2,936,221	3,405,820	1,542,273	1,863,547	9,096,702
2014 - 2015	1,540,619	3,276,916	4,817,535	1,784,777	3,032,758	9,084,840
Roads, streets and bridges						
2015 - 2016	1,973,351	1,002,947	2,976,298	2,551,730	424,568	68,091,648
2014 - 2015	2,354,252	-	2,354,252	2,572,606	(218,354)	69,633,622
Waste management						
2015 - 2016	-	524,569	524,569	538,909	(14,340)	399,474
2014 - 2015	-	510,277	510,277	532,378	(22,101)	422,314
Heritage and Culture						
2015 - 2016	-	3,000	3,000	76,255	(73,255)	1,482,969
2014 - 2015	-	1,815	1,815	70,007	(68,192)	1,499,026
Community services						
2015 - 2016	8,867	337,810	346,677	419,895	(73,218)	2,198,392
2014 - 2015	80,803	128,386	209,189	532,308	(323,119)	1,617,698
Recreation facilities						
2015 - 2016	38,560	1,201	39,761	219,228	(179,467)	2,233,277
2014 - 2015	-	15,290	15,290	196,228	(180,938)	2,213,819
Commercial and Tourism						
2015 - 2016	-	80,431	80,431	162,278	(81,847)	755,058
2014 - 2015	-	69,367	69,367	190,408	(121,041)	774,164
Other - not attributable						
2015 - 2016	-	199,314	199,314	742,335	(543,021)	12,760,187
2014 - 2015	-	117,240	117,240	835,699	(718,459)	10,609,150
Total						
2015 - 2016	2,490,377	5,085,493	7,575,870	6,252,903	1,322,967	97,017,707
2014 - 2015	3,975,674	4,119,291	8,094,965	6,714,411	1,380,554	95,854,633

(b) *Reconciliation of Assets from note 2 with the Statement of Financial Position at 30 June:*

	2016	2015
	\$	\$
Current assets	6,899,211	7,498,541
Non-current assets	90,118,496	88,356,092
	97,017,707	95,854,633

(c) *Governance and administration*

Operation and maintenance of council chambers, administration offices, and councillors.

Roads, streets and bridges

Construction, maintenance and cleaning of road, streets, footpaths, bridges, parking facilities and street lighting.

Waste Management

Collection, handling, processing and disposal of all waste materials.

Heritage and Culture

Provision and maintenance of public halls and civic centres, provision of library services and development of facilities relative to heritage and cultural requirements of the Municipality.

Community services

Administration and operation of dog registration, operation of pounds, control of straying stock, and noxious weeds. Operation of the Child Care Centre, operation and support of the performing arts, museum and the presentation of festivals. Community Development which provides for the implementation of a process by which strategies and plans can be developed so that the Council can fulfil their general responsibility for enhancing the quality of life of the whole community.

Recreation facilities

Operation and maintenance of sporting facilities (includes swimming pools, active and passive recreation and recreation centres).

Commercial and Tourism

Development and promotion of tourism and economic services within the Municipality. Provision of community facilities and the development and administration of town planning schemes, processing of subdivisions, development and building applications, and inspection of building structures.

Other - not attributable

Rates and charges and work not attributed elsewhere.

	2016	2015
	\$	\$
Note 3 Rates and charges		
Council uses Assessed Annual Value as the basis of valuation of all properties within the municipality. The Assessed Annual Value within Central Highlands is 4% of its Capital Value.		
The valuation base used to calculate general rates for 2015-2016 was \$40.532 million (2014-2015 \$41.653 million). The 2015-2016 rate in the AAV dollar was 3.200335 cents (2014-2015, 2.936180 cents).		
General Rate	2,504,307	2,404,750
Fire Levy	196,311	187,229
Garbage charge	524,569	510,277
Revenue in advance	18,259	43,594
Total rates and charges	3,243,446	3,145,850
The date of the latest general revaluation of land for rating purposes within the municipality was 2014, and the valuation was first applied in the rating year commencing 1 July 2015.		
Note 4 Statutory fees and fines		
Statutory Fees	31,314	29,812
Total statutory fees and fines	31,314	29,812
Note 5 User fees		
Rental Housing	79,940	74,127
Planning Fees	44,740	29,311
Building Fees	20,741	24,434
Plumbing Fees	2,100	1,196
Tips and Waste Transfer Stations	273	163
Hall Hire	1,802	975
Camp Ground Fees	20,102	13,438
Animal licences	15,882	14,607
Food & Public Assembly Licences	12,853	10,820
Sewer Connection Fees	12,514	12,030
Cemetery Charges	8,848	7,851
Other fees and charges	16,748	19,518
Total user fees	236,543	208,470
Ageing analysis of contractual receivables		
Please refer to note 32 for the ageing analysis of contractual receivables.		
Note 6 Grants		
Grants were received in respect of the following :		
Summary of grants		
Federally funded grants	2,347,950	3,794,871
State funded grants	142,427	180,803
Total	2,490,377	3,975,674
Grants - Recurrent		
Financial assistance grant	1,212,252	3,397,405
Other	13,867	1,000
Total recurrent grants	1,226,119	3,398,405

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2014-15 the Commonwealth made early payment of the two quarterly instalments for the following year. In accordance with AASB1004 *Contributions*, Council recognises these grants as revenue when it receives the funds and obtains control. The early receipt of instalments resulted in Commonwealth Government Financial Assistance Grants being below that originally budgeted in 2015-16 by \$1,124,584. This has impacted the Statement of Comprehensive Income resulting in the Surplus/(deficit) being lower in 2015-16 by this amount.

	2016	2015
	\$	\$
Capital grants received specifically for new or upgraded assets	\$	\$
Commonwealth Government - roads to recovery	1,135,698	397,466
Blackspot Project - Victoria Valley Road	90,000	-
Bothwell Recreation Ground	38,560	-
Derwent Bridge Amenities	-	179,803
Total capital grants	1,264,258	577,269
Conditions on grants		
Non-reciprocal 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:		
Bothwell Recreation Ground	38,560	-
Derwent Bridge Amenities	-	145,403
Total	38,560	145,403
Non-reciprocal grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
Derwent Bridge Amenities	145,403	-
Total	145,403	-
Net increase (decrease) in non-reciprocal grant revenues for the year:	(38,560)	282
Note 7 Contributions		
Cash		
Heavy Vehicle Contribution Fees	45,551	45,551
Parks, open space and streetscapes	-	1,750
Total	45,551	47,301
Non-monetary assets		
Buildings	188,000	-
Total	188,000	-
Total contributions	233,551	47,301
Note 8 Interest		
Interest on financial assets	191,377	190,215
Total	191,377	190,215
Note 9 Other income		
Private Works	127,980	354,898
Reimbursements	99,611	54,836
Penalties and interest	43,885	45,125
Total other income	271,476	454,859
Note 10 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	40,047	70,908
Write down value of assets disposed	(264,522)	(191,946)
Total	(224,475)	(121,038)
Note 11 Investment revenue from water corporation		
Dividend revenue received	103,696	112,813
Tax equivalent received	28,725	38,112
Guarantee fee received	12,444	12,897
Total investment revenue from water corporation	144,865	163,822

	2016	2015
	\$	\$
Note 12 Employee benefits		
Wages and salaries	1,397,160	1,469,475
Workers compensation	57,174	37,747
Annual leave and long service leave	165,476	184,288
Sick Leave	61,235	58,651
Superannuation	159,855	158,736
Fringe benefits tax	12,023	10,927
Total employee benefits	1,852,923	1,919,824
Less amounts capitalised	(98,925)	(80,158)
Total operating employee benefits	1,753,998	1,839,666
Note 13 Materials and services		
Contract payments	458,874	501,659
Building maintenance	35,214	44,014
Plant and equipment maintenance, hire and fuel	256,483	300,300
Consultants	139,717	159,604
Materials and services	380,685	495,950
Other	61,246	146,578
Total materials and services	1,332,219	1,648,105
Note 14 Depreciation and amortisation		
<i>Property</i>		
Buildings	98,710	100,580
<i>Plant and Equipment</i>		
Plant, machinery and equipment	334,314	361,032
Fixtures, fittings and furniture	10,824	9,714
Computers and telecommunications	25,055	19,262
<i>Infrastructure</i>		
Roads	1,284,999	1,279,511
Bridges	181,243	195,837
Footpaths and cycleways	54,756	54,468
Drainage	15,624	14,834
Infrastructure	60,964	56,395
<i>Other Assets</i>		
Deferred expenditure	22,000	22,000
Total depreciation and amortisation	2,088,489	2,113,633
Note 15 Other expenses		
External auditors' remuneration (Tasmanian Audit Office)	38,645	20,481
Councillors' allowances	115,442	112,174
Fire Levy	187,331	179,107
Light and Power	113,477	127,365
Insurance	142,931	129,017
Valuation Fees	11,181	6,971
Communications and Telephones	63,722	66,238
Community Support and Donations	72,719	96,767
Land Tax	28,201	22,298
Subscriptions and membership	36,340	37,349
Advertising	34,716	41,947
Legal Fees	23,933	63,298
Printing and Stationery	29,144	34,995
Bank Fees	14,656	13,878
Other	165,759	161,122
Total other expenses	1,078,197	1,113,007

The external auditors remuneration for 2015-16 is \$22,220 and for 2014-15 was \$22,120. The balance relates to an under accrual in 2014-15 together with work performed on grant acquittals.

	2016	2015
	\$	\$
Note 16 Investment in water corporation		
Opening Balance	7,741,780	7,680,120
Fair Value adjustments on Available-for-Sale Assets	131,780	61,660
Total investment in water corporation	7,873,560	7,741,780
Council has derived returns from the water corporation as disclosed at note 11.		
Note 17 Cash and cash equivalents		
Cash on hand	550	550
Cash at bank	364,165	1,414,342
At call investments	-	202,402
Term deposits and investments	6,181,346	2,574,392
Total cash and cash equivalents	6,546,061	4,191,686
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:		
- Trust funds and deposits (note 24)	110,063	101,533
- Leave provisions (note 25)	773,726	765,739
Restricted funds	883,789	867,272
Total unrestricted cash and cash equivalents	5,662,272	3,324,414
Note 18 Trade and other receivables		
Current		
Rates debtors	153,737	121,762
Loans and advances to other entities	5,556	-
Other debtors	93,306	64,391
Net GST receivable	44,756	1,966
Total	297,355	188,119
Non-current		
Loans and advances to other entities	522,224	-
Total	522,224	-
Council has provided TasWater an interest free loan of \$500,000 repayable at \$125,000 every five years to enable a treated water supply to be provided to residents of Gretna. The loan was taken up by TasWater in January 2016. Council assessed the fair value of the loan as defined in AASB 139 Financial Instruments: Recognition and Measurement and have formed the view that the discount is not material to Councils financial statements and have recognised the loan at face value.		
Total trade and other receivables	819,579	188,119
Note 19 Financial assets		
Current		
Term Deposits	-	3,000,000
Total financial assets	-	3,000,000
Note 20 Inventories		
Inventories held for consumption	3,491	13,233
Total inventories	3,491	13,233
Note 21 Other assets		
Current		
Prepayments	4,983	17,759
Accrued income*	25,321	65,744
Deferred expenditure	22,000	22,000
Total	52,304	105,503
Non-current		
Deferred expenditure	44,000	66,000
Total	44,000	66,000

* Accrued income only includes items that are reciprocal in nature.

Note 22

Property, infrastructure, plant and equipment

	2016 \$	2015 \$
Summary		
at cost	5,311,489	4,960,889
Less accumulated depreciation	2,771,233	2,582,919
	2,540,256	2,377,970
at fair value at 30 June	104,064,571	102,252,154
Less accumulated depreciation	24,926,115	24,081,812
	79,138,456	78,170,342
Total	81,678,712	80,548,312
Property		
Land		
at fair value at 30 June	3,395,000	3,395,000
	3,395,000	3,395,000
Land under roads		
at Council valuation at 30 June	957,396	-
	957,396	-
Council recognised the value of land under roads it controls at fair value for the first time at 30 June 2016		
Total Land	4,352,396	3,395,000
Buildings		
at fair value at 30 June	5,188,979	4,592,192
Less accumulated depreciation	199,289	100,580
Total Buildings	4,989,690	4,491,612
Total Property	9,342,086	7,886,612

Valuation of land (excluding land under roads) and buildings was undertaken by the Valuer-General in 2014-15. The valuation of buildings is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. The valuation of land is at fair value, being market value based on highest and best use permitted by relevant land planning provisions.

Note		2016 \$	2015 \$
22	Property, infrastructure, plant and equipment (cont.)		
	Plant and Equipment		
	Plant, machinery and equipment		
	at cost	4,262,474	4,263,224
	Less accumulated depreciation	2,445,612	2,285,733
		1,816,862	1,977,491
	Fixtures, fittings and furniture		
	at cost	192,146	179,374
	Less accumulated depreciation	70,029	59,551
		122,117	119,823
	Computers and telecommunications		
	at cost	369,846	304,346
	Less accumulated depreciation	255,592	237,635
		114,254	66,711
	Total Plant and Equipment	2,053,233	2,164,025
	Infrastructure		
	Roads		
	at fair value at 30 June	74,812,351	74,602,199
	Less accumulated depreciation	15,577,395	15,056,624
		59,234,956	59,545,575
	Bridges		
	at fair value at 30 June	14,244,591	14,352,077
	Less accumulated depreciation	6,418,622	6,303,619
		7,825,969	8,048,458
	Footpaths and cycleways		
	at fair value at 30 June	2,697,767	2,611,429
	Less accumulated depreciation	1,640,330	1,588,563
		1,057,437	1,022,866
	Drainage		
	at fair value at 30 June	1,562,354	1,562,354
	Less accumulated depreciation	561,255	545,631
		1,001,099	1,016,723
	Infrastructure		
	at fair value at 30 June	1,206,133	1,136,903
	Less accumulated depreciation	529,224	486,795
		676,909	650,108
	Total Infrastructure	69,796,370	70,283,730
	A full valuation of roads and footpaths was undertaken by independent valuers, Moloneys Asset Management Systems, effective October 2014.		
	Works in progress		
	Buildings at cost	30,931	84,400
	Roads at cost	420,048	47,674
	Computers	-	35,003
	Infrastructure	36,044	46,868
	Total Works in progress	487,023	213,945
	Total property, infrastructure, plant and equipment	81,678,712	80,548,312

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

Reconciliation of property, plant and equipment and infrastructure

2016	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 26)	Depreciation and amortisation (note 14)	Written down value of disposals	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$
Property							
land	3,395,000	-	-	-	-	-	3,395,000
land under roads	-	957,396	-	-	-	-	957,396
Total land	3,395,000	957,396	-	-	-	-	4,352,396
buildings	4,491,612	188,000	-	98,710	-	408,788	4,989,690
Total buildings	4,491,612	188,000	-	98,710	-	408,788	4,989,690
Total property	7,886,612	1,145,396	-	98,710	-	408,788	9,342,086
Plant and Equipment							
plant, machinery and equipment	1,977,491	192,009	-	334,314	18,324	-	1,816,862
fixtures, fittings and furniture	119,823	13,518	-	10,824	400	-	122,117
computers and telecommunications	66,711	37,595	-	25,055	-	35,003	114,254
Total plant and equipment	2,164,025	243,122	-	370,193	18,724	35,003	2,053,233
Infrastructure							
roads	59,545,575	-	(109,006)	1,284,999	191,388	1,274,774	59,234,956
bridges	8,048,458	-	10,315	181,243	51,561	-	7,825,969
footpaths, kerbs and gutters	1,022,866	-	(4,549)	54,756	1,707	95,583	1,057,437
drainage	1,016,723	-	-	15,624	-	-	1,001,099
infrastructure	650,108	9,241	-	60,964	1,142	79,666	676,909
Total infrastructure	70,283,730	9,241	(103,240)	1,597,586	245,798	1,450,023	69,796,370
Works in progress							
roads	47,674	1,647,148	-	-	-	(1,274,774)	420,048
buildings	84,400	355,319	-	-	-	(408,788)	30,931
computers	35,003	-	-	-	-	(35,003)	-
infrastructure	46,868	68,842	-	-	-	(79,666)	36,044
footpaths, kerbs and gutters	-	95,583	-	-	-	(95,583)	-
Total works in progress	213,945	2,166,892	-	-	-	(1,893,814)	487,023
Total property, plant and equipment, infrastructure	80,548,312	3,564,651	(103,240)	2,066,489	264,522	-	81,678,712

(a) Impairment losses

Impairment losses are recognised in the Statement of profit and loss and other comprehensive income under other expenses.

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

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

Reconciliation of property, plant and equipment and infrastructure

2015	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 26)	Depreciation and amortisation (note 14)	Written down value of disposals	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$
Property							
land	3,020,735	-	374,265	-	-	-	3,395,000
Total land	3,020,735	-	374,265	-	-	-	3,395,000
buildings	4,401,857	72,260	148,714	100,580	30,639	-	4,491,612
Total buildings	4,401,857	72,260	148,714	100,580	30,639	-	4,491,612
Total property	7,422,592	72,260	522,979	100,580	30,639	-	7,886,612
Plant and Equipment							
plant, machinery and equipment	2,225,188	183,023	-	361,032	69,688	-	1,977,491
fixtures, fittings and furniture	124,045	5,492	-	9,714	-	-	119,823
computers and telecommunications	57,955	28,794	-	19,262	776	-	66,711
Total plant and equipment	2,407,188	217,309	-	390,008	70,464	-	2,164,025
Infrastructure							
roads	105,498,266	-	(46,776,922)	1,279,511	90,843	2,194,585	59,545,575
bridges	8,226,739	-	-	195,837	-	17,556	8,048,458
footpaths, kerbs and gutters	1,334,307	-	(256,973)	54,468	-	-	1,022,866
drainage	882,811	-	-	14,834	-	148,746	1,016,723
infrastructure	530,677	-	-	56,395	-	175,826	650,108
Total infrastructure	116,472,800	-	(47,033,895)	1,601,045	90,843	2,536,713	70,283,730
roads	811,816	1,430,443	-	-	-	(2,194,585)	47,674
buildings	-	84,400	-	-	-	-	84,400
computers and telecommunications	-	35,003	-	-	-	-	35,003
infrastructure	147,064	75,630	-	-	-	(175,826)	46,868
drainage	-	148,746	-	-	-	(148,746)	-
bridges	-	17,556	-	-	-	(17,556)	-
Total works in progress	958,880	1,791,778	-	-	-	(2,536,713)	213,945
Total property, plant and equipment, infrastructure	127,261,460	2,081,347	(46,510,916)	2,091,633	191,946	-	80,548,312

(a) Impairment losses

Impairment losses are recognised in the Statement of profit and loss and other comprehensive income under other expenses.

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

Notes to the Financial Report
For the Year Ended 30 June 2016

		For the Year Ended 30 June 2016		2016	2015	
				\$	\$	
Note 23	Trade and other payables					
	Trade payables			137,807	323,254	
	Accrued expenses			44,663	59,276	
	Other			6,636	11,526	
	Total trade and other payables			189,106	394,056	
Note 24	Trust funds and deposits					
	Refundable building deposits			13,500	3,500	
	Retention amounts			69,062	70,235	
	Other refundable deposits			27,501	27,798	
	Total trust funds and deposits			110,063	101,533	
Note 25	Provisions					
		Annual leave	Long service leave	Sick Leave	Other	Total
		\$	\$	\$	\$	\$
2016						
	Balance at beginning of the financial year	156,556	335,176	217,548	56,459	765,739
	Additional provisions	138,634	67,255	63,203	27,227	296,319
	Amounts used	(143,463)	(51,006)	(71,448)	(22,415)	(288,332)
	Balance at the end of the financial year	151,727	351,425	209,303	61,271	773,726
2015						
	Balance at beginning of the financial year	145,035	298,381	197,624	51,026	692,066
	Additional provisions	141,578	56,716	54,575	19,958	272,827
	Amounts used	(130,057)	(19,921)	(34,651)	(14,525)	(199,154)
	Balance at the end of the financial year	156,556	335,176	217,548	56,459	765,739
					2016	2015
					\$'000	\$'000
(a) Employee benefits						
(i) Current						
	Annual leave				151,727	156,556
	Long service leave				277,820	248,796
	Sick Leave				209,303	217,548
	Other				54,941	49,583
					693,791	672,483
(ii) Non-current						
	Long service leave				73,605	86,380
	Other				6,330	6,876
					79,935	93,256
	Aggregate carrying amount of employee benefits:					
	Current				693,791	672,483
	Non-current				79,935	93,256
					773,726	765,739
	The following assumptions were adopted in measuring the present value of employee benefits:					
	Weighted average increase in employee costs				(3.48%)	(0.85%)
	Weighted average discount rates				1.66%	2.34%
	Weighted average settlement period				12	12
(i) Current						
	All annual leave and the long service leave entitlements representing 10 or more years of continuous service					
	- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value				151,727	156,556
	- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value				277,820	248,796
					429,547	405,352
(ii) Non-current						
	Long service leave representing less than 10 years of continuous service measured at present value				73,605	86,380
(iii) Employee Numbers					33	33

Note 26 Reserves

	Balance at beginning of reporting year	Increment	(decrement)	Balance at end of reporting year
(a) Asset revaluation reserve	\$	\$	\$	\$
2016				
Property				
Land	1,994,350	-	-	1,994,350
Buildings	1,712,197	-	-	1,712,197
Fixtures and fittings	4,530	-	-	4,530
	3,711,077	-	-	3,711,077
Infrastructure				
Roads	53,949,340	-	(109,006)	53,840,334
Bridges	6,415,535	10,315	-	6,425,850
Footpaths and cycleways	2,550,289	-	(4,549)	2,545,740
Drainage	596,922	-	-	596,922
	63,512,086	10,315	(113,555)	63,408,846
Total asset revaluation reserve	67,223,163	10,315	(113,555)	67,119,923
2015				
Property				
Land	1,620,084	374,266	-	1,994,350
Buildings	1,563,482	148,715	-	1,712,197
Fixtures and fittings	4,530	-	-	4,530
	3,188,096	522,981	-	3,711,077
Infrastructure				
Roads	100,726,262	(46,776,922)	-	53,949,340
Bridges	6,415,535	-	-	6,415,535
Footpaths and cycleways	2,807,262	(256,973)	-	2,550,289
Drainage	596,922	-	-	596,922
	110,545,981	(47,033,895)	-	63,512,086
Total asset revaluation reserve	113,734,077	(46,510,914)	-	67,223,163

The asset revaluation reserve was established to capture the movements in asset valuations upon the periodic revaluation of Council's assets.

	Balance at beginning of reporting year	Increment	(decrement)	Balance at end of reporting year
(b) Fair value reserve	\$	\$	\$	\$
2016				
Available-for-sale assets				
Investment in water corporation	(1,416,540)	131,780	-	(1,284,760)
Total fair value reserve	(1,416,540)	131,780	-	(1,284,760)
2015				
Available-for-sale assets				
Investment in water corporation	(1,478,200)	61,660	-	(1,416,540)
Total fair value reserve	(1,478,200)	61,660	-	(1,416,540)

The available-for-sale financial asset reserve was established to capture the fair value movements in Council's Water Corporation investment.

Notes to the Financial Report
For the Year Ended 30 June 2016

Note 26 Reserves (cont)

	Balance at beginning of reporting year	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting year
	\$	\$	\$	\$
(c) Other reserves				
2016				
Other Reserves	1,622,374	120,843	(205,899)	1,537,318
Total Other reserves	1,622,374	120,843	(205,899)	1,537,318
2015				
Other Reserves	1,489,996	183,948	(51,570)	1,622,374
Total Other reserves	1,489,996	183,948	(51,570)	1,622,374
			2016	2015
			\$	\$
Total Reserves			67,372,481	67,428,997

**Note 27 Reconciliation of cash flows from
operating activities to surplus**

Surplus/(Deficit)	1,322,967	1,380,554
Depreciation/amortisation	2,088,489	2,113,633
(Profit)/loss on disposal of property, plant and equipment, infrastructure	224,475	121,038
Contributions non-monetary	(188,000)	-
Recognition of assets	(957,396)	
Capital grants received specifically for new or upgraded assets	(1,264,258)	(577,269)
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	(103,680)	93,515
Decrease/(increase) in other assets	53,199	(42,173)
Decrease/(increase) in inventories	9,742	947
Increase/(decrease) in trade and other payables	(204,950)	139,461
Increase/(decrease) in provisions	7,987	73,673
Increase/(decrease) in other liabilities	8,530	63,195
Net cash provided by/(used in) operating activities	997,105	3,366,574

Note 28 Reconciliation of cash and cash equivalents

Cash and cash equivalents (see note 18)	6,546,061	4,191,686
Total reconciliation of cash and cash equivalents	6,546,061	4,191,686

Note 29 Superannuation

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund). The Fund was a sub fund of the Quadrant Superannuation Scheme (the Scheme) up to 30 November 2015. At this date the Quadrant Superannuation Scheme merged (via a Successor Fund Transfer) into the Tasplan Super and the Quadrant Defined Benefits Fund became a sub fund of Tasplan Super (Tasplan) from that date. The Quadrant 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 34 of AASB 119 *Employee Benefits*, Council does not use defined benefit accounting for these contributions.

For the year ended 30 June 2016 Council contributed 9.5% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, Council is required to meet its share of the deficiency.

Rice Warner Pty Ltd undertook the last actuarial review of the Fund at 30 June 2014. The review disclosed that at that time the net market value of assets available for funding member benefits was \$66,310,000, the value of vested benefits was \$57,475,000, the surplus over vested benefits was \$8,835,000, the value of total accrued benefits was \$58,093,000, and the number of members was 187. These amounts relate to all members of the fund at the date of valuation and no asset or liability is recorded in the 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% p.a.

Salary Inflation 4.0% pa

Price Inflation n/a

The actuarial review concluded that:

The value of assets of the Quadrant Defined Benefit Fund was adequate to meet the liabilities of the Fund in respect of vested benefits as at 30 June 2014.

The value of assets of the Fund was adequate to meet the value of the liabilities of the Fund in respect of accrued benefits as at 30 June 2014.

Based on the assumptions used, and assuming the Employer contributes at the levels described below, the value of the assets is expected to continue to be adequate to meet the value of the liabilities of the Fund in respect of vested benefits at all times during the period up to 30 June 2017.

The Actuary recommended that in future the Council contribute 11.0% of salaries in 2014/15 and 9.5% of salaries thereafter.

The Actuary will continue to undertake a brief review of the financial position the Fund at the end of each financial year to confirm that the contribution rates remain appropriate. The next full triennial actuarial review of the Fund will have an effective date of 30 June 2017 and is expected to be completed late in 2017.

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

As required in terms of paragraph 148 of AASB 119 *Employee Benefits*, Council discloses the following details:

The 2014 actuarial review used the "aggregate" funding method. This is a standard actuarial funding method. The results from this method were tested by projecting future fund assets and liabilities for a range of future assumed investment returns. The funding method used is different from the method used at the previous actuarial review in 2011.

Under the aggregate funding method of financing the benefits, the stability of the Councils' contributions over time depends on how closely the Fund's actual experience matches the expected experience. If the actual experience differs from that expected, the Councils' contribution rate may need to be adjusted accordingly to ensure the Fund remains on course towards financing members' benefits.

In terms of Rule 27.4 of the Tasplan Trust Deed (Trust Deed), there is a risk that employers within the Fund may incur an additional liability when an Employer ceases to participate in the Fund at a time when the assets of the Fund are less than members' vested benefits. Each member of the Fund who is an employee of the Employer who is ceasing to Participate is required to be provided with a benefit at least equal to their vested benefit in terms of Rule 27.4 (b) (A). However there is no provision in the Trust Deed requiring an employer to make contributions other than its regular contributions up to the date of cessation of contributions. This issue can be resolved by the Trustee seeking an Actuarial Certificate in terms of Rule 26.5 identifying a deficit and the Trustee determining in terms of Rule 26.3(c) that the particular employer should make the payment required to make good any shortfall before the cessation of participation is approved.

Note 29 Superannuation (cont.)

The application of Fund assets on Tasplan being wound-up is set out in Rule 41.4. This Rule provides that expenses and taxation liabilities should have first call on the available assets. Additional assets will initially be applied for the benefit of the then remaining members and/or their Dependents in such manner as the Trustee considers equitable and appropriate in accordance with the Applicable Requirements (broadly, superannuation and taxation legislative requirements and other requirements as determined by the regulators).

The Trust Deed does not contemplate the Fund withdrawing from Tasplan. However it is likely that Rule 27.4 would be applied in this case (as detailed above).

The Fund is a defined benefit Fund.

The Quadrant 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. Thus the Fund is not able to prepare standard AASB119 defined benefit reporting.

During the reporting period the amount of contributions paid to defined benefits schemes was \$33,859 (2014-15, \$33,220), and the amount paid to accumulation schemes was \$125,050 (2014-15, \$128,507).

During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$34,000, and the amount to be paid to accumulation schemes is \$126,000.

As reported on the first page of this note, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2014. Moderate investment returns, since that date, make it quite probable that this is still the position. The financial position of the Fund will be fully investigated at the actuarial review as at 30 June 2017.

An analysis of the assets and vested benefits of Funds participating in the Scheme, prepared by Rice Warner Pty Ltd as at 30 June 2014, showed that the Fund had assets of \$66.3 million and members' Vested Benefits were \$57.5 million. These amounts represented 8.4% and 7.5% respectively of the corresponding total amounts for the Scheme.

As at 30 June 2015 the fund had 164 members and the total employer contributions and member contributions for the year ending 30 June 2015 were \$2,083,883 and \$325,833 respectively.

	2016	2015
	\$	\$
Fund		
Defined benefits fund		
Employer contributions to Tasplan	33,859	33,220
	<u>33,859</u>	<u>33,220</u>
Accumulation funds		
Employer contributions to super funds	125,050	128,507
	<u>125,050</u>	<u>128,507</u>
	2016	2015
	\$	\$

Note 30 Commitments

Contractual commitments

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

Recycling and garbage collection contract (expires 2018)	309,903	437,256
Total	<u>309,903</u>	<u>437,256</u>

Note 31 Contingent liabilities

Council is presently involved in 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 operates a landfill at Hamilton. Council will have to carry out site rehabilitation works in the future. At balance date Council is unable to accurately assess the financial implications of such works.

Note 32 Financial Instruments
(a) Accounting Policy, terms and conditions

Recognised

financial instruments

Financial assets

Cash and cash equivalents

17

Cash on hand and at bank and money market call account are valued at face value.

Terms and Conditions

On call deposits returned a floating interest rate. The interest rate at balance date was 1.15% (1.9% 2014-2015).

Interest is recognised as it accrues.

Investments and bills are valued at cost.

Investments are held to maximise interest returns of surplus cash.

Interest revenues are recognised as they accrue.

Managed funds are measured at market value.

Trade and other receivables

Other debtors

18

Receivables are carried at amortised cost using the effective interest method. A provision for impairment 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% (10%). Credit terms are based on 30 days.

Available for sale financial assets

Investment in Water Corporation

18

The investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date.

Investment in TasWater provided return of 1.84% (2.12% 2014-2015) excluding unrealised gains/losses.

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 30 days of invoice date.

Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.

As at balance date, the Council did not have any finance leases.

Note 32 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:

2016

	Weighted average interest rate	Floating interest rate	Fixed interest maturing in:			Non-interest bearing	Total
			1 year or less	Over 1 to 5 years	More than 5 years		
		\$	\$	\$	\$	\$	\$
Financial assets							
Cash and cash equivalents	2.13%	364,714	6,181,347	-	-	-	6,546,061
Trade and other receivables		291,799	-	-	-	527,780	819,579
Investment in water corporation		-	-	-	-	7,873,560	7,873,560
Total financial assets		656,513	6,181,347	-	-	8,401,340	15,239,200
Financial liabilities							
Trade and other payables		-	-	-	-	189,106	189,106
Trust funds and deposits		-	-	-	-	110,063	110,063
Total financial liabilities		-	-	-	-	299,169	299,169
Net financial assets (liabilities)		656,513	6,181,347	-	-	8,102,171	14,940,031

2015

	Weighted average interest rate	Floating interest rate	Fixed interest maturing in:			Non-interest bearing	Total
			1 year or less	Over 1 to 5 years	More than 5 years		
		\$	\$	\$	\$	\$	\$
Financial assets							
Cash and cash equivalents	2.65%	1,091,657	3,100,029	-	-	-	4,191,686
Other financial assets	2.70%	-	3,000,000	-	-	-	3,000,000
Trade and other receivables		188,119	-	-	-	-	188,119
Investment in water corporation		-	-	-	-	7,741,780	7,741,780
Total financial assets		1,279,776	6,100,029	-	-	7,741,780	15,121,585
Financial liabilities							
Trade and other payables		-	-	-	-	394,056	394,056
Trust funds and deposits		-	-	-	-	101,533	101,533
Total financial liabilities		-	-	-	-	495,589	495,589
Net financial assets (liabilities)		1,279,776	6,100,029	-	-	7,246,191	14,625,996

Note 32 Financial Instruments (cont.)

(c) Fair Value

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	
	2016 \$	2015 \$	2016 \$	2015 \$
Financial assets				
Cash and cash equivalents	6,546,061	4,191,686	6,546,061	4,191,686
Financial assets	-	3,000,000	-	3,000,000
Trade and other receivables	819,579	188,119	819,579	188,119
Investment in water corporation	7,873,560	7,741,780	7,873,560	7,741,780
Total financial assets	15,239,200	15,121,585	15,239,200	15,121,585
Financial liabilities				
Trade and other payables	189,106	394,056	189,106	394,056
Trust funds and deposits	110,063	101,533	110,063	101,533
Total financial liabilities	299,169	495,589	299,169	495,589

(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 Statement of Financial Position.

(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. 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.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1993*. We

- 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.

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in our Statement of Financial Position. To help manage this risk:

- 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 policy.

Credit risk arises from Council's financial assets, which comprise cash and cash equivalents, and trade and other receivables. Council's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable policy note. Council generally trades with recognised, creditworthy third parties, and as such collateral is generally not requested, nor is it Council's policy to securitise its trade and other receivables.

It is Council's policy that some customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their credit rating, financial position, past experience and industry reputation. In addition, receivable balance are monitored on an ongoing basis with the result that Council's exposure to bad debts is not significant.

Council may also be subject to credit risk for transactions which are not included in the Statement of Financial Position, such as when we provide a guarantee for another party.

Credit quality of contractual financial assets that are neither past due nor impaired

	Financial Institutions (AAA credit rating)	Government agencies (BBB credit rating)	Other (min BBB credit rating)	Total
2016				
Cash and cash equivalents	6,546,061	-	-	6,546,061
Total contractual financial assets	6,546,061	-	-	6,546,061
2015				
Cash and cash equivalents	4,191,686	-	-	4,191,686
Investments and other financial assets	3,000,000	-	-	3,000,000
Total contractual financial assets	7,191,686	-	-	7,191,686

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 and Other Receivables was:

	2016 \$	2015 \$
Current (not yet due)	693,052	2,621
Past due by up to 30 days	3,654	36,264
Past due between 31 and 180 days	81,579	102,295
Past due between 181 and 365 days	9,293	14,486
Past due by more than 1 year	32,001	32,453
Total Trade & Other Receivables	819,579	188,119

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
- 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 the discounted cash flow payments (ie principal only).

2016	6 mths	6-12	1-2	2-5	>5	Contracted	Carrying
	or less	months	years	years	years	Cash Flow	Amount
	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	189,106	-	-	-	-		189,106
Trust funds and deposits	110,063		-	-	-		110,063
Total financial liabilities	299,169	-	-	-	-	-	299,169

2015	6 mths	6-12	1-2	2-5	>5	Contracted	Carrying
	or less	months	years	years	years	Cash Flow	Amount
	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	394,056	-	-	-	-		394,056
Trust funds and deposits	101,533		-	-	-		101,533
Total financial liabilities	495,589	-	-	-	-	-	495,589

(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% and -2% in market interest rates (AUD) from year-end rates of 4.4%.

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

		Interest rate risk			
		-2 %		+1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2016		\$	\$	\$	\$
Financial assets:					
Cash and cash equivalents	6,546,061	(130,921)	(130,921)	65,461	65,461
Trade and other receivables	297,355	(5,947)	(5,947)	2,974	2,974
Financial liabilities:					

		Interest rate risk			
		-2 %		+1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2015		\$	\$	\$	\$
Financial assets:					
Cash and cash equivalents	4,191,686	(83,834)	(83,834)	41,917	41,917
Trade and other receivables	188,119	(3,762)	(3,762)	1,881	1,881
Financial liabilities:					

Note 33 Events occurring after balance date

- (a) No matters have occurred after balance date that warrant disclosure in this report.

Note 34 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 Deirdre Flint (Mayor)
	Councillor Andrew Downie (Deputy Mayor)
	Councillor Richard Bowden
	Councillor Loueen Triffit
	Councillor Anthony Bailey
	Councillor James Allwright
	Councillor Robert Cassidy
	Councillor Erica McRae
	Councillor Lana Benson (Elected April 2016)
	Councillor Evan Evans (To March 2016)
General Manager	Lyn Eyles
Senior Managers	Jason Branch
	Graham Rogers
	Christopher Absolom (to 31 July 2015)

(ii) Councillor Remuneration

2016	Allowances \$	Vehicles ¹ \$	Reimburse- ments ² \$	Total \$
Councillor Deirdre Flint (Mayor)	30,291	2,854	2,753	35,898
Councillor Andrew Downie (Deputy Mayor)	17,790	3,405	-	21,195
Councillor Richard Bowden	8,655	-	525	9,180
Councillor Loueen Triffit	8,655	1,198	525	10,378
Councillor Anthony Bailey	8,655	908	525	10,088
Councillor James Allwright	8,655	-	525	9,180
Councillor Robert Cassidy	8,655	908	531	10,094
Councillor Erica McRae	8,655	456	525	9,636
Councillor Lana Benson	1,454	183	70	1,707
Councillor Evan Evans	6,473	-	385	6,858
Total	107,938	9,912	6,364	124,214

2015	Allowances \$	Vehicles ¹ \$	Reimburse- ments ² \$	Total \$
Councillor Deirdre Flint (Mayor)	29,571	11,415	2,640	43,626
Councillor Andrew Downie (Deputy Mayor)	17,366	4,906	-	22,272
Councillor Richard Bowden	8,449	-	360	8,809
Councillor Loueen Triffit	8,449	2,598	360	11,407
Councillor Anthony Bailey	8,449	1,066	360	9,875
Councillor Tim Jacka to 28 October 2014	2,774	-	120	2,894
Councillor James Allwright	8,449	-	360	8,809
Councillor Ian McMichael to 28 October 2014	2,774	344	120	3,238
Councillor David McMillan to 28 October 2014	2,774	-	120	2,894
Councillor Robert Cassidy (Elected 28 October 2014)	5,675	1,559	240	7,474
Councillor Erica McRae (Elected 28 October 2014)	5,675	757	240	6,672
Councillor Evan Evans (Elected 28 October 2014)	5,675	-	240	5,915
Total	106,080	22,645	5,160	133,885

¹ Includes mileage allowance for use of private vehicles.

² Includes reimbursement for use of private phones.

(iii) Key Management Personnel Remuneration

2016	Salary ¹	Super- annuation ²	Vehicles ³	Non-monetary benefits ⁴	Other Benefits ⁵	Total
	\$	\$	\$	\$		\$
Lynette Eyles	114,214	14,115	12,883	(15,844)	5,000	130,368
Jason Branch	78,796	7,302	7,450	11,046	-	104,594
Graham Rogers	73,922	6,899	4,022	4,026	-	88,869
Christopher Absolom (to 31 July 2015)	13,797	1,065	-	-	-	14,862
Total	280,729	29,381	24,355	(772)	5,000	338,693

2015	Salary ¹	Super- annuation ²	Vehicles ³	Non-monetary benefits ⁴	Other Benefits ⁵	Total
	\$	\$	\$	\$		\$
Lynette Eyles	112,786	15,481	6,944	9,057	5,000	149,268
Jason Branch	74,529	6,905	6,523	8,653	-	96,610
Graham Rogers	72,947	6,807	6,604	5,353	-	91,711
Christopher Absolom	74,710	6,886	-	10,811	-	92,407
Total	334,972	36,079	20,071	33,874	5,000	429,996

¹ Gross Salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

² Superannuation means the contribution to the superannuation fund of the individual. Superannuation benefits for members of a defined benefit scheme were calculated using a notional cost.

³ Includes total cost of providing and maintaining vehicles provided for private use, including registration, insurance, fuel and other consumables, maintenance cost and parking (including notional value of parking provided at premises that are owned or leased and fringe benefits tax).

⁴ Other non-monetary benefits include annual and long service leave movements and non-monetary benefits (such as housing, subsidised goods or services etc)

⁵ Other benefits includes all other forms of employment allowances (excludes reimbursements such as travel, accommodation or meals), payments in lieu of leave, and any other compensation paid and payable.

Executives

The employment terms and conditions of senior executives are contained in individual employment contracts and prescribe total remuneration, superannuation, annual and long service leave, vehicle and salary sacrifice provisions. In addition to their salaries, Council also provides non-cash benefits and contributes to post-employment superannuation plans on their behalf.

The performance of each senior executive, including the General Manager, is reviewed annually which includes a review of their remuneration package. The terms of employment of each senior executive, including the General Manager, contain a termination clause that requires the senior executive or Council to provide a minimum notice period of up to 3 months prior to termination of the contract. Whilst not automatic, contracts can be extended.

- (iv) In accordance with s84(2)(b) of the *Local Government Act 1993*, no interests have been notified to the General Manager in respect of any body or organisation with which the Council has major financial dealings.

Note 35 Significant Business Activities

The operating capital and competitive neutrality costs of the Council's significant business activities:

	Hamilton & Bothwell Camping Grounds	
	2016	2015
Revenue	\$	\$
User Charges	20,102	13,438
Total Revenue	20,102	13,438
Expenditure		
<i>Direct</i>		
Employee Costs	1,002	1,523
Materials and Contacts	4,184	996
Utilities	2,354	2,854
<i>Indirect</i>		
Engineering & Administration	200	305
Total Expenses	7,740	5,678
<i>Notional cost of free services received</i>		
<i>Capital Costs</i>		
Opportunity cost of capital	3,023	2,861
Total Capital Costs	3,023	2,861
<i>Competitive neutrality adjustments</i>		
Rates and land tax	2,052	2,274
	2,052	2,274
<i>Calculated Surplus/(Deficit)</i>	10,310	5,486
Tax Equivalent rate	30%	30%
Taxation equivalent	3,093	1,646
Competitive neutrality costs	5,145	3,920

Note	36	Management indicators	Benchmark	2016 \$	2015 \$	2014 \$	2013 \$
(a)		Underlying surplus or deficit					
		Recurrent income* less		6,515,275	6,393,112	6,369,945	6,089,449
		recurrent expenditure		6,252,903	6,714,411	7,168,069	7,475,960
		Underlying surplus/deficit	0	262,372	(321,299)	(798,124)	(1,386,511)
		* Recurrent income excludes income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature.					
		The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2014-15 the Commonwealth made early payment of the two quarterly instalments for the following year. In accordance with AASB1004 Contributions, Council recognises these grants as revenue when it receives the funds and obtains control. The early receipt of instalments resulted in Commonwealth Government Financial Assistance Grants being below that originally budgeted in 2015-16 by \$1,124,584.					
(b)		Underlying surplus ratio					
		<u>Underlying surplus or deficit</u>		262,372	(321,299)	(798,124)	(1,386,511)
		Recurrent income*		6,515,275	6,393,112	6,369,945	6,089,449
		Underlying surplus ratio %	0%	4.0%	(5.0%)	(12.5%)	(22.8%)
		This ratio serves as an overall measure of financial operating effectiveness.					
(c)		Net financial liabilities					
		Liquid assets less		6,843,416	7,379,805	5,644,414	8,240,307
		total liabilities		1,072,895	1,261,328	984,999	1,156,883
		Net financial liabilities	0	5,770,521	6,118,477	4,659,415	7,083,424
		This measure shows whether Council's total liabilities can be met by its liquid assets. An excess of total liabilities over liquid assets means that, if all liabilities fell due at once, additional revenue would be needed to fund the shortfall.					
(d)		Net financial liabilities ratio					
		<u>Net financial liabilities</u>		5,770,521	6,118,477	4,659,415	7,083,424
		Recurrent income*		6,515,275	6,393,112	6,369,945	6,089,449
		Net financial liabilities ratio %	0% - (50%)	89%	96%	73%	116%
		This ratio indicates the net financial obligations of Council compared to its recurrent income.					
(e)		Asset renewal funding ratio					
		An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.					
		<i>Transport Infrastructure</i>					
		<u>Projected capital funding outlays**</u>		1,130,000	800,640	800,640	757,640
		Projected capital expenditure funding***		1,075,000	800,640	800,640	757,640
		Asset renewal funding ratio %	90-100%	105%	100%	100%	N/A
		** Current value of projected capital funding outlays for an asset identified in Council's long-term financial plan.					
		*** Value of projected capital expenditure funding for an asset identified in Council's long-term strategic asset management plan.					
		This ratio measures Council's capacity to fund future asset replacement requirements.					

Note	36	Management indicators (cont.)	2016 \$	2015 \$	2014 \$	2013 \$
	(f)	Asset consumption ratio				
		An asset consumption ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.				
		<i>Roads</i>				
		<u>Depreciated replacement cost</u>	59,234,956	59,545,575	105,498,266	105,527,190
		Current replacement cost	74,812,351	74,602,199	136,074,112	134,133,330
		Asset consumption ratio %	79.2%	79.8%	77.5%	78.7%
		<i>Buildings</i>				
		<u>Depreciated replacement cost</u>	4,989,690	4,491,612	4,401,857	4,430,785
		Current replacement cost	5,188,979	4,592,192	4,882,592	4,811,527
		Asset consumption ratio %	96.2%	97.8%	90.2%	92.1%
		<i>Drainage</i>				
		<u>Depreciated replacement cost</u>	1,001,099	1,016,723	882,811	733,279
		Current replacement cost	1,562,354	1,562,354	1,413,607	1,163,020
		Asset consumption ratio %	64.1%	65.1%	62.5%	63.0%
		<i>Bridges</i>				
		<u>Depreciated replacement cost</u>	7,825,969	8,048,458	8,226,739	7,602,143
		Current replacement cost	14,244,591	14,352,077	14,334,521	13,639,850
		Asset consumption ratio %	54.9%	56.1%	57.4%	55.7%
		<i>Footpaths and Cycleways</i>				
		<u>Depreciated replacement cost</u>	1,057,437	1,022,866	1,334,307	1,358,000
		Current replacement cost	2,697,767	2,611,429	1,649,305	1,649,305
		Asset consumption ratio %	39.2%	39.2%	80.9%	82.3%
		<i>Other infrastructure assets</i>				
		<u>Depreciated replacement cost</u>	676,909	650,108	530,677	469,279
		Current replacement cost	1,206,133	1,136,903	961,077	842,124
		Asset consumption ratio %	56.1%	57.2%	55.2%	55.7%
		This ratio measures Council's capacity to fund future asset replacement requirements.				
	(g)	Asset sustainability ratio				
		<u>Capex on replacement/renewal of existing assets</u>	2,009,325	1,467,260	3,259,683	2,615,000
		Annual depreciation expense	2,088,489	2,113,633	2,705,401	2,933,350
		Asset sustainability ratio %	100%	69.4%	120.5%	89.1%
		This ratio calculates the extent to which Council is maintaining operating capacity through renewal of their existing asset base.				

	Capital renewal expenditure	Capital new/upgrade expenditure	Total Capital Expenditure
	\$	\$	\$
By asset class			
Buildings	46,589	308,730	355,319
Plant, machinery and equipment	186,400	5,609	192,009
Fixtures, fittings and furniture	9,091	4,427	13,518
Computers	37,595	-	37,595
Roads	1,647,148	-	1,647,148
Drainage	-	-	-
Other infrastructure	73,257	4,826	78,083
Footpaths, kerbs and gutters	9,245	86,338	95,583
Total	2,009,325	409,930	2,419,255

Note 37 Fair Value Measurements

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

- Investment in water corporation
- Property, infrastructure plant and equipment
 - Land
 - Buildings, including footpaths & cycleways
 - Roads
 - Bridges
 - Other infrastructure

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

(a) Fair Value Hierarchy

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Council. The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2016.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

As at 30 June 2016

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
Investment in water corporation	16			7,873,560	7,873,560
Land	23	-	3,395,000	-	3,395,000
Buildings	23	-	4,989,690	-	4,989,690
Land under roads	23	-	957,396	-	957,396
Roads, including footpaths & cycleways	23	-	-	60,292,393	60,292,393
Bridges	23	-	-	7,825,969	7,825,969
Drainage	23	-	-	1,001,099	1,001,099
Other Infrastructure	23	-	-	676,909	676,909
		-	9,342,086	69,796,370	79,138,456

As at 30 June 2015

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
Investment in water corporation	16			7,741,780	7,741,780
Land	23	-	3,395,000	-	3,395,000
Buildings	23	-	4,491,612	-	4,491,612
Roads, including footpaths & cycleways	23	-	-	60,568,441	60,568,441
Bridges	23	-	-	8,048,458	8,048,458
Drainage	23	-	-	1,016,723	1,016,723
Other Infrastructure	23	-	-	650,108	650,108
		-	7,886,612	70,283,730	78,170,342

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

(b) Highest and best use

All assets valued at fair value in this note are being used for their highest and best use.

(c) Valuation techniques and significant inputs used to derive fair values

Note 37 Fair Value Measurements (cont.)

Investment in water corporation

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2016, Council continued to hold a 0.5% (2015, 0.5%) ownership interest in TasWater which is based on schedule 2 of the Corporation's Constitution which reflects the Council's voting rights. Any unrealised gains and losses are recognised through the Statement of Profit or Loss and Other Comprehensive Income to an Available-for-sale assets Fair value Investment reserve each year. (Refer note 16).

Council has classified this asset as an Available-for-Sale financial asset as defined in AASB 139 Financial Instruments: Recognition and Measurement and has followed AASB 132 Financial Instruments: Presentation and AASB 7 Financial Instruments: Disclosures to value and present the asset in the financial report. Council's investment is not traded in an active market and is only sensitive to fluctuations in the value of TasWater's net assets.

Land and buildings

Valuation of land (excluding land under roads) and buildings was undertaken by the Valuer-General in 2014-15. The valuation of buildings is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. The valuation of land is at fair value, being market value based on highest and best use permitted by relevant land planning provisions.

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of residual value and useful life that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3. The table at (d) below summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

Land under roads

Land under roads is being recognised for the first time in the 2016 financial statements, consistent with the Report to Parliament by the Auditor-General No. 5 of 2013-2014 Infrastructure Financial Accounting in Local Government. Because of its materiality, land under roads is now reported as a separate category of non-current assets.

Infrastructure assets

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

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. The resulting valuation reflects the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output.

The level of accumulated depreciation for infrastructure assets was determined based on the age of the asset and the useful life adopted by Council for the asset type. Estimated useful lives and residual values are disclosed in Note 1(e).

The calculation of DRC involves a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made by qualified and experienced staff, different judgements could result in a different valuation. The table at (d) below summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

The methods for calculating CRC are described under individual asset categories below.

Roads, including footpaths & cycleways

A full valuation of roads and footpaths was undertaken by independent valuers, Moloneys Asset Management Systems, effective October 2014. The values were determined using current replacement costs which resulted in a reduction in fair value. Previous valuations were based on historical cost plus indexation. Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads.

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. All road segments are then componentised into formation, pavement, sub-pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

Note 37 Fair Value Measurements (cont.)

CRC is based on the road area multiplied by a unit price; the unit price being an estimate of labour and material inputs, services costs, and overhead allocations. For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and labour wage rates are based on Council's Enterprise Bargaining Agreement (EBA). Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years.

Bridges

A full valuation of bridge assets was undertaken by independent valuers, AusSpan, effective December 2014. The valuation concluded there was no variation from previously reported values. Each bridge is assessed individually and componentised into sub-assets representing the deck and sub-structure. The valuation is based on the material type used for construction and the deck and sub-structure area.

Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

Other Infrastructure

Other infrastructure is not deemed to be significant in terms of Council's Statement of Financial Position.

(d) Unobservable inputs and sensitivities

Asset / liability category*	Carrying amount (at fair value)	Key unobservable inputs *	Expected range of inputs	Description of how changes in inputs will affect the fair value
Roads	\$ 59,234,956	Unit replacement cost per sqm	from \$9/sqm (unsealed) up to \$40/sqm (sealed)	The higher the unit cost, the higher the fair value
		Useful life	Refer Note 1e	The longer the useful life, the higher the fair value
Bridges	\$ 7,825,969	Useful life	Refer Note 1e	The longer the useful life, the higher the fair value
Buildings	\$ 4,989,690	Useful life	Refer Note 1e	The longer the useful life, the higher the fair value

(e) Valuation processes

Council's current policy for the valuation of property, infrastructure, plant and equipment, investment in water corporation and investment property (recurring fair value measurements) is set out in note 1(f), 1(k) and 1(w) respectively.

Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

(f) Assets and liabilities not measured at fair value but for which fair value is disclosed

Council does not have assets and liabilities which are not measured at fair value.

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

Certification of the Financial Report

The financial report presents fairly the financial position of the Central Highlands Council as at 30 June 2016, the results of its operations for the year then ended and the cash flows of the Council, in accordance with the *Local Government Act 1993* (as amended), Australian Accounting Standards (including interpretations) and other authoritative pronouncements issued by the Australian Accounting Standards Board.



Lyn Eyles
General Manager

Date : 08-August-2016