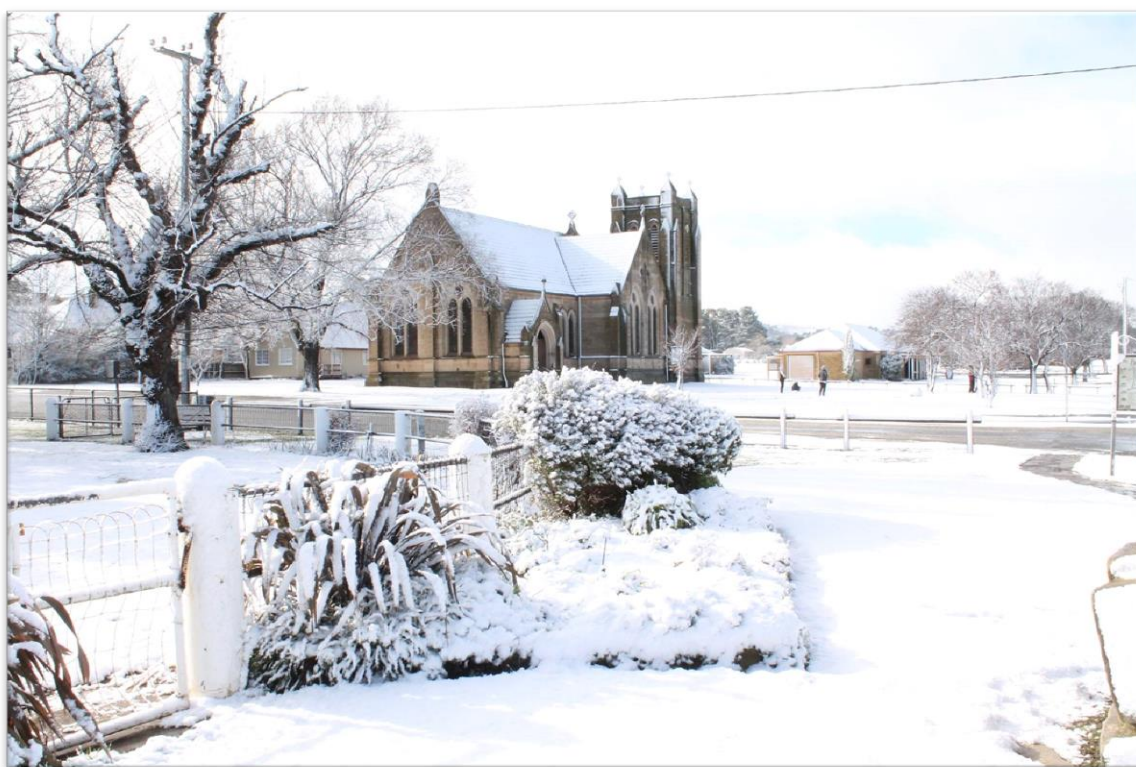


# Central Highlands Council



## **ANNUAL REPORT 2016 – 2017**



## **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](http://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, 5 December 2017 at 8.45am.

Any person wishing to make a submission should do so by close of business on Tuesday, 24 November 2017.

Current Councillors as at 30 June 2017



Loueen Triffitt  
**Mayor**  
6286 3275



Lana Benson  
**Deputy Mayor**  
0418 347 018



Jim Allwright  
**Councillor**  
6288 1392



Tony Bailey  
**Councillor**  
0418 863 284



Richard Bowden OAM  
**Councillor**  
6259 5542



Robert Cassidy  
**Councillor**  
0458 737 747



Julie Honner  
**Councillor**  
0417 168 339



Erika McRae  
**Councillor**  
0439 392 245



Jim Poore  
**Councillor**  
0412 733 617

**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
Loueen M Triffitt	6286 3275	13			13
Lana Benson	0418 347 018	11		2	13
James R Allwright	6288 1392	13			13
Anthony W Bailey	6286 3284	12	1		13
Richard G Bowden OAM	6259 5542	13			13
Robert L Cassidy	0458 737 747	12		1	13
Julie Honner from Mar 2017	0417 168 339	4			4
Erika M McRae	0439 392 245	12	1		13
Jim Poore from Oct 16	0412 733 617	10			10
Deirdre E Flint OAM until Aug 16		2			2
Andrew J Downie				8	8

**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
Loueen M Triffitt	8			8	6			6
Lana Benson			2	2	4		2	6
James R Allwright	7			7	6			6
Anthony W Bailey	8			8	6			6
Richard G Bowden OAM	4		1	5	4		2	6
Robert L Cassidy	7			7	5		1	6
Erika M McRae	2			2	5		1	6
Julie Honner from Mar 17					3		2	5
Jim Poore from Oct 16	2			2				5
Deirdre E Flint OAM until Aug 16								
Andrew J Downie until Feb 17			3	3				

## MAYOR'S REPORT



It gives me great pleasure to report on the Central Highlands Council work, progress and achievements during 2016/17.

I'm pleased to report that this year; we have been able to keep rates as low as possible, with a rates increase of 4%.

This year Council bid farewell to former Mayor Deirdre Flint OAM & Deputy Mayor Mr Andrew Downie. As a result of the bi-election held in March, Mrs Julie Honner was appointed to the position of Councillor.

In December 2016 I attended the Lone Pine seedling planting at Bothwell. With many Community members present, the Bothwell District High School students assisted Minister Guy Barnett in the planting of the seedling.

The 8<sup>th</sup> March was International Women's Day. I was invited to attend as a panelist for the function in New Norfolk, where I spoke of my family and life growing up in the Central Highlands; and of course my role as Mayor. I spoke of the great privilege to be chosen by my community to lead the Central Highlands. This was a great day, and of course yet another opportunity to put the Central Highlands on the map, and in the forefront of people's thoughts to visit.

The annual Highlands Bushfest was held at Bothwell Recreation Ground in November 2016. This is a Council organised event for our community and visitors to enjoy a weekend of stalls, activities, entertainment and great food. We were lucky enough to have good weather and record crowds on both days. Andrew Hart and Nick Duigan are popular MC's who moved around the Festival interacting with the crowd. A popular draw card was the speed shearing with some visitors experiencing the art of shearing for the very first time. Council commend the Central Highlands employees for their organisation, preparation and participation in making the event so successful.

As well, the annual Hamilton Show was again well attended in perfect weather conditions. The Hamilton Show remains a day for locals and visitors, from the country and the city. The Show continues to provide plenty of action including the equestrian and camp drafting events, and plenty of time to rest and catch-up with a variety of foods available.

The Bothwell Spin-In was well received, and an added bonus was the visit of the Diabetes Tasmania Pollie Pedal on the Saturday. Minister Guy Barnett and Attorney-General, Vanessa Goodwin, participated in the Pollie Pedal, along with their fellow cyclists who mingled with the crowd.

May is the month of the annual Inland Fisheries Liawenee Trout Weekend. This year was again enjoyed by all who attended. Despite the torrents of rain on the Saturday huge numbers of people

continued to attend this great, informative event, with the combination of cold weather and hot food keeping a smile on many faces. This year's event coincided with a joint announcement with the State Government for funding of public amenities at Arthurs Lake, Bronte Lagoon and Penstock Lagoon.

The Tas Trail Convict Dam at Victoria Valley was officially opened. The trail runs from Devonport to Dover and is accessible through walking, cycling or by horseback, and is an exciting way to experience first-hand our beautiful Central Highlands. This recreational, cultural and nature-based adventure includes numerous stop-overs throughout our area. This influx of visitors, assists our local economy, particularly our small businesses across the Highlands.

My discussions with State Government have resulted in the immediate repair and future rehabilitation of the Marlborough Road from the Lyell Highway into Bronte Park Village. The Thousand Lakes Lodge was officially opened, on the site originally known as Bennachi Lodge in the Great Lake area. The owners transformed what was an old rundown building into a great get away destination, providing the tranquillity of the natural environment, comfortable accommodation and great food.

Curringa Farm opened its additional new accommodation cottages at 'Over the Back'. The beautiful scenery, native wildlife and tranquillity, is a stopover not to be missed.

The year has shown some positives and negatives across the area of health, and access to health and wellbeing services. It was disappointing to learn that the Rural Primary Health Services that have been provided in our area for the last 14 years was not successful in receiving funding to provide services in the Central and Southern Highlands. We have been working closely with Corumbene, the successful provider, to deliver a range of health and wellbeing programs to support people with chronic conditions and allied health services.

Medical Services in Bothwell are now provided by Huon Regional Care.

Central Highlands Councillors agreed to an Independent Review of Council; including Councillors and senior employees to assist in developing our internal relationships, taking stock of our current procedures policies and actions and specifically investigate opportunities to improve efficiencies and deliver best possible outcomes for the Central Highlands community.

Thank you Councillors, General Manager, Managers, staff and employees for your support and contribution in building a strong effective Council.

Mayor Loueen Triffitt

**CURRENT COUNCIL COMMITTEE REPRESENTATION 2016-2017**

***Bothwell Swimming Pool Committee***

Clr E M McRae  
Clr L M Triffitt  
Clr R L Cassidy (Proxy)

***Bothwell Cemetery Committee***

Mayor L M Triffitt (Chair)  
Clr E McRae (Proxy)  
Clr R L Cassidy

***Plant Committee***

Mayor L M Triffitt (Chair)  
Clr L Benson (Proxy)  
Clr R G Bowden  
Clr A W Bailey

***Independent Living Units Committee***

Mayor L M Triffitt (Chair)  
Clr E M McRae  
Clr J Poore

***Audit Panel***

Clr J R Allwright  
Clr R Cassidy

***Strategic Planning Sub-Committee***

Clr E M McRae  
Clr A W Bailey  
Clr L Benson

***Planning Committee From 19 July 2016***

Clr J R Allwright (Chair)  
Clr L Benson (Proxy)  
Clr R G Bowden  
Clr R L Cassidy  
Clr A W Bailey

***Highlands Tasmania Tourism Committee***

Mayor L M Triffitt (Chair)  
Clr J Poore (Proxy)  
Clr R L Cassidy  
Clr A W Bailey

***Australia Day Committee***

Clr L Benson (Chair)  
Clr A W Bailey  
Clr L M Triffitt

***Waste Committee***

Clr J R Allwright (Chair)  
Clr R G Bowden  
Clr J Poore

## OTHER COMMITTEE REPRESENTATION

### ***Bothwell Spin-In Committee***

Mayor L M Triffitt  
Clr L Benson (Proxy)

### ***Australasian Golf Museum***

Mayor L M Triffitt  
Clr E M McRae  
Clr R L Cassidy (Proxy)

### ***Southern Waste Strategy Authority (Now under STCA and called Waste Strategy South)***

Clr L Benson  
Clr J Allwright (Proxy)

### ***The Derwent Catchment Project***

Clr J R Allwright

### ***The Central Highlands Men's Shed Steering Committee***

Clr A W Bailey  
Clr J R Allwright (Proxy)

### ***Great Lake Community Centre Committee***

Mayor L M Triffitt

### ***Central Highlands Health Service Community Consultation Committee***

Mayor L M Triffitt  
Clr L Benson  
Clr E M McRae (Proxy)

### ***TasWater Owners Representative***

Clr L Benson  
Clr R Cassidy (Proxy)

### ***Edmund Rice Foundation***

Clr L Benson

### ***Clyde Water Trust***

Clr R Bowden  
Clr J Poore  
Clr Cassidy (Proxy)



## OVERVIEW AND HIGHLIGHTS

- Clr Loueen Triffitt was elected as Mayor and Jim Poore elected as Councillor in October 2016 as a result of a bi-election held upon the resignation of Mayor Deirdre Flint.
- Clr Lana Benson was elected as Deputy Mayor and Julie Honner elected as Councillor in February 2017 as a result of the resignation of Deputy Mayor Andrew Downie.
- Four thousand people attended Highlands Bushfest which was held at Bothwell on 19th and 20th November, 2016.

There were a variety of stalls among the 100 sites, with everything from four wheel driving and camping products, quad bikes, caravans, cars and four wheel drives, boats, crafts, food and beverages.

Attractions this year were very popular. Eddie Freeman's chainsaw carvings drew huge crowds to marvel at his skills. Eddie has kindly donated to Council a large Wedge-Tailed Eagle which will go on display at the Bothwell Visitors Centre along with last year's creation a large Trout. Rosedale Equine Stud's animals were a huge success with the children as well as their free donkey and miniature horse & cart rides. The Face Painting Lady Tas was again very popular as well as our new attraction Social Circus Tasmania. Bothwell Speed Shear was held at Bushfest this year, which drew large crowds. Taylor McGlashan provided working sheepdog demonstrations and Tas Reptilia's snake display is always very popular. This year local Bothwell Resident & Speedway Driver Daniel Brooks showcased his AMCA which proved a hit with the crowd. Daniel currently holds both the TAS & NSW Titles.

- The Bothwell Football Club and Community Centre was an initiative of the Bothwell Football Club who began the construction of the centre with funds provided by way of contributions, donations and in kind support from the community, state government, TCF grant and funds from the Bothwell Football Club. To enable the facility to be completed, council contributed funding during 2016/17.
- New cricket nets were installed to enable the newly formed Bothwell Cricket Club to train at the ground.
- Council's new Interim Planning Scheme commenced.
- Work continued on the Southern Highlands Irrigation Scheme.
- 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"> <li>• Installed new cricket nets at the Bothwell Recreation Ground to support the establishment of a local cricket club</li> <li>• Provided funding to enable the completion of the Bothwell Football Club &amp; Community Centre to lock up stage.</li> <li>• Due to budgetary constraints, the proposed tennis/netball court did not proceed.</li> <li>• Two new covered barbecues have been constructed in Queens Park, Bothwell. These were funded from a bequest from the late Ian Downie, the Bothwell Lions Club and Council.</li> </ul>
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"> <li>• Council has representation on the Central Highlands Community Health Committee</li> <li>• Council is a member of the Southern Tasmanian Council's Authority</li> <li>• The Tasmanian Health Service (THS) was unsuccessful in their tender to Primary Health Tasmania (PHT) to continue services under the RPHS Program after 31<sup>st</sup> December 2016. Corumbene Care have been commissioned to deliver services under the RPHS program from 1<sup>st</sup> January 2017 – 30<sup>th</sup> June 2018 to help people better manage their chronic conditions. Corumbene Care will target people living with cardiovascular disease, chronic lung conditions and musculoskeletal disorders. Diabetes Tasmania has been commissioned to provide services state-wide. As a result of these changes, Southern Midlands Council identified a potential gap in health services and invited Central</li> </ul>

	<p>Highlands Council to participate in the Better Health Program. Tracey Turale (THS employee) has been engaged to assess health needs and investigate possibilities for health service provision in the future. The project is being conducted from January – December 2017. Tracey is identifying and consulting with organisations that currently provide services and / or could provide services in the future and facilitating regular service provider networking meetings in the Southern Midlands and Central Highlands.</p>
1.3 Continue to strengthen partnerships with all tiers of government	<p>Council is a member of the Local Government Shared Services and the South Central Sub - Region.</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, International Highlands Spin-In 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 whilst also providing annual citizenship awards to students.</p>

	<p>Contributions and in-kind support: See page 26 for details</p>
<p>1.6 Foster and Develop a community with a strong sense of ownership of its area</p>	<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>With Dr Greg Booth closing his practice in Bothwell in October 2016, Council actively sought a replacement and were pleased that Huon Regional Care offered to provide this service for our residents. Huon Regional Care commenced the service in November 2016 and has a thriving practice which currently operates three days a week. Pharmacy services were discontinued from the Medical Centre but are now provided by Terry Burnett, Bruny Island Pharmacy who is doing home deliveries through the Bothwell Region.</p> <p>Council 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 2016***

**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"> <li>• Roads and Bridges</li> <li>• Buildings</li> </ul> <p>and adopted on 19 January 2017</p>
2.2 Continue to work at regional and state levels to improve transport and infrastructure	<p>Council is a member of the STCA and support the regional lobbying for transport and infrastructure improvements.</p>
2.3 Seek external funding to assist with upgrading of existing infrastructure and funding of new infrastructure and facilities	<p>Community Road Safety Grant – purchase of variable messaging board</p> <p><b>Community Infrastructure Minor Grants</b></p> <ul style="list-style-type: none"> <li>• Construct toilet at Arthurs Lake</li> <li>• Construct Shelter and Install barbecue at Arthurs Lake</li> <li>• Provision of fenced playground at the Bothwell Recreation Ground</li> </ul> <p>These projects will be completed during 2017/2018 financial year.</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	<p>Council allocates funds in its budget to maintain its existing assets</p> <p>Council:</p> <ul style="list-style-type: none"> <li>• Upgrade Hamilton Office entry for disabled access</li> <li>• 2.1km of Arthurs Lake Road reconstruction and seal</li> <li>• Wayatinah Road reconstruction, seal and line marking</li> <li>• 3km of Victoria Valley Rd reconstruction</li> <li>• Hamilton Streets reconstruction and seal</li> <li>• Schaw Street reconstruction and seal</li> </ul>

- |  |                                                                                                                                                |
|--|------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <ul style="list-style-type: none"><li>• Torhill reconstruction</li><li>• Wilburville drainage</li><li>• Purchase of a new CAT Grader</li></ul> |
|--|------------------------------------------------------------------------------------------------------------------------------------------------|

Council budgets sufficient funds to ensure that its assets and services are maintained.



***Victoria Valley Rd reconstruction***

**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 is a member of the Local Government Shared Services (LGSS) which meets regularly to discuss resource sharing opportunities. Council currently use this service for the provision of a planner, dog control officer and relief General Manager. The LGSS conducted a 2 day workforce planning workshop for Councils within the group, which was facilitated by the University of Technology, Sydney – Centre for Local Government. A joint tender for debt collection resulted in participating councils receiving the benefit of reduced commission fees, a saving for all members who participated in the tendering process.</p> <p>The South Central Sub-Region (SCS) was formalised in early 2016 with the Brighton, Central Highlands, Derwent Valley and Southern Midlands Councils endorsing an intent to work together as much as possible on matters of common interest or where benefits can be achieved by working collaboratively. The SCS meets approximately every two months with the Mayor and General Manager of each Council attending.</p> <p>The SCS was successful in being granted funding from Skills Tasmania to undertake a workforce planning study for the sub-region which was undertaken by KPMG.</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"> <li>• Tasmanian Community Road Safety Grant \$ 16,586.50</li> <li>• Roads to Recovery Funding \$1,153,100 &amp; \$158,756</li> <li>• Financial Assistance Grants \$2,319,464 plus \$1,193,201 received in advance in June 2017.</li> <li>• Australia Day Grant Ideas \$363.64</li> <li>• Grant for SES Motor Vehicle \$19,091.91</li> <li>• Community Infrastructure Grants \$49,212, \$23,700 &amp; \$34,000</li> </ul>
3.5 Encourage development to expand Council's rate base	Council has adopted its Interim Planning Scheme which encourages development.
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.





***M Series CAT Grader***

**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 &amp; recycling to the residents of Bothwell, Ellendale,</p>

	<p>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 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 and Arthurs Lake.</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.

<p>5.4 Encourage the establishment of alternative industries to support job creation and increase permanent residents</p>	<p>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.</p>
<p>5.5 Promote our areas' tourism opportunities, destinations and events</p>	<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>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> <p>Information Bay provided at Ouse.</p>
<p>5.6 Support existing businesses to continue to grow and prosper</p>	<p>Council support existing businesses and provide letters of support to assist grant funding applications.</p>
<p>5.7 Develop partnerships with State Government, industry and regional bodies to promote economic and employment opportunities</p>	<p>Council is a member of Destination Southern Tasmania.</p> <p>Destination Southern Tasmania with the support of the Department of State Growth and with the participation of local tourism / business operators has developed a Destination Action Plan for the Central Highlands. Two workshops were held and were facilitated by Malcolm Wells. The Destination Action Plan identifies achievable priorities and actions, and are based on the principles that visitors are attracted to destinations and experiences rather than regions, that the visitor experience of the destination is a critical success factor and local communities know their destination best.</p>

	<p>The Destination Action Plan was finalised in June and formerly adopted by Council in August 2017. It is anticipated that a formal launch will be held late 2017.</p>
<p>5.8 Work with the community to further develop tourism in the area</p>	<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 make an annual allocation to Anglers Alliance towards the maintenance of the webcams at Arthurs Lake, Great Lake, Penstock Lagoon, Bronte Lagoon, Little Pine Lagoon and Lake Augusta.</p>



***Bothwell Cricket Nets***

**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	<p>Council fulfils its legislative and governance responsibilities.</p> <p>Policies and procedures are reviewed regularly.</p> <p>Council review its Long Term Financial Strategy and Long Term Asset Management Plans annually.</p>
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	<p>Council's risk register is continually reviewed.</p> <p>Council continues to be proactive in inspections and reviews to minimise risk exposure.</p>
6.4 Promote a supportive culture that promotes the well-being of staff and encourages staff development and continuous learning	<p>Through the performance management system staff are encouraged to undertake further courses of benefit to them</p> <p><b>Training undertaken this year includes:</b></p> <ul style="list-style-type: none"> <li>• Traffic Management</li> <li>• Chainsaw / Tree Felling</li> <li>• Agricultural Chemical Skill Set</li> <li>• Front end loader assessment</li> <li>• Roller training and assessment</li> <li>• First aid course</li> </ul> <p>An Employee Assistance Program has been provided for all staff.</p> <p>Council and staff have entered into negotiations for a new Enterprise Agreement to replace the Central Highlands Council Enterprise Agreement 2014 which expired on 30<sup>th</sup> June 2017.</p>

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 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	<p>Council is a member of the Local Government Shared Services and undertakes resource sharing.</p> <p>Council is also part of the South Central 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>
6.7 Support and encourage community participation and engagement	<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>
6.8 Ensure that customers receive quality responses that are prompt, accurate and fair	Council strives to respond to customers promptly, and with fairness and accuracy.
6.9 Council decision making will be always made in open council except where legislative or legal requirements determine otherwise	<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 Regulations, the Food Act 2003 and Regulations and Standards the Environmental Management and Pollution Control Act 1994 and Regulations, 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. Council have instigated I'm Alert Food Safety Training free of charge to the community as a Food Safety Initiative.

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:

- 59 Food Business Registrations 6 more than the previous year, 4 Temporary Food Licences and 1 mobile food licence have been issued and inspections done 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 one employee trained as a DrumMUSTER inspector.
- Waste collection contract has been renegotiated.
- Council have an ongoing 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 and Bothwell Medical Office.
- "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 / complaints are followed up by inspections and may require the issue of abatement notices, Environmental Protection Notices and / or infringement notices.
- Annual Reporting done by the 30<sup>th</sup> September each year for Recreational Water monitoring, Private Water Licences, Food Premises and Waste Reporting.
- Issuing of Environmental Protection Notices when required and follow up on conditions of Notices.



### DEVELOPMENT STATISTICS

	2012-13	2013-14	2014-15	2015-16	2016-17
Total No Applications	79	74	67	52	56
No. Permitted	30	30	19	18	11
No. Discretionary	33	29	33	32	39
Subdivision Applications	16	15	14	5	2
No. Lots	51	66	19	20	3
Planning Scheme Amendments	0	0	0	0	0
No Permit Required	N/A	N/A	1	2	4

### BUILDING STATISTICS

	2012-13	2013-14	2014-15	2015-16	2016-17
No. Buildings	65	67	52	50	44
No. Plumbing	55	57	47	49	36
No. Special Connections	16	20	20	12	5
Value of Building Applications	\$3,975,758	\$7,747,293	\$4,233,541	\$6,816,704	\$5,663,750

### POOL ATTENDANCE STATISTICS

Season Passes	2012-13	2013-14	2014-15	2015-16	2016-17
Family	1	1	2	0	2
Junior	1	2	4	3	3
<b>Daily Attendance</b>					
Junior	635	722	427	524	1316
Adult	56	301	127	189	387
Season Users	31	80	125	25	235

### DOG CONTROL STATISTICS

	2012-13	2013-14	2014-15	2015-16	2016-17
Dogs Registered	1052	1029	1022	1024	1067
Kennel Licenses	27	28	30	31	36
Infringement Notices	0	7	6	1	14
Impounded Dogs	11	13	12	9	12
Declared Dangerous	0	0	0	0	0

The following donations and contributions were made during the year:

### DONATIONS AND CONTRIBUTIONS

Ouse Country Club – Flood Repairs	\$750	Tas Agriculture Jobs Website Project	\$400
Bothwell Exercise Group	\$1,000	T Harback Tasmanian Darts Team Rep	\$150
Painting & repairs CWA Rooms	\$935	Pollie Pedal Donation	\$100
Great Lake Christmas Party	\$150	Australia Day BBQ Bothwell Swimming Pool	\$350
Australian Titles – Daniel Brooks	\$150	Wifi donation for Ouse Online Centre	\$200
Lions Club Christmas BBQ	\$250	Webcams in the Highlands	\$2,727
Bothwell Speed Shear	\$2,000	Miena Tourism Group	\$500
Ouse & Highlands Festival	\$1,000	Bothwell Spin In	\$4,000
Resident Fuel Costs – Travel for Medical Reasons	\$200	Centralinc – Highlands Digest Contribution	\$10,800
Bothwell Day Care Centre – annual contribution	\$5,000	Clean up Grant – Southern Highlands Progress Association	\$500
Annual Donation Bothwell District High School	\$1,000	Design Contribution – Pharmacy	\$900
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
Annual Donation Glenora District High School	\$1,000	Glenora District High School citizenship award and bursary	\$300
Gretna Cricket Club – Replace water pump & dry run switch	\$1,600	Westerway Primary School citizenship award and bursary	\$150
Travel costs to Hobart – Senior Citizens	\$150	Bothwell Medical Centre – contribution to telephone and power	\$1,325.71
Central Highland Lakes Community Association – contribution to power	\$600	New Norfolk High School Bursary – Jack Triffitt	\$250

### Remissions & Small Debt Write Offs

04-0011-00764	0.02	01-0823-02419	0.01
03-0252-00902	1.45	01-0823-02333	0.65
03-0241-01952	0.14	01-0820-04006	0.84
03-0240-01856	1.30	01-0816-03682	0.11
03-0240-01841	1.84	01-0805-02660	0.65
03-0238-01779	0.40	01-0805-02623	0.83
03-0237-03916	1.31	04-0015-01407	0.33
03-0234-01565	1.16	08-0218-01971	31.91
03-0234-01549	0.60	09-0500-03607	14.85
03-0233-01532	1.91	03-0224-04027	31.74
03-0221-01049	1.29	01-0862-03115	15.15
03-0219-00871	0.30	03-0244-03844	611.95
03-0209-00451	1.76	01-0846-04071	2,948.68
03-0209-00440	1.77	01-0846-04070	4,514.23
03-0205-00267	1.90	03-0213-00673	17.10
03-0205-00254	1.94	01-0822-02283	17.42
03-0203-00177	1.10	01-0840-03763	10.65
01-0856-02111	0.30	03-0235-01629	14.41
01-0852-03356	0.01	01-0805-02805	327.75
01-0852-03328	1.84	01-0838-02982	142.00
01-0823-03827	0.8	04-0017-03967	475.55
		<b>Total</b>	<b>9,199.95</b>

### Remissions given on Building, Plumbing & Development applications 2016/2017:

Nil

***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:***

- Waive hall hire for the International Highland Spin-In
- Contribute 50% of the cost for the marquee plus the labour costs
- Bothwell Exercise Group – waive hire fees Bothwell Hall for exercise classes
- Janene Glover – waive hire fees Bothwell Hall for Get Active Program
- 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
- The Derwent Catchment Project – use of building – no charge
- Bothwell Spin-in Committee – assist set up Spin In
- Ellendale Hall Committee – use of Ellendale Hall – no charge
- Ouse & Highland Festival Committee – waive hire fees Ouse Hall for festival
- Free entry for trucks to the Hamilton Refuse Disposal Site for waste associated with the Flood Recovery Clean-up

- Anglican Parish Of Hamilton – Cultural Connect use of the Hamilton Hall at no charge, and assist with setup if required and close the road for the event.
- Free entry for trucks to the Hamilton Refuse Disposal Site for waste associated with the Flood Recovery Clean-up.
- allow the Highland International Spin-In to use the Bothwell Town Hall for their event free of charge and 50% of the cost for marquee plus the labour costs

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

TOTAL REMUNERATION BRACKET	NO OF SENIOR EMPLOYEES
\$0 - \$80,000	0
\$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 \$122,481.

#### **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 2016/17 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](http://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 Local Government Act 1993 requires a council to report in its annual report the number of code of conduct complaints that were upheld by the Code of Conduct Panel during the preceding financial year and the total costs met by the council during the preceding financial year in respect of all code of conduct complaints.

4 complaints were lodged with the Code of Conduct Panel and a cost of \$8,844.45 was incurred.

Date Lodged	Date of Determination
23 March 2017	13 June 2017 – all complaints dismissed
9 May 2017	27 June 2017 – all complaints dismissed
9 May 2017	27 June 2017 – 1 complaint upheld, other complaints dismissed
19 May 2017	Complaint withdrawn 7 August 2017

### 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 incl GST	Successful Contractor	Business Address Of Successful Contractor
Arthurs Lake Road Seal	15/11/2016 - 28/02/2017	\$197,633.28	Gradco Pty Ltd	79-81 St Leonards Rd St Leonards 7250
Victoria Valley & Tor Hill Roads Stabilisation	17/10/2016 - 15/03/2017	\$511,324.00	Andrew Walter Construction Pty Ltd	PO Box 5 Claremont 7011
Hamilton Road Stabilisation Local Roads	17/10/2016 - 15/03/2017	\$266,516.25	Andrew Walter Construction Pty Ltd	PO Box 5 Claremont 7011
Wayatinah Road Stabilisation	17/10/2016 - 15/03/2017	\$214,144.70	Andrew Walter Construction Pty Ltd	PO Box 5 Claremont 7011
Schaw Street Bothwell Stabilisation	17/10/2016 - 15/03/2017	\$116,789.97	Andrew Walter Construction Pty Ltd	PO Box 5 Claremont 7011

## 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

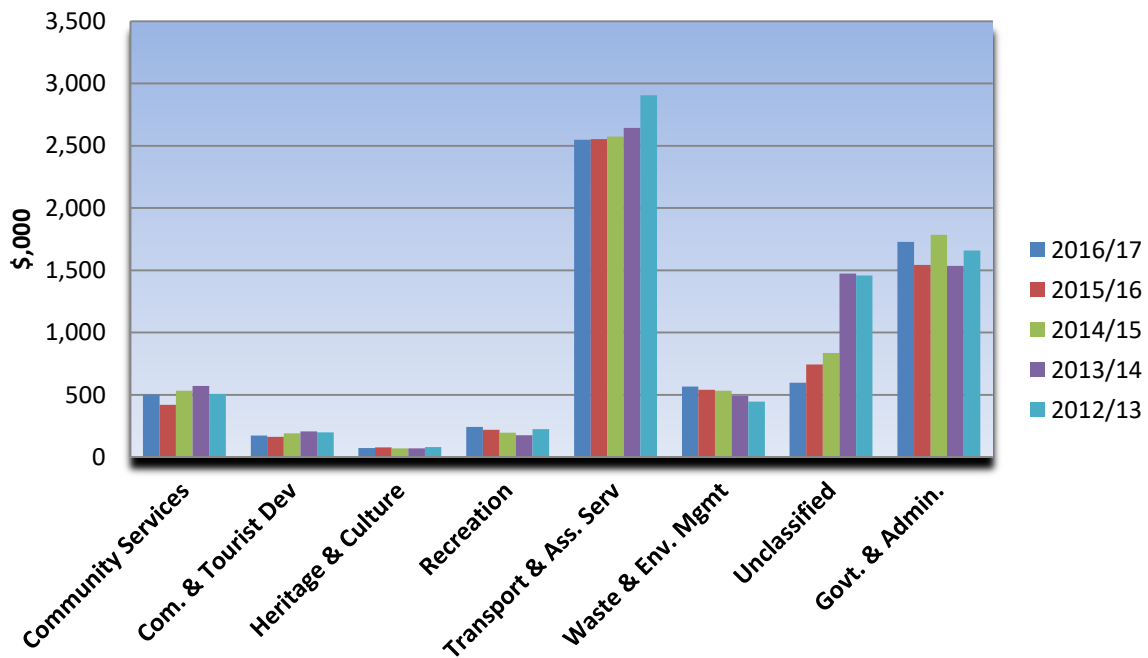
**Comparative Financial Performance Indicators are provided for the current and previous six years.**

Indicator	2017 %	2016 %	2015 %	2014 %	2013 %	2012 %	2011 %
Rate Revenue Analysis Rate Income : Total Revenue	50.3	49.8	48	48	46	45	48
Working Capital Ratio Current Assets: Current Liabilities	8.24	6.94	6.4	6.51	7.68	7.39	10.51
Debt Ratio Total Liabilities: Total Assets	1.28	1.11	1.32	0.7	0.81	0.86	0.61

## EXPENDITURE BY FUNCTION

	2016/17 '000	2015/16 '000	2014/15 '000	2013/14 '000	2012/13 '000
<b>Community Services</b>	502	420	532	572	507
<b>Com. &amp; Tourist Dev</b>	173	162	190	207	199
<b>Heritage &amp; Culture</b>	72	76	70	70	79
<b>Recreation</b>	242	219	196	176	224
<b>Transport &amp; Ass. Serv</b>	2,549	2,552	2,573	2,643	2,905
<b>Waste &amp; Env. Mgmt</b>	566	539	532	492	446
<b>Unclassified</b>	597	743	836	1,472	1,458
<b>Govt. &amp; Admin.</b>	1,728	1,542	1,785	1,535	1,658

## EXPENDITURE BY FUNCTION



## RESERVES

	\$'000	\$'000	\$'000	\$'000	\$'000	\$,000	\$,000
Reserve	2011	2012	2013	2014	2015	2016	2017
Plant Replacement	453	453	453	453	453	453	453
Bridges	377	377	377	377	377	377	377
Sundry	721	164	165	121	297	196	143
Long Service Leave	231	231	288	298	335	351	371
Regional Refuse Site	80	80	80	80	80	80	80
Quarry Reserve	80	80	80	80	80	80	80
Shacksites Program	158	158	0	0	0	0	0
Roads to Recovery	79	0	0	0	0	0	0
Grants	0	948	1,056	0	0	54	170
Healthy Communities Grant		193	213	0	0	0	0
<b>Total</b>	<b>2,179</b>	<b>2,684</b>	<b>2,712</b>	<b>1,409</b>	<b>1,622</b>	<b>1,591</b>	<b>1,674</b>

## NON- CURRENT ASSETS

<i>NON-CURRENT</i>	<i>30-Jun-16</i>	<i>30-Jun-17</i>	<i>Increase/</i>
<i>Asset</i>	<i>ASSET value</i>	<i>ASSET value</i>	<i>(Decrease)</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Land	3,395	3,395	0
Buildings	4,990	4,945	(45)
Plant, Machinery & Equipment	1,761	1,943	182
Motor Vehicles	56	117	61
Office Equipment	122	140	18
Computer Equipment	114	102	(12)
Infrastructure	677	674	(3)
Roads	59,235	59,737	502
Drainage Systems	1,001	1,023	22
Bridges	7,826	8,154	328
Footpaths, Kerbs & Gutters	1,057	1,001	(56)
Works in Progress	487	556	69
Valuer-General	44	22	(22)
Investment in Southern Water	7,874	7,925	51
Land Under Roads	957	957	0
Loan TasWater & Other	522	21	(501)
<b>TOTALS</b>	<b>90,118</b>	<b>90,712</b>	<b>594</b>



## **Independent Auditor's Report**

### **To the Councillors of Central Highlands Council**

### **Report on the Audit of the Financial Report**

#### **Opinion**

I have audited the financial report of Central Highlands Council (Council), which comprises the statement of financial position as at 30 June 2017 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the General Manager's statement.

In my opinion the accompanying financial report:

- (a) presents fairly, in all material respects, Council's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

#### **Basis for Opinion**

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further 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.

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 35(e), nor the Significant Business Activities disclosed in note 34 to the financial report and accordingly, I express no opinion on them.

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

### **Responsibilities 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 the *Local Government Act 1993* and for such internal control as determined necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the General Manager is responsible for assessing Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council is to be dissolved by an Act of Parliament or the Councillors intend to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Manager.
- Conclude on the appropriateness of the General Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based

on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Council to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

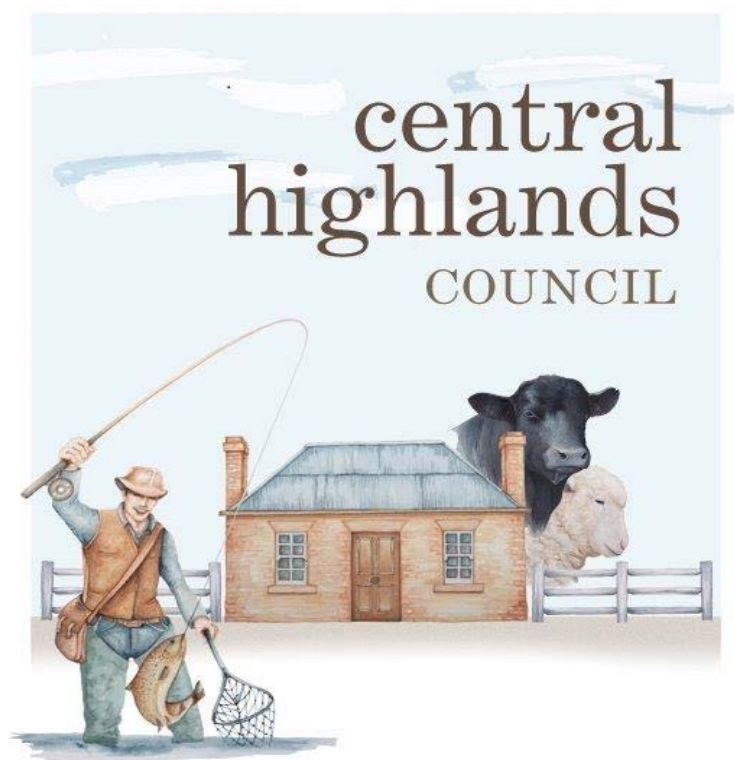
I communicate with the General Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



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

**Tasmanian Audit Office**

29 September 2017  
Hobart



**Central Highlands Council**  
**ANNUAL FINANCIAL REPORT**  
*For the Year Ended 30 June 2017*

# Central Highlands Council

## Financial Report

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## Statement of Comprehensive Income For the Year Ended 30 June 2017

	Note	Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
<b>Income</b>				
<b>Recurrent Income</b>				
Rates and charges	3	3,320,690	3,334,962	3,243,446
Statutory fees and fines	4	32,000	41,861	31,314
User fees	5	194,900	232,244	236,543
Grants	6	2,223,821	3,512,665	1,226,119
Contributions - cash	7	45,500	26,034	45,551
Interest	8	162,500	173,886	191,377
Other income	9	232,000	340,172	271,476
Investment revenue from water corporation	11, 16	153,000	156,798	144,865
		<b>6,364,411</b>	<b>7,818,622</b>	<b>5,390,691</b>
<b>Capital income</b>				
Capital grants received specifically for new or upgraded assets	6	1,395,856	1,423,755	1,264,258
Contributions - non-monetary assets	7	-	-	188,000
Recognition of land under roads	21	-	-	957,396
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	10	49,000	(64,011)	(224,475)
		<b>1,444,856</b>	<b>1,359,744</b>	<b>2,185,179</b>
<b>Total income</b>		<b>7,809,267</b>	<b>9,178,366</b>	<b>7,575,870</b>
<b>Expenses</b>				
Employee benefits	0	(1,747,832)	(1,760,118)	(1,753,998)
Materials and services	13	(1,367,200)	(1,447,999)	(1,332,219)
Depreciation and amortisation	14	(2,093,800)	(2,115,960)	(2,088,489)
Other expenses	15	(1,215,391)	(1,103,547)	(1,078,197)
<b>Total expenses</b>		<b>(6,424,223)</b>	<b>(6,427,624)</b>	<b>(6,252,903)</b>
<b>Surplus / (deficit)</b>		<b>1,385,044</b>	<b>2,750,742</b>	<b>1,322,967</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to surplus or deficit</b>				
Net asset revaluation increment/(decrement)	25	-	497,672	(103,240)
		<b>-</b>	<b>497,672</b>	<b>(103,240)</b>
<b>Items that may be reclassified subsequently to surplus or deficit</b>				
Financial assets available for sale reserve				
— Fair Value adjustment on Available for Sale Assets	25	-	51,654	131,780
		<b>-</b>	<b>51,654</b>	<b>131,780</b>
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>549,326</b>	<b>28,540</b>
<b>Comprehensive result</b>		<b>1,385,044</b>	<b>3,300,068</b>	<b>1,351,507</b>

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

## Statement of Financial Position As at 30 June 2017

	Note	2017 \$	2016 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	9,590,094	6,546,061
Trade and other receivables	18	194,205	297,355
Inventories	19	3,332	3,491
Other assets	20	35,643	52,304
<b>Total current assets</b>		<b>9,823,274</b>	<b>6,899,211</b>
<b>Non-current assets</b>			
Investment in water corporation	16	7,925,214	7,873,560
Trade and other receivables	18	20,909	522,224
Property, infrastructure, plant and equipment	21	82,744,181	81,678,712
Other assets	20	22,000	44,000
<b>Total non-current assets</b>		<b>90,712,304</b>	<b>90,118,496</b>
<b>Total assets</b>		<b>100,535,578</b>	<b>97,017,707</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	22	283,308	189,106
Trust funds and deposits	23	159,683	110,063
Provisions	24	748,889	693,791
<b>Total current liabilities</b>		<b>1,191,880</b>	<b>992,960</b>
<b>Non-current liabilities</b>			
Provisions	24	98,818	79,935
<b>Total non-current liabilities</b>		<b>98,818</b>	<b>79,935</b>
<b>Total liabilities</b>		<b>1,290,698</b>	<b>1,072,895</b>
<b>Net Assets</b>		<b>99,244,880</b>	<b>95,944,812</b>
<b>Equity</b>			
Accumulated surplus		31,186,366	28,572,331
Reserves	25	68,058,514	67,372,481
<b>Total Equity</b>		<b>99,244,880</b>	<b>95,944,812</b>

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

## Statement of Cash Flows For the Year Ended 30 June 2017

	Note	2017 Inflows/ (Outflows) \$	2016 Inflows/ (Outflows) \$
<b>Cash flows from operating activities</b>			
Rates		3,377,912	3,211,471
Statutory fees and fines		46,047	34,445
User charges and other fines		277,949	228,391
Grants		3,512,665	1,226,119
Interest		185,564	231,800
Investment revenue from water corporation		156,798	144,865
Other receipts		415,826	325,557
Net GST refund/payment		255,200	192,601
Payments to suppliers		(2,697,422)	(2,852,133)
Payments to employees (including redundancies)		(1,686,137)	(1,746,011)
<b>Net cash provided by (used in) operating activities</b>	26	<b>3,844,402</b>	<b>997,105</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(2,770,377)	(2,419,255)
Proceeds from sale of property, infrastructure, plant and equipment		44,609	40,047
Proceeds from sale of other financial assets		-	3,000,000
Loans and advances to organisations		(5,660)	(527,780)
Repayment of loans and advances from organisations		507,304	-
Capital grants		1,423,755	1,264,258
<b>Net cash provided by (used in) investing activities</b>		<b>(800,369)</b>	<b>1,357,270</b>
Net increase (decrease) in cash and cash equivalents		3,044,033	2,354,375
Cash and cash equivalents at the beginning of the financial year		6,546,061	4,191,686
<b>Cash and cash equivalents at the end of the financial year</b>	27	<b>9,590,094</b>	<b>6,546,061</b>
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 2017

	Note	Total 2017 \$	Accumulated Surplus 2017 \$	Asset Revaluation Reserve 2017 \$	Fair Value Reserve 2017 \$	Other Reserves 2017 \$
<b>2017</b>						
Balance at beginning of the financial year		95,944,812	28,572,331	67,119,923	(1,284,760)	1,537,318
Surplus / (deficit) for the year		2,750,742	2,750,742	-	-	-
Other Comprehensive Income:						
— Fair Value adjustment on Available for Sale Assets	16	51,654	-	-	51,654	-
Net asset revaluation increment(decrement)	25	497,672	-	497,672	-	-
Transfers between reserves		-	(136,707)	-	-	136,707
<b>Balance at end of the financial year</b>		<b>99,244,880</b>	<b>31,186,366</b>	<b>67,617,595</b>	<b>(1,233,106)</b>	<b>1,674,025</b>

		Total 2016 \$	Accumulated Surplus 2016 \$	Asset Revaluation Reserve 2016 \$	Fair Value Reserve 2016 \$	Other Reserves 2016 \$
<b>2016</b>						
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)	25	(103,240)	-	(103,240)	-	-
Transfers between reserves		-	85,056	-	-	(85,056)
<b>Balance at end of the financial year</b>		<b>95,944,812</b>	<b>28,572,331</b>	<b>67,119,923</b>	<b>(1,284,760)</b>	<b>1,537,318</b>

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 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 1 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), and 1(w).

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 28.

*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 36.

*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**

In the current year, Council has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. These include:

- (i) **AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not for Profit Public Sector Entities** (effective from 1 July 2016)  
Council has applied AASB 124 Related Party Disclosures for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. The standard further extends that required under the LGA 1993. This information is presented in Note 33.
- (ii) **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.

**(c) Pending Accounting Standards**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below. (Note: standards are applicable to reporting periods beginning on or after to effective date referred to below).

- (i) **AASB 9 Financial Instruments** and **2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)** (effective from 1 January 2018)  
The main impacts of these standards on Council are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Council's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. 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.

When adopted, the standard will affect, in particular, Council's accounting for its investment in TasWater which is an available-for-sale financial assets. Currently, Council recognises changes in the fair value of its available-for-sale assets through other comprehensive income. Council is likely to make an irrevocable election for its investment in TasWater as 'fair value through other comprehensive income' and therefore the adoption of this standard will not impact the way movements in the fair value are accounted for.

Another impact of AASB 9 relates to calculating impairment losses for Council's receivables. Assuming no substantial change in the nature of receivables, as they don't include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, Council will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised and also factor in any future changes or events.

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.

- (ii) **AASB 1058 Income of Not-for-Profit Entities, AASB 15 Revenue from Contracts with Customers, and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities.** AASB 2015-8 *Amendments to Australian Accounting Standards arising from AASB 15* provides for an effective application from 1 January 2018.

AASB 1058 Income of Not-for-Profit Entities, AASB 15 Revenue from Contracts with Customers, and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities. AASB 2015-8 Amendments to Australian Accounting Standards arising from AASB 15 provides for an effective application from 1 January 2018.

Council has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. Potential future impacts identifiable at the date of this report include:

- Grants received to construct non-financial assets controlled by Council will be recognised as a liability, and subsequently recognised progressively as revenue as Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.
- Under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. At present, such grants are recognised as revenue upfront. When the new standard becomes effective, Council will evaluate all grants agreements in place at the time to determine whether revenue from those grants could be deferred under the new requirements.
- Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants for which there are no sufficiently specific performance obligations, for example the Commonwealth Financial Assistance Grants. These grants are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.
- Rates received in advance, which are currently required to be recognised as revenue when received will be deferred under the new requirements until the commencement of the rating period to which they relate.
- Volunteer services are transactions where the consideration is significantly less than fair value of that asset acquired, or no consideration is provided (for an example below market leases) will be required to be recognised when certain recognition criteria are met. Council has not yet fully determined the impact of these requirements on its financial statements.
- Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of goods and services such that some revenue may need to be deferred to a later reporting period to the extent that Council has received cash, but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime). Council is yet to fully complete its analysis of existing arrangements for sale of its goods and services and the impact on revenue recognition has not yet been fully determined.

(iii) 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.

AASB 16 will result in most of Council's operating leases being brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low-value assets which may remain off the balance sheet. Council's existing lease commitments are disclosed in Note 29.

The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term, and increases in lease payments. A corresponding right to use assets will be recognised, which will be amortised over the term of the lease.

Rent expense will no longer be shown. The profit and loss impact of the leases will be through amortisation and interest charges.

Council's current operating lease expenditure is shown at Note 13. In the Statement of Cash Flows lease payments will be shown as cash flows from financing activities instead of operating activities.

Lessor accounting under AASB 16 remains largely unchanged. For finance leases, the lessor recognises a receivable equal to the net investment in the lease. Lease receipts from operating leases are recognised as income either on a straight-line basis or another systematic basis where appropriate.

(iv) AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 (effective from 1 January 2017)

Amendments to AASB 107 will require additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures will include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and be disclosed by way of a reconciliation in the notes to the Statement of Cash Flows.

- (v) AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, AASB 2015-10 *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB10 and AASB128* (effective 1 January 2018)

The amendments address an acknowledged inconsistency between the requirements in AASB10, and those in AASB128 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2015-10 has delayed the effective date of the amendments to 1 January 2018. i.e. councils' financial statements for year ended 30 June 2019.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to Council's activities, or have no material impact.

**(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 expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 6. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date 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 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 Statements of 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, (2016, \$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 21. 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 36.

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 was 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.

(i) **Financial assets**

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 2017, Council held a 0.5% (2016: 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 25).

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.

(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 Statements 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 23).

(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 Statements 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 Statements 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) 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 councils disclosure is reconciled in note 34. Council has determined, based upon materiality that Hamilton and Bothwell camping grounds as defined in note 34 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.

**(x) 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.

**(y) Budget**

The estimated revenue and expense amounts in the Statements 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						
2016 - 2017	1,396,826	3,102,193	4,499,019	1,727,667	2,771,352	9,106,725
2015 - 2016	469,599	2,936,221	3,405,820	1,542,273	1,863,547	9,096,702
Roads, streets and bridges						
2016 - 2017	3,470,879	101,641	3,572,520	2,548,722	1,023,798	68,891,387
2015 - 2016	1,973,351	42,955	2,976,298	2,551,730	424,568	68,091,648
Waste management						
2016 - 2017	-	524,569	524,569	565,771	(41,202)	376,780
2015 - 2016	-	524,569	524,569	538,909	(14,340)	399,474
Heritage and Culture						
2016 - 2017	-	2,007	2,007	72,239	(70,232)	1,455,662
2015 - 2016	-	3,000	3,000	76,255	(73,255)	1,482,969
Community services						
2016 - 2017	107,276	154,124	261,400	501,898	(240,498)	2,184,404
2015 - 2016	8,867	337,810	346,677	419,895	(73,218)	2,198,392
Recreation facilities						
2016 - 2017	(38,560)	2,381	(36,179)	242,108	(278,287)	2,235,660
2015 - 2016	38,560	1,201	39,761	219,228	(179,467)	2,233,277
Commercial and Tourism						
2016 - 2017	-	65,182	65,182	172,696	(107,514)	735,961
2015 - 2016	-	80,431	80,431	162,278	(81,847)	755,058
Other - not attributable						
2016 - 2017	-	289,849	289,849	596,523	(306,674)	15,548,999
2015 - 2016	-	199,314	199,314	742,335	(543,021)	12,760,187
<b>Total</b>						
<b>2016 - 2017</b>	<b>4,936,421</b>	<b>4,241,946</b>	<b>9,178,367</b>	<b>6,427,624</b>	<b>2,750,743</b>	<b>100,535,578</b>
<b>2015 - 2016</b>	<b>2,490,377</b>	<b>4,125,501</b>	<b>7,575,870</b>	<b>6,252,903</b>	<b>1,322,967</b>	<b>97,017,707</b>

- (b) Under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised.  
*Reconciliation of Assets from note 2 with the Statement of Financial Position at 30 June:*

	2017	2016
	\$	\$
Current assets	9,823,274	6,899,211
Non-current assets	90,712,304	90,118,496
	<b>100,535,578</b>	<b>97,017,707</b>

- (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.

	2017	2016
	\$	\$
<b>Note 3 Rates and charges</b>		
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 2016-2017 was \$38.957 million (2015-2016 \$40.532 million). The 2016-2017 rate in the AAV dollar was 3.3120 cents (2015-2016, 3.200335 cents).		
General Rate	2,584,357	2,504,307
Fire Levy	200,891	196,311
Garbage charge	543,388	524,569
Revenue in advance	6,326	18,259
<b>Total rates and charges</b>	<b>3,334,962</b>	<b>3,243,446</b>
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.		
<b>Note 4 Statutory fees and fines</b>		
Statutory Fees	41,861	31,314
<b>Total statutory fees and fines</b>	<b>41,861</b>	<b>31,314</b>
<b>Note 5 User fees</b>		
Rental Housing	74,325	79,940
Planning Fees	31,152	44,740
Building Fees	18,931	20,741
Plumbing Fees	1,500	2,100
Tips and Waste Transfer Stations	1,633	273
Hall Hire	724	1,802
Camp Ground Fees	16,720	20,102
Animal licences	9,557	15,882
Food & Public Assembly Licences	15,355	12,853
Sewer Connection Fees	13,550	12,514
Cemetery Charges	9,295	8,848
Other fees and charges	39,502	16,748
<b>Total user fees</b>	<b>232,244</b>	<b>236,543</b>
<b>Note 6 Grants</b>		
Grants were received in respect of the following :		
<b>Summary of grants</b>		
Federally funded grants	4,830,118	2,347,950
State funded grants	106,302	142,427
<b>Total</b>	<b>4,936,420</b>	<b>2,490,377</b>
<b>Grants - Recurrent</b>		
Financial assistance grant	3,512,665	1,212,252
Other	-	13,867
<b>Total recurrent grants</b>	<b>3,512,665</b>	<b>1,226,119</b>

The Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2016-17 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 above that originally budgeted in 2016-17 by \$1,193,201. This has impacted the Statement of Comprehensive Income resulting in the Surplus/(deficit) being higher in 2016-17 by this amount.



	2017	2016
	\$	\$
<b>Capital grants received specifically for new or upgraded assets</b>	<b>\$</b>	<b>\$</b>
Commonwealth Government - roads to recovery	1,311,856	1,135,698
SES Motor Vehicle Grant	21,000	-
Community Infrastructure	129,549	-
Under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. At present, such grants are recognised as revenue upfront. When the new standard becomes effective, Council will evaluate all grants agreements in place at the time to determine whether revenue from those grants could be deferred under the new requirements.	-	90,000
Bothwell Recreation Ground (Returned)	(38,650)	38,560
<b>Total capital grants</b>	<b>1,423,755</b>	<b>1,264,258</b>
<b>Conditions on grants</b>		
Non-reciprocal grants which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:		
Unexpended at the close of the previous reporting period	53,588	145,403
Less: expended during the current period from revenues recognised in previous reporting periods		
Roads to recovery	(15,028)	-
Bothwell recreation ground	(38,560)	-
Derwent Bridge amenities	-	(145,403)
	(53,588)	(145,403)
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions		
Roads to recovery	63,637	15,028
Community infrastructure fund	106,912	-
Bothwell recreation ground	-	38,560
	170,549	53,588
<b>Unexpended at the close of this reporting period</b>	<b>170,549</b>	<b>53,588</b>
Net increase (decrease) in non-reciprocal grant revenues for the year:	116,961	(91,815)
<b>Note 7 Contributions</b>		
<b>Cash</b>		
Heavy Vehicle Contribution Fees	26,034	45,551
Parks, open space and streetscapes	-	-
<b>Total</b>	<b>26,034</b>	<b>45,551</b>
<b>Non-monetary assets</b>		
Buildings	-	188,000
<b>Total</b>	<b>-</b>	<b>188,000</b>
<b>Total contributions</b>	<b>26,034</b>	<b>233,551</b>
<b>Note 8 Interest</b>		
Interest on financial assets	173,886	191,377
<b>Total</b>	<b>173,886</b>	<b>191,377</b>
<b>Note 9 Other income</b>		
Private Works	126,592	127,980
Reimbursements	179,378	99,611
Penalties and interest	34,202	43,885
<b>Total other income</b>	<b>340,172</b>	<b>271,476</b>
<b>Note 10 Net gain/(loss) on disposal of property, plant and equipment and infrastructure</b>		
Proceeds of sale	44,609	40,047
Write down value of assets disposed	(108,620)	(264,522)
<b>Total</b>	<b>(64,011)</b>	<b>(224,475)</b>

	2017	2016
	\$	\$
<b>Note 11 Investment revenue from water corporation</b>		
Dividend revenue received	99,228	103,696
Tax equivalent received	44,428	28,725
Guarantee fee received	13,142	12,444
<b>Total investment revenue from water corporation</b>	<b>156,798</b>	<b>144,865</b>
<b>Note 12 Employee benefits</b>		
Wages and salaries	1,416,741	1,397,160
Workers compensation	82,299	57,174
Annual leave and long service leave	162,972	165,476
Sick Leave	60,949	61,235
Superannuation	150,839	159,855
Fringe benefits tax	24,783	12,023
Total employee benefits	1,898,583	1,852,923
Less amounts capitalised	(138,465)	(98,925)
<b>Total operating employee benefits</b>	<b>1,760,118</b>	<b>1,753,998</b>
<b>Note 13 Materials and services</b>		
Contract payments	638,394	458,874
Building maintenance	47,101	35,214
Plant and equipment maintenance, hire and fuel	158,519	256,483
Consultants	156,297	139,717
Materials and services	303,534	380,685
Other	144,154	61,246
<b>Total materials and services</b>	<b>1,447,999</b>	<b>1,332,219</b>
<b>Note 14 Depreciation and amortisation</b>		
<i>Property</i>		
Buildings	107,546	98,710
<i>Plant and Equipment</i>		
Plant, machinery and equipment	316,220	334,314
Fixtures, fittings and furniture	11,850	10,824
Computers and telecommunications	32,911	25,055
<i>Infrastructure</i>		
Roads	1,288,626	1,284,999
Bridges	203,645	181,243
Footpaths and cycleways	56,483	54,756
Drainage	15,687	15,624
Infrastructure	60,992	60,964
<i>Other Assets</i>		
Deferred expenditure	22,000	22,000
<b>Total depreciation and amortisation</b>	<b>2,115,960</b>	<b>2,088,489</b>
<b>Note 15 Other expenses</b>		
External auditors' remuneration (Tasmanian Audit Office)	28,253	38,645
Councillors' allowances	130,255	115,442
Fire Levy	200,511	187,331
Light and Power	105,606	113,477
Insurance	147,094	142,931
Valuation Fees	12,080	11,181
Communications and Telephones	58,772	63,722
Community Support and Donations	68,740	72,719
Land Tax	23,580	28,201
Subscriptions and membership	34,254	36,340
Advertising	27,195	34,716
Legal Fees	35,894	23,933
Printing and Stationery	17,949	29,144
Bank Fees	19,906	14,656
Payroll Tax	41,025	43,351
Other	152,433	122,408
<b>Total other expenses</b>	<b>1,103,547</b>	<b>1,078,197</b>

	2017	2016
	\$	\$
<b>Note 16 Investment in water corporation</b>		
Opening Balance	7,873,560	7,741,780
Fair Value adjustments on Available-for-Sale Assets	51,654	131,780
<b>Total investment in water corporation</b>	<b>7,925,214</b>	<b>7,873,560</b>
<p>On 7 March 2017 the State Government announced its intention to take ownership of Tasmanian Water and Sewerage Corporation Pty Ltd from July 2018. The State Government intends to introduce a suite of legislation in the Spring Session of Parliament that will transfer all of Tasmanian Water and Sewerage Corporation Pty Ltd's assets, rights, obligations and liabilities, including employees under their current terms and conditions, to a newly created government business, which will commence operations by 1 July 2018. As, at the date of these financial statements, there is no indication as to whether the legislation will be passed, no change has been made to the basis on which the investment Tasmanian Water and Sewerage Corporation Pty Ltd has been recognised for the year ended 30 June 2017.</p> <p>Council has derived returns from the water corporation as disclosed at note 11.</p>		
<b>Note 17 Cash and cash equivalents</b>		
Cash on hand	550	550
Cash at bank	1,093,395	364,165
Term deposits and investments	8,496,149	6,181,346
<b>Total cash and cash equivalents</b>	<b>9,590,094</b>	<b>6,546,061</b>
<p>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:</p>		
- Trust funds and deposits (note 24 )	159,683	110,063
- Conditions on grants (note 6 )	170,549	53,588
- Leave provisions (note 25)	847,707	773,726
<b>Restricted funds</b>	<b>1,177,939</b>	<b>937,377</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>8,412,155</b>	<b>5,608,684</b>
<b>Note 18 Trade and other receivables</b>		
<b>Current</b>		
Rates debtors	110,787	153,737
Loans and advances to other entities	5,227	5,556
Other debtors	78,898	93,306
Provision for impairment - other debtors	(6,029)	-
Net GST receivable	5,322	44,756
<b>Total</b>	<b>194,205</b>	<b>297,355</b>
<b>Non-current</b>		
Loans and advances to other entities	20,909	522,224
<b>Total</b>	<b>20,909</b>	<b>522,224</b>
<b>Total trade and other receivables</b>	<b>215,114</b>	<b>819,579</b>
<b>Note 19 Inventories</b>		
Inventories held for consumption	3,332	3,491
<b>Total inventories</b>	<b>3,332</b>	<b>3,491</b>
<b>Note 20 Other assets</b>		
<b>Current</b>		
Prepayments	-	4,983
Accrued income*	13,643	25,321
Deferred expenditure	22,000	22,000
<b>Total</b>	<b>35,643</b>	<b>52,304</b>
<b>Non-current</b>		
Deferred expenditure	22,000	44,000
<b>Total</b>	<b>22,000</b>	<b>44,000</b>

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

Note 21

	2017	2016
	\$	\$
<b>Property, plant and equipment and infrastructure</b>		
<b>Summary</b>		
at cost	5,897,419	5,311,489
Less accumulated depreciation	3,039,389	2,771,233
	<b>2,858,030</b>	<b>2,540,256</b>
at fair value at 30 June	105,475,865	104,064,571
Less accumulated depreciation	25,589,714	24,926,115
	<b>79,886,151</b>	<b>79,138,456</b>
<b>Total</b>	<b>82,744,181</b>	<b>81,678,712</b>
<b>Property</b>		
<b>Land</b>		
at fair value at 30 June	3,395,000	3,395,000
	<b>3,395,000</b>	<b>3,395,000</b>
<b>Land under roads</b>		
at Council valuation at 30 June	957,396	957,396
	<b>957,396</b>	<b>957,396</b>
<b>Total Land</b>	<b>4,352,396</b>	<b>4,352,396</b>
<b>Buildings</b>		
at fair value at 30 June	5,252,310	5,188,979
Less accumulated depreciation	306,836	199,289
<b>Total Buildings</b>	<b>4,945,474</b>	<b>4,989,690</b>
<b>Total Property</b>	<b>9,297,870</b>	<b>9,342,086</b>

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	2017	2016
21	\$	\$
<b>Property, plant and equipment and infrastructure (cont.)</b>		
<b>Plant and Equipment</b>		
<b>Plant, machinery and equipment</b>		
at cost	4,728,739	4,262,474
Less accumulated depreciation	2,669,006	2,445,612
	<b>2,059,733</b>	<b>1,816,862</b>
<b>Fixtures, fittings and furniture</b>		
at cost	222,267	192,146
Less accumulated depreciation	81,880	70,029
	<b>140,387</b>	<b>122,117</b>
<b>Computers and telecommunications</b>		
at cost	390,136	369,846
Less accumulated depreciation	288,503	255,592
	<b>101,633</b>	<b>114,254</b>
<b>Total Plant and Equipment</b>	<b>2,301,753</b>	<b>2,053,233</b>
<b>Infrastructure</b>		
<b>Roads</b>		
at fair value at 30 June	75,079,685	74,812,351
Less accumulated depreciation	15,342,630	15,577,395
	<b>59,737,055</b>	<b>59,234,956</b>
<b>Bridges</b>		
at fair value at 30 June	15,229,656	14,244,591
Less accumulated depreciation	7,076,278	6,418,622
	<b>8,153,378</b>	<b>7,825,969</b>
<b>Footpaths, kerbs and gutters</b>		
at fair value at 30 June	2,697,767	2,697,767
Less accumulated depreciation	1,696,813	1,640,330
	<b>1,000,954</b>	<b>1,057,437</b>
<b>Drainage</b>		
at fair value at 30 June	1,600,301	1,562,354
Less accumulated depreciation	576,942	561,255
	<b>1,023,359</b>	<b>1,001,099</b>
<b>Infrastructure</b>		
at fair value at 30 June	1,263,750	1,206,133
Less accumulated depreciation	590,215	529,224
	<b>673,535</b>	<b>676,909</b>
<b>Total Infrastructure</b>	<b>70,588,281</b>	<b>69,796,370</b>
A full valuation of roads and footpaths was undertaken by independent valuers, Moloneys Asset Management Systems, effective October 2014. Bridges were revalued by AusSpan effective May 2017.		
<b>Works in progress</b>		
Buildings at cost	24,309	30,931
Roads at cost	410,538	420,048
Infrastructure	107,406	36,044
Drainage	8,972	-
Bridges	5,052	-
<b>Total Works in progress</b>	<b>556,277</b>	<b>487,023</b>
<b>Total property, plant and equipment and infrastructure</b>	<b>82,744,181</b>	<b>81,678,712</b>

Note 21 *Property, plant and equipment, infrastructure (cont.)*

Reconciliation of property, plant and equipment and infrastructure

2017	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 25)	Depreciation and amortisation (note 14)	Written down value of disposals	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$
<b>Property</b>							
land	3,395,000	-	-	-	-	-	3,395,000
land under roads	957,396	-	-	-	-	-	957,396
Total land	4,352,396	-	-	-	-	-	4,352,396
buildings	4,989,690	-	-	107,546	-	63,330	4,945,474
Total buildings	4,989,690	-	-	107,546	-	63,330	4,945,474
Total property	9,342,086	-	-	107,546	-	63,330	9,297,870
<b>Plant and Equipment</b>							
plant, machinery and equipment	1,816,862	567,825	-	316,220	8,734	-	2,059,733
fixtures, fittings and furniture	122,117	30,120	-	11,850	-	-	140,387
computers and telecommunications	114,254	20,290	-	32,911	-	-	101,633
Total plant and equipment	2,053,233	618,235	-	360,981	8,734	-	2,301,753
<b>Infrastructure</b>							
roads	59,234,956	-	-	1,288,626	99,886	1,890,611	59,737,055
bridges	7,825,969	-	497,672	203,645	-	33,382	8,153,378
footpaths, kerbs and gutters	1,057,437	-	-	56,483	-	-	1,000,954
drainage	1,001,099	-	-	15,687	-	37,947	1,023,359
infrastructure	676,909	-	-	60,992	-	57,618	673,535
Total infrastructure	69,796,370	-	497,672	1,625,433	99,886	2,019,558	70,588,281
<b>Works in progress</b>							
roads	420,048	1,881,101	-	-	-	(1,890,611)	410,538
buildings	30,931	56,708	-	-	-	(63,330)	24,309
infrastructure	36,044	128,980	-	-	-	(57,618)	107,406
drainage	-	46,919	-	-	-	(37,947)	8,972
bridges	-	38,434	-	-	-	(33,382)	5,052
Total works in progress	487,023	2,152,142	-	-	-	(2,082,888)	556,277
<b>Total property, plant and equipment, infrastructure</b>	<b>81,678,712</b>	<b>2,770,377</b>	<b>497,672</b>	<b>2,093,960</b>	<b>108,620</b>	<b>-</b>	<b>82,744,181</b>

(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 21 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 25)	Depreciation and amortisation (note 14)	Written down value of disposals	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$
<b>Property</b>							
land	3,395,000	-	-	-	-	-	3,395,000
land under roads	-	957,396	-	-	-	-	957,396
Total land	42,955	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
<b>Plant and Equipment</b>							
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
<b>Infrastructure</b>							
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
<b>Works in progress</b>							
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
<b>Total property, plant and equipment, infrastructure</b>	<b>80,548,312</b>	<b>3,564,651</b>	<b>(103,240)</b>	<b>2,066,489</b>	<b>264,522</b>	<b>-</b>	<b>81,678,712</b>

**(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 2017

		2017	2016			
		\$	\$			
Note 22	Trade and other payables					
	Accrued expenses	176,152	44,663			
	Trade payables	101,541	137,807			
	Other	5,615	6,636			
	Total trade and other payables	283,308	189,106			
Note 23	Trust funds and deposits					
	Refundable building deposits	13,500	13,500			
	Retention amounts	90,621	69,062			
	08/08/2017	55,562	27,501			
	Total trust funds and deposits	159,683	110,063			
Note 24	Provisions					
	Annual leave & RDO's	Long service leave	Sick Leave	Other	Total	
	\$	\$	\$	\$	\$	
2017						
	Balance at beginning of the financial year	151,727	351,425	209,303	61,271	773,726
	Additional provisions	146,125	45,788	59,710	32,669	284,292
	Amounts used	(129,265)	(26,042)	(36,513)	(18,491)	(210,311)
	Balance at the end of the financial year	168,587	371,171	232,500	75,449	847,707
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
		2017	2016			
		\$'000	\$'000			
(a) Employee benefits						
(i) Current						
	Annual leave	168,587	151,727			
	Long service leave	281,148	277,820			
	Sick Leave	232,500	209,303			
	Other	66,654	54,941			
		748,889	693,791			
(ii) Non-current						
	Long service leave	90,023	73,605			
	Other	8,795	6,330			
		98,818	79,935			
Aggregate carrying amount of employee benefits:						
	Current	748,889	693,791			
	Non-current	98,818	79,935			
		847,707	773,726			
The following assumptions were adopted in measuring the present value of employee benefits:						
	Weighted average increase in employee costs	2.46%	(3.48%)			
	Weighted average discount rates	1.98%	1.66%			
	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	168,587	151,727			
	- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	281,148	277,820			
		449,735	429,547			
(ii) Non-current						
	Long service leave representing less than 10 years of continuous service measured at present value	90,023	73,605			
(iii) Employee Numbers - FTE		31	33			



Note 25 Reserves

	Balance at beginning of reporting year	Increment	(decrement)	Balance at end of reporting year
	\$	\$	\$	\$
<b>(a) Asset revaluation reserve</b>				
<b>2017</b>				
<b>Property</b>				
Land	1,994,350	-	-	1,994,350
Buildings	1,712,197	-	-	1,712,197
Fixtures and fittings	4,530	-	-	4,530
	<b>3,711,077</b>	<b>-</b>	<b>-</b>	<b>3,711,077</b>
<b>Infrastructure</b>				
Roads	53,840,334	-	-	53,840,334
Bridges	6,425,850	497,672	-	6,923,522
Footpaths and cycleways	2,545,740	-	-	2,545,740
Drainage	596,922	-	-	596,922
	<b>63,408,846</b>	<b>497,672</b>	<b>-</b>	<b>63,906,518</b>
<b>Total asset revaluation reserve</b>	<b>67,119,923</b>	<b>497,672</b>	<b>-</b>	<b>67,617,595</b>

<b>2016</b>				
<b>Property</b>				
Land	1,994,350	-	-	1,994,350
Buildings	1,712,197	-	-	1,712,197
Fixtures and fittings	4,530	-	-	4,530
	<b>3,711,077</b>	<b>-</b>	<b>-</b>	<b>3,711,077</b>
<b>Infrastructure</b>				
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
	<b>63,512,086</b>	<b>10,315</b>	<b>(113,555)</b>	<b>63,408,846</b>
<b>Total asset revaluation reserve</b>	<b>67,223,163</b>	<b>10,315</b>	<b>(113,555)</b>	<b>67,119,923</b>

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>(b) Fair value reserve</b>				
<b>2017</b>				
<b>Available-for-sale assets</b>				
Investment in water corporation	(1,284,760)	51,654	-	(1,233,106)
<b>Total fair value reserve</b>	<b>(1,284,760)</b>	<b>51,654</b>	<b>-</b>	<b>(1,233,106)</b>

<b>2016</b>				
<b>Available-for-sale assets</b>				
Investment in water corporation	(1,416,540)	131,780	-	(1,284,760)
<b>Total fair value reserve</b>	<b>(1,416,540)</b>	<b>131,780</b>	<b>-</b>	<b>(1,284,760)</b>

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

<b>Note 25 Reserves (cont)</b>				
<b>Under the new standards, other grants presently recognised as revenue upfront may be eligible to be</b>				
	<b>Balance at beginning of reporting year</b>	<b>Transfer from accumulated surplus</b>	<b>Transfer to accumulated surplus</b>	<b>Balance at end of reporting year</b>
<b>(c) Other reserves</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2017</b>				
Other Reserves	1,537,318	216,337	(79,630)	1,674,025
<b>Total Other reserves</b>	<b>1,537,318</b>	<b>216,337</b>	<b>(79,630)</b>	<b>1,674,025</b>
<b>2016</b>				
Other Reserves	1,622,374	120,843	(205,899)	1,537,318
<b>Total Other reserves</b>	<b>1,622,374</b>	<b>120,843</b>	<b>(205,899)</b>	<b>1,537,318</b>
			<b>2017</b>	<b>2016</b>
			<b>\$</b>	<b>\$</b>
<b>Total Reserves</b>			<b>68,058,514</b>	<b>67,372,481</b>

<b>Note 26 Reconciliation of cash flows from operating activities to surplus (deficit)</b>		
Surplus/(Deficit)	2,750,742	1,322,967
Depreciation/amortisation	2,115,960	2,088,489
(Profit)/loss on disposal of property, plant and equipment, infrastructure	64,011	224,475
Contributions non-monetary	-	(188,000)
Recognition of assets	-	(957,396)
Capital grants received specifically for new or upgraded assets	(1,423,755)	(1,264,258)
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	102,821	(103,680)
Decrease/(increase) in other assets	16,661	53,199
Decrease/(increase) in inventories	159	9,742
Increase/(decrease) in trade and other payables	94,202	(204,950)
Increase/(decrease) in provisions	73,981	7,987
Increase/(decrease) in other liabilities	49,620	8,530
<b>Net cash provided by/(used in) operating activities</b>	<b>3,844,402</b>	<b>997,105</b>

<b>Note 27 Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents (see note 18)	9,590,094	6,546,061
<b>Total reconciliation of cash and cash equivalents</b>	<b>9,590,094</b>	<b>6,546,061</b>

**Note 28 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 2017 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.

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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 28 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 \$34,557 (2015-16, \$33,859), and the amount paid to accumulation schemes was \$117,513 (2015-16, \$125,050).

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 \$120,000.

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 2016 the fund had 151 members and the total employer contributions and member contributions for the year ending 30 June 2016 were \$1,956,576 and \$284,779 respectively.

	2017 \$	2016 \$
<b>Fund</b>		
<b>Defined benefits fund</b>		
Employer contributions to Tasplan	34,557	33,859
	<u>34,557</u>	<u>33,859</u>
<b>Accumulation funds</b>		
Employer contributions to super funds	117,513	125,050
	<u>117,513</u>	<u>125,050</u>

	2017 \$	2016 \$
<b>Note 29 Commitments</b>		
<b>Capital expenditure commitments</b>		
Buildings	102,140	-
<b>Total</b>	<u>102,140</u>	<u>-</u>
<b>Contractual commitments</b>		
Contractual commitments at end of financial year but not recognised in the financial report are as follows:		
Recycling and garbage collection contracts (expires 2022)	1,006,797	309,903
<b>Total</b>	<u>1,006,797</u>	<u>309,903</u>

**Note 30 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 31 Financial Instruments

(a) Accounting Policy, terms and conditions

Recognised

financial

instruments

Note

Accounting Policy

Terms and Conditions

Financial assets

Cash and cash equivalents

17

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

On call deposits returned a floating interest rate. The interest rate at balance date was 0.9% (1.15% 2015-2016).

Interest is recognised as it accrues.

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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

18

Water Corporation

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 1.98% (1.84% 2015-2016) excluding unrealised gains/losses.

Financial Liabilities

Trade and other payables

22

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 31 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:

2017

	Weighted average interest rate	Floating interest rate \$	Fixed interest maturing in:			Total \$
			1 year or less \$	Over 1 to 5 years \$	Non-interest bearing \$	
<b>Financial assets</b>						
Cash and cash equivalents	1.93%	1,093,945	8,496,149	-	-	9,590,094
Trade and other receivables		188,978	-	-	26,136	215,114
Investment in water corporation		-	-	-	7,925,214	7,925,214
<b>Total financial assets</b>		<b>1,282,923</b>	<b>8,496,149</b>	<b>-</b>	<b>7,951,350</b>	<b>17,730,422</b>
<b>Financial liabilities</b>						
Trade and other payables		-	-	-	283,308	283,308
Trust funds and deposits		-	-	-	159,683	159,683
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>442,991</b>	<b>442,991</b>
<b>Net financial assets (liabilities)</b>		<b>1,282,923</b>	<b>8,496,149</b>	<b>-</b>	<b>7,508,359</b>	<b>17,287,431</b>

2016

	Weighted average interest rate	Floating interest rate \$	Fixed interest maturing in:			Total \$
			1 year or less \$	Over 1 to 5 years \$	Non-interest bearing \$	
<b>Financial assets</b>						
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
<b>Total financial assets</b>		<b>656,513</b>	<b>6,181,347</b>	<b>-</b>	<b>8,401,340</b>	<b>15,239,200</b>
<b>Financial liabilities</b>						
Trade and other payables		-	-	-	189,106	189,103
Trust funds and deposits		-	-	-	110,063	110,063
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>299,169</b>	<b>299,166</b>
<b>Net financial assets (liabilities)</b>		<b>656,513</b>	<b>6,181,347</b>	<b>-</b>	<b>8,102,171</b>	<b>14,940,034</b>

**Note 31 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	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>Financial assets</b>				
Cash and cash equivalents	9,590,094	6,546,061	9,590,094	6,546,061
Trade and other receivables	215,114	819,579	215,114	819,579
Investment in water c 08/08/2017	7,925,214	7,873,560	7,925,214	7,873,560
<b>Total financial assets</b>	<b>17,730,422</b>	<b>15,239,200</b>	<b>17,730,422</b>	<b>15,239,200</b>
<b>Financial liabilities</b>				
Trade and other payables	283,308	189,106	283,308	189,106
Trust funds and deposits	159,683	110,063	159,683	110,063
<b>Total financial liabilities</b>	<b>442,991</b>	<b>299,169</b>	<b>442,991</b>	<b>299,169</b>

**(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 (BBBB credit rating)	Other (min BBB credit rating)	Total
<b>2017</b>				
Cash and cash equivalents	9,590,094	-	-	9,590,094
<b>Total contractual financial assets</b>	<b>9,590,094</b>	<b>-</b>	<b>-</b>	<b>9,590,094</b>
<b>2016</b>				
Cash and cash equivalents	6,546,061	-	-	6,546,061
<b>Total contractual financial assets</b>	<b>6,546,061</b>	<b>-</b>	<b>-</b>	<b>6,546,061</b>

#### Movement in Provisions for Impairment of Trade and Other Receivables

	2017 \$	2016 \$
<b>Balance at the beginning of the year</b>	-	-
New Provisions recognised during the year	6,029	-
<b>Balance at end of year</b>	<b>6,029</b>	<b>-</b>

#### 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:

	2017 \$	2016 \$
Current (not yet due)	60,071	693,052
Past due by up to 30 days	29,062	3,654
Past due between 31 and 180 days	88,139	81,579
Past due between 181 and 365 days	7,489	9,293
Past due by more than 1 year	30,353	32,001
<b>Total Trade &amp; Other Receivables</b>	<b>215,114</b>	<b>819,579</b>



### Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial assets at all.

To help reduce these risks we:

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

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

The table below lists the contractual maturities for Financial Liabilities

These amounts represent the discounted cash flow payments (ie principal only).

	2017	6 mths	6-12	1-2	Contracted	Carrying
		or less	months	years	Cash Flow	Amount
	\$	\$	\$	\$	\$	\$
Trade and other payables		283,308	-	-	-	283,308
Trust funds and deposits		159,683	-	-	-	159,683
<b>Total financial liabilities</b>		<b>442,991</b>	-	-	-	<b>442,991</b>

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

(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
2017		\$	\$	\$	\$
<b>Financial assets:</b>					
Cash and cash equivalents	9,590,094	(191,802)	(191,802)	95,901	95,901
Trade and other receivables	194,205	(3,884)	(3,884)	1,942	1,942
<b>Financial liabilities:</b>					

		Interest rate risk			
		-2 %		+1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2016		\$	\$	\$	\$
<b>Financial assets:</b>					
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
<b>Financial liabilities:</b>					

**Note 32 Events occurring after balance date**

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

Note 33 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 Loueen Triffitt (Elected Mayor October 2016)  
Councillor Lana Benson (Elected Deputy Mayor February 2017)  
Councillor Deirdre Flint (Mayor to August 2016)  
Councillor Andrew Downie (Deputy Mayor to August 2016)  
Councillor Richard Bowden  
Councillor Anthony Bailey  
Councillor James Allwright  
Councillor Robert Cassidy  
Councillor Erica McRae  
Councillor Jim Poore (Elected October 2016)  
Councillor Julie Honner (Elected March 2017)

**General Manager** Lyn Eyles  
**Senior Managers** Jason Branch  
Graham Rogers

(ii) Councillor Remuneration

2017

Short term employee benefits

	Allowances	Vehicles <sup>1</sup>	Total Compensation AASB 124	Expenses <sup>2</sup>	Total allowances and expenses section 72
	\$	\$	\$	\$	\$
Mayor	29,593	-	29,593	4,902	34,495
Deputy Mayor	14,018	-	14,018	7,623	21,641
Councillors	59,179	-	59,179	7,166	66,345
<b>Total</b>	<b>102,790</b>	<b>-</b>	<b>102,790</b>	<b>19,691</b>	<b>122,481</b>

2016

Short term employee benefits

	Allowances	Vehicles <sup>1</sup>	Total Compensation AASB 124	Expenses <sup>2</sup>	Total allowances and expenses section 72
	\$	\$	\$	\$	\$
Mayor	30,291	-	30,291	5,607	35,898
Deputy Mayor	17,790	-	17,790	3,405	21,195
Councillors	59,857	-	59,857	7,264	67,121
<b>Total</b>	<b>107,938</b>	<b>-</b>	<b>107,938</b>	<b>16,276</b>	<b>124,214</b>

<sup>1</sup> Includes mileage allowance for use of private vehicles.

<sup>2</sup> Includes reimbursement for use of private phones.

(iii) Key Management Personnel Remuneration

2017	Remuneration band	Number of employees	Short term employee benefits			Post employment benefits		
			Salary <sup>1</sup> \$	Vehicles <sup>2</sup> \$	Other Allowances and Benefits <sup>3</sup> \$	Superannuation <sup>4</sup> \$	Non-monetary Benefits <sup>5</sup> \$	Total \$
	\$80 001 - \$100 000	2	160,386	15,257	-	14,935	7,844	198,422
	\$140 001 - \$160 000	1	117,006	5,027	5,000	14,511	9,309	150,853
<b>Total</b>			<b>277,392</b>	<b>20,284</b>	<b>5,000</b>	<b>29,446</b>	<b>17,153</b>	<b>349,275</b>

2016	Remuneration band	Number of employees	Short term employee benefits			Post employment benefits		
			Salary <sup>1</sup> \$	Vehicles <sup>2</sup> \$	Other Allowances and Benefits <sup>3</sup> \$	Superannuation <sup>4</sup> \$	Non-monetary Benefits <sup>5</sup> \$	Total \$
	\$60 001 - \$80 000	2	166,515	11,472	-	15,266	15,072	208,325
	\$140 001 - \$160 000	1	114,214	12,883	5,000	14,115	(15,844)	130,368
<b>Total</b>			<b>280,729</b>	<b>24,355</b>	<b>5,000</b>	<b>29,381</b>	<b>(772)</b>	<b>338,693</b>

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

2 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).

3 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.

4 Superannuation means the contribution to the superannuation fund of the individual. Superannuation benefits for members of a defined benefit scheme were calculated at 9.5% of employees' gross income.

5 Other non-monetary benefits include annual and long service leave movements.

(iv) Remuneration Principles

**Councillors**

Councillors are entitled to an allowance based on the number of voters in the Local Government area (LGA) and the revenue of the council. Councillors are also entitled to reimbursement for telephone, travel, child care and other expenses in accordance with the council's policy.

**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.

(v) Transactions with related parties

During the period Council entered into the following transactions with related parties.

Nature of the transaction	Amount of the transactions during the year	Outstanding balances, including commitments at year end	Terms and conditions
Supply of gravel <sup>2</sup>	\$83,036	Council owes \$14,097	30-day terms on invoices

2 Council purchased gravel during the year from a company which has a member of Councils KMP as a director. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms.

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.

**Transactions with related parties that have not been disclosed**

(vi) Most of the entities and people that are related parties of council live and operate within the municipality. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of rates on a primary residence
- Dog registration
- Use of Council's swimming pool

Council has not included these types of transaction in its disclosure, where they are made on the same terms and conditions available to the general public.

**Note 34 Significant Business Activities**

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

	Hamilton & Bothwell Camping Grounds	
	2017	2016
	\$	\$
<b>Revenue</b>		
User Charges	16,720	20,102
<b>Total Revenue</b>	<b>16,720</b>	<b>20,102</b>
<b>Expenditure</b>		
<i>Direct</i>		
Employee Costs	470	1,002
Materials and Contacts	1,271	4,184
Utilities	2,649	2,354
<i>Indirect</i>		
Engineering & Administration	94	200
<b>Total Expenses</b>	<b>4,484</b>	<b>7,740</b>
<i>Notional cost of free services received</i>		
<i>Capital Costs</i>		
Opportunity cost of capital	2,519	3,023
<b>Total Capital Costs</b>	<b>2,519</b>	<b>3,023</b>
<i>Competitive neutrality adjustments</i>		
Rates and land tax	1,678	2,052
	<b>1,678</b>	<b>2,052</b>
<i>Calculated Surplus/(Deficit)</i>	10,558	10,310
Tax Equivalent rate	30%	30%
Taxation equivalent	3,167	3,093
<b>Competitive neutrality costs</b>	<b>4,845</b>	<b>5,145</b>

Note	35	Management indicators	Benchmark	2017 \$	2016 \$	2015 \$	2014 \$
		<b>(a) Underlying surplus or deficit</b>					
		Net result for the year		2,750,742	1,322,967	1,380,554	(1,395,999)
		Less non-operating income					
		Capital grants		1,423,755	1,264,258	577,269	458,026
		FAGs in advance		1,193,201	(1,124,584)	1,124,584	(1,055,901)
		Insurance claims		75,607	-	-	-
		Recognition of land under roads		-	957,396	-	-
		Contributions - non monetary assets		-	188,000	-	-
		Add non-operational expenses					
		Flood damage		62,043	-	-	-
		Net loss on disposal of assets for abnormal reasons		-	224,475	-	-
		Underlying surplus/deficit	0	120,222	262,372	(321,299)	(798,124)

The intent of the underlying result is to show the outcome of a council's normal or usual day to day operations.

<b>(b) Underlying surplus ratio</b>							
Underlying surplus or deficit				120,222	262,372	(321,299)	(798,124)
Recurrent income*				6,625,421	6,515,275	6,393,112	6,369,945
Underlying surplus ratio %	0%			1.8%	4.0%	(5.0%)	(12.5%)

This ratio serves as an overall measure of financial operating effectiveness.

<b>(c) Net financial liabilities</b>							
Liquid assets less				9,784,299	6,843,416	7,379,805	5,644,414
total liabilities				1,290,698	1,072,892	1,261,328	984,999
Net financial liabilities	0			8,493,601	5,770,524	6,118,477	4,659,415

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.

<b>(d) Net financial liabilities ratio</b>							
Net financial liabilities				8,493,601	5,770,524	6,118,477	4,659,415
Recurrent income*				6,625,421	6,515,275	6,393,112	6,369,945
Net financial liabilities ratio %	0% - (50%)			128%	89%	96%	73%

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.

*Transport Infrastructure*

Projected capital funding outlays**				1,836,856	1,130,000	800,640	800,640
Projected capital expenditure funding***				1,533,000	1,075,000	800,640	800,640

Under the new standards, other	90-100%			120%	105%	100%	100%
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\*\* 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	35	Management indicators (cont.)	2017 \$	2016 \$	2015 \$	2014 \$	0
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(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.

*Roads*

<u>Depreciated replacement cost</u>	59,737,055	59,234,956	59,545,575	105,498,266
<u>Current replacement cost</u>	75,079,685	74,812,351	74,602,199	136,074,112
Asset consumption ratio %	79.6%	79.2%	79.8%	77.5%

*Buildings*

<u>Depreciated replacement cost</u>	4,945,474	4,989,690	4,491,612	4,401,857
<u>Current replacement cost</u>	5,252,310	5,188,979	4,592,192	4,882,592
Asset consumption ratio %	94.2%	96.2%	97.8%	90.2%

*Drainage*

<u>Depreciated replacement cost</u>	1,023,359	1,001,099	1,016,723	882,811
<u>Current replacement cost</u>	1,600,301	1,562,354	1,562,354	1,413,607
Asset consumption ratio %	63.9%	64.1%	65.1%	62.5%

*Bridges*

<u>Depreciated replacement cost</u>	8,153,378	7,825,969	8,048,458	8,226,739
<u>Current replacement cost</u>	15,229,656	14,244,591	14,352,077	14,334,521
Asset consumption ratio %	53.5%	54.9%	56.1%	57.4%

*Footpaths and Cycleways*

<u>Depreciated replacement cost</u>	1,000,954	1,057,437	1,022,866	1,334,307
<u>Current replacement cost</u>	2,697,767	2,697,767	2,611,429	1,649,305
Asset consumption ratio %	37.1%	39.2%	39.2%	80.9%

*Other infrastructure assets*

<u>Depreciated replacement cost</u>	673,535	676,909	650,108	530,677
<u>Current replacement cost</u>	1,263,750	1,206,133	1,136,903	961,077
Asset consumption ratio %	53.3%	56.1%	57.2%	55.2%

This ratio measures Council's capacity to fund future asset replacement requirements.

(g) **Asset sustainability ratio**

Capex on replacement/renewal of existing assets

<u>Capex on replacement/renewal of existing assets</u>	2,581,980	2,009,325	1,467,260	3,259,683
Annual depreciation expense	2,115,960	2,088,489	2,113,633	2,705,401
Asset sustainability ratio %	100%	122.0%	96.2%	69.4%

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	33,613	23,095	56,708
Plant, machinery and equipment	525,937	41,888	567,825
Fixtures, fittings and furniture	27,230	2,890	30,120
Computers	7,367	12,922	20,289
Roads	1,879,746	1,357	1,881,103
Drainage	46,919	-	46,919
Other infrastructure	22,735	106,245	128,980
Bridges	38,433	-	38,433
<b>Total</b>	<b>2,581,980</b>	<b>188,397</b>	<b>2,770,377</b>

**Note 36 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 2017.

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 2017**

	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Recurring fair value measurements</b>					
Investment in water corporation	16	-	-	7,925,214	7,925,214
Land	23	-	3,395,000	-	3,395,000
Buildings	23	-	4,945,474	-	4,945,474
Land under roads	23	-	957,396	-	957,396
Roads, including footpaths & cycleways	23	-	-	60,738,009	60,738,009
Bridges	23	-	-	8,153,378	8,153,378
Drainage	23	-	-	1,023,359	1,023,359
Other Infrastructure	23	-	-	673,535	673,535
		-	<b>9,297,870</b>	<b>78,513,495</b>	<b>87,811,365</b>

**As at 30 June 2016**

	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Recurring fair value measurements</b>					
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
		-	<b>9,342,086</b>	<b>77,669,930</b>	<b>87,012,016</b>

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 36 Fair Value Measurements (cont.)**



#### **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 was 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 (CRC). This valuation comprises the asset's gross replacement cost 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 CRC 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 36 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 May 2017. 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	\$ 59,737,055	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	\$ 8,153,378	Useful life	Refer Note 1e	The longer the useful life, the higher the fair value
Investment in Water Corporation	\$ 7,925,214	Useful life	Refer Note 1e	The longer the useful life, the higher the fair value
Buildings	\$ 4,945,474	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 2017, 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-2017