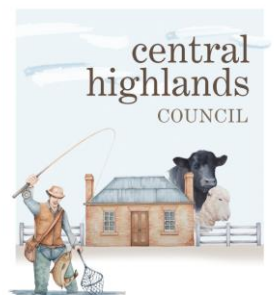


*Highland Cattle Tarraleah
Picture taken by Maddy Jones*

CENTRAL HIGHLANDS COUNCIL ANNUAL REPORT 2017 / 2018





Contact Information

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The following statistics are provided from the 2016 Census Data

Population

Male 1,141 Female 998 Total 2141

The median age of people in the Central Highlands was 50 years. Children 0-14 years made up 16.2% of the population and people aged 65 years and over made up 23.6% of the population.

Aboriginal and/or Torres Strait Islander people made up 5.3% of the population.

Employment

897 people, aged 15 years and over, reported being in the labour force in the week before Census night. Of these 53.6% were employed full time, 30.9% were employed part-time and 8.0% were unemployed.

Of the employed people in Central Highlands, 19.9% worked in Sheep and Beef Cattle Farming, 3.5% worked in accommodation and 3.9% in local government administration.

The most common occupations included managers 23.7%, Labourers 21.4%, Technicians and Trade Workers 15.1%, Community and Personal Service Workers 9.4% and Machinery Operators and Drivers 9.2%.

Education

In the Central Highlands, 24.5% of people were attending an educational institution. Of these, 31.9% were in primary school, 15.4% in secondary school and 9.9% in a tertiary or technical institution.

Of people aged 15 years and over in Central Highlands, 9.1% reported having completed Year 12 as their highest level of educational attainment, 16.1% had completed a Certificate III or IV and 5.9% had completed an Advanced Diploma or Diploma.

Families

Of the families in the Central Highlands 31.1% were couple families with children, 54.6% were couple families without children and 12.4% were one parent families.

In the Central Highlands, of all households, 60.6% were family households, 35.1% were single person households and 4.3% were group households

34.7% of households had a weekly household income of less than \$650 and 3% of households had a weekly income of more than \$3,000.

The median weekly income for people aged 15 years and over was \$467.

Dwellings

36.3 % (891) of private dwellings were occupied and 63.7% (1,561) of private dwellings were unoccupied on census night. Of the occupied private dwellings, 4.0% had 1 bedroom, 23.4% had two bedrooms and 49.4% had 3 bedrooms. The average household size was 2.1 people.

Introduction

The Local Government Act 1993 requires every Council in Tasmania to produce an Annual Report. This gives an opportunity for the Council to inform the community of achievements and challenges in the last year, and review areas to be improved upon.

This includes the annual corporate planning and reporting cycle of the Central Highlands Council each year. This report covers the period of the 2017/2018 financial year.

The Council is required under *Section 72 of the Local Government Act 1993* to prepare a report that contains:

- a summary of the annual plan for the preceding financial year;
- a statement of its goals and objectives in relation to public health for the preceding year;
- a statement of the Council's activities and its performance in respect of goals and objectives set for the proceeding financial year;
- the financial statements for the proceeding financial year;
- a statement of the activities and performance of the Council in relation to any activity taken pursuant to Section 21 as compared with its objectives for the preceding financial year;
- a statement of the total allowances and expenses paid to the Mayor, Deputy Mayor and Councillors;
- a statement detailing the attendance of each Councillor at meetings of the Council and any Council Committee during the preceding financial year
- a statement in accordance with Subsection 4 relating to the total remuneration paid to employees of Council who hold positions designated by the Council as being senior position;
- a copy of the audit opinion for the proceeding financial year;
- a statement specifying details of any land donated by the Council under Section 177, including the name of the recipient, the reasons of the donation, and the value of the land;
- any other prescribed matter.

This report contains a series of chapters, each devoted to a function of Council, and an explanation of how these functions interact within the Central Highlands Council structure.

The report also contains audited standard, financial, and performance statements. This shows how monies raised via rates, charges, fees and grants received have been expended.

Each year the Council, prepares an Annual Budget within the context of the actions identified in the Strategic Plan 2015 – 2024. The Strategic Plan and Budget are used to inform the decisions and actions of Council for the coming year.

Central Highlands Council values the input of the community. 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 8.45am on Tuesday 4th December 2018. Any person wishing to make a submission should do so by close of business Friday 23rd November 2018.

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 satisfy the social, economic and environmental needs of the present day community, whilst endeavouring 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

Mayor's Report

Welcome to Central Highlands Council Annual Report for the financial year 2017/2018, which I provide with pleasure.

Even though this Report is a statutory requirement of Council, I provide this Report as a continuation of my commitment to true transparency of Central Highlands Council commitments, behaviour and actions over the previous 12 months of the 2017/2018 financial year. As the tier of government closest to the people, we do the things that you see every day. Our parks, roads, rubbish collection, and dog registrations to name a few. We also provide for the things that you don't see: the planning and compliance with State and Commonwealth rules and regulations, waste water systems and more.

I admit to be biased of my love for the Central Highlands, having been born in the snow in Bothwell to Joyce (Honner) and Bert Mundy, and having lived in the area my whole life; the Central Highlands provides us with an abundance of beautiful areas for enjoyment and celebrations. Our Central Highlands area contains the highest-altitude of Tasmania, as well as Australia's second largest freshwater lake, yingana/Great Lake as well as Australia's deepest freshwater lake, our Lake St Clair.

Our Council has approximately 798,241 hectares of land, including national parks and world recognised wilderness heritage areas. We have some of the best fly and trout fishing areas across the world and an ever increasing interest in our tourism as well as tourism opportunities yet to be defined. We also have world renowned bushwalking and strong agricultural, horticultural and tourism industries.

Following the independent internal review I instigated, with support from my elected colleagues, I have overseen the implementation of various recommendations including a number of new policies. The introduction of new policies was necessary to fill some gaps identified in the behaviour, actions and accountability of Council as well as fulfilling our statutory obligations under the *Local Government Act 1993*. These new policies include: Related Disclosures; Audio Recording of Council Meetings; Staff Code of Conduct; Asset Management; Minimum Requirements when Reconstructing or Resealing Council's Road Network; Code of Conduct for Members of the Audit Panel; and Community Bus Policy. As well as developing these new policies, Council reviewed a number of policies also. These policies reviewed are: Grading of Snow off Council Roads; Customer Service Charter;

Employee Recruitment and Selection; Annual Leave Policy; Records Management Policy; Gifts and Benefits Policy; and Payment of Councillors Expenses & Provision of Facilities Policy.

Councillors have also been provided the opportunity of professional development and understanding by attending workshops focusing on Understanding Financial Statements and Reports, the Role of Archives and dealing with Council Correspondence, Crash Statistics with the Department of State Growth, and Understanding the Role and Expected Actions of TasWater in Gretna, Bushy Park and Glenora. There were additional opportunities for myself in attending the elected members Local Government Association Tasmania (LGAT) conferences, Southern Tasmanian Councils Authority (STCA) and the Mayors Roundtable regular meetings.

I was also honoured in accepting the Role as an Education Ambassador with the University of Tasmania, furthering my commitment in encouraging everyone, especially our youth, in seeking out opportunities in furthering their education and knowledge base; with a background including teaching I believe strongly that knowledge is power.

As Mayor, many representations were made at numerous committees. Importantly there are a number of representations which further our position, lifestyle, employment and social aspects across our highlands area. As well, Councillors have also been representatives on committees including the Bothwell Football Club and Community Centre, Independent Living Unit Committee, Bothwell Swimming Pool Committee, Plant Committee, Australia Day Committee, Bothwell Cemetery Committee and Highlands Tasmania Tourism Committee. I thank the Councillors for their time and effort.

During the past year I have negotiated a number of agreements and funding opportunities to better develop our infrastructure, road networks and tourism opportunities. This is an area of which still requires ongoing commitment and dedication to further increase tourism, business and employment opportunities for locals.

Infrastructure including the re-stabilisation section of road from Lyell Highway into Bronte Village has been delivered. I have also secured financial assistance from the State Government to address the urgently needed re-alignment of the Bothwell 'Pub With No Beer' corner and the deterioration of the road on Den Hill. The Department of State Growth concentrated on

filling-in the existing cracks and reworking the top layer of the Den Hill pavement to provide a smooth surface as a temporary measure, with geotechnical engineers conveyancing the road to finalise the permanent works. Our roads and other infrastructure, such as our Dunrobin Bridge, must be kept safe for all users, and I continue to identify further areas across our area that may need strengthening and/or redevelopment.

Council have also upgraded and relocated the Bothwell Waste Transfer Station entrance, stabilised and provided drainage on the Ellendale Road, stabilised Wilburville Arthur's Lake, and resealed a portion of Lower Marshes road. Additionally, we have researched and provided a plaque of respect to celebrate the efforts of Mr Grote Reber in Bothwell, updated the Gretna ANZAC Memorial area, refurbished the Bothwell Golf Museum, built a wonderful children's playground at the Bothwell recreation ground as well as providing Cricket nets at the same place, refurbished the toilet facilities in Bothwell and Arthur's Lake, replaced the roof on the Ellendale Hall, resurfaced the Bothwell swimming pool and upgraded the kiosk, erected a Martin Cash interpretation signage at the Gretna recreation ground, provided crucial services for the Ouse River project, provided two barbecues, shelters and picnic tables in Queens Park, as well as negotiating the Telstra Antenna for 4G Telecommunications coverage at Wayatinah.

The Central Highlands has also had a number of businesses opening across the area, which is fantastic, and further increases our economy.

Council are pleased to support the Ouse based Food Connect Cafe, a mobile cafe which provides an opportunity for community members and friends to get along and have a drink and a chat. This is an ideal opportunity to decrease any isolation felt by our community members, and is also an area to make new friends. I encourage our wider community to support this initiative. Another social aspect of support that Council have been proud to support is the Ouse Community Garden project.

The fourth Central Highlands Bushfest was held in Bothwell in November, which was a great success with approximately 4,000 people walking through the gate. There was a magnificent array of stalls, and the crowd expressed their enjoyment when interacting with our celebrity MC's. Thank you to all volunteers and Council employees who gave their time, resulting in Bushfest being such a success. As well, the ever successful Hamilton Show was held in March, again, thank you to the

many volunteers who have helped with these wonderful community events.

I take this moment to thank all the Volunteers across our area who give so much of their time for the many different activities throughout the year, and I give my appreciation to all people who so unselfishly give their time. Thank You.

The Cattle Hill Windfarm Project on the eastern shore of Lake Echo is providing opportunities for local employment, and is envisaged by Council to create a huge economic benefit to the Central Highlands community with expectations of creating additional employment opportunities in the future. Council have continued liaison with both Goldwind Australia and Aurora Energy throughout this major development.

Bothwell held the Southern Tasmanian Poultry show, a credit to all involved. As well we welcomed the Australian Defence Force Motorcycle Ride for Prostate Cancer at Queens Park in Bothwell earlier in the year.

The power lines over the Gretna War Memorial have been moved, as well as the redevelopment of more secure and safe stepping stones up to the Memorial. This Memorial holds a Dawn Service every ANZAC Day, and community members are always warmly welcomed to the service. Council have also committed to managing the Central Highlands Community Bus, with management of the bus currently sitting with Council and garaged by Community.

Mobile coverage and telecommunications in-whole have been a busy area. Though negotiations have been long standing, Telstra is now looking toward upgrading facilities which should cover a large area of black spots (lack of telecommunications) around the Central Highlands area. This major project will be delivered through the next financial year, and which I update information on a monthly basis via the Central Highlands Digest Mayors Column.

I have worked hard with various members of the Tasmania Police force, in discussing the Police Presence across the Central Highlands. We do have a number of Officers in single member stations, and I continue to liaise with Tasmania Police on reducing crime across our area.

Only recently, the Liawenee Inland Fisheries Trout weekend was held: this annual weekend is always a wonderful event. This year there was a fantastic Trade Hall showcasing delicious foods, as well as various information booths and stalls. The weather was kind over this weekend, which allowed for locals and visitors to leisurely stroll around taking in the beautiful trout on display.

As Mayor, I have negotiated and signed a Memorandum of understanding with the Health Action Team Central Highlands (HATCH). This MoU concentrates on an agreement to work together to improve the health and wellbeing of central highlands residents. Monitoring this memorandum will be by quarterly meetings of senior representatives from each of the signatories.

This past year I have been excited to see some of our areas students attend Council meetings. The future will hold more opportunities for our primary and secondary school students to attend meetings and gain an understanding of local government, including opportunities for their involvement in their local community and government as they grow.

As your Mayor, I continue to work hard and I'm always looking for, and listening to, ideas to better our community and implement things that will benefit our people. Crucially, I remain very mindful of the need to keep our rates as low as possible. This also includes being conscious of efficiency and value for money, as well as ensuring transparency across our Councils budget, and continuing to be accountable to Central Highlands community members. The Year That Was, the 2017/2018 financial year held much happiness in seeing my fellow central highlands members receive services needed, social opportunities given and the continuation of 'community culture'. I look forward to the next

financial year, with both excitement and anticipation as we embark on another year of providing on-the-ground services as well as necessary services, which keep the community alive.

Thank you to my fellow elected Councillors and our Administrative arm, the employees of the Central Highlands Council. I appreciate your time, your effort, your commitment and your support and contribution in building a strong effective Council and in the delivery of services.

As always, I welcome your feedback and comments, and of course any thoughts or ideas you may like to share with me.

Loueen (Lou) Triffitt
MAYOR



Current Councillors as at 30 June 2018



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 & Annual General Meeting

	Meeting Attendance (including Annual Meeting & Special meetings)			
	Full	Part	Absent	Possible
Mayor Loueen M Triffitt	13			13
Deputy Mayor Lana Benson	11		2	13
Clr James R Allwright	13			13
Clr Anthony W Bailey	13			13
Clr Richard G Bowden OAM	9		4	13
Clr Robert L Cassidy	12		1	13
Clr Julie Honner	13			13
Clr Erika M McRae	7	2	4	13
Clr Jim Poore	13			13

Councillor Attendance at Committee Meetings & Workshops

	Meeting Attendance at Council Committee & Audit Panel Meetings				Meeting Attendance at Council Workshops			
	Full	Part	Absent	Possible	Full	Part	Absent	Possible
Mayor Loueen M Triffitt	6			6	4			4
Deputy Mayor Lana Benson	5			5	4			4
Clr James R Allwright	7			7	3		1	4
Clr Anthony W Bailey	6			6	3		1	4
Clr Richard G Bowden OAM	5			5	3		1	4
Clr Robert L Cassidy	3		1	4	2	1	1	4
Clr Erika M McRae	0		4	4	0		4	4
Clr Julie Honner	4		3	7	4			4
Clr Jim Poore	9			9	4			4

Current Council Committee Representation 2017 / 2018

Bothwell Swimming Pool Committee

Mayor L M Triffitt (Chair)
Clr E M McRae
Clr R L Cassidy (Proxy) to 17 Oct 2017
Clr J Poore (Proxy) from 17 Oct 2017

Bothwell Cemetery Committee

Mayor L M Triffitt (Chair)
Clr E McRae (Proxy) to 23 March 2018
Clr R L Cassidy to 23 March 2018
Clr R G Bowden from 23 March 2018

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 to 19 Sept 2017
Clr L Benson from 19 Sept 2017
Clr J Poore (Proxy) from 19 Sept 2017

Strategic Planning Sub-Committee

Clr E M McRae
Clr A W Bailey
Clr L Benson

Planning Committee

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) to 15 Aug 2017
Clr A W Bailey (Chair) from 15 Aug 2017
Clr E McRae from 15 Aug 2017
Mayor L M Triffitt

Waste Committee

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

Bothwell Football Club & Community Centre Committee

Clr J Poore (Chair)
Clr J Honner
Clr R Cassidy (Proxy)

Central Highlands Visitor Centre Management Committee

Clr J Poore (Chair)
Clr J Honner

External 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)

Waste Strategy South

Clr L Benson
Clr J Allwright (Proxy)

The Derwent Catchment Project

Clr J R Allwright

Great Lake Community Centre Committee

Mayor L M Triffitt

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)

Health Action Team Central Highlands (HATCH)

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

The Central Highlands Men's Shed Steering Committee

Clr A W Bailey
Clr J R Allwright (Proxy)

Overview & Highlights

- Following a significant assessment report, Council transferred the Bothwell Literary Society Library to the Queen Victoria Museum and Art Gallery to assemble the collection to be collated and maintained and managed as a significant historical collection
- A new SES vehicle was delivered to Brady's Lake in February 2018
- Council at its December 2017 meeting adopted the Audio Recording of Council Meeting's Policy. Audio recordings of meetings are available on Council's website
- Council signed a Memorandum of Understanding with the Health Action Team Central Highlands (HATCH) and have representatives on this group
- The Community Bus (formerly known as 'Tweety') has now been transferred to Council from Uniting Care. The bus is available for use by the community through our Bothwell Office
- The entrance to the Bothwell Refuse Site has been relocated to make a safer entrance and exit for those using the site
- Council undertook site preparation and installation of signage for Hydro for the Highlands Power Trail Stage 2
- Council continued its advocacy role by lobbying for:
 - Better mobile reception in the Central Highlands
 - Contacting the Minister for repairs to the Highlands Lake Rd on Den Hill
 - Lobbying political parties for the realignment of the 'Pub with No Beer' corner
 - Meeting with the Minister regarding the reseal of Bronte Road from the Lyell Highway to Bronte Village
 - Supporting our local communities in lobbying to keep our Anglican Churches

Key Focus Areas

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

Strategies

- Continue to upgrade existing public open spaces and sporting facilities and encourage community use
- Advocate for improved health, education, transport and other government and non-government services within the Central Highlands
- Continue to strengthen partnerships with all tiers of government
- Support and encourage social and community events within the Central Highlands
- Provide support to community organisations and groups
- Foster and develop an inclusive and engaged community with a strong sense of ownership of its area
- Foster and support youth activities in the Central Highlands

Initiatives

Continue support of local organisations and groups	<p>Council continue to support local organisations and groups 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.</p> <p>Groups to benefit were:</p> <ul style="list-style-type: none">➤ Waive hall hire for the International Highland Spin-Out➤ Bothwell Exercise Group – waive hall hire fees Bothwell Hall for exercise classes➤ Janene Glover – waive hire fees Bothwell & Hamilton Halls for Get Active Program➤ Australasian Golf Museum – lease of premises no charge➤ Bothwell Historical Society – lease of premises no charge➤ Ouse On-Line Access Centre – lease of premises no charge➤ Central Highland Lakes Community Association – lease of premises no charge➤ The Derwent Catchment Project – use of premises 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
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<p>Continue to provide assistance to community groups and clubs through Council's Community Grants Program</p>	<p>Council provided assistance through the Community Grants Program to the following:</p> <ul style="list-style-type: none"> ➤ Long Ride Bothwell Visit - \$300 ➤ Tasmanian Trail Sign Replacement - \$600 ➤ Community Garden - \$500 ➤ Central Hawks Junior Football Club - \$1000 ➤ Polo tops Westerway Fire Bridge - \$425 ➤ National Shearing Comp Phillip Bryant - \$300 ➤ Wilds Cool Project - \$250 ➤ Gun Club RAW - \$250 ➤ Daniel Brooks Aus Trail - \$500 ➤ Blake Mayne Indigenous Cricket - \$500 ➤ Bothwell Spin-Out Donation - \$2000 ➤ Anglers Alliance - \$2727.27 ➤ Ouse Online Access Centre power contribution - \$1000 ➤ Bothwell Speed Shear - \$2000
<p>Provide an annual allocation to schools to assist with their programs for school children</p>	<p>An annual allocation of \$1000 was given to Bothwell District High School, Ouse Primary School, Westerway Primary School & Glenora District High School</p>
<p>Provide annual bursaries for a child at each school continuing further education and Annual citizenship awards</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>Provide assistance to continue the home day care facility at Bothwell</p>	<p>Council allocates \$5000 per year towards the Family Day Care Facility at Bothwell</p>
<p>Continue to allocate funds to the provision of medical services to Ouse and Bothwell</p>	<p>Council makes an annual allocation to the Central Highlands General Practice and the Bothwell Medical Centre CHRCS</p>
<p>Continue support regional groups of benefit to Central Highland's residents</p>	<p>Council is a member of the following regional groups"</p> <ul style="list-style-type: none"> ➤ STCA ➤ Destination Southern Tasmania ➤ Local Government Shared Services ➤ South Central Sub-Region
<p>Completion of Bothwell Football Clubrooms & Community Centre</p>	<p>This facility is nearing completion. During 2018/19 new kitchen facilities in the centre will be provided. A new Management Committee comprising of Councillors, sporting group and community representatives has been established to make recommendations to Council on management of this facility</p>



Picture: New JCB Backhoe at the Hamilton Depot

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

Strategies

- Develop and implement a 10 year asset management plan for all classes of assets
- Continue to lobby at regional and state levels to improve transport and infrastructure
- Seek external funding to assist with upgrading of existing infrastructure and funding of new infrastructure and facilities
- Ensure that the standard of existing assets and services are maintained in a cost effective manner

Initiatives

Allocate funds to ensure that existing services and assets are maintained	Council budgets sufficient funds to ensure that its assets and services are maintained
Expand the 10 year asset management plan to include all classes of assets	Council has a long term asset management plan for roads, bridges and buildings

Underpin Dawsons Bridge and replace bridge on Spur Road off The Avenue, Ellendale	These bridge works were not undertaken but have been reallocated in the 2018/19 budget
Replace Backhoe, eight utes and four staff vehicles	All vehicles and the backhoe were purchased together with 2 traffic control lights for use when undertaking road works
Water and power to grassed area at Bothwell Caravan Park, new signage and BBQ	Due to time restraints the upgrade at the Bothwell Caravan Park will be completed in the 2018-2019 financial year
Undertake major refurbishment of the Bothwell Public Conveniences	Major refurbishment of the Bothwell Public Toilets was completed by Graham's Plumbing and Excavation
Install automatic watering system at Hamilton Park	An automatic water system was installed at the Hamilton Park in October 2017 by Hobart Irrigation and Turf at a cost of \$32,224
Lower Marshes Road reseal	Lower Marshes Road stabilisation and reseal works were completed in June 2018 by Andrew Walter Construction at a cost of \$265,827.06
Undertake stabilisation of sections of Ellendale Road & Wilburville	These works were completed
Upgrading of stormwater Bothwell	The upgrade of stormwater at Bothwell will commence in the 2018-2019 financial year
Reroof Ellendale Hall	Reroofing of the Ellendale Hall was completed by Graham's Plumbing and Excavation together with new spouting
Undertake resurfacing to the Bothwell Swimming Pool	Resurfacing of the Bothwell Swimming Pool was completed in December 2017 by Tassie Pools and Spas at the cost of \$42,177.27
Encourage the provision of a pharmacy in Bothwell	Central Highlands Pharmacy owned and operated by Terry Burnett started operating in Patrick Street Bothwell in September 2017. Council contributed \$171.75 towards a flu vax program held at the Pharmacy.

Complete maintenance works of assets and facilities within budget allocations

Maintenance works were carried out as per Council's budget. Council is currently undertaking a revaluation and condition assessment of its road network. Council bridges are inspected annually with a report provided to guide Council on maintenance and capital works required.

Council provided:

- New kitchen facilities for the Bothwell Office
- Refurbished an unused room for the Mayor's Office
- Re-roofed Ellendale Hall
- Undertook stabilisation works on Ellendale Road & Arthurs Lake Road
- Resealed a section of Lower Marshes Rd and sealed a section of gravel on this road



Picture: Sealing of Lower Marshes Road

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

Strategies

- Manage finance and assets in a transparent way to allow the maximization of resources to provide efficient and consistent delivery of services
- Review annually, Council’s Long Term Financial Management Plan and Council’s Long Term Asset Management Plan
- Where efficiency gains can be identified, resource share services with other local government councils
- Endeavour to, and continue to lobby for, an increase in the level of grant income
- Encourage development to expand Council’s rate base
- Identify revenue streams that could complement / substitute for existing resources
- Develop and maintain sound risk management processes

Initiatives

Identify appropriate grant funding to leverage Council funding for projects	<p>Council receives Financial Assistance Grants through the State Grants Commission \$2,302,029 was received during 2017-2018</p> <p>\$596,721 Federal Roads to Recovery Funding received enabled Council to undertake capital upgrades on roads</p>
Continually review and update policies and Council’s risk register	<p>Council’s risk register and policies are updated by staff as required and reviewed at each Audit Panel Meeting</p>
Continue participation in the Local Government Shared Services and South Central Sub-Region Group and identify other services that can be resource shared	<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 and dog control officer. 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>

Provide financial management reports to Council monthly	Financial reports are prepared by Council's accountant monthly and placed on the Ordinary Council Meeting Agenda each month
Ensure Annual Financial Statements are completed within the statutory timeframe	Council's Annual Financial Statements were completed but lodged 1 day late
Ensure that staff are provided with continual training in Council's financial software and records management systems	Council staff are provided with training on an as required basis



Picture: Bothwell Football Club & Community Centre

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

Strategies

- Continue to fund and support the Derwent Catchment Project
- Continue with existing waste minimisation and recycling opportunities
- Promote the reduce, reuse, recycle, recover message
- Continue the program of weed reduction in the Central Highlands
- Ensure the Central Highlands Emergency Management Plan is reviewed regularly to enable preparedness for natural events and emergencies
- Strive to provide a clean and healthy environment
- Support and assist practical programs that address existing environmental problems and improve the environment

Initiatives

Allocate funds to continue our support of the Derwent Catchment Project to implement on ground projects and provide a link between Council and the community on natural resource management issues	Council continues to fund natural resource management through funding to the Derwent Catchment Natural Resource Management Committee of \$40,000 per year. An additional \$20,000 was allocated towards the Ouse River Recovery Project and \$3077.00 towards the Platypus Walk Maintenance & weed control at Hamilton
Work with other stakeholders, land managers and government agencies to ensure strategic weed control	Council works with the Derwent Catchment Natural Resource Management Committee to implement its weed strategy and allocated funds to carry out weed management
Monitor the usage of Council waste transfer stations and refuse site to ensure that the facilities meet the needs of our ratepayers	<p>Council operates one controlled refuse site at Hamilton which has available a DrumMUSTER facility.</p> <p>Manned waste transfer sites are available at Bothwell, Miena and Bronte Park.</p> <p>A Bulky Waste Collection is provided twice per year throughout the municipal area which is designed to allow residents to place items out for collection that are too bulky or unsuitable for the door to door collection.</p> <p>Council provided a relatively comprehensive kerbside collection service for waste & recycling to the residents of Bothwell, Ellendale, Fentonbury, Gretna, Hamilton, Ouse, Osterley, Wayatinah and Westerway. Thorpe Waste currently holds the contract. All waste is taken to the Hamilton Refuse Disposal Site and the</p>

	<p>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>
Provide education and encouragement of recycling within the Municipality to expand the life of the Hamilton Refuse Site	<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>
Facilitate regular meetings of the Central Highlands Emergency Management Committee	<p>One meeting was held which was well attended</p>
Continue as a member of the STCA Waste Committee	<p>Council continues its memberships of this committee</p>



Picture: Ouse River Recovery Works

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

Strategies

- Encourage expansion in the business sector and opening of new market opportunities
- Support the implementation of the Southern Highlands Irrigation Scheme
- Continue with the Highlands Tasmania and Bushfest branding
- Encourage the establishment of alternative industries to support job creation and increase permanent residents
- Promote our area's tourism opportunities, destinations and events
- Support existing businesses to continue to grow and prosper
- Develop partnerships with State Government, industry and regional bodies to promote economic and employment opportunities
- Work with the community to further develop tourism in the area

Initiatives

Continue as a member of Destination Southern Tasmania	Council is a current member of Destination Southern Tasmania
Continue as a member of STCA and LGAT	Council continues its membership and participation in the STCA and LGAT
Great Lake toilet relocation and dump point	An agreement was reached with the landowner to take over maintenance at its current site
Install public toilet, BBQ & sheltered seating at Arthurs Lake	Grant funding of \$34,000 was received for the installation of public toilets and \$23,700 for the installation of a covered BBQ and sheltered seating at Arthurs Lake. These works were completed during the financial year
Completion of Bothwell Football Clubrooms & Community Centre	This facility is nearing completion. During 2018/19 new kitchen facilities in the centre will be provided. A new Management Committee comprising of Councillors, sporting group and community representatives has been established to make recommendations to Council on management of this facility

Install playground equipment and fencing at Bothwell Recreation Ground	Grant funding of \$49,212 was received for the installation of new playground equipment at the Bothwell Recreation Ground. Works were completed in October 2017.
Continue with Highlands Bushfest to showcase the Central Highlands	Bushfest was held in November 2017 and was very successful. Council have resolved to hold Bushfest again in November 2018
Continue with providing the tourism brochure through the Brochure Exchange facility	Council's "Journey to the Centre of the Earth" brochure is placed at the Hobart Airport, Brooke Street Pier and on both Spirit of Tasmania vessels which is maintained by the Tourism Brochure Exchange
Continue the roll out of the Highlands Tasmania Touring Map	The Highlands Tasmania Touring Map is placed in businesses throughout the Central Highlands and state-wide
Engage and strengthen the community by supporting community events and local initiatives that enhance visitation to 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 Ouse and Highlands Regional Fair, Hamilton Show, International Highlands Spin-In and Highlands Bushfest</p>
Promotion of Central Highlands through production of material and via Council's website and Council's facebook page	Council's website and facebook page is updated regularly by staff. Council's brochure and maps are distributed widely throughout the State
Continue support of the Highlands Digest to enable it to provide community information to residents	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 the Central Highlands



Pictures: Highlands Bushfest 2017

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

- Ensure Council fulfils its legislative and governance responsibilities and its decision making, supported by sustainable policies and procedures
- Ensure that Council members have the resources and skills development opportunities to effectively fulfil their responsibilities
- Ensure appropriate management of risk associated with Council's operations and activities
- Provide a supportive culture that promotes the well-being of staff and encourages staff development and continuous learning
- Provide advocacy on behalf of the community and actively engage government and other organisations in the pursuit of community priorities
- Consider Council's strategic direction in relation to resource sharing with neighbouring councils and opportunities for mutual benefit
- Support and encourage community participation and engagement
- Ensure that customers receive quality responses that are prompt, accurate and fair
- Council decision making will be always made in open council except where legislative or legal requirements determine otherwise

Initiatives

Annually review Council's Long Term Financial Plan and Strategy and Long Term Asset Management Plans	Council plans were received and adopted by Council in March 2018
Continually monitor and review Council's financial situation and report findings to Council in a clear and transparent format on a monthly basis	Council engage a consultant accountant who provides regular updates and reports to Council at monthly Council and Audit Panel Meetings. A workshop on understanding financial reports was held with Councillors in October 2017
Encourage staff to undertake training to further develop their skills	<p>Council always encourage staff to undertake any training they may require.</p> <p>The following training was provided in 2017/18:</p> <ul style="list-style-type: none"> ➤ Traffic Management Plans – to all outdoor staff ➤ Backhoe training to 5 employees ➤ First Aid Training to all Council Employees ➤ Level 2 Park Inspectors training to 2 employees ➤ Monthly Toolbox Meetings

<p>Support Elected Members to take advantage of seminars, training and workshops that assist them in their position as a Councillor</p>	<p>Council undertook an internal workshop on archiving and understanding financial reports. Councillors are advised of all seminars and training that is available to them in their position of an elected member</p>
<p>Review the risk register at each Audit Panel Meeting</p>	<p>Council's risk register is updated regularly and present at each Audit Panel Meeting</p>
<p>Ensure ongoing compliance with all legislation, regulations and codes of practice which impact upon Council</p>	<p>Council endeavours to ensure that it complies with the requirements of all legislation, regulations and codes of practice applicable to Local Government</p>



Pictures: Council Employees receiving first aid training

Environmental and Public Health Report

Councils within Tasmania have statutory responsibilities for promoting acceptable standards of environmental health within their municipal area through the administration of legislation, provision of environmental health services and community education. Key legislation administered to promote acceptable standards of environmental health at the local level includes the *Public Health Act 1997*, *Food Act 2003*, *Environmental Management and Pollution Control Act 1994*, *Local Government Act 1993* and *Building Act 2016*

Council has 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).

The main functions in **Environmental Health** are:

- Disease control, including immunisation services, public health risk activities and notifiable disease investigations
- Food regulation and surveillance
- Maintenance of appropriate standards for public-use buildings
- Health education and promotion
- Drinking water quality monitoring and remediation
- Surveillance of recreational water bodies including swimming pools and swimming beaches
- Surveillance of public health risk activities and regulated systems.(Council have no public health risk activities or regulated systems)

The principle statutes are the *Public Health Act 1997* and the *Food Act 2003*.

Council activities in relation to Environmental Health:

- 55 Food Business Registrations, 32 low risk, 22 medium risk and 1 high risk. 1 Mobile Food Van. 46 Inspections were carried out. Council have instigated I'm Alert Food Safety Training free of charge to the community as a Food Safety Initiative All Food premises now have at least one person trained in Food Safety. As of the 27th June 2018 250 people have done the training.
- Participating in the Health Departments Food Surveillance Program.
- Distribution of Posters and Pamphlets relating to Health Education and Promotion.
- Investigation of notifiable diseases
- 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 Management and monitoring including current EPN for Hamilton Landfill.
- Council have an ongoing silage and ag pipe recycling point at the Hamilton Landfill, and this service is free of charge to both residents and Council. Soon to be extended to include Bothwell Waste Transfer Station.
- 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.
- Recreational Water quality monitoring, lakes and rivers, including Bothwell Public Swimming Pool.
- Annual Reporting done by the 30th September each year for Recreational Water monitoring, Private Water Licences, Food Premises and Waste Reporting.

'Environmental Management' is an integrated approach to achieve a sustainable future. When applied to activities or developments, it involves:

- The application of the principles of ecology, pollution control and environmental planning; and
- The methodology of monitoring the impact of proposed development.

The main functions in environmental management are:

- Environmental water and air quality monitoring and remediation
- The assessment and issuing of special plumbing permits for on-site wastewater management systems
- Monitoring and response to environmentally relevant activities including level 1 Activities
- Assessment of existing developments and new applications for development
- Response to environmental nuisances.

The principle statutes are the *Environmental Management and Pollution Control Act 1994*, the *Land Use Planning Approvals Act 1993*, the *Building Act 2016* and the *Litter Act 2007*.

Council activities in relation to Environmental Management:

- Environmental Nuisances / complaints (17) are followed up by inspections and may require the issue of abatement notices, Environmental Protection Notices and / or infringement notices.
- Issuing of Environmental Protection Notices when required and follow up and monitoring of conditions of Notices.
- 12 Septic tank installation assessments and permits. Monitoring and recording services for 38 Aerated Wastewater Treatment Systems
- Environmental Assessment of potentially harmful activities (e.g. composting, fish farms, sewage treatment plants and private water plants.

Reporting Requirements

Annual

- Recreational Water Quality Report (Council & DHHS) – by 30 September each year
- Drinking Water Quality Report (Council & DHHS) - by 30 September each year
- Annual Public Health Statement (Council) – Required in accordance with S.71 and S.72 of the *Local Government Act 1993*. To be provided by end of October each year
- Environmental Health Officer Annual Register (DHHS) - by 30 September each year
- Annual Food Safety Report (DHHS) - by 30 September each year.

Council strives for ongoing and measurable improvements to community health through responsive, educative, monitored, participative and enforcement programs.

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.

Development Statistics

	2013-14	2014-15	2015-16	2016-17	2017-18
Total No Applications	74	67	52	56	60
No. Permitted	30	19	18	11	5
No. Discretionary	29	33	32	39	40
Subdivision Applications	15	14	5	2	2
No. Lots	66	19	20	3	3
Planning Scheme Amendments	0	0	0	0	0
No Permit Required	N/A	1	2	4	13

Building Statistics

	2013-14	2014-15	2015-16	2016-17	2017-18
No. Buildings	67	52	50	44	53
No. Plumbing	57	47	49	36	36
No. Special Connections	20	20	12	5	N/A
Value of Building Applications	\$7,747,293	\$4,233,541	\$6,816,704	\$5,663,750	\$9,066,800

Pool Attendance Statistics

Season Passes	2013-14	2014-15	2015-16	2016-17	2017-18
Family	1	2	0	2	1
Junior	2	4	3	3	0
Daily Attendance					
Junior	722	427	524	1316	802
Adult	301	127	189	387	187
Season Users	80	125	25	235	31

Dog Control Statistics

	2013-14	2014-15	2015-16	2016-17	2017-18
Dogs Registered	1029	1022	1024	1067	1044
Kennel Licenses	28	30	31	36	33
Infringement Notices	7	6	1	14	16
Impounded Dogs	13	12	9	12	10
Declared Dangerous Dogs	0	0	0	0	0

Remissions and Small Debt Write Offs

Small Debt write off	13.38	03-0246-00391	18.30
03-0221-01035	20.50	03-0222-01189	14.70
01-0838-02982	148.00	04-0017-03967	506.14
03-0240-01854	16.20	01-0810-03938	379.71
03-0220-00925	17.00	03-0212-00392	18.10
01-0805-03937	534.40	03-0205-00238	15.10
04-0007-00597	22.73	03-0232-04039	13.60
01-0805-02805	379.38	10-0400-03595	148.00
TOTAL 2265.24			

Remissions given on Building, Plumbing & Development applications 2017 / 2018:

PA 2017/31 - \$500.00 – Plumbing Application Fee for the public toilet at Arthurs Lake (Remitted at August 2017 Council Meeting)

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	3
\$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 \$128,995

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 2017/18 financial year.

Public Interest Disclosures Statement

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

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

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

Code of Conduct Complaint Information

Section 72 of the 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.

0 complaints were lodged with the Code of Conduct Panel.

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 inc GST	Successful Contractor	Business Address of Successful Contractor
Ellendale Road Stabilisation	20/10/2017 - 18/03/2018	\$302,409.36	Andrew Walter Construction Pty Ltd	PO Box 5 Claremont 7011
Arthurs Lake Road Stabilisation	30/10/2017 - 29/02/2018	\$142,923.00	Andrew Walter Construction Pty Ltd	PO Box 5 Claremont 7011
Stabilisation and seal Lower Marshes Road	02/10/2017 - 18/03/2018	\$252,063.08	Andrew Walter Construction Pty Ltd	PO Box 5 Claremont 7011
Purchase new Backhoe	13/04/2018	\$159,610.00	JF Machinery	288 George Town Rd Rocherlea 7248
Services for supply, Installation and Maintenance of Waste Bins and Collection of Waste	1/9/2017 - 30/6/2022	\$195,638.02	J.J Richards & Sons Pty Ltd	3 Grant Street Cleveland Queensland 4163

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 2017/2018 year.

Financial Performance Indicators

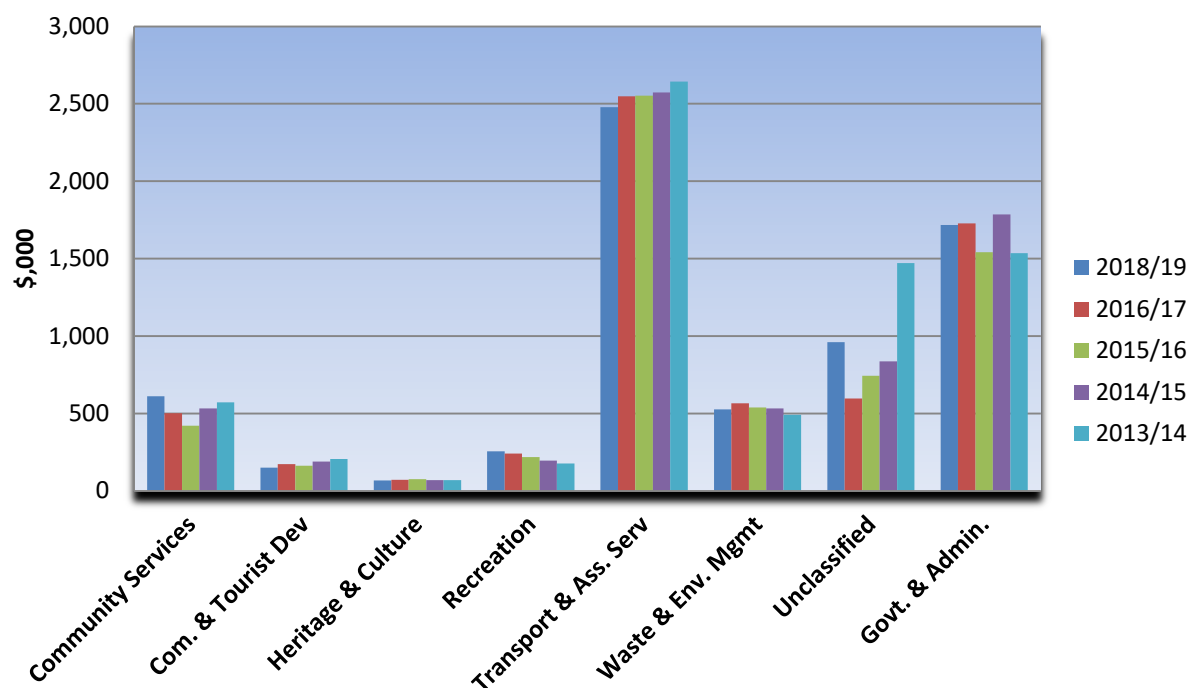
Comparative Financial Performance Indicators are provided for the current and previous six years.

Indicator	2018 %	2017 %	2016 %	2015 %	2014 %	2013 %	2012 %
Rate Revenue Analysis Rate Income : Total Revenue	50.7	50.3	49.8	48	48	46	45
Working Capital Ratio Current Assets: Current Liabilities	7.09	8.24	6.94	6.4	6.51	7.68	7.39
Debt Ratio Total Liabilities: Total Assets	1.53	1.28	1.11	1.32	0.7	0.81	0.86

Expenditure by Function

	2017/18 '000	2016/17 '000	2015/16 '000	2014/15 '000	2013/14 '000
Community Services	612	502	420	532	572
Com. & Tourist Dev	151	173	162	190	207
Heritage & Culture	67	72	76	70	70
Recreation	255	242	219	196	176
Transport & Ass. Serv	2,478	2,549	2,552	2,573	2,643
Waste & Env. Mgmt	527	566	539	532	492
Unclassified	960	597	743	836	1,472
Govt. & Admin.	1,717	1,728	1,542	1,785	1,535

EXPENDITURE BY FUNCTION



Reserves

Reserve	\$'000 2012	\$'000 2013	\$'000 2014	\$'000 2015	\$'000 2016	\$,000 2017	\$,000 2018
Plant Replacement	453	453	453	453	453	453	453
Bridges	377	377	377	377	377	377	377
Sundry	164	165	121	297	196	143	143
Long Service Leave	231	288	298	335	351	371	354
Regional Refuse Site	80	80	80	80	80	80	80
Quarry Reserve	80	80	80	80	80	80	80
Shacksites Program	158	0	0	0	0	0	0
Grants	948	1,056	0	0	54	170	44
Healthy Communities Grant	193	213	0	0	0	0	0
Total	2,684	2,712	1,409	1,622	1,591	1,674	1,531

Non - Current Assets

Non-Current Asset	30-Jun-17 ASSET value \$'000	30-Jun-18 ASSET value \$'000	Increase/ (Decrease) \$'000
Land	3,395	3,395	0
Buildings	4,945	5,107	162
Plant, Machinery & Equipment	1,943	1,934	(9)
Motor Vehicles	117	316	199
Office Equipment	140	147	7
Computer Equipment	102	84	(18)
Infrastructure	674	785	111
Roads	59,737	59,932	195
Drainage Systems	1,023	1,037	14
Bridges	8,154	7,984	(170)
Footpaths, Kerbs & Gutters	1,001	957	(44)
Works in Progress	556	553	(3)
Valuer-General	22	22	0
Investment in Southern Water	7,925	8,028	103
Land Under Roads	957	957	0
Loan TasWater & Other	21	0	(21)
TOTALS	90,712	91,238	526

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 2018 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 statement of certification by the General Manager.

In my opinion the accompanying financial report:

- (a) presents fairly, in all material respects, Council's financial position as at 30 June 2018 and 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 financial report, the asset renewal funding ratio disclosed in note 38, nor the Significant Business Activities disclosed in note 37 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.

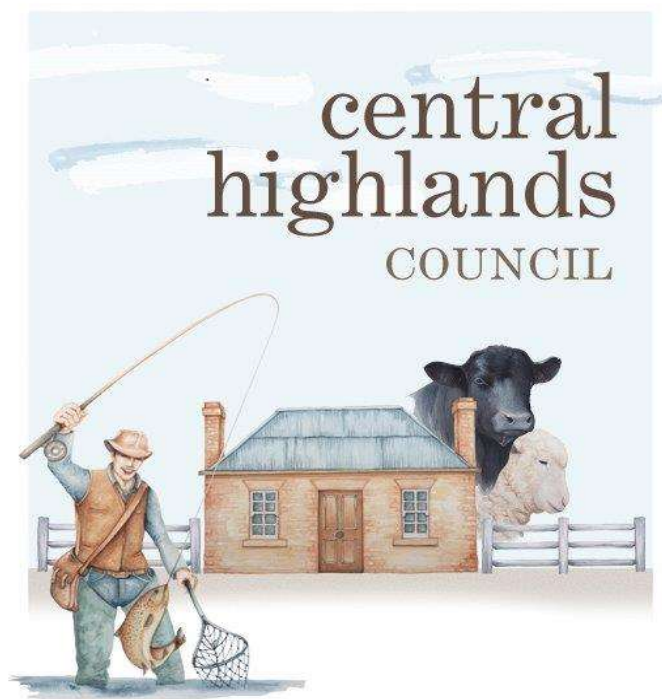


Alex Irwin

Senior Manager – Financial Audit Services
Delegate of the Auditor-General

Tasmanian Audit Office

24 September 2018
Hobart



Central Highlands Council
ANNUAL FINANCIAL REPORT
For the Year Ended 30 June 2018

Central Highlands Council

Financial Report

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Statement of Comprehensive Income For the Year Ended 30 June 2018

	Note	Budget 2018 \$	Actual 2018 \$	Actual 2017 \$
Income				
Recurrent income				
Rates and charges	5	3,470,202	3,473,374	3,334,963
Statutory fees and fines	6	35,000	42,413	41,861
User fees	7	213,600	261,837	232,244
Grants	8	2,295,549	2,339,529	3,512,665
Contributions - cash	9	26,000	26,034	26,034
Interest	10	146,250	186,803	173,886
Other income	11	184,000	373,376	340,172
Investment revenue from water corporation	13	153,000	153,484	156,798
		6,523,602	6,856,850	7,818,623
Capital income				
Capital grants received specifically for new or upgraded assets	8	504,378	611,721	1,423,755
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	12	100,000	(9,158)	(64,011)
		604,378	602,563	1,359,744
Total income		7,127,980	7,459,413	9,178,367
Expenses				
Employee benefits	14	(1,777,118)	(1,825,969)	(1,760,118)
Materials and services	15	(1,360,050)	(1,570,342)	(1,447,999)
Depreciation and amortisation	16	(2,094,000)	(2,099,464)	(2,115,960)
Other expenses	17	(1,263,734)	(1,271,697)	(1,103,547)
Total expenses		(6,494,902)	(6,767,472)	(6,427,624)
Surplus / (deficit)		633,078	691,941	2,750,742
Other comprehensive income				
Items that will not be reclassified to surplus or deficit				
Net asset revaluation increment	27(a)	-	35,000	497,672
		-	35,000	497,672
Items that may be reclassified subsequently to surplus or deficit				
Financial assets available for sale reserve				
— Fair Value adjustment on Available for Sale Assets	27(b)	-	102,861	51,654
		-	102,861	51,654
Total Other Comprehensive Income		-	137,861	549,326
Comprehensive result		633,078	829,802	3,300,068

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

**Statement of Financial Position
As at 30 June 2018**

	Note	2018	2017
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	19	10,099,069	9,590,094
Trade and other receivables	20	263,363	194,205
Inventories	21	6,000	3,332
Other assets	22	43,745	35,643
Total current assets		10,412,177	9,823,274
Non-current assets			
Investment in water corporation	18	8,028,075	7,925,214
Trade and other receivables	20	-	20,909
Property, infrastructure, plant and equipment	23	83,188,320	82,744,181
Other assets	22	-	22,000
Total non-current assets		91,216,395	90,712,304
Total assets		101,628,572	100,535,578
Liabilities			
Current liabilities			
Trade and other payables	24	646,318	283,308
Trust funds and deposits	25	124,487	159,683
Provisions	26	696,823	748,889
Total current liabilities		1,467,628	1,191,880
Non-current liabilities			
Provisions	26	86,262	98,818
Total non-current liabilities		86,262	98,818
Total liabilities		1,553,890	1,290,698
Net Assets		100,074,682	99,244,880
Equity			
Accumulated surplus		32,021,698	31,186,366
Reserves	27	68,052,984	68,058,514
Total Equity		100,074,682	99,244,880

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

Statement of Cash Flows For the Year Ended 30 June 2018

	Note	2018 Inflows/ (Outflows) \$	2017 Inflows/ (Outflows) \$
Cash flows from operating activities			
Rates		3,469,597	3,377,912
Statutory fees and fines		46,654	46,047
User charges and other fines		210,352	277,949
Grants		2,339,529	3,512,665
Interest		178,701	185,564
Investment revenue from water corporation		153,484	156,798
Other receipts		364,214	415,826
Net GST refund/payment		224,806	255,200
Payments to suppliers		(2,729,867)	(2,697,422)
Payments to employees (including redundancies)		(1,890,591)	(1,686,137)
Net cash provided by (used in) operating activities	28	<u>2,366,879</u>	<u>3,844,402</u>
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(2,703,720)	(2,770,377)
Proceeds from sale of property, infrastructure, plant and equipment		207,959	44,609
Capital grants		611,721	1,423,755
Loans and advances to organisations		-	(5,660)
Repayment of loans and advances from organisations		26,136	507,304
Net cash provided by (used in) investing activities		<u>(1,857,904)</u>	<u>(800,369)</u>
 Net increase (decrease) in cash and cash equivalents		 508,975	 3,044,033
Cash and cash equivalents at the beginning of the financial year		9,590,094	6,546,061
Cash and cash equivalents at the end of the financial year	29	<u>10,099,069</u>	<u>9,590,094</u>
 Restrictions on cash assets	19		

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

Statement of Changes in Equity For the Year Ended 30 June 2018

	Note	Total 2018 \$	Accumulated Surplus 2018 \$	Asset Revaluation Reserve 2018 \$	Fair Value Reserve 2018 \$	Other Reserves 2018 \$
2018						
Balance at beginning of the financial year		99,244,880	31,186,366	67,617,595	(1,233,106)	1,674,025
Surplus / (deficit) for the year		691,941	691,941	-	-	-
Other Comprehensive Income:						
— Fair Value adjustment on Available for Sale Assets	18	102,861	-	-	102,861	-
Net asset revaluation increment(decrement) reversals	27(b)	35,000	-	35,000	-	-
Transfers between reserves		-	143,391	-	-	(143,391)
Balance at end of the financial year		100,074,682	32,021,698	67,652,595	(1,130,245)	1,530,634
		Total 2017 \$	Accumulated Surplus 2017 \$	Asset Revaluation Reserve 2017 \$	Fair Value Reserve 2017 \$	Other Reserves 2017 \$
2017						
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	18	51,654	-	-	51,654	-
Net asset revaluation increment(decrement) reversals	27(a)	497,672	-	497,672	-	-
Transfers between reserves		-	(136,707)	-	-	136,707
Balance at end of the financial year		99,244,880	31,186,366	67,617,595	(1,233,106)	1,674,025

The above statement should be read with the accompanying notes.

Introduction

Note 1 Reporting Entity

- (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;
 - represent and promote the interests of the community;
 - provide for the peace, order and good government in the municipality.

Note 2 Basis of accounting

These financial statements are a general purpose financial report that consists of a Statement of 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, 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.

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

All amounts are presented in Australian dollars and unless stated, have been rounded to the nearest thousand dollars.

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 18, 23, 26, and 36(d).

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

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, and material subsidiaries or joint ventures, have been included in this financial report. All transactions between these entities and Council have been eliminated in full. Details of entities not included in this financial report based on their materiality are detailed in Note 35.

Note 3 Use of judgements and estimates

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 benefits

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in note 26.

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 30.

Fair value of property, infrastructure, 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 note 23.

Investment in water corporation

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 18.

Note 4 Functions/Activities of the Council

(a) 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						
2017 - 2018	913,703	3,336,045	4,249,748	1,717,601	2,532,147	1,595,335
2016 - 2017	1,396,826	3,102,193	4,499,019	1,727,667	2,771,352	9,106,725
Roads, streets and bridges						
2017 - 2018	1,985,047	26,034	2,011,081	2,478,223	(467,142)	70,609,643
2016 - 2017	3,470,879	101,641	3,572,520	2,548,722	1,023,798	68,891,387
Waste management						
2017 - 2018	-	567,630	567,630	526,968	40,662	374,921
2016 - 2017	-	524,569	524,569	565,771	(41,202)	376,780
Heritage and Culture						
2017 - 2018	-	1,461	1,461	66,667	(65,206)	1,298,064
2016 - 2017	-	2,007	2,007	72,239	(70,232)	1,455,662
Community services						
2017 - 2018	52,500	160,806	213,306	612,053	(398,747)	2,830,252
2016 - 2017	107,276	154,124	261,400	501,898	(240,498)	2,184,404
Recreation facilities						
2017 - 2018	-	2,819	2,819	255,314	(252,495)	2,246,609
2016 - 2017	(38,560)	2,381	(36,179)	242,108	(278,287)	2,235,660
Commercial and Tourism						
2017 - 2018	-	63,716	63,716	150,933	(87,217)	765,269
2016 - 2017	-	65,182	65,182	172,696	(107,514)	735,961
Other - not attributable						
2017 - 2018	-	349,652	349,652	959,713	(610,061)	21,908,479
2016 - 2017	-	289,849	289,849	596,523	(306,674)	15,548,999
Total						
2017 - 2018	2,951,250	4,508,163	7,459,413	6,767,472	691,941	101,628,572
2016 - 2017	4,936,421	4,241,946	9,178,367	6,427,624	2,750,743	100,535,578

(b) Reconciliation of Assets from note 4 (a) with the Statement of Financial Position at 30 June:

	2018	2017
	\$	\$
Current assets	10,412,177	9,823,274
Non-current assets	91,216,395	90,712,304
	101,628,572	100,535,578

(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.

	2018	2017
	\$	\$

Note 5 Rates and charges

Council uses Assessed Annual Value as the basis of valuation of all properties within the municipality. The Assessed Annual Value within Central Highlands is 4% of its Capital Value.

The valuation base used to calculate general rates for 2017-2018 was \$40.160 million (2016-2017 \$38.957 million). The 2017-2018 rate in the AAV dollar was 3.3451 cents (2016-2017, 3.3120 cents).

General Rate	2,685,824	2,584,357
Fire Levy	214,641	200,891
Garbage charge	567,630	543,388
Revenue in advance	5,279	6,326
Total rates and charges	3,473,374	3,334,962

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.

Accounting policy

Rates and charges income

Rate income is recognised as revenue when Council obtains control over the assets comprising the receipt.

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.

Note 6 Statutory fees and fines

Statutory Fees	42,413	41,861
Total statutory fees and fines	42,413	41,861

Accounting policy

Statutory fee and fine income

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

Note 7 User fees

Rental Housing	78,119	74,325
Planning Fees	36,646	31,152
Building Fees	16,816	18,931
Plumbing Fees	-	1,500
Tips and Waste Transfer Stations	6,102	1,633
Hall Hire	667	724
Camp Ground Fees	23,181	16,720
Animal licences	15,304	9,557
Food & Public Assembly Licences	14,309	15,355
Sewer Connection Fees	9,785	13,550
Cemetery Charges	11,336	9,295
Other fees and charges	49,572	39,502
Total user fees	261,837	232,244

Accounting policy

User fee income

Fee income is recognised as revenue when the service has been provided, or the payment is received, whichever first occurs.

	2018	2017
	\$	\$
Note 8 Grants		
Grants were received in respect of the following :		
Summary of grants		
Federally funded grants	2,898,750	4,830,118
State funded grants	52,500	106,302
Total	2,951,250	4,936,420
Grants - Recurrent		
Financial assistance grant	2,302,029	3,512,665
Other	37,500	-
Total recurrent grants	2,339,529	3,512,665
The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. The Commonwealth made early payment of the two quarterly instalments of \$1,193,201 in 2016-17 and \$1,191,097 in 2017-18 for the following years. In accordance with AASB1004 <i>Contributions</i> , Council recognises these grants as revenue when it receives the funds and obtains control. The early receipt of instalments have not materially affected the financial result for 2017-18.		
Capital grants received specifically for new or upgraded assets	\$	\$
Commonwealth Government - roads to recovery	596,721	1,311,856
Community Infrastructure	15,000	129,549
SES Motor Vehicle Grant	-	21,000
Bothwell Recreation Ground (Returned)	-	(38,650)
Total capital grants	611,721	1,423,755
Conditions on grants		
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	170,549	53,588
Less: expended during the current period from revenues recognised in previous reporting periods		
Roads to recovery	(63,637)	(15,028)
Community infrastructure	(106,912)	-
Bothwell recreation ground	-	(38,560)
	(170,549)	(53,588)
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions		
Roads to recovery	-	63,637
Community infrastructure	-	106,912
Highlands Food Connect Grant	16,500	-
Preventative Health projects in the Central Highlands	12,500	-
Grant Auspicing for Bothwell CWA	15,000	-
	44,000	170,549
Unexpended at the close of this reporting period (note 19)	44,000	170,549
Net increase (decrease) in non-reciprocal grant revenues for the year:	(126,549)	116,961

Accounting policy

Grant income - operating and capital

Grant income is recognised as revenue when Council obtains control over the assets comprising the receipt.

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 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 is also disclosed. 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. Council does not currently have any reciprocal grants.

Unreceived contributions over which Council has control are recognised as receivables.

Notes to the Financial Report
For the Year Ended 30 June 2018

	2018	2017
	\$	\$
Note 9 Contributions		
Cash		
Heavy Vehicle Contribution Fees	26,034	26,034
Total contributions	26,034	26,034

Accounting policy

Contribution income

Contributions are recognised as revenue when Council obtains control over the assets comprising the receipt.

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.

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

Unreceived contributions over which Council has control are recognised as receivables.

Note 10 Interest		
Interest on financial assets	186,803	173,886
Total	186,803	173,886

Accounting policy

Interest income

Interest is recognised progressively as it is earned.

Note 11 Other income		
Private Works	269,153	126,592
Reimbursements	70,755	179,378
Penalties and interest	33,468	34,202
Total other income	373,376	340,172

Accounting policy

Other income

Private Works jobs, reimbursements and penalties and interest are recognised as revenue when the payment is due or the payment is received, whichever first occurs.

Note 12 Net gain/(loss) on disposal of property, plant and equipment and infrastructure		
Proceeds of sale	207,959	44,609
Write down value of assets disposed	(217,117)	(108,620)
Total	(9,158)	(64,011)

Accounting policy

Gains and losses on asset disposals

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

	2018	2017
	\$	\$
Note 13 Investment revenue from water corporation		
Dividend revenue received	94,345	99,228
Tax equivalent received	45,161	44,428
Guarantee fee received	13,978	13,142
Total investment revenue from water corporation	153,484	156,798

Accounting policy

Investment revenue

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

Note 14 Employee benefits		
Wages and salaries	1,541,535	1,416,741
Workers compensation	24,851	82,299
Annual leave and long service leave	155,275	162,972
Sick Leave	50,154	60,949
Superannuation	154,715	150,839
Fringe benefits tax	12,138	24,783
Total employee benefits	1,938,668	1,898,583
Less amounts capitalised	(112,699)	(138,465)
Total operating employee benefits	1,825,969	1,760,118

Accounting policy

Employee benefits

Expenses are recognised in the Statement 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 include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

Note 15 Materials and services		
Contract payments	656,780	638,394
Building maintenance	55,553	47,101
Plant and equipment maintenance, hire and fuel	238,433	158,519
Consultants	112,248	156,297
Materials and services	349,697	303,534
Other	157,631	144,154
Total materials and services	1,570,342	1,447,999

Accounting policy

Materials and services expense

Expenses are recognised in the Statement 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.

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.

	2018	2017
	\$	\$
Note 16 Depreciation and amortisation		
<i>Property</i>		
Buildings	108,206	107,546
<i>Plant and Equipment</i>		
Plant, machinery and equipment	323,097	316,220
Fixtures, fittings and furniture	13,206	11,850
Computers and telecommunications	28,287	32,911
<i>Infrastructure</i>		
Roads	1,264,859	1,288,626
Bridges	204,659	203,645
Footpaths and cycleways	52,996	56,483
Drainage	16,003	15,687
Infrastructure	66,151	60,992
<i>Other Assets</i>		
Deferred expenditure	22,000	22,000
Total depreciation and amortisation	2,099,464	2,115,960

Accounting policy

Depreciation and amortisation expense

Expenses are recognised in the Statement 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.

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
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

Notes to the Financial Report
For the Year Ended 30 June 2018

	2018	2017
	\$	\$
Note 17 Other expenses		
External auditors' remuneration (Tasmanian Audit Office)	30,203	28,253
Councillors' allowances	131,659	130,255
Fire Levy	214,420	200,511
Light and Power	111,446	105,606
Insurance	167,314	147,094
Valuation Fees	10,895	12,080
Communications and Telephones	68,920	58,772
Community Support and Donations	136,895	68,740
Land Tax	23,391	23,580
Subscriptions and membership	30,743	34,254
Advertising	34,156	27,195
Legal Fees	30,754	35,894
Printing and Stationery	18,311	17,949
Bank Fees	19,632	19,906
Payroll Tax	52,340	41,025
Other	190,618	152,433
Total other expenses	1,271,697	1,103,547

Accounting policy

Other expenses

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

Note 18 Investment in water corporation

Opening Balance	7,925,214	7,873,560
Fair Value adjustments on Available-for-Sale Assets	102,861	51,654
Total investment in water corporation	8,028,075	7,925,214

Council has derived returns from the water corporation as disclosed at note 13.

Accounting policy

Accounting for investments in associates

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 2018, Council held a 0.50% (2017: 0.50%) 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 28).

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

On 1 May 2018 TasWater and the State Government announced a memorandum of understanding under which the State Government will inject \$20 million per year for the next ten years into TasWater and in return will become a shareholder of TasWater. As a shareholder the State Government will not receive any dividend distributions. The partnership provides for a reduction in forecast price increases, accelerated infrastructure upgrades and a joint focus on major projects. As at the date of these financial statements, the owner councils and the State Government were working together on the nature of the future reforms.

	2018	2017
	\$	\$
Note 19		
Cash and cash equivalents		
Cash on hand	550	550
Cash at bank	1,548,613	1,093,395
Term deposits and investments	8,549,906	8,496,149
Total cash and cash equivalents	10,099,069	9,590,094
Councils cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:		
- Trust funds and deposits (note 25)	124,487	159,683
- Conditions on grants (note 8)	44,000	170,549
- Leave provisions (note 26)	783,085	847,707
Restricted funds	951,572	1,177,939
Total unrestricted cash and cash equivalents	9,147,497	8,412,155

Accounting policy

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.

Note 20	Trade and other receivables		
	Current		
	Rates debtors	114,564	110,787
	Loans and advances to other entities	-	5,227
	Other debtors	154,828	84,220
	Provision for impairment - other debtors	(6,029)	(6,029)
	Total	263,363	194,205
	Non-current		
	Loans and advances to other entities	-	20,909
	Total	-	20,909
	Total trade and other receivables	263,363	215,114

Accounting policy

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. 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.

Note 21	Inventories		
	Inventories held for consumption	6,000	3,332
	Total inventories	6,000	3,332

Accounting policy

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.

Note 22	Other assets		
	Current		
	Accrued income*	21,745	13,643
	Deferred expenditure	22,000	22,000
	Total	43,745	35,643
	Non-current		
	Deferred expenditure	-	22,000
	Total	-	22,000

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

Note 23

	2018	2017
	\$	\$
Property, plant and equipment and infrastructure		
Summary		
at cost	6,017,719	5,897,419
Less accumulated depreciation	2,983,444	3,039,389
	<u>3,034,275</u>	<u>2,858,030</u>
at fair value at 30 June	106,537,639	105,475,865
Less accumulated depreciation	26,383,594	25,589,714
	<u>80,154,045</u>	<u>79,886,151</u>
Total	<u>83,188,320</u>	<u>82,744,181</u>
Property		
Land		
at fair value at 30 June	3,395,000	3,395,000
	<u>3,395,000</u>	<u>3,395,000</u>
Land under roads		
at Council valuation at 30 June	957,396	957,396
	<u>957,396</u>	<u>957,396</u>
Total Land	<u>4,352,396</u>	<u>4,352,396</u>
Buildings		
at fair value at 30 June	5,522,171	5,252,310
Less accumulated depreciation	415,041	306,836
Total Buildings	<u>5,107,130</u>	<u>4,945,474</u>
Total Property	<u>9,459,526</u>	<u>9,297,870</u>

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		2018 \$	2017 \$
23	Property, plant and equipment and infrastructure (cont.)		
	Plant and Equipment		
	Plant, machinery and equipment		
	at cost	4,851,728	4,728,739
	Less accumulated depreciation	2,601,208	2,669,006
		2,250,520	2,059,733
	Fixtures, fittings and furniture		
	at cost	212,362	222,267
	Less accumulated depreciation	65,446	81,880
		146,916	140,387
	Computers and telecommunications		
	at cost	400,846	390,136
	Less accumulated depreciation	316,790	288,503
		84,056	101,633
	Total Plant and Equipment	2,481,492	2,301,753
	Infrastructure		
	Roads		
	at fair value at 30 June	75,630,314	75,079,685
	Less accumulated depreciation	15,698,496	15,342,630
		59,931,818	59,737,055
	Bridges		
	at fair value at 30 June	15,254,656	15,229,656
	Less accumulated depreciation	7,270,937	7,076,278
		7,983,719	8,153,378
	Footpaths, kerbs and gutters		
	at fair value at 30 June	2,706,735	2,697,767
	Less accumulated depreciation	1,749,809	1,696,813
		956,926	1,000,954
	Drainage		
	at fair value at 30 June	1,630,154	1,600,301
	Less accumulated depreciation	592,944	576,942
		1,037,210	1,023,359
	Infrastructure		
	at fair value at 30 June	1,441,213	1,263,750
	Less accumulated depreciation	656,367	590,215
		784,846	673,535
	Total Infrastructure	70,694,519	70,588,281
	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 January 2018.		
	Works in progress		
	Buildings at cost	120,550	24,309
	Roads at cost	342,748	410,538
	Infrastructure	50,003	107,406
	Drainage	18,751	8,972
	Bridges	20,731	5,052
	Total Works in progress	552,783	556,277
	Total property, plant and equipment and infrastructure	83,188,320	82,744,181

Note 23 *Property, plant and equipment, infrastructure (cont.)*

Reconciliation of property, plant and equipment and infrastructure

2018	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 27)	Depreciation and amortisation (note 16)	Written down value of disposals	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$
Property							
land	3,395,000	-	-	-	-	-	3,395,000
land under roads	957,396	-	-	-	-	-	957,396
Total land	4,352,396	-	-	-	-	-	4,352,396
buildings	4,945,474	-	-	108,206	-	269,862	5,107,130
Total buildings	4,945,474	-	-	108,206	-	269,862	5,107,130
Total property	9,297,870	-	-	108,206	-	269,862	9,459,526
Plant and Equipment							
plant, machinery and equipment	2,059,733	591,912	-	323,097	78,028	-	2,250,520
fixtures, fittings and furniture	140,387	19,735	-	13,206	-	-	146,916
computers and telecommunications	101,633	10,710	-	28,287	-	-	84,056
Total plant and equipment	2,301,753	622,357	-	364,590	78,028	-	2,481,492
Infrastructure							
roads	59,737,055	-	-	1,264,859	139,089	1,598,711	59,931,818
bridges	8,153,378	-	35,000	204,659	-	-	7,983,719
footpaths, kerbs and gutters	1,000,954	-	-	52,996	-	8,968	956,926
drainage	1,023,359	-	-	16,003	-	29,854	1,037,210
infrastructure	673,535	-	-	66,151	-	177,462	784,846
Total infrastructure	70,588,281	-	35,000	1,604,668	139,089	1,814,995	70,694,519
Works in progress							
roads	410,538	1,530,921	-	-	-	(1,598,711)	342,748
buildings	24,309	366,103	-	-	-	(269,862)	120,550
infrastructure	107,406	120,059	-	-	-	(177,462)	50,003
drainage	8,972	39,633	-	-	-	(29,854)	18,751
footpaths, kerbs and gutters	-	8,968	-	-	-	(8,968)	-
bridges	5,052	15,679	-	-	-	-	20,731
Total works in progress	556,277	2,081,363	-	-	-	(2,084,857)	552,783
Total property, plant and equipment, infrastructure	82,744,181	2,703,720	35,000	2,077,464	217,117	-	83,188,320

(a) *Impairment losses*

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

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

Note 23 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 27)	Depreciation and amortisation (note 16)	Written down value of disposals	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$
Property							
land	3,395,000	-	-	-	-	-	3,395,000
land under roads	957,396	-	-	-	-	-	957,396
Total land	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
Plant and Equipment							
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
Infrastructure							
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
Works in progress							
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
Total property, plant and equipment, infrastructure	81,678,712	2,770,377	497,672	2,093,960	108,620	-	82,744,181

(a) Impairment losses

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

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

Note 23 Property, infrastructure, plant and equipment (cont.)

Accounting policy

Recognition and measurement of assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs. Property, infrastructure, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council. Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction. The following classes of assets have been recognised. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

	Threshold
	\$'000
Land	
land	5,000
land improvements	5,000
land under roads	5,000
Buildings	
buildings	5,000
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
Land improvements	cost
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

Note 23 Property, infrastructure, plant and equipment (cont.)

Accounting policy (cont.)

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.

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.

Impairment of assets

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

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

		2018	2017
		\$	\$
Note 24	Trade and other payables		
	Trade payables	578,825	101,541
	Accrued expenses	67,493	176,152
	Other	-	5,615
	Total trade and other payables	646,318	283,308
Note 25	Trust funds and deposits		
	Refundable building deposits	1,500	13,500
	Retention amounts	34,085	90,621
	Other refundable deposits	88,902	55,562
	Total trust funds and deposits	124,487	159,683

Accounting policy

Tender deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited.

Note 26	Provisions	Annual leave & RDO's	Long service leave	Sick Leave	Other	Total
		\$	\$	\$	\$	\$
	2018					
	Balance at beginning of the financial year	168,587	371,171	232,500	75,449	847,707
	Additional provisions	127,872	53,564	35,593	47,808	264,837
	Amounts used	(146,853)	(70,406)	(75,953)	(36,247)	(329,459)
	Balance at the end of the financial year	149,606	354,329	192,140	87,010	783,085
	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
					2018	2017
					\$'000	\$'000
	(a) Employee benefits					
	(i) Current					
	Annual leave				149,606	168,587
	Long service leave				277,652	281,148
	Sick Leave				192,140	232,500
	Other				77,425	66,654
					696,823	748,889
	(ii) Non-current					
	Long service leave				76,677	90,023
	Other				9,585	8,795
					86,262	98,818
	Aggregate carrying amount of employee benefits:					
	Current				696,823	748,889
	Non-current				86,262	98,818
					783,085	847,707
	The following assumptions were adopted in measuring the present value of employee benefits:					
	Weighted average increase in employee costs				2.11%	2.46%
	Weighted average discount rates				2.14%	1.98%
	Weighted average settlement period				12	12
	(i) Current					
	All annual leave and the long service leave entitlements representing 10 or more years. Sick leave entitlements accumulated based on years of service.					
	- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value				149,606	168,587
	- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value				277,652	281,148
					427,258	449,735
	(ii) Non-current					
	Long service leave representing less than 10 years of continuous service measured at present value				76,677	90,023
	(iii) Employee Numbers - FTE				27	31

Accounting policy

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, annual leave and sick 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) 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 34 of AASB 119 *Employee Benefits*, Council does not use defined benefit accounting for these contributions.

iv) 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.

Note 27 Reserves

	Balance at beginning of reporting year	Increment	(decrement)	Balance at end of reporting year
	\$	\$	\$	\$
(a) Asset revaluation reserve				
2018				
Property				
Land	1,994,350	-	-	1,994,350
Buildings	1,712,197	-	-	1,712,197
Fixtures and fittings	4,530	-	-	4,530
	3,711,077	-	-	3,711,077
Infrastructure				
Roads	53,840,334	-	-	53,840,334
Bridges	6,923,522	35,000	-	6,958,522
Footpaths and cycleways	2,545,740	-	-	2,545,740
Drainage	596,922	-	-	596,922
	63,906,518	35,000	-	63,941,518
Total asset revaluation reserve	67,617,595	35,000	-	67,652,595
2017				
Property				
Land	1,994,350	-	-	1,994,350
Buildings	1,712,197	-	-	1,712,197
Fixtures and fittings	4,530	-	-	4,530
	3,711,077	-	-	3,711,077
Infrastructure				
Roads	53,840,334	-	-	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
	63,408,846	497,672	-	63,906,518
Total asset revaluation reserve	67,119,923	497,672	-	67,617,595

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

	Balance at beginning of reporting year	Increment	(decrement)	Balance at end of reporting year
	\$	\$	\$	\$
(b) Fair value reserve				
2018				
Available-for-sale assets				
Investment in water corporation	(1,233,106)	102,861	-	(1,130,245)
Total fair value reserve	(1,233,106)	102,861	-	(1,130,245)
2017				
Available-for-sale assets				
Investment in water corporation	(1,284,760)	51,654	-	(1,233,106)
Total fair value reserve	(1,284,760)	51,654	-	(1,233,106)

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

Note 27 Reserves (cont)

	Balance at beginning of reporting year	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting year
(c) Other reserves	\$	\$	\$	\$
2018				
Other Reserves	1,674,025	97,564	(240,955)	1,530,634
Total Other reserves	1,674,025	97,564	(240,955)	1,530,634
2017				
Other Reserves	1,537,318	216,337	(79,630)	1,674,025
Total Other reserves	1,537,318	216,337	(79,630)	1,674,025

	2018	2017
	\$	\$
Total Reserves	68,052,984	68,058,514

Note 28 Reconciliation of cash flows from operating activities to surplus (deficit)

Surplus/(Deficit)	691,941	2,750,742
Depreciation/amortisation	2,099,464	2,115,960
(Profit)/loss on disposal of property, plant and equipment, infrastructure	9,158	64,011
Capital grants received specifically for new or upgraded assets	(611,721)	(1,423,755)
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	(74,385)	102,821
Decrease/(increase) in other assets	(8,102)	16,661
Decrease/(increase) in inventories	(2,668)	159
Increase/(decrease) in trade and other payables	363,010	94,202
Increase/(decrease) in provisions	(64,622)	73,981
Increase/(decrease) in other liabilities	(35,196)	49,620
Net cash provided by/(used in) operating activities	2,366,879	3,844,402

Note 29 Reconciliation of cash and cash equivalents

Cash and cash equivalents (see note 19)	10,099,069	9,590,094
Total reconciliation of cash and cash equivalents	10,099,069	9,590,094

Note 30 Superannuation

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund), a sub-fund of the Tasplan Superannuation Fund (Tasplan). 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 2018 the 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, the 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 2017. The review disclosed that at that time the net market value of assets available for funding member benefits was \$58,940,000, the value of vested benefits was \$51,170,000, the surplus over vested benefits was \$7,770,000, the value of total accrued benefits was \$50,606,000, and the number of members was 134. These amounts relate to all members of the fund at the date of valuation and no asset or liability is recorded in the Tasplan Super'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% p.a.
- Price Inflation n/a

The actuarial review concluded that:

- The value of assets of the Fund was adequate to meet the liabilities of the Fund in respect of vested benefits as at 30 June 2017.
- 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
- 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 9.5% of salaries in 2017/18 and 0% from 1 July 2018 to 30 June 2021.

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 2020 and is expected to be completed late in 2020.

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

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

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

- The 2017 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 consistent with the method used at the previous actuarial review in 2014.

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 30 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.
- As reported on the first page of this note, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2017. 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 2020.
- An analysis of the assets and vested benefits of sub-funds participating in the Scheme, prepared by Rice Warner Pty Ltd as at 30 June 2017, showed that the Fund had assets of \$58.9 million and members' Vested Benefits were \$51.2 million. These amounts represented 0.7% and 0.6% respectively of the corresponding total amounts for Tasplan.
- As at 30 June 2017 the fund had 134 members and the total employer contributions and member contributions for the year ending 30 June 2017 were \$1,777,084 and \$267,506 respectively.

	2018	2017
	\$	\$
Fund		
Defined benefits fund		
Employer contributions to Tasplan	24,346	34,557
	<u>24,346</u>	<u>34,557</u>
Accumulation funds		
Employer contributions to super funds	130,369	117,513
	<u>130,369</u>	<u>117,513</u>

	2018	2017
	\$	\$
Note 31 Commitments		
Capital expenditure commitments		
Buildings	-	102,140
Total	<u>-</u>	<u>102,140</u>
Contractual commitments		
Contractual commitments at end of financial year but not recognised in the financial report are as follows:		
Recycling and garbage collection contracts (expires 2022)	999,645	1,006,797
Total	<u>999,645</u>	<u>1,006,797</u>

Note 32 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 33

Financial Instruments

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	19	Cash on hand and at bank and money market call account are valued at face value. Interest is recognised as it accrues. Investments and bills are valued at cost. Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue. Managed funds are measured at market value.	On call and short term deposits returned a floating interest rate. The interest rate at balance date was 0.9% on call and 2.11% term deposits (0.9% and 1.93% 2016/17)
Trade and other receivables			
Other debtors	20	Receivables are carried at amortised cost using the effective interest method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and arrears attract an interest rate of 10% (10%). Credit terms are based on 30 days.
Available for sale financial assets			
Investment in Water Corporation	18	The investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date.	Investment in TasWater provided return of 1.91% (1.98% 2016-2017) excluding unrealised gains/losses.
Financial Liabilities			
Trade and other payables	24	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. 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.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice date. As at balance date, the Council did not have any finance leases.

Note 33 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:

2018

		Fixed interest maturing in:				
	Weighted average interest rate	Floating interest rate	1 year or less	Over 1 to 5 years	Non- interest bearing	Total
		\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	2.11%	1,549,163	8,549,906	-	-	10,099,069
Trade and other receivables		263,363	-	-	-	263,363
Investment in water corporation		-	-	-	8,028,075	8,028,075
Total financial assets		1,812,526	8,549,906	-	8,028,075	18,390,507
Financial liabilities						
Trade and other payables		-	-	-	646,318	646,318
Trust funds and deposits		-	-	-	124,487	124,487
Total financial liabilities		-	-	-	770,805	770,805
Net financial assets (liabilities)		1,812,526	8,549,906	-	7,257,270	17,619,702

2017

		Fixed interest maturing in:				
	Weighted average interest rate	Floating interest rate	1 year or less	Over 1 to 5 years	Non- interest bearing	Total
		\$	\$	\$	\$	\$
Financial assets						
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
Total financial assets		1,282,923	8,496,149	-	7,951,350	17,730,422
Financial liabilities						
Trade and other payables		-	-	-	283,308	283,308
Trust funds and deposits		-	-	-	159,683	159,683
Total financial liabilities		-	-	-	442,991	442,991
Net financial assets (liabilities)		1,282,923	8,496,149	-	7,508,359	17,287,431

Note 33 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	
	2018 \$	2017 \$	2018 \$	2017 \$
Financial assets				
Cash and cash equivalents	10,099,069	9,590,094	10,099,069	9,590,094
Trade and other receivables	263,363	215,114	263,363	215,114
Investment in water corporation	8,028,075	7,925,214	8,028,075	7,925,214
Total financial assets	18,390,507	17,730,422	18,390,507	17,730,422
Financial liabilities				
Trade and other payables	646,318	283,308	646,318	283,308
Trust funds and deposits	124,487	159,683	124,487	159,683
Total financial liabilities	770,805	442,991	770,805	442,991

(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 manage interest rate risk by adopting an investment policy that ensures:

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

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

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 balances are monitored on an ongoing basis with the result that Council's exposure to bad debts is not significant.

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

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

	Financial Institutions (AAA credit rating)	Government agencies (BBB credit rating)	Other (min BBB credit rating)	Total
2018				
Cash and cash equivalents	10,099,069	-	-	10,099,069
Total contractual financial assets	10,099,069	-	-	10,099,069
2017				
Cash and cash equivalents	9,590,094	-	-	9,590,094
Total contractual financial assets	9,590,094	-	-	9,590,094

Movement in Provisions for Impairment of Trade and Other Receivables

	2018 \$	2017 \$
Balance at the beginning of the year	6,029	-
New Provisions recognised during the year	-	6,029
Balance at end of year	6,029	6,029

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:

	2018 \$	2017 \$
Current (not yet due)	90,596	60,071
Past due by up to 30 days	32,913	29,062
Past due between 31 and 180 days	81,874	88,139
Past due between 181 and 365 days	5,661	7,489
Past due by more than 1 year	52,319	30,353
Total Trade & Other Receivables	263,363	215,114

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 asset 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).

2018	6 mths	6-12	1-2	Contracted	Carrying
	or less	months	years	Cash Flow	Amount
	\$	\$	\$	\$	\$
Trade and other payables	646,318	-	-	-	646,318
Trust funds and deposits	124,487	-	-	-	124,487
Total financial liabilities	770,805	-	-	-	770,805

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
Total financial liabilities	442,991	-	-	-	442,991

(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
2018		\$	\$	\$	\$
Financial assets:					
Cash and cash equivalents	10,099,069	(201,981)	(201,981)	100,991	100,991
Trade and other receivables	263,363	(5,267)	(5,267)	2,634	2,634

		Interest rate risk			
		-2 %		+1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2017		\$	\$	\$	\$
Financial assets:					
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

Note 34 Events occurring after balance date

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

Note 35 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 Triffit (Mayor)
- Councillor Lana Benson (Deputy Mayor)
- Councillor Richard Bowden
- Councillor Anthony Bailey
- Councillor James Allwright
- Councillor Robert Cassidy
- Councillor Erica McRae
- Councillor Jim Poore
- Councillor Julie Honner

General Manager Lyn Eyles

Senior Managers

- Adam Wilson
- Jason Branch
- Graham Rogers

(ii) Councillor Remuneration

2018

Short term employee benefits

	Allowances	Vehicles	Total Compensation AASB 124	Expenses ¹	Total allowances and expenses section 72
	\$	\$	\$	\$	\$
Mayor	31,649	-	31,649	6,201	37,850
Deputy Mayor	18,587	-	18,587	4,310	22,897
Councillors	63,303	-	63,303	4,945	68,248
Total	113,539	-	113,539	15,456	128,995

2017

Short term employee benefits

	Allowances	Vehicles	Total Compensation AASB 124	Expenses ¹	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
Total	102,790	-	102,790	19,691	122,481

¹ Section 72(1)cb of the *Local Government Act 1993* requires the disclosure of expenses paid to Councillors.

(iii) Key Management Personnel Remuneration

2018	Number of employees	Short term employee benefits			Post employment benefits		
		Salary ¹	Vehicles ²	Other Allowances and Benefits ³	Superannuation ⁴	Non-monetary Benefits ⁵	Total
Remuneration band		\$	\$	\$	\$	\$	\$
\$80 001 - \$100 000	3	223,024	17,944	-	20,162	15,015	276,145
\$140 001 - \$160 000	1	120,276	3,554	5,000	14,856	7,382	151,068
Total		343,300	21,498	5,000	35,018	22,397	427,213

2017	Number of employees	Short term employee benefits			Post employment benefits		
		Salary ¹	Vehicles ²	Other Allowances and Benefits ³	Superannuation ⁴	Non-monetary Benefits ⁵	Total
Remuneration band		\$	\$	\$	\$	\$	\$
\$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
Total		277,392	20,284	5,000	29,446	17,153	349,275

- 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 ¹	\$60,875	Council owes \$16,815	30-day terms on invoices

1 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.

(vi) Transactions with related parties that have not been disclosed

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 36 Other significant accounting policies and pending accounting standards

(a) 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.

(b) Impairment of assets

At each reporting date, Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of 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.

(c) 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.

(d) Financial guarantees

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

(e) 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.

(f) Budget

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

Note 36 Other significant accounting policies and pending accounting standards (cont)

(g) 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 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

Amendments to AASB 107 require additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities. Council does not have any financing activities.

(h) Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018.

This standard replaces the existing standard, AASB 139: *Financial Instruments: Recognition and Measurement*, and revises classification, measurement and disclosure of financial assets and liabilities. It reduces the number of categories for financial assets and simplifies the measurement choices, including the removal of impairment testing of assets measured at fair value. Classification of financial assets is determined by an entity's business model for holding the particular asset and its contractual cash flows.

The amortised cost model is available for debt assets meeting both a 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. Where the business model is achieved by both collecting the contractual cash flows and from selling the financial asset, it may be classified as fair value through other comprehensive income. Any financial asset not held in either of these classifications, or where designated, will be classified as fair value through profit or loss. 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, where the financial asset is an equity instrument not held for trading, and an irrevocable election is made to present all movements in other comprehensive income.

When adopted, the standard requires Council to reclassify all financial assets. This includes Council's classification and accounting for its significant investment in TasWater which is an available-for-sale financial asset. Council currently recognises changes in the fair value of its available-for-sale assets through other comprehensive income. Under AASB 9 Council will make an irrevocable election for its equity 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.

The standard also introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses.

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.

Council will apply the standard from 1 July 2018 using a retrospective approach with cumulative catch-up. This does not require Council to restate comparative figures, but will require a reconciliation of changes in classification of financial assets and financial liabilities.

Note 36 Other significant accounting policies and pending accounting standards (cont)

(ii) AASB 15 Revenue from Contracts with Customers

The standard is applicable to annual reporting periods beginning on or after 1 January 2019.

AASB 15 introduces a five-step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

Council has analysed the new revenue recognition requirements noting that future impacts include:

- Depending on the respective contractual terms, the new requirements of AASB 15 may result in a change to the timing of revenue from sales of goods and services such that some revenue may need to be deferred as a liability to a later reporting period to the extent that Council has received cash, but has not met its associated performance obligations, (a promise to transfer a good or service).
- 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.
- 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.
- 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 will continue being recognised as revenue upfront assuming no change to the current grant arrangements.
- For Council there will be a significant effect in the treatment of all grants with sufficiently specific performance obligations, but where the conditions have yet to be fulfilled at year end. Council currently presents unexpended grant income received in note 8. Council's assessment is that the majority of the amounts received unexpended for the year, \$44,000, will be deferred as a liability under AASB15 and progressively recorded as income as performance obligations are fulfilled.
- Council will apply the standard from 1 July 2019 using a retrospective approach with cumulative catch-up with an adjustment to Accumulated surpluses for the difference in accounting treatment on initial adoption.

(iii) AASB 1058 Income of Not-for-Profit Entities

This standard is applicable to annual reporting periods beginning on or after 1 January 2019.

AASB 1058 supersedes all the income recognition requirements relating to councils, previously in AASB 1004 Contributions. The timing of income recognition under AASB 1058 depends on whether a transaction gives rise to a liability or other performance obligation, or a contribution by owners, related to an asset (such as cash or another asset) received.

AASB 1058 applies when Council receives volunteer services or enters into other transactions in which the consideration to acquire an asset is significantly less than the fair value of the asset, and where the asset is principally to enable Council to further its objectives. In cases where Council enters into other transactions, Council recognises and measures the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 Property, Plant and Equipment).

If the transaction is a transfer of a financial asset to enable Council to acquire or construct a recognisable non-financial asset to be controlled by council (i.e. an in-substance acquisition of a non-financial asset), Council recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. Council will recognise income as it satisfies its obligations under the transfer, similarly to income recognition in relation to performance obligations under AASB 15 as discussed above.

Where the asset acquired is leased at a "Peppercorn" rate, Council is required to recognise the leased asset at its fair value, the remaining lease liability and the balance as income. These leased right-of-use assets have not previously been recognised.

AASB 1058 also encompasses non-contractual statutory income such as rates, taxes and fines. Council currently recognises income when received. Under AASB 1058, income is recognised when the taxable event has occurred. An impact for Council is that prepaid rates received prior to the beginning of a rating period, will now be recognised as a financial liability until the commencement of that rating period. The impact to Council will be that revenue recognised when received from Rates and charges in advance as disclosed in note 5, will now be recorded as a liability, with revenue deferred until the commencement of the applicable rating period.

AASB 1058 requires the recognition of Volunteer services where they would have been purchased if not donated and the fair value of those services can be reliably measured.

Council will apply the standard from 1 July 2019 using a retrospective approach with cumulative catch-up with an adjustment to Accumulated surpluses for the difference in accounting treatment on initial adoption.

Note 36 Other significant accounting policies and new accounting standards (cont)

(iv) AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 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 31.

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 19. 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.

Council will apply the standard from 1 July 2019 using a retrospective approach with cumulative catch-up with an adjustment to Accumulated surpluses for the difference in accounting treatment on initial adoption.

(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 AASB12 and AASB 2017-5 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

This standard is applicable to annual reporting periods beginning on or after 1 January 2022.

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 2017-5 defers the effective date of AASB 2014-10 to 1 January 2022

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

Note 37 Significant Business Activities

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

	Hamilton and Bothwell Camping Grounds	
	2018	2017
	\$	\$
Revenue		
User Changes	23,175	16,720
Total Revenue	23,175	16,720
Expenditure		
<i>Direct</i>		
Employee Costs	181	470
Materials and Contacts	1,135	1,271
Utilities	3,742	2,649
<i>Indirect</i>		
Engineering & Administration	36	94
Total Expenses	5,094	4,484
<i>Notional cost of free services received</i>		
<i>Capital Costs</i>		
Depreciation	545	-
Opportunity cost of capital	2,581	2,519
Total Capital Costs	3,126	2,519
<i>Competitive neutrality adjustments</i>		
Rates and land tax	3,739	1,678
	3,739	1,678
<i>Calculated Surplus/(Deficit)</i>	11,216	10,558
Tax Equivalent rate	30%	30%
Taxation equivalent	3,365	3,167
Competitive neutrality costs	7,104	4,845

Note	38	Management indicators	Benchmark	2018 \$	2017 \$	2016 \$	2015 \$
	(a)	Underlying surplus or deficit					
		Net result for the year		691,941	2,750,742	1,322,967	1,380,554
		Less non-operating income					
		Capital grants		611,721	1,423,755	1,264,258	577,269
		FAGs in advance		(2,104)	1,193,201	(1,124,584)	1,124,584
		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		-	-	-	-
		Underlying surplus/deficit	0	82,324	120,222	262,372	(321,299)

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

(b)	Underlying surplus ratio						
	<u>Underlying surplus or deficit</u>		82,324	120,222	262,372	(321,299)	
	Recurrent income*		6,858,954	6,625,422	6,515,275	6,393,112	
	Underlying surplus ratio %	0%	1.2%	1.8%	4.0%	(5.0%)	

This ratio serves as an overall measure of financial operating effectiveness.
Good result in the past four years.

(c)	Net financial liabilities						
	Liquid assets less		10,362,432	9,784,299	6,843,416	7,379,805	
	total liabilities		1,553,890	1,290,698	1,072,892	1,261,328	
	Net financial liabilities	0	8,808,542	8,493,601	5,770,524	6,118,477	

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.

Good result in all years.

(d)	Net financial liabilities ratio						
	<u>Net financial liabilities</u>		8,808,542	8,493,601	5,770,524	6,118,477	
	Recurrent income*		6,858,954	6,625,422	6,515,275	6,393,112	
	Net financial liabilities ratio %	0% - (50%)	128%	128%	89%	96%	

This ratio indicates the net financial obligations of Council compared to its recurrent income.
Good result in all years.

(e)	Asset renewal funding ratio						
	An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.						
	<i>Transport Infrastructure</i>						
	<u>Projected capital funding outlays**</u>		3,187,310	1,836,856	1,130,000	800,640	
	Projected capital expenditure funding***		2,110,300	1,533,000	1,075,000	800,640	
	Asset renewal funding ratio %	90-100%	151%	120%	105%	100%	

** 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.
Good result in all years.

Note	38	Management indicators (cont.)	2018 \$	2017 \$	2016 \$	2015 \$	0
(f)		Asset consumption ratio					
		An asset consumption ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.					
		<i>Roads</i>					
		<u>Depreciated replacement cost</u>	59,931,818	59,737,055	59,234,956	59,545,575	
		Current replacement cost	75,630,314	75,079,685	74,812,351	74,602,199	
		Asset consumption ratio %	60% 79.2%	79.6%	79.2%	79.8%	
		<i>Buildings</i>					
		<u>Depreciated replacement cost</u>	5,107,130	4,945,474	4,989,690	4,491,612	
		Current replacement cost	5,522,171	5,252,310	5,188,979	4,592,192	
		Asset consumption ratio %	60% 92.5%	94.2%	96.2%	97.8%	
		<i>Drainage</i>					
		<u>Depreciated replacement cost</u>	1,037,210	1,023,359	1,001,099	1,016,723	
		Current replacement cost	1,630,154	1,600,301	1,562,354	1,562,354	
		Asset consumption ratio %	60% 63.6%	63.9%	64.1%	65.1%	
		<i>Bridges</i>					
		<u>Depreciated replacement cost</u>	7,983,719	8,153,378	7,825,969	8,048,458	
		Current replacement cost	15,254,656	15,229,656	14,244,591	14,352,077	
		Asset consumption ratio %	60% 52.3%	53.5%	54.9%	56.1%	
		<i>Footpaths and Cycleways</i>					
		<u>Depreciated replacement cost</u>	956,926	1,000,954	1,057,437	1,022,866	
		Current replacement cost	2,706,735	2,697,767	2,697,767	2,611,429	
		Asset consumption ratio %	60% 35.4%	37.1%	39.2%	39.2%	
		<i>Other infrastructure assets</i>					
		<u>Depreciated replacement cost</u>	784,846	673,535	676,909	650,108	
		Current replacement cost	1,441,213	1,263,750	1,206,133	1,136,903	
		Asset consumption ratio %	60% 54.5%	53.3%	56.1%	57.2%	
		This ratio measures Council's capacity to fund future asset replacement requirements.					
		The results are below the benchmark of 60%					
(g)		Asset sustainability ratio					
		<u>Capex on replacement/renewal of existing assets</u>	2,328,571	2,581,980	2,009,325	1,467,260	
		Annual depreciation expense	2,099,464	2,115,960	2,088,489	2,113,633	
		Asset sustainability ratio %	100% 110.9%	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.
Good result in 2018 and 2017, below benchmark in 2016 and 2015

	Capital renewal expenditure	Capital new/upgrade expenditure	Total Capital Expenditure
By asset class	\$	\$	\$
Buildings	351,220	14,883	366,103
Plant, machinery and equipment	589,674	2,237	591,911
Fixtures, fittings and furniture	19,735	-	19,735
Computers	9,610	1,100	10,710
Roads	1,173,993	356,929	1,530,922
Footpaths, kerbs and gutters	8,968	-	8,968
Drainage	39,633	-	39,633
Other infrastructure	120,059	-	120,059
Bridges	15,679	-	15,679
Total	2,328,571	375,149	2,703,720

Note 39 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 2018.

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 2018

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
Investment in water corporation	18	-	-	8,028,075	8,028,075
Land	23	-	3,395,000	-	3,395,000
Buildings	23	-	5,107,130	-	5,107,130
Land under roads	23	-	957,396	-	957,396
Roads, including footpaths & cycleways	23	-	-	60,888,744	60,888,744
Bridges	23	-	-	7,983,719	7,983,719
Drainage	23	-	-	1,037,210	1,037,210
Other Infrastructure	23	-	-	784,846	784,846
		-	9,459,526	78,722,594	88,182,120

As at 30 June 2017

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
Investment in water corporation	18	-	-	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
		-	9,297,870	78,513,495	87,811,365

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 39 Fair Value Measurements (cont.)

Investment in water corporation

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2018, Council continued to hold a 0.5% (2017, 0.5%) ownership interest in TasWater which is based on schedule 2 of the Corporation's Constitution which reflects the Council's voting rights. Any unrealised gains and losses are recognised through the Statement of Profit or Loss and Other Comprehensive Income to an Available-for-sale assets Fair value Investment reserve each year. (Refer note 18).

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

Land and buildings

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

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

Land under roads

Land under roads 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. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

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

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

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

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

Roads, including footpaths & cycleways

A full valuation of roads and footpaths was undertaken by independent valuers, Moloneys Asset Management Systems, effective October 2014. The values were determined using current replacement costs which resulted in a reduction in fair value. Previous valuations were based on historical cost plus indexation.

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. 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 39 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 January 2018. 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	\$ 59,931,818	Unit replacement cost per sqm	from \$9/sqm (unsealed) up to \$40/sqm (sealed)	The higher the unit cost, the higher the fair value
		Useful life	Refer Note 1e	The longer the useful life, the higher the fair value
Bridges	\$ 7,983,719	Useful life	Refer Note 1e	The longer the useful life, the higher the fair value
Investment in Water Corporation	\$ 8,028,075	Useful life	Refer Note 1e	The longer the useful life, the higher the fair value
Buildings	\$ 5,107,130	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 notes 18 and 23.

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 2018, 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 : 10-August-2018