



CIRCULAR HEAD COUNCIL



ANNUAL REPORT



Port Latta pier
Photo by Bill Walker

ADOPTED BY COUNCIL 29 OCTOBER 2018

2017/18

TABLE OF CONTENTS

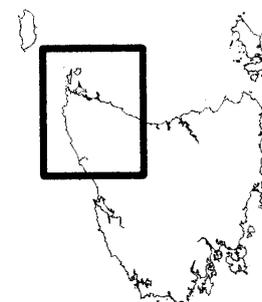
SNAPSHOT OF CIRCULAR HEAD.....	5
VISION AND MISSION STATEMENTS.....	6
COUNCIL'S MISSION.....	6
COUNCIL'S VISION.....	6
COUNCIL'S VALUES.....	6
INVITATION FOR SUBMISSIONS.....	7
MAYOR'S MESSAGE.....	8
GENERAL MANAGER'S MESSAGE.....	9
MAYOR AND COUNCILLORS.....	11
COUNCIL.....	12
FAST FACTS - CIRCULAR HEAD.....	14
KEY ACTIVITIES STATISTICS.....	15
ORGANISATION AND MANAGEMENT STRUCTURE.....	16
EVENTS CALENDAR.....	18
LEADERSHIP AND GOVERNANCE.....	19
GOVERNANCE.....	19
COMPLIANCE (STATUTORY REQUIREMENTS).....	21
ORGANISATIONAL SUPPORT.....	28
FINANCE.....	28
PEOPLE SERVICES.....	28
INFORMATION SERVICES.....	30
CONNECTED COMMUNITIES.....	32
COMMUNITY DEVELOPMENT.....	32
EDUCATION.....	33
EMERGENCY MANAGEMENT.....	34
CULTURAL DEVELOPMENT.....	35
YOUTH.....	37
COMMUNITY RECREATION AND WELLBEING.....	40
SPORT FITNESS AND RECREATION.....	40
ECONOMIC PROSPERITY.....	43
ECONOMIC DEVELOPMENT.....	43
TRANSPORT AND ACCESS.....	45

TRANSPORT INFRASTRUCTURE.....	45
ENVIRONMENT.....	48
THE YEAR AHEAD.....	50
FINANCIAL STATEMENTS AND AUDITOR'S REPORT.....	51
COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2018.....	54
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018.....	55
STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2018.....	56
STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2018.....	57
NOTES TO FINANCIAL STATEMENTS.....	58
MANAGEMENT INDICATORS.....	58
INTRODUCTION.....	61
1. BASIS OF ACCOUNTING.....	61
2. FUNCTIONS/ACTIVITIES OF THE COUNCIL.....	63
3. RATES.....	65
4. GRANTS.....	65
5. USER CHARGES.....	67
6. INVESTMENT REVENUE FROM WATER CORPORATION.....	67
7. OTHER INCOME.....	68
8. GAIN/(LOSS) ON DISPOSAL OF ASSETS.....	69
9. EMPLOYEE COSTS.....	69
10. MATERIALS AND CONTRACTS.....	70
11. DEPRECIATION AND AMORTISATION.....	70
12. FINANCE COSTS.....	71
13. OTHER EXPENSES.....	72
14. CASH AND CASH EQUIVALENTS.....	73
15. RECEIVABLES.....	73
16. INVENTORIES.....	73
17. OTHER CURRENT ASSETS.....	74
18. INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT.....	74
19. RECOVERY ON INVESTMENT.....	83
20. PAYABLES.....	84
21. PROVISIONS.....	84
22. SUPERANNUATION.....	86
23. BORROWINGS.....	88
24. COMMITMENTS FOR EXPENDITURE.....	89
25. SPECIAL COMMITTEES.....	92
26. RELATED PARTY DISCLOSURE.....	93
27. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES.....	96
28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES.....	97
29. CREDIT STANDBY ARRANGEMENTS.....	97
30. FINANCIAL INSTRUMENTS.....	98
31. SIGNIFICANT BUSINESS ACTIVITIES.....	105
32. AUDITOR'S REMUNERATION.....	106
33. INVESTMENT IN WATER CORPORATION.....	106

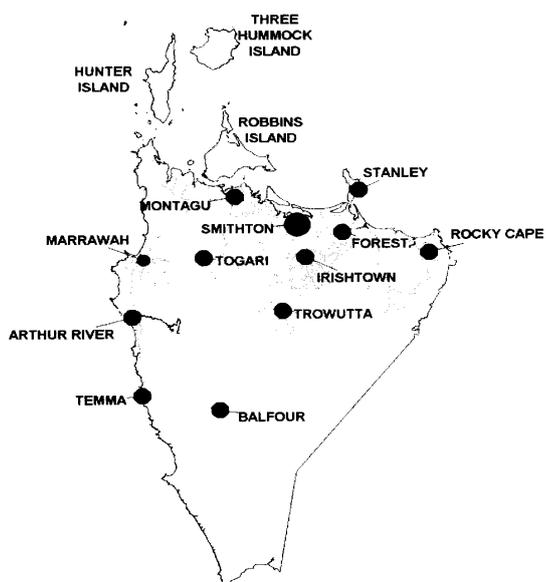
34. RESERVES.....	107
35. FAIR VALUE MEASUREMENTS.....	108
36. EVENTS OCCURRING AFTER BALANCE DATE.....	113
37. CONTINGENT ASSETS & LIABILITIES.....	114
38. OTHER SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS.....	114
CERTIFICATION OF THE FINANCIAL REPORT	120

SNAPSHOT OF CIRCULAR HEAD

The Circular Head Council, incorporated in 1908, serves the rural community of Circular Head located in far north-west Tasmania. Circular Head covers an area of 4,917 km². The municipality gained its name from the unusual land formation commonly known as “The Nut”, at Stanley, the solidified lava lake of a long-extinct volcano. The formation was sighted by Bass and Flinders on their historic circumnavigation of Tasmania in 1798.



Circular Head’s beautiful coastline is one of the longest in the state and its fertile soils, coupled with a gently undulating landscape, support more than thirty per cent of Tasmania’s dairy farms. The municipality has regular rainfall, especially during the winter months, along with some of the world’s cleanest air.



The municipality offers a wide variety of work and lifestyle options. Whether you are looking for a sea-change or a tree-change, you will find the best of both worlds in Circular Head.

The fertile agricultural land of Circular Head is renowned. With less than two percent of Tasmania’s population, the municipality is an economic powerhouse accounting for more than twelve percent of the state’s annual agricultural production alone, contributing almost \$100 million a year to the economy.

Key economic sectors include dairy and livestock production, commercial fishing, aquaculture, forestry and timber production, agriculture, manufacturing, iron ore pelletisation and tourism.

VISION AND MISSION STATEMENTS

COUNCIL'S MISSION



COUNCIL'S VISION

To provide leadership excellence focused on strategic objectives through local and regional engagement to deliver value for money and services to meet community needs.

COUNCIL'S VALUES



INVITATION FOR SUBMISSIONS

Members of the community are invited to make submissions on the Annual Report for discussion at the Annual General Meeting, which is to occur on Monday 29 October 2018 at 6:00pm at the Circular Head Council Chambers. Any person wishing to make a submission should deliver it to the General Manager by 5:00pm on Tuesday 23 October 2018, for inclusion on the agenda for the meeting.

MAYOR'S MESSAGE

It has been a year of renewal for the Circular Head community as we move forward with several significant projects, in particular the commencement of the Wellbeing Centre Project and the completion of Montagu Road reinstatement. With this new phase of community development, a focused approach is being taken to build a positive energy across the community.

The announcement of Dutch Mill's plans to purchase and reopen the Edith Creek milk processing facility was very positive news for the community. This has had a significant positive impact on the Circular Head community with the staged return of high value manufacturing jobs planned to the area, repositioning the Circular Head area at the forefront of new investment in the dairy industry.

The Council completed the recruitment of a new General Manager with Scott Riley commencing in January 2018.

As an organisation it has been pleasing to see Council has new energy in the leadership and has continued steady progress on the journey of Continuous Improvement to date. The value adding of the LEAN processes has begun with the challenge to reshape, reinvent and reinvigorate the operations of Council under the LEAN banner well under way during the year.

A continued efficiency focus combined with improving project management will set the organisation in a position to better work with all corporate and strategic partners to identify improvements, make changes and build integrated partnership value for the whole community.

While we have been presented with several challenges in the recent past, I believe the Council and the Circular Head community are moving towards a very positive future, which is a journey of great promise and opportunity. I'd like to take this opportunity to thank all management, staff and Councillors for their continued support throughout the year.

D. H. Quilliam

Daryl Quilliam
MAYOR



GENERAL MANAGER'S MESSAGE

Welcome to the Council's 2017/18 Annual Report that will provide you with a clear view of Council's operations and financial position. As General Manager I would like to centre attention on several key elements within my message being the Circular Head Wellbeing Centre and the future direction of the Council.

Following the commencement of the new Wellbeing Centre project the community is on the rise of change. This is a significant mile stone in the future proofing of community wellbeing and the delivery of a new generation of service accessibility for all the community. The dedication of all who are focused on a positive outcome for this project is to be acknowledged and celebrated.

The refining journey of Council's Corporate Strategic Plan and the evolution of the Strategic Asset Management Plan as living documents have presented challenges and this has seen the Council and organisation rise to the challenge in identifying further improvements and actioning a strategic approach to solid implementation of project management for several current and future projects. This will shape the future of community and a new positive opportunity for Council. This new knowledge has built team capacity and corporate learnings to ensure greater focus on community success and wider community and business engagement.

Ongoing strategic alignment of all partnerships with Council across the spectrum of community and business will see more interactive engagement and leveraging of tangible outcomes for the whole community embracing the Council Mission, Vision and Values.

The future for Council and the Community in the next several years is viewed as very positive and the engagement of opportunities around the expansion of the Energy, Dairy, and Manufacturing industries will position Council as a key leader in developing the new horizons for the Circular Head region.

As General Manager I am extremely confident with Council's growing reputation as a positive, proactive and action-oriented organisation, embracing opportunities and delivering solid advancement of the region's population and serving its community with excellence.

Ongoing Continuous Improvement is being embraced and embedded across the organisation and will continue to grow and provide clear and robust guiding principles and practices assisting in the improved delivery of adapting services for the community.

A clear leadership focus is being directed to Reshaping, Reinventing and Reinvigorating operations to meet changing community needs for the future. This will continue to embrace the positive ingenuity, dedicated commitment and collective knowledge of the whole organisation moving forward.

As a collective approach to improved leadership capability and knowledge development activities have commenced to ensure the organisational leadership team of Directors and Managers have the background knowledge and skills insight to implement change and allow the development of maximum value capture for the community and organisation. Building leadership capacity will be key strategic focus into the future to enhance a collaborative engaged workplace culture.

As a final comment I would like to extend my sincere, genuine thanks and appreciation to all the Council and the organisational team members who have stepped up to the challenges of the year, presented a positive community focused delivery and succeeded in moving the organisation and community forward towards a great and prosperous future.



Scott Riley
GENERAL MANAGER

MAYOR AND COUNCILLORS



MAYOR DARYL QUILLIAM

Phone 0408 543 927
PO Box 593, Smithton 7330
Term expires: October 2018



DEPUTY MAYOR JAN BISHOP

Phone 0427 561 212
623 Irishtown Road, Irishtown 7330
Term expires: October 2018



CR NORMAN BERECHREE

Phone 0429 470 325
20 Honey Richea Road, Hellyer 7321
Term expires: October 2018



CR BETTY KAY

Phone 0418 144 991
C/- 65 Emmett Street, Smithton 7330
Term expires: October 2018



CR JOHN OLDAKER

Phone 0419 311 053
PO Box 609, Smithton 7330
Term expires: October 2018



CR ASHLEY POPOWSKI

Phone 0429 407 636
101 Trowutta Road, Smithton 7330
Term expires: October 2018



CR NAKORE TOWNSEND

Phone 0457 911 292
9 Ida Scott Crescent, Smithton 7330
Term expires: October 2018



CR TREVOR SPINKS

Phone 0418 141 155
PO Box 282 Smithton 7330
Term expires: October 2018



CR DAVID WOODWARD

Phone 0428 753 765
121 Emmett Street, Smithton 7330
Term expires: October 2018

COUNCIL

Circular Head Council has nine Councillors, elected by the community each for a term of four years. The current term ends for all Councillors in October 2018. The role of the Council is focused on policy formulation, including adopting the Budget, Strategic and Annual Plans and determining approval guidelines. This also involves the monitoring of management systems and conducting community consultation.

Councillor Attendance at Meetings 2017/18

	Meetings	Special Meetings	Workshops
Mayor Daryl Quilliam	12	2	25
Deputy Mayor Jan Bishop	12	2	20
Cr Norman Berechree	11	2	23
Cr Betty Kay	10	2	21
Cr John Oldaker	13	1	26
Cr Ashley Popowski	13	2	27
Cr Nakore Townsend	11	2	20
Cr Trevor Spinks	12	2	23
Cr David Woodward	12	2	20

Meetings, including Annual General Meeting - total held for year = 13

Special Meetings - total held for year = 2

Special Meetings are meetings requested and required to consider specific items.

Workshops - total held for year = 27

Mayor, Deputy Mayor and Councillor Allowances and Expenses

In accordance with Section 72(1)(cb) of the *Local Government Act 1993*, the total allowances and expenses paid to the Mayor, Deputy Mayor and Councillors are documented in Note 26 of the Notes to Financial Statements.

Councillor Representation on Committees

Council Committees	Membership 2017
General Manager's Review Special Committee	Mayor Quilliam, Deputy Mayor Bishop
Resource Sharing Committee	Mayor Quilliam, Deputy Mayor Bishop, Cr Spinks, with Cr Oldaker and Cr Popowski as proxies
Resource Shared Audit Panel	Cr Popowski
Special Committees	
Central Indoor Area Management Committee	Non Operational
Central Outdoor Area Management Committee	Cr Oldaker, Cr Woodward as proxy
CH Heritage Centre	Cr Popowski (no proxy selected)
Northern Area Management Committee (Stanley Recreation Ground)	Cr Berechree, Cr Woodward as proxy
Southern Area Management Committee (Trowutta)	Non-Operational
Stanley Town Hall Committee	Cr Berechree, Cr Townsend as proxy
Western Area Management Committee (Marrawah/Redpa)	Cr Oldaker, Cr Popowski as proxy
Circular Head Education and Training Consultative Committee	Deputy Mayor Bishop, Cr Popowski as proxy
Circular Head Recreation Advisory Committee	Mayor Quilliam and Cr Woodward
Hunter Island Advisory Group	Mayor Quilliam
Health and Welfare Reference Group	Non-operational
Community Committees	
Circular Head Senior Citizens Centre	Cr Oldaker
Western Emergency Management Committee	Mayor Quilliam, Cr Popowski as proxy
SPAN (Service Providers Access Network)	Deputy Mayor Bishop, Cr Spinks as proxy
Circular Head Community and Recreation Centre Management Committee	Cr Popowski, Cr Kay as proxy
Community Events Committee	Mayor Quilliam and Cr Townsend
Working Parties	
Australia Day Awards Working Party	Mayor Quilliam, Cr Spinks, Cr Bishop and Cr Kay
Representatives	
CH Tourism Association	Cr Oldaker, Cr Popowski as proxy
Cradle Coast Authority Representatives	Mayor Quilliam and General Manager, Deputy Mayor Bishop as proxy
TasWater	Deputy Mayor Bishop, Mayor Quilliam as proxy
Local Government Association of Tasmania	Mayor Quilliam and Deputy Mayor Bishop
Smithton High School Council	Cr Berechree, Cr Woodward as proxy
Smithton Primary School Council	Cr Woodward, Cr Berechree as proxy
Circular Head Youth Leaders (CHYL)	Cr Townsend, Cr Berechree as proxy
Cradle Coast Coastal Pathways Steering Committee	Cr Berechree

FAST FACTS – CIRCULAR HEAD

		2017/18	2016/17	2015/16
Population	Municipal area	7,926 (2016 Census)	7,926 (2016 Census)	8,301 (2014 ABS statistic)
Area (km ²)	Municipal area	4,917	4,917	4,917
	Smithton	11.18	11.18	11.18
	Stanley	1.87	1.87	1.87
Road length (km)	Municipal area	768	768	768
	Sealed	294	294	294
	Unsealed	474	474	474
Bridges maintained	Municipal area	121	121	121
	Timber	40	41	43
	Other	81	80	78
Footpath length (km)	Municipal area	30.45	30.3	30
Stormwater maintained (km)	Municipal area	33.6	33.03	33.03
Kerb and channelling (km)	Municipal area	62.40	60.50	60
Total properties	Municipal area	5,270	5,250	5,101
Rateable properties	Municipal area	5,107	5,086	4,938
Valuation	Assessed annual value	97,253,101	96,432,946	88,790,166
	Capital value	1,926,131,750	1,910,978,950	1,894,742,450

KEY ACTIVITIES STATISTICS

	2017/18	2016/17	2015/16	2014/15	2013/14
Tonnes of waste deposited at Port Latta Landfill site	10,675	11,377	10,930	11,187	11,888
Tonnes of waste collected – urban	1,282	1,320	1,315	1,306	1,321
Tonnes of waste collected – rural	974	982	965	967	951
Waste coupons redeemed	16,623	16,071	16,012	18,894	14,586
Recycling urban bin collection	25,642	25,536	25,195	25,017	24,588
Road grading – km	187	181	228	159	251
Road patching – tonnes	450	372	620	701	678
Building permits issued	44	79	116	119	79
Planning permits issued	77	86	85	87	76
Plumbing permits issued*	34	82	116	90	
Dogs registered	1,140	1,247	1,025	1,000	957
Dogs impounded	35	29	45	69	78
Burials at Council cemeteries	35	48	48	41	39
Special Plumbing permits issued**	Nil	12	33	31	20
Food premises inspections carried out	70	48	49	68	66
Dairies inspected	Nil	2	1	1	1
Section 337 certificates issued	237	262	220	187	156
Section 132 certificates issued	476	371	337	298	241
Staff training (numbers attending)	375	333	374	357	148
Councillor training (numbers attending)	12	16	14	8	13
Documents registered in ECM	16,448	15,687	16,274	17,856	17,773
Customer Service System (CSS) events lodged	611	732	566	624	766
Patrons at pool			***4,717	25,697	****23,061

* 2014/15 first year reported figures

** Due to legislation changes no requirement for Special Plumbing permits from 01/07/2017 (all classed as Plumbing permits)

*** Figures from 1/07/15 to 9/10/15. Pool permanently closed after this date

**** Pool closed between 16/10/13 – 31/10/14 Heat Exchanger replacement

ORGANISATION AND MANAGEMENT STRUCTURE

The executive team as at 30 June 2018



Scott Riley
General Manager



Tracey Bradley
Director Community Services



Rachel Radford
Director Corporate Services



Lee Partridge
Director Works Plus



Matthew Saward
Director Strategic Governance



Daniel Summers
Director Infrastructure and
Development Services

Annual Remuneration for Senior Staff

In accordance with Sections 72(1)(cd), 72(4) and 72(5) of the *Local Government Act 1993*, Council is to include within its Annual Report a statement relating to the total annual remuneration paid to employees of the Council who hold positions designated by it as being senior positions. Total annual remuneration includes the salary paid, contributions to superannuation, value of the use of any motor vehicle and any other allowances or benefits paid.

Annual Remuneration for Senior Staff	
Annual Remuneration Range	No of Employees
80,000 – 100,000	2
100,000 – 120,000	1
120,000 – 140,000	2
140,000 – 160,000	3
160,000 – 180,000	
180,000 – 200,000	
200,000 – 220,000	1
220,000 – 240,000	
240,000 – 260,000	1

EVENTS CALENDAR

<p>JULY</p> <ul style="list-style-type: none"> • NAIDOC Week 	<p>AUGUST</p> <ul style="list-style-type: none"> • Science Gig • Vietnam Veterans Day Commemoration 	<p>SEPTEMBER</p> <ul style="list-style-type: none"> • Art About Town month • Art competitions (Youth and Open) • Street Art Project • Street Festival • CHARTchibald Portraiture prize and exhibition 
<p>OCTOBER</p> <ul style="list-style-type: none"> • Seniors Week • Youth Art Exhibition TMAG • School holiday activities • Freaky Friday • Tidy Towns State Awards at Stanley • Garden Spectacular • Jean Hailes Women's Community Health Breakfast 	<p>NOVEMBER</p> <ul style="list-style-type: none"> • Women's TRY-athlon Fun Run • Dockside Festival • TSO performance • "I Am" fashion parade 	<p>DECEMBER</p> <ul style="list-style-type: none"> • Christmas Parades • Christmas in the Park (Christmas Carols) • Circular Head Agricultural Show • Stanley Christmas Carols • Open Space Sport and Recreation public sessions
<p>JANUARY</p> <ul style="list-style-type: none"> • Australia Day • Festival of Small Halls 	<p>FEBRUARY</p> <ul style="list-style-type: none"> • Devil Country Muster • Mayor's Education Fund celebration • Keep Australia Beautiful national judging • NW Targa event 	<p>MARCH</p> <ul style="list-style-type: none"> • International Women's Day • Youth Fest • Gone Nuts Adventure Race • Relay for Life  <p><small>An Australian, State, Territory and Local Government Initiative</small></p>
<p>APRIL</p> <ul style="list-style-type: none"> • ANZAC Day • Youth Week Events • UTAS Rural Clinical School visit • Targa Tasmania • Keep Australia Beautiful Tidy Towns National Awards 	<p>MAY</p> <ul style="list-style-type: none"> • National Volunteers Week • Tidy Towns Stakeholder celebrations • Health and Wellbeing forum 	<p>JUNE</p> <ul style="list-style-type: none"> • Work Inspirations Program • "Where Are They Now" launch

LEADERSHIP AND GOVERNANCE

Circular Head Council will ensure efficient, effective and cohesive leadership through a business excellence framework in which strategy and direction drive evidence-based decision making.

	Governance 16/17	Governance 17/18
Expenses	2,338,791	2,369,569
Income	9,404,500	9,071,389
Net result	7,065,709	6,701,820

GOVERNANCE

Communications and public engagement	Legislative compliance
Contract management	Membership of regional and State Local Government bodies
Council meetings	Information management
Support for elected Councillors	Risk management

Sale of Properties under Local Government Act

Council auctioned 15 blocks of land under Section 137 of the *Local Government Act 1993* during the year. All blocks were sold at auction in December 2017.

Continuous Improvement

Council's cultural vision is for a constructive organisation that encourages people to collaborate, connect and lead, as well as approach work in ways which provide a sense of fulfilment (such as achieving your full potential, using your creativity and feeling a sense of accomplishment). Using LEAN principles Council aspires to a journey of continually looking for the best value for our customers (the community).

Council implemented a continuous improvement board during the year. Responsible officers were trained in-house to operate the board, and all staff were briefed on the board operations and how they can raise a card.

Leadership Development

Significant leadership development continued from January 2018 using Dattner Grant and other resources to advance improvement in the organisation's leadership culture. Ongoing leadership skills development and collaborative leadership across the wider leadership group continues as a priority. The organisational cultural development work will continue into 2018/19 with new Elected Council.

General Manager Position

In June 2017 a decision was made to advertise the position of General Manager. The recruitment process took place in the 2017/18 financial year. The new General Manager Scott Riley commenced duties in January 2018

Local Government Association of Tasmania (LGAT) Motions

At the April Ordinary meeting of Council the following motions were considered and supported for the LGAT General Meeting to be held on the 25 July 2018.

Interpretive Tourist Signage

That LGAT seek that the State Government provides a strategic commitment of a 4 year resources funding program for the implementation of international (Non English) visitor interpretive signage to ensure the dispersal of the increased international tourism economic benefits across the state.

State Wide Training and Employment

That LGAT seek that the State Government provides a strategic commitment of a 4 year resources funding program working with Local Government and established industry training providers for the implementation of targeted VOC Training initiatives to ensure the dispersal of employment and apprenticeship opportunities from all emerging industry investment and expansion opportunities across the state.

Tourism Destination Action Plans

That LGAT seek from the State Government a strategic commitment of a 4 year resources funding program for the implementation of all Tourism Destination Action Plans to ensure the dispersal of the increased tourism economic benefits across the state.

Implementation of Statewide Planning Scheme

That LGAT seek from the State Government a strategic commitment to developing and implementing in the new state-wide planning scheme provisions to allow the as of right development of existing small titles of land in the rural production zone that does not compromise or fetter agricultural production capacity and provides opportunities to diversify and reinvigorate local economic prosperity and community wellbeing.

Decentralised Action Plan

That LGAT seek from the State Government a strategic commitment, resources and a funding program for the implementation of a State and Federal Government services decentralisation action plan to leverage and ensure the dispersal of employment opportunities across the state.

Accounting standards Depreciation

Member Councils of LGAT recommend that the State Government in conjunction with the Tasmanian Audit Office provides a strategic commitment to lobby for a new change in accounting standards for depreciation calculation and management of all state and federal government funded projects, as the present model significantly disadvantages low growth communities and undermines opportunities to reinvigorate and re-energise local economic prosperity and community wellbeing.

Resource Sharing Agreement

At the commencement of the 2017/2018 a significant consideration for Circular Head Council was be the matter of the resource sharing agreement between Circular Head and Waratah Wynyard Councils.

The agreement had previously been entered into in 2008 and both organisations considered this decision a significant step towards greater efficiency and operational service to the community. It is pleasing to report that on the 10th anniversary of the original agreement in 2008, where Circular Head and Waratah Wynyard Councils agreed to commence resource sharing a new agreement was considered for a further 5 years. Circular Head Council at its ordinary meeting on the 24 May 2018 reaffirmed the commitment to continue the resource sharing agreement for a further 5 years.

COMPLIANCE (STATUTORY REQUIREMENTS)

Animal Control and Compliance

Council has statutory and legislative requirements under the *Dog Control Act 2000* to ensure that all dogs are registered and managed in a responsible manner. This year we have close to 1100 dogs registered within the Council area. Council has been very active through regular inspections and education of dog owners. It is hoped that we will see further improvement in responsible ownership during the coming year as officers continue these activities.

Fire abatement inspections and follow up was carried out in October and will continue at this time even though we are advised that last season and next are expected to be a more normal season.

Building Control

Council acts as a Permit Authority, checking that the required documentation is lodged and permits issued as required, in accordance with the legislation. A function of the permit authority is to make the public aware of the building and plumbing requirements in the State and the application of this Act. In this regard interested parties are encouraged to contact Council for assistance in navigating through the building process in accordance with *Building Act 2016*.

Building and Plumbing approvals have continued to be processed within the legislated time frames, with the new *Building Act 2016* coming into force on 1 January 2017. The new system of low to high risk work has caused some confusion in the industry, however officers have worked with building practitioners and State Government officers responsible for the new legislation to keep any delay or misinformation to a minimum.

During the year TasWater amended the *Water and Sewerage Industry Act 2008* to require the installation of trade waste pre-treatment systems for businesses. In February, Council granted a fee reduction for plumbing permits for Circular Head businesses to assist them with the cost of meeting these requirements. Council understood the need to assist our local community without adding to the costs of these installations, and a 50% reduction of the necessary plumbing permit fee (\$600) was implemented.

Code of Conduct Complaints

As required to report under Section 72 (1)(ba) of the *Local Government Act 1993* there were no Code of Conducts complaints received for the 2017/18 financial year.

Environmental Health and Regulatory

Environmental health services have continued to be delivered through a contract basis, with Burnie City Council providing school immunisation service. Although, Council has recently employed a cadet Environmental Health Officer, with a view to providing this service in-house upon the cadet becoming fully accredited. Council continues to undertake regular food business inspections and undertakes sampling and analysis of recreational waters during the recreational swimming season, from December to April.

Environmental Health Officers are also responsible for managing the environment to limit and control incidents of pollution involving noise, smoke, odour and the adverse effects wastewater discharge may have. Active investigations are also undertaken in response to written complaints regarding a wide variety of issues.

Contracts for the Supply or Provision of Goods or Services

Pursuant to Section 29 of the *Local Government (General) Regulations 2015*, Council is required to report with the Annual Report contracts for the supply or provision of goods and services exceeding \$100,000.

Successful Contractor	Description of Contract	Period of Contract	\$ Value of Tender/ Contract (excluding GST)
Stubbs Construction PO Box 573 BURNIE 7320	Construction of Circular Head Community Wellbeing Centre	02/10/2017-31/10/2018	9,290,639
Roadways Pty Ltd PO Box 283 BURNIE 7320	Provision of Bitumen Surfacing Services 2017/18	25/10/2017-30/03/2019	549,904
Heatwise Solutions Ltd 17 Kamaka Crescent BRIDGE HILL, ALEXANDRA 9320, NEW ZEALAND	Supply, Installation, Commissioning and Maintenance of the CHCWC Wood Chip Boiler System	24/05/2018	442,779
Tas Span Pty Ltd PO Box 225 LATROBE 7307	Bridge Replacement - Montagu Road Bridge over Stoney Point Creek - Design and Construct	01/06/2018 - 30/06/2019	194,180

Tas Span Pty Ltd PO Box 225 LATROBE 7307	Design and construction of concrete bridge at Cyathea Road over Sedgy Creek	25/10/2017 – 03/11/2017	115,441
ValueIT Pty Ltd Suite 4, 38 Cattley Street BURNIE 7320	Municipal revaluation of properties	05/04/2018 - 31/12/2020	195,000

Grants and Benefits

In accordance with Section 77 of the *Local Government Act 1993*, the following grants and benefits have been made by Council during the year.

All of these grants were made available by Council to community organisations to help fund their operations and special projects during the year. Council determines its allocations during its budget deliberations and calls for applications in March and October each year. Allocations made to individual groups in previous years have been detailed in the appropriate year's Annual Report.

Total Allocation	2017/2018	2016/2017	2015/16	2014/15	2013/14
	\$269,031	\$239,126	\$252,217	\$272,087	\$221,663

Community Grants Round One	\$	Community Grants Round One	\$
Irishtown Football Club	5,000	Circular Head RSL Centenary	2,020
Coast FM	5,000	Emmerton Park Aged Care Facility	5,000
Smithton Girl Guides	2,300	Mawbanna Community Hall Inc.	5,000
Circular Head State Schools	1,600		

Community Grants Round Two	\$	Community Grants Round Two	\$
Forest Stanley Cricket Club	2,560	Irishtown Community Centre	2,440
Rocky Cape Public Hall	2,000	Smithton Bowls Club	845
Circular Head Gymnastics Club Inc.	5,000	Rotary Club of Smithton	2,000
Cancer Council TAS	1,500		

Benefits	\$	Benefits	\$
Circular Head Kart Club	70	DHHS (Wheelie Bins)	208
Magic Show passes	556	Volunteer TAS /Week	986
Edmunds Rice Forum	73	Forest Primary School	278
Wyndarra Christmas Hampers	750	Volunteer Community Vests	42
Science Fair	320	Landcare TAS Conference	318
Battlescars Foundation	250	Rural Women's Workshop	160
NAIDOC Week (schools)	400	Relay for Life event	776

Other Contributions	\$	Other Contributions	\$
Circular Head Tourism Association	180,650	Circular Head Progress Group	27,500
Circular Head Education and Training Consultative Committee	13,748		

Council provided inkind support to community organisations, projects and events through the provision of equipment, use of Council facilities, printing and administrative support.

Inkind support was provided to the following community organisations:

Circular Head Arts	Rural Health Tasmania
Soroptimist International of Circular Head	Smithton Lions Club
Circular Head Agricultural Society	Seven-Up Youth Centre
Smithton LINC	Wyndarra Centre Inc.
Stanley Town Hall	State Emergency Service
Circular Head Heritage Centre	Circular Head Education and Training Consultative Committee
Circular Head Football Association	Reconciliation Tasmania
Service Providers Access Network	Circular Head Child Care Centre
Circular Head Garden Club	Circular Head Aboriginal Corporation
Circular Head Progress Group	Destination Action Plan Committee
Circular Head Youth Network	Circular Head Youth Leaders
Emmerton Park Inc.	Circular Head Community Bank
Arthur Pieman Conservation Area Management Committee	Circular Head Community Road Safety Committee
Volunteering TAS	UTAS Rural Clinical School
Circular Head Little Athletics	Parks and Wildlife Service
Relay for Life Committee	Robbins Island Wind Farm Group
Women's TRYathlon Committee	Swimming Pool Fundraising Group
Smithton Court	Circular Head Liquor Accord Committee
Edmund Rice Camps Group	Circular Head Bias Bowls Association
Hunter Island Advisory Group	

Land Donation

In accordance with Section 72 (1)(da) of the *Local Government Act 1993* Council did not donate any land under Section 77 of the *Local Government Act 1993*.

Ombudsman's Investigations

No formal investigations were commenced in 2017/18 financial year.

Public Interest Disclosure Statement

Under Section 86 of the *Public Interest Disclosures Act 2002*

Information as to how persons may obtain, or access copies of the current procedures established by the public body under Part 7	Available from Council's website or from the Council office.
The number and types of disclosures made to the public body during the year and the number of those disclosures that the public body determines to be public interest disclosures	Nil
The number of disclosures determined by the public body to be public interest disclosures that it investigated during the year	Nil
The number and types of disclosed matters referred to the public body during the year by the Ombudsman	Nil
The number and types of disclosed matters referred during the year by the public body to the Ombudsman to investigate	Nil
The number and types of disclosed matters that the public body has decided not to investigate during the year	Nil
The number and types of disclosed matters that were substantiated on investigation and the action taken on completion of the investigation	Nil
Any recommendations of the Ombudsman under this Act that relate to the public body	Nil

Joint Authorities

Under Section 30 (1) *Local Government Act 1993* Circular Head Council participates in a joint authority with the Cradle Coast Authority. The following report provides a summary of activities, budget and performance of Cradle Coast Authority during the 2017/18 financial year.

CEO Cradle Coast Authority Report 2017/18

Cradle Coast Authority (CCA) was established by the nine Cradle Coast Councils to develop a vibrant, capable and resilient region through effective collective action. CCA, through its economic development, tourism and NRM teams, is making the region an ever-better place to live, learn, visit and invest.

In 2017/18, Circular Head Council invested \$63,672 into CCA which in turn has been matched by co-investments of \$788,672 from local government - for regional and economic development; \$317,500 from State Government - for the development of the region's visitor economy; and \$1,740,987 from the Commonwealth and State Governments - for natural resource management. The CCA secured \$277,000 in additional Government grants and more than \$50M in Government investment.

A highlight for 2017/18 was the Australian Masters Games; attracting more than 5,000 visitors to the region. More than 1,000 community volunteers received accredited training from UTAS; a legacy for

future events. The Games brought more than \$8M in direct economic benefit to the region along with the invaluable benefit of showcasing the Cradle Coast to interstate and international visitors.

Regional economic development activities in 2017/18 built on CCA's engagement and consultation with the region's businesses and industry to understand the barriers and opportunities to growing the Cradle Coast economy. With an \$80,000 co-investment from the Australian Government, CCA in partnership with the Regional Australia Institute, embarked on a detailed review of the current and emerging opportunities. The project involved discussions with Council leaders, business and industry representatives, education and healthcare sectors. The project is nearing completion and will identify actions to prepare the region to respond to and prepare for new business and community needs.

The coastal pathway joining Latrobe through to Wynyard is now very close to a reality. CCA, with assistance from Councils, managed a detailed engineering investigation addressing outstanding issues that prevented further Government financial assistance. As a result, both the Federal Coalition and Labor parties have committed an additional \$4.8M for completing sections of the pathway between Sulphur Creek and Latrobe.

In May, CCA secured an additional \$30M in Australian Government funding for the Cradle Mountain Master Plan bringing the total public investment in the project to more than \$75M. CCA, along with Kentish Council, continues to contribute to the cross-government heads of agency steering group to bring the project to fruition as quickly as possible given its importance to growing the region's visitor economy.

Tourism is an increasingly significant contributor to the region's prosperity representing around 5% of the regional economic activity including more than 3,800 jobs. Tourism and the visitor economy support traditional business within accommodation and hospitality but also more broadly services that support visitors including retail, health and automotive service business. During 2017/18, CCA launched a new digital marketing strategy that is engaging with potential visitors to the region in novel and innovative ways. A number of CCA's digital campaigns have been picked up by Tourism Tasmania and Tourism Australia extending the region's reach to larger audiences and markets.

CCA invested \$2.3M in natural resource management (NRM) within the region during 2017/18. CCA's NRM team is supporting the conservation of our productive landscapes with crop demonstration trials and an agri-business lead initiative, Soil First, aimed at conserving and protecting the region's precious soils as assets underwriting Cradle Coast's agricultural productivity. Flood recovery support and assistance continued in the Mersey and Flowerdale River catchments with riparian revegetation and site remediation. A Discovery Ranger Program delivered 25 community and school sessions engaging 1,088 people at 12 locations with environmental messages on marine debris, shorebirds and invasive weeds. Maintaining our region's environmental resources is increasingly important for our visitors and the Cradle Coast's increasingly recognised brand. Another successful Macquarie Harbour clean-up was conducted with support from industry, community and government.

In May 2018, Councils approved amendments to CCA's Rules providing for the appointment of two mayors and a general manager to the Board. In addition, to improve the alignment and delivery of NRM and tourism functions to the region, the Chairs of the NRM and Tourism Committees will also join the Board.

In August 2017, a new Corporate Plan was approved which provides the CCA with a clear and focused suite of activities to address current and emerging issues and gaps that have been barriers to the betterment of the region's economic and social prosperity.

Looking forward, CCA will engage with our businesses and industries to find ways to help them do what they do better. We will help our educational institutions to ensure our young people develop the skills they need for the current and emerging employment opportunities. CCA will work with business in the visitor economy to ensure our guests have the best experiences and reasons to return. We will ensure that our productive and natural landscapes remain internationally significance and support the Cradle Coast brand of clean, green and pure.

Brett Smith
CEO Cradle Coast Authority

Progress on Major Projects in Leadership and Governance

	Status
Councillor and officer leadership program	Completed
Action all resolutions of Council 2010/2011	In Progress
Policy Manual review	In Progress
Action all resolutions of Council 2011/2012	In Progress
Stanley Caravan Park lease	In Progress
Action all resolutions of Council 2016/2017	In Progress
Projects from Strategic Plan	In Progress
Action all resolutions of Council 2017/2018	In Progress
Works Plus dog pound electricity connection	Completed
Sale of properties under <i>Local Government Act 1993</i>	Completed
Review of Public Land Register	Not Started
Preparation of 2018/19 budget by 30 June 2018	Completed
Develop and utilise a key stakeholder database	In Progress
Review of Financial Management Strategy	Completed
Phone system reporting module	Completed
Community engagement re: roads service levels	Completed
Live the corporate values/Council brand	Completed
New customer service system implementation facilitator	Not Started
Workforce Development Plan	In Progress
Redefine the customer service charter (behaviour and values)	Not Started
Completion of dashboards for service areas	Not Started
Implement community reference database	In Progress
Finalise Sustainable Murchison governance arrangements	In Progress
Review and revise resource sharing agreement	Completed

ORGANISATIONAL SUPPORT

Circular Head Council will support a positive and innovative culture, enabling best practice delivery that is customer focused. Its strong leadership will enable the development and empowerment of its people.

	Organisational support 16/17	Organisational support 17/18
Expenses	4,221,159	3,951,371
Income	950,577	705,465
Net result	(3,270,582)	(3,245,906)

Council provides the following internal services:

Administrative support	Information Technology
Asset management	Management of Council buildings and properties
Customer service	Financial management
Human Resources and Workplace Health and Safety	Project management

FINANCE

The Comprehensive Income Statement recorded an underlying surplus of \$65,000 compared to a surplus of \$285,000 last year.

Cash and cash reserves remained at a positive level. Cash moved from \$17.0 million in 2016/17 to \$16.0 million in 2017/18.

Additional interest free borrowings under the Northern Tasmanian Stimulus Package totalled \$3.9 million. \$3.5 million was for the Wellbeing Centre and \$400,000 was for the demolition of the old Circular Head War Memorial Swimming Pool.

Council's share in the Water Corporation is 1.58%. Council recorded a net increase on its investment in TasWater of \$325,041 for the year. Council's current investment equates to approximately \$25 million in the regional body.

PEOPLE SERVICES

Human Resources (HR) manages workforce data and information, as well as providing professional HR support for management and staff. Human Resources offer services and advice to maximise the value of Council's investment in a skilled workforce to the ultimate benefit of the Council and its stakeholders.

Full Time Equivalent (FTE) by Department

Department	Number of Staff	FTE	Male	Female
Engineering Services	8	6.01	8	-
Development Services	6	4.33	2	4
Animal Control	1	1.00	1	-
Civic Governance	2	2.00	1	1
Strategic Governance	6	4.54	3	3
Community Services	3	3.00	-	3
Corporate Services	11	9.03	3	8
Works Plus	26	25.51	23	3
Total	63	55.42	41	22

Resource Shared Positions

Staff	Circular Head	Waratah Wynyard	Male	Female
Director Community Services	0.30	0.70	-	1
Director Infrastructure and Development Services	0.45	0.55	1	-
Manager Asset Services	0.50	0.50	1	-
Manager Community Activation	0.50	0.50	-	1
Manager Development and Regulatory Services	0.50	0.50	1	-
Manager of Engineering and Projects				
Manager Risk	0.20	0.80	-	1
Communications Officer	0.50	0.50	1	-
Engineering Projects Coordinator	0.50	0.50	1	-
Infrastructure Future Projects & Delivery Coordinator	0.50	0.50	1	-
Graduate Engineer	0.50	0.50	1	-
Health and Safety Officer	0.50	0.50	1	-
Human Resources Coordinator	0.50	0.50	-	1
Information Technology Coordinator	0.50	0.50	1	-
Geographical Information Systems Officer	0.20	0.80	1	-
Natural Resource Management Officer	0.50	0.50	1	-
Plumbing and Compliance Officer	0.50	0.50	1	-
Service Level Officer	0.50	0.50	-	1
Total	7.65	9.35	12	5

Staff Turnover	
2017/18	7.22%
2016/17	11.52%
2015/16	30.80% *
2014/15	17.49%
2013/14	17.52%
2012/13	17.96%
2011/12	17.44%
2010/11	16.00%
2009/10	15.49%
2008/09	11.48%

* Includes closure of Swimming Pool

Health and Wellbeing Program

Last year Council launched a health and wellbeing program for its staff. The program was delivered by a third party and was not engaging and did not deliver the required outcomes. Council has reviewed the program for 2018/19 and have decided to deliver it in-house (and partner with external organisations where possible). Topics include mental health awareness, flu shots, stress down day, men's health and prostate and skin cancer awareness.

INFORMATION SERVICES

IT Services Review (Business Improvement Transformation)

Records Management system upgrade for Circular Head Council was introduced as part of aligning operations with the Waratah-Wynyard Council to allow development of consistent and efficient processes. The introduction of an online induction system with insurance and qualification tracking was another common platform delivered across the two Councils and improves the flexibility with which inductions can be delivered to contractors.

A Memorandum of Understanding was entered with the Burnie City Council and Waratah-Wynyard Councils to investigate the establishment of a shared services entity. Circular Head Council is providing project coordination support as part of an in-kind contribution to the project.

Progress on Major Projects in Organisational Support

	Status
Redefine corporate overhead allocation model	Not Started
Define and agree internal service standards	Not Started
Modify finance system to provide internal service costs	Completed
Council Chambers carpet ground floor	Not Started
Council customer service area refurbish	In Progress
Council Chambers rear door	Completed
Rental Flat - 20 Smith street, painting and renovations	Completed
Implement business process review (e.g. LEAN and IT review)	Completed
Preparation of paper on LEAN and continuous improvement	Completed
Review customer enquiry process	Not Started
Implementation of new customer service system	In Progress
Contractor induction system	Completed
Develop HR framework	Completed
Analyse Annual Plan and identify opportunities for multi-skilling and professional development	In Progress
Train and develop in house service champions for ECM and customer service	Completed
ECM upgrade (propose to implement IT review outcomes)	In Progress
Increase awareness of cultural, social and economic diversity (Bridges out of Poverty)	Completed
Website upgrade	Completed
Cloud Services POC	Completed
Fleet vehicle replacement	Not Started
IT Review outcomes	In Progress
Development and implementation of staff intranet	Completed
Work collaboratively with Waratah-Wynyard Council on policy, process and procedure	Completed
Council Chambers switchboard upgrade	Completed
Council Chambers security system, stage 1	Completed
Landfill Compactor replacement	Completed
Ford PK Ranger flat tray replacement	Completed
Backhoe replacement	Completed
Dual grade rotating laser replacement	Completed
Ford Ranger XL Crew vehicle replacement	Completed
Second-hand forklift purchase	Completed
Engineering vehicle replacement (Manager of Engineering and Projects)	Completed
Engineering vehicle replacement (Technical Officer)	Completed
Corporate vehicle replacement (Director Corporate Services)	Not Started
Corporate vehicle replacement (Fleet)	Not Started
Development vehicle replacement (Fleet)	Completed
Desktop computer replacement proof of concept	Completed
Tablet / Phone handset upgrades	Completed
VPN to Waratah-Wynyard Council	Deferred
Wiring of building (dependent on office redesign)	Not Started

CONNECTED COMMUNITIES

The Circular Head community will be inclusive and resilient with a strong sense of belonging. People will be connected to one other and the world around them. The Circular Head community will be connected to its past and engaged in its present, creating a vibrant shared future.

	Connected Communities 16/17	Connected Communities 17/18
Expenses	718,478	693,242
Income	197,104	157,720
Net result	(521,374)	(535,522)

Activities included:

Service Providers Access Network	International Women’s Day
Youth Advisory Group (Circular Head Youth Leaders)	Seniors Week
Youth Leadership Programs	Australia Day Celebrations
Community Road Safety	Liquor Accord
Social Recovery	Art Week
Municipal Emergency Management	Circular Head Show
Christmas Parades	Education and Training
Christmas in the Park (Christmas Carols)	Keep Australia Beautiful
Lighting of the Christmas Tree Event	

COMMUNITY DEVELOPMENT

Tidy Towns State and National Awards

Keep Australia Beautiful – Tidy Towns State Awards 2017

The State Tidy Towns Awards were held at the Stanley Town Hall on Friday 27 October 2017 and Smithton was judged the overall State winner. Certificates of Recognition were presented to Seven Up Youth Centre, Circular Head Youth Leaders, Art About Town, Rural Health Tasmania and the Community Road Safety Partnerships program. Dianne Baldock from Circular Head Aboriginal Corporation received the Community Citizen of the Year award. Smithton will host the Tidy Towns State Awards in 2018.



Keep Australia Beautiful – National Tidy Towns



Smithton was named the winner of National Tidy Town Awards that were held in Barmera, South Australia on 5 - 7 April 2018. Smithton was joint winners in the categories of Community Action & Well-being, Environmental Sustainability and Our Young Legends. A Highly Commended Award for Culture & Heritage was also received. Smithton will host the National Awards in 2019.

Seniors Week

Seniors Week was celebrated in style in Circular Head during 16 – 22 October 2017. Events organised were:

- 16 October Out and About Bus Trip to Dip Falls and Stanley Primary School
- 17 October Seniors Afternoon Tea – Circular Head Community & Recreation Centre
- 19 October Seniors Concert - Smithton LINC



EDUCATION

Work Inspirations

The Work Inspiration Program was held for the first time in conjunction with the Smithton High School. Sixty Grade 9 students were split into 6 groups and visited 6 local businesses – Britton Timbers, Roberts Ltd, TDP/Saputo, Tall Timbers, Emmerton Park and the Council.

The students were initially given personality type quizzes to identify possible job types that they may be suited to, based on personality and interests. Students were given tours of each of the businesses and introduced to employees and encouraged to ask questions about their roles, skills, duties and the career path they have taken to be in their position.

The purpose of the program is to show students the different employment opportunities that exist within each organisation and within our local community. The final part of the program is the students interviewing an employee in pairs and making a timeline of their career path, which demonstrates to the students that not all working lives stay in one job/organisation

Mayor's Education Fund Scholarship

The 2018 Mayor's Education Scholarship was awarded to Bzuayehu Heres. Bzuayehu completed all his schooling at the Circular Head Christian School and received an outstanding ATAR score of 92.45. Bzuayehu has been heavily involved in Circular Head in basketball and the Dreambuilders Church as well as participating in the Christmas parades with his family. Bzuayehu is studying a Bachelor of Biomedical Science at the University of Notre Dame in Fremantle, Western Australia and is hoping this will lead to opportunities for a career in Science and Health.



Celebration of Education

On Friday 9 February 2018 a 'Celebration of Education', was hosted by the Circular Head Education and Training Consultative Committee (CHETCC) to recognise the successful recipients of the Mayor's Education Fund and the Soroptimist International of Circular Head's scholarship.

An overview of the projects undertaken by CHETCC were presented:

Where Are They Now – Stories of Circular Head

The project involves sharing stories through Social Media from people that undertook their schooling in Circular Head and have gone on to be successful in their careers. It highlights career paths, the importance of continued education after school either University or Vocational and demonstrates the outcomes of hard work and determination. The response to the Facebook page has seen an average of 2,500 people reached each post.

Web Portal

The Circular Head Web Portal project has been relaunched in 2018. A facilitator has been enlisted to maintain the Portal and UTAS have contributed to the cost of facilitating the website. The Web Portal is now more user friendly and more training providers can access the information for training specific to their business. Individuals can access the Portal to seek training opportunities.

EMERGENCY MANAGEMENT

In late 2017 Julie Bernhagen was appointed Municipal Emergency Management Coordinator and Kevin Maguire was appointed the Deputy Municipal Emergency Management Coordinator by the Minister.

Council continues to work with Burnie City and Waratah-Wynyard Councils as a member of the Western Emergency Management Committee. An emergency risk register prioritising the regional risks has been

produced. A desk top exercise based on a multi municipal power outage was held in March 2018. The committee will work towards mitigating the risks, where possible, over the next 2 years.

Tasmania Police facilitated an emergency management exercise, “Exercise Duck”, in April 2018. Council staff gained insight to incident management at community gatherings and will implement identified improvements at future Council events.

CULTURAL DEVELOPMENT

Art and Culture Month

‘Art About Town’ grew to include a calendar of events and activities throughout the month of September. The theme of ‘water’ was chosen as the basis for art and photography competitions for youth and open categories.

A street festival was held in Emmett Street to signify the official opening with the ever popular CHARTchibald portraiture competition displayed in Time Out on Emmett.

Fran Joyce and Tim Broom were commissioned to paint a mural in Emmett Street depicting the main street of Smithton through an old car window.

A pop-up gallery displaying ‘water’ themed pieces was also open in Emmett Street while youth artworks were placed in business windows around Smithton.

The ‘That’s Classic’ concert continues to grow attracting around 70 people to the Senior’s Centre on a Sunday afternoon. Smithton High School and Circular Head Christian School ran very successful school productions while Smithton Primary School engaged local artist Fran Joyce to paint a school mural as part of its ‘indigenous and proud’ program.

Following on from the successful ‘on fire’ theme in 2016 entries were collated into a book which was launched during the month.

Competition winners are as follows:

Writing

First prize	Brenda North – Rain
Second prize	Lesley Bonnefin – Memories
Highly commended	Alice Langridge – Water

Art

First prize	Emma Berechree – Simple pleasures
Second prize	Roz Heathorn – Water shadows
Commendation	Kerrie Fraser – Bluff Devonport

Photography

First prize	Phillip Wise – 7 Mile Beach dusk
Second prize	Jocelyn Flint – Walker Crossing
Commendation	Jocelyn Flint – Spring glass of water
Commendation	Cassie Casey – Play time



Youth art

First prize	Amy Spinks – Water droplets
Second prize	Charlie Young – Autumn flow
Third prize	Deegan Smedley – Swordfish
Commendation	Zeritu Heres – Sunday on the beach
Commendation	Macy Poke – Wind Swept

Youth photography

First prize	Max Arnold – Rainy Day
Second prize	Cassie Casey
Third prize	Teleah Woulleman – Beakers with Colour
Commendation	Hannah Kingston – Floating pink cloud
Commendation	Callum Smith – Rock pools at dawn

CHARTchibald portraiture competition

Winner	Fran Joyce
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Australia Day Awards and Celebrations

The Australia Day Awards for Citizen, Young Citizen and Community Event of the Year were announced at a special awards function at Tall Timbers Hotel on Thursday 25 January 2018. The function was open to the community and approximately 115 people attend.

Australia Day Awards were presented to:

Citizen of The Year	Kim Kay and Tony Hine (joint recipients)
Young Citizen of the Year	Kurtis Maher
Community Event of The Year	Circular Head Garden Spectacular

Shane Gould MBE, our Australia Day Ambassador was present to help the Mayor present the awards as well as addressing the audience with stories about her life before and after swimming.



Twilight on the Duck Event 2018

A large crowd attended our Twilight on the Duck Australia day event at West Esplanade on Friday 26 January 2018. Some changes to the event were well received by patrons, the later starting time of 4pm and a more open site plan to include the children's playground. The crowd was entertained by local artists, Jeff Hayes Magic Show and a band from Launceston, 1-4-U. The annual Duck Dash running race was held on a new course along the East Esplanade walking track. The popular fireworks display concluded the event at 9.45pm.

International Women's Day

Soroptimist International of Circular Head, in conjunction with Council hosted International Women's Day at the Circular Head Community and Recreation Centre on Thursday 8th March 2018. At the event the Soroptimist International of Circular Head presented awards to recognise the unsung heroines of our community.

Award recipients were:

- Sandra McCarthy
- Deb Mainwaring
- Alice Carson
- Vicki Clarke
- Lynette Scolyer (posthumous)
- Maryanne Smith
- Sue Odgers
- Lynne Bramich



YOUTH

Seven Up Youth Centre

Seven Up continues to be open three nights per week thanks to a partnership between Council, Rural Health, Circular Head Aboriginal Corporation and Smithton Christian Fellowship. Seven Up has also been hugely supported by the Patricia Dukes Foundation and Treasure Chest.

Funding and support has allowed Seven Up to remain open offering young people a safe place to relax and enjoy a free healthy after school meal. Seven Up offers interactive activities incorporating cooking, art, music and exercise as well as having table tennis and eight ball tables, boxing bag, board games and more.

The I Am Project

2017 saw the launch of 'The I Am Project' which is aimed at assisting young women to develop confidence, resilience and a positive body image through a series of workshops and events. The program concluded with a body diverse fashion parade which was hosted by participants from 'The I Am Project' some of whom also modelled in the event.



Youth/School holiday programs

In February 2018 the Know Your Odds Scoot, Skate and BMX competition was held at Smithton Skate Park. With over \$1000 in prize money to be won thanks to a grant from the Department of Health and Human Services, the event attracted over 40 young competitors. Participants were given information on the dangers of gambling and were also treated to healthy snacks, water and fresh salad wraps for lunch.

Several programs were held during the 2017/2018 school holidays. Young people had the opportunity to participate in a ten-pin bowling trip, attend surf lessons, play laser tag and watch movies at the Burnie cinema.



Youth Art and Photography Competition

The Youth Art and Photography Competition formed part of a new Art and Culture month, now known as Art About Town. The competition attracted a high number of entries which were displayed in businesses around Smithton CBD for three weeks during September 2017.

Youth Leadership – Circular Head Youth Leaders

During 2017 Circular Head Youth Leaders (CHYL) members donated blood through the Red Cross in Burnie, participated in The Soroptimist ‘Walk against violence’, volunteered to assist for the Senior’s Week bus trip and held a ‘Freaky Friday’ youth event at Agritas. Some members of CHYL also attended Rotary Leadership camp – RYPEN. The group also ran the ‘giving tree’ collecting items for Wyndarra’s Christmas hampers and participated in both Smithton and Stanley Christmas parades and the Smithton Carols.



In February 2018 a new group of CHYL members were inducted. The new CHYL members quickly became representatives on existing Council committees including Twilight on the Duck, Community Road Safety Partnership and Liquor Accord and began attending general Council meetings. March and April were busy for the newly formed CHYL group which went straight into planning for Relay for Life, and raising money by holding a mega garage sale. CHYL along with Waratah Wynyard Youth Leaders attended a two day leadership camp facilitated by Camps Tasmania where they learnt team work skills, communication, active listening and confidence.



Members supported their community by marching on ANZAC day and attending the NAIDOC Week flag raising ceremony. CHYL has also completed its annual Winter Woollies campaign collecting coats and blankets for those in need and attended the Tasmanian Youth Health and Wellbeing Conference.

Progress on Major Projects in Connected Communities

	Status
Positive Ageing Strategy	In Progress
Develop a leadership training program for young people	In Progress
Complete review of Community Recovery Plan	In Progress
Commence Community Health and Wellbeing Plan in conjunction with Waratah-Wynyard Council	In Progress
Develop programs to increase resilience and wellbeing for young people	Completed
CHTA Marketing Plan 2017 - 2019	Completed
Implement Work Inspirations Program	Completed
Implementation of Learn for Life Plan	Completed
Video conference maintenance support (for Court proceedings)	Completed
Green Point Park reserve - renew concrete path for DDA approval	In Progress
Smithton Landscape Development Strategy	Completed
Fire book sales	Completed
ANZAC Park plan	Not Started
Evaluate Health and Wellbeing EXPO to inform future delivery of health and wellbeing programs	Completed
Tatlows Beach furniture replacement	Completed
Smithton seating infrastructure upgrades	Completed
Commence Age Friendly Communities Plan in conjunction with Waratah-Wynyard Council	In Progress

COMMUNITY RECREATION AND WELLBEING

Circular Head will be a place where services, facilities and open space provide opportunities for individuals and groups of all ages and abilities to participate in recreational activities that encourage health and wellbeing.

	Community Recreation 16/17	Community Recreation 17/18
Expenses	1,100,102	1,056,970
Income	125,048	99,095
Net result	(975,054)	(957,875)

SPORT FITNESS AND RECREATION

The provision of services and activities to the community that provide opportunities for individuals and groups to undertake physical activity focused on health and wellbeing:

Anzac Park	Boat Ramps
King Park	Playgrounds
East Esplanade	Exercise Equipment
West Esplanade	Tennis/Netball Courts
Urban Beautification/Street Tree Planting	Smithton Recreation Ground
Dip Falls	Stanley Recreation Ground
Brickmakers Beach Reserve	Redpa Recreation Ground
Green Point Beach Reserve	Trowutta Recreation Ground
Walking Tracks	Indoor Sports Centre
Skate Park	Hockey Centre
Dog Exercise Areas	Community Recreation Centre
Little Athletics	Recreation Advisory Committee

Health and Wellbeing Centre

Construction of the centre commenced in October 2017. Through the reporting period the in-ground pool structure has been completed. Procurement for the centre heating was completed, with selection of a bioenergy source (woodchip boiler) being identified as the solution providing the best on going results for centre heating.



Circular Head Wellbeing Centre - 26 June 18 (photo credit, Cr Betty Kay)

Tender process for centre management including the preparation of specifications for the management model were completed in the reporting year, with the recommendations being considered by Council in the July 2018.

Netball and Tennis Court Lighting Project

A grant was received from Sport and Recreation Tasmania to upgrade and install additional lighting and poles at the Netball and Tennis facility, Smithton Recreation Ground. The project will provide increased lighting to increase participation and safety.

Stanley Multi-Purpose Building

An application to the Tasmanian Community Fund was successful to replace the existing ageing Industrial Hall at the Stanley Recreation Ground. The new multi-use building will be used by the Circular Head Agricultural Society, the Forest Stanley Cricket Club and the Forest Stanley Football Club. The facility will also be available for any community activity.

Open Space, Sport and Recreation Plan

The Open Space, Sport and Recreation Plan 2017 to 2027 was adopted by Council in March 2018. The Plan is a major initiative of both the Waratah-Wynyard and Circular Head Councils to provide an evidence-based long-term direction for the planning and management of the open space networks, including recreational and sporting grounds, and associated community facilities in both the Waratah-Wynyard and Circular Head Municipal Areas for a ten year period.

The Plan has been prepared to provide leadership in delivering open space, sporting and recreation outcomes and improve the municipal areas as places to live and visit.

The goals and principals that underpin the Plan are:

- Evidence based benefits-driven planning
- Equitable access and social inclusion
- Diversity
- Sustainability
- Strong partnerships
- Engagement

Progress on Major Projects in Community Recreation and Wellbeing

	Status
Tatlows Beach reserve playground	Completed
Tier Hill scenic lookout design and geotechnical investigation for viewing	Not Started
Open space and recreation plan	In Progress
Masters Games contribution	Completed
Open Space Sport and Recreation consultation and adoption (leases, licencing and governance structures)	Completed
Stanley Recreation Ground clubrooms, roof and ceiling repairs and install new lights	Completed
Stanley Recreation Ground clubrooms, replace skylights and fit safety wire	Completed
Eastern toilet block (currently Brickmakers Beach)	Not Started
Gulliver's Rest, replace roof on amenities	Completed
Tatlows Beach walkway, reinstate bitumen section	Completed
Tatlows Beach car park resurface	Completed
Tree removal – freedom camp site Stanley	Completed
Beach access at Hellyer Beach	Completed
Fence at skate park	Completed
Smithton Recreation Ground, outdoor standing area seal	Completed
Smithton Marina, future planning	Not Started
Advertising sign at the Smithton Recreation Ground	Completed
Circular Head War Memorial Swimming Pool demolition	Completed
Circular Head Wellbeing Centre	In Progress
Facilitate annual forum with users (Recreation Advisory Committee)	Completed
Facilitate health and wellbeing programs	Completed
Operating model wellbeing centre	Completed
Develop public art policy	In Progress
Facilitate art and culture month	Completed

ECONOMIC PROSPERITY

Circular Head will benefit from a vibrant and diverse economy built on competitive advantage, resource advantage and evidence-based leadership.

	Economic Prosperity 16/17	Economic Prosperity 17/18
Expenses	230,648	292,441
Income	54,302	63,318
Net result	(176,346)	(229,123)

ECONOMIC DEVELOPMENT

Council continues to partner with and contribute funds to organisations for economic development in the area including:

- Circular Head Tourism Association (CHTA) Memorandum of Understanding (MOU) for the Circular Head Tourism Industry and the promotion of Circular Head as a destination were provided \$129,227 (ex GST). A further contribution of \$35,000 (ex GST) was provided to the association for a marketing program.
- Tarkine Coast Progress Group (TCPG) (formerly Circular Head Progress Group) Memorandum of Understanding (MOU) for \$25,000 to further development opportunities. A key focus of the actions for the TCPG has been in lobbying government policy which would allow expansion of the agricultural land in Circular Head.
- In 2017/18 Council contributed \$22,952 (along with the other Cradle Coast councils) for the region to host Australian Masters Games and bring visitors to the region. The games, held in October 2017, were analysed as a success with an impact to the Tasmanian economy in the order of \$8.34 million in value. Council was disappointed that events were unable to be attracted to Circular Head but anticipates the flow on and return visitors to the region because of the games will contribute to an ongoing return from the regional investment.

The Mayor represented Council on the Regional Economic Stimulus committee set up in May 2017 by the State Government. Several training and support packages were delivered in the 2017/18 year with a focus on small business.

Central Area Plans – Smithton and Stanley

Central area plans for the business areas of Smithton and Stanley were commenced with public and stakeholder sessions conducted in the reporting year. At the end of the reporting year the plans were under development awaiting some further analysis to proceed to further public comment. This project is being delivered jointly with the Waratah-Wynyard Council.

Progress on Major Projects in Economic Prosperity

	Status
Develop a municipal economic profile	In Progress
Global economic scan	Deferred
Economic Development consultancy	In Progress
Central area development plans - Smithton/Stanley	In Progress
Stanley town centre master plan	Completed
Grant - Flag Project at Roundabout Nelson Street/Scotchtown Road - Smithton Landscape Development Strategy	Completed
Economic report cost/benefit of sealing the Western Explorer	Not Started
Formalise business visitation program	Completed
Participation in the Circular Head Regional Economic Development Working Group	Completed
Review and update CHETCC operational plan to align with Corporate Strategic Plan objectives	In Progress
CREATE project - retention of rural teachers	In Progress
Establish a Destination Action plan leadership group and begin planning and implementation	Completed

TRANSPORT AND ACCESS

Circular Head will be a place where a safe, fit-for-purpose and sustainable transport and access network is provided and maintained for present and future community needs.

	Transport and Access 16/17*	Transport and Access 17/18
Expenses	4,663,026	4,986,023
Income	5,271,084	5,331,124
Net result	608,058	345,101

*\$1,577,736 Financial Assistance Grants in advance and an additional \$1.2 million in Roads to Recovery funding.

The Circular Head municipality is serviced by approximately 768 km of road network, made up of 294 km of sealed roads and 474 km of unsealed gravel roads.

In addition, 121 bridges and culverts serve the community, of which 40 are of timber construction. There are approximately 30km of footpaths, 62km of kerb and channel, and numerous associated items such as guardrail, guideposts, signs, culverts, roundabouts, street seating and traffic islands which Council provides and maintains as part of the transport network.

Given the high level of primary and secondary production in this municipality across a wide range of industries, an efficient transport network plays a crucial role. Council's road network carries a relatively high proportion of heavy vehicles (average 17%). This places increased demands on road and maintenance programs.

TRANSPORT INFRASTRUCTURE

Montagu Road Reconstruction and Upgrade

Montagu Road, between the Duck River Bridge and Lane Park Smithton was upgraded in the 2017/18 financial year to improve road surface and pavement, traffic safety and drainage. Council carried out road widening works, kerb and channel installation, footpath construction, asphalt sealing and upgrade and new stormwater infrastructure. In collaboration with the Smithton High School, Council also implemented a new bus route and car parking area near the school to improve the efficiency and safety of bus pick up and drop off.



Mawbanna Road



Council reconstructed a section of Mawbanna Road (0.25km-1.90km) due to the poor condition of road pavement and surface. The road side stormwater drainage was improved, and the road pavement was strengthened, reformed, widened and sealed to improve the efficiency of this section of Mawbanna Road for all traffic including heavy transport vehicles.

Tatlows Beach Car Park

Council reconstructed and sealed the pavement surface at the Tatlows Beach car park.



Bridge Replacement



Council replaced an aging timber bridge on Cyathea Road with a new concrete structure to restore full load carrying capacity for vehicle traffic.

Road Resurfacing

Council resurfaced approximately 7km of sealed roads as a part of the annual bitumen resurfacing programme to rejuvenate/protect the road assets and restore skid resistance.

Progress on Major Projects in Transport and Access

	Status
Review infrastructure contribution models from other jurisdictions	Not Started
Completion of roads asset useful life review	Not Started
Rural Road safety audit items	Not Started
Febey/Careys Road culvert upgrade	In Progress
Upgrade – Grant Street/Nelson Street pedestrian crossing	Deferred
Rural road safety audit items	Not Started
Bridge – Montagu Road	In Progress
Rural roads resheeting	Completed
Woolnorth Road (12000 – 14000m) – reseal	Completed
Woolnorth Road (16000 – 16770m) – reseal	Completed
Arthur River Road (0 – 1620m) – reseal	Completed
Comeback Road (2076.1 – 2669.2m) – reseal	Completed
Kennys Road (0 – 70m) reseal	Completed
Kubanks Access Road – reseal	Completed
Mawbanna Road (11710 – 12170m) – reseal	Completed
Norwood Street (0 – 140m) – reseal	Completed
Lawn Cemetery access road resurfacing	Completed
Blackwood/Partridge Road rehabilitate	Completed
Trowutta Road Ch. 17.13 – 17.33 rehabilitate	In Progress
Mawbanna Road stage 1, rehabilitate and seal	In Progress
Black Spot (contingent on grant funding) – Green Point Road, replace wire rope barrier	Not Started
Blamey’s Road bridge – drain	Deferred
Trowutta Road Duck River bridge, sand blast and repaint beams	Not Started
Cyathea Road – Sedgy Creek bridge, replace in concrete	Completed
Scotchtown Road – Coventry Creek bridge, design/install pedestrian barriers	Completed
Havelock Street sections 1 to 7, reseal	Completed
John Street sections 2 and 3, reseal	Completed
King Street sections 1 and 3, reseal	Completed
Tatlow Street section 1, reseal	Completed
Montagu Road upgrade – Duck River bridge to Lane Park Road	In Progress
Main Road Stanley – upgrade existing driveway crossovers	Completed
Emmett Street retaining wall at the King Street/Emmett Street roundabout	Completed
Rifle Range Road reseal	In Progress
Woolnorth Road (14000 – 16000m) – reseal	Completed
South Road – Reseal	Completed
Montagu Road (Cuba Road to Bolduans Road) – Reseal	Completed

ENVIRONMENT

The world class environment of Circular Head will be respected and enhanced. Planning for and promoting its sustainable management and use will ensure a safe, healthy and unique lifestyle.

	Environment 16/17	Environment 17/18
Expenses	1,006,137	1,046,126
Income	2,024,680	2,048,956
Net result	1,018,543	1,002,830

Council provides the following Environment services:

Environmental Health and Regulatory Services	Waste Resource
Natural Environment Management	Water Resource Management

Town Planning

Council is responsible for discharging a wide range of planning related regulatory functions including strategic land use planning, development control and legislative enforcement.

The Tasmanian Parliament enacted amendments to the *Land Use Planning and Approvals Act 1993* (the Act) in December 2015, that provide for a single planning scheme for Tasmania, known as the Tasmanian Planning Scheme. The Tasmanian Planning Scheme consists of State Planning Provisions (SPPs) and Local Provisions Schedules (LPSs) for each municipal area. The SPPs were declared by the Minister on 22 February 2017. Councils are responsible for preparing their own LPS. Councils must submit their draft Local Provisions Schedules to the Tasmanian Planning Commission for consideration prior to the public exhibition and assessment process.

Council planning staff are drafting the LPS of the Tasmanian Planning Scheme. Drafting will be completed within the 2018/2019 financial year.

Progress on Major Projects in Environment

	Status
Develop an Environmental Issues paper	Completed
Commence implementation of new planning scheme	In Progress
Review Emergency Management plan	Completed
Smithton Duck River Eastern Foreshore Rehabilitation	In Progress
King Park bin upgrade program	Completed
Urban drainage bill and stormwater management plans for urban areas	Not Started
Tatloes Beach stone wall	Completed
Stormwater network audit	Not Started
Urban drainage bill/stormwater management plan	Not Started
Port Latta cell wall	In Progress
Develop a Port Latta Landfill 30 year plan	In Progress
Manholes upgrade/replacement	In Progress
Complete Waste Management Service plan and strategy	Not Started
West Inlet rehabilitation	Completed
Number 5A development Port Latta cell	In Progress
White Hills Transfer Station fencing	In Progress
White Hills Bin upgrades	Completed
Update the Urban Drainage Service Plan and Asset Management Strategy	Not Started

THE YEAR AHEAD

- General rate revenue increase of 2.00%
- \$5,000,000 Wellbeing Centre
- \$20,000 Smithton Landscape Development Strategy
- \$30,000 West Esplanade drainage
- \$85,000 Hellyer Beach walkway improvements
- \$110,000 Renew Montagu Park jetty (dependent on MAST funding)
- \$25,000 Fencing, seats and shelter at Smithton skate park
- \$548,000 Road resealing
- \$1,000,000 Rural road resheeting
- \$1,040,000 Mawbanna Road rehabilitation
- \$160,000 Connells Cross Road sealing
- \$120,000 Main Road Stanley (Cripps to Victoria Streets) reconstruction
- \$340,000 Massey Street (King to Smith Streets) reconstruction
- \$84,000 John Street footpath
- \$373,000 Waste truck replacement
- \$25,500 Tourism photo frames
- \$60,000 Shared services business improvement project

FINANCIAL STATEMENTS AND AUDITOR'S REPORT



Independent Auditor's Report

To the Councillors of Circular Head Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Circular Head Council (Council), which comprises the statement of financial position as at 30 June 2018, the comprehensive income statement and statements of changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the General Manager's statement.

In my opinion the accompanying financial report:

- (a) presents fairly, in all material respects, Council's financial position as at 30 June 2018 and of its financial performance and its cash flows for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

Basis for Opinion

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

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

...1 of 3

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

Strive | Lead | Excel | To Make a Difference

My audit responsibility does not extend to the budget figures included in the financial report, the asset renewal funding ratio disclosed in the management indicators note (f), nor the Significant Business Activities disclosed in note 31 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 Aldermen 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.

...2 of 3

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-
- 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 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.



Stephen Morrison
Assistant Auditor-General
Delegate of the Auditor-General

Tasmanian Audit Office

27 September 2018
Hobart

...3 of 3

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COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

		Actual	Budget	Actual
		2018	2018	2017
	Note	\$	\$	\$
Recurrent Income				
Rates	3	8,103,694	8,040,473	7,874,226
Interest		251,783	220,000	256,597
Grants	4	3,214,331	3,070,000	4,700,886
User charges	5	1,764,403	1,571,992	1,844,457
Investment Revenue from Water Corporation	6	474,000	474,000	474,000
Other income	7	653,227	453,759	550,098
Total Recurrent Income		14,461,438	13,830,224	15,700,264
Recurrent Expenses				
Loss on disposal of assets	8	209,116	188,388	63,000
Employee costs	9	4,759,865	4,683,210	4,457,093
Materials and contracts	10	2,778,635	2,647,412	2,958,584
Depreciation and amortisation	11	4,597,979	4,252,635	4,439,842
Finance costs	12	-	-	15,672
Other expenses	13	2,050,147	2,229,856	1,956,512
Total Recurrent Expenses		14,395,742	14,001,501	13,890,703
Underlying Surplus (deficit)		65,696	(171,277)	1,809,561
Capital Income				
Recognition of assets		-	-	(162,826)
Recovery on investment	19	-	-	25,946
Grants	4	3,015,629	4,341,511	2,076,273
Total Capital Income		3,015,629	4,341,511	1,939,393
Total Income		17,477,067	18,171,735	18,027,295
Surplus (Deficit)		3,081,325	4,170,234	3,748,954
Other comprehensive income				
Items that will not be reclassified to surplus or deficit				
Recognition of assets				
Asset Revaluations	34	-	-	4,292
		-	-	4,292
Items that may be reclassified subsequently to surplus or deficit				
Financial Assets available for sale reserve				
- Fair value adjustment on available for sale assets	33	325,041	-	163,226
Comprehensive Result		3,406,366	4,170,234	3,916,472

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

		Actual	Actual
		2018	2017
	Note	\$	\$
Current Assets			
Cash and cash equivalents	14	15,881,906	16,915,095
Receivables	15	634,716	578,495
Inventories	16	85,840	89,834
Other current assets	17	97,183	135,778
Total Current Assets		16,699,645	17,719,202
Infrastructure, property, plant and equipment	18	167,817,925	163,252,199
Investment Water Corporation	33	25,368,717	25,043,676
Total Non Current Assets		193,186,642	188,295,875
TOTAL ASSETS		209,886,287	206,015,077
Current Liabilities			
Payables	20	1,681,177	1,276,801
Provisions	21	1,214,532	1,191,198
Total Current Liabilities		2,895,709	2,467,999
Non Current Liabilities			
Provisions	21	149,855	112,721
Borrowings	23	3,900,000	3,900,000
Total Non Current Liabilities		4,049,855	4,012,721
TOTAL LIABILITIES		6,945,564	6,480,720
NET ASSETS		202,940,723	199,534,357
Equity			
Accumulated surplus		134,243,379	131,188,233
Reserves	34	68,697,344	68,346,124
TOTAL EQUITY		202,940,723	199,534,357

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2018

	Total		Accumulated Surplus		Asset Revaluation Reserve		Fair Value Reserve		Other Reserves	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Balance at beginning of the financial year	199,534,357	195,617,885	131,188,233	127,439,279	65,276,917	65,272,625	2,956,051	2,792,825	113,156	113,156
Surplus before comprehensive income	3,081,325	3,748,954	3,081,325	3,748,954						
Financial assets available for sale reserve										
– Fair Value initial adjustment on Final Treasurer's Allocation Order										
– Fair Value adjustment on Available for Sale Assets	325,041	163,226					325,041	163,226		
Transfers to (from) accumulated surplus	-		(26,179)						26,179	
Net asset revaluation increment/(decrement)	-	4,292			-	4,292				
Net asset revaluation increment/(decrement)										
Balance at end of the year	202,940,723	199,534,357	134,243,379	131,188,233	65,276,917	65,276,917	3,281,092	2,956,051	139,335	113,156

STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2018

		2018	2017
	Note	\$	\$
Cash flows from operating activities			
Cash Used			
Employee costs		(4,700,515)	(4,389,187)
Materials and contracts		(3,714,192)	(3,928,557)
Interest paid		-	(16,576)
Other supplier payments		(2,050,147)	(1,956,836)
		(10,464,854)	(10,291,156)
Cash Received			
Rate revenue		8,076,722	7,835,556
Other revenue and user charges		2,621,978	2,571,044
Grants		3,214,331	4,700,886
GST recovered from tax authority		1,150,043	750,690
Interest received		251,783	256,597
Water Corporation Investment Returns		474,000	474,000
		15,788,857	16,588,773
Net Cash provided by operating activities	27	5,324,003	6,297,617
Cash flows from investing activities			
Cash Used			
Payments for property, plant and equipment		(9,578,985)	(5,465,382)
		(9,578,985)	(5,465,382)
Cash Received			
Proceeds from sale of property, plant and equipment		206,164	387,638
Capital grants		3,015,629	2,076,273
Proceeds from investment maturity		-	25,946
		3,221,793	2,489,857
Net cash provided by (used in) investing activities		(6,357,192)	(2,975,525)
Cash flows from financing activities			
Cash Received			
Proceeds from loans		-	3,900,000
		-	3,900,000
Cash Used			
Repayment of borrowings		-	(348,442)
		-	(348,442)
Net cash provided by (used in) financing activities		-	3,551,558
Net Increase (decrease) in cash and cash equivalents		(1,033,189)	6,873,650
Cash and cash equivalents at beginning of the financial year		16,915,095	10,041,445
Cash and cash equivalents at end of the financial year	14	15,881,906	16,915,095

NOTES TO FINANCIAL STATEMENTS

MANAGEMENT INDICATORS

	2018
	\$
Underlying surplus or deficit reconciliation	
Surplus (deficit)	65,696
	<hr/> 65,696

	Benchmark	2018	2017	2016	2015
		\$'000	\$'000	\$'000	\$'000
(a) Underlying surplus or deficit					
Recurrent income*					
less		14,461	14,123	13,601	13,736
recurrent expenditure		14,396	13,837	13,728	13,860
Underlying surplus/deficit	>0	<hr/> 65	285	(127)	(124)

* Recurrent income excludes income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature.

Council reported two minor deficits and two minor surpluses in the four years from 2015-2018.

	Benchmark	2018	2017	2016	2015
		\$'000	\$'000	\$'000	\$'000
(b) Underlying surplus ratio					
<u>Underlying surplus/deficit</u>		65	285	(127)	(124)
Recurrent income*		14,461	14,123	13,601	13,736
Underlying surplus ratio %	>0	<hr/> 0.45%	2.02%	(0.9%)	(0.9%)

This ratio serves as an overall measure of operating effectiveness.

Council achieved the benchmark in 2 of the last 4 financial years, which is a positive trend.

	Benchmark	2018	2017	2016	2015
		\$'000	\$'000	\$'000	\$'000
(c) Net financial liabilities					
Liquid assets less		16,517	17,494	10,555	9,787
Total liabilities		6,946	6,841	2,788	2,883
Net financial liabilities		9,571	11,013	7,767	6,914

	Benchmark	2018	2017	2016	2015
		\$'000	\$'000	\$'000	\$'000
(d) Net financial liabilities ratio					
<u>Net financial liabilities</u>		9,571	11,013	7,767	6,914
Recurrent income*		14,461	14,123	13,601	13,736
Net financial liabilities ratio %	0 - (50%)	66.2%	78.0%	57.1%	50.3%

This ratio indicates the net financial obligations of Council compared to its recurrent income.

Council recorded results above the benchmark in each of the years.

	Benchmark	2018	2017	2016	2015
		\$'000	\$'000	\$'000	\$'000
(e) Asset consumption ratio					
Transport Infrastructure					
<u>Depreciated replacement cost</u>		122,591	122,037	121,545	120,785
Current replacement cost		200,213	197,182	194,621	192,374
Asset consumption ratio %	40-60%	61.2%	61.9%	62.5%	62.8%
Stormwater & Drainage					
<u>Depreciated replacement cost</u>		7,622	7,521	7,592	7,683
Current replacement cost		13,673	13,451	13,364	13,299
Asset consumption ratio %	40-60%	55.7%	55.9%	56.8%	57.8%
Solid waste management					
<u>Depreciated replacement cost</u>		1,405	1,509	1,713	1,835
Current replacement cost		2,821	2,723	2,723	2,664
Asset consumption ratio %	40-60%	49.8%	55.4%	62.9%	68.9%

Parks, Reserves & Recreation facilities

<u>Depreciated replacement cost</u>		3,690	3,662	3,775	3,747
Current replacement cost		6,164	5,974	5,925	5,708
Asset consumption ratio %	40-60%	59.9%	61.3%	63.7%	65.6%

This ratio indicates the level of service potential available in Council's existing asset base. All asset classes identified above are either between the target benchmark or slightly over in each financial year.

	Benchmark	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
(f) Asset renewal funding ratio					
<u>Capital outlay - LTFP</u>		11,244	5,907	17,419	NA
Capital outlay – SAMP		11,244	5,907	17,419	NA
Asset renewal funding ratio %	100%	100%	100%	100%	NA

	Benchmark	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
(g) Asset sustainability ratio					
<u>Capex on replacement/renewal of existing assets</u>		5,360	3,929	4,648	5,444
Annual depreciation expense*		4,598	4,440	4,250	3,937
Asset sustainability ratio %	>95%	116.57%	88.5%	109.4%	138.3%

This ratio calculates the extent to which Council is maintaining operating capacity through renewal of their existing asset base.

Council have exceeded the benchmark in the years identified.

(g) Asset sustainability ratio continued

By asset class	Capital renewal expenditure \$'000	Capital new /upgrade expenditure \$'000	Total Capital Expenditure \$'000
Buildings	61	50	111
Transport Infrastructure	4,011	100	4,111
Stormwater	154	150	304
Solid Waste	98	-	98
Parks & Reserves	144	46	190
Plant & equipment	892	-	892
Furniture	-	-	-
Computers	-	16	16
Total	5,360	362	5,722

INTRODUCTION

(a) The Circular Head Council (Council) was established on 27 August 1907 and is a body corporate with perpetual succession and a common seal.

The Council's Administration Centre is located at 33 Goldie St, Smithton.

The purpose of the Council is to:

- provide for the peace, order and good government in the municipality;
- to promote the social, economic and environmental viability and sustainability of the municipal area;
- to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
- to improve the overall quality of life of people in the local community;
- to ensure that services and facilities provided by the Council are accessible and equitable;
- to ensure the equitable imposition of rates and charges; and
- to ensure transparency and accountability in Council decision making.

1. BASIS OF ACCOUNTING

This financial report is a general purpose financial report that consists of the Statements of Comprehensive Income, Financial Position, Changes in Equity, Cash Flows, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the *Local Government Act 1993 (LGA1993)* (as amended).

This financial report has been prepared on the accrual and going concern basis. This financial report has been prepared under the historical cost convention, except where specifically stated.

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.

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

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.

All funds through which Council as a general purpose reporting entity controls resources to carry out its functions have been included in the financial statements of the Council.

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 entitlements

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in note 21.

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 22.

Fair value of property, plant & equipment

Assumptions and judgements are utilised in determining the fair value of Council's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in notes 18 and 35.

Investment in Water Corporation

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 33.

2. FUNCTIONS/ACTIVITIES OF THE COUNCIL

2(a) Expenses, revenue and assets have been attributed to the following functions/activities, descriptions of which are set out in note 2(c)

2017/18 Actual		Transport Infrastructure	Solid Waste Management	Drainage	Parks, Reserves & rec facilities	Social & Community Wellbeing	Civic Governance	Community Development	Advocacy	Other - Not Attributable	Total
Expenses		5,083,398	1,392,521	240,458	1,237,510	1,025,307	594,790	490,075	162,472	4,169,211	14,395,742
	%	35.31%	9.67%	1.67%	8.60%	7.12%	4.13%	3.40%	1.13%	28.96%	100.00%
Revenue											
Grants	\$	1,958,099	-	-	1,200,825	382,275	-	2,000	-	2,686,761	6,229,960
Other	\$	1,715,713	2,093,950	242,392	160,189	239,538	182	78,318	-	7,049,866	11,580,148
Total		3,673,812	2,093,950	242,392	1,361,014	621,813	182	80,318	-	9,736,627	17,810,108
	%	20.63%	11.76%	1.36%	7.64%	3.49%	0.00%	0.45%	0.00%	54.67%	100.00%
Net Result	\$	(1,409,586)	701,429	1,934	123,504	(403,494)	(594,608)	(409,757)	(162,472)	5,567,416	3,414,366
Assets (note 2(b))	\$	130,134,267	1,798,756	7,622,342	12,786,219	4,790,327	36,498	866,004	-	51,888,372	209,922,785
2017/18 Budget											
Expenses	\$	4,788,398	1,577,748	264,462	1,289,206	868,165	633,113	513,755	162,296	3,914,358	14,011,501
	%	34.17%	11.26%	1.89%	9.20%	6.20%	4.52%	3.67%	1.16%	27.94%	100.00%
Revenue											
Grants	\$	2,461,511	-	-	-	3,800,000	-	-	-	1,150,000	7,411,511
Other	\$	282,552	2,071,128	234,000	155,818	202,000	-	90,355	-	7,734,371	10,770,224
Total		2,744,063	2,071,128	234,000	155,818	4,002,000	-	90,355	-	8,884,371	18,181,735
	%	15.09%	11.39%	1.29%	0.86%	22.01%	0.00%	0.50%	0.00%	48.86%	100.00%
Net Result	\$	(2,044,335)	493,380	(30,462)	(1,133,388)	3,133,835	(633,113)	(423,400)	(162,296)	4,970,013	4,170,234
2016/17 Actual											
Expenses		4,804,976	1,153,460	267,902	1,351,016	1,213,670	766,244	603,537	195,408	3,534,490	13,890,703
	%	34.59%	8.30%	1.93%	9.73%	8.74%	5.52%	4.34%	1.41%	25.45%	100.00%
Revenue											
Grants	\$	4,983,832			45,064			88,829		1,659,434	6,777,159
Other	\$	287,177	1,793,669	226,511	143,085	253,471	43,636			8,114,949	10,862,498
Total		5,271,009	1,793,669	226,511	188,149	253,471	43,636	88,829		9,774,383	17,639,657
	%	29.88%	10.17%	1.28%	1.07%	1.44%	0.25%	0.50%	0.00%	55.41%	100.00%
Net Result	\$	466,033	640,209	(41,391)	(1,162,867)	(960,199)	(722,608)	(514,708)	(195,408)	6,239,893	3,748,954
Assets (note 2(b))	\$	129,210,593	1,906,645	7,520,508	13,602,079	806,423	-	841,984	-	52,126,845	206,015,077

(b) Total assets shown in note 2(a) are reconciled with the amounts shown for assets in the Balance Sheet as follows:

	2018	2017
	\$	\$
Current Assets	16,699,645	17,719,202
Non-current Assets	193,186,642	188,295,875
	<u>209,886,287</u>	<u>206,015,077</u>

(c) The activities relating the Council's components reported on in Note 2(a) link directly to the Strategic and Operational Plans and are as follows:

Transport Infrastructure

Construction, maintenance and cleaning of roads, footpaths, drainage works, street lighting, bridges, parking facilities and traffic signs.

Solid Waste Management

The provision of services associated with the collection and disposal of garbage to the residents of the Municipal Area.

Stormwater and drainage

The provision of stormwater/drainage services to the residents of Smithton and Stanley.

Parks, reserves and recreation facilities

The provision of recreational facilities including sports grounds, parks and reserves throughout the community.

Social and community

The delivery of development services to the community including the provision of health, building, planning, immunisations, swimming pool and animal control.

Civic Governance

The provision of elected representation and the executive support allowing for positive and clear leadership for the Circular Head community.

Community Development

To encourage participation in the events and activities of the Circular Head area, the Council acts as a facilitator to help local community organisations gain access to other funding bodies.

Advocacy

To allow Council the opportunity to continually raise the profile of the Circular Head Council and the district at State and National levels, including representation in local government regional, state and federal bodies.

Other – not attributable

General Services and activities not identifiable with the foregoing functions.

3. RATES

	2018	2017
	\$	\$
General Rates	6,848,842	6,676,714
Waste Collection Rates	971,228	933,029
Stormwater Rates	242,392	226,511
Rates Penalties	41,232	37,972
TOTAL	<u>8,103,694</u>	<u>7,874,226</u>

Accounting Policy

Rates and charges income

Rates income is recognised as revenue when Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates. A provision for impairment on rates has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

4. GRANTS

	2018	2017
	\$	\$
Operating Grants	3,214,331	4,700,886
Capital Grants	3,015,629	2,076,273
TOTAL	<u>6,229,960</u>	<u>6,777,159</u>

Grants – Recurrent

Commonwealth financial assistance grants	3,198,281	4,645,507
Department of Premier and Cabinet – Australia Day Great Idea	0	1,818
Department of Health and Human Services- Know Your Odds Skate Competition	2,000	0
Department of Premier and Cabinet – National Youth Week 2017	0	2,000
Department of State Growth – Smithton Landscape Development Strategy	0	49,181
Tasmanian Community Road Safety – Look Out Think Ahead Bus Signage	0	2,380
Tasmanian Community Fund – Stanley Recreation Ground Multi-Purpose Building Project	14,050	0
TOTAL	3,214,331	4,700,886

Grants – Capital

Commonwealth Roads to Recovery	1,083,023	1,787,284
Department of State Growth – Rural Bus Stop Upgrade	0	40,092
Natural disaster relief funding – bridges	0	203,833
Department of State Growth – Henry Hellyer Reserve	0	45,064
Department of Infrastructure and Regional Development – National Stronger Region Fund	1,529,100	0
Department of Premier and Cabinet Communities, Sport and Recreation – Upgrade of Lighting Facilities at the Netball Facility	34,500	0
Department of Premier and Cabinet – 2018 State Election Commitment – Access to Hellyer Beach	50,000	0
Department of State Growth – Roads Division Black Spot Funding – Mengha/Spion Kop Roads	40,006	0
Department of Industry, Innovation and Science Smithton Duck River Eastern Foreshore Rehabilitation	225,000	0
Department of Premier and Cabinet – Bench for the HA Lane Memorial Lookout – Stanley	4,000	
Smithton Football Club Smithton	50,000	0
TOTAL	3,015,629	2,076,273

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2017-18 the Commonwealth made early payment of the two quarterly instalments for the following year.

In accordance with AASB1004 Contributions, Council recognises these grants as revenue when it receives the funds and obtains control. The early receipt of instalments resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2017/18 by \$1,627,615. This has impacted the Statement of Comprehensive Income resulting in the Surplus/(deficit) being higher in 2017/18 by the same amount.

Council received \$225,000 in funding for the Eastern Foreshore rack wall. \$192,000 of this amount remained unspent as at 30 June 2018.

Council also received \$1,529,100 in funding for the Circular Head Wellbeing Centre. \$424,305 of this also remained unspent as at 30 June 2018.

Accounting Policy

Grant income – operational and capital

Grant income is recognised as revenue when Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to Council and the amount of the contribution can be measured reliably. Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier

notification that a grant has been secured, and are valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is 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.

Un-received contributions over which Council has control are recognised as receivables.

5. USER CHARGES

	2018	2017
	\$	\$
Solid Waste Charges – Port Latta	799,746	853,224
Heavy Vehicle Tax	279,552	279,552
Sales – Private Works	124,144	179,700
Sales – Other	24,616	7,362
Property Rental	116,775	117,095
Rate certificate fees	73,197	62,231
Development application fees	51,449	83,181
Dog registration fees	43,695	25,786
Other User Charges	251,229	236,326
TOTAL	<u>1,764,403</u>	<u>1,844,457</u>

Accounting Policy

User fees

Fee income is recognised as revenue when the service has been provided, or the payment is received, whichever first occurs. A provision for impairment is recognised when collection in full is no longer probable.

6. INVESTMENT REVENUE FROM WATER CORPORATION

	2018	2017
	\$	\$
Dividend	292,286	307,413
Tax Equivalent	139,911	142,767
Guarantee Fee	41,803	23,820
TOTAL	<u>474,000</u>	<u>474,000</u>

Accounting Policy

Investment revenue

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

7. OTHER INCOME

	2018	2017
	\$	\$
Contributions	26,265	0
Road maintenance contribution	88,359	7,625
Other revenue	159,463	84,991
Resource Sharing	366,755	452,509
Subsidies	12,385	4,973
TOTAL	653,227	550,098

Accounting Policy

Operating lease as lessor

Council is a lessor and enters into agreements with a number of lessees. These include commercial and non-commercial agreements.

Where leases are non-commercial agreements, these are generally with not for profit, such as sporting, organisations. In these cases subsidised or peppercorn rents are charged because Council recognises part of its role is community service and community support. In these situations, Council records lease revenue on an accruals basis and records the associated properties as part of land and buildings within property, plant and equipment. Buildings are recognised at depreciated replacement cost.

Where leases are commercial agreements, but properties leased are part of properties predominantly used by Council for its own purposes, Council records lease revenue on an accruals basis and records the associated properties as part of land and buildings within property, plant and equipment. Buildings are recognised at depreciated replacement cost.

Where leases are commercial agreements, and properties leased are predominantly used for leasing to third parties, Council records lease revenue on an accruals basis and records the associated properties as investment property in accordance with AASB 140. These properties are recognised at fair value. These leases may include incentives which have not been recognised in the statement of financial position, on the basis the amounts are unlikely to be material and could be reliably measured at balance date.

8. GAIN/(LOSS) ON DISPOSAL OF ASSETS

	2018	2017
	\$	\$
Proceeds from sales	206,164	387,638
Less carrying amounts of assets disposed	(415,280)	(450,638)
TOTAL	<u>(209,116)</u>	<u>(63,000)</u>

Accounting Policy

Gains and losses on asset disposals

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

9. EMPLOYEE COSTS

	2018	2017
	\$	\$
Wages, Salaries and Allowances	3,176,072	2,965,072
Superannuation Expenses	408,035	396,253
Leave expenses	845,184	710,300
Payroll Tax	204,578	180,604
Resource Sharing	457,370	423,935
Other Employee Expenses	216,870	179,424
Total Direct Employee Costs	<u>5,308,109</u>	<u>4,855,588</u>
Less Amounts Capitalised	(548,244)	(398,495)
TOTAL	<u><u>4,759,865</u></u>	<u><u>4,457,093</u></u>

Accounting Policy

Employee benefits

Expenses are recognised in the Comprehensive Income Statement 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.

10. MATERIALS AND CONTRACTS

	2018	2017
	\$	\$
Contractors	1,422,574	1,813,917
Fuel	195,142	172,552
Maintenance	113,001	66,226
Materials	332,334	252,318
Software and licences	134,539	147,071
Operational costs of capital works	389,840	226,946
Other materials and contracts	191,205	279,554
TOTAL	2,778,635	2,958,584

Accounting Policy

Materials and contracts

Expenses are recognised in the Comprehensive Income Statement 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.

11. DEPRECIATION AND AMORTISATION

	2018	2017
	\$	\$
Buildings	297,864	288,869
Transport Infrastructure	3,264,581	3,067,219
Stormwater and Drainage	167,993	166,934
Solid Waste Management	201,605	203,663
Parks, Reserves and Recreational Facilities	162,333	161,223
Plant and Equipment	358,659	389,155
Furniture	2,978	3,528
Computers	141,966	159,251
TOTAL	4,597,979	4,439,842

Accounting Policy

Depreciation and amortisation expense

All non-current assets, which have a limited useful life, are systematically depreciated over the useful life in a manner that reflects the consumption of the service potential of those assets. Land and land under roads are generally not depreciable assets. Non-current assets are those which provide a benefit to Council extending beyond twelve (12) months. Depreciation is

recognised as per the schedule below. Rates of depreciation reflect the consumption of the service potential of these assets and are reviewed annually.

The current schedule of rates for depreciation is:

<u>Classification</u>	<u>Useful Life</u>
Buildings	30 - 100 years
Plant and Equipment	3 - 17 years
Transport Infrastructure	8 - 150 years
Stormwater and Drainage	50 - 100 years
Parks, Reserves and Recreational Facilities	10 - 80 years
Furniture and Computers	3 - 25 years
Solid Waste Management	25 - 60 years

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

Fleet, being motor vehicles and light commercials, are included in the Plant and Equipment asset category.

Council utilises residual values from some items of plant and equipment and all fleet vehicles. An average of 25% of the purchase price is used as the residual.

12. FINANCE COSTS

	2018	2017
	\$	\$
Loan Interest	-	15,672

Accounting Policy

Finance expenses

Finance costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised. No borrowing costs were capitalised during the period.

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

Council had a loan for the Port Latta waste facility which was repaid during 2016/17. Council has \$3,900,000 in loan borrowings at the end of 2017/18, however these funds were made available through an interest free loan through the State Government. Therefore no loan interest has been recorded for the current year.

13. OTHER EXPENSES

	2018	2017
	\$	\$
Advertising	61,780	48,170
Audit Fees	34,390	40,690
Bank fees	19,051	17,622
Communication costs	11,278	8,834
Contributions, donations and grants	313,208	246,145
Consultancy fees	97,643	90,181
Councillors allowance	161,245	158,071
Electricity	162,064	163,360
Property rental	7,979	8,031
Insurance	97,962	118,115
Land Tax	69,953	71,227
Legal Expenses	22,826	41,173
Licences and permits	40,336	32,180
Memberships	108,505	107,298
Postage	13,618	10,727
Rates discounts	201,910	179,698
Water and sewerage rates	88,694	78,904
Sampling	27,639	21,929
Supplementary valuation fees	16,400	15,877
Telephone	44,978	40,933
Other expenses	448,688	457,347
TOTAL	2,050,147	1,956,512

Accounting Policy

Other expenses

Expenses are recognised in the Comprehensive Income Statement 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.

Leases

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

Council leases several parcels of Crown land under lease agreements with the State Government. These leases, in general, do not reflect commercial arrangements, are long-term and have minimal lease payments. Crown land is recognised as an asset in the Statement of Financial Position and carried at fair value when Council establishes that (i) it has control over the land and (ii) it will derive economic benefits from it.

14. CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Short term deposits	13,335,196	11,620,504
Cash at bank	2,545,410	5,293,291
Petty Cash	1,300	1,300
TOTAL	<u>15,881,906</u>	<u>16,915,095</u>

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. Council considers cash to include cash on hand and in banks (including Special Committee accounts).

Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position.

15. RECEIVABLES

	2018	2017
	\$	\$
Rate Debtors	299,751	345,072
Less allowance for impairment loss	(29,817)	(101,325)
Sundry debtors	345,063	315,814
Other receivables	19,719	18,934
TOTAL	<u>634,716</u>	<u>578,495</u>

Accounting Policy

Trade and other receivables

Receivables are carried at amortised cost, which reflect their net fair value. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred.

Rates debtors are listed as the balance outstanding only. \$35,727 has been transferred to the Comprehensive Income Statement and recorded and revenue received in advance.

16. INVENTORIES

	2018	2017
	\$	\$
Gravel	<u>85,840</u>	<u>89,834</u>

Accounting Policy

Inventories

Quantities of inventories on hand at balance date are valued at the lower of cost or net replacement value.

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

17. OTHER CURRENT ASSETS

	2018	2017
	\$	\$
Prepayments	89,244	98,989
Revenue Accrual	7,939	36,789
TOTAL	<u>97,183</u>	<u>135,778</u>

Accounting Policy

Revenue accruals and prepayments

The Council considers the carrying amount of the revenue accrual and prepayments approximates the net fair value.

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

18. INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

Land

	2018	2017
	\$	\$
<u>Gross Carrying Amount</u>		
Opening Balance at Fair Value	8,686,913	8,826,486
Additions	0	0
Revaluation Adjustment	0	4,292
Disposals	0	(143,865)
TOTAL	<u>8,686,913</u>	<u>8,686,913</u>

Land Under Roads

	2018	2017
	\$	\$
<u>Gross Carrying Amount</u>		
Opening Balance at Fair Value	7,016,411	7,016,411
Additions	0	0
TOTAL	<u>7,016,411</u>	<u>7,016,411</u>

Buildings

	2018	2017
	\$	\$
<u>Gross Carrying Amount</u>		
Opening Balance at Fair Value	10,747,742	10,524,094
Additions	110,501	223,648
Closing Balance	<u>10,858,243</u>	<u>10,747,742</u>
<u>Accumulated Depreciation</u>		
Opening Balance	1,126,851	837,982
Depreciation for the Year	297,864	288,869
Closing Balance	<u>1,424,715</u>	<u>1,126,851</u>
TOTAL	<u>9,433,528</u>	<u>9,620,891</u>

A review of land and capital values was undertaken in 2016/17 from the current Office of Valuer General adjustment factors, and the movement was not materially different than the carrying amount therefore a revaluation was not undertaken.

Transport Infrastructure

	2018	2017
	\$	\$
<u>Gross Carrying Amount</u>		
Opening Balance at Fair Value	197,181,519	194,620,629
Additions	4,110,733	3,949,641
Recognition/(Derecognition)	0	(184,112)
Revaluation Adjustment	0	0
Disposal	(1,079,641)	(1,204,639)
Closing Balance	<u>200,212,611</u>	<u>197,181,519</u>
<u>Accumulated Depreciation</u>		
Opening Balance	75,144,589	73,075,822
Depreciation for the Year	3,264,581	3,067,219
Revaluation Adjustment	0	0
Recognition/(Derecognition)	0	(21,286)
Disposal	(787,410)	(977,166)
Closing Balance	<u>77,621,760</u>	<u>75,144,589</u>
Closing Balance at Fair Value	<u>122,590,851</u>	<u>122,036,930</u>

The transport infrastructure class of asset was revalued on 1 July 2014 by Council's Engineer. Transport infrastructure assets have been valued at written down replacement cost.

Stormwater and Drainage

	2018	2017
	\$	\$
<u>Gross Carrying Amount</u>		
Opening Balance at Cost	13,451,398	13,364,029
Disposal	(82,653)	(13,791)
Additions	304,218	101,160
Closing Balance	<u>13,672,963</u>	<u>13,451,398</u>
<u>Accumulated Depreciation</u>		
Opening Balance	5,930,890	5,772,017
Disposal	(48,262)	(8,061)
Depreciation for the Year	167,993	166,934
Closing Balance	<u>6,050,621</u>	<u>5,930,890</u>
TOTAL	<u><u>7,622,342</u></u>	<u><u>7,520,508</u></u>

The stormwater and drainage class of asset was revalued on 1 July 2014 by Council's Engineer. Stormwater and drainage assets have been valued at written down replacement cost.

Solid Waste Management

	2018	2017
	\$	\$
<u>Gross Carrying Amount</u>		
Opening Balance at Cost	2,722,954	2,722,954
Additions	97,902	0
Closing Balance	<u>2,820,856</u>	<u>2,722,954</u>
<u>Accumulated Depreciation</u>		
Opening Balance	1,214,033	1,010,370
Depreciation for the Year	201,605	203,663
Closing Balance	<u>1,415,638</u>	<u>1,214,033</u>
TOTAL	<u><u>1,405,218</u></u>	<u><u>1,508,921</u></u>

Parks, Reserves and Recreation Facilities

	2018	2017
	\$	\$
<u>Gross Carrying Amount</u>		
Opening Balance at Cost	5,973,547	5,925,521
Additions	190,379	48,026
Closing Balance	<u>6,163,926</u>	<u>5,973,547</u>
<u>Accumulated Depreciation</u>		
Opening Balance	2,311,890	2,150,667
Depreciation for the Year	162,333	161,223
Disposals	0	0
Closing Balance	<u>2,474,223</u>	<u>2,311,890</u>
TOTAL	<u><u>3,689,703</u></u>	<u><u>3,661,657</u></u>

Plant and Equipment

	2018	2017
	\$	\$
<u>Gross Carrying Amount</u>		
Opening Balance at Cost	4,475,901	4,634,053
Additions	828,550	429,764
Disposals	(671,237)	(587,916)
Closing Balance	4,633,214	4,475,901
<u>Accumulated Depreciation</u>		
Opening Balance	2,393,014	2,518,205
Disposals	(582,579)	(514,346)
Depreciation for the Year	358,659	389,155
Closing Balance	2,169,094	2,393,014
TOTAL	2,464,120	2,082,887

Furniture

	2018	2017
	\$	\$
<u>Gross Carrying Amount</u>		
Opening Balance at Cost	114,855	114,855
Additions	0	0
Closing Balance	114,855	114,855
<u>Accumulated Depreciation</u>		
Opening Balance	98,916	95,388
Depreciation for the Year	2,978	3,528
Closing Balance	101,894	98,916
TOTAL	12,961	15,939

Computers

	2018	2017
	\$	\$
<u>Gross Carrying Amount</u>		
Opening Balance at Cost	1,105,094	1,068,396
Additions	16,039	36,698
Closing Balance	1,121,133	1,105,094
<u>Accumulated Depreciation</u>		
Opening Balance	847,872	688,621
Depreciation for the Year	141,966	159,251
Closing Balance	989,838	847,872
TOTAL	131,295	257,222

Works in Progress

	2018	2017
	\$	\$
<u>Gross Carrying Amount</u>		
Opening Balance at Cost	843,920	167,476
Additions	4,150,552	843,920
Transfers	(229,889)	(167,476)
TOTAL	4,764,583	843,920

Summary Table: Infrastructure, Property, Plant and Equipment

2018	Balance at beginning of financial year	Acquisition of assets	Recognition / Derecognition of assets	Revaluation increments (decrements) Note 33	Written down value of disposals	Depreciation and amortisation Note 11	Recognition / Derecognition of assets	Disposal of assets	Transfers	Balance at end of financial year
Land	8,686,913	-	-	-	-	-	-	-	-	8,686,913
Land under roads	7,016,411	-	-	-	-	-	-	-	-	7,016,411
Buildings	9,620,891	110,501	-	-	-	297,864	-	-	-	9,433,528
Transport infrastructure	122,036,930	4,110,733	-	-	1,079,641	3,264,581	-	787,410	-	122,590,851
Stormwater and drainage	7,520,508	304,218	-	-	82,653	167,993	-	48,262	-	7,622,342
Solid waste management	1,508,921	97,902	-	-	-	201,605	-	-	-	1,405,218
Parks, reserves and recreation facilities	3,661,657	190,379	-	-	-	162,333	-	-	-	3,689,703
Plant and equipment	2,082,887	828,550	-	-	671,237	358,659	-	582,579	-	2,464,120
Furniture	15,939	-	-	-	-	2,978	-	-	-	12,961
Computers	257,222	16,039	-	-	-	141,966	-	-	-	131,295
Works in progress	843,920	4,150,552	-	-	-	-	-	-	229,889	4,764,583
TOTAL	163,252,199	9,808,874	-	-	1,833,531	4,597,979	-	1,418,251	229,889	167,817,925

2017	Balance at beginning of financial year	Acquisition of assets	Recognition / Derecognition of assets	Revaluation increments decrements Note 33	Written down value of disposals	Depreciation and amortisation Note 11	Recognition / Derecognition of assets	Revaluation increments (decrements)	Disposal of assets	Transfers	Balance at end of financial year
Land	8,826,486	-	-	4,292	143,865	-	-	-	-	-	8,686,913
Land under roads	7,016,411	-	-	-	-	-	-	-	-	-	7,016,411
Buildings	9,686,112	223,648	-	-	-	288,869	-	-	-	-	9,620,891
Transport infrastructure	121,544,807	3,949,641	(184,112)	-	1,204,639	3,067,219	(21,286)	-	977,166	-	122,036,930
Stormwater and drainage	7,592,012	101,160	-	-	13,791	166,934	-	-	8,061	-	7,520,508
Solid waste management	1,712,584	-	-	-	-	203,663	-	-	-	-	1,508,921
Parks, reserves and recreation facilities	3,774,854	48,026	-	-	-	161,223	-	-	-	-	3,661,657
Plant and equipment	2,115,848	429,764	-	-	587,916	389,155	-	-	514,346	-	2,082,887
Furniture	19,467	-	-	-	-	3,528	-	-	-	-	15,939
Computers	379,775	36,698	-	-	-	159,251	-	-	-	-	257,222
Works in progress	167,476	843,920	-	-	-	-	-	-	-	167,476	843,920
	162,835,832	5,632,857	(184,112)	4,292	1,950,211	4,439,842	(21,286)	-	1,499,573	167,476	163,252,199

Accounting Policy

i) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets.

The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Cost is determined as the fair value of the asset given as consideration plus costs incidental to the acquisition (e.g. architects fees, engineering design fees, administration charges and all other costs incurred) in getting the asset ready for use.

Non-monetary assets received in the form of grants, donations or at nominal consideration are recognised as assets and revenues at their fair value at the date of receipt. (Fair value meaning: the amount for which an asset could be exchanged, between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arms-length transaction).

Non-Current Assets Constructed by Council

The cost of non-current assets constructed by the Council includes the cost of all materials used in the construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. The cost of materials includes consulting and engineering fees.

Asset values are net of the Goods and Services Tax component.

ii) Classification and Valuation of Non-Current Assets

Land, land under roads, buildings, transport infrastructure and stormwater and drainage are measured at Fair Value. All other asset values are measured at cost.

Where assets are recorded at valuation, the valuation has been performed by Council officers with the exception of land, land under roads and buildings which have been valued by the Tasmanian Valuer-General.

Infrastructure assets at valuation are at written down replacement cost. Replacement cost is the current cost of a new asset that could provide the same service as an existing asset. Accumulated depreciation or amortisation recognises the amount of the replacement cost that is pro-rata to the proportion of the asset's useful life that has expired.

iii) Revaluation Policy

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

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

Land	Fair Value
Land under roads	Fair Value
Buildings	Fair Value
Transport Infrastructure	Fair Value
Stormwater and Drainage	Fair Value
Solid Waste Management	Cost

Parks, Reserves and Recreation Facilities	Cost
Plant and Equipment	Cost
Furniture and Computers	Cost

iv) Maintenance vs. Capitalisation

Officers of the Council determine at the occurrence of an event whether to capitalise/expense expenditure. The following formula is provided as a guide "...maintenance, repair costs and minor renewals are charged as expenses as incurred unless their total value exceeds 10% of the written down current value and increases the economic life by more than 10%, or the net realisable value by more than five (5) thousand dollars".

In addition however, council's policy as it relates to transport infrastructure is as follows:

Transport Infrastructure

Reseals	Capitalised
Road Shouldering	Expensed
Reconstruction/Construction	Capitalised
Gravel Re-sheeting	Capitalised
Tar Patching	Expensed
Road Drainage (Open)	Expensed
Road Drainage (Piped)	Capitalised
Signage	Expensed
Line Marking	Expensed
Road Verge Works	Expensed
Traffic Management	Capitalised
Site Survey	Capitalised
Earthworks	Capitalised
Clearing of trees	Expensed
Disposal of materials	Expensed
Moving of services (ie Water/Phone)	Expensed
Fencing	Expensed
Landscaping	Expensed

v) Threshold for Recognising a New Asset

The following limits apply in recognising the acquisition of new assets. When group values have been determined the threshold applies to the group not individual assets within that group.

Land	Nil	Roads	As per 18(iv)
Plant/Machinery	\$1,000	Bridges	\$5,000
Furniture & Fittings	\$1,000	Buildings	\$5,000
Office Equipment	\$1,000	Recreation Facilities	\$1,000
Community Amenities	\$1,000	Parks and Gardens	\$1,000
Stormwater/Drainage	\$3,000	Playground Equipment	\$2,000

Asset thresholds will be reviewed in the subsequent financial year. It is anticipated any changes will not have a material effect on the financial statements.

vi) Land Under Roads

Council has elected to recognise land under roads prior to 1 July 2008 as an asset in accordance with AASB 1051 Land Under Roads for the first time in the 2015/16 financial year. Land under roads acquired post 1 July 2008 is brought to account at cost and subsequently revalued on a fair value basis.

vii) 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 comprehensive income statement, 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.

viii) Unsealed Road Pavement Depreciation

Council adopted to depreciate Unsealed Road Pavement and Unsealed Road Surfaces. Unsealed Gravel Pavement will be depreciated with a useful life of 150 years, Unsealed Road Surfaces will be capitalised at year end and depreciated with a useful life of 6 years. Useful life for asset classes has been calculated using current Unsealed Road Network practises.

A review of sealed road pavement useful lives will be undertaken in the 2017/18 financial year.

ix) Earthworks Recognition

Council elected to recognise Earthworks as an integral part of the municipal transport network. A recognition of \$23.5 million in Earthworks replacement costs was identified at 1 July 2014.

19. RECOVERY ON INVESTMENT

	2018	2017
	\$	\$
Recovery on investment	-	25,946
TOTAL	<u>-</u>	<u>25,946</u>

Council previously owned three securities that incurred significant capital losses, during the terms that the securities were held.

These securities currently form the basis of a Class Action that Council was a member party to. Legal action recovered a portion of the capital losses, and a further class action has taken place. A settlement has been reached, however the settlement sum is not quantifiable at this stage.

20. PAYABLES

	2018	2017
	\$	\$
Current		
Accrued Wages	152,552	153,670
Accrued Interest	0	0
Trade and other creditors	1,528,625	1,123,131
TOTAL	<u>1,681,177</u>	<u>1,276,801</u>

Accounting Policy

Trade and other payables

Trade creditors are generally settled within specified trading terms or 30 days whichever is the earlier.

The Council considers the carrying amount of trade and other creditors approximate their fair value.

21. PROVISIONS

	2018	2017
	\$	\$
Current Liability		
Annual leave	531,288	502,881
Long service leave	579,228	612,939
Rostered days off and banked hours	104,016	75,378
	<u>1,214,532</u>	<u>1,191,198</u>
Non-Current Liability		
Long service leave	149,855	112,721
	<u>149,855</u>	<u>112,721</u>
TOTAL	<u>1,364,387</u>	<u>1,303,919</u>

Accounting Policy

Employee benefits

i) Employee Benefits – Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave, rostered days off and banked hours that are 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 including appropriate oncosts (superannuation, payroll tax, workers compensation). Council employed a total of 55.42 full time equivalent staff members at the end of the financial year (2016/17 – 52.09).

ii) Employee Benefits – Other long term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. 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) Employee Benefits – Retirement benefit obligations

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

Defined benefit plans

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

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

Defined contribution plans

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

iv) Employee Benefits – Sick Leave

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this

experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

v) Allocation between Current and Non-Current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as long service leave, the liability is classified as current even if not expected to be settled within the next 12 months.

22. 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 2017.
- 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.
- The application of Fund assets on Tasplan being wound-up is set out in Rule 41.4. This Rule provides that expenses and taxation liabilities should have first call on the available assets. Additional assets will initially be applied for the benefit of the then remaining members and/or their Dependents in such manner as the Trustee considers equitable

and appropriate in accordance with the Applicable Requirements (broadly, superannuation and taxation legislative requirements and other requirements as determined by the regulators).

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

- The Fund is a defined benefit Fund.
- The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. Thus the Fund is not able to prepare standard AASB119 defined benefit reporting.
- During the reporting period the amount of contributions paid to defined benefits schemes was Nil (2016/17, Nil), and the amount paid to accumulation schemes was \$549,280 (2015/16, \$532,666).
- 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.

23. BORROWINGS

	2018	2017
	\$	\$
Current Liabilities		
Loans	0	0
	<u>0</u>	<u>0</u>
Non-Current Liabilities		
Loans	3,900,000	3,900,000
	<u>3,900,000</u>	<u>3,900,000</u>
TOTAL	<u><u>3,900,000</u></u>	<u><u>3,900,000</u></u>

Accounting Policy

Loans and borrowings

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

The approximate net fair value of Council's loans was \$3,900,000 (2016/17 \$3,900,000) compared to the actual value of \$3,900,000 (2016/17, \$ 3,900,000). The loans were drawn down in June 2017 and no interest is payable, therefore they are deemed to be at their net fair value.

The debenture loans of Council are secured by trust deed. In accordance with section 80 of the Local Government Act 1993 (as amended) the borrowing capacity of Council is limited to:

- Except with the approval of the Minister, a council may not borrow additional money for any purpose if the annual payments required to service the total borrowings would exceed 30% of its revenue of the preceding financial year.
- Grants made to a council for specific purposes are to be excluded in calculating 30% of revenue of the council.

Council received loan funding through the State Government's Northern Tasmanian stimulation package in 2016/17 (\$400,000 for the demolition of the old war memorial swimming pool and \$3,500,000 for the construction of the new wellbeing centre). No repayments of principal are required in the coming 12 months, therefore both loans have been deemed as non-current. The loan will become a grant in the 2020/21 financial year.

The current annual capital repayments of loans by Council equate to 0.00% of the revenue of the preceding financial year. Total instalments including interest equates to 0.00% of revenue from the previous year (2016/17, 0.00%).

24. COMMITMENTS FOR EXPENDITURE

(a) Operating Lease Commitments

Commitments under non-cancellable operating leases at the reporting date are payable as follows:-

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
2018					
Photocopying Lease	10,237	10,237	10,237	5,891	36,602

TOTAL	10,237	10,237	10,237	5,891	36,602
2017					
Photocopying Lease	6,075	4,346	8,692		19,113
TOTAL	6,075	4,346	8,692	-	19,113

(b) Finance Lease Commitments

Council had no Finance Lease commitments in 2017/18.

(c) Capital Commitments

Council had the following capital commitments as at 30 June 2018:

- \$6,608,000 for the construction of the Circular Head Wellbeing Centre
- \$81,352 for the construction of the multi-purpose facility at the Stanley Recreation ground, and
- \$194,180 for the Montagu Road Bridge over Stoney Point Creek.

(d) Other operating Commitments

2018	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
Maintenance	12,000	12,000	12,000	12,000	48,000
Green Point Reserve	4,239	-	-	-	4,239
Waste Transfer Station Management	85,176	85,176	-	-	170,352
Cleaning Services Works Plus	7,272	7,272	-	-	14,544
Cleaning Services Sports Centre	12,480	12,480	-	-	24,960
Cleaning Services Council Office	19,980	19,980	-	-	39,960
Cleaning Services additional charges	720	720	-	-	1,440
Street Cleaning	9,759	-	-	-	9,759

Total	151,626	137,628	12,000	12,000	313,254
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2017	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
Maintenance	10,105	-	-	-	10,105
Green Point Reserve	4,263	-	-	-	4,263
Waste Transfer Station Management	85,176	85,176	85,176	-	255,528
Cleaning Services Works Plus	7,488	-	-	-	7,488
Cleaning Services Sports Centre	18,720	-	-	-	18,720
Cleaning Services Council Office	18,720	-	-	-	18,720
Street Cleaning	91,332	9,759	-	-	101,091
ML Security	1,805	-	-	-	1,805
Total Lock & Alarms	2,190	-	-	-	2,190
Total	239,799	94,935	85,176	-	419,910

25. SPECIAL COMMITTEES

Committee	2018			2017		
	Revenue	Expenditure	Funds held by Council	Revenue	Expenditure	Funds held by Council
	\$	\$	\$	\$	\$	\$
Circular Head Heritage Centre	9,243	15,656	12,406	17,110	12,344	18,819
Marrawah/Redpa Special Committee	4,579	1,857	5,550	5,745	10,188	2,828
Stanley Town Hall	25,781	17,023	42,863	23,063	11,724	34,105
Smithton Rec Ground	7,855	1,195	37,824	9,305	9,109	31,164
Indoor Sports Centre	14,655	5,992	14,973	7,975	6,001	6,310
Stanley Caravan Park Committee	-	-	39,140	-	-	39,140
Stanley Rec Ground	27,448	27,497	5,574	29,221	24,213	5,623
Trowutta Rec Ground	-	333	10,340	-	330	10,673
	89,561	69,553	168,670	92,419	73,909	148,662

Funds held by the special committees during the year were transferred into Council's bank account unless otherwise noted as "Cash held by Committee". The "Funds held by Council" remain under the control of special committees subject to Council's authorisation.

26. RELATED PARTY DISCLOSURE

Responsible persons:

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

Councillors: **Daryl Quilliam** (Mayor 2007 - present)
Jan Bishop (Councillor 2011 - present, Deputy Mayor 2014 - present)
John Oldaker (Councillor 1999 - present)
Trevor Spinks (Councillor 2007 - present)
Betty Kay (Councillor 2011 - present)
Norman Berechree (Councillor 2014 - present)
Nakore Townsend (nee Popowski) (Councillor 2014 - present)
Ashley Popowski (Councillor 2011 - present)
David Woodward (Councillor 2007 - 2014, October 2015 - present (recount due to resignation)).

General Manager: **Tony Smart** (12 December 2013 – 31 December 2018)
Scott Riley (2 January 2018 – present)

(a) Key Management Personnel Remuneration – Elected Members

	2018	2017
	\$	\$
Councillor Allowances and Reimbursements	165,561	158,765

2017/18	Short term employee benefits		Post Employment benefits			TOTAL
	Allowance	Vehicles ²	Superannuation ¹	Total compensation AASB 1024	Expenses ³	
Mayor	42,952	-	-	42,952	930	43,882
Deputy Mayor	24,019	-	-	24,019	930	24,949
Councillors	85,904	-	-	85,904	10,826	96,730
	152,875	-	-	152,875	12,686	165,561

2016/17	Short term employee benefits		Post Employment benefits			TOTAL
	Allowance	Vehicles ²	Superannuation ¹	Total compensation AASB 1024	Expenses ³	
Mayor	42,078	-	-	42,078	930	43,008
Deputy Mayor	23,516	-	-	23,516	1,624	25,140
Councillors	84,107	-	-	84,107	6,510	90,617
	149,701	-	-	149,701	9,064	158,765

¹ Superannuation means the contribution to the superannuation fund of the individual.

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

(b) Key Management Personnel Remuneration – Executives

2017/18	# Employees	Short term employee benefits				Post Employment benefits			Non-monetary benefits ⁸	TOTAL
		Salary ¹	Short term incentive payments ²	Vehicle ³	Other allowances and benefits ⁴	Superannuation ⁵	Other long term benefits ⁶	Termination benefits ⁷		
\$120,001 - \$140,000	2	152,247	-	16,609	-	14,393	3,988	-	12,271	199,508
\$140,001 - \$160,000	1	133,259	-	-	-	12,513	2,873	-	8,839	157,484
\$200,001 - \$220,000	2	324,927	-	30,228	-	35,980	7,594	130,053	26,454	555,236
		610,433	-	46,837	-	62,886	14,455	130,053	47,564	912,228

2016/17	# Employees	Short term employee benefits				Post Employment benefits			Non-monetary benefits ⁸	TOTAL
		Salary ¹	Short term incentive payments ²	Vehicle ³	Other allowances and benefits ⁴	Superannuation ⁵	Other long term benefits ⁶	Termination benefits ⁷		
\$120,001 - \$140,000	1	113,366	-	-	-	10,770	2,845	-	8,752	135,733
\$140,001 - \$160,000	1	106,748	-	14,332	-	10,141	2,647	-	8,144	142,012
\$180,001 - \$200,000	1	149,131	-	16,153	-	17,372	3,730	-	11,478	197,864
\$200,001 - \$220,000	1	157,205	-	15,526	-	18,313	3,541	-	10,896	205,481
		526,450	-	46,011	-	56,596	12,763	-	39,270	681,090

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

² Short term incentive payments are non-recurrent payments which depend on achieving specified performance goals within specified timeframes. These payments are capped at 15% of base salary

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

⁴ Other 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

⁵ Superannuation means the contribution to the superannuation fund of the individual

⁶ other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation; other non-monetary benefits (such as housing, subsidised goods or services etc)

⁷ Termination benefits include all forms of benefit paid or accrued as a consequence of termination.

⁸ Other non-monetary benefits include annual and long service leave movements and non-monetary benefits (such as housing, subsidised goods or services etc)

The 2017/18 financial year included the changeover of the General Manager position.

(c) Remuneration Principles

Elected Members

Elected Members payments are made on a monthly basis in accordance with Section 340A of the Local Government Act 1993 (the Act).

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.

Short term incentive payments

Council paid no short term incentive payments during the 2017/18 financial year.

Termination benefits

Termination payments during the current year included Council's previous General Manager effective 31 December 2017. A payment was made representing the balance of accrued annual and long service leave entitlements.

(d) Transactions with related parties

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

Transaction type	2018	2017
Purchase of services consisting of excavation works (including equipment hire) from entities controlled by key management personnel	251,591	205,236
	68	38

Number of transactions		
------------------------	--	--

(e) 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

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.

27. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2018	2017
	\$	\$
Surplus for the year	3,081,325	3,748,954
Depreciation and amortisation expense	4,597,979	4,439,842
Recognition of assets	-	162,826
Net (gain) loss on disposal of plant & equipment	209,116	63,000
	<u>4,807,095</u>	<u>4,665,668</u>
Non-operating income		
Capital grants	(3,015,629)	(2,076,273)
	<u>(3,015,629)</u>	<u>(2,076,273)</u>
(Increase) Decrease in receivables	(56,221)	(64,956)
(Increase) Decrease in other assets	42,589	(91,092)
(Increase) Decrease in financial assets	-	(25,946)
Increase (Decrease) in creditors	404,376	102,163
Increase (Decrease) in provisions	60,468	39,099
	<u>451,212</u>	<u>(40,732)</u>
Net cash provided by (used in) Operating Activities	<u>5,324,003</u>	<u>6,297,617</u>

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

2018	Interest-bearing loans and borrowings	
	2018	2017
	\$	\$
Balance as at 1 July 2017	3,900,000	4,248,442
Cash Repayments	-	(348,442)
Balance as at 30 June 2018	<u>3,900,000</u>	<u>3,900,000</u>

29. CREDIT STANDBY ARRANGEMENTS

	2018	2017
	\$	\$
Bank overdraft limit	<u>500,000</u>	<u>500,000</u>

Credit facilities of \$500,000 were available. The overdraft remained unused during the year.

30. FINANCIAL INSTRUMENTS

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting policy
Financial assets		
Cash and cash equivalents	14	Cash on hand, at bank and in cash management accounts are valued at face value. Interest is recognised as it accrues. Investments are held to maximise interest returns of surplus cash.
Receivables	15	An impairment loss is not recognised on rates receivable. A provision for impairment is recognised on other debtors when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.
Investment in Water Corporation	33	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.
Financial liabilities		
Trade and other payables	20	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received. General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest-bearing loans and borrowings	23	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables. Borrowings are secured by way of mortgages over the general rates of the Council.

(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	Floating interest rate	Fixed interest maturing in:			Non-interest bearing	Total
		One year or less	Over 1 to 5 years	More than 5 years		
Financial assets						
Cash and cash equivalents	13,335,196	2,545,410	-	-	1,300	15,881,906
Trade and other receivables	-	-	-	-	634,716	634,716
Accrued revenue	-	-	-	-	7,939	7,939
Investment in water corporation	-	-	-	-	25,368,717	25,368,717
Total financial assets	13,335,196	2,545,410	-	-	26,012,672	41,893,278
Financial liabilities						
Trade and other payables	-	-	-	-	1,681,177	1,681,177
Interest-bearing loans and borrowings	-	-	3,900,000	-	-	3,900,000
Total financial liabilities	-	-	3,900,000	-	1,681,177	5,581,177
Net financial assets (liabilities)	13,335,196	2,545,410	(3,900,000)	-	24,331,495	36,312,101
2017						
	Floating interest rate	Fixed interest maturing in:			Non-interest bearing	Total
		One year or less	Over 1 to 5 years	More than 5 years		
Financial assets						
Cash and cash equivalents	5,293,291	11,620,504	-	-	1,300	16,915,095
Trade and other receivables	-	-	-	-	578,495	578,495
Accrued revenue	-	-	-	-	36,789	36,789
Investment in water corporation	-	-	-	-	25,043,676	25,043,676
Total financial assets	5,293,291	11,620,504	-	-	25,660,260	42,574,055
Financial liabilities						
Trade and other payables	-	-	-	-	1,276,801	1,276,801
Interest-bearing loans and borrowings	-	-	3,900,000	-	-	3,900,000
Total financial liabilities	-	-	3,900,000	-	1,276,801	5,176,801
Net financial assets (liabilities)	5,293,291	11,620,504	(3,900,000)	-	24,383,459	37,397,254

(c) Net Fair Values

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

Financial Instruments	30 June 2018		30 June 2017	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents				
Cash at bank and on hand	13,336,496	13,336,496	5,294,591	5,294,591
Short Term Deposits	2,545,410	2,545,410	11,620,504	11,620,504
Receivables	634,716	634,716	578,495	578,495
Accrued revenue	7,939	7,939	36,789	36,789
Investment in Water Corporation	25,368,717	25,368,717	25,043,676	25,043,676
	41,893,278	41,893,278	42,574,055	42,574,055
Financial liabilities				
Payables	1,681,177	1,681,177	1,276,801	1,276,801
Financial Liabilities	3,900,000	3,900,000	3,900,000	3,900,000
	5,581,177	5,581,177	5,176,801	5,176,801
Net financial assets	36,312,101	36,312,101	37,397,254	37,397,254

(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.

Cash and cash equivalents are subject to floating interest rates. Any variations in future cash flows from interest rate movements are expected to have an immaterial effect on the Council's revenue.

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 expose us to fair value interest rate risk.

The interest rate exposure on our debt portfolio is managed by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Treasury and Finance each year.

All of the Council's interest bearing liabilities are at fixed rates so there is no exposure to 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,
- Adequate safety,
- Appropriate liquidity,
- Monitoring of return on investment,
- Staggering maturity dates to provide for interest rate variations ,
- Benchmarking of returns and comparisons 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.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for impairment losses, represents the Council's maximum exposure to credit risk without taking account of any collateral or other security.

Council's policy in relation to receivables is summarised below.

Debtors of the Council are required to settle their accounts within specified terms including:

Rate Debtors

Rates and charges are required to be paid in full by 30 September, but in order to receive a discount the rates and charges must be paid in full by 31 August. Ratepayers may apply to the council to pay rates and charges by instalments, subject to approved terms and conditions. Should amounts remain unpaid outside of approved payment options the Council will instigate collection proceedings.

Other Debtors (including loans and advances)

Debtors are required to settle within one month from the current month. Should amounts remain unpaid outside of approved payment options the Council will instigate collection proceedings.

Impairment Losses

The following table provides an ageing of the Council's trade and rate receivables at the reporting date:

Trade receivables	30 June 2018		30 June 2017	
	Gross	Impairment	Gross	Impairment
	\$	\$	\$	\$
Not past due	315,124	-	264,450	-
Past due 0-30 days	1,000	-	23,456	-
Past due 31-60 days	4,770	-	2,838	-
Past due 61-90 days	6,154	-	216	-
More than 90 days	18,016	-	24,854	-
Total trade receivables	345,064	-	315,814	-
Rates receivables				
More than 90 days	299,751	29,817	345,072	101,352
Other Receivable	19,718	-	18,961	
Total receivables as per the Statement of Financial Position	634,716	29,817	679,847	101,352

A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired. No allowance for impairment in respect of trade receivables has been recognised as at 30 June 2018.

All rates receivable are in excess of 90 days. No allowance for an impairment loss is recognised against unpaid rates unless it is probable that the unpaid rates cannot be recovered when the property is next sold.

Where the Council has obtained financial or non-financial assets during the period by taking possession of collateral it holds as security or calling on other credit enhancements (e.g. guarantees) and such assets meet the recognition criteria in other Australian Accounting Standards, the Council must disclose:

- the nature and carrying amount of the assets obtained; and
- when the assets are not readily convertible to cash, its policies for disposing of such assets or for using them in its operations.

Liquidity Risk

Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they fall due. The Council's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

The debenture loans of Council are secured by trust deed and the total loan borrowings are limited to borrowings approved by Treasury. In accordance with section 80 of the *Local Government Act 1993* (as amended) the borrowing capacity of the Council is limited as follows:

- Except with the approval of the Minister, a council may not borrow additional money for any purpose if the annual payments required to service the total borrowings would exceed 30% of its revenue of the preceding financial year; and
- Grants made to a council for specific purposes are to be excluded in calculating 30% of the revenue of the council.

Maturity analysis for financial liabilities

The following tables detail the undiscounted cash flows payable by the Council by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted and include estimated interest payments, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position:

	Less than 1 year	1-5 years	More than 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
30 June 2018					
Payables	1,681,177	-	-	1,681,177	1,681,177
Borrowings	-	3,900,000	-	3,900,000	3,900,000
Total	1,681,177	3,900,000	-	5,581,177	5,581,177
30 June 2017					
Payables	1,276,801	-	-	1,276,801	1,276,801
Borrowings	-	3,900,000	-	3,900,000	3,900,000
Total	1,276,801	3,900,000	-	5,176,801	5,176,801

The Council has not defaulted on or breached the conditions of any loans payable recognised at balance date.

(f) Sensitivity Disclosure Analysis

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

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The analysis assumes all other variables remain constant and was performed on the same basis for 2016.

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		Surplus or deficit		Equity	
		+1% (100 basis points)	-0.5% (50 basis points)	+1% (100 basis points)	-0.5% (50 basis points)
2018		\$	\$	\$	\$
Financial Assets					
Cash and cash equivalents	15,881,906	158,819	(79,410)	158,819	(79,410)
Trade and other receivables	634,716	-	-	-	-
Financial Liabilities					
Interest bearing loans and borrowings	3,900,000	-	-	-	-
Trade and other payables	1,681,177	-	-	-	-
<hr/>					
Interest rate risk		Surplus or deficit		Equity	
		+1% (100 basis points)	-0.5% (50 basis points)	+1% (100 basis points)	-0.5% (50 basis points)
2017		\$	\$	\$	\$
Financial Assets					
Cash and cash equivalents	16,915,095	169,151	(84,575)	169,151	(84,575)
Trade and other receivables	578,495	-	-	-	-
Financial Liabilities					
Interest bearing loans and borrowings	3,900,000	-	-	-	-
Trade and other payables	1,276,801	-	-	-	-

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances.

31. SIGNIFICANT BUSINESS ACTIVITIES

	CAMPING & RECREATIONAL VEHICLES \$		PORT LATTA SOLID WASTE \$	
	2018	2017	2018	2017
Revenue				
Rates	-	-	-	-
User Charges	34,539	35,541	798,819	851,297
Grants	-	-	-	-
Other	58,911	54,007	308,485	140,196
Total Revenue	93,450	89,548	1,107,304	991,493
Expenses				
<i>Direct</i>				
Labour & Materials	35,890	33,890	316,121	332,754
Borrowing Costs	-	-	-	15,672
Other	13,175	5,071	56,810	61,430
<i>Indirect</i>				
Engineering and Administration	31,208	23,117	53,951	62,188
Total Expenses	80,273	62,078	426,882	472,044
Capital Costs				
Depreciation	24,492	24,492	182,453	188,305
Opportunity Cost of Capital	21,874	22,946	43,033	36,197
Total Capital Costs	46,366	47,438	225,486	224,502
Competitive Neutrality Costs	-	-	509	521
Calculated surplus/(deficit)	(11,315)	2,978	497,460	330,623
Income Tax Equivalent 27.50%/30%	0	893	136,801	99,187
Total Fully Attributed Costs	126,639	110,410	789,677	796,253

Accounting Policy

Under section 84(2)(da) of the *Local Government Act 1993*, Council is required to report operating, capital and competitive neutrality costs in respect of each significant business activity undertaken by it.

32. AUDITOR'S REMUNERATION

	2018	2017
	\$	\$
Audit fee external audit – Tasmanian Audit Office	34,390	40,690
TOTAL	34,390	40,690

Includes acquittal and travel disbursement costs.
Base audit fee \$27,340 (2016/17 \$25,790)

33. INVESTMENT IN WATER CORPORATION

At 30 June 2018, Council held a 1.58% ownership interest in TasWater.

Council does not have significant influence to allow it to use the equity method to account for this interest.

	2018	2017
	\$	\$
Opening balance	25,043,676	24,880,450
Fair Value adjustment on assets held for resale	325,041	163,226
Total investment in water corporation	25,368,717	25,043,676

Accounting Policy

(i) Investments in water corporations

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 1.58% (2017: 1.58%) 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 Comprehensive Income Statement to a Financial assets available for sale Reserve each year.

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

Council has derived returns from the corporation as disclosed at note 6.

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.

34. RESERVES

	2018	2017
	\$	\$
Asset Revaluation Reserve:		
Balance at beginning of financial year	65,276,917	65,272,625
Revaluation adjustment:		
Land	0	4,292
Balance at end of financial year	<u>65,276,917</u>	<u>65,276,917</u>
Closing balance		
Land	5,613,737	5,613,737
Buildings	2,065,641	2,065,641
Transport infrastructure	55,011,756	55,011,756
Stormwater	2,585,783	2,585,783
	<u>65,276,917</u>	<u>65,276,917</u>

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

	2018	2017
	\$	\$
Financial Assets available for Sale Reserve		
Balance at the beginning of the financial year	2,956,051	2,792,825
Fair Value Adjustment	325,041	163,226
Balance at the end of the financial year	<u>3,281,092</u>	<u>2,956,051</u>

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

Public Open Space Reserve		
Balance at beginning of financial year	113,156	113,156
Transfer from retained surplus	26,179	-
Expenditure of funds on capital works	-	-
Balance at end of financial year	<u>139,335</u>	<u>113,156</u>
TOTAL	<u>68,697,344</u>	<u>68,346,124</u>

The Public Open Space Contributions Policy states that all moneys taken as contributions under this policy will be held in a reserve and used for the provision of new or the improvement of existing public open spaces and beautification projects.

35. FAIR VALUE MEASUREMENTS

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

- Land
- Land Under Roads
- Buildings
- Transport Infrastructure
- Stormwater

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 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Land	18	-	8,686,913	-	8,686,913
Land under roads	18	-	7,016,411	-	7,016,411
Buildings	18	-	9,433,528	-	9,433,528
Investment in water corporation	33	-	-	25,368,717	25,368,717
Transport Infrastructure	18	-	-	122,590,851	122,590,851
Stormwater	18	-	-	7,622,342	7,622,342
Total		-	25,136,852	155,581,910	180,718,762

As at 30 June 2017

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Land	18	-	8,686,913	-	8,686,913
Land under roads	18	-	7,016,411	-	7,016,411
Buildings	18	-	9,620,891	-	9,620,891
Investment in water corporation	33	-	-	25,043,676	25,043,676
Transport Infrastructure	18	-	-	122,036,930	122,036,930
Stormwater	18	-	-	7,520,508	7,520,508
Total		-	25,324,215	154,601,114	179,925,329

Transfers between levels of the hierarchy

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 are being used for their highest and best use.

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

Council has changed its valuation technique for Stormwater. Previously, data has been sourced from a small sample of Council's own capital jobs, but the 2014/15 financial year saw Council use benchmark data to complete the revaluation. This was deemed a more reflective valuation technique as a wide amount of data is available compared to the small amount of capital jobs Council completes for stormwater each year.

(d) Changes in recurring level 3 fair value measurements

The changes in level 3 assets with recurring fair value measurements are detailed in note 18. The investment in Water Corporation, which is classified as level 3 is separately disclosed in note 32. There have been no transfers between level 1, 2 or 3 measurements during the year.

(e) Valuation processes

Council's current policy for the valuation of property, infrastructure, plant and equipment and investment in Water Corporation (recurring fair value measurements) is set out in note 18.

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 has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes (refer note 23).

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 23 is provided by the Tasmanian Public Finance Corporation (level 2).

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

(g) Fair Value Hierarchy

The table below analyses financial instruments carried at fair value by valuation method.

The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)
- Level 3 - inputs for the asset or liability that are not based on observable market data

30 June 2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through the comprehensive income statement	-	-	-	-
Available for sale financial assets	-	-	25,368,717	25,368,717
TOTAL	-	-	25,368,717	25,368,717

30 June 2017	Level 1	Level 2	Level 3	Total
Financial assets at fair value through the comprehensive income statement	-	-	-	-
Available for sale financial assets	-	-	25,043,676	25,043,676
TOTAL	-	-	25,043,676	25,043,676

There were no transfers between Level 1 and 2 in the period.

Reconciliation of Level 3 Fair Value Movements

	2018	2017
	\$	\$
Opening Balance	25,043,676	24,880,450
Fair value adjustment on available for sale assets	325,041	163,226
Closing Balance	<u>25,368,717</u>	<u>25,043,676</u>

Investment in water corporation

Refer to Note 33 for details of valuation techniques used to derive fair values.

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

Land fair values were determined by the State Valuer General effective 30 June 2012. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

A review of adjusted values was undertaken from the current Valuation Department adjustment factors, and the movement was not materially different than the carry amount therefore a revaluation was not undertaken in the 2016/17 financial year. Council will reassess again in 2018/19 when the next revaluation is conducted.

Land under roads

Council recognised Land Under Roads for assets held prior to 2008 for the first time in 2015/16. Valuation of land Under Roads was determined by using the land valuations supplied by the Office of the Valuer-General as at 30 June 2016. The most significant input into this valuation approach is price per square metre, derived by Valuer General from analysis of market sales of different classes of property and locality.

Buildings

The fair values of buildings were also determined by the State Valuer General effective 30 June 2013. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant input into this valuation approach was price per square metre.

In determining the level of accumulated depreciation, an average useful life of 40 years has been applied to the written down value.

While the unit rates based on square metres can be supported by market evidence (level 2).

A review of adjusted values was undertaken from the current Valuation Department adjustment factors, and the movement was not materially different than the carry amount therefore a revaluation was not undertaken in the 2016/17 financial year.

Council will reassess again in 2018/19 when the next revaluation is conducted.

Transport infrastructure

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. All roads are managed in segments. 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.

Current replacement cost (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.

A full valuation of bridges assets was undertaken by independent valuers, AusSpan effective 1 July 2013. 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.

A revaluation of roads was carried out to address two areas of material inaccuracy with respect to Councils historic practices in relation to the valuation and depreciation of its sealed road surface assets.

Council has recognised a change in useful life of asphalt surfaces from 15 years to 25 years to better match reality as recognised in current engineering/industry standards and has revalued all 2-coat bitumen road surfaces at the single coat 'chip' seal replacement cost (modern equivalent asset), being the planned treatment to replace the service capacity of the existing asset. Depreciation was adjusted accordingly when the change in useful life occurred.

The replacement costs of other road asset subclasses were reviewed by reference to the movement in the ABS Producer Price Index Number 3101 Roads and bridge construction Victoria. Movement from 01/07/2013 (last revaluation date) to 01/07/2014 (current revaluation date) was 2.3%. This was not considered material and so no other changes were made to the unit rates for road assets.

Stormwater

A full audit of drainage infrastructure was undertaken by Peacock. Darcey & Anderson Pty Ltd (Surveying, Engineering & Planning consultants). Similar to roads, drainage assets are managed in segments; pits and pipes being the major components.

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.

CRC is based on the unit price for the component type. For pipes, the unit price is multiplied by the asset's length. The unit price for pipes is based on the construction material as well as the depth the pipe is laid.

A revaluation was undertaken on 1 July 2014. Benchmark data was used for the unit prices in the revaluation as Council had very few capital projects as evidence for using its own unit rates.

36. EVENTS OCCURRING AFTER BALANCE DATE

Council previously owned three securities that incurred significant capital losses, during the terms that the securities were held.

These securities currently form the basis of a Class Action that Council is a lead party in. A settlement has been reached and an unquantifiable sum will be received by the Council in the 2017/18 financial year.

37. CONTINGENT ASSETS & LIABILITIES

Bank Guarantee

Council currently has a Bank Guarantee in place for the amount of \$50,000 as a requirement for mining lease 879P/M located at White Hills.

The Bank Guarantee acts as a security deposit to be returned following the successful and satisfactory rehabilitation of the site at the cessation of mining activities.

Accounting Policy

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 and inclusive of the GST payable.

38. OTHER SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS

(A) LEASES

Leasehold improvement

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

(B) 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)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i) where the amount of GST incurred is non recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recovered from or paid to the ATO, are classified as operating cash flows.

(C) BUDGET INFORMATION

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

(D) TRUST FUNDS

The Council receives monies as an agent for the State Government. As Council performs only a custodial role in respect of these monies, and because the monies cannot be used for Council purposes, they are excluded from the financial statements.

Amounts received as tender deposit and retention amounts controlled by Council are included in the amount disclosed as “payables” within Current Liabilities.

(E) 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:

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107.

This standard is applicable to annual reporting periods beginning on or after 1 January 2017.

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 has included a reconciliation of liabilities arising from financing activities in the Statement of Cash Flows at note 28.

(F) 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, AASB139: 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 entities 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 AASB9 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. Based on assessments to date, this will not have a material impact on Council.

(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 4. Council's assessment is that the majority of the amounts received unexpended for the year, \$192,000 for the Eastern Foreshore rock wall and \$424,305 for the Circular Head Wellbeing Centre will be deferred as a liability under AASB15 and progressively recorded as income as performance obligations are fulfilled.

(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 been recognised previously in the financial statements, therefore will have no impact.

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 15, 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 has assessed these requirements and determined that the number of volunteers is relatively small therefore the effect on the financial statements will be minimal (\$10,000 - \$20,000).

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.

(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 24.

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 3.6. 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.



Certification of the Financial Report

for the financial year ended 30/06/2018

The financial report presents fairly the financial position of the Circular Head 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.

A handwritten signature in black ink, appearing to read 'S Riley', with a large flourish extending downwards.

Scott Riley
GENERAL MANAGER

Dated at Smithton this 27th day of September 2018