



CIRCULAR HEAD COUNCIL



# ANNUAL REPORT



*Photo by Max Cross*

ADOPTED BY COUNCIL 17 NOVEMBER 2016

# 2015–2016

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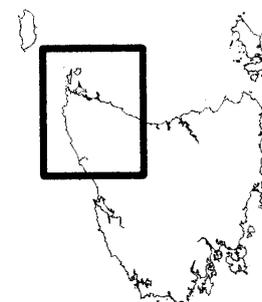
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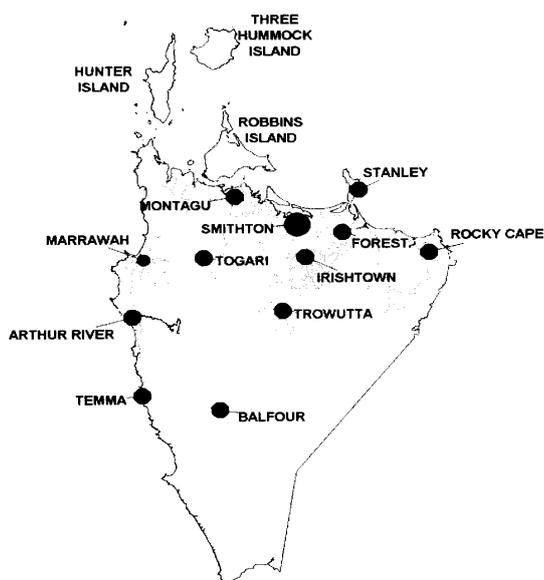
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# SNAPSHOT OF CIRCULAR HEAD

The Circular Head Council, incorporated in 1908, serves the rural community of Circular Head located in the far north-west Tasmania. Circular Head covers an area of 4,917 km<sup>2</sup>. 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 & Flinders on their historic circumnavigation of Tasmania in 1798.



Circular Heads 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 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 VISION FOR OUR COMMUNITY

Circular Head will be an iconic community valued for the balance between a progressive economy, unique environment and vibrant lifestyle, providing and caring for all.

## COUNCIL'S MISSION

Our Mission is to lead the Circular Head community in enhancing our iconic lifestyle through the provision of quality services with partnership creation and strategic use of resources.

*The values or behaviours that Council will embrace to support our Mission and guide us in achieving our Vision are:*

- **Empathy and respect for all our people:** by ensuring internal and external stakeholders are regarded for their input.
- **Cohesion and teamwork:** by being committed to an inclusive and productive work environment and adopting a collaborative approach in all things we do.
- **Accountable and transparent:** by being open in all that we do and delivering on outcomes.
- **Accessible and communicative:** by ensuring open, clear and user friendly lines of communication.
- **Responsive management:** by being outcome focused and proactive in the provision of timely and appropriate services.
- **Managing for value:** by innovation and strategic thinking and using all of Council's resources wisely.

## 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 Thursday 17 November 2016 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 Thursday 10 November 2016, for inclusion on the agenda for the meeting.

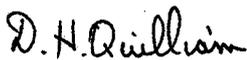
## MAYOR'S MESSAGE

Council continues to advocate for its community and this was demonstrated during the recent Federal Election with funding commitments from both the Labor and Liberal parties for a new pool in Circular Head. We continue to lobby for more certainty surrounding funding supplied to Council in the form of Roads to Recovery and Financial Assistance Grants, which both help us deliver services to our region.

Council also worked with Burnie City, King Island, Waratah-Wynyard and the West Coast Councils on the formation of the Sustainable Murchison Community Plan, which will further assist us in having a stronger and unified voice when it comes to regional and local priorities. Council also received a commitment of \$250,000 for upgrades at the Eastern Esplanade, which are certainly welcome. It was pleasing to see the Circular Head Youth Strategic Plan also adopted in May that will help guide Council's provision of youth services in our community.

I wish to take this opportunity to thank all those involved in the response and recovery to the January bushfires and floods in June. Both events had various impacts on our communities and it was very fortunate that no lives were lost in our area. It is thanks again to our supportive community that we responded so quickly and helped each other through this difficult time. Well done all.

Thanks to management, staff and Councillors for their continued support throughout the year.



**Daryl Quilliam**  
**MAYOR**



## GENERAL MANAGER'S MESSAGE

This financial year has had a focus on strategic planning and community engagement. One major initiative undertaken in 2016 was community consultation as part of the Sustainable Murchison Community Plan 2040. More than 1,900 people took part in consultation around the plan, which is a joint initiative of the Circular Head, Burnie, King Island, Waratah-Wynyard and West Coast Councils. The plan will help provide a unified vision for the Murchison area over the next 25 years. Work is now underway on finalising the plan, which will play a significant role in helping to shape our Corporate Strategic Plan for the next 10 years.

The closure of the Circular Head War Memorial Swimming Pool in October 2015 was a very hard decision for Council, but thankfully with the support of the community, Council is now looking to be in a good position to move forward on a new facility on the Nelson Street site next to the Indoor Sports Stadium. Stage 1 of the project includes construction of an indoor heated 25m pool and associated change rooms and training spaces for the facility. The professional quantity surveying cost estimate is \$8.5 million for stage 1 and was prepared considering the costs of similar public pool projects in Tasmania. Detailed designs are yet to be prepared. Stage 2 includes a separate program pool and aquatic play space and is estimated at a further \$3–4 million depending on the size. A program pool would best provide learn to swim for all ages, and an aquatic play space would be suitable for the youngest children. Council is committed to the project and now has a Federal Government commitment of \$3.6 million to the project. This means at least Stage 1 will go ahead. The question remains when will the funding be available and what can be included? Construction cannot start until the funding agreement and conditions are signed with the Federal Government. Council is also continuing to ask the State Government to contribute \$3.5 million (a similar amount to the Federal Government). A State Government commitment in the 2017/18 state budget would allow Stages 1 and 2 to be built as one project at the lowest possible cost.

The 2016 fire season impacted significantly on communities within Circular Head. The Mawbanna-Pipeline and Wuthering Heights areas burned for more than 60 days and impacted 85,000 hectares or 17.28% of the municipal area. A small number of dwellings on the west coast received external damage, two bridges were destroyed and farmland impacted. Thankfully no homes were lost, nor major injuries recorded, however significant damage was caused to leatherwood trees, which affected Blue Hills honey production. Dairy production was also affected with some smoke and ash contamination in the grass. About 250 interstate firefighters were accommodated at a specially erected base camp at Stanley. During the fires, evacuation centres were opened at both Smithton and Stanley. Council staff also worked out of the regional emergency management coordination centre.

The June 2016 floods also affected outlying areas of Circular Head, with farmland and infrastructure adjacent to the Arthur River being inundated. Significant stock losses were recorded. However, again our community demonstrated how well it comes together in times of crisis, with plenty of assistance on hand to those affected by both the fires and floods.

Council continues its efforts to keep costs to a minimum and provide value for money services to the community. These efforts are assisted by our continuing resource sharing arrangement with the Waratah-Wynyard Council and other shared approaches to governance arrangements, including our shared audit panel with Waratah-Wynyard and King Island Councils. Work was completed in 2015/16 in forming a joint Emergency Management committee comprising the Burnie, Circular Head and Waratah-Wynyard Councils. Both Circular Head and Waratah-Wynyard Councils have also engaged Tasmanian firm Productivity Improvers to work with staff to implement LEAN management principles across both organisations. A restructure of the organisation in October 2015 has also helped to ensure further efficiencies can be delivered by providing a number of additional resources to Council at minimal cost.



**Tony Smart**  
**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 POPOWSKI**

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

Councillor David Woodward was successfully elected via countback following the vacancy that occurred on 15 October 2015 due to the resignation of Cr Rodney Hardy.

## 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 2018. The role of the Council is focussed 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.

### Councillors' Attendance at Meetings 2015/16

	Meetings	Special Meetings	Workshops
Mayor Daryl Quilliam	13	3	26
Deputy Mayor Jan Bishop	13	1	23
Cr Norman Berechree	11	3	24
*Cr Rodney Hardy	2	0	2
Cr Betty Kay	11	3	21
Cr John Oldaker	10	3	26
Cr Ashley Popowski	12	3	26
Cr Nakore Popowski	13	3	27
Cr Trevor Spinks	11	2	23
** Cr David Woodward	6	3	15

\* Term ended 15 October 2015

\*\* Term commenced 1 November 2015

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

Special Meetings – total held for year = 3

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

Workshops - total held for year = 30

## Councillor Representation on Committees

<b>Council Committees</b>	<b>Membership 2015-2018</b>
General Manager's Review Special Committee	Mayor Quilliam, Deputy Mayor Bishop, Cr Kay
Resource Sharing Committee	Mayor Quilliam, Deputy Mayor Bishop, Cr Spinks, with Cr Kay and Cr A Popowski as proxies
Code of Conduct Panel	Deputy Mayor Bishop, Cr Spinks & Cr Oldaker
Resource Shared Audit Panel	Cr Ashley Popowski
<b>Special Committees</b>	
Central Indoor Area Management Committee	Non Operational
Central Outdoor Area Management Committee	Cr Oldaker, Cr Woodward as proxy
CH Heritage Centre	Cr A Popowski, Cr N Popowski as proxy
Northern Area Management Committee (Stanley Recreation Ground)	Cr Berechree, Cr Woodward as proxy
Southern Area Management Committee (Trowutta)	Mayor Quilliam
Stanley Town Hall Committee	Cr Berechree, Cr N Popowski as proxy
Western Area Management Committee (Marawah/Redpa)	Cr Oldaker, Cr A Popowski as proxy
Circular Head Education & Training Consultative Committee	Deputy Mayor Bishop, Cr A Popowski as proxy
Circular Head Recreation Advisory Committee	Mayor Quilliam and Cr Woodward
Hunter Island Advisory Group	Mayor Quilliam
Health and Welfare Reference Group	Cr Spinks & Cr N Popowski
<b>Community Committees</b>	
Circular Head Senior Citizens Centre	Cr Oldaker
Circular Head Municipal Emergency Management Committee	Cr A Popowski, Cr Spinks as proxy
SPAN (Service Providers Access Network)	Deputy Mayor Bishop, Cr Spinks as proxy
Circular Head Community and Recreation Centre Management Committee	Cr A Popowski, Cr Kay as proxy
Community Events Committee	Mayor Quilliam and Cr N Popowski
<b>Working Parties</b>	
Tasmania/Australia Day Awards Working Party	Mayor Quilliam, Cr Spinks, Cr Bishop and Cr Kay
<b>Representatives</b>	
CH Tourism Association	Cr Kay, Cr A Popowski as proxy
Cradle Coast Authority Representatives	Mayor Quilliam and Deputy Mayor Bishop, Cr A Popowski 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 N Popowski, Cr Berechree as proxy

## 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 were:

<b>Allowances and Expenses</b>	<b>2015/16</b>
Mayor	\$42,088
Deputy Mayor	\$25,413
Councillors	\$ 91,465
Total paid to Mayor, Deputy Mayor & Councillors	\$158,966

# FAST FACTS – CIRCULAR HEAD

		2015/16	2014/15	2013/14
Population	Municipal area	<b>8,301</b> (2014 ABS statistic)	7,977 (2011 Census)	7,977 (2011 Census)
Area (km <sup>2</sup> )	Municipal area	<b>4,917</b>	4,917	4,917
	Smithton	<b>11.18</b>	11.18	11.18
	Stanley	<b>1.87</b>	1.87	1.87
Road length (km)	Municipal area	<b>768</b>	768	768
	Sealed	<b>294</b>	294	294
	Unsealed	<b>474</b>	474	474
Bridges maintained	Municipal area	<b>121</b>	121	121
	Timber	<b>43</b>	46	46
	Other	<b>78</b>	75	75
Footpath length (km)	Municipal area	<b>30</b>	30	30
Stormwater maintained (km)	Municipal area	<b>33.03</b>	33.03	33.03
Kerb and channelling (km)	Municipal area	<b>60</b>	60	60
Total properties	Municipal area	<b>5,101</b>	5,065	5,134
Rateable properties	Municipal area	<b>4,938</b>	4,822	4,898
Valuation	Assessed annual value	<b>88,790,166</b>	88,287,620	81,752,306
	Capital value	<b>1,894,742,450</b>	1,878,070,900	1,847,293,400

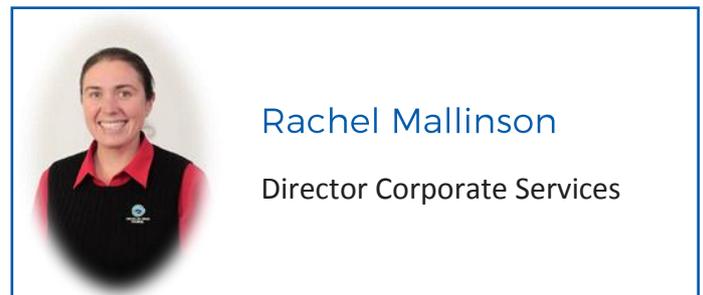
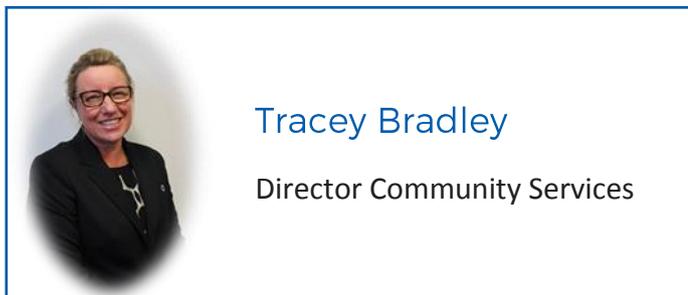
# KEY ACTIVITIES STATISTICS

	2015/16	2014/15	2013/14	2012/13	2011/12
Tonnes of waste deposited at Port Latta Landfill site	10,930	11,187	11,888	12,827	14,003
Tonnes of waste collected – urban	1,315	1,306	1,321	1,319	1,355
Tonnes of waste collected – rural	965	967	951	1,026	969
Waste coupons redeemed	16,012	18,894	14,586	14,198	18,142
Recycling urban bin collection	25,195	25,017	24,588	24,684	24,045
Road grading – km	228	159	251	280	296
Road patching – tonnes	620	701	678	883	428
Building permits issued	116	119	79	118	147
Planning permits issued	85	87	76	98	101
Plumbing permits issued***	116	90			
Dogs registered	1,025	1,000	957	896	859
Dogs impounded	45	69	78	70	80
Burials at Council cemeteries	48	41	39	48	44
Special Plumbing permits issued	33	31	20	35	25
Food premises inspections carried out	49	68	66	50	86
Dairies inspected	1	1	1	10	7
Section 337 certificates issued	220	187	156	194	159
Section 132 certificates issued	337	298	241	318	238
Staff training (numbers attending)	374	357	148	268	380
Councillor training (numbers attending)	14	8	13	5	17
Documents registered in ECM	16,274	17,856	17,773	23,434	22,952
Customer Service System (CSS) events lodged	566	624	766	754	834
Patrons at pool	****4,717	25,697	**23,061	27,353	*14,321

- \* Does not include Learn to Swim lessons, Circular Head Amateur Swimming Club, Circular Head schools, Sporting/Community groups or private bookings – groups/individuals
- \*\* Pool closed between 16/10/13 – 31/10/14 Heat Exchanger replacement
- \*\*\* 2014/2015 first year reported figures
- \*\*\*\* Figures from 1 July 2015 to 9 October 2015

# ORGANISATION AND MANAGEMENT STRUCTURE

The executive team as at 30 June 2016



## 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	2
120,000 – 140,000	4
140,000 – 160,000	
160,000 – 180,000	2

# RESOURCE SHARING

Circular Head and Waratah-Wynyard Councils started resource sharing in 2008 with the appointment of the Circular Head Council General Manager as General Manager of Waratah-Wynyard Council. Although the General Manager position is no longer shared, both Councils have expanded resource sharing to a range of roles, projects and procurement in order to improve levels of service and preserve and maintain local representation. In 2015/16 the Circular Head and Waratah-Wynyard Councils (together with the Kentish and Latrobe Councils) engaged the Australian Centre of Excellence for Local Government (ACELG) at the University of Technology Sydney to review the resource sharing arrangements between the two councils.

This review found that the resource sharing arrangements are strongly supported by Councillors and senior staff. Both Councils have seen improved levels of service quality, economies of scope and scale and increased organisational development and strategic capacity.

There are a range of success factors which have supported the arrangement including:

- A common, agreed rationale/approach for resource sharing, in the absence of clear objectives;
- Increased strategic capacity with shared staff at senior levels;
- Incremental rather than transformational change over time which has helped build an organisational culture of shared resources;
- Transparency, equity and flexibility to create trust; and
- Shared leadership meetings to discuss and resolve shared issues.

The review also reinforced that technology and management systems are a vital key enabler for resource sharing, as they support physical movement between locations and ensure efficiency of use and both Councils are committed to implementing the findings of the IT review which was carried out in 2015/16 to further strengthen and gain maximum impact from the resource sharing arrangements.

As at 2015/16 there were 17 positions shared to varying degrees across the two Councils.

In 2015/16 the two Councils were also involved in shared projects including:

- Sustainable Murchison 2040 Community Plan;
- IT Review;
- Open Space, Sport and Recreation Plan;
- Policy Review; and
- List of services project.

Additionally, shared procurement between the Councils occurred in the form of joint infrastructure contracts such as for road resurfacing and recycling. Other procurement has included joint insurance brokerage.

<b>Resource Shared Positions</b>				
<b>Staff</b>	<b>Circular Head</b>	<b>Waratah Wynyard</b>	<b>Male</b>	<b>Female</b>
Strategic Advisor	0.20	0.80	1	
Director Community Services	0.30	0.70		1
Director Infrastructure & 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 & Regulatory Services	0.50	0.50	1	
Manager of Engineering & Projects	0.50	0.50	1	
Manager Risk	0.20	0.80		1
Communications Officer	0.50	0.50	1	
Engineering Projects Coordinator	0.50	0.50	1	
Health & Safety Officer	0.50	0.50	1	
Human Resources Coordinator	0.50	0.50		1
Information Technology Officer	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
<b>Total</b>	<b>7.35</b>	<b>9.65</b>	<b>12</b>	<b>5</b>

# EVENTS CALENDAR

<p><b>JULY</b></p> <ul style="list-style-type: none"> <li>• Smithton LEGENDairy Town</li> </ul>	<p><b>AUGUST</b></p> <ul style="list-style-type: none"> <li>• Science Gig</li> <li>• Steve Biddulph presentations</li> </ul> 	<p><b>SEPTEMBER</b></p> <ul style="list-style-type: none"> <li>• Heritage Centre Exhibition</li> <li>• CHARTSibald Portrait Prize on display</li> <li>• Art About Town art competition</li> <li>• Art About Town in Focus Photography competition</li> <li>• Street Art Project</li> </ul> 
<p><b>OCTOBER</b></p> <ul style="list-style-type: none"> <li>• Seniors Week</li> <li>• Light the Night event</li> <li>• TAS BASH event</li> </ul>	<p><b>NOVEMBER</b></p> <ul style="list-style-type: none"> <li>• Lighting of the Christmas Tree</li> <li>• Women's TRY-athlon Fun Run</li> <li>• YPlan Forum</li> <li>• Dairy Week</li> </ul>	<p><b>DECEMBER</b></p> <ul style="list-style-type: none"> <li>• Christmas Parades</li> <li>• Christmas in the Park (Christmas Carols)</li> <li>• Circular Head Agricultural Show</li> <li>• UTAS Art Exhibition</li> </ul>
<p><b>JANUARY</b></p> <ul style="list-style-type: none"> <li>• Australia Day</li> <li>• Mayor's Education Fund</li> <li>• Bushfire Recovery</li> </ul> 	<p><b>FEBRUARY</b></p> <ul style="list-style-type: none"> <li>• Devil Country Muster</li> <li>• Swimming Pool – Public Meeting</li> </ul>	<p><b>MARCH</b></p> <ul style="list-style-type: none"> <li>• International Women's Day</li> <li>• Youth Fest</li> <li>• Relay for Life</li> </ul>
<p><b>APRIL</b></p> <ul style="list-style-type: none"> <li>• ANZAC Day</li> <li>• Youth Week Events</li> <li>• UTAS Rural Clinical School visit</li> <li>• Targa Tasmania</li> </ul>  <p><small>An Australian, State, Territory and Local Government Initiative</small></p>	<p><b>MAY</b></p> <ul style="list-style-type: none"> <li>• National Volunteers Week</li> <li>• Try-A-Skill</li> <li>• Million Paws Walk</li> </ul>	<p><b>JUNE</b></p> <ul style="list-style-type: none"> <li>• Graze the Region Dinner</li> <li>• Keep Australia Beautiful tour</li> </ul> 

# CONNECTED COMMUNITIES

The provision of services and activities to the community that support and develop social cohesion, resilience and a sense of belonging.

Activities included:

Service Providers Access Network	Circular Head Little Athletics Association
National Youth Week	International Women's Day
Youth Advisory Group (Circular Head Youth Leaders)	Seniors Week
Youth Leadership Programs with Smithton High School and Circular Head Christian School	Australia Day Celebrations
North West Action for Youth	Circular Head Garden Club
Youth Network of Tasmania	Circular Head Liquor Accord
Community Road Safety Partnership Program	UTAS Rural Clinical School
North West Social Recovery Committee	Learn for Life Literacy Action Group
Circular Head Municipal Emergency Management Committee	Circular Head Community and Recreation Centre
Christmas Parades	Circular Head Arts
Christmas in the Park (Christmas Carols)	Circular Head Agricultural Society (Circular Head Show)
Lighting of the Christmas Tree Event	Circular Head Education and Training Consultative Committee
Keep Australia Beautiful	

## COMMUNITY DEVELOPMENT

### Education

Smithton LINC adult literacy coordinator presented the *Learn for Life* Plan, including the Reading Bug Egg project at the 2016 Australian Council of Adult Literacy and Australian Council of TESOL (Teaching English as a Second Language) Associations Conference in Perth. The project has also had interested from interstate and recognised at the 2016 Local Government Association of Tasmania Awards for Excellence.

A web portal for training providers and business is being developed. The portal will provide available training and education opportunities in the Circular Head area. Final changes and tweaks are being finalised and the portal will soon be ready to test by a business before going live.

The recipient of the 2016 Mayor's Education Fund Bursary was awarded to Jasmine Quilliam at the annual *Twilight on the Duck* Australia Day festival as part of the Awards ceremony.

Jasmine is currently undertaking a Bachelor of Arts at the Cradle Coast Campus of UTAS and will eventually move into a Bachelor of Social Work. Jasmine is a single mother of two and juggles family, work, volunteering and study commitments.

## EMERGENCY MANAGEMENT

The 2016 fire season impacted significantly on communities within Circular Head. The Mawbanna-Pipeline and Wuthering Heights areas burned for more than 60 days, and impacted 85,000 hectares or 17.28% of the municipality. A small number of dwellings on the west coast received external damage, 2 bridges were destroyed, and farmland impacted. Thankfully no homes were lost nor major injuries recorded. Around 250 interstate firefighters were accommodated at a specially erected base camp at Stanley.

During the fires, evacuation centres were opened at both Smithton and Stanley. Council staff also worked out of the regional emergency management coordination centre.

The June 2016 floods affected outlying areas of Circular Head, with farmland and infrastructure adjacent to the Arthur River being inundated. Significant stock losses were recorded.



Stanley Recreation Ground February 2016- Fire Fighting Base  
(Photo Courtesy of the Circular Head Chronicle)

## CULTURAL DEVELOPMENT

### Art and Culture Month

During the month of September the annual Art About Town competition was expanded to incorporate a number of events under the banner of Art and Culture month.



Some of the activities included:

- Heritage Centre Exhibitions
- CHARTSibald portrait prize – on display at Time Out on Emmett
- Art About Town Art competition 12 – 25yrs on display
- Art About Town In Focus – Photography competition
- Street Art Project
- Along the Terrace book launch
- Smithton High School Production – Once Upon a Rhyme
- Awards Function – Arty Duck
- Crystal Theatre Movie – Stanley Town Hall

An Art About Town evening was held at The Arty Duck to announce the winners and present prizes:

<b>Overall winner:</b>	Chelsea Charles – <i>A Sense of Ending</i>
<b>Highly commended:</b>	Tobey Schuurung – <i>Cow</i>
<b>Notable mentions:</b>	Taylor Medwin – <i>Newspaper Portrait</i> , Isaac Brooks – <i>Jamie</i> , Adam Whish-Wilson - <i>Whiplash –</i> , Charlotte Longstaff – <i>Science Rabbit</i>
<b>In Focus photography Winner:</b>	Tianna Marshall – <i>Arthur River 1</i>
<b>High School commended:</b>	Samuel Greene – <i>Tracks on Arthur River Beach</i>

## Australia Day Awards and Celebrations

Australia Day Awards 2016 were presented and the recipients were:

<b>Citizen of the Year</b>	Elizabeth (Lizzy) Gale
<b>Young Citizen of the Year</b>	Eli Perry
<b>Community Event of the Year</b>	Circular Head RSL WW1 Centenary 2015



## Graze the Region dinner

The Graze the Region dinner was held at Tall Timbers on Saturday 4 June. The event showcased the region's finest foods and beverages. Guest chef Massimo Mele produced canapés and five delicious courses which were matched by wines, beers and ciders. The event was highly successful, with 110 people enjoying the evening.

The background to the Graze the Region dinner has grown from the Graze the Region section at the Twilight on the Duck event to promote local and regional produce.

## International Women's Day

Soroptimist International of Circular Head, in conjunction with Council hosted International Women's Day at the Circular Head Community & Recreation Centre on Friday 11 March 2016. At the event the Soroptimist International of Circular Head presented awards to recognise the unsung heroines of our community.

Award recipients were:

Eunice Atkins  
Annette Dawes  
Elizabeth Gale  
Jessica Maguire  
Judith Moore  
Marlene Stein  
Sandi Stein  
Jenny Wallis



## YOUTH

### Seven up Youth Centre

In 2015 Seven Up was fortunate to receive a \$20,000 grant from the Patricia Duke Foundation. This allowed the centre to employ a part-time co-ordinator and open three nights a week as opposed to just one night in previous years.

The funding also assisted with a revamp of the space including new carpet, paint, chalkboard wall, new seating, boxing bag/speed ball stand and a basketball shooting game. The centre also continues to run interactive activities incorporating cooking, art and exercise sessions each week and provides a safe and welcoming environment for students.

### Youth Week events



A \$1,500 grant from Department of Premier and Cabinet allowed Council to hold a number of events during Youth Week.

By providing three unique events young people had the opportunity to enjoy a variety of entertainment or choose one that specifically interested them. Events were free of charge, open to all and held on different days and times to allow young people more choice of which events to attend.

### Youth Art & Photography Competition

The Youth Art & 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 2015.

### Y Plan – Youth Forum

In 2015 Council engaged consultant Michael ‘Mo’ O’Meara to assist in creating a Strategic Youth Plan. In June 2015 Council held a “Y-Plan” Youth Forum at the Circular Head Community Centre facilitated by ‘Mo’. Over 100 students from Smithton High School, Circular Head Christian School and Marist Regional

College attended. Students were asked what they would like to keep, change or create in Circular Head and what topics were of the most importance to them. CHYL were heavily involved in the development of a new Strategic Youth Plan.



After rigorous youth, stakeholder and community engagement and consultation, and research into local, national and global youth trends, Mo created a draft Strategic Youth Plan. The plan was presented to Councillors and Youth and Student Leaders before being released for public comment. The only feedback suggested there be some wording changes made. Changes were made and the Youth Strategic Plan was formally adopted at Council's July 2016 meeting.

## Progress on Major Projects in Community Activation and Education

		<b>% Complete</b>
Circular Head Progress Group contribution	✓	100%
Youth Policy update and formulate Youth Plan	✓	100%
Circular Head Education and Training Consultative Committee (CHETCC) contribution	✓	100%
CHETCC operational delivery of activities	✓	100%
Stanley Discovery Centre contribution	✓	100%
Anzac Play Centre - maintenance	✓	100%
Marawah Hall maintenance	✓	100%
Participation and coordination of the Service Providers Access Network (SPAN)	✓	100%
Community Grants Round 1	✓	100%
Community Grants Round 2	✓	100%
Continued support for youth programs and activities	✓	100%
Coordination of Circular Head Youth Leaders	✓	100%
Participation and coordination of Youth Week	✓	100%
Participation and coordination of Seven Up Youth Centre in conjunction with other service providers	✓	100%
Partnership with the Circular Head Liquor Accord	✓	100%
Participation in the Circular Head Community Road Safety Partnerships program	✓	100%
Mayors Education Fund	✓	100%
Coordination of the Christmas Parade	✓	100%
Liaison with local organisations to support community events and special interest groups	✓	100%
Participation in Australia Day activities	✓	100%
Update on emergency management development, practices and community education	✓	100%
Public toilets - upkeep	✓	100%
LEGEND: Complete ✓ In Progress ► Not Started ⊙		

# COMMUNITY RECREATION

## 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
	Recreation Advisory Committee

### Swimming Pool

The Circular Head War Memorial Swimming Pool was permanently closed on 9 October 2015.

The decision to close the pool was on the grounds of unacceptable risk to safety of both the public and employees. A report provided by CSE Tasmania Pty Ltd was commissioned to review options for the refurbishment or replacement of the Circular Head War Memorial Swimming Pool.

The report identified more rapid deterioration of the pool structure which required urgent consideration of Council's duty of care.

The report followed the 2009 Hydro Consulting Report which had also identified that immediate closure was an option that Council should consider to reduce the risks posed by the pool.

It was unviable to spend further funds on short term repairs or longer term refurbishment.

Following the closure of the pool work was fast tracked within the Open Space, Sport and Recreation Plan to engage with the community about a new pool. Following community input a site was selected on the Smithton Indoor Sports Stadium precinct. Documentation was prepared for the concept and a funding application lodged in March 2016 for round 3 of the National Stronger Regions Fund for \$3.8 million from the Federal Government with a proposed \$4.7 million contribution from Council to build Stage 1 of the Circular Head Community Wellbeing Centre. This project was to include a 25m 6 lane

indoor heated pool and associated program rooms. A separate request to fund Stage 2, program pool and aquatic play area, have been made of the State Government.

## Open Space Sport and Recreation Plan

An Open Space, Sport and Recreation Plan is a major planning initiative which will 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 from 2016 to 2026.

The Plan will provide:

- An open space, sport and recreation classification hierarchy based on catchment and function;
- Standards for supply of open space, sport and recreation grounds, facilities and assets;
- An open space, sport and recreation supply and demand analysis;
- Master planning for identified key open space, recreation facilities and/or sports grounds;
- A comprehensive community engagement process; and
- A prioritised and costed set of actions to achieve overall open space, sport and recreation vision and goals.

## Progress on Major Projects in Community Recreation

		<b>% Complete</b>
Coordination of the "Balance Your Life" health and well-being program	✓	100%
Identify sources of funding available for recreation and special interest groups and disseminate	✓	100%
Participation in the Circular Head Recreation Advisory Committee	✓	100%
General urban parks bin upgrade program	✓	100%
Parks furniture replacement	✓	100%
West Esplanade - planting and borders	✓	100%
Smithton Marina fencing	✓	100%
Redpa Recreation Centre – general maintenance	✓	100%
Smithton Marina upgrade	▶	50%
Open space sport and recreation plan	▶	67%
Smithton Recreation Ground - Stage 2	✓	100%
Tennis/Netball courts - playing surface renewal	✓	100%
Community Recreation Centre – building maintenance	✓	100%
Community Recreation Centre – renew workshop	▶	50%
Redpa Recreation Centre - renew rangehood	✓	100%
Smithton Sports Centre - paint and plumbing	✓	100%
Smithton Sports Centre - energy & resource initiatives	✓	100%
Stanley Recreation Ground - renew kitchen	✓	100%
Tennis/Netball Centre maintenance	✓	100%
Skate Park - drainage	✓	100%
Application for National Stronger Regional Funding for Swimming Pool	✓	100%
LEGEND: Complete ✓ In Progress ▶ Not Started ⊙		

# ECONOMIC DEVELOPMENT

Circular Head is well placed to take advantage of significant economic development opportunities. Circular Head has excellent prospects for developing and value adding the rich resources in the area.

The Council continues to develop a working relationship with existing and potential industry to grow the local economy. Council financially supports the Circular Head Tourism Association, Circular Head Progress Group and the Cradle Coast Authority, and partners with these groups to deliver economic development benefits to not only Circular Head but the broader region.

## ECONOMIC DEVELOPMENT

The Council has actively participated in the following:

- Continued lobbying on the economic importance of the Bass Highway into Circular Head, and the region;
- Assisted the Circular Head Progress Group to progress investigation and lobbying for the expansion of agricultural land in Circular Head;
- Further sale and release of Council’s commercial subdivision in Nelson Street, Smithton; and
- Participating with the Cradle Coast Authority in the Cradle Coast Regional Futures Plan.

Sustainable Murchison 2040 Community Plan development was undertaken in 2015/16 and will form an important platform for future economic development activities including the development of an economic development plan.

### Progress on Major Projects in Economic Development

		<b>% Complete</b>
Council support for growth of dairy industry	✓	100%
Harcus River Road - overhead power (grant funded)	✓	100%
Economic Development consultancy	▶	80%
Stanley town centre master plan	▶	20%
Smithton Landscape Development Strategy	✓	100%
Bass Highway issues - items of progress	✓	100%
LEGEND: Complete ✓ In Progress ▶ Not Started ⊙		

# ENVIRONMENT – NATURAL AND BUILT

The provision of services that manage the natural and built environments to preserve diversity and integrity of the natural environment and water.

Council provides the following Environment – Natural and Built services:

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

## WATER RESOURCE MANAGEMENT (STORMWATER)

Circular Head Council introduced a stormwater rate for the first time in the 2015/16 financial year to move to a user pays system. Previously all ratepayers have contributed to the cost of stormwater. This change will mean that only those who are able to access the service are the ones who pay for the service. This is the same approach taken with waste collection.

The stormwater rate is based on the Assessed Annual value (AAV) of the property, which is the same basis as the general rate and will apply to all rateable land in Smithton and Stanley that is serviced or has the ability to be serviced by stormwater (properties are identified on Council maps available at Council). Council will be applying the rate in increments over the next three years, at which time the rate will be recovering the costs of the service. The rate is to continue to improve, maintain and deliver the stormwater service. The infrastructure is underground and has a long life, but will need to be replaced into the future.

## NATURAL ENVIRONMENT

The Circular Head Council has been successful with its application for a \$15,000 federally funded “Coastal Program Project Grant” for the West Inlet Coastal Buffer Rehabilitation Project based at the remnant bush and saltmarsh area between Circular Head Lawn Cemetery and West Inlet. The project funding grant has been facilitated by Cradle Coast NRM and the proposal developed by Council staff is compliant with specific guidelines set by the Federal Government. The work will include fencing to protect the targeted area from further natural values loss, natural and cultural values assessment, environmental weed removal as well as the development and installation of interpretative signage indicating the natural values of the precinct.



## WASTE RESOURCE MANAGEMENT

### Waste Capacity and Wastewater Quality Improvement Works at Port Latta

During 2015/16 Council has undertaken capacity enhancement works (including raising the level of the existing cell) at the Port Latta waste management facility. The works included installation of Geosynthetic Clay Liner in line with our commitment to enhance environmental management at the landfill facility.

The two main objectives of undertaking above works were:

- To allow better utilisation of the space available at the waste management cell;
- To minimise requirements of construction of new cells and to achieve better environmental outcomes (i.e. improved wastewater management).

### Progress on Major Projects in Environment – Natural and Built

		<b>% Complete</b>
Report to Council on Land Use Planning enquiries and issues	✓	100%
Participation in state planning reform process	✓	100%
Maintenance of the assessment program for environmentally relevant activities (including Level 1 activities)	✓	100%
Monitoring of recreational water quality	✓	100%
Review of legislative changes in Building, Planning, Environmental Health and Animal Control promoting Council's interests and the distribution of information to the community	✓	100%
Maintenance of the annual assessment program for premises covered by the Public Health and Food Acts	✓	100%
School immunisation program for grade 7 students in accordance with current immunisation schedule	✓	100%
Monitor compliance to building legislation	✓	100%
Education and training of staff in legislative change and legal precedence	✓	100%
Audit of plumbing work in compliance of Building Act	✓	100%
Port Latta maintained and operated to contract and licence/EPN requirements	✓	100%
White Hills Transfer Station maintained and operated to contract conditions	✓	100%
Monitor weed program in conjunction with Cradle Coast NRM	✓	100%
Tier Hill scenic lookout design and geotechnical investigation for viewing	✓	100%
LMP polishing wetland upgrades to improve water quality	✓	100%
Urban Drainage Bill / Stormwater Management Plan	⊙	0%
Smithton stormwater network audit	⊙	0%

Stanley stormwater network audit	⊙	0%
Gully pit upgrade/replacement	✓	100%
Manholes upgrade/replacement	▶	90%
Main Road Stanley - fill of open drain	⊙	0%
Main Road Stanley - drainage crossovers	✓	100%
Old Stanley Cemetery - renew fence, stage 1	✓	100%
LEGEND:    Complete ✓    In Progress ▶    Not Started ⊙		

# GOVERNANCE

Activities that support the decision making of Councillors and executive management in directing and leading the organisation that complies with statutory legislation.

## GOVERNANCE

### Advocacy

Council continues to advocate for its community, and this was demonstrated during the recent Federal Election with funding commitments from both the Labor and Liberal parties for a new pool in Circular Head. We continue to argue for more certainty surrounding funding supplied to Council in the form of Roads to Recovery and Financial Assistance Grants, which both help us deliver services to our region.

Council also worked with Burnie City, King Island, Waratah-Wynyard and the West Coast Councils on the formation of the Sustainable Murchison 2040 Community Plan, which will further assist us in having a stronger and unified voice when it comes to regional and local priorities.

### Audit Panel

The Circular Head Council Audit Panel was appointed in July 2015 in response to *Local Government (Audit Panels) Order 2014*. The audit panel membership of five is made up of four independent members, plus one sitting Councillor.

#### Independent members

- Paul Arnold (Chair)
- John Howard
- Paul McCormick
- Lisa Dixon

#### Sitting Councillor

- Cr Ashley Popowski

The four independent members form the basis of a shared Audit Panel with the Waratah-Wynyard and King Island Councils.

The objectives set for the Audit Panel is to review the Council's performance and to report to the Council its conclusions and recommendations focussed in the following areas:

- corporate governance;
- human resource management, including policies, procedures and enterprise agreements;
- information and communications technology governance;
- management and governance of the use of data, information and knowledge; and
- internal and external reporting requirements.

The Audit Panel met four times in 2015/16. Whilst a number of actions and recommendations have resulted, it is considered the major achievement was the formation of and development of the Audit Panel to the point where it is able to support the governance of the Council.

## COMPLIANCE (STATUTORY REQUIREMENTS)

### Animal Control and Compliance

During the course of the financial year we have moved from contract staff to a permanent officer to provide a better coverage of Animal Control matters, fire abatement inspection and follow up, along with an improved follow up on general compliance. This has provided improved numbers for dog registrations across the Circular Head municipality, review of internal procedures for more consistent outcomes and the opportunity to carry out work with regards to public education on these matters. We have also commenced a resource sharing service in this area with Waratah-Wynyard Council, and we will continue to review to ensure that further improvements of the service will be achieved.

### Building Control

Building and plumbing approvals have continued to be processed within the legislated time frames, with officers this year providing input into State review panels for the current Building Bill 2016, which is expected to come into force in the next financial year.

### Contracts for the Supply or Provision of Goods or Services

Pursuant to Section 23 (5) of the *Local Government (General) Regulations 2005*, 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)
Hardings Hotmix PO Box 709 ULVERSTONE 7315	Provision of Bitumen Surfacing Services 2015/16	06/08/2015 – 31/03/2016	\$777,012
TasSpan Civil Contracting PO Box 225 LATROBE 7307	Bridge Replacement Linnanes Road / Welcome River	03/06/2015	\$118,931
VEC Civil Engineering PO Box 812 ULVERSTONE 7315	Bridge Replacement Temma Road / Nelson River	19/02/2016	\$125,923
TasSpan Civil Contracting PO Box 225 LATROBE 7307	Bridge Replacement Temma Road / Sundown Creek	19/02/2016	\$103,639
William Adams PO Box 105 SOMERSET 7322	Self-Propelled Smooth Drum Vibratory Compactor	10/12/2015 – 15/05/2016	\$148,000

## Environmental Health and Regulatory

Environmental health services have been provided in conjunction with Burnie City Council, to ensure that we achieve consistent services across the region in school immunisation, food business inspection and licencing, assessment and reports for the permit authority on onsite waste water disposal.

Responsibilities under this legislation are achieved through education, monitoring, assessment and where necessary, enforcement. The immunisation program was delivered to high school students in Grade 7. Recreational water monitoring was conducted from December to March. Council offers a food safety training program available on Council’s website. Council has continued to work with other industries and government agencies to promote better environmental outcomes via the management of dairy farm effluent. During the strategic planning engagement with the community as part of the Murchison Community Plan Council sought community input into health and wellbeing priorities across the Murchison region.

In doing these works Council has sought to achieve the outcomes of the *Public Health Act 1997*, the *Food Act 2003* and the *Environmental Management and Pollution Control Act 1994*.

## 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.

<b>Total Allocation</b>	<b>2015/16</b> <b>\$252,217</b>	2014/15 \$272,087	2013/14 \$221,663	2012/13 \$223,533	2011/12 \$232,634
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<b>Community Grants Round One</b>	<b>\$</b>	<b>Community Grants Round One</b>	<b>\$</b>
Smithton Auskick	1,000	Women’s TRYathlon Fun Run/Walk	5,000
Marawah Gospel Chapel Inc.	4,620	Mawbanna Community Hall Inc	5,000
Smithton Circular Head Lions Club	3,000	Rural Health Tasmania	1,000
Senior Citizens Board of Management	2,000	Anglican Parish Council	500

<b>Community Grants Round Two</b>	<b>\$</b>	<b>Community Grants Round Two</b>	<b>\$</b>
Smithton Fire Brigade	2,425	Circular Head Aboriginal Corporation	3,000
Stanley Chamber of Commerce / Circular Head Tourism Association	5,000	Scotchtown Cemetery	1,000
WW1 Centenary Committee (Stanley sub committee)	2,981	Rotary Club of Smithton	3,000
Smithton Girl Guides	3,000	Circular Head Women’s Auxiliary	1,000
Smithton High School	4,664		

<b>Benefits</b>	<b>\$</b>	<b>Benefits</b>	<b>\$</b>
Community Groups Yearly Room Hire	8,623	DHHS (Wheelie Bins)	210
Magic Show passes	100	Legacy Week	175
National Hearing	336	CH Agricultural Society	3,546
Wyndarra Christmas Hampers	750	Tas Bash	1,008
Mawbanna Community Hall Inc.	3,000	Traffic Management for Volunteers	587
Trawmanna Family Festival	720	Relay for Life event	351
Soroptimist Awards	168	Keep Australia Beautiful Council	150
Smithton LINC Open Day	79	Volunteers Week	672
Circular Head Tourism	390		

<b>Other Contributions</b>	<b>\$</b>	<b>Other Contributions</b>	<b>\$</b>
Circular Head Tourism Association	120,720	Circular Head Progress Group	30,000
Circular Head Education and Training Consultative Committee	31,471		

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 Business Group	Circular Head Education and Training Consultative Committee
Circular Head Football Association	Circular Head Indoor Bias Bowls Association
Circular Head Heritage Centre	Circular Head Child Care Centre
Circular Head Garden Club	Circular Head Aboriginal Corporation
Circular Head Progress Group	Circular Head Relay for Life Committee
Circular Head Youth Network	Circular Head Youth Leaders
Emmertown Park Inc.	Circular Head Community Bank Steering Committee
Arthur Pieman Conservation Area Management Committee	Seventh Day Adventist Church
Volunteering TAS	Red Cross
Circular Head Little Athletics	Parks and Wildlife Service
Cape Innovations	Secrets of Prophecy
Child Protection Services	Relay for Life Event

## 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 2015/16 financial year.

### CEO Cradle Coast Authority Report 2015/16

The Authority continues to reinvent itself, working closely with our shareholder councils and in partnership with the community, business and government.

This year saw significant investment in reviewing our organisation's delivery model, corporate systems and procedures. The Corporate services staff numbers were reduced from 10.97 to 5.0 FTE with a 25% dividend. These savings were reinvested to establish a Regional Development business unit, focused on economic development and projects of regional significance. As part of this new focus, the Authority met with Councils in early 2016 to present the proposal to develop a Regional Economic Development Strategy (REDS). These meetings were an ideal opportunity for the Authority to discuss the barriers and gaps holding the region back and to outline a framework for designing a response in collaboration with the councils, industry and business. In May 2016, Representatives approved the REDS.

In an example of the power of collaboration, the Authority teamed up with the Tourism Industry Council of Tasmania, Parks and Wildlife Service and Kentish Council to develop the Cradle Mountain Master Plan. The plan received wide applause from industry, the community and government. In recognition of its economic benefit across the whole region, the Master Plan became the region's principle infrastructure project for the Federal Election. As a result of the Councils' solidarity behind the project, it has received support from both the State and Federal Governments and will continue to be a project of regional significance for the Authority for the year ahead.

The Australian Masters Games (AMG) will be a huge event for the region in October 2017. Events such as the AMG require significant planning and preparation and this started in earnest in 2015-16. In October 2015, a delegation of Councillors, Alderman and myself attended the Adelaide AMG and witnessed first-hand the potential opportunities that the event presents the region. The most important outcome will be showing our region can host an event of national significance.

Another example of collaboration and partnership between the Authority, Councils and community is the renewed focus and commitment to developing the North West Coastal Pathway Network. Working closely with the Councils' engineering and economic development teams, the Authority is developing a project prospectus and strategy. The prospectus pulls together a detailed picture of the current and planned investment required to realise the vision. The strategy, to be developed with community stakeholders, will explore the socio-economic opportunities associated with the network.

From this year I am particularly pleased with the number of events facilitated by the Authority for Council officers. The Authority held a number of informal workshops for Council officers working in economic development, communications and geographic information systems (GIS). These workshops provided Council officers the opportunity to share ideas and explore issues of common interest and is a great example how we can help each other as a region.

In February, the 2015-2020 Cradle Coast Natural Resource Management Strategy was completed. The Strategy aims to achieve sustainable environmental, economic and social outcomes and requires all

stakeholders (government, industry, community and nongovernment organisations) to contribute and participate. The Strategy was developed using extensive engagement and consultation with the community and stakeholders.

Finally, in January 2016, the inaugural Chairman, Mr Glynn Williams resigned from the Authority as a result of a rapidly expanding legal practice. Mr Williams will be remembered for his insight and strategic vision for the region. I am indebted to Mr Williams for his guidance and support as I navigated the stakeholders and issues specific to the Cradle Coast.

The year ahead is full of exciting opportunities and the Authority looks forward to realising these with each and every one of you.

Brett Smith  
CEO Cradle Coast Authority

## Ombudsman's Investigations

No formal investigations were commenced in 2015/16 financial year. Two preliminary enquiries were initiated by the Ombudsman in the 2015/16 financial year. No formal investigations were commenced.

## 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 at request person from the Council officer <a href="http://www.circularhead.tas.gov.au/webdata/resources/files/Protected_Disclosure_Requirement_Procedure.pdf">http://www.circularhead.tas.gov.au/webdata/resources/files/Protected_Disclosure_Requirement_Procedure.pdf</a>
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

## Progress on Major Projects in Governance

		<b>% Complete</b>
Circular Head Tourism Association contribution	✓	100%
Positive Ageing Strategy	⊙	0%
Doctors house - outside maintenance	✓	100%
Masters Game contribution	▶	60%
Council Chambers - external lighting and other areas	✓	100%
Sustainable Murchison 2040 Plan	▶	70%
Website upgrade	▶	92%
Development and implementation of staff intranet	⊙	0%
Fleet vehicle replacement	⊙	0%
Projects from Strategic Plan	✓	100%
Court proceedings	✓	100%
Smithton Marina rationalisation	▶	80%
Develop inclusive framework for community engagement	▶	25%
Swimming pool consultation	▶	70%
Completion of new 10 year Strategic Plan	▶	60%
Policy Manual review	⊙	0%
GM Directives review	✓	100%
Review of Public Land Register	⊙	0%
Audit Panel meeting and reporting	✓	100%
Develop and maintain Councillor intranet	✓	100%
On-site business meetings within community with elected members	✓	100%
Implement and refine the Corporate Communications and Social Media Strategy including marketing, engagement, consultation and other communication activities	✓	100%
Present professional development opportunities to elected members	✓	100%
Stanley Caravan Park lease	▶	25%
Action all resolutions of Council 2015/16	✓	100%
Workshop Tasks 2015/16	✓	100%
Develop and utilise a key stakeholder database	▶	60%
Progress on resource sharing - A Positive Way Forward outcomes	✓	100%
Vehicle replacement - Development	✓	100%
Vehicle replacement - Development fleet	⊙	0%
Actively monitor animal control functions, including reporting and statistics	✓	100%
Review provision of Development Services and Engineering Services information to customers including Council's website to ensure it meets current requirements	✓	100%
Report to Council on compliance and nuisance	✓	100%
LEGEND: Complete ✓ In Progress ▶ Not Started ⊙		

# ORGANISATIONAL SERVICES

Internal Services are available to provide support to all service areas of Council.

## CORPORATE SERVICES

Council provides the following internal services:

Administrative support	Information technology
Asset management	Legislative compliance
Communications and public engagement	Management of Council buildings and properties
Contract management	Membership of regional and state local government bodies
Council meetings	Information management
Customer service	Risk management
Financial management	Support for elected Councillors
Human resources and workplace health and safety	

## Risk Management

### Business Continuity Planning

A Business Continuity Plan was re-developed by Council staff, ongoing testing will strengthen this plan in the coming year.

### Risk Registers

Council adopted a Strategic Risk Register which identified 8 strategic risks. This Risk Register will provide a focus on where improvement can be made and which areas are important to maintain to ensure risks continue at acceptable levels.

Internally the Operational Risk Register was reviewed and restructured in 2015/16 to guide management of risks so that Council is able to achieve its objectives. Risk management function is supported by resource shared risk manager on a day per week from the Waratah-Wynyard Council.

## FINANCE

The Comprehensive Income Statement recorded an underlying deficit of \$127,000 compared to a deficit of \$124,000 last year.

There were variations in grant income of \$720,000 due to the Federal Government paying Financial Assistance Grants in advance in the prior year, additional Roads to Recovery funding, and Council receiving the final instalment for the lights at the Smithton Recreation Ground.

There was also an increase in other revenue of \$200,000 made up of increase in resource sharing income and many small sundry items. There was also an increase in loss on disposal of assets of \$480,000, which was predominately made up of Transport Infrastructure assets and plant and equipment of \$400,000.

Cash and cash reserves remained at a positive level. Cash moved from \$9.3 million in 2014/15 to \$10.0 million in 2015/16.

Existing borrowings decreased by \$327,455 over the period.

Council's share in the Water Corporation is 1.58%. Council recorded a net increase on its investment in TasWater of \$416,425 for the year. Council's current investment equates to approximately \$24,880 in the regional body.

## PEOPLE SERVICES

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	9	7.17	9	
Development Services	4	4.00	2	2
Animal Control	1	0.66	1	
Civic Governance	2	2.00	1	1
Strategic Governance	5	4.51	2	3
Community Services	3	3.00		3
Corporate Services	9	8.09	3	6
Works Plus	25	22.52	22	3
<b>Total</b>	<b>58</b>	<b>51.95</b>	<b>40</b>	<b>18</b>

## Staff Turnover

The turnover rate of Council staff was 30.8% compared to 17.49% in 2014/15, 17.52% in 2013/14, 17.96% in 2012/13, 17.44% in 2011/12, 16% in 2010/11, 15.49% in 2009/10, and 11.48% in 2008/09.



## Organisational Restructure

2015/16 saw an organisational restructure in conjunction with the Waratah-Wynyard Council.

As a result of the restructure both Councils have further committed to resource sharing and have increased the number of resource shared roles, notably in the areas of Community Services and Development Services.

Another distinct feature of the restructure was the establishment of a Senior Management Team introduced to manage the operational requirements of the Councils, and the model for the Executive Management Team redefined to a Directorate model, with the Directors having the responsibility of providing a greater focus on longer term strategic work.

## Workforce Development Planning

The Circular Head and Waratah Wynyard Councils, in partnership with the Institute for Public Policy and Governance - University of Technology Sydney (formerly the Australian Centre for Excellence in Local Government), secured funding through Skills Tasmania to fund the development of a suite of Workforce Planning Guidelines for Local Government in Tasmania.

The Institute for Public Policy and Governance were commissioned to develop the guidelines in consultation with employee representatives from each Council. Subsequently, the guidelines were completed in June and capacity building workshops are scheduled for late 2016 to be undertaken with an expanded number of employees from both Circular Head Council and Waratah-Wynyard Council.

A copy of the guidelines can be viewed on the following website - <https://www.uts.edu.au/research-and-teaching/our-research/public-policy-and-governance/news/workforce-planning-guidelines>

## INFORMATION SERVICES

Council's website was updated in the 2015/16 financial year and is now mobile device and tablet friendly. This work will be used in complement to the roll out of the My Local Services App in the near future.

### IT Services Review (Business Improvement Transformation)

Circular Head Council together with Waratah-Wynyard Council commissioned an Information Technology Services Review in 2015/16. The review identified opportunities for improvement to business processes and to improve outcomes. A key finding was that business systems have been implemented in isolation and often without taking the customers view of the service that is required. A coordinated approach to business systems is required. An action plan is being worked on together with the Waratah-Wynyard Council and the work to address the identified gaps will form a longer term commitment of the two Council's.

A new phone system was implemented in 2015/16 with modern computer based configuration which improve the capability and flexibility to manage calls, messages and out of hours routing of numbers.

## Progress on Major Projects in Organisational Services

		% Complete
Personnel Evaluation System	⊙	0%
Business Continuity Plan revision	✓	100%
IT Service Review	✓	100%
Phone system replacement	✓	100%
Computer hardware replacement	✓	100%
Software licensing (online demographic)	✓	100%
Mobile device management	✓	100%
Network switch upgrade	✓	100%
Upgrade of internal wireless network	✓	100%
Preparation of 2014/15 financial statements by 14 August 2015	✓	100%
Review of capital overheads	✓	100%
Review of 10 year Financial Plan	✓	100%
Manage 2014/15 carried forward figures	✓	100%
Preparation of 2016/17 budget by 30 June 2016	✓	100%
Review of Financial Management Strategy	✓	100%
Investigate options for utilising Roads to Recovery funding for operational expenditure	✓	100%
Review of asset thresholds	⊙	0%
Sale of properties under Local Government Act	▶	60%
Smithton Turf lease	⊙	0%
Develop and implement HR management processes to ensure the capture of relevant data and statistics for the purposes of tracking and reporting	▶	25%
Establish training register which includes tracking of licensing and renewal requirements, management of training needs as well as producing up to date and accurate data	▶	25%
Enterprise Bargaining Agreement (EBA) renegotiation	✓	100%
Undertake staff training needs analysis and develop training plan	⊙	0%
Implement process for reviewing Workplace Health and Safety policies and procedures	✓	100%
To implement Integrated Risk Management Module	✓	100%
Re induct all contractors	⊙	0%
Create an internal audit process of Workplace Health and Safety management systems	✓	100%
LEGEND: Complete ✓ In Progress ▶ Not Started ⊙		

# TRANSPORT AND ACCESS

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 43 are of timber construction. There are approximately 30 km of footpaths, 60 km 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

### 2016 Circular Head Bushfires

The 2016 Circular Head bushfires were a large series of bushfires which caused considerable damage to public and private infrastructure, businesses and the community. The bushfires had also caused significant damage to two of Council's timber bridges on Nelson River/Temma Road and Sundown Creek/Temma Road. Circular Head Council and Waratah Wynyard Council, through their resource sharing mechanisms, worked in partnership to arrange urgent replacement of both bridges with new single lane concrete bridges (including safety guard rails).



## Upgrading of the Mella Road/Bass Highway and Montagu Road/Mella Road Intersections

The traffic junctions at Mella Road/Bass Highway and Montagu Road/Mella Road intersections were not suitable to facilitate turning movements of high productivity vehicles (including B Doubles). Council undertook design and construction of both of these intersections to make Council ready to perform well in contributing to the future economic development and generating employment opportunities for our community. Through intersection upgrades (including pavement widening and traffic efficiency works), we have made the intersections suitable for most of the high productivity vehicles and provided mechanisms for increased transport and haulage options for the local industry.

### Rocklyn Road Infrastructure Upgrade Works

Rocklyn Road Smithton was upgraded in the 2015/16 financial year to primarily address issues relating to asset condition and stormwater drainage. Council undertook reconstruction and upgrade of the full length of Rocklyn Road. The existing road pavement was replaced and the trafficable width was increased to improve traffic flow and efficiency. A concrete kerb and channel/piped stormwater system was installed to improve stormwater drainage and a concrete footpath was installed to provide improved pedestrian access.



### Sampson Avenue Infrastructure Upgrade Works

Council undertook the reconstruction of a section of Sampson Avenue located between Goldie Street and Maurice Street in the 2015/16 financial year. The reconstruction works included a renewed road pavement and seal to improve surface condition and traffic efficiency, and also installation of kerb and channel/ piped stormwater to improve stormwater drainage.

### Progress on Major Projects in Transport and Access

		<b>% Complete</b>
Monitor Works Plus operations	✓	100%
Investigate useful lives of sealed road pavement depreciation	✓	100%
Rural road pavement – Trowutta Road/Grooms Cross Road junction	✓	100%
Hanson Road - removal of Macrocarpa pines	✓	100%
Rural roads resealing - Comeback Road	✓	100%
Cable locator	✓	100%
Hotmix drag	✓	100%
Petrol inverter generator	✓	100%
Rural reseal - Bacon Factory Road	✓	100%
Rural reseal - Comeback Road	✓	100%
Rural reseal - Grooms Cross Road	✓	100%
Rural reseal - Johns Hill Road	✓	100%

Rural reseal - Mawbanna Road	✓	100%
Rural reseal - Montumana Road	✓	100%
Rural reseal - Pine Avenue	✓	100%
Rural reseal - Reids Road	✓	100%
Rural reseal - South Road	✓	100%
Rural reseal - Spion Kop Road	✓	100%
Rural reseal - Tayatea Road	✓	100%
Rural reseal - Trowutta Road	✓	100%
Rural reseal - Upper Scotchtown Road	✓	100%
Rural reseal - West Montagu Road	✓	100%
Rehabilitate - Trowutta Road / Grooms Cross Road junction	✓	100%
Renew - Mella Road	✓	100%
Bus shelter - Forest	⊙	0%
Bridges - Linnanes River Road – Welcome River	✓	100%
Rural road safety audit items	⊙	0%
Bridges - TS Hardy Road Trowutta	✓	100%
Bridges - Barkers Road - Fixtures Creek	✓	100%
Bridges - Dallas Road - Wilsons Creek	✓	100%
Urban reseal - East Esplanade	✓	100%
Urban reseal - Emmett Street	✓	100%
Urban reseal - Fenton Street	✓	100%
Urban reseal - Ford Street	✓	100%
Urban reseal - Greys Mill Road	✓	100%
Urban reseal - Margaret Street	✓	100%
Urban reseal - Massey Street	✓	100%
Urban reseal - Nelson Street	✓	100%
Urban reseal - Pearse Street	✓	100%
Urban reseal - Robert Street	✓	100%
Urban reseal - Rocklyn Road	✓	100%
Urban reseal - Rupert Lane	✓	100%
Urban reseal - Sampson Avenue	✓	100%
Urban reseal - Upper Havelock Street	✓	100%
Urban reseal - Ward Street	✓	100%
Urban reseal - William Street	✓	100%
Urban upgrade - Sampson Avenue	✓	100%
Urban upgrade - Rocklyn Road	✓	100%
Urban upgrade - Forest footpath	✓	100%
Urban upgrade - Main Road Stanley	✓	100%
Pedestrian upgrade - Upper Havelock / Goldie Street	✓	100%
Rural roads resheeting	✓	100%
Bridge Replacement - Rebecca Creek/Temma Road	✓	100%
Mella, Montagu Road intersection upgrade	✓	100%
Mella, Bass Highway intersection upgrade	✓	100%
Ford utility	✓	100%
Ford utility	✓	100%

Light tipper truck - replacement	✓	100%
Vehicle replacement - EMES	✓	100%
Vehicle replacement - TO	✓	100%
Roller - self-propelled - replacement	✓	100%
Toyota flat tray - replacement	✓	100%
Light truck - replacement	✓	100%
Scag ride on mower - rec ground	✓	100%
Pipe laser - replacement	✓	100%
Single grade rotating laser - replacement	✓	100%
Toyota Hilux workmate - replacement	✓	100%
Ford utility - replacement	✓	100%
Bridge replacement – Nelson Bay River – Temma Road	✓	100%
Bridge replacement – Sundown Creek – Temma Road	✓	100%
Fire damage rectification works	✓	100%
LEGEND:    Complete ✓    In Progress ►    Not Started ⊙		

# THE YEAR AHEAD

• General rate revenue increase of 1.87%
• \$750,000 Gibson St renewal
• \$680,000 Trowutta Rd reconstruction (between Duck River bridges at Browns and Giddens Road)
• \$663,000 Rural road resealing
• \$434,000 Bridge replacements
• \$345,000 Grant St upgrade including entrance to recreation ground, parking and school crossing
• \$285,000 Irishtown Rd renewal (Pulbeena)
• \$112,000 Renewal of infrastructure at sporting facilities
• \$100,000 Seal Gardiner St Arthur River
• \$50,000 Central area development plans for Smithton and Stanley
• \$50,000 Smithton Landscape Development strategy implementation
• \$35,000 Upgrade of the Sampson Avenue/Goldie St intersection
• \$33,000 Arthur River parking upgrade
• \$12,000 Replacement of BBQs at King Park Stanley

# FINANCIAL STATEMENTS AND AUDITOR'S REPORT



## **Independent Auditor's Report**

**To the Councillors of Circular Head Council**

**Financial Report for the Year Ended 30 June 2016**

### **Report on the Financial Report**

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

### **Auditor's Opinion**

In my opinion Council's financial report:

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

### *The Responsibility of the General Manager for the Financial Report*

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

### *Auditor's Responsibility*

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

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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*

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

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

My audit responsibility does not extend to the budget figures included in the statement of comprehensive income and the asset renewal funding ratio disclosed in note 37 nor the Significant Business Activities disclosed in note 30 to the financial report and accordingly, I express no opinion on them.

### **Independence**

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

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

### **Tasmanian Audit Office**



Jara K Dean  
**Assistant Auditor-General Financial Audit  
Delegate of the Auditor-General**

Hobart  
20 September 2016

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To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.  
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## COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

		Actual	Budget	Actual
		2016	2016	2015
	Note	\$	\$	\$
<b>Recurrent Income</b>				
Rates	3	7,595,186	7,544,590	7,212,058
Interest		235,431	250,000	232,034
Grants	4	1,579,770	2,989,684	4,578,486
User charges	5	1,614,922	1,625,039	1,627,376
Investment Revenue from Water Corporation	6	474,000	474,000	474,000
Other income	7	622,446	418,447	1,091,884
<b>Total Income</b>		<b>12,121,755</b>	<b>13,301,760</b>	<b>15,215,838</b>
<b>Capital Income</b>				
Recognition of assets		7,007,675	-	24,247,083
Recovery on investment	19	949,490	-	-
Grants	4	1,772,286	1,083,022	813,324
<b>Total Income</b>		<b>21,851,206</b>	<b>14,384,782</b>	<b>40,276,245</b>
<b>Expenses</b>				
Loss on disposal of assets	8	333,918	(150,000)	530,544
Employee costs	9	4,512,945	4,663,023	4,419,761
Materials and contracts	10	2,346,270	2,724,939	2,646,680
Depreciation and amortisation	11	4,250,410	4,184,590	3,937,006
Finance costs	12	36,831	36,831	59,218
Other expenses	13	2,295,759	2,381,485	2,267,363
<b>Total expenses</b>		<b>13,776,133</b>	<b>13,840,868</b>	<b>13,860,572</b>
<b>Surplus (deficit)</b>		<b>8,075,073</b>	<b>543,914</b>	<b>26,415,673</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to surplus or deficit</b>				
<b>Recognition of assets</b>				
Asset Revaluations	33	-	-	(3,908,451)
		-	-	(3,908,451)
<b>Items that may be reclassified subsequently to surplus or deficit</b>				
Financial Assets available for sale reserve				
- Fair value adjustment on available for sale assets	32	416,425	-	194,846
<b>Comprehensive Result</b>		<b>8,491,498</b>	<b>543,914</b>	<b>22,702,068</b>

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

		Actual	Actual
		2016	2015
	Note	\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	14	10,041,445	9,307,424
Receivables	15	513,216	490,004
Inventories	16	41,086	129,899
Other current assets	17	93,758	83,916
<b>Total Current Assets</b>		<b>10,689,505</b>	<b>10,011,243</b>
Infrastructure, property, plant and equipment	18	162,835,832	155,534,218
Investment Water Corporation	32	24,880,450	24,464,025
<b>Total Non Current Assets</b>		<b>187,716,282</b>	<b>179,998,243</b>
<b>TOTAL ASSETS</b>		<b>198,405,787</b>	<b>190,009,486</b>
<b>Current Liabilities</b>			
Payables	20	1,174,640	1,096,811
Provisions	21	1,167,995	939,240
Borrowings	23	327,454	327,454
<b>Total Current Liabilities</b>		<b>2,670,089</b>	<b>2,363,505</b>
<b>Non Current Liabilities</b>			
Provisions	21	96,825	171,151
Borrowings	23	20,988	348,443
<b>Total Non Current Liabilities</b>		<b>117,813</b>	<b>519,594</b>
<b>TOTAL LIABILITIES</b>		<b>2,787,902</b>	<b>2,883,099</b>
<b>NET ASSETS</b>		<b>195,617,885</b>	<b>187,126,387</b>
<b>Equity</b>			
Accumulated surplus		127,439,279	119,364,206
Reserves	33	68,178,606	67,762,181
<b>TOTAL EQUITY</b>		<b>195,617,885</b>	<b>187,126,387</b>

## STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2016

	Total		Accumulated Surplus		Asset Revaluation Reserve		Fair Value Reserve		Other Reserves	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016	2015	2016 \$	2015 \$
Balance at beginning of the financial year	187,126,387	164,424,319	119,364,206	92,948,533	65,272,625	69,181,076	2,376,400	2,181,554	113,156	113,156
Surplus before comprehensive income	8,075,073	26,415,673	8,075,073	26,415,673						
Financial assets available for sale reserve										
– Fair Value initial adjustment on Final Treasurer's Allocation Order										
– Fair Value adjustment on Available for Sale Assets	416,425	194,846					416,425	194,846		
Transfers to (from) accumulated surplus										
Net asset revaluation increment/(decrement)	-	(3,908,451)			-	(3,908,451)				
Net asset revaluation increment/(decrement)										
<b>Balance at end of the year</b>	<b>195,617,885</b>	<b>187,126,387</b>	<b>127,439,279</b>	<b>119,364,206</b>	<b>65,272,625</b>	<b>65,272,625</b>	<b>2,792,825</b>	<b>2,376,400</b>	<b>113,156</b>	<b>113,156</b>

## STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2016

		2016	2015
	Note	\$	\$
<b>Cash flows from operating activities</b>			
<b>Cash Used</b>			
Employee costs		(4,329,760)	(4,425,359)
Materials and contracts		(3,144,912)	(3,573,486)
Interest paid		(37,563)	(59,792)
Other supplier payments		(2,291,778)	(2,271,182)
		<b>(9,804,013)</b>	<b>(10,329,819)</b>
<b>Cash Received</b>			
Rate revenue		7,653,648	7,346,343
Other revenue and user charges		2,368,985	3,334,539
Grants		1,579,770	4,578,486
GST recovered from tax authority		710,146	888,259
Interest received		235,431	232,034
Water Corporation Investment Returns		474,000	474,000
		<b>13,021,980</b>	<b>16,853,661</b>
<b>Net Cash provided by operating activities</b>	<b>27</b>	<b>3,217,967</b>	<b>6,523,842</b>
<b>Cash flows from investing activities</b>			
<b>Cash Used</b>			
Payments for property, plant and equipment		(5,063,994)	(5,126,837)
		<b>(5,063,994)</b>	<b>(5,126,837)</b>
<b>Cash Received</b>			
Proceeds from sale of property, plant and equipment		185,727	413,659
Capital grants		1,772,286	813,324
Proceeds from investment maturity		949,490	-
		<b>2,907,503</b>	<b>1,226,983</b>
<b>Net cash provided by (used in) investing activities</b>		<b>(2,156,491)</b>	<b>(3,899,854)</b>
<b>Cash flows from financing activities</b>			
<b>Cash Used</b>			
Repayment of borrowings		(327,455)	(365,177)
		<b>(327,455)</b>	<b>(365,177)</b>
<b>Net cash provided by (used in) financing activities</b>		<b>(327,455)</b>	<b>(365,177)</b>
Net Increase (decrease) in cash and cash equivalents		734,021	2,258,811
Cash and cash equivalents at beginning of the financial year		9,307,424	7,048,613
Cash and cash equivalents at end of the financial year	<b>14</b>	<b>10,041,445</b>	<b>9,307,424</b>

# NOTES TO FINANCIAL STATEMENTS

## 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.

## 2. 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 34.

### **Investment in Water Corporation**

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 32.

## 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)

<b>2015/16 Actual</b>		<b>Transport Infrastructure</b>	<b>Solid Waste Management</b>	<b>Drainage</b>	<b>Parks, Reserves &amp; rec facilities</b>	<b>Social &amp; Community</b>	<b>Civic Governance</b>	<b>Community Development</b>	<b>Advocacy</b>	<b>Other - Not Attributable</b>	<b>Total</b>
<b>Expenses</b>		4,521,966	1,128,359	321,920	1,305,185	1,704,012	862,697	413,386	228,938	3,289,670	13,776,133
	%	32.82%	8.19%	2.34%	9.47%	12.37%	6.26%	3.00%	1.66%	23.89%	100.00%
<b>Revenue</b>											
Grants	\$	2,530,267	-	-	225,000	-	-	2,000	-	594,789	3,352,056
Other	\$	226,601	1,746,557	96,551	178,090	268,293	-	32,138	-	15,950,920	18,499,150
<b>Total</b>		2,756,868	1,746,557	96,551	403,090	268,293	-	34,138	-	16,545,709	21,851,206
	%	12.62%	7.99%	0.44%	1.84%	1.23%	0.00%	0.16%	0.00%	75.72%	100.00%
Net Result	\$	(1,765,098)	618,198	(225,369)	(902,095)	(1,435,719)	(862,697)	(379,248)	(228,938)	13,256,039	8,075,073
<b>Assets (note 2(b))</b>	\$	128,664,322	1,967,382	7,592,012	13,235,906	806,423	-	841,984	-	45,297,758	198,405,787
<b>2015/16 Budget</b>											
<b>Expenses</b>	\$	4,619,814	1,366,927	424,838	1,277,042	1,705,533	745,953	300,699	229,914	2,568,812	13,239,532
	%	34.89%	10.32%	3.21%	9.65%	12.88%	5.63%	2.27%	1.74%	19.41%	100.00%
<b>Revenue</b>											
Grants	\$	2,951,574	-	-	-	-	-	-	-	220,446	3,172,020
Other	\$	205,894	1,846,418	100,000	138,400	272,920	-	-	-	10,147,902	12,711,534
<b>Total</b>		3,157,468	1,846,418	100,000	138,400	272,920	-	-	-	10,368,348	15,883,554
	%	19.88%	11.62%	0.63%	0.87%	1.72%	0.00%	0.00%	0.00%	65.28%	100.00%
Net Result	\$	(1,462,346)	479,491	(324,838)	(1,138,642)	(1,432,613)	(745,953)	(300,699)	(229,914)	7,799,536	2,644,022
<b>2014/15 Actual</b>											
<b>Expenses</b>		4,761,638	1,447,241	418,391	1,274,163	1,300,496	629,546	231,502	293,387	3,504,208	13,860,572
	%	34.35%	10.44%	3.02%	9.19%	9.38%	4.54%	1.67%	2.12%	25.28%	100.00%
<b>Revenue</b>											
Grants	\$	3,334,910	-	-	305,000	-	-	-	-	1,751,900	5,391,810
Other	\$	214,766	1,698,179	-	148,423	358,527	15,855	4,205	636	32,443,844	34,884,435
<b>Total</b>		3,549,676	1,698,179	-	453,423	358,527	15,855	4,205	636	34,195,744	40,276,245
	%	8.81%	4.22%	0.00%	1.13%	0.89%	0.04%	0.01%	0.00%	84.90%	100.00%
Net Result	\$	(1,211,962)	250,938	((418,391)	(820,740)	(941,696)	(613,691)	(227,297)	(292,751)	30,691,536	26,415,673
<b>Assets (note 2(b))</b>	\$	120,888,894	2,092,616	7,682,754	13,326,528	816,203	-	771,564	-	44,430,927	190,009,486

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Current Assets	10,689,505	10,011,243
Non-current Assets	187,716,282	179,998,243
	<u>198,405,787</u>	<u>190,009,486</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

	2016	2015
	\$	\$
General Rates	6,491,827	6,270,403
Waste Collection Rates	970,589	903,892
Stormwater Rates	96,551	0
Rates Penalties	36,219	37,763
<b>TOTAL</b>	<u>7,595,186</u>	<u>7,212,058</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 represents a charge against the rateable property that will be recovered when the property is next sold.

Council introduced a stormwater rate on urban properties receiving a stormwater service for the first time in 2015/16.

### 4. GRANTS

	2016	2015
	\$	\$
Operating Grants	1,579,770	4,578,486
Capital Grants	1,772,286	813,324
<b>TOTAL</b>	<u>3,352,056</u>	<u>5,391,810</u>

##### Grants – Recurrent

Commonwealth financial assistance grants	1,572,770	4,469,439
Department of Premier and Cabinet – Smithton Recreation ground lighting project	0	33,187
Department of Broadband – Smithton Digital Hub	0	75,860
Department of Premier and Cabinet – National Youth Week 2016	2,000	0
LGAT – Community health and wellbeing plan	5,000	0
<b>TOTAL</b>	<b>1,579,770</b>	<b>4,578,486</b>

### Grants - Capital

Commonwealth Roads to Recovery	1,547,286	541,511
Department of Premier and Cabinet – Smithton Recreation ground lighting project	0	46,813
Department of Infrastructure and Regional Development – Smithton Recreation Area improvement project	225,000	225,000
<b>TOTAL</b>	<b>1,772,286</b>	<b>813,324</b>

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In accordance with AASB1004 Contributions, Council recognises the grants as revenue when it receives the funds and obtains control.

In 2014/15, an amount of \$1,479,754 was paid in advance by the Commonwealth. This has impacted the Statement of Comprehensive Income by reducing the 2015/16 amount received.

### 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

	2016	2015
	\$	\$
Solid Waste Charges – Port Latta	765,605	766,485
Heavy Vehicle Tax	213,996	213,996
Sales – Private Works	41,346	61,021
Sales – Other	11,097	29,763

Property Rental	109,847	113,119
Rate certificate fees	65,843	49,356
Development application fees	60,509	45,288
Dog registration fees	32,156	25,039
Other User Charges	314,523	323,309
<b>TOTAL</b>	<b>1,614,922</b>	<b>1,627,376</b>

### 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

	2016	2015
	\$	\$
Dividend	321,253	349,497
Tax Equivalent	114,429	87,506
Guarantee Fee	38,318	36,997
<b>TOTAL</b>	<b>474,000</b>	<b>474,000</b>

### Accounting Policy

#### Investment revenue

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

## 7. OTHER INCOME

	2016	2015
	\$	\$
Contributions	1,311	61,019
Road maintenance contribution	5,601	770
Other revenue	164,977	653,126
Resource Sharing	437,496	370,126
Subsidies	13,061	6,843
<b>TOTAL</b>	<b>622,446</b>	<b>1,091,884</b>

### 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

	2016	2015
	\$	\$
Proceeds from sales	185,727	413,659
Less carrying amounts of assets disposed	(519,645)	(944,203)
<b>TOTAL</b>	<u>(333,918)</u>	<u>(530,544)</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.

The majority of this loss (\$197,929) was the write off of Transport assets upon replacement.

## 9. EMPLOYEE COSTS

	2016	2015
	\$	\$
Wages, Salaries and Allowances	2,942,336	3,085,167
Superannuation Expenses	386,808	388,934
Leave expenses	824,777	635,677
Payroll Tax	197,496	183,873
Resource Sharing	330,788	222,878
Other Employee Expenses	120,193	213,315
Total Direct Employee Costs	<u>4,802,398</u>	<u>4,729,844</u>
Less Amounts Capitalised	(289,453)	(310,083)
<b>TOTAL</b>	<u><u>4,512,945</u></u>	<u><u>4,419,761</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

	2016	2015
	\$	\$
Contractors	1,466,815	1,536,600
Fuel	208,076	237,391
Maintenance	100,317	266,472
Materials	72,614	32,778
Software and licences	100,535	118,759
Other materials and contracts	397,913	454,680
<b>TOTAL</b>	<u><u>2,346,270</u></u>	<u><u>2,646,680</u></u>

### 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

	2016	2015
	\$	\$
Buildings	281,688	279,313
Transport Infrastructure	2,896,195	2,775,279
Stormwater and Drainage	166,584	165,083
Solid Waste Management	180,742	34,891
Parks, Reserves and Recreational Facilities	189,137	150,475
Plant and Equipment	367,743	365,723
Furniture	5,153	4,901
Computers	163,168	161,341
<b>TOTAL</b>	<b>4,250,410</b>	<b>3,937,006</b>

### 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

	2016	2015
	\$	\$
Loan Interest	36,831	59,218

### 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.

## 13. OTHER EXPENSES

	2016	2015
	\$	\$
Advertising	37,668	57,580
Audit Fees	37,430	32,460
Bank fees	20,446	19,559
Communication costs	9,532	12,074
Contributions, donations and grants	260,551	252,533
Consultancy fees	190,640	204,253
Councillors allowance	158,966	152,455
Electricity	184,585	249,581
Property rental	7,114	13,143
Insurance	142,356	122,356
Land Tax	72,927	73,943
Legal Expenses	48,248	31,310
Licences and permits	36,640	28,399
Memberships	109,629	112,528
Postage	11,491	9,774
Rates discounts	187,351	173,035
Water and sewerage rates	71,152	57,140
Sampling	24,503	27,492
Supplementary valuation fees	26,419	24,433
Telephone	57,025	51,410
Harcus River Rd Power project	144,003	10,719
Other expenses	457,083	551,186
<b>TOTAL</b>	<b>2,295,759</b>	<b>2,267,363</b>

## 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

	2016	2015
	\$	\$
Short term deposits	9,561,867	4,885,475
Cash at bank	478,278	4,420,299
Petty Cash	1,300	1,650
<b>TOTAL</b>	<u>10,041,445</u>	<u>9,307,424</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

	2016	2015
	\$	\$
Rate Debtors	301,296	379,543
Less allowance for impairment loss	(94,408)	(113,378)
Sundry debtors	289,528	223,160
Other receivables	16,800	679
<b>TOTAL</b>	<b>513,216</b>	<b>490,004</b>

### 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.

## 16. INVENTORIES

	2016	2015
	\$	\$
Gravel	41,086	129,899

### 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

	2016	2015
	\$	\$
Prepayments	82,732	57,332
Revenue Accrual	11,026	7,300
Other	-	19,284
<b>TOTAL</b>	<b>93,758</b>	<b>83,916</b>

### 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*

	2016 \$	2015 \$
<u>Gross Carrying Amount</u>		
Opening Balance at Fair Value	8,850,111	8,787,113
Additions	0	110,791
Revaluation Adjustment	-	(7,218)
Disposals	(23,625)	(40,575)
<b>TOTAL</b>	<u>8,826,486</u>	<u>8,850,111</u>

A review of land values was undertaken in 2014/15 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.

### *Land Under Roads*

	2016 \$	2015 \$
<u>Gross Carrying Amount</u>		
Opening Balance at Fair Value	1,422	1,422
Additions	7,014,989	0
<b>TOTAL</b>	<u>7,016,411</u>	<u>1,422</u>

Retrospective recognition of Land Under Roads was completed for the first time in 2015/16. The valuation basis was determined by the Office of the Valuer General.

### *Buildings*

	2016 \$	2015 \$
<u>Gross Carrying Amount</u>		
Opening Balance at Fair Value	10,417,138	10,286,396
Additions	106,956	130,742
Closing Balance	<u>10,524,094</u>	<u>10,417,138</u>
<u>Accumulated Depreciation</u>		
Opening Balance	556,294	276,981
Depreciation for the Year	281,688	279,313
Closing Balance	<u>837,982</u>	<u>556,294</u>
<b>TOTAL</b>	<u>9,686,112</u>	<u>9,860,844</u>

A review of land and capital values was undertaken in 2014/15 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*

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<u>Gross Carrying Amount</u>		
Opening Balance at Fair Value	192,374,162	170,473,365
Additions	3,860,773	3,104,531
Recognition/(Derecognition)	44,338	24,247,083
Revaluation Adjustment	0	(4,142,064)
Disposal	(1,658,644)	(1,308,753)
Closing Balance	<u>194,620,629</u>	<u>192,374,162</u>
<u>Accumulated Depreciation</u>		
Opening Balance	71,588,690	72,793,494
Depreciation for the Year	2,896,195	2,775,279
Revaluation Adjustment	0	(2,976,276)
Recognition/(Derecognition)	51,652	0
Disposal	(1,460,715)	(1,003,807)
Closing Balance	<u>73,075,822</u>	<u>71,588,690</u>
<b>Closing Balance at Fair Value</b>	<u><u>121,544,807</u></u>	<u><u>120,785,472</u></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*

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<u>Gross Carrying Amount</u>		
Opening Balance at Cost	13,299,396	17,978,678
Revaluation	0	(4,775,275)
Disposal	(42,270)	(9,267)
Additions	106,903	105,260
Closing Balance	<u>13,364,029</u>	<u>13,299,396</u>
<u>Accumulated Depreciation</u>		
Opening Balance	5,616,642	7,496,166
Revaluation	0	(2,039,831)
Disposal	(11,209)	(4,776)
Depreciation for the Year	166,584	165,083
Closing Balance	<u>5,772,017</u>	<u>5,616,642</u>
<b>TOTAL</b>	<u><u>7,592,012</u></u>	<u><u>7,682,754</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*

	2016	2015
	\$	\$
<u>Gross Carrying Amount</u>		
Opening Balance at Cost	2,664,830	1,392,204
Additions	58,124	1,272,626
Closing Balance	2,722,954	2,664,830
<u>Accumulated Depreciation</u>		
Opening Balance	829,628	794,737
Depreciation for the Year	180,742	34,891
Closing Balance	1,010,370	829,628
<b>TOTAL</b>	<b>1,712,584</b>	<b>1,835,202</b>

### *Parks, Reserves and Recreation Facilities*

	2016	2015
	\$	\$
<u>Gross Carrying Amount</u>		
Opening Balance at Cost	5,708,553	5,238,388
Additions	216,968	470,165
Closing Balance	5,925,521	5,708,553
<u>Accumulated Depreciation</u>		
Opening Balance	1,961,530	1,799,083
Depreciation for the Year	189,137	150,475
Disposals	0	11,972
Closing Balance	2,150,667	1,961,530
<b>TOTAL</b>	<b>3,774,854</b>	<b>3,747,023</b>

### *Plant and Equipment*

	2016	2015
	\$	\$
<u>Gross Carrying Amount</u>		
Opening Balance at Cost	4,691,740	4,185,375
Additions	515,322	1,058,966
Disposals	(573,009)	(552,601)
Closing Balance	4,634,053	4,691,740
<u>Accumulated Depreciation</u>		
Opening Balance	2,456,441	2,438,352
Disposals	(305,979)	(347,634)
Depreciation for the Year	367,743	365,723
Closing Balance	2,518,205	2,456,441
<b>TOTAL</b>	<b>2,115,848</b>	<b>2,235,299</b>

## *Furniture*

	<b>2016</b>	<b>2015</b>
	\$	\$
<u>Gross Carrying Amount</u>		
Opening Balance at Cost	114,855	110,472
Additions	0	4,383
Closing Balance	<u>114,855</u>	<u>114,855</u>
<u>Accumulated Depreciation</u>		
Opening Balance	90,235	85,334
Depreciation for the Year	5,153	4,901
Closing Balance	<u>95,388</u>	<u>90,235</u>
<b>TOTAL</b>	<u><u>19,467</u></u>	<u><u>24,620</u></u>

## *Computers*

	<b>2016</b>	<b>2015</b>
	\$	\$
<u>Gross Carrying Amount</u>		
Opening Balance at Cost	934,924	878,176
Additions	133,472	56,748
Closing Balance	<u>1,068,396</u>	<u>934,924</u>
<u>Accumulated Depreciation</u>		
Opening Balance	525,453	364,112
Depreciation for the Year	163,168	161,341
Closing Balance	<u>688,621</u>	<u>525,453</u>
<b>TOTAL</b>	<u><u>379,775</u></u>	<u><u>409,471</u></u>

## *Works in Progress*

	<b>2016</b>	<b>2015</b>
	\$	\$
<u>Gross Carrying Amount</u>		
Opening Balance at Cost	102,000	1,666,627
Additions	167,476	102,000
Transfers	(102,000)	(1,666,627)
<b>TOTAL</b>	<u><u>167,476</u></u>	<u><u>102,000</u></u>

**Summary Table: Infrastructure, Property, Plant and Equipment**

<b>2016</b>	<b>Balance at beginning of financial year</b>	<b>Acquisition of assets</b>	<b>Recognition / Derecognition of assets</b>	<b>Revaluation increments (decrements) Note 33</b>	<b>Written down value of disposals</b>	<b>Depreciation and amortisation Note 11</b>	<b>Recognition / Derecognition of assets</b>	<b>Disposal of assets</b>	<b>Transfers</b>	<b>Balance at end of financial year</b>
Land	8,850,111	-	-	-	23,625	-	-	-	-	8,826,486
Land under roads	1,422	-	7,014,989	-	-	-	-	-	-	7,016,411
Buildings	9,860,844	106,956	-	-	-	281,688	-	-	-	9,686,112
Transport infrastructure	120,785,472	3,860,773	44,338	-	1,658,644	2,896,195	51,652	1,460,715	-	121,544,807
Stormwater and drainage	7,682,754	106,903	-	-	42,270	166,584	-	11,209	-	7,592,012
Solid waste management	1,835,202	58,124	-	-	-	180,742	-	-	-	1,712,584
Parks, reserves and recreation facilities	3,747,023	216,968	-	-	-	189,137	-	-	-	3,774,854
Plant and equipment	2,235,299	515,322	-	-	573,009	367,743	-	305,979	-	2,115,848
Furniture	24,620	-	-	-	-	5,153	-	-	-	19,467
Computers	409,471	133,472	-	-	-	163,168	-	-	-	379,775
Works in progress	102,000	167,476	-	-	-	-	-	-	102,000	167,476
<b>TOTAL</b>	<b>155,534,218</b>	<b>5,165,994</b>	<b>7,059,327</b>	<b>-</b>	<b>2,297,548</b>	<b>4,250,410</b>	<b>51,652</b>	<b>1,777,903</b>	<b>102,000</b>	<b>162,835,832</b>

2015	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	8,787,113	110,791	-	(7,218)	(40,575)	-	-	-	-	-	8,850,111
Land under roads	1,422	-	-	-	-	-	-	-	-	-	1,422
Buildings	10,009,415	130,742	-	-	-	279,313	-	-	-	-	9,860,844
Transport infrastructure	97,679,871	3,104,531	24,247,083	(4,142,064)	(1,308,753)	2,775,279	-	(2,976,276)	(1,003,807)	-	120,785,472
Stormwater and drainage	10,482,512	105,260	-	(4,775,275)	(9,267)	165,083	-	(2,039,831)	(4,776)	-	7,682,754
Solid waste management	597,467	1,272,626	-	-	-	34,891	-	-	-	-	1,835,202
Parks, reserves and recreation facilities	3,439,305	470,165	-	-	-	150,475	11,972	-	-	-	3,747,023
Plant and equipment	1,747,023	1,058,966	-	-	(552,601)	365,723	-	-	(347,634)	-	2,235,299
Furniture	25,138	4,383	-	-	-	4,901	-	-	-	-	24,620
Computers	514,064	56,748	-	-	-	161,341	-	-	-	-	409,471
Works in progress	1,666,627	102,000	-	-	-	-	-	-	-	(1,666,627)	102,000
	<b>134,949,957</b>	<b>6,416,212</b>	<b>24,247,083</b>	<b>(8,924,557)</b>	<b>(1,911,196)</b>	<b>3,937,006</b>	<b>11,972</b>	<b>(5,016,107)</b>	<b>(1,356,217)</b>	<b>(1,666,627)</b>	<b>155,534,218</b>

## 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 2016/17 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

	2016	2015
	\$	\$
Recovery on investment	949,490	0
<b>TOTAL</b>	<b>949,490</b>	<b>0</b>

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.

## 20. PAYABLES

	2016	2015
	\$	\$
<b>Current</b>		
Accrued Wages	124,863	96,107
Accrued Interest	904	1,636
Trade and other creditors	1,048,873	999,068
<b>TOTAL</b>	<u>1,174,640</u>	<u>1,096,811</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

	2016	2015
	\$	\$
<b>Current Liability</b>		
Annual leave	477,887	466,357
Long service leave	613,921	403,736
Rostered days off and banked hours	76,187	69,147
	<u>1,167,995</u>	<u>939,240</u>
<b>Non-Current Liability</b>		
Long service leave	96,825	171,151
	<u>96,825</u>	<u>171,151</u>
<b>TOTAL</b>	<u>1,264,820</u>	<u>1,110,391</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 51.95 full time equivalent staff members at the end of the financial year (2015 – 57.18).

##### 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). The Fund was a sub fund of the Quadrant Superannuation Scheme (the Scheme) up to 30 November 2015. At this date the Quadrant Superannuation Scheme merged (via a Successor Fund Transfer) into the Tasplan Super and the Quadrant Defined Benefits Fund became a sub fund of Tasplan Super (Tasplan) from that date. The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 34 of AASB 119 *Employee Benefits*, Council does not use defined benefit accounting for these contributions.

For the year ended 30 June 2016 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 undertook the last actuarial review of the Fund at 30 June 2014. The review disclosed that at that time the net market value of assets available for funding member benefits was \$66,310,000, the value of vested benefits was \$57,475,000, the surplus over vested benefits was \$8,835,000, the value of total accrued benefits was \$58,093,000, and the number of members was 187. These amounts relate to all members of the fund at the date of valuation and no asset or liability is recorded in the Quadrant Superannuation Scheme's financial statements for Council employees.

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

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

The actuarial review concluded that:

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

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

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

The Actuary will continue to undertake a brief review of the financial position the Fund at the end of each financial year to confirm that the contribution rates remain appropriate. The next full triennial actuarial review of the Fund will have an effective date of 30 June 2017 and is expected to be completed late in 2017. Council also contributes to other accumulation schemes on behalf of a number of employees; however the Council has no ongoing responsibility to make good any deficiencies that may occur in those schemes.

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

During the reporting period the amount of contributions paid to defined benefits schemes was \$14,255 (2014/15, \$ 12,825), and the amount paid to accumulation schemes was \$529,123 (2014/15, \$376,109).

## 23. BORROWINGS

	2016 \$	2015 \$
<b>Current Liabilities</b>		
Loans	327,454	327,454
	<u>327,454</u>	<u>327,454</u>
<b>Non-Current Liabilities</b>		
Loans	20,988	348,443
	<u>20,988</u>	<u>348,443</u>
<b>TOTAL</b>	<u><u>348,442</u></u>	<u><u>675,897</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 \$358,560 (2014/15 \$705,871) compared to the actual value of \$348,452 (2014/15, \$ 675,897).

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.

The current annual capital repayments of loans by Council equate to 3.10% of the revenue of the preceding financial year. Total instalments including interest equates to 2.00% of revenue from the previous year (2014/15, 4.00%).

## 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
<b>2016</b>					
Photocopying Lease	9,239	1,728	-	-	10,967
<b>TOTAL</b>	<b>9,239</b>	<b>1,728</b>	<b>-</b>	<b>-</b>	<b>10,967</b>
<b>2015</b>					
Photocopying Lease	9,754	9,239	1,728	-	20,721
<b>TOTAL</b>	<b>9,754</b>	<b>9,239</b>	<b>1,728</b>	<b>-</b>	<b>20,721</b>

### (b) Finance Lease Commitments

Council had no Finance Lease commitments in 2015/16.

### (c) Capital Commitments

Council had no Capital Commitments in 2015/16.

#### (d) Other operating Commitments

	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
<b>2016</b>					
Maintenance	10,105	10,105	-	-	20,210
Green Point Reserve	15,506	4,263	-	-	19,769
Waste Transfer Station Management	84,084	-	-	-	84,084
Cleaning Services Works Plus	7,488	7,488	-	-	14,976
Cleaning Services Sports Centre	18,720	18,720	-	-	37,440
Cleaning Services Council Office	18,720	18,720	-	-	37,440
Street Cleaning	81,573	91,332	9,759	-	182,664
Total	<u>236,196</u>	<u>150,628</u>	<u>9,759</u>	-	<u>396,583</u>
<b>2015</b>					
Maintenance	10,105	10,105	10,105	-	30,315
Information Technology Services	8,923	-	-	-	8,923
Waste Transfer Station Management	113,022	-	-	-	113,022
Cleaning services	127,126	-	-	-	127,126
Animal control	9,970	-	-	-	9,970
Total	<u>269,146</u>	<u>10,105</u>	<u>10,105</u>	-	<u>289,356</u>

## 25. SPECIAL COMMITTEES

Committee	2016			2015		
	Revenue	Expenditure	Funds held by Council	Revenue	Expenditure	Funds held by Council
	\$	\$	\$	\$	\$	\$
Circular Head Heritage Centre	25,712	23,032	14,053	23,976	20,645	11,373
Marrawah/Redpa Special Committee	8,108	12,391	7,271	9,328	9,915	11,554
Stanley Town Hall	23,118	16,990	22,766	22,379	16,392	16,638
Smithton Rec Ground	10,377	11,082	30,968	9,827	14,589	31,673
Indoor Sports Centre	11,675	14,224	4,336	18,693	17,099	6,885
Stanley Caravan Park Committee	-	-	39,140	-	-	39,140
Stanley Rec Ground	25,860	23,775	615	30,080	35,050	(1,470)
Trowutta Rec Ground	-	-	11,003	10,324	3,813	11,003
	104,850	101,494	130,152	124,607	117,503	126,796

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

### (a) Allowances and Reimbursements

	2016	2015
	\$	\$
Councillor Allowances and Reimbursements	158,966	152,454

### (b) Register of interests

Interest of Councillors notified to the General Manager in respect of any body, or organisation with which the Council has major financial dealings with during the financial year ending 30 June 2016.

<b>Councillor &amp; Position</b>	<b>Interest</b>
Cr John Oldaker	No interest declared
Cr Daryl Quilliam, Mayor	No interest declared
Cr Nakore Popowski	No interest declared
Cr Trevor Spinks	No interest declared
Cr Jan Bishop, Deputy Mayor	No interest declared
Cr Betty Kay	No interest declared
Cr Ashley Popowski	No interest declared
Cr David Woodward	No interest declared
Cr Rodney Hardy	No interest declared
Cr Norman Berechree	No interest declared

## 27. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Surplus for the year	8,075,073	26,415,673
Depreciation and amortisation expense	4,250,410	3,937,006
Recognition of assets	(7,007,675)	(24,247,083)
Net (gain) loss on disposal of plant & equipment	333,918	530,544
	(2,423,347)	(19,779,533)
<b>Non-operating income</b>		
Capital grants	(1,772,286)	(813,324)
	(1,772,286)	(813,324)
(Increase) Decrease in receivables	(23,212)	511,891
(Increase) Decrease in other assets	78,971	(5,324)
(Increase) Decrease in financial assets	(949,490)	-
Increase (Decrease) in creditors	77,829	138,800
Increase (Decrease) in provisions	154,429	55,658
	(661,473)	701,025
Net cash provided by (used in) Operating Activities	3,217,967	6,523,842

## 28. CREDIT STANDBY ARRANGEMENTS

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Bank overdraft limit	500,000	500,000

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

## 29. FINANCIAL INSTRUMENTS

### (a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting policy
<b>Financial assets</b>		
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.
<b>Financial liabilities</b>		
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:

2016	Floating interest rate	Fixed interest maturing in:			Non-interest bearing	Total
		One year or less	Over 1 to 5 years	More than 5 years		
<b>Financial assets</b>						
Cash and cash equivalents	478,278	9,561,867	-	-	1,300	10,041,445
Trade and other receivables	-	-	-	-	513,216	513,216

Accrued revenue	-	-	-	-	11,026	11,026
Investment in water corporation	-	-	-	-	24,880,450	24,880,450
<b>Total financial assets</b>	<b>478,278</b>	<b>9,561,867</b>			<b>25,405,992</b>	<b>35,446,137</b>

**Financial liabilities**

Trade and other payables	-	-	-	-	1,174,640	1,174,640
Interest-bearing loans and borrowings	-	327,454	20,988	-	-	348,442
<b>Total financial liabilities</b>	<b>-</b>	<b>327,454</b>	<b>20,988</b>	<b>-</b>	<b>1,174,640</b>	<b>1,523,082</b>

<b>Net financial assets (liabilities)</b>	<b>478,278</b>	<b>9,234,413</b>	<b>(20,988)</b>	<b>-</b>	<b>24,231,352</b>	<b>33,923,055</b>
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2015	Floating interest rate	Fixed interest maturing in:			Non-interest bearing	Total
		One year or less	Over 1 to 5 years	More than 5 years		
<b>Financial assets</b>						
Cash and cash equivalents	4,420,299	4,885,475	-	-	1,650	9,307,424
Trade and other receivables	-	-	-	-	490,004	490,004
Accrued revenue	-	-	-	-	7,300	7,300
Investment in water corporation	-	-	-	-	24,464,025	24,464,025
<b>Total financial assets</b>	<b>4,420,299</b>	<b>4,885,475</b>	<b>-</b>	<b>-</b>	<b>24,962,979</b>	<b>34,268,753</b>

**Financial liabilities**

Trade and other payables	-	-	-	-	1,096,811	1,096,811
Interest-bearing loans and borrowings	-	327,454	348,443	-	-	675,897
<b>Total financial liabilities</b>	<b>-</b>	<b>327,454</b>	<b>348,443</b>	<b>-</b>	<b>1,096,811</b>	<b>1,772,708</b>

<b>Net financial assets (liabilities)</b>	<b>4,420,299</b>	<b>4,558,021</b>	<b>(348,443)</b>	<b>-</b>	<b>23,866,168</b>	<b>32,496,045</b>
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### (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 2016		30 June 2015	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents				
Cash at bank and on hand	479,578	479,578	4,420,299	4,420,299
Short Term Deposits	9,561,867	9,561,867	4,887,125	4,887,125
Receivables	513,216	513,216	490,004	490,004
Accrued revenue	11,026	11,026	7,300	7,300
Investment in Water Corporation	24,880,450	24,880,450	24,464,025	24,464,025
	<b>34,446,137</b>	<b>34,446,137</b>	<b>34,268,753</b>	<b>34,268,753</b>
<b>Financial liabilities</b>				
Payables	1,174,640	1,174,640	1,096,811	1,096,811
Financial Liabilities	348,442	358,560	675,897	705,871
	<b>1,523,082</b>	<b>1,533,200</b>	<b>1,772,708</b>	<b>1,802,682</b>
<b>Net financial assets</b>	<b>33,923,055</b>	<b>32,912,937</b>	<b>32,496,045</b>	<b>32,466,071</b>

### (d) Credit Risk

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Statement of Financial Position.

### (e) Risks and Mitigation

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

#### Market Risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. Council's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

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 2016		30 June 2015	
	Gross	Impairment	Gross	Impairment
	\$	\$	\$	\$
Not past due	258,957	-	205,472	-
Past due 0-30 days	358	-	77	-
Past due 31-60 days	4,305	-	723	-
Past due 61-90 days	601	-	-	-
More than 90 days	25,306	-	16,888	-
<b>Total trade receivables</b>	<b>289,528</b>	<b>-</b>	<b>223,160</b>	<b>-</b>
Rates receivable	301,296	94,408	379,543	113,378
Other Receivable	16,800	-	679	-
<b>Total receivables as per the Statement of Financial Position</b>	<b>513,216</b>	<b>94,408</b>	<b>603,382</b>	<b>113,378</b>

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 2016.

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
	\$	\$	\$	\$	\$
<b>30 June 2016</b>					
Payables	1,174,640	-	-	1,174,640	1,174,640
Borrowings	336,963	21,597	-	358,560	348,442
<b>Total</b>	<b>1,511,603</b>	<b>21,597</b>	<b>-</b>	<b>1,533,200</b>	<b>1,523,082</b>
<b>30 June 2015</b>					
Payables	1,096,811	-	-	1,096,811	1,096,811
Borrowings	327,454	348,443	-	675,897	675,897
<b>Total</b>	<b>1,424,265</b>	<b>348,443</b>	<b>-</b>	<b>1,772,708</b>	<b>1,772,708</b>

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)
2016	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash and cash equivalents	10,041,445	100,414	(50,207)	100,414	(50,207)
Trade and other receivables	513,216	-	-	-	-
<b>Financial Liabilities</b>					
Interest bearing loans and borrowings	348,442	(3,484)	(1,742)	(3,484)	(1,742)
Trade and other payables	1,174,640	-	-	-	-

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)
2015	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash and cash equivalents	9,307,424	93,074	(46,537)	93,074	(46,537)
Trade and other receivables	490,004	-	-	-	-
<b>Financial Liabilities</b>					
Interest bearing loans and borrowings	675,799	(6,758)	(3,379)	(6,758)	(3,379)
Trade and other payables	1,096,811	-	-	-	-

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

### 30. SIGNIFICANT BUSINESS ACTIVITIES

	CAMPING & RECREATIONAL VEHICLES \$		PORT LATTA SOLID WASTE \$	
	2016	2015	2016	2015
<b>Revenue</b>				
Rates	-	-	-	-
User Charges	33,582	23,551	762,880	761,770
Grants	-	-	-	-
Other	54,008	54,008	196,909	186,055
<b>Total Revenue</b>	<b>87,589</b>	<b>77,559</b>	<b>959,789</b>	<b>947,824</b>
<b>Expenses</b>				
<i>Direct</i>				
Labour & Materials	33,475	33,406	331,799	360,244
Borrowing Costs	-	-	36,831	56,713
Other	3,983	2,045	55,159	57,769
<i>Indirect</i>				
Engineering and Administration	24,555	17,314	84,740	104,758
<b>Total Expenses</b>	<b>62,014</b>	<b>52,765</b>	<b>508,530</b>	<b>579,485</b>
<b>Capital Costs</b>				
Depreciation	26,274	26,273	164,782	24,164
Opportunity Cost of Capital	24,939	29,571	5,644	0
<b>Total Capital Costs</b>	<b>51,213</b>	<b>55,844</b>	<b>170,426</b>	<b>24,164</b>
<b>Competitive Neutrality Costs</b>	-	-	<b>521</b>	<b>536</b>
<b>Calculated surplus/(deficit)</b>	<b>(209)</b>	<b>(1,479)</b>	<b>285,957</b>	<b>343,640</b>
<b>Income Tax Equivalent 30%</b>	<b>0</b>	<b>0</b>	<b>85,787</b>	<b>103,092</b>
<b>Total Fully Attributed Costs</b>	<b>113,227</b>	<b>108,609</b>	<b>765,264</b>	<b>707,277</b>

#### 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.

## 31. AUDITOR'S REMUNERATION

	2016	2015
	\$	\$
Audit fee external audit – Tasmanian Audit Office	37,430	32,460
<b>TOTAL</b>	<b>37,430</b>	<b>32,460</b>

Includes acquittal and travel disbursement costs.  
Base audit fee \$25,280 (2014/15 \$25,160)

## 32. INVESTMENT IN WATER CORPORATION

At 30 June 2016, 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.

	2016	2015
	\$	\$
Opening balance	24,464,025	24,269,179
Fair Value adjustment on assets held for resale	416,425	194,846
<b>Total investment in water corporation</b>	<b>24,880,450</b>	<b>24,464,025</b>

### 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 2016, Council held a 1.58% (2015: 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.

### 33. RESERVES

	2016 \$	2015 \$
<b>Asset Revaluation Reserve:</b>		
Balance at beginning of financial year	65,272,625	69,181,076
Revaluation adjustment:		
Land	0	(7,219)
Buildings	0	0
Transport infrastructure	0	(1,165,788)
Stormwater	0	(2,735,444)
	<u>0</u>	<u>(3,908,451)</u>
Balance at end of financial year	<u>65,272,625</u>	<u>65,272,625</u>
<b>Closing balance</b>		
Land	5,609,446	5,609,446
Buildings	2,065,641	2,065,641
Transport infrastructure	55,011,756	55,011,756
Stormwater	2,585,783	2,585,783
	<u>65,272,625</u>	<u>65,272,625</u>

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

	2016 \$	2015 \$
<b>Financial Assets available for Sale Reserve</b>		
Balance at the beginning of the financial year	2,376,400	2,181,554
Fair Value Adjustment	416,425	194,846
Balance at the end of the financial year	<u>2,792,825</u>	<u>2,376,400</u>

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

<b>Public Open Space Reserve</b>		
Balance at beginning of financial year	113,156	113,156
Transfer from retained surplus	-	-
Expenditure of funds on capital works	-	-
Balance at end of financial year	<u>113,156</u>	<u>113,156</u>

**TOTAL** **68,178,606** **67,762,181**

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.

## 34. 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 2016.

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

## As at 30 June 2016

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>					
Land	18	-	8,826,486	-	8,826,486
Land under roads	18	-	7,016,411	-	7,016,411
Buildings	18	-	9,686,112	-	9,686,112
Transport Infrastructure	18	-	-	121,544,807	121,544,807
Stormwater	18	-	-	7,592,012	7,592,012
Total		-	25,529,009	129,136,819	154,665,828

## As at 30 June 2015

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>					
Land	18	-	8,850,111	-	8,850,111
Land under roads	18	-	1,422	-	1,422
Buildings	18	-	9,860,844	-	9,860,844
Transport Infrastructure	18	-	-	120,785,472	120,785,472
Stormwater	18	-	-	7,682,754	7,682,754
Total		-	18,712,377	128,468,226	147,180,603

### 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 2016	Level 1	Level 2	Level 3	Total
Financial assets at fair value through the comprehensive income statement	-	-	-	-
Available for sale financial assets	-	-	24,880,450	24,880,450
<b>TOTAL</b>	-	-	24,880,450	24,880,450

30 June 2015	Level 1	Level 2	Level 3	Total
Financial assets at fair value through the comprehensive income statement	-	-	-	-
Available for sale financial assets	-	-	24,464,025	24,464,025
<b>TOTAL</b>	-	-	24,464,025	24,464,025

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

#### Reconciliation of Level 3 Fair Value Movements

	2016	2015
	\$	\$
Opening Balance	24,464,025	24,269,179
Investment on transfer of net assets	-	-
Gains (losses) recognised in other comprehensive income:		
-Fair value initial adjustment on available for sale assets	-	-
-Fair value adjustment on available for sale assets	416,425	194,846
Closing Balance	<u>24,880,450</u>	<u>24,464,025</u>

#### Investment in water corporation

Refer to Note 32 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 2014/15 financial year. Council will reassess again in 2016/17 when the next adjustment factor is released.

### 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 2014/15 financial year.

Council will reassess again in 2016/17 when the next adjustment factor is released.

### 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.

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.

## 35. 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 member party to. Legal action to recover capital losses and related expenses was continuing at the release date of Financial Statements.

## 36. CONTINGENT ASSETS & LIABILITIES

At balance date Council had no contingent assets or liabilities.

### 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.

## 37. MANAGEMENT INDICATORS

	Benchmark	2016	2015	2014	2013
		\$'000	\$'000	\$'000	\$'000
<b>(a) Underlying surplus or deficit</b>					
Recurrent income*					
less		13,601	13,736	13,131	13,131
recurrent expenditure		13,728	13,860	13,668	13,668
Underlying surplus/deficit	>0	(127)	(124)	(2,524)	(537)

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

	2016
	\$
<b>Underlying surplus or deficit reconciliation</b>	
Surplus (deficit)	8,075,073
Less Recognition of assets	(7,007,675)
Less Recovery on investment	(949,490)
Less Capital grants	(1,772,286)
Add fire damaged bridge	47,962
Add financial assistance grants in advance	1,479,754
	<u>(126,662)</u>

Council reported an underlying deficit in each year identified. The 2013/14 deficit was exacerbated by a large operational project for the installation of underground power in Circular Head. The income for this was recorded in previous years.

	<b>Benchmark</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(b) Underlying surplus ratio</b>					
<u>Underlying surplus/deficit</u>		(127)	(124)	(2,524)	(537)
Recurrent income*		13,601	13,736	13,096	13,131
Underlying surplus ratio %	>0	(0.9%)	(0.9%)	(19.3%)	(4.1%)

This ratio serves as an overall measure of operating effectiveness.

Council did not achieve the benchmark in the last 4 financial years however the underlying deficit is decreasing.

	<b>Benchmark</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(c) Net financial liabilities</b>					
Liquid assets less		10,555	9,797	8,050	12,611
Total liabilities		2,788	2,883	3,054	3,515
Net financial liabilities		7,767	6,914	4,996	9,096

	<b>Benchmark</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(d) Net financial liabilities ratio</b>					
<u>Net financial liabilities</u>		7,767	6,914	4,996	9,096
Recurrent income*		13,601	13,736	13,096	13,131
Net financial liabilities ratio %	0 - (50%)	57.1%	50.3%	38.2%	69.3%

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.

	<b>Benchmark</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(e) Asset consumption ratio</b>					
<b>Transport Infrastructure</b>					
<u>Depreciated replacement cost</u>		121,545	120,785	97,799	88,931
Current replacement cost		194,621	192,374	170,473	155,732
Asset consumption ratio %	40-60%	62.5%	62.8%	57.4%	57.1%

**Stormwater & Drainage**

<u>Depreciated replacement cost</u>		7,592	7,683	10,483	10,529
Current replacement cost		13,364	13,299	17,979	17,802
Asset consumption ratio %	40-60%	56.8%	57.8%	58.3%	59.1%

**Solid waste management**

<u>Depreciated replacement cost</u>		1,713	1,835	597	632
Current replacement cost		2,723	2,664	1,392	1,392
Asset consumption ratio %	40-60%	62.9%	68.9%	42.9%	45.4%

**Parks, Reserves & Recreation facilities**

<u>Depreciated replacement cost</u>		3,775	3,747	3,439	2,025
Current replacement cost		5,925	5,708	5,538	3,717
Asset consumption ratio %	40-60%	63.7%	65.6%	65.7%	54.5%

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	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
<b>(f) Asset renewal funding ratio</b>					
<u>Capital outlay - LTFP</u>		17,419	NA	NA	NA
Capital outlay – SAMP		17,419	NA	NA	NA
Asset renewal funding ratio %	100%	100%	NA	NA	NA

	Benchmark	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
<b>(g) Asset sustainability ratio</b>					
<u>Capex on replacement/renewal of existing assets</u>		4,648	5,444	4,367	3,385
Annual depreciation expense*		4,250	3,937	4,121	3,188
Asset sustainability ratio %	>95%	109.4%	138.3%	106.0%	106.1%

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**

	Capital renewal expenditure	Capital new /upgrade expenditure	Total Capital Expenditure
<b>By asset class</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Buildings	107	-	107
Transport Infrastructure	3,652	274	3,926
Stormwater	97	10	107
Solid Waste	58	-	58
Parks & Reserves	209	8	217
Plant & equipment	422	93	515
Furniture	-	-	-
Computers	103	30	133
<b>Total</b>	<b>4,648</b>	<b>415</b>	<b>5,063</b>

## 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**

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

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

The withdrawal of this standard is not considered to be a material change and therefore no changes are expected to Councils' financial statements.

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

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

Council has amended its Notes to the Financial Statements in the 2015/16 financial year which will aid increased readability and understanding for the end user.

### **(F) PENDING ACCOUNTING STANDARDS**

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

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

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

This standard has no impact on Council's Financial Statements.

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

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

The amendment will have no impact on Council's current Financial Statements. The impact will be reviewed into the future if Council records Intangible Assets.

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

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

The amendment has no impact on Council's Financial Statements.

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

Amendments to existing accounting standards, particularly in relation to:

- IFRS 5 - guidance on changes in method of disposal;
- IFRS 7 - clarifies 'continuing involvement for service contracts and also clarifies offsetting disclosures are not specifically required in interim financial statements, but may be included under general requirements of IAS 34;
- IAS 19 - clarifies that discount rates used should be in the same currency as the benefits are to be paid; and
- IAS 34 - clarifies that disclosures may be incorporated in the interim financial statements by cross-reference to another part of the interim financial report.

The amendments to the standard will continue to be assessed into the future, but there are no current impacts to the Financial Statements.

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

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

Council will be required to implement this standard from 1 July 2016. Additional data capture and note disclosures will be required for the 2016/17 financial year.

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

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

The amended standard has no effect on the current Financial Statements. Council will monitor the effects of this standard on future Financial Statements.

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

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

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

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

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

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

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

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

Further clarification will be required before the impact can be assessed. Council will review further AASB information when available and assess the impact on future Financial Statements.

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

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

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

The amendment will have no impact on Council's Financial Statements.

**(x)** AASB 16 Leases (effective from 1 January 2019)

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

Council leases a small number of assets to run its day to day activities. These are minor items of low value and are short term therefore the standard will have no impact on Council's Financial Statements. Council will continue to review the applicability of the standard if circumstances change.

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

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

There are additional disclosures anticipated in the Financial Statements regarding movements in financial liabilities.



## **Certification of the Financial Report**

### **for the financial year ended 30/06/2016**

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

A handwritten signature in black ink, appearing to read 'Tony Smart', with a long horizontal flourish underneath.

**Tony Smart**  
**GENERAL MANAGER**

Dated at Smithton this 20th day of September 2016