



**TASMAN COUNCIL**

*'A Natural Escape'*

# **ANNUAL REPORT**

# **2018-2019**

## INFORMATION ABOUT TASMAN

The Tasman Municipality is located on Tasmania's picturesque southeast coast approximately 90 minutes from Hobart. As in many rural communities, Tasman's population is dispersed with the majority of people centered in and around the township of Nubeena and the localities of White Beach, Highcroft, Port Arthur, Premaydena, Saltwater River, Koonya, Taranna, Eaglehawk Neck and Murdunna. The Municipal area covers approximately 660 square kilometres. Practically an island, the diversity and abundance of wildlife and plant life is remarkable.

The population is relatively stable at approximately 2400 swelling to between 8,000 and 9,000 as a result of tourists and visitors particularly during the summer months who come to enjoy beaches, bush walking and fishing as well as many other tourist attractions.

Tourist visitation numbers are steadily increasing. The World Heritage listed Port Arthur attracted 357,411 day visitors and the the Coal Mines Historic Site attracting approximately 24,200 visitors during 2018-19. The Three Capes Walk attracted many visitors in 2018-19 and 16 cruise ships anchored at Port Arthur during the cruise ship season.

Tasman strives to be a welcoming community with an unbeatable quality of life which boasts a number of boating and sporting clubs with tourism services catering for all ages and interests. Tasman is also proving to be an attractive area for property developers, people seeking a 'sea change' and retirees looking for a quieter lifestyle.

The Tasman Peninsula is renowned for its rugged coastlines which have been the scene of a number of shipwrecks. At Eaglehawk Neck there are many remarkable rock formations, including The Devils Kitchen, Tasmans Arch, Blow Hole and the Tessellated Pavements. Tasman has some of the world's best surf spots at Eaglehawk Neck, Roaring Beach and the world renowned Shipstern's Bluff.

An extremely scenic part of Tasmania that is dominated by rolling pastures, heavily timbered hills and surrounded by a dramatic coastline of sheer cliffs, towering rocky

outcrops, sheltered bays and sea caves. Walking tracks and kayaks give access to the area's most isolated and spectacular areas.

## COUNCIL'S VISION 2015-2025

- Make Tasman an inspirational place to live and visit.
- Improve cultural and recreational opportunities for everyone.
- Maximise the attributes of the region.
- Provide the opportunity for sustainable growth.
- Ensure growth and development is done in balance with the natural and built environment, community and lifestyle expectations.
- Diversify and increase our revenue base.
- Increase the working population.
- Increase and facilitate the opportunities for local employment.
- Provide for the ageing population.
- Turn our part time residents into full time residents.
- Strategically integrate our online presence with improved communication accessibility.

## KEY FOCUS AREAS 2015-2025

- Develop productive advocacy, alliance and engagement partnerships.
- Continue to develop and maintain supportive relationships with the community.
- Manage the opportunities and challenges associated with increased visitation to the area.
- Strive for a balance between development, environment and lifestyle and retain natural, heritage and social values.
- Identify funding needs and revenue opportunities.

## INVITATION FOR SUBMISSIONS

Members of the community are invited to make submissions on the Draft Annual Report for discussion at Council's Annual General Meeting to be held at **5:30pm** on **11<sup>th</sup> December 2019**. Any person wishing to make a submission should do so by close of business **5<sup>th</sup> December 2019**.

## MAYOR'S REPORT

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Taking up my new position as Mayor in November 2018 after the Local Government of Tasmania elections, saw our previous Mayor Roseanne Heyward not recontest the position after her 4 year term as Mayor and thirteen years as an Elected Member. I would like to take this opportunity to thank Roseanne for all her hard work and effort in attending many community gatherings over all those years. In 2018 also saw our long term General Manager, Robert Higgins resign which resulted ending the arrangement of shared General Manager to Sorell Council. I would also like to thank Robert for all his hard work and dedication to Tasman during his 7 ½ years of service.

### **Budget 2018-19**

Tasman Council set the final budget and rates for the 2018-19 Financial Year at the July Council meeting. All the details are contained within reports enclosed.

Councillors and Staff work hard every year to ensure we set the best budget as possible to try and obtain the best results for ratepayers and residents in the Tasman.

### **Voluntary Amalgamation**

On the evening 21st August 2018, several Councillors and Tasman community members attended the Sorell Council Meeting to listen to the debate about Voluntary Amalgamation between Tasman & Sorell Councils. Notably there were very few community members from the Sorell Municipality in attendance, Sorell Council voted unanimously to support the Voluntary Amalgamation.

The next day on 22<sup>nd</sup> August at the Tasman Council Meeting, with an overflowing vocal public gallery and several media outlets present, Tasman Council voted to abandon the Voluntary Amalgamation process.

Following Council's decision saw long serving General Manager resign and the appointment of Kim Hossack as Acting General Manager through a Shared Service Agreement with Brighton Council up until the end of December 2018. The Agreement was then extended twice with a completion date at the end of 2019. I would also like to recognise and thank James Dryburgh for Acting in this position during this time.

November 2018 and fresh to the job, I very quickly had to organise a meeting with the Minister for Local Government at that time, the Hon Peter Gutwein to discuss a way forward for Tasman and it was agreed, after public pressure, a State Government funded Elector Poll will be called to allow the people to have their say was the best way forward. This was new territory for Council and there was little specific legislation or regulating guidance in the Local Government Act for conducting this process.

On 16<sup>th</sup> February 2019 Council held a Public Meeting regarding information about merger/amalgamation with Sorell Council at the Tasman Community Hall, Taranna. It was a great opportunity for everyone to pre-summit, lodge on the day and ask questions from the meeting floor. Then on 9<sup>th</sup> April 2019 the Tasman ratepayers voted strongly to reject amalgamation with the Sorell Council. In a simple YES – NO elector poll conducted by the Tasmanian Electoral Commission, almost 69 percent voted against amalgamation (68.63% to 31.37%). Council formally had agreed to abide by this decision and honour the will of the people.

### **Community Events and Local Business Highlights 2018-19**

During the quieter months before the lead up to the busy season, we had a few events such as the Lufra Hill Climb for the motor enthusiasts and the Koonya Wild Life Fair

for the animal lovers. The Peninsula Arts Group have had their Annual Art Exhibition held at Port Arthur Historic Site in October. A fantastic Australia Day celebration was had at Nubeena, we were a few food vans short due to them being called away to the fires around the State and we all know the important roll people play in times of disasters.

February 2019 the Koonya Garlic Festival was held and what a great event enjoyed by all attending.

In March the Australian Lavender Growers Association had their 24<sup>th</sup> Conference at Port Arthur with 60 delegates attending from Australia and New Zealand. Congratulations to Clare and the team at Port Arthur Lavender on winning two awards for your hard work and into creating a unique experience for visitors to Tasman.

Congratulations too those working in our local tourism industry which saw several businesses in the Tasman take out awards at the Australian Tourism Awards. Further promoting and show casing tourism in the Tasman Municipality and the winners were;

**Major Tourist Attraction**

Gold – Port Arthur Historic Site

**Cultural Tourism**

Gold – Port Arthur Historic Site

**Major Tour and Transport Operators**

Silver – Pennicott Wilderness Journeys

**Ecotourism**

Bronze – Three Capes Track

Tasman Peninsula Singers – Hearts Out production was held at Koonya Hall mid-April. What a fantastic job the whole group did with this production and the many laughs at the little digs about local people and businesses through the performance. ANZAC Day Services - once again it was great to see so many people out at both services this year.

Red Bull Cape Fear Surf Competition that was held in our Municipality at Ship Stern Bluff and was steamed live around the world. This event bought global attention to our local region, although conditions were not there best (wave wise) there certainly was a buzz around town!

It was a pleasure to be invited to open the Interactive Garden in Judd Park as part of this year's collaborative NAIDOC Week celebrations between the Tasman Neighbourhood House and the Pungenna Parrederrme Aboriginal Corporation.

May 2019 also saw Council Staff holding their annual Cancer Council's Biggest Morning Tea Cancer fundraiser with many elected members present. A great cause that effects many of us throughout our community and beyond.

Festival of Voices once again saw PAHSMA host an evening with Mama Alto. A sell-out event and according to all who attended a superb evening was had by all.

Australian Citizen Ceremonies are one of many jobs I have the honour of conducting. It is an amazing feeling to be part of such a special occasion for nervous and excited new citizens.

Volunteers are at the heart and soul network that keeps Tasman local community together. Rotary, Lions, Country Women's Associations, Ambulance, State Emergency Service, Tasmanian Fire Service, Landcare/Coast Care Groups, history group, animal rescue, and the volunteers along with the numerous small committees that meet regularly to get things done. From Tasman Council, I would like to express our sincere thank you to all the volunteers in our community whom work to help our residents and the Municipality as a whole, 365 days a year, every year, thank you!

**Medical Services**

Positive talks started back in December 2018 in regards to securing a new Medical

Practice Management Provider for the Tasman Medical Practice. Tasman Council has played a vital role in this process with many things have been discussed including the difficulty getting an appointment. Council provided support to all parties involved to start conversations and we also met with Hon Minister Michael Ferguson to discuss our concerns and to ensure he was aware of the issues facing our community and the need for a long term solution. Another round table discussion was held before the end of March 2019. I would like to thank Councillor Pam Fenerty for her valuable knowledge and ongoing support during these negotiations.

### **Service Upgrades & Changes**

Back in March the newly changed flight paths for Hobart air space were announced and commencing operation from November this year. For further information go to [www.airservicesaustralia.com](http://www.airservicesaustralia.com). This is a good outcome for the Tasman, taking the air traffic further away from our Municipality after consulting with the community.

As you all know we are getting an increase in visitors, not only to Tasman but Tasmania in general. So the Hobart Airport are going through a conciliation process for the expansion of the terminal area. In April they had public consultation in the Tasman as part of that process. For those whom attended, I'm sure there were surprises to hear statistics such as Hobart Airport has the fastest growing number of passengers Australia wide and part of the plans is to include different stages with the growth expected to continue for many years ahead.

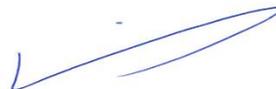
The long awaited official opening of the new works at Tasman District School by the Hon Minister for Education, Jeremy Rockliff was held. The staff and students did a great job to keep the School running throughout this process despite the many interruptions. The result being a great new

modern facility and I look forward to seeing future plans for continual upgrades. Well done to Ted and his team!

Some great news for all Port Arthur residents and business with new upgrading of the NBN tower at Port Arthur and is on track to be turned on in the first week of July. I know this has been a long time coming and will be greatly appreciated in the area.

The contracts have finally been signed for the long awaited State Government's Affordable Housing Units at Pearls Court and the project is on track to be finished by the end of the calendar year.

In conclusion, without Council's Acting General Manager, Kim Hossack hard work, ongoing support and her commitment to the Tasman community, a lot of the above would have not been possible. I also express my thanks to Council's indoor and outdoor staff for their continual excellence in their roles; and to my Deputy Mayor Maria Stacey & the Tasman Councillors for their support - I cannot thank you all enough.



**Kelly Spaulding**  
**Mayor**



## ACTING GENERAL MANAGER'S REPORT

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The focus for Council over the past 12 months has been to build on the momentum generated through the continual review of our operations and financial performance whilst ensuring the Municipality and greater south-east region is at the forefront of our State and Federal representatives.

Over the past eight months in the role of Acting General Manager, Council has undergone Local Government Elections in October 2018 which resulted in four new faces sitting around the council table. It has been challenging for both the new and old Councillors as well as enduring unprecedented Elector Petitions, Public Meetings and ultimately the ground breaking Elector Poll in April 2019 which resulted in Tasman Council continuing as their own identity.

Throughout this time, Council maintained all legislative requirements, annual operations, continued to be financially responsible and successfully carried out the Capital Works Program as planned.

Council finished the 2018-19 financial year with a net operating surplus of \$3.157m (2017-18 \$615,000) against a budget of \$3,817m. The adjusted underlying surplus was \$669,000 (2017-18 \$211,000) which was a significant increase whilst keeping our strong cash position of \$6.994m (2017-18 \$6.027m).

In the coming year, Council will focus on more strategic and long term planning to maintain a sustainable future and ensure service levels are retained.

I would like to acknowledge that Council is grateful for the efforts of all community, recreational and volunteer organisations and respective individuals who continue to play vital roles that assist our operations and more importantly, keep the community together and engaged.

I especially thank all Staff and Councillors who by through their hard work and support, continued focus and co-operation, to ensure the longevity of the Tasman Region well into the future.



**Kim Hossack**  
**Acting General Manager**

## TASMAN COUNCIL ELECTED MEMBERS AS AT 30 JUNE 2019



### **Mayor Kelly Spaulding**

Term Expires 2022

#### **Committee Representations**

TasWater – Owners Representative  
Sorell Tasman Affected Area Recovery Committee (STAARC)  
Municipal Emergency Management Committee (Chair)  
Municipal Alliance Committee  
Destination Southern Tasmania



### **Deputy Mayor Maria Stacey**

Term Expires 2022

#### **Committee Representations**

Tasman Council Audit Panel Committee  
Municipal Alliance Committee  
Tasman Civic Centre Committee  
Tasman Health & Community Services Community Advisory Committee



### **Councillor Jan Barwick**

Term Expires 2022

#### **Committee Representations**

Southern Waste Strategy Authority (SWSA)  
Tasman Civic Centre Committee (Proxy)  
Tasman Health & Community Services Community Advisory Committee (Proxy)



### **Councillor David Beard**

Term Expires 2022

#### **Committee Representations**

Port Arthur Historic Site Management Authority (PAHSMA)  
Community Advisory Committee



## Councillor Pam Fenerty

Term Expires 2022

### Committee Representations

TasWater – Owners Representative (Proxy)

Municipal Emergency Management Committee (Deputy Chair)

Taranna Community Hall Committee



## Councillor Casey Garrett

Term Expires 2022

### Committee Representations

Copping Refuse Disposal Site Joint Authority

Tasman Council Audit Panel Committee



## Councillor Andy Griffiths

Term Expires 2022

### Committee Representations

Tasman Business & Tourism Association

Copping Refuse Disposal Site Joint Authority (Proxy)

Koonya Hall Committee

## COUNCILLOR MEETING ATTENDANCE

Ordinary Council Meetings							
	Mayor Roseanne Heyward	D. Mayor Kelly Spaulding	Cr. Pam Fenerty	Cr. Alan Hull	Cr. David Moser	Cr. Glenn Skeggs	Cr. Maria Stacey
18 Jul 2018	✓	✓	✓	✓	✓	✓	✓
22 Aug 2018	✓	✓	✓	✓	✓	✓	✓
26 Sep 2018	✓	✓	✓	✓	✓	✓	✓
24 Oct 2018	✓	✓	✓	✓	✓	✓	✓
	Mayor Kelly Spaulding	D. Mayor Maria Stacey	Cr. Jan Barwick	Cr. David Beard	Cr. Pam Fenerty	Cr. Casey Garrett	Cr. Andy Griffiths
28 Nov 2018	✓	✓	✓	✓	✓	✓	✓
14 Dec 2018	✓	✓	✓	✓	✓	✓	✓
23 Jan 2019	✓	✓	✓	✓	✓	✓	✓
27 Feb 2019	✓	✓	✓	✓	✓	✓	✓
27 Mar 2019	✓	✓	Absent	✓	✓	✓	✓
24 Apr 2019	✓	✓	✓	Absent	✓	✓	✓
22 May 2019	✓	✓	✓	✓	✓	✓	✓
24 Jun 2019	✓	✓	✓	✓	✓	✓	✓
Annual General Meeting							
	Mayor Kelly Spaulding	D. Mayor Maria Stacey	Cr. Jan Barwick	Cr. David Beard	Cr. Pam Fenerty	Cr. Casey Garrett	Cr. Andy Griffiths
14 Dec 2018	✓	✓	✓	✓	✓	✓	✓

## STATUTORY REPORTING

### ENTERPRISE POWERS STATEMENT

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

### CONTRACTS FOR THE SUPPLY OF GOODS AND SERVICES

In accordance with Regulation 29 of the *Local Government Act Regulations 2015*, below is a list of Goods and Services valued at or above **\$250,000** excluding GST where entered into in the 2018-2019 financial year.

Company	Tender Description	COST
Andrew Walters Construction	Gravel Road Conversion, Road Rehabilitation and Civil Works	\$699,296.00

### DONATION OF LAND STATEMENT

The Council has not resolved to donate any lands in accordance with Section 177 of the *Local Government Act 1993*.

### GRANTS, ASSISTANCE AND BENEFITS PROVIDED UNDER SECTION 77(1)

#### TASMAN COUNCIL COMMUNITY ASSISTANCE GRANTS 2018-2019

Port Arthur Sports Club	\$200
Tasman Peninsula Historical Society	\$2,000
Lions Club of Tasman Swimming Pool Assoc	\$2,200 + 1,877 in kind support

#### SCHOOL BURSARIES

Tasman District School	\$75
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#### DONATIONS

N/A	N/A
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#### FUNDING ASSISTANCE FOR YOUTH AND COMMUNITY

Tasman Medical Assistance	Provide housing and associated outgoing costs for locum doctors.
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### COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY

The Copping Refuse Disposal Site Joint Authority (Trading as Southern Waste Solutions) was established under Section 30 of the *Local Government Act 1993* on 21<sup>st</sup> March 2001 by the Tasman Council, Sorell Council and Clarence City Council; with Kingborough Council joining the Authority in 2009.

#### Activities

The Copping Refuse Disposal Site Joint Authority's function is to promote and manage a putrescible landfill disposal site which conforms to its Development Proposal and Environmental Management Plan (DP&EMP) and permit conditions.

Net operating result before tax was \$2,872,978 which was well above budget, mostly due to an increase in gate revenue, almost \$2M over budget. Total comprehensive surplus for the year was \$2,872,978.

## PUBLIC DISCLOSURES ACT 2002

Section 86 of the *Public Interest Disclosures Act 2002* states that Council as a public body is required by *The Local Government Act 1993* to prepare an Annual Report and therefore must report on the following:

Information as to how persons may obtain or access copies of the current procedures established by the public body under the Act.	Via Council's website and through direct contact to Council.
The number and types of disclosures made to the relevant public body during the year and the number of disclosures determined to be a public interest disclosure.	Nil
The number of disclosures determined by the relevant 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 investigations of disclosed matters taken over by the Ombudsman from the public body during the year.	Nil
The number and types of disclosed matters that the relevant public body has declined to investigate during the year.	Nil
The number and type of disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation.	Nil
Any recommendations made by the Ombudsman that relate to the relevant public body.	Nil

## CODE OF CONDUCT

In accordance with Section 72(1)(ba) of the *Local Government Act 1993*, **no** Code of Conduct Complaints were lodged.

## PUBLIC HEALTH STATEMENT, GOALS AND OBJECTIVES

Council has a number of statutory responsibilities with respect to environmental health. The *Local Government Act 1993* is the principal Act for Council.

Council have continued to provide the community with authoritative information on environmental health risks, by facilitating seminars and information sessions as appropriate, and the preparation and distribution of publications.

### **Food Act 2003**

Council's responsibilities in accordance with the *Food Act 2003* involve licensing of food businesses and food premises inspections to ensure safe food hygiene standards are met. There were 48 food premises currently registered in the municipality for the 2018-19 financial year as categories below:-

<b><i>Type</i></b>	<b><i>Number</i></b>
Category A	0
Category B	3
Category C	21
Category D	11
Category E	5
Mobile Food Van/Statewide Registration	6
Notification Only	2
<b>TOTAL</b>	<b>48</b>

To carry out this service an average of two visits per premises per annum on category C premises and 3 inspections on category B premises, is required, plus food sampling as directed by the Director of Public Health and the issuing of improvement orders and other associated administrative work. Approximately 4 temporary food business licences were issued during the 2018-19 financial year.

### **Onsite Wastewater**

It is vitally important that wastewater from unsewered premises is properly and safely disposed of in an environmentally sound manner. The role of the Environmental Health Officer includes an inspection of each new property requiring a Plumbing Permit and advice and interpretation of any public health issue arising with respect to wastewater management. 42 Plumbing Permits for the installation of an onsite wastewater management system were issued by Council during 2018-19.

### **Public Health**

Immunisation is perhaps the most effective and practical single public health measure available for the reduction of morbidity and mortality arising from infectious diseases. Council's obligation to provide this service includes the coordination of the school immunisation program.

Infectious disease incidents are notifiable and may require an investigation and interview. Advice to Council may also be necessary. Few infectious disease investigations occur in a single year, however, this is an important role and obligation of Council.

Water sampling of potable supplies, wastewater system and recreational waters were carried out by Council during 2018-19. Separate annual reports for potable water and recreational waters are required for the Department of Health and Human Services.

Burial of human remains outside of established cemeteries must be done in a responsible way with no adverse impact on public or environmental health. Supervision of exhumations is another role of the Environmental Health Officer.

Council has a responsibility in accordance with the *Environmental Management Pollution Act 1994* to ensure that the impact of human activity on the environment is within acceptable limits in accordance with the *Environmental Management Pollution Act 1994*.

The activities of this service include monitoring and assessing industrial waste, rural industries, residential waste, and intensive animal farming effluent are duties expected of the Environmental Health Officer. This responsibility involves the review and maintenance of a Contaminated Sites register.

## TASMAN COUNCIL AUDIT PANEL REPORT 2018-19

The Tasman Council Audit Panel is pleased to be able to present its Report for the year 2018-19. This Audit Panel is established pursuant to Section 85 of the *Local Government Act* and the *Local Government (Audit panels) Order 2014*.

Tasman Council Audit Panel has been established since 2014. However, changes to the legislation in early 2016 meant that the Charter had to be revised to comply. The Council made the necessary changes to its Audit Panel Charter and determined that its Panel would consist of 5 members, 3 independent persons and 2 Councillors.

After publicly seeking expressions of interest the Council appointed the following persons to the Panel;

- David Sales (Chair)
- Carolyn Pillans
- Helen Galway
- CrI Maria Stacey
- CrI Pam Fenerty – until September 2019
- CrI David Beard – resigned after the February 2019 meeting
- CrI Casey Garrett – appointed after the 2018 Local Government Election

The Panel met for the first time late in 2015/16, however, this Report covers the period 1<sup>st</sup> July 2018 to 30<sup>th</sup> June 2019.

In terms of the *Order*, the Panel is required to consider:

- Whether the annual financial statements of the Council accurately represent the state of affairs of the Council;
- Whether and how the Part 7 plans are integrated and the processes by which, and assumptions under which those plans are prepared;
- The accounting, internal control, anti-fraud, anti-corruption and risk management policies, systems and controls that the Council has in relation to safeguarding its long term financial position;
- Whether the Council is complying with provisions of the Act and any other relevant legislation; and
- Whether the Council has taken any action in relation to previous recommendations provided by the audit panel to the Council and, if it has taken action, what that action was and its effectiveness.

In complying with these legislative requirements, the Panel must take into account the size of the Council and the maturity of the internal audit practices in place.

The *Order* requires that an Audit Panel prepares an annual work plan which it has done. In determining its work plan, the Panel took into account the particular circumstances of the Council

Tasman Council is a relatively small Council and participates in a shared services arrangement with a number of other Councils to provide a number of its services. The Panel where necessary met with officers from other Councils who were responsible for providing shared services

In accordance with the Charter, the Panel's Work Plan in 2018-19 included:

### External Audit

- Meeting with the External Auditors at least once;
- Providing input and feedback on the financial statement and performance audit coverage proposed by external audit and providing feedback on the audit services provided;
- Receiving and considering all external plans and reports in respect of planned or completed audits and monitoring management's implementation of audit recommendations;

## Annual Audited Financial Statements

- Satisfying itself that the financial statements were supported by appropriate management and sign-off;
- Reviewing the financial statements, including the appropriateness of Accounting Policies and significant estimates and judgements adopted in the preparation of the financial statements;

## Risk Management

- Actively reviewing the risk management framework, and associated procedures that are in place for management to effectively identify and manage the Tasman Council's financial and business risks;
- Monitoring the organisational performance in managing the risks identified in the risk register(s).

## Internal Control

- Ensuring that the internal control measures in place are appropriate for the size of the council
- Reviewing the operation of internal control measures
- Checking compliance with regulations, policies, best practice guidelines, instructions and contractual arrangements
- Monitoring ethical standards and related party transactions by determining whether the systems of control are adequate
- Monitoring the progress of any major lawsuits facing the council

The Committee met on the prescribed four occasions during the year and there were no specific irregularities that the Panel drew to the attention of Council. A number of systemic improvements were discussed with the General Manager in the course of the meetings.

A copy of the minutes of each Panel Meeting was submitted to Council for its information.

The attendance at the meeting was as follows:

- |                       |     |
|-----------------------|-----|
| • David Sales (Chair) | 4/4 |
| • Carolyn Pillans     | 4/4 |
| • Helen Galway        | 4/4 |
| • CrI Maria Stacey    | 4/4 |
| • CrI Pam Fenerty     | 0/1 |
| • CrI David Beard     | 1/2 |
| • CrI Casey Garrett   | 0/1 |

All recommendations made to Council were adopted by Council without alteration and were put into effect.

There are a number of areas which the Panel continues to monitor to ensure the proper implementations of its recommendations.

There were no specific matters referred by Council for consideration of the Panel. Additionally there were no matters submitted to the Panel by the general public.

The Order also requires the Panel to regularly review the Audit Panel Charter and conduct a self-assessment of the Panel's performance. In view of the fact that the Panel has only effectively been operating for 12 months, the Panel proposes to undertake these tasks in the forthcoming year.

The Panel would like to thank all staff, in that they unflinchingly went out of their way to provide the Panel with any information and documentation that it required.

# ANNUAL PLAN REPORTING

## KEY FOCUS AREAS AND SUMMARY OF STRATEGIES AND INITIATIVES FOR THE 2018/2019 FINANCIAL YEAR

### 1.0 DEVELOP PRODUCTIVE ADVOCACY, ALLIANCE AND ENGAGEMENT PARTNERSHIPS

- |     |   |  |
|-----|---|--|
| 1.1 | Engage with targeted public and private organisations with a particular focus on Government and relevant agencies to address key focus areas and reinforce the relevance of the Tasman Region.  | Ongoing – strategy for Mayor & General Manager implemented targeting key Federal and State representatives, Agency staff, Not for Profit and Community groups (including Bendigo Bank).  |
| 1.2 | Advocate for improved internet and communication infrastructure in the Municipal Area. Investigate and identify opportunities arising from the NBN rollout with a continued engagement strategy with NBN Co and other providers.                                  | Ongoing – Active engagement with Federal Lyons Member regarding black spot program and with NBN Co. on planning, delivery, commissioning and utilisation of remaining NBN infrastructure (Port Arthur).  |
| 1.3 | Implement South East Economic Infrastructure Strategy outcomes through the South East Regional Development Association (SERDA) and pursue necessary project commitments from partner stakeholders and agencies and seek to align strategies where appropriate.    | In Progress – South East Regional Workforce Plan completed as a key outcome of SERDA Strategy. Implementation phase commenced with Skills Tas (as co-funder). Remaining Strategy outcomes in progress, however, hindered through un-cordinated and uncommitted state agency policy and strategy. Regular infrastructure requirement updates provided to State and Federal representatives. |
| 1.4 | Leverage partnerships and initiatives to raise the profile of the Tasman region through continued engagement and advocacy with the Local Government Association of Tasmania (LGAT), Southern Tasmanian Councils Authority (STCA) and SERDA.                       | Ongoing – maintained membership, attendance and engagement with all organisations.   |
| 1.5 | Progress identified industry and business opportunities from continued engagement with Destination Southern Tasmania (DST), Port Arthur Historic Site Management Authority (PAHSMA), agriculture and aquaculture industries and Hobart Airport Corporation (HAC). | In Progress – engaged and advocated with Destination Southern Tasmania, Port Arthur Historic Site Management Authority, Hobart Airport Corporation, Tassal, Norske Skog and Forico for continued economic growth and development opportunities.  |

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1.6	Complete the voluntary amalgamation / common service modelling investigations and engage communities as required throughout the joint State / Local Government process ensuring the following outcomes are achieved: <ul style="list-style-type: none"><li>• be in the best interests of ratepayers;</li><li>• improve the level of services for communities;</li><li>• preserve and maintain local representation; and</li><li>• ensure the financial status of the entities is strengthened.</li></ul>	Completed – modelling project through KPMG completed. Community consultation on KPMG modelling outcomes completed
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1.7	Coordinate and support appropriate and sustainable grant funding applications to State and Federal Governments.	In progress – successful Community Infrastructure Grant awarded to Port Arthur Streetscape Upgrade. Successful DHHS Affordable Housing Strategy Grant awarded for six additional units at Pearls Court, Nubeena.
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1.8	Establish and grow alliances with event holders within the Municipal Area with a key focus being on whole area promotion and sustainability of these events.	In Progress – ongoing alliance with Community Development Officer and numerous community groups and organisations (Eaglehawk Neck Fair, Koonya Garlic Festival, Tasman Peninsula Feast). NRM Officers facilitated sponsorships through NRM South projects program for the Koonya Garlic Festival, Bream Creek Show and Tasman Wildlife Expo. Further event support generated through Garage Sale Trail.
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1.9	Partner with the Department of Education to continue advocating for development of Year 11 and 12 programs at Tasman District School and to participate in a south-east region skills audit to best utilise and develop the Trade Training Centre.	In progress – SERDA KPMG South-east Workforce Plan completed with stakeholders including Department of Education, Trade Training Centres, Skills Tas and industry.
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1.10	Advocate for the provision of Government and non-government youth services within the Municipal Area.	In Progress – Community Development Officer with THCS Youth Officer continued involvement with whole of region service providers network. Lobbying and advocacy to State and Federal members resulting from THCS Youth Officer position being discontinued. No support at those levels, however, successfully coordinated joint funding model for 17/18 only between local providers including Council, Tasman District School, Dunalley Tasman Neighbourhood House and Huon Regional Care.
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<p>1.11 Continue to support and strengthen partnerships with NRM South, Tasman Landcare Group and State and Federal Government agencies to improve delivery of NRM programs and enhance NRM outcomes for the Tasman Catchment.</p>	<p>In Progress – formal partnerships, contracts and MOU’s executed as required with NRM South, Sorell Council and Tasman Landcare Group.</p> <p>Resulted in increased co-investment from NRM South for Tasman NRM Officers, oyster control, shorebird awareness and serrated tussock management projects. Delivered NRM outcomes in the Tasman catchment in the Sorell municipality through direct NRM South co-funding. NRM activity funding through Landcare Group and support for the Group in governance, administration, social media and project management.</p> <p>Engagement and advocacy ongoing between NRM Officers and stakeholders.</p> <p>Worked in collaboration with State Growth, Crown Lands Services and PWS to deliver weed and vegetation management outcomes.</p> <p>Provided mapping data relating to local priorities for the Southern Region Weed Service delivery plan.</p> <p>Partnered with PWS to deliver the Discovery Ranger Program and to support environmental works in coastal reserves.</p>
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## 2.0 CONTINUE TO DEVELOP AND MAINTAIN SUPPORTIVE RELATIONSHIPS WITH THE COMMUNITY

<p>2.1 Support and encourage community organisations in the development and running of their events and activities to strengthen and sustain volunteering throughout the Municipal Area.</p>	<p>Ongoing – engagement and advocacy ongoing between Community Development, NRM Officer and stakeholders including elected members.</p>
<p>2.2 Improve the utilisation and sustainability of Council Community and Recreation Facilities in conjunction with user groups and other stakeholders (Sport and Recreation Tasmania).</p>	<p>Ongoing – fees and charges reviewed and monitored to establish base line utilisation rates but challenging with fluctuating participant rates from small base line population. Further refinements made to centralised booking system through Council.</p> <p>Continued engagement with Sport &amp; Recreation Tasmania where applicable.</p>
<p>2.3 Support special committees of Council and community groups.</p>	<p>Ongoing</p>
<p>2.4 Provide ongoing support to Coastcare, Landcare, the Feral Oyster Control Program and other groups with</p>	<p>Ongoing – NRM Officer actively engaging with Coastcare, Landcare, Feral Oyster Control Program, Bushfire Weed Recovery project,</p>

environmental and sustainability programs. Encourage involvement of private landowners.	Tasman District School, Wildlife Rescue, Pungenna Parrdarrama Aboriginal Corporation and associated private landowners where applicable.
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### 3.0 MANAGE THE OPPORTUNITIES AND CHALLENGES ASSOCIATED WITH INCREASED VISITATION TO THE AREA

3.1	In consultation with key stakeholders, develop an implementation strategy for the South-East Destination Action Plan taking into consideration the Destination Southern Tasmania Destination Management Plan and any requisite Council priorities and actions.	In Progress – Destination Action Plan implementation strategy completed and Council actively engaged in project identification and delivery.
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3.2	Implement and advocate recommendations of 3-4 star accommodation investment feasibility & business case prospectus, including consideration of any identified strategic development sites.	In Progress – targeted engagement and proactive facilitation with accommodation proponents for key sites.
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3.3	Advocate for solutions and actions that address transport corridor limitations regarding overtaking opportunities with the Arthur Highway and road conditions of Fortescue Bay Road.	Ongoing – continued advocacy for identified projects with Federal and State representatives and relevant agencies including regular strategic infrastructure demand updates. Upgrade works on Fortescue Bay Road commenced in October 2019.
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3.4	Explore tourism, business and residential growth opportunities associated with the proposed Hobart airport extension including transport linkages to and within the Tasman region.	Ongoing – continued engagement with Hobart Airport Corporation, Destination Southern Tasmania, Parks & Wildlife Services and key operators on identification of opportunities and constraints with growing and evolving tourism market including aquaculture.
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3.5	Investigate approaches to attracting / collecting revenue for the Municipal Area in order to assist in funding the provision of local supporting infrastructure that caters for the increasing visitor numbers.	Ongoing – engagement commenced with local tourism proponents (PAHSMA) and Department of Tourism but little appetite displayed to pursue this.
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3.6	Incorporate natural and environmental values into tourism infrastructure development.	Ongoing
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3.7	Seek opportunities which enhance and showcase the natural values of the Tasman region whilst enabling increased visitation with limited impacts.	Ongoing – 3 Capes Track finalisation and roll out of public track upgrade and huts including Cape Raoul and Shipstern Bluff. Development Application issued for private commercial
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walking operators with accommodation within 3 Capes Track.

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#### 4.0 STRIVE FOR A BALANCE BETWEEN DEVELOPMENT, ENVIRONMENT AND LIFESTYLE AND RETAIN NATURAL, HERITAGE AND SOCIAL VALUES

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4.1	Promote the sustainable management of Tasman's natural environment including the conservation of threatened species and vegetation communities, and sites of high cultural heritage value.	In Progress – engagement by NRM Officer through a number of programs and events involving NRM South, Tasman Landcare, numerous Coastcare Groups, private landowners and post 2013 bushfire environmental works. Application of more stringent assessment requirements through Tasman Interim Planning Scheme.
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4.2	Integrate Natural Resource Management (NRM) programs within Council departments and new projects.	Ongoing – through contract documentation, environmental registers, Tasman Council Climate Change Strategy, Drummuster training and collection.
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4.3	Ensure local Natural Resource Management (NRM) priorities are being delivered in conjunction with regional, state and national legislation and frameworks.	Ongoing – formalised through heads of agreement / contracts and key deliverables aligned with national legislation and frameworks.
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4.4	Assess Health, Housing and Aged Care development opportunities.	Ongoing. In Progress – engagement and advocacy with Tasman Health and Community Service providers and Department of Health and Human Services regarding further capacity development of Pearls Court resulted in successful awarding of capital grant to construct additional five two-bedroom units.
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4.5	In partnership with Parks and Wildlife Service (PWS), Crown Land Services and other stakeholders continue to develop a Tracks and Trails Strategy that delivers a prioritised funding program of both asset renewal and provision of upgraded and new facilities.	In Progress – maintenance, renewal, upgrade and new assets delivered through capital works program. Future strategy being developed in consultation with Parks & Wildlife Services and Mountain Trail Bike proponents.
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4.6	Explore opportunities through Destination Southern Tasmania to further develop the Historic Convict Trail between Richmond and Port Arthur and upgrade existing infrastructure.	Completed – maintenance of existing infrastructure by Council ongoing. Engagement with Destination Southern Tasmania on future status resulted in establishment that the future of the trail is only to maintain as existing and only at the Council level.
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4.7	Continue to undertake all regulatory and legislative requirements.	Ongoing – continual review and improvement of our performance by ensuring the assessment and determination of all applications is carried out objectively and pragmatically based on the applicable State legislation.
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## 5.0 IDENTIFY FUNDING NEEDS AND REVENUE OPPORTUNITIES

5.1	Engage with the Department of State Growth (Economic Development) to secure assistance for an economic development strategy for the Tasman region encompassing a range of visitor accommodation options (including backpacker accommodation), boutique rural based industries, new technology businesses and new recreation businesses.	Completed – engaged with State Growth but no appetite to specifically assist at the local Council level. Preference is to either deal at sub-regional level ie: SERDA or preferably, at identified key industry investment streams wherever they may occur in the state.
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5.2	Utilise outcomes of SERDA South East Economic Infrastructure Strategy to advocate for and support funding submissions.	Ongoing – utilised successfully for Community Infrastructure Grant (Port Arthur Streetscape Upgrade) and DHHS Affordable Housing Grant (Pearls Court Units) with strategic evidence basis from SEEIS.
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5.3	Advocate for continued development and commercial activity of the Copping Refuse Disposal Site including completion of the C Cell.	In Progress –
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5.4	Continue to explore and implement local government common services and associated opportunities to maximise operational and financial efficiencies and profitability.	<p>Ongoing - shared services between Councils includes:</p> <ul style="list-style-type: none"> <li>• Works Manager</li> <li>• Facilities Co-ordinator</li> <li>• Environmental Health</li> <li>• ICT</li> <li>• GIS</li> <li>• Development Engineering</li> <li>• Human Resources</li> <li>• Building Surveying</li> <li>• Regulatory Services Admin / Projects</li> <li>• Plumbing Surveying</li> </ul> <p>Other shared services between Tasman and other Councils involved in the formal arrangement include:</p> <ul style="list-style-type: none"> <li>• Financial Services</li> <li>• Civil / capital Works Management</li> <li>• Town Planning</li> </ul>
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- Asset Management Planning

5.5	Develop a land disposal / acquisition strategy including consideration of future development and investment opportunities.	Commenced assessment of current land holdings and their associated strategic, operational and commercial value, risk and considered against potential land acquisitions and the same parameters
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## **Independent Auditor's Report**

**To the Councillors of Tasman Council**

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

#### **Opinion**

I have audited the financial report of Tasman Council (Council), which comprises the statement of financial position as at 30 June 2019 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the statement of certification by the General Manager.

In my opinion the accompanying financial report:

- (a) presents fairly, in all material respects, Council's financial position as at 30 June 2019 and its financial performance and its cash flows for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

#### **Basis for Opinion**

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

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

My audit responsibility does not extend to the budget figures included in the financial report and the asset renewal funding ratio disclosed in note 10.5(f), nor the Significant Business Activities disclosed in note 10.4 to the financial report and accordingly, I express no opinion on them.

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

## Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
<b>Valuation of property and infrastructure assets</b> <i>Refer to notes 3.3, 6.2 and 9.10</i>	
<p>Property and infrastructure at 30 June 2019 includes land, buildings, roads, bridges and drainage totalling \$54.7m. The fair value of land is derived from observable market information while the fair values of buildings roads, bridges and drainage assets are based on current replacement cost. Council undertakes formal revaluations on a regular basis to ensure valuations represent fair value.</p>	<ul style="list-style-type: none"><li>• Reviewing management’s approach to revaluations to ensure that carrying amounts remain fairly presented.</li><li>• Evaluating the appropriateness of the most recent valuation methodology applied to determine fair values.</li><li>• Evaluating management’s assessment of the useful lives.</li><li>• Performing substantive analytical procedures on depreciation expenses.</li><li>• Testing, on a sample basis, significant expenditure on maintenance and capital works to corroborate appropriate treatment.</li><li>• Testing, on a sample basis, capital work-in-progress to ensure that active projects will result in usable assets and that assets commissioned are transferred in a timely manner.</li><li>• Evaluating the adequacy of disclosures made in the financial report, including those regarding key assumptions used.</li></ul>
<p>The valuations are highly dependent upon a range of assumptions and unit rates. No revaluations or indexation adjustments were undertaken in 2018-19.</p>	
<p>The calculation of depreciation requires estimation of asset useful lives, which involves a high degree of subjectivity. Changes in assumptions and depreciation policies can significantly impact the depreciation charged.</p>	
<p>Capital payments in 2018-19 totalled \$3.3m on a number of significant programs to upgrade and maintain assets. Capital projects can contain a combination of enhancement and maintenance activity which are not distinct and therefore the allocation of costs between capital and operating expenditure is inherently judgemental.</p>	

## **Responsibilities of the General Manager for the Financial Report**

The General Manager is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Local Government Act 1993* and for such internal control as determined necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

From the matters communicated with the General Manager, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Leigh Franklin  
**Assistant Auditor-General Financial Audit Services**  
**Delegate of the Auditor-General**

**Tasmanian Audit Office**

30 September 2019  
Hobart

**Tasman Council**

**ANNUAL FINANCIAL REPORT**  
*For the Year Ended 30 June 2019*

**Tasman Council  
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## Statement of Comprehensive Income

	Note	Budget 2019 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
<b>Income from Continuing Operations</b>				
<b>Recurrent Income</b>				
Rates and Charges	2.1	4,923	4,945	4,782
Statutory Fees and Fines	2.2	120	106	139
User Fees	2.3	131	308	532
Grants	2.4	4,797	970	973
Contributions - Cash	2.5	13	13	(4)
Interest	2.6	73	142	122
Other Income	2.7	93	109	76
Investment Revenue from Water Corporation	2.9, 4.2	10	10	15
		<b>10,160</b>	<b>6,603</b>	<b>6,635</b>
<b>Capital Income</b>				
Capital grants received specifically for new or upgraded assets	2.4	178	2,143	386
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	2.8	14	23	(502)
Share of net profits/(losses) of associates and joint ventures accounted for by the equity method	4.1	-	313	59
		<b>192</b>	<b>2,479</b>	<b>(57)</b>
<b>Total income from continuing operations</b>		<b>10,352</b>	<b>9,082</b>	<b>6,578</b>
<b>Expenses from Continuing Operations</b>				
Employee Benefits	3.1	(1,344)	(1,230)	(1,104)
Materials and Services	3.2	(3,001)	(2,365)	(2,566)
Depreciation and Amortisation	3.3	(1,721)	(1,689)	(1,698)
Finance Costs	3.4	(21)	(13)	(24)
Other Expenses	3.5	(448)	(628)	(571)
<b>Total Expenses from Continuing Operations</b>		<b>(6,535)</b>	<b>(5,925)</b>	<b>(5,963)</b>
<b>Result from Continuing Operations</b>		<b>3,817</b>	<b>3,157</b>	<b>615</b>
<b>Net result for the year</b>		<b>3,817</b>	<b>3,157</b>	<b>615</b>
<b>Other Comprehensive Income</b>				
<b>Items that will not be reclassified to surplus or deficit</b>				
Fair value adjustments on equity investment assets	9.1	-	127	-
		<b>-</b>	<b>127</b>	<b>-</b>
<b>Items that may be reclassified subsequently to surplus or deficit</b>				
Financial assets available for sale				
— Fair Value adjustment on equity investment assets	9.1	-	-	10
		<b>-</b>	<b>-</b>	<b>10</b>
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>127</b>	<b>10</b>
<b>Total Comprehensive result</b>		<b>3,817</b>	<b>3,284</b>	<b>625</b>

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

**Statement of Financial Position  
As at 30 June 2019**

	Note	2019 \$'000	2018 \$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5.1	6,994	6,027
Trade and other receivables	5.2	533	445
Financial assets	5.3	950	700
Inventories	5.4	-	2
Other assets	6.1	42	132
<b>Total Current Assets</b>		<b>8,519</b>	<b>7,306</b>
<b>Non-Current Assets</b>			
Investments in associates accounted for using the equity method	4.1	778	465
Investment in water corporation	4.2	929	802
Property, infrastructure, plant and equipment	6.2	58,204	56,768
Investment in Bendigo Bank	4.3	20	20
<b>Total non-current assets</b>		<b>59,931</b>	<b>58,055</b>
<b>Total assets</b>		<b>68,450</b>	<b>65,361</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7.1	196	377
Trust funds and deposits	7.2	46	12
Provisions	7.3	259	164
Interest-bearing loans and borrowings	8.1	49	49
<b>Total current liabilities</b>		<b>550</b>	<b>602</b>
<b>Non-current liabilities</b>			
Trade and other payables	7.1	-	6
Provisions	7.3	58	155
Interest-bearing loans and borrowings	8.1	117	166
<b>Total non-current liabilities</b>		<b>175</b>	<b>327</b>
<b>Total liabilities</b>		<b>725</b>	<b>929</b>
<b>Net Assets</b>		<b>67,725</b>	<b>64,432</b>
<b>Equity</b>			
Accumulated surplus		24,063	20,906
Reserves	9.1	43,662	43,526
<b>Total Equity</b>		<b>67,725</b>	<b>64,432</b>

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

**Statement of Cash Flows  
For the Year Ended 30 June 2019**

	Note	2019 Inflows/ (Outflows) \$'000	2018 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates		4,889	4,790
Statutory fees and fines		74	114
User charges and other fines (inclusive of GST)		274	521
Grants (inclusive of GST)		970	973
Developer contributions (inclusive of GST)		13	-
Interest		151	121
Investment revenue from water corporation	2.9	10	15
Other receipts (inclusive of GST)		118	74
Net GST refund/payment		112	335
Payments to suppliers (inclusive of GST)		(2,400)	(3,530)
Payments to employees (including redundancies)		(1,342)	(1,042)
Other payments		(641)	(17)
<b>Net cash provided by (used in) operating activities</b>	<b>9.2</b>	<b>2,228</b>	<b>2,354</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(3,257)	(2,406)
Proceeds from sale of property, infrastructure, plant and equipment	2.8	152	69
Capital grants (inclusive of GST)		2,143	386
Payments for other financial assets	5.3	(250)	-
<b>Net cash provided by (used in) investing activities</b>		<b>(1,212)</b>	<b>(1,951)</b>
<b>Cash flows from financing activities</b>			
Repayment of interest bearing loans and borrowings		(49)	(46)
<b>Net cash provided by (used in) financing activities</b>	<b>9.3</b>	<b>(49)</b>	<b>(46)</b>
Net increase (decrease) in cash and cash equivalents		967	357
Cash and cash equivalents at the beginning of the financial year		6,027	5,670
<b>Cash and cash equivalents at the end of the financial year</b>	<b>9.4</b>	<b>6,994</b>	<b>6,027</b>
<b>Restrictions on Cash Assets</b>	<b>5.1</b>	<b>1,902</b>	<b>331</b>

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

### Statement of Changes in Equity For the Year Ended 30 June 2019

	Note	Accumulated	Asset	Fair Value	Other	Total
		Surplus	Revaluation	Reserve	Reserves	Equity
2019		2019	2019	2019	2019	2019
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at beginning of the financial year</b>		<b>20,906</b>	<b>42,565</b>	<b>(113)</b>	<b>1,074</b>	<b>64,432</b>
Surplus / (deficit) for the year		3,157	-	-	-	3,157
Other Comprehensive Income:						
Fair value adjustments for financial assets at fair value						
Fair Value adjustment on equity investment assets	4.2	-	-	127	-	127
Net asset revaluation increment/(decrement)	9.1	-	-	-	9	9
Actuarial gain/loss on defined benefits plans		-	-	-	-	-
Share of other comprehensive income of associates & joint ventures accounted for by the equity method		-	-	-	-	-
Total comprehensive income		<b>24,063</b>	<b>42,565</b>	<b>14</b>	<b>1,083</b>	<b>67,725</b>
Transfers between reserves		-	-	-	-	-
<b>Balance at end of the financial year</b>		<b>24,063</b>	<b>42,565</b>	<b>14</b>	<b>1,083</b>	<b>67,725</b>

		Accumulated	Asset	Fair Value	Other	Total
		Surplus	Revaluation	Reserve	Reserves	Equity
2018		2018	2018	2018	2018	2018
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at beginning of the financial year</b>		<b>20,291</b>	<b>42,565</b>	<b>(123)</b>	<b>1,074</b>	<b>63,807</b>
Surplus / (deficit) for the year		615	-	-	-	615
Other Comprehensive Income:						
Fair value adjustments for financial assets at fair value		-	-	-	-	-
Fair Value adjustment on available for sale asset	4.2	-	-	10	-	10
Net asset revaluation increment/(decrement)	9.1	-	-	-	-	-
Total comprehensive income		<b>20,906</b>	<b>42,565</b>	<b>(113)</b>	<b>1,074</b>	<b>64,432</b>
Transfers between reserves		-	-	-	-	-
<b>Balance at end of the financial year</b>		<b>20,906</b>	<b>42,565</b>	<b>(113)</b>	<b>1,074</b>	<b>64,432</b>

The above statement should be read with the accompanying notes.

## Note 1 Overview

### 1.1 Reporting Entity

- (a) The **Tasman Council** was established on **6 January 1908** and is a body corporate with perpetual succession and a common seal. Council's main office is located at 1713 Main Road, Nubeena TAS 7184.
- (b) The purpose of the Council is to:
- provide for the peace, order and good government in the Municipality;
  - promote the social, economic and environmental viability, and sustainability of the Municipality;
  - ensure that resources are used efficiently, effectively and services are provided in accordance with the best value principles to best meet the needs of the community;
  - improve the overall quality of life of people in the local community;
  - promote appropriate business and employment opportunities;
  - ensure that services and facilities provided by Council are accessible and equitable;
  - ensure the equitable imposition of rates and charges; and
  - ensure transparency and accountability in all Council decision making.

### 1.2 Basis of Accounting

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

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

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

This financial report has been prepared under the historical cost convention, except where specifically stated in Notes 4.2, 5.3, 6.2, 7.3, 8.1 and 10.3(d).

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

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, and material subsidiaries or joint ventures, have been included in this financial report. All transactions between these entities and Council have been eliminated in full. Details of entities not included in this financial report based on their materiality are detailed in Note 10.

### 1.3 Use of Judgements and Estimates

#### *Judgements and Assumptions*

In the application of Australian Accounting Standards, Council is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

#### *Employee Entitlements*

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in Note 7.3.

#### *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 9.5.

#### *Fair Value of Property, Infrastructure, Plant & Equipment*

Assumptions and judgements are utilised in determining the fair value of Council's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in Note 6.2.

#### *Investment in Water Corporation*

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in Note 4.2.

1.4 Functions/Activities of the Council

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

	Grants	Other	Total Revenue	Total Expenditure	Surplus/ (Deficit)	Assets
Government and Administration						
2018 - 2019	3,113	5,680	8,793	3,227	5,566	8,519
2017 - 2018	1,359	4,920	6,279	3,547	2,732	7,306
Regulatory Services						
2018 - 2019	-	192	192	384	(192)	-
2017 - 2018	-	161	161	421	(260)	-
Works Department						
2018 - 2019	-	98	98	2,249	(2,151)	59,931
2017 - 2018	-	80	80	1,905	(1,825)	58,055
Natural Resource Management (NRM)						
2018 - 2019	-	-	-	66	(66)	-
2017 - 2018	-	58	58	90	(32)	-
<b>Total</b>						
2018 - 2019	3,113	5,970	9,083	5,926	3,157	68,450
2017 - 2018	1,359	5,219	6,578	5,963	615	65,361

(b) Reconciliation of Assets above with the Statement of Financial Position at 30 June:

	2019	2018
Current Assets	8,519	7,306
Non-Current Assets	59,931	58,055
	<b>68,450</b>	<b>65,361</b>

(c) Governance and Administration

Operation and maintenance of council chambers, administration offices, and councillors. Development and promotion of tourism and economic services within the municipality including sustainable employment opportunities, and improved quality of life in line with Council's strategy for the region's development and aspirations of the community.

*Regulatory Services*

Administration of Planning Schemes and co-ordination of building applications; environmental health includes disease control, food surveillance, public-use building standards, health education and promotion, water quality; workplace safety and cemeteries.

*Works Department*

To provide an efficient and safe base for the outdoor workforce and a base for the storage of plant and vehicles also with materials and supplies. Construction and maintenance of roads, parks, bridges and buildings, parking facilities and street lighting. Collection, handling, processing and disposal of all waste material.

*Natural Resource Management (NRM)*

To provide Natural Resource Management services with the Municipality in line with Council's strategy for the region.

	2019	2018
	\$'000	\$'000

**Note 2 Revenue**

**Note 2.1 Rates and Charges**

Council uses Assessed Annual Value as the basis of valuation of all properties within the Municipality. The Assessed Annual Value of a property is its estimated gross annual rental value.

The valuation base used to calculate general rates for 2018-19 was \$36.4 million (2017-18 \$36.1 million).

General	4,271	4,121
Waste Management	239	232
Waste Collection	425	407
Fire Levy	169	163
Rates and Charges in Advance	(159)	(141)
<b>Total Rates and Charges</b>	<b>4,945</b>	<b>4,782</b>

The date of the latest general revaluation of land for rating purposes within the Municipality was 29 November 2016, and the valuation will be first applied in the rating year commencing 1 July 2017.

**Accounting Policy**

**Rates and Charges Income**

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

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

**Note 2.2 Statutory Fees and Fines**

Infringements and Costs	1	2
Town Planning Fees	71	84
Plumbing Inspections and Fees	25	35
Permits and Licences	9	18
<b>Total Statutory Fees and Fines</b>	<b>106</b>	<b>139</b>

**Accounting Policy**

**Statutory Fee and Fine Income**

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

**Note 2.3 User Fees**

NRM Income	-	58
Private Works Charges	34	43
Certificate Fees	53	52
Shared Services Income	41	149
Dog Licences	13	13
Building Services Fees	16	17
Cemetery Burial Fees	17	18
Other Fees and Charges	134	182
<b>Total User Fees</b>	<b>308</b>	<b>532</b>

**Accounting Policy**

**User Fee Income**

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

**Note 2.4 Grants**

Grants were received in respect of the following:

**Summary of Grants**

Federally Funded Grants	1,418	1,257
State Funded Grants	1,695	55
Others	-	47
<b>Total</b>	<b>3,113</b>	<b>1,359</b>

	2019	2018
	\$'000	\$'000
<b>Grants - Recurrent</b>		
Commonwealth Government Financial Assistance Grants - General Purpose	466	466
Commonwealth Government Financial Assistance Grants - Roads	504	507
<b>Total Recurrent Grants</b>	<u>970</u>	<u>973</u>

The Australian Commonwealth Government provides untied Financial Assistance Grants to Council for general purpose use and the provision of local roads. In accordance with AASB1004: *Contributions*, Council recognised these grants as revenue when it received the funds and obtained control. In both years the Commonwealth has made early payment of the first two quarterly instalments for the following year. The early receipt of instalments resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2018-19 by \$492,000 (2017-18, \$493,000). This has impacted the Statement of Comprehensive Income resulting in the Surplus/(deficit) being higher by the same amount.

Commonwealth Government - Roads to Recovery	178	284
**State Government - Murdunna Deep Water Jetty	125	-
State Government - Infrastructure	1,570	55
Federal Government - Infrastructure	270	-
Other - SES Equipment	-	47
<b>Total Capital Grants</b>	<u>2,143</u>	<u>386</u>

#### Conditions on Grants

Non-reciprocal grants which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

Unexpended at the close of the previous reporting period -

PLUS: Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions

**State Government - Murdunna Deep Water Jetty	24	-
State Government - Koonya Hall Roof Replacement	45	-
State Government - Taranna Hall Meeting Room Upgrade	17	-
State Government - Stormlea Road Upgrade	1,183	-
Federal Government - Nubeena Clubrooms Upgrade	270	-
	<u>1,539</u>	<u>-</u>

#### Unexpended at the Close of this Reporting Period

	<u>1,539</u>	<u>-</u>
Net Increase (Decrease) in Non-Reciprocal Grant Revenues for the Year:	<u>1,539</u>	<u>-</u>

\*\*State Government - Murdunna Deep Water Jetty is currently not a Council asset. During 2019-20 it will become an asset.

#### Accounting Policy

##### Grant Income - Operating and Capital

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

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

Where grants recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant is also disclosed. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date and conditions include a requirement to refund unused contributions. Revenue is then recognised as the various performance obligations under an agreement are fulfilled. Council does not currently have any reciprocal grants.

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

	2019	2018
	\$'000	\$'000
<b>Note 2.5 Contributions</b>		
<b>(a) Cash</b>		
Roads	13	-
Parks, open space and streetscapes	-	(4)
<b>Total</b>	<u>13</u>	<u>(4)</u>
<b>(b) Non-Monetary Assets</b>		
Roads	-	-
Parks, open space and streetscapes	-	-
<b>Total</b>	<u>-</u>	<u>-</u>
<b>Total Contributions</b>	<u>13</u>	<u>(4)</u>

**Accounting Policy**

**Contribution Income**

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

Revenue is recognised when Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to Council and the amount of the contribution can be measured reliably. Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

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

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

**Note 2.6 Interest**

Interest on Rates & Charges	23	25
Interest on Cash and Cash Equivalents	119	97
<b>Total Interest</b>	<u>142</u>	<u>122</u>

**Accounting Policy**

**Interest Income**

Interest is recognised progressively as it is earned.

**Note 2.7 Other Income**

Rental income	78	76
Southern Waste Solutions (Profit Share)	31	-
<b>Total Other Income</b>	<u>109</u>	<u>76</u>

**Accounting Policy**

**Rental Income**

Rents are recognised as revenue when the payment is due or the payment is received, whichever first occurs. Rental payments received in advance are recognised as a prepayment until they are due.

**Southern Waste Solutions (Profit Share)**

Southern Waste Solutions - Council received 2018-19 and two previously years (2016-17 & 2017-18) in this current year.

**Note 2.8 Net Gain/(Loss) on Disposal of Property, Infrastructure, Plant and Equipment**

Proceeds of Sale	152	69
Write Down Value of Assets Disposed	(129)	(571)
<b>Total Net Gain/(Loss) on Disposal</b>	<u>23</u>	<u>(502)</u>

**Accounting Policy**

**Gains and Losses on Asset Disposals**

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

	2019	2018
	\$'000	\$'000
<b>Note 2.9 Investment Revenue from Water Corporation</b>		
Dividend revenue received	5	10
Tax equivalent received	2	1
Guarantee fee received	3	4
<b>Total Investment Revenue from Water Corporation</b>	<u>10</u>	<u>15</u>

**Accounting Policy**

**Investment Revenue**

Dividend revenue is recognised when Council's right to receive payment is established and it can be reliably measured.

**Note 3 Expenses**

**Note 3.1 Employee Benefits**

Wages and Salaries	1,148	1,004
Workers Compensation	1	-
Employee Leave	3	8
Superannuation	117	144
Payroll Tax	13	8
Fringe Benefits Tax	1	5
Other Benefits	26	20
	<u>1,309</u>	<u>1,189</u>
LESS Amounts Capitalised	(79)	(85)
<b>Total Employee Benefits</b>	<u>1,230</u>	<u>1,104</u>

**Accounting Policy**

**Employee Benefits**

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

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

**Note 3.2 Materials and Services\***

Waste Collection	442	535
Maintenance and Materials	792	854
Contractors	628	671
Computer Maintenance and Licences	75	68
Advertising	44	51
Postage, Printing and Stationery	40	37
Valuation Fees	21	41
Vehicle Expenses	175	165
Other Expenses	148	144
<b>Total Materials and Services</b>	<u>2,365</u>	<u>2,566</u>

\*State Fire Levy Payments now appear under Other Expenses (Note 3.5)

**Accounting Policy**

**Materials and Services Expense**

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

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

	2019	2018
	\$'000	\$'000
<b>Note 3.3 Depreciation and Amortisation</b>		
<i>Property</i>		
Buildings		
Buildings	(133)	(131)
<i>Plant and Equipment</i>		
Plant, machinery and equipment	(82)	(83)
Fixtures, fittings and furniture	(10)	(18)
Motor Vehicles	(93)	(90)
<i>Infrastructure</i>		
Roads	(1,019)	(1,034)
Bridges	(203)	(194)
Drainage	(8)	(7)
General Infrastructure	(16)	(16)
Other infrastructure	(125)	(125)
<b>Total Depreciation and Amortisation</b>	<b>(1,689)</b>	<b>(1,698)</b>

#### Accounting Policy

##### Depreciation and Amortisation Expense

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

Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and remaining values and a separate depreciation rate is determined for each component.

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

The non-depreciation of road earthwork assets shall be reviewed at least at the end of each reporting period, to ensure that the accounting policy applied to particular earthwork assets reflects the most recent assessment of the useful lives of the assets, having regard to factors such as asset usage, physical deterioration and technical and commercial obsolescence.

Straight line depreciation is charged based on the residual useful life as determined each year.

Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:

	Period
<b>Buildings</b>	
buildings	25-150 years
building improvements	25 years
<b>Plant and Equipment</b>	
plant, machinery and equipment - small	2 years
plant, machinery and equipment - large	5-15 years
motor vehicles	2-5 years
fixtures, fittings and furniture	5 years
computers and telecommunications	3-5 years
<b>Roads</b>	
road pavements and seals	20-60 years
road substructure	240 years
road formation and earthworks	100 years
road kerb, channel and minor culverts	50 years
<b>Bridges &amp; Culverts</b>	
bridge deck	80 years
bridge substructure	80 years
<b>Other Infrastructure</b>	
footpaths and cycleways	40 years
drainage	80 years
parks, open space and streetscapes	20-50 years
<b>Intangible assets</b>	
intangible assets	3-5 years

	2019	2018
	\$'000	\$'000
<b>Note 3.4 Finance Costs</b>		
Interest - Borrowings	13	24
<b>Total</b>	<b>13</b>	<b>24</b>
Less capitalised borrowing costs on qualifying assets	-	-
<b>Total Finance Costs</b>	<b>13</b>	<b>24</b>

**Accounting Policy**

**Finance Expense**

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

Finance costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised. No borrowing costs were capitalised during the period, (\$0).

**Note 3.5 Other Expenses**

External Auditors' Remuneration (Tasmanian Audit Office)	20	34
Internal Auditors' Remuneration (Audit Panel Members)	7	7
Electoral Expenses	20	1
Councillors' Allowances	119	111
State Fire Levy Payments*	161	153
Insurance Premiums	174	136
Subscriptions	33	31
Community Grants	24	28
Utilities	61	64
Other	9	6
<b>Total Other Expenses</b>	<b>628</b>	<b>571</b>

\*State Fire Levy Payments were previously list under Materials & Servcies (Note 3.2)

**Accounting Policy**

**Other Expenses**

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

**Note 4 Investments**

**Note 4.1 Investment in Associates**

Investments in associates accounted for by the equity method are:

- Waste - Southern Waste Solutions	778	465
<b>Total Investment in Associates</b>	<b>778</b>	<b>465</b>

**Southern Waste Solutions**

*Background*

The Copping Refuse Disposal Site Joint Authority (Trading as Southern Waste Solutions) was established under Section 30 of the *Local Government Act 1993* by the Sorell Council, Clarence City Council and Tasman Council. Kingborough Council joined the authority in 2009. The Copping Refuse Disposal Site Joint Authority's function is to promote and manage a putrescible landfill disposal site which conforms to its Development Proposal and Environmental Management Plan (DP&EMP) and permit conditions.

	2019	2018
	\$'000	\$'000
Tasman Council maintains an ownership interest of 8%.		
<i>Council's share of accumulated surplus(deficit)</i>		
Council's share of accumulated surplus(deficit) at start of year	465	405
Reported surplus(deficit) for year	313	45
Council's share of accumulated surplus(deficit) at end of year	<u>778</u>	<u>450</u>
<i>Council's share of reserves</i>		
Council's share of reserves at start of year	420	405
Transfers (to) from reserves	-	15
Council's share of reserves at end of year	<u>420</u>	<u>420</u>
<i>Movement in carrying value of specific investment</i>		
Carrying value of investment at start of year	465	405
Share of surplus(deficit) for year	313	45
Share of asset revaluation	-	15
Carrying value of investment at end of year	<u>778</u>	<u>465</u>

**Accounting Policy**

**Accounting for Investments in Associates**

Council's investment in associates is accounted for by the equity method as Council has the ability to influence rather than control the operations of the entities. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in Council's share of the net assets of the entities. Council's share of the financial result of the entities is recognised in the Statement of Comprehensive Income.

**Note 4.2 Investment in Water Corporation**

Opening balance	802	792
Fair Value adjustments on available-for-sale assets	127	10
<b>Total Investment in Water Corporation</b>	<u>929</u>	<u>802</u>

Council has derived returns from the Water Corporation as disclosed at Note 2.9.

**Accounting Policy under AASB 9 - Applicable from 1 July 2018**

**Equity Investment**

As Council's investment in TasWater is held for long-term strategic purposes, Council has elected under AASB 9: *Financial Instruments* to irrevocably classify this equity investment as designated as fair value through other comprehensive income. Subsequent changes in fair value on designated investments in equity instruments are recognised in other comprehensive income (for fair value reserve, refer Note 9.1) and not reclassified through the profit or loss when derecognised. Dividends associated with the equity investments are recognised in profit and loss when the right of payment has been established and it can be reliably measured.

Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2019, Council continues to hold a 0.05% ownership interest in TasWater which is based on Schedule 2 of the Corporation's Constitution which reflects the Council's voting rights.

**Accounting Policy under AASB 139 - Applicable for 2018 Comparative**

**Equity Investment**

Council's investment in TasWater is valued at its fair value determined by Council's ownership interest against the water corporation's net asset value at balance date. Any unrealised gains and losses are recognised through the Statement of Comprehensive Income to an Available-for-sale Fair value reserve each year (refer Note 9.1).

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

**Note 4.3 Other Investments**

Investment in Bendigo Bank - shares for the Nubeena & Tasman Community Bank Branch	20	20
	<u>20</u>	<u>20</u>

	2019	2018
	\$'000	\$'000
<b>Note 5 Current Assets</b>		
<b>Note 5.1 Cash and Cash Equivalents</b>		
Cash on Hand	1	1
Cash at Bank	2,550	1,376
Term Deposits	4,443	4,650
<b>Total Cash and Cash Equivalents</b>	<b>6,994</b>	<b>6,027</b>
Council's Cash and Cash Equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:		
- Trust Funds and Deposits (Note 7.2)	46	12
- Conditions on Grants (Note 2.4)	1,539	-
- Provisions of Leave (Note 7.3)	317	319
<b>Restricted Funds</b>	<b>1,902</b>	<b>331</b>
<b>Total Unrestricted Cash and Cash Equivalents</b>	<b>5,092</b>	<b>5,696</b>

#### Accounting Policy

##### Cash and Cash Equivalents

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

#### Note 5.2 Trade and Other Receivables

##### Current

Rates Debtors	305	249
Sundry Debtors	81	112
Other Debtors	8	7
Provision for Impairment - Other Debtors	(1)	(1)
Net GST Receivable	140	78
<b>Total</b>	<b>533</b>	<b>445</b>

#### Accounting Policy

##### Trade and Other Receivables

##### Accounting Policy under AASB 9 - Applicable from 1 July 2018

Trade receivables that do not contain a significant financing component are measured at amortised cost, which represents their transaction value. Impairment is recognised on an expected credit loss (ECL) basis. When determining whether the credit risk has increased significantly since initial recognition, and when estimating the ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience, an informed credit assessment and forward-looking information. Council has established a provision matrix to facilitate the impairment assessment.

For rate debtors, Council takes the view that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rate debtors, Council uses the presumptions that assets more than 30 days past due have a significant increase in credit risk and those more than 90 days will likely be in default. Council writes off receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

##### Accounting Policy under AASB 139 - Applicable for 2018 Comparative

Receivables are carried at amortised cost using the effective interest rate method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred. A provision for impairment on rates has not been established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold.

	2019	2018
	\$'000	\$'000
<b>Note 5.3 Financial Assets</b>		
<b>Current</b>		
Managed Funds	950	700
	<u>950</u>	<u>700</u>

**Accounting Policy**

**Financial Assets**

**Accounting Policy under AASB 9 - Applicable from 1 July 2018**

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. As Council's Managed funds are actively managed and their performance is evaluated on a fair value basis, these investments are mandatorily required to be measured at fair value through profit or loss.

**Accounting Policy under AASB 139 - Applicable for 2018 Comparative**

Managed funds are valued at fair value, being market value, at balance date. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

**Note 5.4 Inventories**

Inventories held for distribution	-	2
<b>Total inventories</b>	<u>-</u>	<u>2</u>

**Accounting policy**

**Inventories**

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Other inventories are measured at the lower of cost and net realisable value.

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

**Note 6 Non-Current Assets**

**Note 6.1 Other Assets**

**Current**

Prepayments	25	116
Accrued income*	12	16
Other Assets	5	-
<b>Total</b>	<u>42</u>	<u>132</u>

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

Note 6.2 Property, Infrastructure, Plant and Equipment	2019 \$'000	2018 \$'000
<b>Summary</b>		
at Cost as at 30 June	5,934	5,336
Less accumulated depreciation	(2,456)	(2,715)
	<u>3,478</u>	<u>2,621</u>
at Fair Value as at 30 June	80,235	78,817
Less accumulated depreciation	(25,509)	(24,670)
	<u>54,726</u>	<u>54,147</u>
<b>Total</b>	<u>58,204</u>	<u>56,768</u>
<b>Property</b>		
<b>Land</b>		
at Fair Value as at 30 June	2,005	2,005
	<u>2,005</u>	<u>2,005</u>
<b>Land Under Roads</b>		
at Fair Value at 30 June	2,507	2,507
	<u>2,507</u>	<u>2,507</u>
<b>Total Land</b>	<u>4,512</u>	<u>4,512</u>
<b>Buildings</b>		
at Fair Value as at 30 June	7,626	7,564
Less accumulated depreciation	(2,502)	(2,369)
	<u>5,124</u>	<u>5,195</u>
<b>Total Buildings</b>	<u>5,124</u>	<u>5,195</u>
<b>Total Property</b>	<u>9,636</u>	<u>9,707</u>
<b>Plant and Equipment</b>		
<b>Plant, Machinery and Equipment</b>		
at Cost as at 30 June	1,056	864
Less accumulated depreciation	(451)	(646)
	<u>605</u>	<u>218</u>
<b>Fixtures, Fittings and Furniture</b>		
at Cost as at 30 June	187	451
Less accumulated depreciation	(182)	(436)
	<u>5</u>	<u>15</u>
<b>Motor Vehicles</b>		
at Cost as at 30 June	945	988
Less accumulated depreciation	(544)	(494)
	<u>401</u>	<u>494</u>
<b>Total Plant and Equipment</b>	<u>1,011</u>	<u>727</u>
<b>Infrastructure</b>		
<b>Roads</b>		
at Fair Value as at 30 June	56,805	55,570
Less accumulated depreciation	(19,904)	(19,382)
	<u>36,901</u>	<u>36,188</u>
<b>Bridges</b>		
at Fair Value as at 30 June	10,589	10,525
Less accumulated depreciation	(3,066)	(2,890)
	<u>7,523</u>	<u>7,635</u>

Note 6.2 Property, Infrastructure, Plant and Equipment (cont.)	2019 \$'000	2018 \$'000
<b>Drainage</b>		
at Fair Value as at 30 June	703	647
Less accumulated depreciation	(37)	(29)
	<u>666</u>	<u>618</u>
<b>General Infrastructure</b>		
at Cost as at 30 June	603	603
Less accumulated depreciation	(111)	(95)
	<u>492</u>	<u>508</u>
<b>Other Structures</b>		
at Cost as at 30 June	2,240	2,240
Less accumulated depreciation	(1,168)	(1,044)
	<u>1,072</u>	<u>1,196</u>
<b>Total Infrastructure</b>	<u>46,654</u>	<u>46,145</u>
<b>Works in Progress</b>		
Buildings at cost	75	50
Roads at cost	647	92
Bridges at cost	101	47
Parks & recreation at cost	70	-
Drainage at cost	10	-
	<u>903</u>	<u>189</u>
<b>Total Works in Progress</b>	<u>903</u>	<u>189</u>
<b>Total Property, Infrastructure, Plant and Equipment</b>	<u>58,204</u>	<u>56,768</u>

Note 6.2 Property, Infrastructure, Plant and Equipment (Cont.)

Reconciliation of Property, Infrastructure, Plant and Equipment

2019	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (Note 9.1)	Depreciation and amortisation (Note 3.3)	Written down value of disposals	Impairment losses recognised in profit or loss (a)	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>								
Land	2,005	-	-	-	-	-	-	2,005
Land under roads	2,507	-	-	-	-	-	-	2,507
<b>Total Land</b>	<b>4,512</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,512</b>
<b>Buildings</b>								
Buildings	5,195	12	-	(133)	-	-	50	5,124
<b>Total Buildings</b>	<b>5,195</b>	<b>12</b>	<b>-</b>	<b>(133)</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>5,124</b>
<b>Total Property</b>	<b>9,707</b>	<b>12</b>	<b>-</b>	<b>(133)</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>9,636</b>
<b>Plant and Equipment</b>								
Plant, machinery and equipment	218	469	-	(82)	-	-	-	605
Fixtures, fittings and furniture	15	-	-	(10)	-	-	-	5
Motor Vehicles	494	-	-	(93)	-	-	-	401
<b>Total Plant and Equipment</b>	<b>727</b>	<b>469</b>	<b>-</b>	<b>(185)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,011</b>
<b>Infrastructure</b>								
Roads	36,188	1,754	-	(1,019)	(114)	-	92	36,901
Bridges	7,635	59	-	(203)	(15)	-	47	7,523
Drainage	618	56	-	(8)	-	-	-	666
General infrastructure	508	-	-	(16)	-	-	-	492
Other infrastructure	1,196	1	-	(125)	-	-	-	1,072
<b>Total Infrastructure</b>	<b>46,145</b>	<b>1,870</b>	<b>-</b>	<b>(1,371)</b>	<b>(129)</b>	<b>-</b>	<b>139</b>	<b>46,654</b>
<b>Works in Progress</b>								
Buildings	50	75	-	-	-	-	(50)	75
Roads	92	647	-	-	-	-	(92)	647
Drainage	-	10	-	-	-	-	-	10
Bridges	47	101	-	-	-	-	(47)	101
Parks & Recreation	-	70	-	-	-	-	-	70
<b>Total Works in Progress</b>	<b>189</b>	<b>903</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(189)</b>	<b>903</b>
<b>Total Property, Infrastructure, Plant and Equipment</b>	<b>56,768</b>	<b>3,253</b>	<b>-</b>	<b>(1,689)</b>	<b>(129)</b>	<b>-</b>	<b>-</b>	<b>58,204</b>

Note 6.2 Property, Infrastructure, Plant and Equipment (Cont.)

Reconciliation of Property, Infrastructure, Plant and Equipment

2018	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (Note 9.1)	Depreciation and amortisation (Note 3.3)	Written down value of disposals	Impairment losses recognised in profit or loss (a)	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>								
Land	2,005	-	-	-	-	-	-	2,005
Land Under Roads	2,507	-	-	-	-	-	-	2,507
<b>Total Land</b>	<b>4,512</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,512</b>
<b>Buildings</b>								
Buildings	5,449	138	-	(131)	(262)	-	-	5,195
<b>Total Buildings</b>	<b>5,449</b>	<b>138</b>	<b>-</b>	<b>(131)</b>	<b>(262)</b>	<b>-</b>	<b>-</b>	<b>5,195</b>
<b>Total Property</b>	<b>9,961</b>	<b>138</b>	<b>-</b>	<b>(131)</b>	<b>(262)</b>	<b>-</b>	<b>-</b>	<b>9,707</b>
<b>Plant and Equipment</b>								
Plant, machinery and equipment	289	12	-	(83)	-	-	-	218
Fixtures, fittings and furniture	34	-	-	(18)	-	-	-	15
Motor Vehicles	366	242	-	(90)	(24)	-	-	494
<b>Total Plant and Equipment</b>	<b>689</b>	<b>254</b>	<b>-</b>	<b>(191)</b>	<b>(24)</b>	<b>-</b>	<b>-</b>	<b>727</b>
<b>Infrastructure</b>								
Roads	36,126	1,255	-	(1,034)	(271)	-	112	36,188
Bridges	7,603	-	240	(194)	(14)	-	-	7,635
Drainage	561	-	64	(7)	-	-	-	618
General infrastructure	524	-	-	(16)	-	-	-	508
Other infrastructure	1,321	-	-	(125)	-	-	-	1,196
<b>Total Infrastructure</b>	<b>46,135</b>	<b>1,255</b>	<b>304</b>	<b>(1,376)</b>	<b>(285)</b>	<b>-</b>	<b>112</b>	<b>46,145</b>
<b>Works in Progress</b>								
Buildings	-	50	-	-	-	-	-	50
Roads	112	92	-	-	-	-	(112)	92
Drainage	-	-	-	-	-	-	-	-
Bridges	-	47	-	-	-	-	-	47
Parks & Recreation	-	-	-	-	-	-	-	-
<b>Total Works in Progress</b>	<b>112</b>	<b>189</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(112)</b>	<b>189</b>
<b>Total Property, Infrastructure, Plant and Equipment</b>	<b>56,897</b>	<b>1,836</b>	<b>304</b>	<b>(1,698)</b>	<b>(571)</b>	<b>-</b>	<b>-</b>	<b>56,768</b>

Note 6.2 Property, Infrastructure, Plant and Equipment (Cont.)

<b>Accounting Policy</b>	
<b>Recognition and Measurement of Assets</b>	
Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.	
Property, plant and equipment and infrastructure received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.	
Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.	
The following classes of assets have been recognised. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:	
	<b>Threshold \$'000</b>
Land	
Land	10
Land under roads	10
Buildings	
Buildings	10
Plant and Equipment	
Plant, machinery and equipment	1
Fixtures, fittings and furniture	1
Computers and telecommunications	1
Motor vehicles	1
Roads	
Road pavements and seals	10
Road substructure	10
Road formation and earthworks	10
Road general infrastructure	1
Bridges & Culverts	
Bridges deck	10
Bridges substructure	10
Culverts	10
Other Infrastructure	
Footpaths and cycleways	10
Drainage	10
Recreational, leisure and community facilities	10
General Infrastructure	1
Other infrastructure	1
Intangible assets	
Intangible assets	1

Note 6.2 Property, Infrastructure, Plant and Equipment (Cont.)

**Revaluation**

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

Land	Fair Value
Plant and machinery	Cost
Furniture, fittings and office equipment	Cost
Motor vehicles	Cost
Stormwater and drainage infrastructure	Fair Value
Roads and streets infrastructure	Fair Value
Bridges	Fair Value
Buildings	Fair Value
Intangibles	Cost
Parks, recreation facilities and community amenities	Cost
Works in Progress	Cost
Investment in water corporation	Fair Value

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

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation surplus for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

**Impairment of Assets**

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

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

**Land Under Roads**

Council recognised the value of land under roads it controls at Fair Value.

	2019 \$'000	2018 \$'000
<b>Note 7 Current Liabilities</b>		
<b>Note 7.1 Trade and Other Payables</b>		
<b>Current</b>		
Trade Payables	1	210
Accrued Expenses	170	130
Other Payables	25	37
<b>Total Current</b>	<u>196</u>	<u>377</u>
<b>Non-Current</b>		
Other	-	6
<b>Total Non-Current</b>	<u>-</u>	<u>6</u>
	<u>196</u>	<u>383</u>

**Accounting Policy**

**Trade and Other Payables**

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.

For ageing analysis of Trade and Other Payables, refer to Note 9.9(b)

**Note 7.2 Trust Funds and Deposits**

Refundable Deposits	11	12
Contract Retention Amounts*	35	-
<b>Total Trust Funds and Deposits</b>	<u>46</u>	<u>12</u>

\*Contractor retention amount is 5% of the total contract amount owed in lieu of roadwork liability period

**Accounting Policy**

**Tender Deposits**

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

**Note 7.3 Provisions**

	Annual Leave \$ '000	Long Service Leave \$ '000	Other \$ '000	Total \$ '000
<b>2019</b>				
Balance at beginning of the financial year	120	199	-	319
Additional provisions	59	31	-	90
Amounts used	(44)	(48)	-	(92)
Balance at the end of the financial year	<u>135</u>	<u>182</u>	<u>-</u>	<u>317</u>
<b>2018</b>				
Balance at beginning of the financial year	130	188	-	318
Additional provisions	(10)	11	-	1
Amounts used	-	-	-	-
Balance at the end of the financial year	<u>120</u>	<u>199</u>	<u>-</u>	<u>319</u>

	2019 \$'000	2018 \$'000
<b>(a) Employee Benefits</b>		
<b>(i) Current</b>		
Annual leave	135	120
Long service leave	124	44
	<u>259</u>	<u>164</u>

	2019 \$'000	2018 \$'000
<b>(ii) Non-Current</b>		
Long service leave	58	155
	<u>58</u>	<u>155</u>
Aggregate carrying amount of employee benefits:		
Current	259	164
Non-current	58	155
	<u>317</u>	<u>319</u>
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	2.50%	2.50%
Weighted average discount rates	2.04%	2.04%
Weighted average settlement period (days)	12	12
<b>(iii) Current</b>		
All annual leave and the long service leave entitlements representing 10 or more years of continuous service		
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	259	164
	<u>259</u>	<u>164</u>
<b>(iv) Non-Current</b>		
Long service leave representing less than 10 years of continuous service measured at present value	58	155
<b>(v) Employee Numbers</b>		
	20	20

#### Accounting Policy

##### Employee Benefits

###### *i) Short term obligations*

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

###### *ii) Other long term employee benefit obligations*

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

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

###### *iii) Sick leave*

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.

###### *iv) Superannuation*

Council makes superannuation contributions for all eligible employees to an appropriate fund complying with the *Superannuation Guarantee (Administration) Act 1992*.

	2019 \$'000	2018 \$'000
<b>Note 8 Non-Current Liabilities</b>		
<b>Note 8.1 Interest-Bearing Loans and Borrowings</b>		
<b>Current</b>		
Borrowings - secured	49	49
	<u>49</u>	<u>49</u>
<b>Non-Current</b>		
Borrowings - secured	117	166
	<u>117</u>	<u>166</u>
<b>Total Interest-Bearing Loans and Borrowings</b>	<u>166</u>	<u>215</u>
<b>Borrowings</b>		
The maturity profile for Council's borrowings is:		
Not later than one year	49	49
Later than one year and not later than five years	117	166
Later than five years	-	-
<b>Total Borrowings</b>	<u>166</u>	<u>215</u>

#### Accounting Policy

##### Interest Bearing Liabilities

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

Interest is expensed as it accrues and no interest has been capitalised during the current or comparative reporting period. There have been no defaults or breaches of the loan agreement during the period. Borrowings are secured by way of mortgages over the general rates of the Council.

Note 9	Other Financial Information	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
Note 9.1	Reserves	\$'000	\$'000	\$'000	\$'000
	(a) Asset Revaluation Reserve				
	<b>2019</b>				
	<b>Property</b>				
	Land	1,048	-	-	1,048
	Land under roads	(24)	-	-	(24)
	Buildings	3,037	-	-	3,037
	Building Improvements	(291)	-	-	(291)
	Other Infrastructure	83	-	-	83
		<b>3,853</b>	<b>-</b>	<b>-</b>	<b>3,853</b>
	<b>Infrastructure</b>				
	Roads, Bridges & Drainage	38,519	-	-	38,519
	General & Other Infrastructure	193	-	-	193
		<b>38,712</b>	<b>-</b>	<b>-</b>	<b>38,712</b>
	<b>Total Asset Revaluation Reserve</b>	<b>42,565</b>	<b>-</b>	<b>-</b>	<b>42,565</b>
	<b>2018</b>				
	<b>Property</b>				
	Land	1,048	-	-	1,048
	Land under roads	(24)	-	-	(24)
	Buildings	3,037	-	-	3,037
	Building Improvements	(291)	-	-	(291)
	Other infrastructure	83	-	-	83
		<b>3,853</b>	<b>-</b>	<b>-</b>	<b>3,853</b>
	<b>Infrastructure</b>				
	Roads, Bridges & Drainage	38,519	-	-	38,519
	General & Other Infrastructure	193	-	-	193
		<b>38,712</b>	<b>-</b>	<b>-</b>	<b>38,712</b>
	<b>Total Asset Revaluation Reserve</b>	<b>42,565</b>	<b>-</b>	<b>-</b>	<b>42,565</b>

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

(b) Fair Value Reserve

**2019**

**Equity Investment Assets**

Investment in water corporation	(113)	127	-	14
<b>Total Fair Value Reserve</b>	<b>(113)</b>	<b>127</b>	<b>-</b>	<b>14</b>

**2018**

**Available-for-Sale Assets**

Investment in water corporation	(123)	10	-	(113)
<b>Total Fair Value Reserve</b>	<b>(123)</b>	<b>10</b>	<b>-</b>	<b>(113)</b>

Council has to designate its investment in TasWater as an equity investment at Fair Value through other comprehensive income. Subsequent changes in Fair Value are reflected in the reserve and will not be reclassified through the profit or loss when derecognised. Equity Investment assets within the Fair Value reserve were previously classified as 'Available-for-sale assets'.

(c) Other Reserves

**2019**

Public Open Space	119	9	-	128
Tasman Civic Centre	3	-	-	3
General	952	-	-	952
<b>Total Other Reserves</b>	<b>1,074</b>	<b>9</b>	<b>-</b>	<b>1,083</b>

**2018**

Public Open Space	119	-	-	119
Tasman Civic Centre	3	-	-	3
General	952	-	-	952
<b>Total Other Reserves</b>	<b>1,074</b>	<b>-</b>	<b>-</b>	<b>1,074</b>

The resort and recreation reserve was established to control contributions received from developers that will, upon completion of developments be utilised to develop recreation and other facilities for residents in the respective development areas.

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Total Reserves</b>	<b>43,662</b>	<b>43,526</b>

**Note 9.2 Reconciliation of Cash Flows from Operating Activities to Surplus / (Deficit)**

	2019 \$'000	2018 \$'000
<b>Result from continuing operations</b>	<b>3,157</b>	<b>615</b>
Depreciation/Amortisation	1,689	1,698
(Profit)/loss on disposal of property, infrastructure, plant and equipment	(23)	502
Share of net (profit) / loss of investment associates accounted for by the equity method	(313)	(59)
Capital grants received specifically for new or upgraded assets	(2,143)	(386)
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	(88)	(128)
Decrease/(increase) in other assets	90	4
Decrease/(increase) in inventories	2	-
Increase/(decrease) in trade and other payables	(175)	111
Increase/(decrease) in provisions	(2)	1
Increase/(decrease) in other liabilities	34	(5)
<b>Net cash provided by/(used in) operating activities</b>	<b>2,228</b>	<b>2,353</b>

**Note 9.3 Reconciliation of Liabilities Arising from Financing Activities**

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.

	Interest-bearing loans and borrowings \$'000	
<b>Balance as at 1 July 2018</b>	<b>215</b>	
Changes from financing cash flows:		
Cash received	-	
Cash repayments	(49)	
<b>Balance as at 30 June 2019</b>	<b>166</b>	
<b>Balance as at 1 July 2017</b>	<b>261</b>	
Changes from financing cash flows:		
Cash received	-	
Cash repayments	(46)	
<b>Balance as at 30 June 2018</b>	<b>215</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>

**Note 9.4 Reconciliation of Cash and Cash Equivalents**

Cash and Cash Equivalents (see Note 5.1)	6,994	6,027
<b>Total reconciliation of cash and cash equivalents</b>	<b>6,994</b>	<b>6,027</b>

**Note 9.5 Superannuation**

<b>Fund</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Accumulation Funds</b>		
Employer contributions to Tasplan	111	112
Employer contributions to Other	28	26
	<b>139</b>	<b>138</b>
Employer contributions payable to Tasplan at reporting date	-	8
Employer contributions payable to Other at reporting date	12	3
	<b>12</b>	<b>11</b>

**Note 9.6 Commitments**

	2019 \$'000	2018 \$'000
<b>Capital Expenditure Commitments</b>		
Buildings - Affordable Housing Units at Pearls Court	1,247	-
Buildings - Nubeena Club Rooms Upgrade	270	-
Roads - Stormlea Road Upgrade	1,183	-
Other Grant Commitments	86	-
<b>Total Capital Expenditure Commitments</b>	<b>2,786</b>	<b>-</b>
<b>Contractual Commitments</b>		
Contractual commitments at end of financial year but not recognised in the financial report are as follows:		
Kerbside Garbage Collection Contract ( Expires 2021)	377	561
Garbage Collection Contract (Expires 2022)	604	775
Cleaning Contractor (Expires 2022)	304	74
Roadside Mowing & Spraying Contactor (Expires 2019)	-	84
<b>Total Contractual Commitments</b>	<b>908</b>	<b>1,494</b>

**Note 9.7 Operating Leases**

**(a) Operating Lease Commitments**

Lease of Photocopiers in 2017 until 2022.

At the reporting date, Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

	2019 \$'000	2018 \$'000
Not later than one year	5	6
Later than one year and not later than five years	11	16
Later than five years	-	-
	<b>16</b>	<b>22</b>

**Note 9.8 Contingent Liabilities and Contingent Assets**

**Contingent Liabilities**

Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors.

As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report.

**Note 9.9 Financial Instruments**

**(a) 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:

**2019**

	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
<b>Financial Assets</b>							
Cash and Cash Equivalents	1.69%	2,550	4,443	-	-	1	6,994
Other Financial Assets	3.65%	-	950	-	-	-	950
Trade and Other Receivables	3.65%	394	-	-	-	139	533
Investment in Water Corporation		-	-	-	-	929	929
<b>Total Financial Assets</b>		<b>2,944</b>	<b>5,393</b>	<b>-</b>	<b>-</b>	<b>1,069</b>	<b>9,406</b>
<b>Financial Liabilities</b>							
Trade and Other Payables		-	-	-	-	196	196
Trust Funds and Deposits		-	-	-	-	46	46
Interest-Bearing Loans and Borrowings	5.41%	-	49	117	-	-	166
<b>Total Financial Liabilities</b>		<b>-</b>	<b>49</b>	<b>117</b>	<b>-</b>	<b>242</b>	<b>408</b>
<b>Net Financial Assets (Liabilities)</b>		<b>2,944</b>	<b>5,344</b>	<b>(117)</b>	<b>-</b>	<b>827</b>	<b>8,998</b>

**2018**

	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
<b>Financial Assets</b>							
Cash and Cash Equivalents	2.36%	1,376	4,650	-	-	1	6,027
Other Financial Assets	2.31%	-	700	-	-	-	700
Trade and Other Receivables	0.00%	445	-	-	-	-	445
Bendigo Bank Shares		-	-	-	-	20	20
Investment in Water Corporation		-	-	-	-	802	802
<b>Total Financial Assets</b>		<b>1,821</b>	<b>5,350</b>	<b>-</b>	<b>-</b>	<b>823</b>	<b>7,994</b>
<b>Financial Liabilities</b>							
Trade and Other Payables		-	-	-	-	377	377
Trust Funds and Deposits		-	-	-	-	12	12
Interest-Bearing Loans and Borrowings	6.96%	-	49	166	-	-	215
<b>Total Financial Liabilities</b>		<b>-</b>	<b>49</b>	<b>166</b>	<b>-</b>	<b>389</b>	<b>604</b>
<b>Net Financial Assets (Liabilities)</b>		<b>1,821</b>	<b>5,301</b>	<b>(166)</b>	<b>-</b>	<b>434</b>	<b>7,390</b>

**Note 9.9 Financial Instruments (Cont.)**

**(b) Fair Value**

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<i>Financial Assets</i>				
Cash and Cash Equivalents	5.1	6,994	6,027	6,994
Other Financial Assets	5.3	950	700	950
Trade and Other Receivables	5.2	533	445	533
Investment in Water Corporation	4.2	929	802	929
Other Investments	4.3	20	20	20
<b>Total Financial Assets</b>		<b>9,426</b>	<b>7,994</b>	<b>9,426</b>
<i>Financial Liabilities</i>				
Trade and Other Payables	7.1	196	377	196
Trust Funds and Deposits	7.2	46	12	46
Interest-Bearing Loans and Borrowings	8.1	166	215	166
<b>Total Financial Liabilities</b>		<b>408</b>	<b>604</b>	<b>408</b>

**(c) 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.

**(d) Risks and Mitigation**

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

**Market Risk**

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

**Interest Rate Risk**

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

Our loan borrowings are sourced from major Australian banks by a tender process. Finance leases are sourced from major Australian financial institutions. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our net debt portfolio by:

- ensuring access to diverse sources of funding;
- reducing risks of refinancing by managing in accordance with target maturity profiles; and
- setting prudential limits on interest repayments as a percentage of rate revenue.

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

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1993*. We manage interest rate risk by adopting an investment policy that ensures:

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

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

**Note 9.9 Financial Instruments (Cont.)**

**Credit Risk**

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

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our Investment Policy.

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

It is Council's policy that some customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their credit rating, financial position, past experience and industry reputation.

In addition, receivable balance are monitored on an ongoing basis with the result that Council's exposure to bad debts is not significant.

Council may also be subject to credit risk for transactions which are not included in the Statement of Financial Position, such as when Council provides a guarantee for another party. Details of our contingent liabilities are disclosed in Note 9.8.

<b>Movement in Provisions for Impairment of Trade and Other Receivables</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at the beginning of the year	1	1
New Provisions recognised during the year	-	-
Amounts already provided for and written off as uncollectible	-	-
Amounts provided for but recovered during the year	-	-
Balance at End of Year	<u>1</u>	<u>1</u>

**Ageing of Trade and Other Receivables**

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's Trade and Other Receivables was:

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Current (not yet due)	195	134
Past due by up to 30 days	12	34
Past due between 31 and 180 days	306	264
Past due between 181 and 365 days	-	-
Past due by more than 1 year	20	13
<b>Total Trade &amp; Other Receivables</b>	<u>533</u>	<u>445</u>

**Liquidity Risk**

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

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

To help reduce these risks we:

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

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

The table below lists the contractual maturities for Financial Liabilities.

**Note 9.9 Financial Instruments (Cont.)**

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

2019	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and Other Payables	196	-	-	-	-	196	196
Trust Funds and Deposits	-	46	-	-	-	46	46
Interest-Bearing Loans and Borrowings	25	24	93	24	-	166	166
<b>Total Financial Liabilities</b>	<b>221</b>	<b>70</b>	<b>93</b>	<b>24</b>	<b>-</b>	<b>408</b>	<b>408</b>

2018	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and Other Payables	377	-	-	-	-	377	377
Trust Funds and Deposits	-	12	-	-	-	12	12
Interest-Bearing Loans and Borrowings	25	24	95	71	-	215	215
<b>Total Financial Liabilities</b>	<b>402</b>	<b>36</b>	<b>95</b>	<b>71</b>	<b>-</b>	<b>604</b>	<b>604</b>

**(e) Sensitivity Disclosure Analysis**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from Reserve Bank of Australia):

- A parallel shift of + 1% and -2% in market interest rates (AUD) from year-end rates of 4.4%.

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

		Interest rate risk			
		-2 %		+1%	
		-200 basis points		+100 basis points	
2019	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>Financial Assets:</b>					
Cash and Cash Equivalents	6,994	(140)	140	(70)	70
Trade and Other Receivables	533	(8)	8	(4)	4
<b>Financial Liabilities:</b>					
Interest-Bearing Loans and Borrowings	166	(3)	3	(2)	2

		Interest Rate Risk			
		-2 %		+1%	
		-200 basis points		+100 basis points	
2018	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>Financial Assets:</b>					
Cash and Cash Equivalents	6,027	(121)	121	(60)	60
Trade and Other Receivables	445	(9)	9	(4)	4
<b>Financial Liabilities:</b>					
Interest-Bearing Loans and Borrowings	215	(4)	4	(2)	2

**Note 9.10 Fair Value Measurements**

Council measures and recognises the following assets at Fair Value on a recurring basis:

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

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 2019.

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 2019**

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring Fair Value Measurements</b>					
Investment in Water Corporation	4.2	-	-	929	929
Land	6.2	-	2,005	-	2,005
Land under roads	6.2	-	-	2,507	2,507
Buildings	6.2	-	-	5,124	5,124
Roads	6.2	-	-	36,901	36,901
Bridges	6.2	-	-	7,523	7,523
Drainage	6.2	-	-	666	666
		-	2,005	53,650	55,655

**As at 30 June 2018**

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring Fair Value Measurements</b>					
Investment in Water Corporation	4.2	-	-	802	802
Land	6.2	-	2,005	-	2,005
Land under roads	6.2	-	-	2,507	2,507
Buildings	6.2	-	-	5,195	5,195
Roads, bridges & drainage	6.2	-	-	44,441	44,441
		-	2,005	52,945	54,950

**Transfers Between Levels of the Hierarchy**

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

Note 9.10 Fair Value Measurements (Cont.)

(b) Highest and Best Use

AASB 13 Fair Value Measurement, requires the fair value of non-financial assets to be calculated based on their "highest and best use". Not all Council assets valued at fair value in this note are being used in this way. Some owned buildings are not being used to their full market potential rather their use has been determined by what is required for the community as a whole.

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

**Level 2 Measurements (recurring and non-recurring)** - describe the valuation techniques and the inputs used in the fair value measurement, if there has been a change in the technique then this change and the reason for making it should be disclosed.

**Level 3 Measurements (recurring and non-recurring)** - same as Level 2 above plus, for items other than PPE under AASB116, quantitative information about the significant unobservable inputs used in the fair value.

**Level 3 Measurements (recurring)** - a reconciliation of opening and closing balances is also required, which should include gains and losses recognised in profit and loss, gains/loss recognised in other comprehensive income, purchases and disposals, transfers in and out of Level 3. Refer Note (e) below.

**Investment in Water Corporation**

Refer to Note 4.2 for details of valuation techniques used to derive fair values.

**Land**

Land fair values were determined by a qualified independent valuer ValueIT Pty Ltd effective 1 July 2017. Council's land holdings have been revalued based on these figures.

**Land under roads**

Land under roads is based on the unit rate given by the Valuer General for urban and rural areas multiplied by m2 road data held in Council's Asset Management System.

**Infrastructure and Building Assets**

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

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

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks.

The level of accumulated depreciation for infrastructure assets was determined based on the age of the asset and the useful life adopted by Council for the asset type. Estimated useful lives and residual values are disclosed in Note 6.2.

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

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

**Roads, including footpaths & cycleways**

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 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.

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. Council assumes that pavements are constructed to depths of x cms for high traffic areas and y cms for lower traffic locations. For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and labour wage rates are based on Council's Enterprise Bargaining Agreement (EBA). Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years.

**Bridges**

A full valuation of bridges assets was undertaken by independent valuers, TasSpan Civil Contracting effective 30 June 2019. 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.

**Drainage**

Drainage is valued at the amount that is capitalised at year end and then indexed accordingly.

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.

**Note 9.10 Fair Value Measurements (Cont.)**

**Other Infrastructure**

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

**(d) Unobservable inputs and sensitivities**

Asset / liability category*	Carrying amount (at fair value)	Key unobservable inputs *	Expected range of inputs	Description of how changes in inputs will affect the fair value
Investment in Water Corporation	929	Refer to note 4.2 for a description of the valuation basis.		

\*There were no significant inter-relationships between unobservable inputs that materially affect fair values.

**(e) Valuation processes**

Council's current policy for the valuation of property, infrastructure, plant and equipment, investment in water corporation and investment property (recurring fair value measurements) is set out in Notes 4.1 and 6.2 respectively.

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

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

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in Note 8.1 is provided by Tascorp (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).

**Note 9.11 Events Occurring after Balance Date**

- (a)** Council has no after balance events to disclose.

Note 10 Other Matters

Note 10.1 Related Party Transactions

(i) Responsible Persons

Names of persons holding the position of a Responsible Person at the Council at any time during the 2018-19 year were:

<b>Councillors</b>	Mayor Roseanne Heyward (Unelected 31/10/2018)
	Mayor Kelly Spaulding (Elected 1/11/2018)
	Deputy Mayor Maria Stacey (Elected 1/11/2018)
	Councillor Pam Fenerty
	Councillor Alan Hull (Unelected 31/10/2018)
	Councillor David Moser (Unelected 31/10/2018)
	Councillor Glenn Skeggs (Unelected 31/10/2018)
	Councillor Jan Barwick (Elected 1/11/2018)
	Councillor David Beard (Elected 1/11/2018)
	Councillor Casey Garrett (Elected 1/11/2018)
	Councillor Andy Griffiths (Elected 1/11/2018)

<b>General Manager</b>	Robert Higgins (1/7/2018 to 20/10/2018)
	Kim Hossack (20/10/2018 to 30/6/19) as Acting General Manager

(ii) Councillor Remuneration

2019

	Allowances	Vehicles <sup>1</sup>	Total Compensation AASB 124	Expenses <sup>2</sup>	Total allowances and expenses Section 72
	\$	\$	\$	\$	\$
Mayor Heryward	12,257	1,538	13,795	532	14,327
Mayor Spaulding	29,669	5,332	35,001	2,276	37,277
Deputy Mayor Stacey	16,626	-	16,626	-	16,626
Councillor Fenerty	10,067	465	10,532	905	11,437
Councillor Hull	3,852	-	3,852	-	3,852
Councillor Moser	3,852	-	3,852	-	3,852
Councillor Skeggs	3,852	-	3,852	-	3,852
Councillor Barwick	5,438	-	5,438	-	5,438
Councillor Beard	6,215	1,180	7,395	485	7,880
Councillor Garrett	6,215	581	6,796	987	7,783
Councillor Griffiths	6,215	-	6,215	-	6,215
<b>Total</b>	<b>104,258</b>	<b>9,096</b>	<b>113,354</b>	<b>5,185</b>	<b>118,539</b>

2018

	Allowances	Vehicles <sup>2</sup>	Superannuation <sup>1</sup>	Total Compensation AASB 124	Expenses <sup>3</sup>	Total allowances and expenses Section 72
	\$	\$		\$	\$	\$
Mayor Heyward	31,616	3,999	-	35,615	1,224	36,839
Deputy Mayor Spaulding	18,568	1,577	-	20,145	-	20,145
Councillor Fenerty	9,034	-	-	9,034	-	9,034
Councillor Hull	9,034	-	-	9,034	-	9,034
Councillor Moser	9,034	-	-	9,034	-	9,034
Councillor Skeggs	9,034	-	-	9,034	-	9,034
Councillor Stacey	9,034	-	-	9,034	-	9,034
<b>Total</b>	<b>95,354</b>	<b>5,576</b>	<b>-</b>	<b>100,930</b>	<b>1,224</b>	<b>102,154</b>

<sup>1</sup> Includes total cost of providing and maintaining vehicles provided for private use, including registration, insurance, fuel and other consumables, maintenance cost and parking (including notional value of parking provided at premises that are owned or leased and fringe benefits tax).

<sup>2</sup> Section 72(1)(b) of the Local Government Act 1993 requires the disclosure of expenses paid to Councillors.

(iii) Key Management Personnel Remuneration (Cont..)

2019	Number of employees	Short term employee benefits				Post employment benefits		Non-monetary Benefits <sup>3</sup>	Total
		Salary <sup>1</sup>	Short-term Incentive Payments <sup>2</sup>	Vehicles <sup>3</sup>	Other Allowances and Benefits <sup>4</sup>	Super-annuation <sup>5</sup>	Termination Benefits <sup>7</sup>		
Remuneration band		\$	\$	\$	\$	\$	\$	\$	
\$90,001 - \$110,000	2	168,241	-	9,162	-	17,806	-	1,822	197,031
<b>Total</b>		<b>168,241</b>	<b>-</b>	<b>9,162</b>	<b>-</b>	<b>17,806</b>	<b>-</b>	<b>1,822</b>	<b>197,031</b>

2018	Number of employees	Short term employee benefits				Post employment benefits		Non-monetary Benefits <sup>7</sup>	Total
		Salary <sup>1</sup>	Short-term Incentive Payments <sup>2</sup>	Vehicles <sup>3</sup>	Other Allowances and Benefits <sup>4</sup>	Superannuation <sup>5</sup>	Termination Benefits <sup>6</sup>		
Remuneration band		\$	\$	\$	\$	\$	\$	\$	
\$220,001 - \$240,000	1	176,514	-	16,724	-	21,525	-	20,378	235,141
<b>Total</b>		<b>176,514</b>	<b>-</b>	<b>16,724</b>	<b>-</b>	<b>21,525</b>	<b>-</b>	<b>20,378</b>	<b>235,141</b>

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

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

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

<sup>4</sup> Other allowances and benefits includes all other forms of employment allowances (excludes reimbursements such as travel, accommodation or meals), payments in lieu of leave, and any other compensation paid and payable.

<sup>5</sup> Superannuation means the contribution to the superannuation fund of the individual.

<sup>6</sup> Termination benefits include all forms of benefit paid or accrued as a consequence of termination.

<sup>7</sup> Non-monetary benefits include annual and long service leave movements and non-monetary benefits (such as housing, subsidised goods or services etc).

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

<sup>9</sup> The role of General Manager was a shared role between Tasman and Sorell Councils up until October 2018. Monthly invoices were issued by Tasman Council and this resulted in reimbursement of \$40,657 in 2018/19 (\$128,911 in 2017/18).

(iv) Remuneration Principles

**Councillors**

Remuneration levels for Councillors are set by the Department of Premier & Cabinet and reviewed annually in November. Expense reimbursement are paid for the travel costs to and from Council based meetings or accommodation when required.

**General Manager & Key Management Personnel**

Remuneration levels for key management personnel are set in accordance with Tasman Council's Enterprise Agreement 2016.

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

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

(v) **Transactions with Subsidiaries, Associates and Joint Ventures**

Council does not have any subsidiaries and did not enter into any transactions with associates or joint ventures.

(iv) **Transactions with Related Parties**

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

**Note 10.2 Special Committees and Other Activities**

- Tasman Community Centre
- Tasman Civic Centre; and
- Koonya Hall Committee

The above Special Committee financial transactions were included with Council's and resulted in Consolidated Financial Statements being prepared for the year ended 30 June 2019.

**Note 10.3 Other significant accounting policies and pending accounting standards**

**(a) Taxation**

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

*Goods and services tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(b) Impairment of non-financial assets**

At each reporting date, Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of Other Comprehensive Income, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset. For non-cash generating assets of Council such as roads, drains, public buildings and the like, value in use is represented by the deprival value of the asset approximated by its written down replacement cost.

**(c) Allocation between current and non-current**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being Council's operational cycle, or if Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

**(d) Financial guarantees**

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

**(e) Contingent assets, contingent liabilities and commitments**

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a Note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Commitments are not recognised in the Statement of Financial Position. Commitments are disclosed at their nominal value inclusive of the GST payable.

**(f) Budget**

The estimated revenue and expense amounts in the Statement of Other Comprehensive Income represent Revised Budget amounts adopted 27 February 2019 and are not audited.

**(g) Adoption of new and amended accounting standards**

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

**(i) AASB 9 *Financial Instruments***

This standard replaces the existing standard, AASB139: *Financial Instruments: Recognition and Measurement* and revises classification, measurement and disclosure of financial assets and liabilities. It reduces the number of categories for financial assets and simplifies the measurement choices, including the removal of impairment testing of assets measured at fair value. Classification of financial assets is determined by Council's business model for holding the particular asset and its contractual cash flows.

Council has applied this standard from 1 July 2018 using a retrospective approach with cumulative catch-up. This does not require Council to restate comparative figures, but does require the presentation of both qualitative and quantitative disclosures for affected items, along with a corresponding adjustment to the opening balance of Accumulated surpluses for transitional effects of re-measurement.

The nature of adjustments are described below.

*(a) Classification and measurement*

The financial assets of Council have been reclassified into one of the following categories on adoption of AASB 9. The classifications are primarily based on Council's business model in which a financial asset is managed and its contractual cash flow characteristics. The main effects resulting from reclassification are as follows:

- *Investment in water corporation* - classified as an 'Available-For-Sale' financial asset as at 30 June 2018. As Council does not hold this equity investment for trading purposes, it has made an irrevocable election for this equity instrument to present any subsequent changes in fair value in Other comprehensive income. Under this approach only dividends are recognised in profit or loss. Council's Investment in water corporation is classified and measured as an 'Equity instrument at fair value through other comprehensive income' beginning 1 July 2018.
- Council did not designate any financial assets as at fair value through profit or loss.
- Council has not designated any financial liabilities at fair value through profit or loss. There are no changes in the classification and measurement for Council's financial liabilities.

**(h) Pending Accounting Standards**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

**(i) AASB 15 Revenue from Contracts with Customers**

The standard has been deferred by AASB 2016-7 *Deferral of AASB15 for Not-for-Profit Entities*, until the 2019-20 reporting period.

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

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

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

- Depending on the respective contractual terms, the new requirements of AASB 15 may result in a change to the timing of revenue from sales of goods and services such that some revenue may need to be deferred as a liability to a later reporting period to the extent that Council has received cash, but has not met its associated performance obligations, (a promise to transfer a good or service).
- Grants received to construct non-financial assets controlled by Council will be recognised as a liability, and subsequently recognised progressively as revenue as Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.
- Other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific.
- Grants that are not enforceable and/or not sufficiently specific, will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants for which there are no sufficiently specific performance obligations, for example the Commonwealth Financial Assistance Grants. These grants are will continue being recognised as revenue upfront assuming no change to the current grant arrangements.

For Council there will be a significant effect in the treatment of all grants with sufficiently specific performance obligations where the conditions have yet to be fulfilled at year end. Council currently presents unexpended grant income received in note 2.4. Council's assessment is that the majority of the amounts received unexpended for the year, \$1539,000, will be deferred as a liability under AASB15 and progressively recorded as income as performance obligations are fulfilled.

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

(ii) AASB 1058 *Income of Not-for-Profit Entities*

This standard has been deferred until the 2019-20 reporting period.

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

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

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

Where the asset acquired is leased at a "Peppercorn" rate, Council is required to recognise the leased asset at its Fair Value, the remaining lease liability and the balance as income. These leased right-of-use assets have not previously been recognised. Council currently has a number of Peppercorn leases, which will result in the recognition in right-of-use lease assets and a remaining lease liability. The balance will be adjusted against Accumulated surpluses.

AASB 1058 also encompasses non-contractual statutory income such as rates, taxes and fines. Council currently recognises income when received. Under AASB 1058, income is recognised when the taxable event has occurred. An impact for Council is that prepaid rates received prior to the beginning of a rating period, will now be recognised as a financial liability until the commencement of that rating period. The impact to Council will be that revenue recognised when received from *Rates and Charges in advance* as disclosed in Note 2.1, will now be recorded as a liability, with revenue deferred until the commencement of the applicable rating period.

AASB 1058 requires the recognition of Volunteer Services where they would have been purchased if not donated and the Fair Value of those services can be reliably measured. Council has assessed these requirements and determined that this standard will apply the standard from 1 July 2019 using a retrospective approach with cumulative catch-up with an adjustment to Accumulated Surpluses for the difference in accounting treatment on initial adoption.

(iii) AASB 16 *Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. Council will apply the standard from 1 July 2019. Exemptions allow councils to apply AASB 117 for the 30 June 2019 reporting year.

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

AASB 16 will result in most of Council's operating leases being brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low-value assets which may remain off the balance sheet. Council's existing lease commitments are disclosed in Note 9.9.

The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term, and increases in lease payments. A corresponding right to use assets will be recognised, which will be amortised over the term of the lease. Rent expense will no longer be shown. The profit and loss impact of the leases will be through amortisation and interest charges. Council's current operating lease expenditure is shown at Note 3.6. In the Statement of Cash Flows lease payments will be shown as cash flows from financing activities instead of operating activities.

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

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

(iv) AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Correction*, applicable to annual reporting periods beginning on or after 1 January 2022.

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

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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

**Note 10.4 Significant Business Activities**

Council does not consider any of its activities to be deemed as a Significant Business Activity.

Note	10.5 Management Indicators	Benchmark	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
(a)	<b>Underlying Surplus or Deficit</b>					
	Net result for the year		3,157	615	1,865	1,100
	Less non-operating income & expenditure		2,142	404	975	98
	<b>Underlying surplus/deficit</b>		<b>1,015</b>	<b>211</b>	<b>890</b>	<b>1,002</b>

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

(b)	<b>Underlying Surplus Ratio</b>					
	<u>Underlying surplus or deficit</u>		1,015	211	904	1,002
	Recurrent income*		6,940	6,174	6,555	6,056
	Underlying surplus ratio %	0%	15%	3%	14%	17%

This ratio serves as an overall measure of financial operating effectiveness.  
Council exceeds the benchmark.

(c)	<b>Net Financial Liabilities</b>					
	Liquid assets less		8,477	7,172	6,688	6,079
	total liabilities		725	929	1,135	759
	Net financial liabilities	-	7,752	6,243	5,553	5,320

This measure shows whether Council's total liabilities can be met by its liquid assets. An excess of total liabilities over liquid assets  
Council exceeds the benchmark.

(d)	<b>Net Financial Liabilities Ratio</b>					
	<u>Net financial liabilities</u>		7,752	6,243	5,553	5,320
	Recurrent income*		6,940	6,174	6,555	6,056
	Net financial liabilities ratio %	0% - (50%)	112%	101%	85%	88%

This ratio indicates the net financial obligations of Council compared to its recurrent income.  
Council is paying its loans as and when they fall due and has not obtained any additional borrowings.

**(e) Asset Consumption Ratio**

An asset consumption ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.

*Transport Infrastructure*

<u>Depreciated replacement cost</u>	46,161	44,441	44,292	33,900
Current replacement cost	70,337	66,746	66,077	45,796
Asset consumption ratio %	66%	67%	67%	74%

*Buildings*

<u>Depreciated replacement cost</u>	5,124	5,195	5,307	5,206
Current replacement cost	7,626	7,564	7,522	7,245
Asset consumption ratio %	67%	69%	71%	72%

*General Infrastructure*

<u>Depreciated replacement cost</u>	492	508	524	568
Current replacement cost	603	603	603	583
Asset consumption ratio %	82%	84%	87%	97%

This ratio indicates the level of service potential available in Council's existing asset base.

Note	10.5 Management Indicators (Cont.)	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
(f)	<b>Asset Renewal Funding Ratio</b>				
	An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.				
	<i>Transport Infrastructure</i>				
	Projected capital funding outlays**	21,292	30,508	1,370	8,090
	Projected capital expenditure funding***	21,292	22,494	1,370	4,787
	Asset renewal funding ratio %	90-100% 100%	136%	100%	169%
	<i>Buildings</i>				
	Projected capital funding outlays**	2,413	3,988	55	426
	Projected capital expenditure funding***	2,413	2,540	55	326
	Asset renewal funding ratio %	90-100% 100%	157%	100%	131%
	<i>General Infrastructure</i>				
	Projected capital funding outlays**	1,330	2,285	61	1,059
	Projected capital expenditure funding***	1,330	1,400	61	630
	Asset renewal funding ratio %	90-100% 100%	163%	100%	168%
	** Current value of projected capital funding outlays for an asset identified in Council's Long-Term Financial Plan.				
	*** Value of projected capital expenditure funding for an asset identified in Council's Long-Term Strategic Asset Management Plans. This ratio measures Council's capacity to fund future asset replacement requirements. Council equals the benchmark.				

(g)	<b>Asset Sustainability Ratio</b>				
	Capex on replacement/renewal of existing assets	2,069	1,938	1,405	776
	Annual depreciation expense	1,689	1,698	1,191	1,143
	Asset sustainability ratio %	100% 122%	114%	118%	68%

This ratio calculates the extent to which Council is maintaining operating capacity through renewal of their existing asset base. Council is working in line with its current Long-Term Asset Management Plan.

2019	Capital renewal expenditure \$'000	Capital new /upgrade expenditure \$'000	Total Capital Expenditure \$'000
By asset class			
Roads	1,239	604	1,843
Bridges	-	106	106
Drainage	56	-	56
Buildings	-	63	63
Other Structures	-	-	-
Plant and Equipment	423	-	423
<b>Total</b>	<b>1,718</b>	<b>773</b>	<b>2,491</b>

2018	Capital renewal expenditure \$'000	Capital new /upgrade expenditure \$'000	Total Capital Expenditure \$'000
By asset class			
Roads	1,323	297	1,620
Bridges	246	-	246
Drainage	-	78	78
Buildings	124	62	186
Other Structures	-	-	-
Plant and Equipment	246	31	277
<b>Total</b>	<b>1,939</b>	<b>468</b>	<b>2,407</b>

**Note 10.6 Material Budget Variations**

Council's original Budget was adopted by the Council on **18 July 2018** and then a mid-year budget review was adopted on **27 February 2019**. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grant programs, changing economic activity, the weather, and by decisions made by the Council. Material variations of more than 10% are explained below:-

**REVENUES**

**a Rates and Charges**

Revenue was up \$22,000 on budget due mainly to a very conservative estimate being made within the budget. Significant supplementary valuations during the year included the early completion of major building works, resulted in additional rates and charges.

**b User Fees**

The increase of \$122,000 on budget was mainly due to private works and shared services income being inadvertently excluded from the budget.

**c Grants**

The variations for both operating and capital was down \$1,862,000 on budget (38%) due to the delayed receipt of State Government funding for the Affordable Housing Project and Stormlea Road upgrade. Also the Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. Since 2011-12 the Commonwealth has been making early payment of the two quarterly instalments for the following year. In accordance with AASB1004 *Contributions*, Council recognises these grants as revenue when it receives the funds and obtains control. The effects of the early receipt of instalments each year has resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2017-18 by \$493,000 and 2018-19 by \$492,000. This has impacted the Statement of Comprehensive Income resulting in the Surplus/(deficit) being higher in both years by these amounts. With fewer instalments due to be received in 2018-19, the reverse effect may occur, however future payments remain at the Commonwealth's discretion.

**d Interest**

The increase of \$69,000 on budget was due to the under estimation of bank interest from investments within the budget.

**e Other Income**

Revenue income up \$16,000 on budget due mainly to a very conservative estimate being made for this area in the budget.

**EXPENSES**

**a Materials and Services**

The decrease of \$633,000 on budget was due to delays in projects and reduction in overall maintenance costs for the year.

**b Other Expenses**

A significant increase on budget of \$180,000 due mainly to a very conservative estimate made within the budget.

## Certification of the Financial Report

The financial report presents fairly the financial position of the **Tasman Council** as at 30 June 2019 and the results of its operations and cash flows for the year then ended, in accordance with the *Local Government Act 1993* (as amended), Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board.



Kim Hossack  
Acting General Manager

Date : 27th September 2019