

# TASMAN COUNCIL ANNUAL REPORT 2016/2017



## 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 659.3 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. The World Heritage listed Port Arthur and Coal Mines Historic Sites attracted 336,000 visitors in 2016/2017.

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 was formally a bustling industrial zone fuelled by convict labor. In the era between convict settlement and the introduction of the modern tourist industry the area was mostly engaged in timber and fishing.

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 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 AGM to be held at 1.00pm on 13<sup>th</sup> December. Any person wishing to make a submission should do so by COB 6<sup>th</sup> December.

## MAYOR'S REPORT

It is with pleasure that I present the Mayor's report for the 2016/17 Tasman Council Annual Report.

June and July 2016 saw very severe storms hit the states of southern Queensland, New South Wales, Victoria and Tasmania. Tasman Council and our Tasman SES crews had to deal with trees down all around the Municipality due to the very strong winds. These trees fell onto our roads and through power lines so there were power outages which led to the loss of telephone connections for both land lines and mobile phones. Tasman Council continue to pursue with Telstra a way to keep the telephone exchanges and mobile towers receiving power (with generators) to maintain the integrity of communication networks.

At the June 2016 Tasman Council meeting the 2016/17 budget and rates resolution was adopted. Consistent with our long term financial plan, rates and charges increases were set at a conservative 2.5%. Council were in a position after the prior five years of responsible financial and asset management to benefit from an improved cash balance by increasing spending on both capital renewal and upgrade projects by an additional \$1.0m. This result has been achieved without increasing our borrowings and in an environment of reducing Federal and State Local government assistance. The current and previous Councils should be very proud of their commitment to this responsible approach.

Tasman Councillors attended the Nubeena TASSAL site for an update on changes planned for the future operations in Storm Bay. Council was very happy to hear that the 72 jobs claimed in the TASSAL promotion of the Storm Bay project will all be in Tasman with the majority based at the Nubeena site, great news for our community.

Transition announcements were made regarding the change of management for the Tasman Health and Community Service (THCS) from the Hobart District Nursing Service to Huon ElderCare. Huon ElderCare commenced operations on the 1st October 2016. I would like to thank Hobart District Nursing Service for their excellent health services to our community during their stay and I welcome Huon ElderCare and look forward to a long and

happy relationship with them with the continuation of the GP Practice and residential and community health services.

In September Tasman, Sorell, Clarence and Glamorgan Spring Bay Council's received the final report from KPMG on the investigations of the possibility of merging the four Councils. The Minister set out four principals that must be applied when considering all the options, these are:

- be in the best interests of ratepayers;
- improve the level of services for communities;
- preserve and maintain local representation; and
- ensure that the financial status of the entities is strengthened.

It was the position of KPMG through their indicative modelling that these principals were able to be met. In March 2017 all Tasman residents and ratepayers received a letter from Council regarding the KPMG South East Feasibility Study into potential voluntary amalgamations and shared services with a request to complete an online survey so that Council could establish an indication of the community's opinions and views on the merger options.

Of the 299 responses received, 74% supported voluntary amalgamations. Participants were also asked that if an amalgamation was to occur, to rate their preferences for the four merger options including an extension of the shared services arrangements. The results were reasonably consistent albeit the most preferred option was a merger between Tasman and Sorell Council (option 4) with only minor reductions recorded against options 3, 2, 1 and 0 respectively.

Unfortunately, only Sorell and Tasman Councils completed their informal community consultation during 16/17 and were in a position to request the Minister for Local Government to task the Local Government Board to carry out a formal due diligence assessment. It is hoped the remaining two south-east Councils can finalise their respective community consultation and make a decision on whether they wish to proceed to a Local Government Board due diligence assessment and on what options during 17/18. The project

has gone on for a considerable period of time already and Councils need to show some leadership and consider in an open and transparent manner what is the best outcome for, and in the best interests of, their communities into the future.

There has been a real increase in activity, focus and positivity across the municipality that is wonderful to be part of. Council has responded with advocacy and engagement at the state and federal political level to ensure, where we can, that current projects continue to receive the required support and awareness and future projects and opportunities are not missed.

With the continuing success of the 3CT and further State and Federal investment in Cape Raoul/Shipsterns Bluff along with the Federal Hotels redevelopment of the Comfort Inn and continued investment by PAHSMA and Tassal, the Tasman Municipal area is well placed to look forward to continued strong tourism visitation. There has been further investment and growth in tourism operators including McHenry Distillery, Osborne Aviation, Bangor, Port Arthur Lavender, Tasman Island Cruises, Port Arthur shop and also an increase in real estate sales.

The Tasman Destination Action Plan was launched at the Port Arthur Tasman Tourism Association (PATTA) Gala Dinner. Tourism industry and community leaders from the Tasman region helped to develop the area's Destination Action Plan with the support of Destination Southern Tasmania and the Department of State Growth. The Plan aims to improve the visitor experience in the greater Tasman region through selecting priority activities that will make a difference in the short term using existing resources. It is focussed on ensuring maximise benefits of the visitor economy to the community.

Priority areas identified in the Plan include: brand and positioning, improved visitor facilities and services, infrastructure and product development, investment attraction, leveraging signature experiences and leadership. The Destination Action Plan Leadership Group will continue to guide the implementation of the Plan.

On Friday 27th January at the official opening of the 2017 Art and Craft Exhibition, I presented the Australia Day Local Citizen

Awards for 2017. There are three awards, the Young Citizen Award, the Community Organisation Award and the Citizen of the Year Award for 2017. The Awards winners for 2017 were:

- Volunteer Organisation for 2017 - Neighbourhood Watch
- Young Citizen of the Year for 2017 - Ms Maria Smith; and
- Citizen of the Year for 2017 - Leon Lisson.

Congratulations to Kaye Fox on her Australia Day Award for the Tasmanian Ambulance Service Medal.

Tasman Council, during April/May 2017 spent a deal of time setting the 2017/18 budget and the rates resolution for the coming financial year. Council workshopped the 17/18 budget in line with a revised 20yr Long Term Financial Management Plan and associated Asset Management Policies, Strategies and Plans.

All documents were due for review as a result of Council carrying out a transport (road) asset condition assessment and revaluation in accordance with legislation, accounting and asset management standards and best practice. The transport asset classes (including roads, bridges, footpaths and drainage) represent the largest value component of all Council owned assets.

Ensuring Council properly assesses, values, depreciates, maintains and renews these assets is the key task in establishing our financial sustainability. The road revaluation and associated depreciation rates has presented some challenges for Council in preparing the 17/18 budget but we are working hard to ensure our approach is fair, transparent and financially responsible.

Our Municipality is very fortunate to have community members who generously give of their time to volunteer. I would like to thank all those who volunteer with our many community organisations or who commit to taking a role on a committee.

The support from volunteers is very much appreciated by the staff and management at our School and the Tasman Health and Community Service. Groups like Tasman Rotary and Lions and the Tasman Op-Shop

work very hard to raise funds within their organisations by selling goods or going to events to sell products so that they can give back and support our community in many and varied ways. Events that are held within our community such as the Regatta and Tasman Feast, the Koonya Garlic Festival and the Eaglehawk Neck Fair, all these event are run by volunteers. Without those volunteers these events would not be held, so thank you to each and every one of you.

I wish to thank Tasman Council's General Manager for his ongoing support and commitment to the Tasman Council and this community and the Tasman Council's indoor and outdoor staff for their continuing excellence in their roles. I also take this

opportunity to thank Deputy Mayor, Kelly Spaulding and the Tasman Councillors.

A handwritten signature in blue ink that reads "R. Heyward". The signature is written in a cursive style with a long horizontal stroke at the end.

**Roseanne Heyward**  
**Mayor**

## GENERAL MANAGER'S REPORT

The focus for Council over the past 12 months has been to continue building on the momentum generated through the ongoing 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.

Looking back over 2016-17 and the key focus areas of the strategic and annual plans, I am proud of what our small organisation has achieved amongst continued and increasing Local Government reform, scrutiny and accountability including the voluntary merger project whilst addressing and balancing this against ratepayer, resident and visitor requirements and expectations.

The costs associated with meeting increasing compliance requirements for financial and asset management and corporate governance is frustrating as it directly impacts our ability to provide services and improve assets.

The year represented our second undertaking of the 2015 – 2025 Strategic Plan and has again been beneficial for Council to have a more contemporary focus to aim for. The Mayor has detailed in her report a number of the positive actions and investments that have occurred which have had a significant impact on the outlook of development, real estate, visitation and importantly, economic return.

The work carried out by the SERDA group of south-east Councils completing the Regional Workforce Plan addressed a key outcome of the 2015 Economic Infrastructure Strategy. This body of work was done in partnership with Skills Tas and is expected to deliver positive employment results for residents and business owners over an extended period of time. It continues the evidence based approach of SERDA in the identification of policy, strategy and investment decisions to assist the State and Federal Governments. The maturity of the four Council Mayors is a key to this ongoing body of work achieving outcomes that benefit the region. It is, however, a lengthy advocacy and engagement process with both the State and Federal representatives and their respective agencies that requires a consistent and concerted approach to achieve tangible and measurable outcomes.

The relevance of the south-east regarding transport and education requirements, business investment through the irrigation scheme and tourism infrastructure and continuing strong residential growth has not diminished. Further, that the south-east plays an increasingly important and relevant

role to the economic performance of the greater Hobart region. The principal challenge though has been to turn this relevance into action and commitment from those public bodies that have the financial capacity and jurisdiction to effect positive change and investment in services and infrastructure.

With the benefits that tourism activity bring to our local economy, there is not a strong return on investment for Council with greater use and impact on our assets (transport and facilities) and particularly on key tourist roads such as Blowhole Road and Stormlea Road.

The matter of local government reform and how this organisation has proactively entered into the process should be commended. The KPMG modelling report was completed in September 2016, however, only Tasman and Sorell Councils completed the subsequent community consultation and resolved to request the Local Government Minister engage the Local Government Board to carry out a due diligence review on all five options. This can only be done for Tasman and Sorell Councils at this stage whilst the other two Councils complete their community consultation in 17/18 and then decide if they wish to also move to the due diligence stage. The uncertainty around the timing and final outcome of the process has had an increasing impact on operational and strategic decisions.

Our financial performance strengthened with results based on transparent data which was recognised through a successful audit. These results with regard to our cash position and borrowing capacity were re-invested into 16/17 with an additional \$1.0m allocation for capital works. Through a comparatively significant capital works program of \$2.764m including a 119% asset sustainability ratio from \$1.405m of asset renewal/replacement, \$1.359m for new/upgraded assets and maintenance expenditure of \$2.769m, Council successfully delivered a range of services without a net increase in FTE's.

We ended the year with a net operating surplus of \$1.879m, however, this included \$476k of Commonwealth Financial Assistance Grants for 17/18 received 'early' during 16/17. Against our budgeted net operating surplus of \$643k the adjusted actual net operating surplus was \$1.404m.

Our net assets and total equity all increased including a stronger cash position of \$5.670m (\$4.996m 2015/16). Council completed a fresh transport asset condition and revaluation assessment in 2016/17 which resulted in the fair

value replacement cost of this asset class increasing from \$46.379m to \$82.891m. Less accumulated depreciation these balance at \$34.469m and \$51.601m respectively with a significant increase in annual depreciation that will take effect in 17/18 and need to be funded through operating revenue. A review of our Long Term Financial Plan was duly carried out with an extension to the forecast period from 10 years to 20 years to better reflect the cyclical and long term performance and life of the asset components comprising roads, bridges, footpaths, stormwater drainage, buildings, parks and reserves.

The Copping landfill and Lutana waste transfer station continued to operate with increased profitability through Southern Waste Solutions on behalf of the Joint Authority. Significant development of the C Cell civil construction works were commenced and will reach operational status through 17/18. The strategic importance of the site overall, and in particular the C Cell, for the south of the State will become clearer during 17/18 and into the future. Council's commitment to the authority will continue into the future and support best practice in waste management culminating in the commercial operation of the Category C cell and other improvements.

As I acknowledged each year, the 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 importantly, keep the community together and engaged. There are some concerning trends with not only retaining volunteer participation but ensuring there is sufficient new blood to keep this important social resource viable and sustainable into the future.

Our ongoing engagement, cooperation and partnering with key stakeholders continued and I would like to acknowledge the Port Arthur Historic Site Management Authority, Destination Southern Tasmania, Parks and Wildlife Service amongst others for working with Council on behalf of the south-east region.

My thanks again to staff and Councillors who through hard work, consistent focus and co-operation achieve continued improvement in what Council did and how it conducted its business and should be rightly proud of their efforts. Please contact me if there are any matters you wish to discuss or seek further clarification on.



**Robert Higgins**  
**General Manager**



## YOUR COUNCILLORS AS AT 30 JUNE 2017



### **MAYOR**

**ROSEANNE HEYWARD**

Term Expires 2018

#### **Committee Representations**

Municipal Emergency Management Committee

Sorell Tasman Affected Area Recovery Committee

Koonya Hall Committee

Municipal Alliance Committee

### **DEPUTY MAYOR**

**KELLY SPAULDING**

Term Expires 2018

#### **Committee Representations**

TasWater – Owners Representative

Port Arthur & Tasman Tourism Association (PATTA)

Municipal Alliance Committee



### **COUNCILLOR**

**PAM FENERTY**

Term Expires 2018

#### **Committee Representations**

Tasman Council Audit Panel Committee



### **COUNCILLOR**

**ALAN HULL**

Term Expires 2018

#### **Committee Representations**

Tasman Council Audit Panel Committee

Copping Refuse Disposal Site Joint Authority





**COUNCILLOR**  
**GLENN SKEGGS**  
Term Expires 2018  
**Committee Representations**

**COUNCILLOR**  
**DAVID MOSER**  
Term Expires 2018  
**Committee Representations**  
Copping Refuse Disposal Site Joint Authority (Proxy)



**COUNCILLOR**  
**MARIA STACEY**  
Term Expires 2018  
**Committee Representations**  
Tasman Civic Centre Strategic Committee (Chair)  
Municipal Emergency Management Committee  
(Deputy Municipal Coordinator)

## COUNCILLOR MEETING ATTENDANCE

ORDINARY MEETINGS	R Heyward	K Spaulding	M Stacey	A Hull	P Fenerty	D MacDonald	D Moser
27 Jul 16	A	√	√	A	√	√	√
						G Skeggs	
24 Aug 16	√	√	√	√	√	√	√
28 Sep 16	√	√	√	√	√	√	√
26 Oct 16	√	√	√	√	√	√	√
23 Nov 16	√	√	√	√	√	√	√
14 Dec 16	√	√	√	√	√	√	√
25 Jan 17	√	√	√	A	√	√	√
22 Feb 17	√	√	√	√	A	√	√
22 Mar 17	√	√	√	√	√	√	√
26 Apr 17	√	√	√	√	√	√	√
24 May 17	√	√	√	√	√	√	√
28 Jun 17	√	√	√	√	A	√	√
AGM 14 Dec 16	R Heyward	K Spaulding	M Stacey	A Hull	P Fenerty	G Skeggs	R Larner
	√	√	√	√	√	√	√

## 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 2016-2017 financial year.

Company	Tender Description	COST
Downer EDI	Combined Reseal Tender	\$705,592
Halls Earthmoving	Nubeena Landfill Rehabilitation	\$203,811
Andrew Walters Construction	FCR Overlay and Civil Works (Road Sealing)	\$429,003

### 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 2016-2017

Dunalley Tasman Neighbourhood House	\$1998.00
Lions Club of Tasman – Swimming Pool Assoc	\$656.00
Nubeena Volunteer Ambulance	\$2000.00
Nubeena CWA Branch	\$2000.00
Peninsula Little Athletics Centre	\$1662.00
Tasman Events Coordinating Community	\$1000.00
Tasman Health & Community Services – Youth	\$2000.00
Tasman Peninsula Historical Society	\$950.00

#### SCHOOL BURSARIES

Tasman District School	\$180.00
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#### DONATIONS

Port Arthur Sports Club	\$200.00
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#### FUNDING ASSISTANCE FOR YOUTH AND COMMUNITY

Tasman Youth Worker/Program	\$20,000.00
Tasman Medical Assistance	Provide housing and associated outgoing costs for locum doctors.

## 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* by the Tasman Council, Sorell Council and Clarence City Council. Kingborough Council joined 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.

### Budget And Performance

Net Operating result before tax was \$997,895 (2016 profit \$499,575) which was \$668,150 above budget. The contributing factors to the result were an increase in gate revenue over budget of \$1,011,262 offset by operating expenditure above budget by \$351,448. Total comprehensive surplus for the year was \$665,559 (\$338,594 for 2016).

## 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

## **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.

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 52 food premises currently registered in the municipality for the 2016/17 financial year. 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 14 temporary food business licences were issued during the 2016/17 financial year.

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 Special Plumbing Permit and advice and interpretation of any public health issue arising with respect to wastewater management. 32 Plumbing Approvals were issued by Council during 2016/17.

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 2016/17. 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 2016/17

The Tasman Council Audit Panel is pleased to be able to present its Report for the year 2016/17. 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

- Mr. David Sales (Chair)
- Mrs Kim Hudson
- Mrs Carolyn Pillans
- Cr. Pamela Fenerty
- Cr. Alan Hull

The Panel met for the first time late in 2015/16, however this Report covers the period 1<sup>st</sup> July 2016 to 30<sup>th</sup> June 2017.

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 2016/17 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:

- |                        |     |
|------------------------|-----|
| • Mr. D. Sales – Chair | 4/4 |
| • Mrs. K. Hudson       | 4/4 |
| • Mrs C. Pillans       | 4/4 |
| • Cr. P. Fenerty       | 4/4 |
| • Cr. A. Hull          | 0/4 |

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 2016/2017 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.	In Progress – 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-coordinated 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.	In Progress – engaged and advocated with DST, PAHSMA, HAC, Tassal, Norske Skog and Forico for continued economic growth and development opportunities.

1.6	<p>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:</p> <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>	<p>Completed – modelling project through KPMG completed. Community consultation on KPMG modelling outcomes completed</p>
1.7	<p>Coordinate and support appropriate and sustainable grant funding applications to State and Federal Governments.</p>	<p>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.</p>
1.8	<p>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.</p>	<p>In Progress – ongoing alliance with Community Development Officer and numerous community groups and organisations (EHN Fair, Koonya Garlic Festival, Nubeena Regatta &amp; Feast) in addition to 2018 Commonwealth Games. 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.</p>
1.9	<p>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.</p>	<p>In progress – SERDA KPMG South-east Workforce Plan completed with stakeholders including Department of Education, Trade Training Centres, Skills Tas and industry.</p>
1.10	<p>Advocate for the provision of Government and non-government youth services within the municipal area.</p>	<p>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</p>

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Neighbourhood House and Huon Regional Care.

- |      |  |   |
|------|--|---|
| 1.11 | Continue to support and strengthen partnerships with NRM South, Sorell Council, Tasman Landcare Group and State and Federal Government agencies to improve delivery of NRM programs and enhance NRM outcomes for the Tasman Catchment. | <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

- |     |   |   |
|-----|---|---|
| 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. | Ongoing – engagement and advocacy ongoing between Community Development, NRM Officers and stakeholders including elected members.   |
| 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). | Ongoing – fees and charges reviewed and monitored to establish base line utilization rates but challenging with fluctuating participant rates from small base line population. Further refinements made to centralized booking system through Council.<br>Continued engagement with Sport & Recreation Tasmania where applicable. |
| 2.3 | Support special committees of Council and community groups.   | Ongoing   |
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2.4	Provide ongoing support to Coastcare, Landcare, the Feral Oyster Control Program and other groups with environmental and sustainability programs. Encourage involvement of private landowners.	Ongoing – NRM Officers actively engaging with Coastcare, Landcare, Feral Oyster Control Program, Bushfire Weed Recovery project, 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 DST 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.
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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 HAC, DST, PWS 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.	In Progress – 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 – 3CT finalization and roll out of public track upgrade and huts including Cape Raoul and Shipstern Bluff. DA issued for private commercial walking operators with accommodation within 3CT.
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#### 4.0 STRIVE FOR A BALANCE BETWEEN DEVELOPMENT, ENVIRONMENT AND LIFESTYLE AND RETAIN NATURAL, HERITAGE AND SOCIAL VALUES

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 Officers 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.
4.2	Integrate NRM programs within Council departments and new projects.	Ongoing – through contract documentation, environmental registers, Tasman Council Climate Change Strategy, Drummuster training and collection.
4.3	Ensure local Natural Resource Management priorities are being delivered in conjunction with regional, state and national legislation and frameworks.	Ongoing – formalized through heads of agreement / contracts and key deliverables aligned with national legislation and frameworks.
4.4	Assess Health, Housing and Aged Care development opportunities.	In Progress – engagement and advocacy with THCS 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 6 two-bedroom units.
4.5	In partnership with Parks and Wildlife Service, 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 PWS and MTB proponents.
4.6	Explore opportunities through DST 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 DST on future status resulted in establishment that the future of the trail is only

		to maintain as existing and only at the Council level.
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.

## 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.
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.
5.3	Advocate for continued development and commercial activity of the Copping Refuse Disposal Site including completion of the C Cell.	In Progress –
5.4	Continue to explore and implement local government common services and associated opportunities to maximise operational and financial efficiencies and profitability.	Ongoing – joint General Manager continued between Tasman and Sorell Council. Other shared services between both Councils includes: <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> </ul>

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- Plumbing Surveying

Other shared services between Tasman and other Councils involved in the formal arrangement include:

- Financial Services
- Civil / capital Works Management
- Town Planning
- Asset Management Planning

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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 2017 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the General Manager's statement.

In my opinion the accompanying financial report:

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

**Basis for Opinion**

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

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

My audit responsibility does not extend to the budget figures included in the statement of comprehensive income and the asset renewal funding ratio disclosed in note 42(f) to the financial report and accordingly, I express no opinion on them. Furthermore, I express no opinion on the General Manager's determination that Council did not have any Significant Business Activities for inclusion in the financial report as required by Section 84(2)(da) of the *Local Government Act 1993*.

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

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

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

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

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

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

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

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

...2 of 3

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.



Ric De Santi  
**Deputy Auditor-General**  
**Delegate of the Auditor-General**

**Tasmanian Audit Office**

30 October 2017  
Hobart

**Tasman Council**  
**LOCAL GOVERNMENT MODEL**  
**ANNUAL FINANCIAL REPORT**  
*For the Year Ended 30 June 2017*

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

	Note	Budget 2017 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
<b>Income from continuing operations</b>				
<b>Recurrent income</b>				
Rates and charges	5	4,369	4,392	4,294
Statutory fees and fines	6	67	134	99
User fees	7	376	707	687
Grants	8	1,358	1,399	453
Interest	9	70	113	124
Investment revenue from water corporation	11, 18	15	15	15
		<b>6,255</b>	<b>6,760</b>	<b>5,672</b>
<b>Capital income</b>				
Capital grants received specifically for new or upgraded assets	8	-	500	553
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	10	11	26	(99)
Share of net profits/(losses) of associates and joint ventures accounted for by the equity method	17	-	75	28
		<b>11</b>	<b>601</b>	<b>482</b>
<b>Total income from continuing operations</b>		<b>6,266</b>	<b>7,361</b>	<b>6,154</b>
<b>Expenses from continuing operations</b>				
Employee benefits	12	1,172	(1,373)	(1,386)
Materials and services	13	2,720	(2,769)	(2,366)
Depreciation and amortisation	14	1,117	(1,177)	(1,143)
Finance costs	15	20	(20)	(24)
Other expenses	16	594	(143)	(135)
<b>Total expenses from continuing operations</b>		<b>5,623</b>	<b>(5,482)</b>	<b>(5,054)</b>
<b>Result from continuing operations</b>		<b>-</b>	<b>1,879</b>	<b>1,100</b>
<b>Result from discontinued operations</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Net result for the year</b>		<b>643</b>	<b>1,879</b>	<b>1,100</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to surplus or deficit</b>				
<b>Fair value adjustments for financial assets at fair value</b>				
Net asset revaluation increment/(decrement)	30	-	15,774	-
Actuarial gain/loss on defined benefits plans		-	-	-
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	17	-	-	-
		<b>-</b>	<b>15,774</b>	<b>-</b>
<b>Items that may be reclassified subsequently to surplus or deficit</b>				
<b>Financial assets available for sale reserve</b>				
— Fair Value adjustment on Available for Sale Assets	30	-	5	13
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>15,779</b>	<b>13</b>
<b>Total Comprehensive result</b>		<b>643</b>	<b>17,658</b>	<b>1,113</b>

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

Statement of Financial Position  
As at 30 June 2017

	Note	2017 \$'000	2016 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	20	5,670	4,996
Trade and other receivables	21	317	383
Financial assets	22	700	700
Inventories	23	1	12
Other assets	24	137	59
<b>Total current assets</b>		<b>6,825</b>	<b>6,150</b>
<b>Non-current assets</b>			
Investment in associates accounted for using the equity method	17	405	330
Investment in water corporation	18	792	787
Investment in Bendigo Bank	19	20	20
Property, plant and equipment and infrastructure	25	64,065	46,789
<b>Total non-current assets</b>		<b>65,282</b>	<b>47,926</b>
<b>Total assets</b>		<b>72,107</b>	<b>54,076</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	26	528	165
Provisions	27	179	140
Interest-bearing loans and borrowings	28	46	43
<b>Total current liabilities</b>		<b>753</b>	<b>348</b>
<b>Non-current liabilities</b>			
Provisions	27	165	148
Interest-bearing loans and borrowings	28	214	261
Other Liabilities		-	2
<b>Total non-current liabilities</b>		<b>379</b>	<b>411</b>
<b>Total liabilities</b>		<b>1,132</b>	<b>759</b>
<b>Net Assets</b>		<b>70,975</b>	<b>53,317</b>
<b>Equity</b>			
Accumulated surplus		19,650	17,771
Reserves	30	51,325	35,546
<b>Total Equity</b>		<b>70,975</b>	<b>53,317</b>

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

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

	Note	2017 Inflows/ (Outflows) \$'000	2016 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates		4,393	4,236
Statutory fees and fines		134	99
User charges and other fines (inclusive of GST)		1,232	938
Grants		1,399	453
Interest		113	139
Investment revenue from water corporation		15	15
Payments to suppliers (inclusive of GST)		(2,476)	(2,397)
Payments to employees		(1,317)	(1,395)
Finance costs		(20)	(24)
Other payments		(606)	(489)
<b>Net cash provided by (used in) operating activities</b>	<b>31</b>	<b>2,867</b>	<b>1,575</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(2,703)	(1,276)
Proceeds from sale of property, infrastructure, plant and equipment		54	38
Capital grants (inclusive of GST)		500	553
Payments for other financial assets			(450)
<b>Net cash provided by (used in) investing activities</b>		<b>(2,149)</b>	<b>(1,135)</b>
<b>Cash flows from financing activities</b>			
Repayment of interest bearing loans and borrowings		(43)	(56)
<b>Net cash provided by (used in) financing activities</b>		<b>(43)</b>	<b>(56)</b>
Net increase (decrease) in cash and cash equivalents		675	384
Cash and cash equivalents at the beginning of the financial year		4,996	4,612
<b>Cash and cash equivalents at the end of the financial year</b>	<b>32</b>	<b>5,670</b>	<b>4,996</b>

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

Statement of Changes in Equity  
For the Year Ended 30 June 2017

	Note	Accumulated		Asset	Fair	Other
		Total	Surplus	Revaluation	Value	Reserves
2017		2017	2017	2017	2017	2017
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		53,317	17,771	34,600	(128)	1,074
Adjustment due to compliance with revised accounting standard		-	-	-	-	-
Adjustment on change in accounting policy		-	-	-	-	-
Surplus / (deficit) for the year		1,879	1,879	-	-	-
Other Comprehensive Income:						
Fair value adjustments for financial assets at fair value		-	-	-	-	-
Financial assets available for sale reserve						
— Fair Value adjustment on Available for Sale Assets	18	5	-	-	5	-
Net asset revaluation increment/(decrement)	30	15,774	-	15,774	-	-
Actuarial gain/loss on defined benefits plans		-	-	-	-	-
Share of other comprehensive income of associates & joint ventures accounted for by the equity method		-	-	-	-	-
Transfers between reserves		-	-	-	-	-
<b>Balance at end of the financial year</b>		<b>70,975</b>	<b>19,650</b>	<b>50,374</b>	<b>(123)</b>	<b>1,074</b>
2016		Total	Accumulated	Asset	Fair	Other
		2016	Surplus	Revaluation	Value	Reserves
		\$'000	2016	Reserve	Reserve	2016
		\$'000	\$'000	2016	2016	\$'000
Balance at beginning of the financial year		52,204	16,671	34,600	(141)	1,074
Adjustment due to compliance with revised accounting standard		-	-	-	-	-
Adjustment on change in accounting policy		-	-	-	-	-
Surplus / (deficit) for the year		1,100	1,100	-	-	-
Other Comprehensive Income:						
Fair value adjustments for financial assets at fair value		-	-	-	-	-
Financial assets available for sale reserve						
— Fair Value adjustment on Available for Sale Assets	18	13	-	-	13	-
Net asset revaluation increment/(decrement)	30	-	-	-	-	-
Actuarial gain/loss on defined benefits plans		-	-	-	-	-
Share of other comprehensive income of associates & joint ventures accounted for by the equity method		-	-	-	-	-
Transfers between reserves		-	-	-	-	-
<b>Balance at end of the financial year</b>		<b>53,317</b>	<b>17,771</b>	<b>34,600</b>	<b>(128)</b>	<b>1,074</b>

The above statement should be read with the accompanying notes.

**Note 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 Nubeena.
- (b) The purpose of the Council is to:
- provide for the peace, order and good government in the municipality
  - to promote the social, economic and environmental viability and sustainability of the municipal area;
  - to ensure that resources are used efficiently and effectively and services are provided in accordance with the best value principles to best meet the needs of the local community.
- to improve the overall quality of life of people in the local community
- to promote appropriate business and employment opportunities;
  - to ensure that services and facilities provided by the Council are accessible and equitable;
  - to ensure the equitable imposition of rates and charges; and
  - to ensure transparency and accountability in Council decision making.

**Note 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.

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 39.

**Note 3 Use of judgements and estimates**

*Judgements and Assumptions*

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

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

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

*Employee entitlements*

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in note 27.

*Fair value of property, plant & equipment*

Assumptions and judgements are utilised in determining the fair value of Council's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in note 25.

*Investment in water corporation*

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

Note 4 Functions/Activities of the Council

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

	Grants	Other	Total Revenue	Total Expenditure	Surplus/ (Deficit)	Assets
<b>Governance and administration</b>						
2016 - 2017	681	4931	5612	2872	2740	11381
2015 - 2016	229	4812	5041	2703	2338	12119
<b>Regulatory Services</b>						
2016 - 2017	0	166	166	305	-139	751
2015 - 2016	0	147	147	385	-238	613
<b>Economic Development</b>						
2016 - 2017	71	82	153	98	55	2072
2015 - 2016	0	84	84	148	-64	1618
<b>Works Department</b>						
2016 - 2017	1147	101	1248	1633	-385	56223
2015 - 2016	771	81	852	1394	-542	37701
<b>Waste and Environmental</b>						
2016 - 2017	0	196	196	432	-236	928
2015 - 2016	0	57	57	385	-328	1412
<b>Other - non attributable</b>						
2016 - 2017	0	84	84	142	-58	752
2015 - 2016	6	66	72	138	-66	613
<b>Total</b>						
2016 - 2017	1,899	5,560	7,459	5,482	1,977	72,107
2015 - 2016	1,006	5,247	6,253	5,153	1,100	54,076

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

	2017	2016
Current assets	6,825	6,150
Non-current assets	65,282	47,926
	<u>72,107</u>	<u>54,076</u>

(c) Governance and administration

Operation and maintenance of council chambers, administration offices, and councillors.

*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.

*Economic Development*

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 regions development and aspirations of the community.

*Works Department*

To provide an efficient and safebase 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.

*Waste and Environment*

Collection, handling, processing and disposal of all waste material.

*Other - Non-attributable*

Other general services not specifically identifiable.

	2017	2016
	\$'000	\$'000
<b>Note 5 Rates and charges</b>		
General	3,624	3,541
Waste Management	220	219
Waste Collection	395	384
Fire Levy	153	150
<b>Total rates and charges</b>	<b>4,392</b>	<b>4,294</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.

<b>Note 6 Statutory fees and fines</b>		
Infringements and costs	1	1
Town planning fees	87	68
Permits	46	30
<b>Total statutory fees and fines</b>	<b>134</b>	<b>99</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.

<b>Note 7 User fees</b>		
Council Fees & Charges	83	64
Rent	87	99
Pensioner Rate Remissions	202	189
Other fees and charges	335	335
<b>Total user fees</b>	<b>707</b>	<b>687</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.

<b>Note 8 Grants</b>		
Grants were received in respect of the following:		
<b>Summary of grants</b>		
Federally funded grants	1,748	959
State funded grants	80	41
Others	71	6
<b>Total</b>	<b>1,899</b>	<b>1,006</b>

**Grants - Recurrent**

Commonwealth Government Financial Assistance Grants - General Purpose	681	206
Commonwealth Government Financial Assistance Grants - Roads	718	243
NRM South		1
Tas Community Fund		2
LandCare Australia		1
<b>Total recurrent grants</b>	<b>1,399</b>	<b>453</b>

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2016-17 the Commonwealth made early payment of the two quarterly instalments for the following year. In accordance with AASB1004 Contributions, Council recognises these grants as revenue when it receives the funds and obtains control. The early receipt of instalments resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2016-17 by \$474,946. This has impacted the Statement of Comprehensive Income resulting in the Surplus/(deficit) being higher in 2016-17 by \$474,946.

Notes to the Financial Report  
For the Year Ended 30 June 2017

	2017	2016
	\$'000	\$'000
<b>Capital grants received specifically for new or upgraded assets</b>		
Commonwealth Government - roads to recovery	349	492
Department of Premier and Cabinet		23
Tas Community Fund		2
Department of Infrastructure and Regional Development		18
Department of State Growth	80	18
Foundation for Rural and Regional Development	11	
Office of Security & Emergency Management	60	
<b>Total capital grants</b>	<u>500</u>	<u>553</u>

**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.

<b>Note 9</b>	<b>Interest</b>	92	101
	Interest on financial assets	21	23
	Interest on rates		-
	Interest on cash and cash equivalents		-
	<b>Total</b>	<u>113</u>	<u>124</u>

**Accounting policy**

**Interest income**

Interest is recognised progressively as it is earned.

<b>Note 10</b>	<b>Net gain/(loss) on disposal of property, plant and equipment and infrastructure</b>		
	Proceeds of sale	54	38
	Write down value of assets disposed	(28)	(137)
	<b>Total</b>	<u>26</u>	<u>(99)</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.

<b>Note 11</b>	<b>Investment revenue from water corporation</b>	10	10
	Dividend revenue received	1	5
	Tax equivalent received	4	-
	Guarantee fee received	-	-
	<b>Total investment revenue from water corporation</b>	<u>15</u>	<u>15</u>

**Accounting policy**

**Investment revenue**

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

	2017 \$'000	2016 \$'000
<b>Note 12 Employee benefits</b>		
Wages and salaries	1,110	1,198
Superannuation	128	135
All other employee costs	135	53
<b>Total employee benefits</b>	<b>1,373</b>	<b>1,386</b>

**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.

<b>Note 13 Materials and services</b>	1,952	1,608
Contract Payments and Materials	117	121
Plant and equipment maintenance	148	143
Fire Levy	63	68
Utilities	203	193
Discounts and remissions	70	14
Valuation expenditure	216	219
Other	279	266
<b>Total materials and services</b>	<b>2,769</b>	<b>2,366</b>

**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.

<b>Note 14 Depreciation and amortisation</b>		
<i>Property</i>	127	122
Buildings		
<i>Plant and Equipment</i>	96	90
Plant, machinery and equipment	93	93
Motor vehicles	18	20
Fixtures, fittings and furniture		
<i>Infrastructure</i>	719	706
Roads and bridges	16	16
General Infrastructure	108	96
Other Infrastructure		
<i>Intangible assets</i>	-	-
Intangible assets		
<b>Total depreciation and amortisation</b>	<b>1,177</b>	<b>1,143</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 and road earthwork assets are not depreciated on the basis that they are assessed as not having a limited useful life.

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

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

	Period
Land	N/A
Buildings	20 to 95 years
buildings	
Plant and Equipment	2 years
small plant	5 to 15 years
other	5 years
office equipment and furniture	2 to 5 years
motor vehicles	3 to 5 years
Computers	
Roads	20 to 60 years
road - sealed pavements	5 to 20 years
road - unsealed pavements	5 to 80 years
road - seal	100 years
road - formation and earthworks	240 years
Bridges and culverts	3 to 5 years
Intangible assets	

	2017 \$'000	2016 \$'000
<b>Note 15 Finance costs</b>		
Interest - Borrowings	20	24
Interest - Finance leases	-	-
<b>Total</b>	<b>20</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.

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

<b>Note 16 Other expenses</b>	29	28
External auditors' remuneration (Tasmanian Audit Office)	7	
Audit Panel remuneration		
Councillors' allowances	91	93
Fees and allowances	16	14
Other expenses		
Other	143	135
<b>Total other expenses</b>	<b>143</b>	<b>135</b>

**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.

<b>Note 17 Investment in associates</b>		
The following financial information is provided in relation to the CRDSJA		
Total Assets	15,278	12,305
Total Liabilities	(8,640)	(8,175)
Revenue	6,688	6,395
Profit (loss)	997	499
Council's share of profit (loss)	80	40
Council's share of income tax expense	26	(12)
<b>Background</b>	405	330
Copping Refuse Disposal Site Joint Council. Council maintain an ownership interest of 8%		
<b>Total</b>	<b>405</b>	<b>330</b>
<b>Council's share of accumulated surplus(deficit)</b>		
Council's share of accumulated surplus(deficit) at start of year	330	302
Reported surplus(deficit) for year	55	28
Transfers (to) from reserves	-	-
Distributions for the year	20	-
Council's share of accumulated surplus(deficit) at end of year	405	330
<b>Council's share of reserves</b>		
Council's share of reserves at start of year	330	302
Transfers (to) from reserves	75	28
Council's share of reserves at end of year	405	330

**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.

Notes to the Financial Report  
For the Year Ended 30 June 2017

	2017	2016
	\$'000	\$'000
<b>Note 18 Investment in water corporation</b>		
Opening Balance	787	774
Change in fair value of Investment		
Fair Value adjustments on Available-for-Sale Assets	5	13
<b>Total investment in water corporation</b>	<b>792</b>	<b>787</b>

Council has derived returns from the water corporation as disclosed at note 11.

**Accounting policy**

**Investment assets**

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2017, Council continues to hold a .05% ownership interest in TasWater which is based on Schedule 2 of the Corporation's Constitution which reflects the Council's voting rights. Any unrealised gains and losses are recognised through the Statement of Comprehensive Income to an Available-for-sale Fair value reserve each year (refer note 30).

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

On 7 March 2017 the State Government announced its intention to take ownership of Tasmanian Water and Sewerage Corporation Pty Ltd from July 2018. The State Government intends to introduce a suite of legislation in the Spring Session of Parliament that will transfer all of Tasmanian Water and Sewerage Corporation Pty Ltd's assets, rights, obligations and liabilities, including employees under their current terms and conditions, to a newly created government business, which will commence operations by 1 July 2018. As, at the date of these financial statements, there is no indication as to whether the legislation will be passed, no change has been made to the basis on which the investment Tasmanian Water and Sewerage Corporation Pty Ltd has been recognised for the year ended 30 June 2017.

<b>Note 19 Investment in Bendigo Bank</b>		
Shares for the Nubeena & Tasman Community Bank Branch of the Bendigo Bank	20	20

<b>Note 20 Cash and cash equivalents</b>		
Cash on hand	1	1
Cash at bank	1,851	2,331
Money market call account	3,818	2,664
<b>Total cash and cash equivalents</b>	<b>5,670</b>	<b>4,996</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:		
- provision for leave (Note 27)	344	288
<b>Restricted funds</b>	<b>344</b>	<b>288</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>5,326</b>	<b>4,708</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.

<b>Note 21 Trade and other receivables</b>		
<b>Current</b>		
Rates debtors	257	258
Sundry debtors	50	121
Other debtors	11	5
Provision for impairment - other debtors	(1)	(1)
<b>Total</b>	<b>317</b>	<b>383</b>

**Accounting policy**

**Trade and other receivables**

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

<b>Note 22 Financial assets</b>		
<b>Current</b>		
Managed funds	700	700

**Accounting policy**

**Financial assets**

Managed funds are valued at cost.

Notes to the Financial Report  
For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
<b>Note 23 Inventories</b>		
Inventories held for distribution	1	12
Inventories held for sale	-	-
<b>Total inventories</b>	<u>1</u>	<u>12</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.

<b>Note 24 Other assets</b>		
<b>Current</b>		
Prepayments	82	5
Accrued income	55	54
<b>Total</b>	<u>137</u>	<u>59</u>

Accrued income only includes items that are reciprocal in nature. This does not include Rates in Advance

Note	25	Property, plant and equipment and infrastructure	2017 \$'000	2016 \$'000
		<b>Summary</b>	5,041	4,538
		at cost	2,395	2,235
		Less accumulated depreciation	<u>2,646</u>	<u>2,303</u>
			94,925	58,435
		at fair value as at 30 June	33,506	13,949
		Less accumulated depreciation	<u>61,419</u>	<u>44,486</u>
			<u>64,065</u>	<u>46,789</u>
		<b>Total</b>		
		<b>Property</b>		
		<b>Land</b>	2,005	2,304
		at fair value as at 30 June	<u>2,005</u>	<u>2,304</u>
		<b>Land under roads</b>	2,507	2,507
		at fair value as at 30 June	<u>2,507</u>	<u>2,507</u>
			<u>4,512</u>	<u>4,811</u>
		<b>Total Land</b>		
		<b>Buildings</b>	7,522	7,245
		at fair value as at 30 June	2,216	2,039
		Less accumulated depreciation	<u>5,306</u>	<u>5,206</u>
			<u>9,818</u>	<u>10,017</u>
		<b>Total Property</b>		

Note	25	2017 \$'000	2016 \$'000
	<b>Property, plant and equipment and infrastructure (cont.)</b>		
	<b>Plant and Equipment</b>		
	Plant, machinery and equipment at cost	852	825
	Less accumulated depreciation	<u>562</u>	<u>623</u>
		<b>290</b>	<b>202</b>
	Fixtures, fittings and furniture at cost	321	321
	Less accumulated depreciation	<u>287</u>	<u>269</u>
		<b>34</b>	<b>52</b>
	Motor Vehicles at cost	915	913
	Less accumulated depreciation	<u>549</u>	<u>469</u>
		<b>366</b>	<b>444</b>
		<u>690</u>	<u>698</u>
	<b>Total Plant and Equipment</b>		
	<b>Infrastructure</b>		
	Roads and Bridges at fair value as at 30 June	82,891	46,379
	Less accumulated depreciation	<u>31,290</u>	<u>11,910</u>
		<b>51,601</b>	<b>34,469</b>
	General Infrastructure at cost as at 30 June	602	602
	Less accumulated depreciation	<u>79</u>	<u>63</u>
		<b>523</b>	<b>539</b>
	Other Structures at cost as at 30 June	2,239	1,816
	Less accumulated depreciation	<u>918</u>	<u>811</u>
		<b>1,321</b>	<b>1,005</b>
		<u>53,445</u>	<u>36,013</u>
	<b>Total Infrastructure</b>		
	<b>Works in progress</b>		
	Buildings at cost	-	61
	Roads at cost	-	-
	Bridges at cost	<u>112</u>	<u>61</u>
	<b>Total Works in progress</b>	<b>112</b>	<b>61</b>
		<u>64,065</u>	<u>46,789</u>
	<b>Total property, plant and equipment and infrastructure</b>		

Notes to the Financial Report  
For the Year Ended 30 June 2017

Note 25 Property, plant and equipment and infrastructure (cont.)

Reconciliation of property, plant and equipment and infrastructure

2017	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 30)	Depreciation and amortisation (note 14)	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>								2,005
land	2,304	-	(299)	-	-	-	-	2,507
land under roads	2,507	-	-	(127)	-	-	-	5,306
buildings	5,206	108	119	(127)	-	-	-	9,818
<b>Total property</b>	<b>10,017</b>	<b>108</b>	<b>(180)</b>	<b>(127)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,818</b>
<b>Plant and Equipment</b>								290
plant, machinery and equipment	202	186	-	(96)	(2)	-	-	34
fixtures, fittings and furniture	52	-	-	(18)	-	-	-	366
motor vehicles	444	38	-	(93)	(23)	-	-	690
<b>Total plant and equipment</b>	<b>698</b>	<b>224</b>	<b>-</b>	<b>(207)</b>	<b>(25)</b>	<b>-</b>	<b>-</b>	<b>690</b>
<b>Infrastructure</b>								51,601
roads and bridges	34,469	1,896	15,958	(719)	(3)	-	-	523
general infrastructure	539	-	-	(16)	-	-	-	1,321
other	1,005	424	-	(108)	-	-	-	53,445
<b>Total infrastructure</b>	<b>36,013</b>	<b>2,320</b>	<b>15,958</b>	<b>(843)</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>53,445</b>
<b>Works in progress</b>								(61)
roads	61	112	-	-	-	-	-	(61)
<b>Total works in progress</b>	<b>61</b>	<b>112</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(61)</b>
<b>Total property, plant and equipment and infrastructure</b>	<b>46,789</b>	<b>2,764</b>	<b>15,778</b>	<b>(1,177)</b>	<b>(28)</b>	<b>-</b>	<b>(61)</b>	<b>64,065</b>

During the 2016/17 year the infrastructure for roads was revalued by Geoff Webb Grad Cert Infrastructure Asset Management from G R Webb consulting.

Note 25 Property, plant and equipment and infrastructure (cont.)

Reconciliation of property, plant and equipment and infrastructure

2016	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 30)	Depreciation and amortisation (note 14)	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	2,304	-	-	-	-	-	-	2,304
land under roads	2,507	-	-	-	-	-	-	2,507
buildings	5,166	173	-	(123)	(10)	-	-	5,206
<b>Total property</b>	<b>9,977</b>	<b>173</b>	<b>0</b>	<b>(123)</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>10,017</b>
<b>Plant and Equipment</b>								
plant, machinery and equipment	207	110	-	(90)	(25)	-	-	202
fixtures, fittings and furniture	31	41	-	(20)	-	-	-	52
motor vehicles	367	183	-	(93)	(13)	-	-	444
<b>Total plant and equipment</b>	<b>605</b>	<b>334</b>	<b>-</b>	<b>(203)</b>	<b>(38)</b>	<b>-</b>	<b>-</b>	<b>698</b>
<b>Infrastructure</b>								
roads and bridges	34,547	724	-	(706)	(89)	(7)	-	34,469
general infrastructure	554	-	-	(15)	-	-	-	539
other	870	231	-	(96)	-	-	-	1,005
<b>Total infrastructure</b>	<b>35,971</b>	<b>955</b>	<b>-</b>	<b>(817)</b>	<b>(89)</b>	<b>(7)</b>	<b>-</b>	<b>36,013</b>
<b>Works in progress</b>								
roads	240	61	-	-	-	-	(240)	61
<b>Total works in progress</b>	<b>240</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(240)</b>	<b>61</b>
<b>Total property, plant and equipment and infrastructure</b>	<b>46,793</b>	<b>1,523</b>	<b>-</b>	<b>(1,143)</b>	<b>(137)</b>	<b>(7)</b>	<b>(240)</b>	<b>46,789</b>

Note 25 Property, plant and equipment, infrastructure (cont.)

**Accounting policy**

**Recognition and measurement of assets**

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs 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:

	Threshold \$'000
Land	10
Land under roads	10
Buildings	10
Plant and Equipment	1
Motor vehicles	1
Fixtures, fittings and furniture	1
Roads and bridges	10
Intangible assets	1
General Infrastructure	1
Other structures	1
Work in progress	1

**Revaluation**

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

Land	fair value
Land under roads	fair value
Buildings	fair value
Plant machinery and equipment	cost
Fixtures, fittings and furniture	cost
Motor vehicles	cost
Roads and bridges	fair value
General Infrastructure	cost
Other infrastructure	cost
Work in progress	cost
Investment in water corporation	fair value

Note 25 Property, plant and equipment, infrastructure (cont.)

**Accounting policy (cont.)**

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment and general and other infrastructure assets, 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.

There were no impairments recorded in the 2016/17 year.

**Land under roads**

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

Notes to the Financial Report  
For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000		
<b>Note 26 Trade and other payables</b>				
Trade payables	99	7		
Other	17	63		
Accrued expenses	412	95		
<b>Total trade and other payables</b>	<b>528</b>	<b>165</b>		
<b>Note 27 Provisions</b>				
	Annual leave	Long service leave	Other	Total
	\$ '000	\$ '000	\$ '000	\$ '000
<b>2017</b>				
Balance at beginning of the financial year	110	157	21	288
Additional provisions	20	31	5	56
Balance at the end of the financial year	<b>130</b>	<b>188</b>	<b>26</b>	<b>344</b>
<b>2016</b>				
Balance at beginning of the financial year	139	122	37	298
Additional provisions	(29)	35	(16)	(10)
Balance at the end of the financial year	<b>110</b>	<b>157</b>	<b>21</b>	<b>288</b>
			2017	2016
			\$'000	\$'000
<b>(a) Employee benefits</b>				
<b>(i) Current</b>				
Annual leave			130	123
Long service leave			28	13
Other - Employee oncost and Superannuation			21	4
			<b>179</b>	<b>140</b>
<b>(ii) Non-current</b>				
Long service leave			160	144
Other - Employee oncost and Superannuation			5	4
			<b>165</b>	<b>148</b>
Aggregate carrying amount of employee benefits:				
Current			179	140
Non-current			165	148
			<b>344</b>	<b>288</b>
The following assumptions were adopted in measuring the present value of employee benefits:				
<b>(v) Employee Numbers</b>			20	19

Note 27 Provisions (cont.)

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 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*

During the year Council made the required superannuation contributions for all eligible employees to an appropriation complying with the superannuation Guarantee (Administration) Act 1992.

During the reported period the amount of contributions paid to accumulation schemes was \$128,147 (2015-16 \$135,411). Contributions to defined benefit schemes were nil.

Notes to the Financial Report  
For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
<b>Note 28 Interest-bearing loans and borrowings</b>		
<i>Current</i>	46	43
Borrowings - secured	<u>46</u>	<u>43</u>
 <i>Non-current</i>	 214	 261
Borrowings - secured	<u>214</u>	<u>261</u>
 <b>Total</b>	 <u>260</u>	 <u>304</u>
 <b>Borrowings</b>		
The maturity profile for Council's borrowings is:	46	43
Not later than one year	214	237
Later than one year and not later than five years	-	24
Later than five years	<u>260</u>	<u>304</u>
<b>Total</b>		

**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.

**Leases**

*i) Operating leases as lessee*

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

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

Lease income from operating leases where Council is a lessor is recognised in income on a straight-line basis over the lease term.

*ii) Leasehold improvements*

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 3 to 20 year period.

<b>Note 29 Other Liabilities</b>	-	<u>2</u>
Other	<u>-</u>	<u>2</u>

Notes to the Financial Report  
For the Year Ended 30 June 2017

Note 30 Reserves

	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
	\$'000	\$'000	\$'000	\$'000
<b>(a) Asset revaluation reserve</b>				
<b>2017</b>				
Asset revaluation reserve	34,600	15,774		50,374
<b>Total asset revaluation reserve</b>	<b>34,600</b>	<b>15,774</b>	<b>-</b>	<b>50,374</b>
<b>2016</b>				
Asset revaluation reserve	34,600	-	-	34,600
<b>Total asset revaluation reserve</b>	<b>34,600</b>	<b>-</b>	<b>-</b>	<b>34,600</b>
The asset revaluation reserve was established to capture the movements in asset valuations upon the periodic revaluation of Council's assets.				
<b>(b) Fair value reserve</b>				
<b>2017</b>				
Available-for-sale assets	(128)	5	-	(123)
Investment in water corporation				(123)
<b>Total fair value reserve</b>	<b>(128)</b>	<b>5</b>	<b>-</b>	<b>(123)</b>
<b>2016</b>				
Available-for-sale assets	(141)	13	-	(128)
Investment in water corporation				(128)
<b>Total fair value reserve</b>	<b>(141)</b>	<b>13</b>	<b>-</b>	<b>(128)</b>
The available-for-sale financial asset reserve was established to capture the fair value movements in Council's water corporation investment.				
<b>(c) Other reserves</b>				
<b>2017</b>				
Public open space reserve	119			119
Tasman Civic Centre reserve	3			3
General reserve	952	-	-	952
<b>Total Other reserves</b>	<b>1,074</b>	<b>-</b>	<b>-</b>	<b>1,074</b>
<b>2016</b>				
Public open space reserve	119			119
Tasman Civic Centre reserve	3			3
General reserve	952	-	-	952
<b>Total Other reserves</b>	<b>1,074</b>	<b>-</b>	<b>-</b>	<b>1,074</b>
<b>Total Reserves</b>				
			2017	2016
			\$'000	\$'000
			<b>51,325</b>	<b>35,546</b>

	2017 \$'000	2016 \$'000
<b>Note 31 Reconciliation of cash flows from operating activities to surplus (deficit)</b>		
Result from continuing operations	1,879	1,100
Depreciation/amortisation	1,177	1,143
(Profit)/loss on disposal of property, plant and equipment, infrastructure	(26)	99
Impairment losses	(4)	-
Share of net (profit)/loss of associates and joint ventures accounted for by the equity method	(75)	(28)
Capital grants received specifically for new or upgraded assets	(500)	(553)
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	66	(116)
Decrease/(increase) in other assets	(78)	(35)
Decrease/(increase) in inventories	11	(4)
Increase/(decrease) in trade and other payables	363	(22)
Increase/(decrease) in provisions	56	(9)
Increase/(decrease) in other liabilities	(2)	-
<b>Net cash provided by/(used in) operating activities</b>	<b>2,867</b>	<b>1,575</b>
<b>Note 32 Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents (see note 22)	5,670	4,996
Less bank overdraft	-	-
<b>Total reconciliation of cash and cash equivalents</b>	<b>5,670</b>	<b>4,996</b>
<b>Note 33 Contractual commitments</b>		
Contractual commitments at end of financial year but not recognised in the financial report are as follows:		
Kerbside collection (expires 2021)	744	-
Rubbish Collection (expires 2022)	1,020	-
Cleaning contractors (expires 2019)	156	234
Slashing Contractor expires 2018	84	168
<b>Total contractual commitments</b>	<b>2,004</b>	<b>402</b>

	2017 \$'000	2016 \$'000
<b>Note 34 Operating leases</b>		
<b>(a) Operating lease commitments</b>		
Lease of photocopiers 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):		
Not later than one year	6	16
Later than one year and not later than five years	22	26
Later than five years	-	-
	<b>28</b>	<b>42</b>

Note 35 Financial Instruments

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
<b>Financial assets</b>			
<b>Cash and cash equivalents</b>	20	Cash on hand and at bank and money market call accounts are valued at face value.  Interest is recognised as it accrues.  Investments and bills are valued at cost.  Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue. Managed funds are measured at cost.	On call deposits returned a floating interest rate of 2.39% (2.65% in 2015-16).
<b>Trade and other receivables</b>			
<b>Other debtors</b>	21	Receivables are carried at amortised cost using the effective interest method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured. Credit terms are based on 15 days.
<b>Available for sale financial assets</b>			
<b>Investment in Water Corporation</b>	18	The investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date.	Investment in TasWater provided return of .05% excluding unrealised gains/losses
<b>Financial Liabilities</b>			
<b>Trade and other payables</b>	26	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.
<b>Interest-bearing loans and borrowings</b>	28	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.  Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.	Borrowings are unsecured. The weighted average interest rate on borrowings is 6.95% (6.92% in 2015-16).  Council currently has no finance leases

Note 35 Financial Instruments (cont.)

(b) Interest Rate Risk

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

2017

	Weighted average interest rate	Floating interest rate \$'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	2.39%	1,852	3,818	-	-	-	5,670
Other financial assets	2.31%	-	700	-	-	-	700
Trade and other receivables		256	-	-	-	61	317
Investment in water corporation		-	-	-	-	792	792
Bendigo Bank Shares		-	-	-	-	20	20
<b>Total financial assets</b>		<b>2,108</b>	<b>4,518</b>	<b>-</b>	<b>-</b>	<b>873</b>	<b>7,499</b>
<b>Financial liabilities</b>							
Trade and other payables		-	-	-	-	528	528
Interest-bearing loans and borrowings	6.95%	-	46	214	-	-	260
<b>Total financial liabilities</b>		<b>-</b>	<b>46</b>	<b>214</b>	<b>-</b>	<b>528</b>	<b>788</b>
<b>Net financial assets (liabilities)</b>		<b>2,108</b>	<b>4,472</b>	<b>(214)</b>	<b>-</b>	<b>345</b>	<b>6,711</b>

2016

	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	2.65%	2,331	2,664	-	-	1	4,996
Other financial assets	2.60%	-	700	-	-	-	700
Trade and other receivables		258	-	-	-	125	383
Investment in water corporation		-	-	-	-	787	787
Bendigo Bank Shares		-	-	-	-	20	20
<b>Total financial assets</b>		<b>2,589</b>	<b>3,364</b>	<b>-</b>	<b>-</b>	<b>933</b>	<b>6,886</b>
<b>Financial liabilities</b>							
Trade and other payables		-	-	-	-	165	165
Interest-bearing loans and borrowings	6.92%	-	43	237	24	-	304
<b>Total financial liabilities</b>		<b>-</b>	<b>43</b>	<b>237</b>	<b>24</b>	<b>165</b>	<b>469</b>
<b>Net financial assets (liabilities)</b>		<b>2,589</b>	<b>3,321</b>	<b>(237)</b>	<b>(24)</b>	<b>768</b>	<b>6,417</b>

**Note 35 Financial Instruments (cont.)**

**(c) Fair Value**

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	5,670	4,996	5,670	4,996
Other financial assets	700	700	700	700
Trade and other receivables	317	383	317	383
Investment in water corporation	792	787	792	787
Bendigo Bank Shares	20	20	20	20
<b>Total financial assets</b>	<b>7,499</b>	<b>6,886</b>	<b>7,499</b>	<b>6,886</b>
<i>Financial liabilities</i>				
Trade and other payables	528	165	528	165
Interest-bearing loans and borrowings	260	304	260	304
<b>Total financial liabilities</b>	<b>788</b>	<b>469</b>	<b>788</b>	<b>469</b>

**(d) Credit Risk**

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

**(e) Risks and mitigation**

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

**Market risk**

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

**Interest rate risk**

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

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.

**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.

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.

<b>Movement in Provisions for Impairment of Trade and Other Receivables</b>	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at the beginning of the year	1	1
New Provisions recognised during the year	0	-
Amounts already provided for and written off as uncollectible	0	-
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>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Current (not yet due)	14	87
Past due by up to 30 days	1	1
Past due between 31 and 365 days	269	261
Past due by more than 1 year	33	34
Total Trade & Other Receivables	<u>317</u>	<u>383</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.

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

2017	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	511	-	-	-	-	511	511
deposits	5	-	12	-	-	17	17
Interest-bearing loans and borrowings	23	23	101	113	-	260	260
Total financial liabilities	539	23	113	113	-	788	788

2016	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	142	-	-	-	-	142	142
deposits	10	-	13	-	-	23	23
Interest-bearing loans and borrowings	21	22	94	143	24	304	304
Total financial liabilities	173	22	107	143	24	469	469

(f) Sensitivity disclosure analysis

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

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

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

		Interest rate risk			
		-2 %		+1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2017	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>					
Cash and cash equivalents	5,670	(-112)	(-112)	56	56
Trade and other receivables	317	(6)	(6)	3	3
<b>Financial liabilities:</b>					
Interest-bearing loans and	260	(5)	(5)	2	2

		Interest rate risk			
		-2 %		+1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2016	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>					
Cash and cash equivalents	4,996	(100)	(100)	50	50
Trade and other receivables	383	(7)	(7)	3	3
<b>Financial liabilities:</b>					
Interest-bearing loans and	304	(6)	(6)	(3)	(3)

Note 36 Fair Value Measurements

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

- investment in water corporation
- Property, infrastructure plant and equipment
  - Land
  - Land under roads
  - Buildings
  - Roads
  - Bridges

Council does not measure any liabilities at fair value on a recurring basis.

(a) Fair Value Hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Council. The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2017.

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

As at 30 June 2017

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>					
Land	25	-	2,005	-	2,005
Land under roads		-	-	2,507	2,507
Buildings	25	-	-	5,306	5,306
Roads, Bridges & Drainage	25	-	-	51,601	51,601
		-	2,005	59,414	61,419

As at 30 June 2016

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>					
Land	25	-	2,304	-	2,304
Land under roads	25	-	-	2,507	2,507
Buildings	25	-	-	5,206	5,206
Roads, Bridges & Drainage		-	-	34,469	34,469
		-	2,304	42,182	44,486

Note 36 Fair Value Measurements (cont.)

*Transfers between levels of the hierarchy*

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

**(b) Highest and best use**

Not all assets valued at fair value in this note are being used for their highest and best use. Some Council 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) - Assets valued at fair value at this level have been obtained by an independent source or current price of materials*

*Level 3 Measurements (recurring and non-recurring) - Level 3 measurements are Council infrastructure assets of a specialist nature and therefore unable to be accurately measured against a comparable market.*

*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.*

**Land**

Land fair values were determined by a qualified independent valuer Valuit Pty Ltd effective 1st 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 the m2 road data held in Council's asset management system.

Note 36 Fair Value Measurements (cont.)

**Infrastructure and building assets**

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

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

The unit rates (labour and materials) and quantities applied to determine the CRC for an asset was determined by the modern equivalent cost of replacement.

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 25.

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. Urban roads and rural roads are managed in segments from major intersection to major intersection. All road segments are then componentised into formation, 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 250mm on sealed roads and 100mm on unsealed roads. 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 effective 30 June 2013. Each bridge is assessed individually and componentised into sub-assets representing the deck and sub-structure. The valuation is based on the material type used for construction and the deck and sub-structure area.

Drainage

Drainage is valued at the amount that is capitalised at year end and then indexed accordingly. Council will be looking to undertake a full mapping of this infrastructure item in the coming year.

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.

(d) Changes in recurring level 3 fair value measurements

There have been no transfers between level 1, 2 or 3 measurements during the year.

	2017	2016
	\$'000	\$'000
<b>Balance at beginning of reporting period</b>	42,182	42,207
Gain/loss recognised in profit or loss – [insert line item where the gain / loss is recognised] – Realised		
Gain/loss recognised in profit or loss – Unrealised	-3	-106
Gain/loss recognised in other comprehensive income- [insert line item recognised. E.g. Fair value adjustment on Available For Sale Assets (TasWater)]	16,077	13
Acquisition of assets	2004	897
Depreciation	-846	-829
Transfers into level 3		
Transfers out of level 3		
<b>Closing balance</b>	59,414	42,182

Where there are transfers into or out of level 3 of the fair value hierarchy, the reasons for those transfers must be disclosed.

(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 1 and 25.

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

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 37 Events occurring after balance date**  
(a) Tasman Council has no after balance day events to report

**Note 38 Related party transactions**

(i) **Responsible Persons**

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

**Councillors**  
Mayor Roseanne Heyward Elected until 2018  
Deputy Mayor Keily Spaulding Elected until 2018  
Councillor Pam Fenerty Elected until 2018  
Councillor David Moser Elected until 2018  
Councillor Alan Hull Elected until 2018  
Councillor Maria Stacey Elected until 2018  
Councillor Glenn Skeggs Elected until 2018

**General Manager** Robert Higgins

(ii) **Councillor Remuneration**

2017	Allowances	Reimbursement	Total Compensation AASB 124	Total allowances and expenses section 72
	\$	\$	\$	\$
Mayor Roseanne Heyward	31,439	3,629	35,068	35,068
Deputy Mayor Kelly Spaulding	18,464	1,711	20,175	20,175
Councillor Pam Fenerty	8,983		8,983	8,983
Councillor David Moser	8,983		8,983	8,983
Councillor Alan Hull	8,983		8,983	8,983
Councillor Maria Stacey	8,983		8,983	8,983
Councillor David MacDonald	1,817		1,817	1,817
Councillor Glenn Skeggs	6,830		6,830	6,830
<b>Total</b>	<b>94,482</b>	<b>-</b>	<b>5,340</b>	<b>99,822</b>

2016	Allowances	Short term employee benefits	Post employment benefits	Total Compensation AASB 124	Total allowances and expenses section 72
	\$	\$	\$	\$	\$
Mayor Roseanne Heyward	31,530		5,334	36,864	36,864
Deputy Mayor Kelly Spaulding	18,171		3,315	21,486	21,486
Councillor Pam Fenerty	8,839		0	8,839	8,839
Councillor David Moser	3,928		871	4,799	4,799
Councillor Alan Hull	8,839			8,839	8,839
Councillor Maria Stacey	8,839		975	9,814	9,814
Councillor David MacDonald	8,839			8,839	8,839
Councillor Roger Lerner (part)	4,583		775	5,358	5,358
<b>Total</b>	<b>93,568</b>	<b>-</b>	<b>11,270</b>	<b>104,838</b>	<b>104,838</b>

(iii) Key Management Personnel Remuneration

2017	Remuneration band	Number of employees	Short term employee benefits				Post employment benefits			Non-monetary Benefits <sup>9</sup>	Totale
			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>	Other Long-term Benefits <sup>6</sup>	Termination Benefits <sup>7</sup>		
			\$	\$	\$	\$	\$	\$	\$		
	\$220 001 - \$240 000	1	169,247	-	18,601	-	20,303	-	-	23,338	231,489
<b>Total</b>			<b>169,247</b>	<b>-</b>	<b>18,601</b>	<b>-</b>	<b>20,303</b>	<b>-</b>	<b>-</b>	<b>23,338</b>	<b>231,489</b>

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

2016	Remuneration band	Number of employees	Short term employee benefits				Post employment benefits			Non-monetary Benefits <sup>9</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>	Other Long-term Benefits <sup>6</sup>	Termination Benefits <sup>7</sup>		
			\$	\$	\$	\$	\$	\$	\$		
	\$80 001 - \$100 000	1	69,136	-	23,017	-	6,597	-	-	-	98,750
	\$200 001 - \$220 000	1	156,330	-	26,673	-	18,993	-	-	-	203,996
<b>Total</b>			<b>227,466</b>	<b>-</b>	<b>49,690</b>	<b>-</b>	<b>25,590</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>302,746</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. [This includes such items as retention bonuses in culmination with termination.]

<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 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. [Provide sufficient and relevant information to meet the intent of improved transparency through greater disclosure of remuneration arrangements]

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

<sup>6</sup> Other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation; other non-monetary benefits (such as housing, subsidised goods or services etc). [Provide sufficient and relevant information to meet the intent of improved transparency through greater disclosure of remuneration arrangements]

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

<sup>8</sup> Other non-monetary benefits include annual and long service leave movements

<sup>9</sup> The role of General Manager is a shared role between Tasman Council and Sorell Council. Monthly invoices are issued by Tasman Council and this resulted in a reimbursement in the 2016/17 period of \$129,306 and 2015/16 period of \$125,902.

(iv) Remuneration Principles

**Councillors**

Councillors do not receive any superannuation, vehicles or any other monetary or non monetary benefit.

**General Manager**

The employment terms and conditions of the 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 their remuneration package. The terms of employment of each senior executive, including the General Manager, contain a termination clause that requires the senior executive or Council to provide a minimum notice period prior to termination of the contract. Whilst not automatic, contracts can be extended.

The General Manager is currently a shared role between Tasman Council and Sorell Council. Monthly invoices are issued by Tasman Council for reimbursement of wages and associated costs.

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

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

**Note 39 Special committees and other activities**

**Council Committees 2017**  
Tasman Community Centre  
Koonya Hall Committee  
Tasman Civic Centre

Note 40 Other significant accounting policies and pending accounting standards

(a) **Taxation**

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

*Goods and services tax (GST)*

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

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

(b) **Impairment of assets**

At each reporting date, Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of 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 and are not audited.

**Note 40 Other significant accounting policies and pending accounting standards (cont)**

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

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

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

Council has applied AASB 124 *Related Party Disclosures* for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. The standard further extends that required under the LGA 1993. This information is presented in Note 46

**(ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities (effective from 1st January 2019)**

The amendment provides relief to not-for-profit public sector entities from certain disclosures about the fair value measurement of property, plant and equipment held for their current service potential rather than to generate net cash inflows that is categorised within Level 3 of the fair value hierarchy.

**(h) Pending Accounting Standards**

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

**(i) AASB 9 Financial Instruments and 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (effective from 1 January 2018)**

The main impacts of these standards on Council are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Council's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. Amortised cost is to be used for assets with contractual terms giving rise to principal and interest payments.

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

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

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

Note 40 Other significant accounting policies and pending accounting standards (cont)

- (ii) AASB 1058 Income of Not-for-Profit Entities, AASB 15 Revenue from Contracts with Customers, and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities. AASB 2015-8 Amendments to Australian Accounting Standards arising from AASB 15 provides for an effective of application from 1 January 2019.

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

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

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

- (iii) AASB 16 Leases (effective from 1 January 2019)

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

AASB 16 will result in most of Council's operating leases being brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low-value assets which may remain off the balance sheet. Council's existing lease commitments are disclosed in Note 42.

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 34. 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.

**Note 40 Other significant accounting policies and new accounting standards (cont)**

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

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

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 41 Significant business activities**

Council is required to report the operating, capital and competitive neutrality costs in respect of each significant business activity undertaken by the Council. It has been determined that Council does not consider any of its activities to be deemed as significant business activities.

Note	42	Management indicators	Benchmark	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
		<b>(a) Underlying surplus or deficit</b>					
		Recurrent income* less		6,386	6,056	5,914	6,495
		recurrent expenditure		5,482	5,054	5,180	5,461
		Underlying surplus/deficit	>0	904	1,002	734	1,034

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

Council consistently exceeds the benchmark

**(b) Underlying surplus ratio**

<u>Underlying surplus or deficit</u>		904	1,002	734	1,034
Recurrent income*		6,386	6,056	5,914	6,495
Underlying surplus ratio %	0%	14%	17%	12%	16%

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

Council consistently exceeds the benchmark

**(c) Net financial liabilities**

Liquid assets less		6,687	6,079	5,153	4,294
total liabilities		1,132	759	846	829
Net financial liabilities	0	5,555	5,320	4,307	3,465

This measure shows whether Council's total liabilities can be met by its liquid assets. An excess of total liabilities over liquid assets means that, if all liabilities fell due at once, additional revenue would be needed to fund the shortfall.

Council consistently exceeds the benchmark

**(d) Net financial liabilities ratio**

<u>Net financial liabilities</u>		5,555	5,320	4,307	3,465
Recurrent income*		6,386	6,056	5,914	6,495
Net financial liabilities ratio %	0% - (50%)	87%	88%	73%	53%

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

Council is paying its loans as they fall due and not taking out any additional loans for asset renewal

Note	42 Management Indicators (cont.)	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
	<b>(e) Asset consumption ratio</b>				
	An asset consumption ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.				
	<i>Transport Infrastructure</i>				
	<u>Depreciated replacement cost</u>	51,040	33,900	34,044	33,935
	Current replacement cost	82,308	45,796	45,520	45,055
	Asset consumption ratio %	62%	74%	75%	75%
	<i>Buildings</i>				
	<u>Depreciated replacement cost</u>	5,306	5,206	5,166	3,069
	Current replacement cost	7,522	7,245	7,148	3,259
	Asset consumption ratio %	71%	72%	72%	94%
	<i>Drainage</i>				
	<u>Depreciated replacement cost</u>	561	568	502	277
	Current replacement cost	582	583	510	279
	Asset consumption ratio %	96%	97%	98%	99%

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

Drainage assets have only been recorded since 2013

Note	42 Management indicators (cont.)	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
	<b>(f) 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>				
	<u>Projected capital funding outlays**</u>	1,370	8,090	8,932	1,003
	Projected capital expenditure funding***	1,370	4,787	5,597	1,003
	Asset renewal funding ratio %	90-100%	100%	169%	160%
	<i>Buildings</i>				
	<u>Projected capital funding outlays**</u>	55	426	553	65
	Projected capital expenditure funding***	55	326	406	65
	Asset renewal funding ratio %	90-100%	100%	131%	136%
	<i>Drainage</i>				
	<u>Projected capital funding outlays**</u>	61	1,059	1,138	11
	Projected capital expenditure funding***	61	630	630	11
	Asset renewal funding ratio %	90-100%	100%	168%	181%

\*\* Current value of projected capital funding outlays for an asset identified in Council's long-term financial plan.

\*\*\* Value of projected capital expenditure funding for an asset identified in Council's long-term strategic asset management plan. This ratio measures Council's capacity to fund future asset replacement requirements.

2016 ratios calculated based on AMP by Asset class & LTFP by asset class on renewals/new  
2015 ratios calculated based on AMP by Asset class & LTFP by asset class on renewals/new  
2014 ratios remained same as prior year audited figures

	<b>(g) Asset sustainability ratio</b>				
	<u>Capex on replacement/renewal of existing assets</u>	1,405	776	1,045	989
	Annual depreciation expense	1,177	1,143	1,040	1,224
	Asset sustainability ratio %	100%	119%	68%	100%

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 asset management plan.

2017	Capital renewal expenditure \$'000	Capital new /upgrade expenditure \$'000	Total Capital Expenditure \$'000
By asset class			
Roads	797	882	1679
Bridges	331		331
Drainage			0
Buildings	90	18	108
Other Structures	14	409	423
Plant & Equipment	173	50	223
<b>Total</b>	<b>1405</b>	<b>1359</b>	<b>2764</b>

2016	Capital renewal expenditure \$'000	Capital new /upgrade expenditure \$'000	Total Capital Expenditure \$'000
By asset class			
Roads	439	111	550
Bridges	101	0	101
Drainage	0	73	73
Buildings	98	72	170
Other Structures	0	231	231
Plant & Equipment	138	199	337
Work in Progress	0	61	61
<b>Total</b>	<b>776</b>	<b>747</b>	<b>1523</b>

**Note 43 Material Budget Variations**

Council's original budget was adopted by the Council on 22 June 2016. 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**

**1 User fees**

Due to the uncertainty of how the changes in the building act would effect Council revenue, a very conservative estimate was budgeted for initially. Requests for council certificates were also above the budget estimate due to an increase in turn over in the property market.

**2 Grants**

The variations for both operating and capital was up \$474,946 on budget due to the early receipt of Commonwealth funding. 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 2016-17 by \$474,946. This has impacted the Statement of Comprehensive Income resulting in the Surplus/(deficit) being higher. With fewer instalments due to be received in 2017, the reverse effect may occur, however future payments remain at the Commonwealth's discretion.

**3 Other revenues**

Profit on disposal was increased due to the sale of plant items that had not been budgeted for.

**Expenses**

**1 Employee benefits**

An increase in employee benefits was due to an increase in leave provisions and a change to staff on call arrangements.

**2 Materials and services**

Was up slightly due to an increase in extra maintenance on dangerous trees and storm damage. This was saved in other parts of the maintenance budget.

**3 Depreciation**

Depreciation was up slightly due to capital works during the current year on other infrastructure not being budgeted for.

### **Certification of the Financial Report**

The financial report presents fairly the financial position of the Tasman Council as at 30 June 2017, the results of its operations for the year then ended and the cash flows of the Council, in accordance with the *Local Government Act 1993* (as amended), Australian Accounting Standards (including interpretations) and other authoritative pronouncements issued by the Australian Accounting Standards Board.



*Robert Higgins*  
**General Manager**

**Date :** 30/10/2017

