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# Glamorgan Spring Bay Council Annual Report 2019/2020 – Part B

## Annual Financial Report Local Government Model

For the Year Ended 30 June 2020

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**Glamorgan Spring Bay**  
**LOCAL GOVERNMENT MODEL**  
**ANNUAL FINANCIAL REPORT**  
*For the Year Ended 30 June 2020*

**Glamorgan Spring Bay  
Financial Report  
Table of Contents**

<b>FINANCIAL REPORT</b>		<b>Page</b>
<b>Financial Statements</b>		
Statement of Comprehensive Income		1
Statement of Financial Position		2
Statement of Changes in Equity		3
Statement of Cash Flows		4
<b>Notes to Financial Statements</b>		
<b>Note 1</b>	<b>Overview</b>	
1.1	Reporting entity	5
1.2	Basis of accounting	5
1.3	Use of estimates and judgements	5
1.4	Functions/Activities of the Council	6
<b>Note 2</b>	<b>Revenue</b>	
2.1	Rates and charges	8
2.2	Statutory fees and fines	8
2.3	User fees	8
2.4	Grants	9
2.5	Contributions	10
2.6	Interest	10
2.7	Other income	10
2.8	Net gain/(loss) on disposal of property, plant and equipment and infrastructure	11
2.9	Investment revenue from water corporation	11
<b>Note 3</b>	<b>Expenses</b>	
3.1	Employee benefits	11
3.2	Materials and services	12
3.3	Depreciation and amortisation	12
3.4	Finance costs	13
3.5	Other expenses	14
<b>Note 4</b>	<b>Investments</b>	
4.1	Investment in water corporation	14
<b>Note 5</b>	<b>Current Assets</b>	
5.1	Cash and cash equivalents	14
5.2	Trades and other receivables	15
5.3	Inventories	15
5.4	Other assets	15
<b>Note 6</b>	<b>Non-current assets</b>	
6.1	Property, plant and equipment and infrastructure	16
<b>Note 7</b>	<b>Current liabilities</b>	
7.1	Trade and other payables	22
7.2	Trust funds and deposits	22
7.3	Provisions	22
7.4	Contract Liabilities	23
<b>Note 8</b>	<b>Non-current liabilities</b>	
8.1	Interest bearing loans and borrowings	24
<b>Note 9</b>	<b>Other financial information</b>	
9.1	Reserves	25
9.2	Reconciliation of cash flows from operating activities to surplus or deficit	26
9.3	Reconciliation of liabilities arising from financing activities	26
9.4	Reconciliation of cash and cash equivalents	26
9.5	Financing arrangements	26
9.6	Superannuation	26
9.7	Commitments	26
9.8	Contingent liabilities and contingent assets	27
9.9	Financial instruments	28
9.10	Fair value measurements	32
9.11	Events occurring after balance date	36
<b>Note 10</b>	<b>Other matters</b>	
10.1	Related party transactions	36
10.2	Special committees and other activities	38
10.3	Other significant accounting policies and pending accounting standards	39
10.4	Significant Business Activities	42
10.5	Management indicators	43
10.6	Material budget variations	45
	Certification of the Financial Report	
	Management Certification of the Financial Report	
	Financial Statements Preparation and submission checklist	

## Statement of Comprehensive Income For the Year Ended 30 June 2020

	Note	Budget 2020 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
<b>Income from continuing operations</b>				
<b>Recurrent income</b>				
Rates and charges	2.1	8,502	8,547	7,838
Statutory fees and fines	2.2	535	600	545
User fees	2.3	805	807	832
Grants	2.4	1,283	1,353	1,379
Contributions - cash	2.5	111	112	41
Interest	2.6	50	41	53
Other income	2.7	1,790	1,753	1,856
Investment revenue from water corporation	2.9, 4.1	624	207	414
		<b>13,700</b>	<b>13,420</b>	<b>12,958</b>
<b>Capital income</b>				
Capital grants received specifically for new or upgraded assets	2.4	2,301	2,306	2,679
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	2.8	50	89	100
		<b>2,351</b>	<b>2,395</b>	<b>2,779</b>
<b>Total income from continuing operations</b>		<b>16,051</b>	<b>15,815</b>	<b>15,737</b>
<b>Expenses from continuing operations</b>				
Employee benefits	3.1	(5,174)	(4,351)	(4,329)
Materials and services	3.2	(5,356)	(7,253)	(5,724)
Depreciation and amortisation	3.3	(2,337)	(2,605)	(2,243)
Finance costs	3.4	(229)	(230)	(151)
Other expenses	3.5	(219)	(161)	(219)
<b>Total expenses from continuing operations</b>		<b>(13,315)</b>	<b>(14,600)</b>	<b>(12,666)</b>
<b>Result from continuing operations</b>		<b>2,736</b>	<b>1,215</b>	<b>3,071</b>
<b>Net result for the year</b>		<b>2,736</b>	<b>1,215</b>	<b>3,071</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to surplus or deficit</b>				
Fair Value adjustment on equity investment assets	9.1	-	(8,487)	4,676
Net asset revaluation increment/(decrement)	9.1	-	2,438	7,733
		<b>-</b>	<b>(6,049)</b>	<b>12,409</b>
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>(6,049)</b>	<b>12,409</b>
<b>Total Comprehensive result</b>		<b>2,736</b>	<b>(4,834)</b>	<b>15,480</b>

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

**Statement of Financial Position  
As at 30 June 2020**

	Note	2020 \$'000	2019 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	1,683	3,805
Trade and other receivables	5.2	658	546
Inventories	5.3	24	27
Other assets	5.4	82	102
<b>Total current assets</b>		<b>2,447</b>	<b>4,480</b>
<b>Non-current assets</b>			
Trade and other receivables	5.2	9	15
Investment in water corporation	4.1	28,140	36,627
Property, plant and equipment and infrastructure	6.1	126,700	120,781
<b>Total non-current assets</b>		<b>154,849</b>	<b>157,423</b>
<b>Total assets</b>		<b>157,296</b>	<b>161,903</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7.1	1,208	1,575
Trust funds and deposits	7.2	534	169
Provisions	7.3	615	751
Contract Liabilities	7.4	422	-
Interest-bearing loans and borrowings	8.1	512	1,403
<b>Total current liabilities</b>		<b>3,291</b>	<b>3,898</b>
<b>Non-current liabilities</b>			
Provisions	7.3	117	114
Interest-bearing loans and borrowings	8.1	6,724	5,636
<b>Total non-current liabilities</b>		<b>6,841</b>	<b>5,750</b>
<b>Total liabilities</b>		<b>10,132</b>	<b>9,648</b>
<b>Net Assets</b>		<b>147,164</b>	<b>152,255</b>
<b>Equity</b>			
Accumulated surplus		88,534	86,983
Reserves	9.1	58,630	65,272
<b>Total Equity</b>		<b>147,164</b>	<b>152,255</b>

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

**Statement of Changes in Equity  
For the Year Ended 30 June 2020**

	Note	Total 2020 \$'000	Accumulated Surplus 2020 \$'000	Asset Revaluation Reserve 2020 \$'000	Fair Value Reserve 2020 \$'000	Other Reserves 2020 \$'000
2020						
Balance at beginning of the financial year		152,255	86,983	65,185	(921)	1,008
Adjustment due to compliance with revised accounting standard		(256)	(256)	-	-	-
<b>Revised balance at the beginning of the financial year</b>		<b>151,999</b>	<b>86,727</b>	<b>65,185</b>	<b>(921)</b>	<b>1,008</b>
Surplus / (deficit) for the year		1,215	1,215	-	-	-
Other Comprehensive Income:						
Fair Value adjustment on equity investment assets	4.1	(8,487)	-	-	(8,487)	-
Net asset revaluation increment/(decrement)	9.1	2,438	-	2,438	-	-
Transfers between reserves		-	592	-	-	(592)
<b>Balance at end of the financial year</b>		<b>147,164</b>	<b>88,534</b>	<b>67,623</b>	<b>(9,408)</b>	<b>416</b>
2019						
Balance at beginning of the financial year		136,775	83,912	57,452	(5,597)	1,008
Adjustment due to compliance with revised accounting standard		-	-	-	-	-
Adjustment on change in accounting policy		-	-	-	-	-
Surplus / (deficit) for the year		3,071	3,071	-	-	-
Other Comprehensive Income:						
Fair Value adjustment on equity investment assets	4.1	4,676	-	-	4,676	-
Net asset revaluation increment/(decrement)	9.1	7,733	-	7,733	-	-
Transfers between reserves		-	-	-	-	-
<b>Balance at end of the financial year</b>		<b>152,255</b>	<b>86,983</b>	<b>65,185</b>	<b>(921)</b>	<b>1,008</b>

The above statement should be read with the accompanying notes.

## Statement of Cash Flows For the Year Ended 30 June 2020

	Note	2020 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates		8,512	7,804
Statutory fees and fines		600	545
User charges and other fines (inclusive of GST)		961	930
Grants (inclusive of GST)		1,365	1,382
Developer contributions (inclusive of GST)		112	41
Interest		41	53
Investment revenue from water corporation		207	414
Other receipts (inclusive of GST)		1,759	1,862
Net GST refund/payment		519	576
Payments to suppliers (inclusive of GST)		(8,379)	(5,617)
Payments to employees (including redundancies)		(4,484)	(4,344)
Finance costs		(230)	(151)
Other payments		(161)	(219)
<b>Net cash provided by (used in) operating activities</b>	9.2	<b>822</b>	<b>3,276</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(6,691)	(7,129)
Proceeds from sale of property, infrastructure, plant and equipment		694	152
Capital grants (inclusive of GST)		2,491	2,733
<b>Net cash provided by (used in) investing activities</b>		<b>(3,506)</b>	<b>(4,244)</b>
<b>Cash flows from financing activities</b>			
Trust funds and deposits		365	111
Proceeds from interest bearing loans and borrowings		1,600	4,560
Repayment of interest bearing loans and borrowings		(1,403)	(1,293)
<b>Net cash provided by (used in) financing activities</b>	9.3	<b>562</b>	<b>3,378</b>
Net increase (decrease) in cash and cash equivalents		(2,122)	2,400
Cash and cash equivalents at the beginning of the financial year		3,805	1,405
<b>Cash and cash equivalents at the end of the financial year</b>	9.4	<b>1,683</b>	<b>3,805</b>
Restrictions on cash assets	5.1		
Financing arrangements	9.5		

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

## Note 1 Overview

### 1.1 Reporting entity

- (a) The Glamorgan Spring Bay Council was established on 7th July 1860 and is a body corporate with perpetual succession and a common seal. Council's main office is located at 9 Melbourne Street, Triabunna.
- (b) The purpose of the Council is to:
- provide for health, safety and welfare of the community;
  - to represent and promote the interests of the community;
  - provide for the peace, order and good government in the municipality.

### 1.2 Basis of accounting

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

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

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

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 4.1, 6.1, 7.3, 8.1 and 10.3(d).

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

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, and material subsidiaries or joint ventures, have been included in this financial report. All transactions between these entities and Council have been eliminated in full. Details of entities not included in this financial report based on their materiality are detailed in note 10.2.

### 1.3 Use of judgements and estimates

#### *Judgements and Assumptions*

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

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

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

#### *Employee entitlements*

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

#### *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 6.1.

#### *Investment in water corporation*

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 4.1.



1.4 Functions/Activities of the Council

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

	Grants	Other	Total Revenue	Total Expenditure	Surplus/ (Deficit)	Assets
Government and administration						
2019 - 2020	256	7,537	7,793	2,810	4,983	3,347
2018 - 2019	285	6,481	6,766	2,601	4,165	1,194
Roads, streets and bridges						
2019 - 2020	1,492	120	1,612	3,041	(1,429)	78,371
2018 - 2019	1,645	134	1,779	2,157	(378)	78,797
Drainage						
2019 - 2020	-	-	-	263	(263)	3,624
2018 - 2019	-	-	-	125	(125)	3,715
Waste management						
2019 - 2020	-	1,151	1,151	1,013	138	4
2018 - 2019	-	1,248	1,248	942	306	6
NRM						
2019 - 2020	51	40	91	375	(284)	24
2018 - 2019	74	77	151	362	(211)	40
Development Services						
2019 - 2020	-	639	639	1,424	(785)	67
2018 - 2019	-	636	636	924	(288)	90
Community amenities						
2019 - 2020	800	161	961	1,943	(982)	21,565
2018 - 2019	-	131	131	1,598	(1,467)	14,325
Community services						
2019 - 2020	10	1,584	1,594	1,836	(242)	651
2018 - 2019	3	1,406	1,409	1,797	(388)	2,430
Recreation facilities						
2019 - 2020	400	116	516	620	(104)	8,001
2018 - 2019	423	6	429	602	(173)	6,742
Economic development						
2019 - 2020	-	724	724	1,133	(409)	4,829
2018 - 2019	510	929	1,439	1,369	70	4,711
Other - not attributable						
2019 - 2020	650	84	734	142	592	36,813
2018 - 2019	1,543	206	1,749	189	1,560	49,853
<b>Total</b>						
<b>2019 - 2020</b>	<b>3,659</b>	<b>12,156</b>	<b>15,815</b>	<b>14,600</b>	<b>1,215</b>	<b>157,296</b>
<b>2018 - 2019</b>	<b>4,483</b>	<b>11,254</b>	<b>15,737</b>	<b>12,666</b>	<b>3,071</b>	<b>161,903</b>

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

	2020	2019
Current assets	2,447	4,480
Non-current assets	154,849	157,423
	<b>157,296</b>	<b>161,903</b>

(c) Governance and administration

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

*Roads, streets and bridges*

Construction, maintenance and cleaning of road, streets, footpaths and bridges.

*Drainage*

Operation and maintenance of open or deep drainage systems in urban areas, including the lining of piping of creeks but excludes drainage associated with road works, flood mitigation and agriculture.

*Waste Management*

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

*Environmental Health/Environmental Management*

Environmental Health includes disease control, food surveillance, public-use building standards, health education and promotion, water quality, workplace safety and cemeteries.

Environmental management includes strategies and programs for the protection of the environment and regulations of activities affecting the environment.

*Planning Services*

Administration of the town planning scheme, subdivisions and urban and rural renewal programs. The development and maintenance of building constructions standards.

*Community amenities*

Operation and maintenance of buildings including Council halls & offices, street lighting and town maintenance. Council's involvement in local emergency management.

*Community services*

Administration and operation of dog registration, operation of pounds and control of straying stock. Operation of the medical centres, operation and support of the performing arts, museum and the presentation of festivals. Community Development which provides for the implementation of a process by which strategies and plans can be developed so that the Council can fulfil their general responsibility for enhancing the quality of life of the whole community. Operation and maintenance of housing for aged persons and persons of limited means

*Recreation facilities*

Operation and maintenance of sporting facilities (active and passive recreation and recreation centres), parks, gardens, boat ramps and jetties.

*Economic development*

Maintenance and marketing of tourist facilities, property development, commercial wharf and marina.

*Other - not attributable*

Rates and charges and work not attributed elsewhere.

	2020 \$'000	2019 \$'000
<b>Note 2.1 Revenue</b>		
<b>Note 2.1 Rates and charges</b>		
Council uses AAV as the basis of valuation of all properties within the municipality. The AAV of a property is its Assessed Annual Value as determined by the Valuer General		
The valuation base used to calculate general rates for 2019-20 was \$83.54 million (2018-19 \$81.44 million). The 2019-20 rate in the AAV dollar was \$7.580958 (2018-19, \$7.274579).		
Residential	4,846	4,131
Commercial	987	912
Industrial	89	85
Farm/Rural	636	615
Supplementary rates and rate adjustments	-	18
Fire Levy	347	352
Waste management charges	1,080	1,178
Special rates and charges (Medical Levy)	474	317
Special rates and charges (Caravan Fees)	88	88
Rates and charges in advance	-	142
<b>Total rates and charges</b>	<b>8,547</b>	<b>7,838</b>

The date of the latest general revaluation of land for rating purposes within the municipality was May 2017, and the valuation was first applied in the rating year commencing 1 July 2017.

**Accounting policy under AASB 15 and AASB 1058 - applicable from 1 July 2019**

Council recognises revenue from rates and annual charges for the amount it is expected to be entitled to at the beginning of the rating period to which they relate, or when the charge has been applied. Rates and charges in advance are recognised as a financial liability until the beginning of the rating period to which they relate.

Refer to note 10.3 for accounting policy related to AASB 15 and AASB 1058.

**Accounting policy under AASB 118 and AASB 1004 - applicable for 2019 comparative**

**Rates and charges income**

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

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

**Note 2.2 Statutory fees and fines**

Infringements and costs	8	6
Town planning fees	248	137
Land information certificates	78	90
Permits	266	312
<b>Total statutory fees and fines</b>	<b>600</b>	<b>545</b>

**Accounting policy under AASB 15 and AASB 1058 - applicable from 1 July 2019**

Fees and fines (including parking fees and fines) are recognised when or as the performance obligation is completed, or when the taxable event has been applied and Council has an unconditional right to receive payment.

Refer to note 10.3 for accounting policy related to AASB 15 and AASB 1058.

**Accounting policy under AASB 118 and AASB 1004 - applicable for 2019 comparative**

**Statutory fee and fine income**

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

**Note 2.3 User fees**

Visitor centre turnover	321	305
Registration fees	22	18
Waste transfer station fees	57	71
Marina and wharf fees	348	352
Other fees and charges	59	86
<b>Total user fees</b>	<b>807</b>	<b>832</b>

**Accounting policy under AASB 15 and AASB 1058 - applicable from 1 July 2019**

Council recognises revenue from user fees and charges when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where an upfront fee is charged such as membership fees for the visitor centre, the fee is recognised on a straight-line basis over the expected life of the membership.

	2020 \$'000	2019 \$'000
Licences granted by Council are all either short-term or low value and all revenue is recognised at the time that the licence is granted rather than the term of the licence.		
Refer to note 10.3 for accounting policy related to AASB 15 and AASB 1058.		
<b>Accounting policy under AASB 118 and AASB 1004 - applicable for 2019 comparative</b>		
<b>User fee income</b>		
Fee income is recognised as revenue when the service has been provided, or the payment is received, whichever first occurs.		

**Note 2.4 Grants**

Grants were received in respect of the following:

**Summary of grants**

Federally funded grants	3,344	3,495
State funded grants	315	563
<b>Total</b>	<b>3,659</b>	<b>4,058</b>

**Grants - Recurrent**

Commonwealth Government Financial Assistance Grants - General Purpose	256	263
Commonwealth Government Financial Assistance Grants - Roads	1,035	1,016
State Grants	-	25
Rural Primary Health Services	10	-
Transport	1	1
Natural Resource Management	51	74
<b>Total recurrent grants</b>	<b>1,353</b>	<b>1,379</b>

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2019-20 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 2019-20 \$664,290, (2018-19 by \$650,716). This has impacted the Statement of Comprehensive Income resulting in the Surplus/(deficit) being higher/lower in 2019-20 by \$664,290 (2018-19 by \$650,716).

**Capital grants received specifically for new or upgraded assets**

Commonwealth Government - roads to recovery	602	629
Commonwealth Government - marine	-	85
Commonwealth Government - prosser plains rural water system	650	1,427
Commonwealth Government - drought relief	800	-
State Government	254	538
<b>Total capital grants</b>	<b>2,306</b>	<b>2,679</b>

**Conditions on grants**

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

Unexpended at the close of the previous reporting period	-	-
Less: expended during the current period from revenues recognised in previous reporting periods	-	-
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions		
Parking	-	-
NRM	-	114
<b>Unexpended at the close of this reporting period</b>	<b>-</b>	<b>114</b>
Net increase (decrease) in non-reciprocal grant revenues for the year:	-	114

**Accounting policy under AASB 15 and AASB 1058 - applicable from 1 July 2019**

Council recognises untied grant revenue and those without performance obligations when received. In cases where funding includes specific performance obligations or is to acquire or construct a recognisable non-financial asset, a liability is recognised for funds received in advance and recognises income as obligations are fulfilled.

The performance obligations are varied based on the agreement.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

	2020	2019
	\$'000	\$'000
<p>For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin. For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council. Refer to note 10.3 for accounting policy related to AASB 15 and AASB 1058.</p> <p><b>Accounting policy under AASB 1004 - applicable for 2019 comparative</b> The Australian Commonwealth Government provides untied Financial Assistance Grants to Council for general purpose use and the provision of local roads. Previously, in accordance with AASB1004:Contributions, Council recognised these grants as revenue when it received the funds and obtained control.</p> <p><b>Grant income - operating and capital</b> 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. Council did not have any unused grant or contribution from prior years.</p>		

**Note 2.5 Contributions**

**(a) Cash**

Roads	71	29
Drainage	-	10
Parks, open space and streetscapes	41	2
<b>Total</b>	<b>112</b>	<b>41</b>

**Accounting policy under AASB 15 - applicable from 1 July 2019**

Council recognises contributions without performance obligations when received. In cases where the contributions is for a specific purpose to acquire or construct a recognisable non-financial asset, a liability is recognised for funds received in advance and income recognised as obligations are fulfilled.

Refer to note 10.3 for accounting policy related to AASB 15 and AASB 1058.

**Accounting policy under AASB 1004 - applicable for 2019 comparative**

**Contribution income**

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

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

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

**Note 2.6 Interest**

Interest on rates	15	21
Interest on cash and cash equivalents	26	32
<b>Total</b>	<b>41</b>	<b>53</b>

**Accounting policy**

**Interest income**

Interest is recognised progressively as it is earned.

**Note 2.7 Other income**

Rental income	84	62
Medical Income Received	1,022	910
Pension Remissions	257	256
Reimbursements	81	99
Prosser Plains Raw Water Scheme - Reimbursement of Borrowing Costs	78	-
Other	231	529
<b>Total other income</b>	<b>1,753</b>	<b>1,856</b>

**Accounting policy**

**Rental income**

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

	2020 \$'000	2019 \$'000
<b>Note 2.8 Net gain/(loss) on disposal of property, plant and equipment and infrastructure</b>		
Proceeds of sale	694	152
Write down value of assets disposed	(605)	(52)
<b>Total</b>	<b>89</b>	<b>100</b>

**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 2.9 Investment revenue from water corporation</b>		
Dividend revenue received	173	217
Tax equivalent received	34	141
Guarantee fee received	-	56
<b>Total investment revenue from water corporation</b>	<b>207</b>	<b>414</b>

**Accounting policy**

**Investment revenue**

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

**Note 3 Expenses**

**Note 3.1 Employee benefits**

Wages and salaries	3,306	2,915
Workers compensation	124	82
Annual leave and long service leave	310	302
Superannuation	552	520
Fringe benefits tax	60	75
Sick Leave, compassionate leave and maternity leave	119	182
Payroll Tax	(4)	206
Staff Training	32	58
Public Holiday Cost	148	137
Uniforms & Personal Protection Equipment	19	18
Miscellaneous Costs	18	7
	4,684	4,502
Less amounts capitalised	(333)	(173)
<b>Total employee benefits</b>	<b>4,351</b>	<b>4,329</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.

	2020 \$'000	2019 \$'000
<b>Note 3.2 Materials and services</b>		
Consultants & Contractors	3,066	2,082
Building maintenance	273	227
Materials & Plant Costs	798	580
Doctors Income Paid	508	501
Utilities	323	252
State Fire Levy	357	335
State Pensioner Remission	256	247
Rates Discount	55	80
Rent	108	83
Legal Costs	267	98
Land Tax	61	54
Insurance	131	119
IT costs	245	162
Postage & Printing	59	56
Valuation Fees	48	68
Medical Subsidies	108	99
Building levies, Development Advertising	107	113
Visitor Information Centre - Booking & Stock	158	146
Other	325	422
<b>Total materials and services</b>	<b>7,253</b>	<b>5,724</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.

**Note 3.3 Depreciation and amortisation**

*Property*

*Buildings*

Buildings at valuation	172	184
Building improvements	14	3
Heritage buildings	31	31

*Plant and Equipment*

Plant, machinery and equipment	163	171
Fixtures, fittings and furniture	8	8
Computers and telecommunications	103	117
Medical equipment	3	3
Motor vehicles (not plant)	168	189
Miscellaneous equipment	42	39

*Infrastructure*

Roads	1,034	893
Bridges	208	106
Footpaths and cycleways	196	191
Drainage	73	67
Water	9	-
Parks, open space and streetscapes	114	96
Marine Infrastructure	267	145

**Total**

<b>2,605</b>	<b>2,243</b>
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**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.

	2020 \$'000	2019 \$'000
Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.		
Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and remaining values and a separate depreciation rate is determined for each component.		
Land, heritage, artwork and road earthwork assets are not depreciated on the basis that they are assessed as not having a limited useful life. 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:		
		<b>Period</b>
Land improvements		50 years
Buildings		
buildings		50 years
building improvements		25-50 years
Leasehold improvements		
leasehold building improvements		50 years
Plant and Equipment		
plant, machinery and equipment		2-12 years
fixtures, fittings and furniture		6-10 years
computers and telecommunications		2.5 years
leased plant and equipment		2.5 years
Roads		
road pavements and seals		10-15 years
road substructure		90 years
road formation and earthworks		100 years
road kerb, channel and minor culverts		70 years
Bridges		
bridges deck		15-80 years
bridges substructure		15-80 years
Other Infrastructure		
footpaths and cycleways		70 years
drainage		75 years
recreational, leisure and community facilities		15 years
waste management		10 years
parks, open space and streetscapes		15 years
off street car parks		15 years
Pipeline		100 years

**Note 3.4 Finance costs**

Interest - Borrowings	230	151
<b>Total</b>	<b>230</b>	<b>151</b>

**Accounting policy**

**Finance expense**

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

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

Finance costs are expensed as incurred using the effective interest method. Borrowing costs include interest on bank overdrafts, interest on borrowings, unwinding of discounts, and finance lease charges.



	2020 \$'000	2019 \$'000
<b>Note 3.5 Other expenses</b>		
External auditors' remuneration (Tasmanian Audit Office)*	14	49
Audit committee	6	8
Councillors' allowances & expenses	141	155
Operating lease rentals	-	8
<b>Total</b>	<b>161</b>	<b>219</b>

\*Audit fees paid or payable to the Tasmanian Audit Office for the audit of Council's Statements were \$29,320 (2018/19 \$29,320)

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

**Note 4 Investments**

**Note 4.1 Investment in water corporation**

Opening Balance	36,627	31,951
Fair Value adjustments on equity investment assets	(8,487)	4,676
<b>Total investment in water corporation</b>	<b>28,140</b>	<b>36,627</b>

Council has derived returns from the water corporation as disclosed at note 2.9.

<b>Accounting policy under AASB 9</b>
<b>Equity Investment</b>
As Council's investment is held for long-term strategic purposes, Council has elected under AASB 9: <i>Financial Instruments</i> to irrevocably classify this equity investment as designated as fair value through comprehensive income. Subsequent changes in fair value on designated investments in equity instruments are recognised in other comprehensive income (for fair value reserve, refer to note 9.1) and not reclassified through the profit and loss when derecognised. Dividends associated with the equity investments are recognised in profit and loss when the right of payment has been established and it can be reliably measured.
Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2020, Council held a 1.95% (1.97% 2019) ownership interest in TasWater which is based on Schedule 2 of the Corporation's Constitution which reflects the council's voting rights.

**Note 5 Current Assets**

**Note 5.1 Cash and cash equivalents**

Cash on hand	2	2
Cash at bank	1,672	2,590
Money market call account	9	1,200
Term Deposits	-	13
<b>Total cash and cash equivalents</b>	<b>1,683</b>	<b>3,805</b>

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

- Trust funds and deposits (note 7.2)	312	169
- Contract liabilities (note 7.4)	422	114
- Leave provisions (note 7.3)	732	865
- Restricted reserves (note 9.1)	416	257
<b>Restricted funds</b>	<b>1,882</b>	<b>1,405</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>(199)</b>	<b>2,400</b>

<b>Accounting policy</b>
<b>Cash and cash equivalents</b>
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.

	2020 \$'000	2019 \$'000
<b>Note 5.2 Trade and other receivables</b>		
<b>Current</b>		
Rates debtors	276	226
Other debtors	267	314
Net GST receivable	115	6
<b>Total</b>	<b>658</b>	<b>546</b>
<b>Non-current</b>		
Loans and advances to community organisations	9	15
<b>Total</b>	<b>9</b>	<b>15</b>
<b>Total trade and other receivables</b>	<b>667</b>	<b>561</b>

**Accounting policy**

**Trade and other receivables**

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

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

**Note 5.3 Inventories**

Inventories held for sale	24	27
<b>Total inventories</b>	<b>24</b>	<b>27</b>

**Accounting policy**

**Inventories**

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

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

**Note 5.4 Other assets**

**Current**

Prepayments	82	102
<b>Total</b>	<b>82</b>	<b>102</b>

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

Note 6 Non Current Assets	2020	2019
Note 6.1 Property, plant and equipment and infrastructure	\$'000	\$'000
<b>Summary</b>		
at cost	30,672	25,775
Less accumulated depreciation	(7,638)	(6,841)
	<b>23,034</b>	<b>18,934</b>
at fair value as at 30 June	138,445	135,080
Less accumulated depreciation	(34,779)	(33,233)
	<b>103,666</b>	<b>101,847</b>
<b>Total</b>	<b>126,700</b>	<b>120,781</b>
<b>Property</b>		
<b>Land</b>		
at fair value as at 30 June	6,930	7,132
	<b>6,930</b>	<b>7,132</b>
<b>Land under roads</b>		
at fair value at 30 June	12,853	10,415
	<b>12,853</b>	<b>10,415</b>
<b>Leased land</b>		
at fair value as at 30 June	5,268	5,268
	<b>5,268</b>	<b>5,268</b>
<b>Total Land</b>	<b>25,051</b>	<b>22,815</b>
<b>Buildings</b>		
at fair value as at 30 June	8,550	8,670
Less accumulated depreciation	(166)	-
	<b>8,384</b>	<b>8,670</b>
<b>Building improvements</b>		
at cost	810	151
Less accumulated depreciation	(17)	(3)
	<b>793</b>	<b>148</b>
<b>Heritage buildings</b>		
at cost	1,244	1,244
Less accumulated depreciation	(284)	(259)
	<b>960</b>	<b>985</b>
<b>Heritage buildings</b>		
at fair value as at 30 June	315	315
Less accumulated depreciation	(6)	-
	<b>309</b>	<b>315</b>
<b>Total Buildings</b>	<b>10,446</b>	<b>10,118</b>
<b>Total Property</b>	<b>35,497</b>	<b>32,933</b>
<b>Plant and Equipment</b>		
<b>Plant, machinery and equipment</b>		
at cost	2,176	2,191
Less accumulated depreciation	(1,612)	(1,551)
	<b>564</b>	<b>640</b>
<b>Fixtures, fittings and furniture</b>		
at cost	1,092	1,092
Less accumulated depreciation	(1,038)	(1,030)
	<b>54</b>	<b>62</b>

Note 6.1 Property, plant and equipment and infrastructure (cont.)	2020 \$'000	2019 \$'000
<b>Medical Equipment</b>		
at cost	41	41
Less accumulated depreciation	(29)	(26)
	<u>12</u>	<u>15</u>
<b>Computers and telecommunications</b>		
at cost	1,056	1,020
Less accumulated depreciation	(859)	(762)
	<u>197</u>	<u>258</u>
<b>Motor Vehicles (Not Plant)</b>		
at cost	1,154	1,196
Less accumulated depreciation	(798)	(639)
	<u>356</u>	<u>557</u>
<b>Misc. Equipment</b>		
at cost	1,506	1,474
Less accumulated depreciation	(1,317)	(1,277)
	<u>189</u>	<u>197</u>
<b>Total Plant and Equipment</b>	<u>1,372</u>	<u>1,729</u>
<b>Infrastructure</b>		
<b>Roads</b>		
at fair value as at 30 June	73,659	72,418
Less accumulated depreciation	(23,283)	(22,306)
	<u>50,376</u>	<u>50,112</u>
<b>Bridges</b>		
at fair value as at 30 June	11,011	11,003
Less accumulated depreciation	(3,296)	(3,168)
	<u>7,715</u>	<u>7,835</u>
<b>Footpaths and cycleways</b>		
at fair value as at 30 June	12,614	12,614
Less accumulated depreciation	(4,407)	(4,211)
	<u>8,207</u>	<u>8,403</u>
<b>Drainage</b>		
at fair value as at 30 June	7,245	7,245
Less accumulated depreciation	(3,621)	(3,548)
	<u>3,624</u>	<u>3,697</u>
<b>Marine Infrastructure</b>		
at cost as at 30 June	8,815	8,815
Less accumulated depreciation	(830)	(563)
	<u>7,985</u>	<u>8,252</u>
<b>Parks, Open Space, Streetscapes</b>		
at cost as at 30 June	4,336	3,640
Less accumulated depreciation	(845)	(731)
	<u>3,491</u>	<u>2,909</u>
<b>Water</b>		
at cost as at 30 June	6,919	-
Less accumulated depreciation	(9)	-
	<u>6,910</u>	<u>-</u>
<b>Total Infrastructure</b>	<u>88,308</u>	<u>81,208</u>
<b>Works in progress</b>		
Buildings	287	231
Building improvements	2	274
Roads & bridges	955	734
Footpaths	-	91
Other infrastructure (water/sewage)	-	3,420
Drainage	-	6
Parks, Open Space, Streetscapes at cost	279	155
<b>Total Works in progress</b>	<u>1,523</u>	<u>4,911</u>
<b>Total property, plant and equipment and infrastructure</b>	<u>126,700</u>	<u>120,781</u>

Note 6.1 Property, infrastructure, plant and equipment (cont.)

Reconciliation of infrastructure, property, plant and equipment

2020	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 9.1)	Depreciation and amortisation (note 3.3)	Written down value of disposals	Impairment losses recognised in profit or loss (a)	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>								
land	7,132	-	-	-	202	-	-	6,930
leased land	5,268	-	-	-	-	-	-	5,268
land under roads	10,415	-	2,438	-	-	-	-	12,853
<b>Total land</b>	<b>22,815</b>	<b>-</b>	<b>2,438</b>	<b>-</b>	<b>202</b>	<b>-</b>	<b>-</b>	<b>25,051</b>
buildings fair value	8,670	-	-	172	374	-	261	8,384
building improvements	148	-	-	14	-	-	659	793
heritage buildings at cost	985	-	-	25	-	-	-	960
heritage buildings fair value	315	-	-	6	-	-	-	309
<b>Total buildings</b>	<b>10,118</b>	<b>-</b>	<b>-</b>	<b>217</b>	<b>374</b>	<b>-</b>	<b>920</b>	<b>10,446</b>
<b>Total property</b>	<b>32,933</b>	<b>-</b>	<b>2,438</b>	<b>217</b>	<b>576</b>	<b>-</b>	<b>920</b>	<b>35,497</b>
<b>Plant and Equipment</b>								
plant, machinery and equipment	640	-	-	163	7	-	94	564
fixtures, fittings and furniture	62	-	-	8	-	-	-	54
computers and telecommunications	258	-	-	103	-	-	42	197
medical equipment	15	-	-	3	-	-	-	12
motor vehicle (not plant)	557	-	-	168	33	-	-	356
miscellaneous equipment	197	-	-	42	1	-	35	189
<b>Total plant and equipment</b>	<b>1,729</b>	<b>-</b>	<b>-</b>	<b>487</b>	<b>41</b>	<b>-</b>	<b>171</b>	<b>1,372</b>
<b>Infrastructure</b>								
roads	50,112	-	-	1,034	(40)	-	1,258	50,376
bridges	7,835	-	-	208	28	-	116	7,715
footpaths and cycleways	8,403	-	-	196	-	-	-	8,207
drainage	3,697	-	-	73	-	-	-	3,624
parks, open space and streetscapes	2,909	-	-	114	-	-	696	3,491
marine infrastructure	8,252	-	-	267	-	-	-	7,985
water	-	-	-	9	-	-	6,919	6,910
<b>Total infrastructure</b>	<b>81,208</b>	<b>-</b>	<b>-</b>	<b>1,901</b>	<b>(12)</b>	<b>-</b>	<b>8,989</b>	<b>88,308</b>
<b>Works in progress</b>								
buildings	231	317	-	-	-	-	(261)	287
building improvements	274	387	-	-	-	-	(659)	2
roads & bridges	734	1,603	-	-	-	8	(1,374)	955
footpaths & cycleways	91	-	-	-	-	-	(91)	-
drainage	6	-	-	-	-	6	-	-
plant and equipment	-	171	-	-	-	-	(171)	-
other infrastructure (water/sewage)	3,420	3,556	-	-	-	57	(6,919)	-
parks, open space, streetscapes at cost	155	808	-	-	-	79	(605)	279
marine infrastructure	-	-	-	-	-	-	-	-
<b>Total works in progress</b>	<b>4,911</b>	<b>6,842</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>(10,080)</b>	<b>1,523</b>
<b>Total property, plant and equipment and infrastructure</b>	<b>120,781</b>	<b>6,842</b>	<b>2,438</b>	<b>2,605</b>	<b>605</b>	<b>150</b>	<b>-</b>	<b>126,700</b>

(a). The items under works in progress in this column represent projects carried forward from the prior year that have since been expensed as they are no longer considered capital projects.

Note 6.1 Property, infrastructure, plant and equipment (cont.)

Reconciliation of infrastructure, property, plant and equipment

2019	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)  (note 9.1)	Depreciation and amortisation  (note 3.3)	Written down value of disposals	Impairment losses recognised in profit or loss  (a)	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>								
land	7,132	-	859	-	-	-	(5,268)	7,132
leased land	-	-	-	-	-	-	5,268	5,268
land under roads	10,415	-	-	-	-	-	-	10,415
<b>Total land</b>	<b>17,547</b>	<b>-</b>	<b>859</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,815</b>
buildings fair value	8,646	-	(178)	184	-	-	386	8,670
building improvements	148	-	-	3	-	-	18	148
heritage buildings at Cost	1,010	-	-	25	-	-	-	985
heritage buildings fair value	315	-	6	6	-	-	-	315
<b>Total buildings</b>	<b>10,119</b>	<b>-</b>	<b>(172)</b>	<b>218</b>	<b>-</b>	<b>-</b>	<b>404</b>	<b>10,118</b>
<b>Total property</b>	<b>27,667</b>	<b>-</b>	<b>687</b>	<b>218</b>	<b>-</b>	<b>-</b>	<b>404</b>	<b>32,933</b>
<b>Plant and Equipment</b>								
plant, machinery and equipment	346	478	-	171	13	-	-	640
fixtures, fittings and furniture	21	49	-	8	-	-	-	62
computers and telecommunications	351	24	-	117	-	-	-	258
Medical Equipment	15	3	-	3	-	-	-	15
Motor Vehicles (not plant)	438	326	-	189	18	-	-	557
Miscellaneous Equipment	229	7	-	39	-	-	-	197
<b>Total plant and equipment</b>	<b>1,401</b>	<b>887</b>	<b>-</b>	<b>527</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>1,729</b>
<b>Infrastructure</b>								
roads	45,413	-	4,186	893	-	-	1,406	50,112
bridges	7,300	-	647	106	6	-	-	7,835
footpaths and cycleways	7,136	-	1,170	191	16	-	304	8,403
drainage	2,675	-	1,043	67	-	-	46	3,697
parks, open space and streetscapes	2,183	-	-	96	-	-	822	2,909
marine infrastructure	6,710	-	-	145	-	-	1,687	8,252
<b>Total infrastructure</b>	<b>71,419</b>	<b>-</b>	<b>7,046</b>	<b>1,498</b>	<b>22</b>	<b>-</b>	<b>4,265</b>	<b>81,208</b>
<b>Works in progress</b>								
buildings	98	133	-	-	-	-	-	231
building improvements	160	412	-	-	-	-	(298)	274
roads	899	1,241	-	-	-	-	(1,406)	734
footpaths & cycleways	130	265	-	-	-	-	(304)	91
drainage	14	38	-	-	-	-	(46)	6
other infrastructure (water/sewage)	1,851	2,879	-	-	-	-	(1,310)	3,420
parks, open space, streetscapes at cost	149	828	-	-	-	-	(822)	155
marine infrastructure	-	447	-	-	-	-	(447)	-
<b>Total works in progress</b>	<b>3,301</b>	<b>6,243</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,080)</b>	<b>4,911</b>
<b>Total property, plant and equipment and infrastructure</b>	<b>103,788</b>	<b>7,130</b>	<b>7,733</b>	<b>2,243</b>	<b>53</b>	<b>-</b>	<b>(411)</b>	<b>120,781</b>

Note 6.1 Property, infrastructure, plant and equipment (cont.)

<b>Accounting policy</b>	
<b>Recognition and measurement of assets</b>	
Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.	
Property, plant and equipment and infrastructure received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.	
Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.	
The following classes of assets have been recognised. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:	
	<b>Threshold \$'000</b>
Land	
land	1
leased land	1
land under roads	1
land improvements	5
Buildings	
buildings	1
building improvements	5
leasehold building improvements	5
heritage buildings	1
Plant and Equipment	
plant, machinery and equipment	1
fixtures, fittings and furniture	1
computers and telecommunications	1
leased plant and equipment	1
Roads	
road pavements and seals	5
road substructure	5
road formation and earthworks	5
road kerb, channel and minor culverts	5
Bridges	
bridges deck	5
bridges substructure	5
Other Infrastructure	
footpaths and cycleways	5
drainage	5
recreational, leisure and community facilities	5
waste management	5
parks, open space and streetscapes	5
off street car parks	5
Intangible assets	
intangible assets	1

Note 6.1 Property, infrastructure, plant and equipment (cont.)

**Revaluation**

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

Land	fair value
Leased land	fair value
Plant and machinery	cost
Furniture, fittings and office equipment	cost
Stormwater and drainage infrastructure	fair value
Roads and streets infrastructure	fair value
Bridges	fair value
Buildings	fair value
Building improvements	cost
Intangibles	cost
Parks, recreation facilities and community amenities	cost
Heritage buildings	cost
Heritage buildings	fair value
Investment in water corporation	fair value

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

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

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

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

**Impairment of assets**

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

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

**Land under roads**

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



	2020 \$'000	2019 \$'000
<b>Note 7 Current liabilities</b>		
<b>Note 7.1 Trade and other payables</b>		
Trade payables	1,009	1,379
Accrued expenses	199	196
<b>Total trade and other payables</b>	<u>1,208</u>	<u>1,575</u>

**Accounting policy**

**Trade and other payables**

Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received. General creditors are unsecured, not subject to interest charges and normally settled within 30 days of invoice receipt.

**Note 7.2 Trust funds and deposits**

Refundable developer deposits	312	169
Retention monies held in trust	222	-
<b>Total trust funds and deposits</b>	<u>534</u>	<u>169</u>

**Accounting policy**

**Tender deposits**

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

**Note 7.3 Provisions**

	Annual leave \$ '000	Long service leave \$ '000	Other \$ '000	Total \$ '000
<b>2020</b>				
Balance at beginning of the financial year	283	398	184	865
Additional provisions	276	114	25	415
Amounts used	(263)	(109)	(39)	(411)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	(126)	(11)	(137)
Balance at the end of the financial year	<u>296</u>	<u>277</u>	<u>159</u>	<u>732</u>
<b>2019</b>				
Balance at beginning of the financial year	277	387	187	851
Additional provisions	276	127	83	486
Amounts used	(270)	(53)	(72)	(395)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate		(63)	(14)	(77)
Balance at the end of the financial year	<u>283</u>	<u>398</u>	<u>184</u>	<u>865</u>

	2020 \$'000	2019 \$'000
<b>(a) Employee benefits</b>		
<b>(i) Current</b>		
Annual leave	296	283
Long service leave	208	348
Other	111	120
	<u>615</u>	<u>751</u>
<b>(ii) Non-current</b>		
Long service leave	69	50
Other	48	64
	<u>117</u>	<u>114</u>
Aggregate carrying amount of employee benefits:		
Current	615	751
Non-current	117	114
	<u>732</u>	<u>865</u>

Note 7.3 Provisions (cont.)	2020	2019
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	3.00%	3.00%
Weighted average discount rates	0.60%	0.53%
Weighted average settlement period	12	12
	<b>2020</b>	<b>2019</b>
<b>(iii) Current</b>	<b>\$'000</b>	<b>\$'000</b>
All annual leave and the long service leave entitlements representing 10 or more years of continuous service		
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	532	612
- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	83	139
	<u>615</u>	<u>751</u>
<b>(iv) Non-current</b>		
Long service leave representing less than 10 years of continuous service measured at present value	117	114
<b>(v) Employee Numbers (full time equivalent)</b>	52	51

Accounting policy
<b>Employee benefits</b>
<i>i) Short term obligations</i>
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.
<i>ii) Other long term employee benefit obligations</i>
The liability for long service leave and annual leave which is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.
The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.
<i>iii) Sick leave</i>
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.

#### 7.4 Contract Liabilities

##### Current

Rates and charges in advance	157	-
Grants received in advance	265	-
<b>Total</b>	<u>422</u>	<u>-</u>

Accounting policy under AASB 15 and AASB 1058 - applicable from 1 July 2019
Council recognised the following contract liabilities with customers:
<i>i) Rates and charges in advance</i> represents amounts received by Council prior to the commencement of the rating or charging period. Revenue is recognised by council at the beginning of the rating or charge period to which the advance payment relates.
<i>ii) Grants received in advance</i> includes funding for the construction of a new parking for boat trailers and a number of NRM projects. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue.
<i>iii) Upfront payments of funding</i> are recognised as a contract liability until performance obligations in accordance with AASB 15 are satisfied and recognition criteria are met.
Refer to note 10.3 for accounting policy related to AASB 15 and AASB 1058.

**Note 8 Non-current**

**Note 8.1 Interest-bearing loans and borrowings**

**Current**

Borrowings - secured

512	1,403
<u>512</u>	<u>1,403</u>

**Non-current**

Borrowings - secured

6,724	5,636
<u>6,724</u>	<u>5,636</u>

**Total**

<u>7,236</u>	<u>7,039</u>
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**Borrowings**

Borrowings are secured over Council Assets.

The maturity profile for Council's borrowings is:

Not later than one year

512                      1,403

Later than one year and not later than five years

913                        2,091

Later than five years

5,811                    3,545

**Total**

7,236                    7,039

**Accounting policy**

**Interest bearing liabilities**

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

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

Note 9 Other financial information  
Note 9.1 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>2020</b>				
<b>Property</b>				
Leased land	5,351	-	-	5,351
Land under roads	204	2,438	-	2,642
Buildings	4,952	-	-	4,952
Heritage buildings	101	-	-	101
	<b>10,608</b>	<b>2,438</b>	<b>-</b>	<b>13,046</b>
<b>Infrastructure</b>				
Roads	37,589	-	-	37,589
Bridges	4,401	-	-	4,401
Footpaths and cycleways	5,611	-	-	5,611
Drainage	2,631	-	-	2,631
Other infrastructure marina/parks	4,345	-	-	4,345
	<b>54,577</b>	<b>-</b>	<b>-</b>	<b>54,577</b>
<b>Total asset revaluation reserve</b>	<b>65,185</b>	<b>2,438</b>	<b>-</b>	<b>67,623</b>
<b>2019</b>				
<b>Property</b>				
Land	4,492	859	-	5,351
Buildings	5,130	(178)	-	4,952
Land under roads	204	-	-	204
Heritage buildings	95	6	-	101
	<b>9,921</b>	<b>687</b>	<b>-</b>	<b>10,608</b>
<b>Infrastructure</b>				
Roads	33,403	4,186	-	37,589
Bridges	3,754	647	-	4,401
Footpaths and cycleways	4,441	1,170	-	5,611
Drainage	1,588	1,043	-	2,631
Other infrastructure marina/parks	4,345	-	-	4,345
	<b>47,531</b>	<b>7,046</b>	<b>-</b>	<b>54,577</b>
<b>Total asset revaluation reserve</b>	<b>57,452</b>	<b>7,733</b>	<b>-</b>	<b>65,185</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>2020</b>				
<b>Equity investment assets</b>				
Investment in water corporation	(921)	-	(8,488)	(9,409)
<b>Total fair value reserve</b>	<b>(921)</b>	<b>-</b>	<b>(8,488)</b>	<b>(9,409)</b>
<b>2019</b>				
<b>Available-for-sale assets</b>				
Investment in water corporation	(5,597)	4,676	-	(921)
<b>Total fair value reserve</b>	<b>(5,597)</b>	<b>4,676</b>	<b>-</b>	<b>(921)</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>2020</b>				
Reserve Investments - Restricted	257	159	-	416
Reserve Investments - Unrestricted	751	-	(751)	-
<b>Total Other reserves</b>	<b>1,008</b>	<b>159</b>	<b>(751)</b>	<b>416</b>
<b>2019</b>				
Reserve Investments - Restricted	257	-	-	257
Reserve Investments - Unrestricted	751	-	-	751
<b>Total Other reserves</b>	<b>1,008</b>	<b>-</b>	<b>-</b>	<b>1,008</b>
The resort and recreation reserve was established to control contributions received from developers that will, upon completion of developments be utilised to develop recreation and other facilities for residents in the respective development areas.				

	2020 \$'000	2019 \$'000
<b>Total Reserves</b>	<b>58,630</b>	<b>65,272</b>

	2020	2019
	\$'000	\$'000
<b>Note 9.2 Reconciliation of cash flows from operating activities to surplus (deficit)</b>		
Result from continuing operations	1,215	3,071
Depreciation/amortisation	2,605	2,243
(Profit)/loss on disposal of property, plant and equipment, infrastructure	(89)	(100)
Capital grants received specifically for new or upgraded assets (incl GST)	(2,492)	(2,733)
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	(106)	(87)
Decrease/(increase) in other assets	20	148
Decrease/(increase) in inventories	3	-
Increase/(decrease) in contract liabilities	166	-
Increase/(decrease) in trade and other payables	(367)	721
Increase/(decrease) in provisions	(133)	13
<b>Net cash provided by/(used in) operating activities</b>	<b>822</b>	<b>3,276</b>
<b>Note 9.3 Reconciliation of liabilities arising from financing activities</b>		
Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.		
	<b>Interest-bearing loans and borrowings</b>	
	<b>\$'000</b>	
<b>2020</b>		
<b>Balance as at 1 July 2019</b>	7,039	
Changes from financing cash flows:		
Cash Received	1,600	
Cash Repayments	(1,403)	
<b>Balance as at 30 June 2020</b>	<b>7,236</b>	
<b>2019</b>		
<b>Balance as at 1 July 2018</b>	3,772	
Changes from financing cash flows:		
Cash Received	4,560	
Cash Repayments	(1,293)	
<b>Balance as at 30 June 2019</b>	<b>7,039</b>	
<b>Note 9.4 Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents (see note 5.1)	1,683	3,805
<b>Total reconciliation of cash and cash equivalents</b>	<b>1,683</b>	<b>3,805</b>
<b>Note 9.5 Financing arrangements</b>		
Bank overdraft	50	50
<b>Unused facilities</b>	<b>50</b>	<b>50</b>
<b>Note 9.6 Superannuation</b>		
Council contributes to Tasplan and other accumulation schemes on behalf of a number of employees; however the Council has no ongoing responsibility to make good any deficiencies that may occur in those schemes.		
During the year Council made the required superannuation contributions for all eligible employees to an appropriate complying superannuation fund as required by the <i>Superannuation Guarantee (Administration) Act 1992</i> .		
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Fund</b>		
<b>Accumulation funds</b>		
Employer contributions to Tasplan	402	428
Employer contributions to Other Funds	207	164
	609	592
<b>Note 9.7 Commitments</b>		
<b>Contractual commitments</b>		
Contractual commitments at end of financial year but not recognised in the financial report are as follows:		
Garbage collection contract (expires 22 September 2022)	1,542	2,222
<b>Total contractual commitments</b>	<b>1,542</b>	<b>2,222</b>

**Note 9.8 Contingent liabilities and contingent assets**

**Contingent liabilities**

Council operates no landfill sites

**Guarantees for loans to other entities**

Nil

**Contingent assets**

Developer contributions to be received in respect of estates currently under development was nil (2018-19, nil).

**Note 9.9 Financial instruments**

**(a) Interest Rate Risk**

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

**2020**

	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
<b>Financial assets</b>							
Cash and cash equivalents	1.06%	1,681	-	-	-	2	1,683
Trade and other receivables	8.10%	276	-	-	-	391	667
Investment in water corporation		-	-	-	-	28,140	28,140
<b>Total financial assets</b>		<b>1,957</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,533</b>	<b>30,490</b>
<b>Financial liabilities</b>							
Trade and other payables		-	-	-	-	1,208	1,208
Trust funds and deposits		-	-	-	-	534	534
Interest-bearing loans and borrowings	3.47%	-	512	913	5,811	-	7,236
<b>Total financial liabilities</b>		<b>-</b>	<b>512</b>	<b>913</b>	<b>5,811</b>	<b>1,742</b>	<b>8,978</b>
Net financial assets (liabilities)		1,957	(512)	(913)	(5,811)	26,791	21,512

**2019**

	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
<b>Financial assets</b>							
Cash and cash equivalents	1.24%	3,790	13	-	-	2	3,805
Trade and other receivables	8.81%	226	-	-	-	335	561
Investment in water corporation		-	-	-	-	36,627	36,627
<b>Total financial assets</b>		<b>4,016</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>36,964</b>	<b>40,993</b>
<b>Financial liabilities</b>							
Trade and other payables		-	-	-	-	1,575	1,575
Trust funds and deposits		-	-	-	-	169	169
Interest-bearing loans and borrowings	3.62%	-	1,221	1,135	1,416	-	7,039
<b>Total financial liabilities</b>		<b>-</b>	<b>1,221</b>	<b>1,135</b>	<b>1,416</b>	<b>1,744</b>	<b>8,783</b>
Net financial assets (liabilities)		4,016	(1,208)	(1,135)	(1,416)	35,220	32,210

**Note 9.9 Financial instruments**

**(b) Fair Value**

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	1,683	3,805	1,683	3,805
Trade and other receivables	667	458	667	458
Investment in water corporation	28,140	36,627	28,140	36,627
<i>Total financial assets</i>	<u>30,490</u>	<u>40,890</u>	<u>30,490</u>	<u>40,890</u>
<i>Financial liabilities</i>				
Trade and other payables	1,208	1,576	1,208	1,576
Trust funds and deposits	534	169	534	169
Interest-bearing loans and borrowings	7,236	7,039	7,236	7,039
<i>Total financial liabilities</i>	<u>8,978</u>	<u>8,784</u>	<u>8,978</u>	<u>8,784</u>

**(c) Credit Risk**

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

**(d) Risks and mitigation**

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

**Market risk**

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

**Interest rate risk**

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

Our loan borrowings are sourced from the Tasmanian Public Finance Corporation. 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.

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

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

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

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

	Financial Institutions (AAA credit rating)	Government agencies (BBB credit rating)	Other (min BBB credit rating)	Total
<b>2020</b>				
Cash and cash equivalents	1,683	-	-	1,683
Trade and other receivables	-	-	667	667
<b>Total contractual financial assets</b>	<b>1,683</b>	<b>-</b>	<b>667</b>	<b>2,350</b>
<b>2019</b>				
Cash and cash equivalents	3,805	-	-	3,805
Trade and other receivables	-	-	458	458
<b>Total contractual financial assets</b>	<b>3,805</b>	<b>-</b>	<b>458</b>	<b>4,263</b>

### Movement in Provisions for Impairment of Trade and Other Receivables

	2020 \$'000	2019 \$'000
Balance at the beginning of the year	-	70
New Provisions recognised during the year	-	-
Amounts already provided for and written off as uncollectible	-	-
Amounts provided for but recovered during the year	-	(70)
Balance at end of year	-	-

### 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. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements. The ageing of the Council's Trade and Other Receivables was:

	2020 \$'000	2019 \$'000
Current (not yet due)	435	247
Past due by up to 30 days	96	32
Past due between 31 and 180 days	3	39
Past due between 181 and 365 days	212	198
Past due by more than 1 year	83	45
<b>Total Trade &amp; Other Receivables</b>	<b>829</b>	<b>561</b>



**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).

2020	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and other payables	1,208	-	-	-	-	1,208	1,208
Trust funds and deposits			534		-	534	534
Interest-bearing loans and borrowings	-	-	-	-	5,811	5,811	7,236
Total financial liabilities	1,208	-	534	-	5,811	7,553	8,978

2019	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and other payables	1,575					1,575	1,575
Trust funds and deposits	-	-	169	-	-	169	169
Interest-bearing loans and borrowings	211	1192	397	1694	3,545	7039	7039
Total financial liabilities	1,786	1,192	566	1,694	3,545	8,783	8,783

**(e) Sensitivity disclosure analysis**

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

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

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			
		-1 %		+2%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2020	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>					
Cash and cash equivalents	1,681	(17)	(17)	34	34
Trade and other receivables	667	(7)	(7)	13	54
<b>Financial liabilities:</b>					
Interest-bearing loans and borrowings	7,236	72	72	(145)	(145)

		Interest rate risk			
		-1%		+2%	
		-100 basis points		+200 basis points	
		Profit	Equity	Profit	Equity
2019	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>					
Cash and cash equivalents	3,790	(38)	(38)	76	76
Trade and other receivables	458	(5)	(5)	9	9
<b>Financial liabilities:</b>					
Interest-bearing loans and borrowings	7,039	70	70	(141)	(141)

**Note 9.10 Fair Value Measurements**

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

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

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

Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as assets held for sale. These comprise stock for Visitor Information Centres as disclosed in note 5.3

**(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 2020.

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 2020**

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>					
Investment in water corporation	4.1	-	-	28,140	28,140
Land	6.1	-	25,051	-	25,051
Buildings, including heritage buildings	6.1	-	8,693	-	8,693
Roads, including footpaths & cycleways	6.1	-	-	58,583	58,583
Bridges	6.1	-	-	7,715	7,715
Drainage	6.1	-	-	3,624	3,624
		-	33,744	98,062	131,806

**As at 30 June 2019**

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>					
Investment in water corporation	4.1	-	-	36,627	36,627
Land	6.1	-	22,815	-	22,815
Buildings, including heritage buildings	6.1	-	8,985	-	8,985
Roads, including footpaths & cycleways	6.1	-	-	58,515	58,515
Bridges	6.1	-	-	7,835	7,835
Drainage	6.1	-	-	3,697	3,697
		-	31,800	106,673	138,474

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

***Transfers between levels of the hierarchy***

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

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

**(b) Highest and best use**

AASB 13 Fair Value Measurement, requires the fair value of non-financial assets to be calculated based on their "highest and best use". All assets valued at fair value in this note are being used for their highest and best use.

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

**Investment property and Investment in water corporation**

Refer to Note 4.1 for details of valuation techniques used to derive fair values.

**Land**

Land and leased land was revalued at 30 June 2019 in line with the Municipal Valuation.

*Land under roads*

Council recognised the value of land under roads it controls at fair value. Land under roads were revalued at 30 June 2020 using average square meter rates provided by the Valuer General.

**Buildings & Heritage Buildings**

Buildings were revalued at 30 June 2019 in line with the Municipal Valuations

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use.

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

**Infrastructure assets**

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

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

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

The level of accumulated depreciation for infrastructure assets was determined based on the age of the asset and the useful life adopted by Council for the asset type. Estimated useful lives and residual values are disclosed in Note 6.1.

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.

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

Roads, including footpaths & cycleways

A full valuation of road assets was undertaken by independent valuers, Brighton Council, effective 30 June 2019.

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. Urban roads are managed in segments of 1km, while rural roads are managed in segments of similar age and construction type. All road segments are then componentised into formation, pavement, sub-pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC is based on the road area multiplied by a unit price; the unit price being an estimate of labour and material inputs, services costs, and overhead allocations. For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and labour wage rates are based on Council's Enterprise Bargaining Agreement (EBA). Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years.

Bridges

A full valuation of bridges assets was undertaken by independent valuers, Brighton Council and TasSpan, effective 30 June 2019. Each bridge is assessed individually and componentised into sub-assets representing the deck and sub-structure. The valuation is based on the material type used for construction and the deck and sub-structure area.

Drainage

A full valuation of drainage infrastructure was undertaken by Council's Engineer, effective 30 June 2019. Similar to roads, drainage assets are managed in segments; pits and pipes being the major components.

Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

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

**(d) Unobservable inputs and sensitivities**

Asset / liability category*	Carrying amount (at fair value)	Key unobservable inputs *	Expected range of inputs	Description of how changes in inputs will affect the fair value
Investment in Water Corporation	28,140	Refer to note 4.1 for a description of the valuation basis.		

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

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

**(e) Changes in recurring level 3 fair value measurements**

The changes in level 3 property plant and equipment assets with recurring fair value measurements are detailed in note 6.1 (Property, infrastructure, plant and equipment). Investment in water corporation, which is classified as level 3 has been separately disclosed in note 4.1.

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

**(f) 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 2.9 and 6.1 respectively.

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

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

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed is provided by Tascorp (level 2).

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

**Note 9.11 Events occurring after balance date**

(a) The Mayor Debbie Wisby resigned as Mayor and Councillor effective 10 July 2020.

**Note 10 Other matters**

**Note 10.1 Related party transactions**

(i) **Responsible Persons**

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

**Councillors**

Debbie Wisby (Mayor from 07/11/2018, Councillor since 05/11/2014)  
Jenny Woods (Deputy Mayor from 07/11/2018, Councillor since November 2009)  
Cheryl Arnol (Councillor since November 2007)  
Keith Breheny (Councillor from 07/11/2018)  
Annie Brownie (Councillor from 07/11/2018)  
Rob Churchill (Councillor from 07/11/2018)  
Michael Symons (Councillor from 07/11/2018)  
Grant Robinson (Councillor from March 2020)  
Keith Pyke (Councillor Nov 2018 to March 2020)

**General Manager**

Acting General Manager, Ian Pearce (20 May to 7 July 2019)  
Acting General Manager, Harry Galea (7 July to 11 August 2019)  
General Manager, Chris Schroeder (12 August to 25 March 2020)  
Acting General Manager, Ian Pearce (26 March to 19 April 2020)  
Acting General Manager, Marissa Walter (19 April to current)

**Other Executives**

Development Services Manager, Shane Wells (to 22 September 2019)  
Development Services Manager, Deon Bellingan (18 May to 1 November 2020)  
Works Manager, Tony Pollard (to 11 March 2020)  
Works Manager, Rob Brunning (20 May to 27 November 2020)  
Building & Marine Infrastructure Manager, Adrian O'Leary (full year)  
Community Development Manager, Lona Turvey (full year)  
Manager NRM, Melanie Kelly (to 23/12/2020)

(ii) **Councillor Remuneration**

**2020**

	Allowances \$	Vehicles <sup>1</sup> \$	Superannuation \$	Total Compensation AASB 124 \$	Expenses <sup>2</sup> \$	Total allowances and expenses section 72 \$
Debbie Wisby	37,885	5,640	-	43,525	2,439	45,964
Cheryl Arnol	10,825	-	-	10,825	2,283	13,108
Jenny Woods	21,164	-	-	21,164	1,563	22,727
Councillors	54,123	-	-	54,123	10,821	64,944
<b>Total</b>	<b>123,997</b>	<b>5,640</b>	<b>-</b>	<b>129,637</b>	<b>17,106</b>	<b>146,743</b>

**2019**

	Allowances \$	Vehicles <sup>1</sup> \$	Superannuation \$	Total Compensation AASB 124 \$	Expenses <sup>2</sup> \$	Total allowances and expenses section 72 \$
Michael Kent	3,923	5,734	-	9,657	-	9,657
Debbie Wisby	26,087	5,640	-	31,727	3,295	35,022
Cheryl Arnol	14,863	-	-	14,863	2,482	17,345
Jenny Woods	16,547	-	-	16,547	-	16,547
Councillors	42,305	-	-	42,305	14,246	56,551
<b>Total</b>	<b>103,725</b>	<b>11,374</b>	<b>-</b>	<b>115,099</b>	<b>20,023</b>	<b>135,122</b>

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

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

Note 10.1 Related party transactions (cont.)

(iii) Key Management Personnel Remuneration

2020	Remuneration band	Number of employees	Short term employee benefits				Post employment benefits			Non-monetary Benefits <sup>8</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>		
			\$	\$	\$	\$	\$	\$	\$		
	\$10,001 - \$20 000	1	8,169	-	-	1,285	1,307	-	-	468	11,229
	\$20 001 - \$40 000	3	72,108	-	9,201	-	7,180	-	-	(21,187)	67,302
	\$100 001 - \$120 000	3	252,037	-	42,098	617	38,707	-	-	(13,543)	319,916
	\$120 001 - \$140 000	2	172,387	-	23,526	-	41,595	-	87,585	(69,846)	255,247
	\$160 001 - \$180 000	1	99,942	-	-	10,031	20,585	-	34,615	-	165,173
<b>Total</b>			<b>604,643</b>	<b>-</b>	<b>74,825</b>	<b>11,933</b>	<b>109,374</b>	<b>-</b>	<b>122,200</b>	<b>(104,108)</b>	<b>818,867</b>

2019	Remuneration band	Number of employees	Short term employee benefits				Post employment benefits			Non-monetary Benefits <sup>8</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>		
			\$	\$	\$	\$	\$	\$	\$		
	\$10 001 - \$20 000	1	10,000	-	-	-	1,600	-	-	-	11,600
	\$20 001 - \$30 000	1	27,265	-	-	-	-	-	-	-	27,265
	\$90 001 - \$110 000	2	151,240	-	25,625	393	24,055	-	-	3,731	205,044
	\$130 001 - \$150 000	1	114,583	-	15,749	-	18,333	-	-	980	149,645
	\$190 001 - \$210 000	1	175,306	-	17,150	-	28,049	-	-	(11,228)	209,277
<b>Total</b>			<b>478,394</b>	<b>-</b>	<b>58,524</b>	<b>393</b>	<b>72,037</b>	<b>-</b>	<b>-</b>	<b>(6,517)</b>	<b>602,831</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

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

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

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

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

<sup>6</sup> 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).

<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 and non-monetary benefits (such as housing, subsidised goods or services etc).

(iv) Remuneration Principles

**Councillors**

Paid as per Local Government Regulations Schedule 4

**Executives**

Remuneration levels for key management personnel are set in accordance with market rates, performance and in line with levels 8-11 in the modern award.

The employment terms and conditions of senior executives are contained in individual employment contracts and prescribe total remuneration, superannuation, annual and long service leave, vehicle and salary sacrifice provisions.



**Note 10.1 Related party transactions (cont.)**

The performance of each senior executive, including the General Manager, is reviewed annually which includes a review of their remuneration package. The terms of employment of each senior executive, including the General Manager, contain a termination clause that requires the senior executive or Council to provide a minimum notice period of up to 12 months prior to termination of the contract. Whilst not automatic, contracts can be extended for the General Manager.

**Short term incentive payments**

Nil.

**Termination benefits**

Nil.

**(v) Transactions with related parties**

In accordance with s84(2)(b) of the Local Government Act 1993, the General Manager has been notified in respect interests in the following entities with which the Council has major financial dealings:

Debbie Wisby - Mayor      Owner of Airbnb rented by Acting General Manger

Michael Symons -          Owner of MJ & NS Symons Building Co.  
Councillor

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

Most of the entities and people that are related parties of council live and operate within the municipality. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include: Payment of rates on primary residence; payment of dog registrations; and payment of marina fees.

Council has not included these types of transaction in its disclosure, where they are made on the same terms and conditions available to the general public.

**Note 10.2 Special committees and other activities**

<b>Committee</b>	<b>Opening Balance</b>	<b>Movement</b>	<b>Closing Balance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Bicheno War Memorial	3,673	(3,216)	457
Buckland Hall	3,004	-	3,004
Cranbrook Hall	948	-	948
Coles Bay Hall	3,718	-	3,718
Coles Bay Hall - Invest	5,674	-	5,674
Orford Hall	8,533	(58)	8,475
Swansea Town Hall	7,324	-	7,324
Spring Bay Memorial Trust	519	-	519
Triabunna Hall	9,328	1,842	11,170
Triabunna Recreation Ground	83,338	(66,876)	16,462
	126,059	(68,308)	57,751

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

**(a) Taxation**

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

*Goods and services tax (GST)*

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

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

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

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

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

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

**(d) Financial guarantees**

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

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

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

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

**(f) Budget**

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

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

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

**(i) AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities***

Council adopted AASB15 and AASB1058 using the modified retrospective method of transition, with the date of initial application of 1 July 2019. In accordance with the provisions of this transition approach, Council recognised the cumulative effect of applying these new standards as an adjustment to opening Accumulated surpluses at the date of initial application, i.e., 1 July 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income. In addition, Council has applied the practical expedients and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application, i.e., as at 1 July 2019.

As Council has applied the modified retrospective approach, it has applied the practical expedient described in AASB15.C5(c) for all contract modifications that occurred before application date. In doing so Council did not retrospectively restate the contract for those modifications in accordance with AASB15.20-21. Instead, Council reflected the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when:

- Identifying the satisfied and unsatisfied performance obligations
- Determining the transaction price
- Allocating the transaction price to the satisfied and unsatisfied performance obligation.

**Note 10.3 Other significant accounting policies and pending accounting standards (continued)**

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

**(i) AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities (continued)**

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

The impact of the new standard has changed in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. Under the new income recognition model applicable to not-for-profit entities, Council determines whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), Council applies the general AASB15 principles to determine the appropriate revenue recognition. If these criteria are not met, Council considers whether AASB1058 applies.

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

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

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

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

For further details on individual revenue streams refer to their accompanying policy note.

The tables below highlight the impact of adopting AASB 15 and AASB 1058 on the Statement of Comprehensive income and Statement of Financial Position. There was no material impact on Council's Statement of Cash Flows.

**As at 1 July 2019:**

Consolidated Statement of Profit or Loss Extract	Reference	Note	Amounts under		Amounts
			AASB 15 & 1058	Adjustment	under AASB 118 & 1004
			\$'000	\$'000	\$'000
<b>Recurrent Income</b>					
Rates & Charges	2.1	1	(7,696)	142	(7,838)
Grants	2.4	2	(1,265)	114	(1,379)
<b>Current Liabilities</b>					
Contract Liability			256	256	-
<b>Equity</b>					
Accumulated Surplus			(86,727)	256	(86,983)

**As at 30 June 2020:**

Statement of Comprehensive Income (Extract)	Reference	Note	Amounts under		Amounts
			AASB 15 & 1058	Adjustment	under AASB 118 & 1004
			\$'000	\$'000	\$'000
<b>Recurrent Income</b>					
Rates & Charges	2.1	1	(8,547)	157	(8,704)
Grants	2.4	2	(1,353)	119	(1,472)
Capital Grants	2.4	2	(2,306)	146	(2,452)
			<b>(3,659)</b>	<b>422</b>	<b>(3,924)</b>
<b>Current Liabilities</b>					
Contract Liability	7.4	1,2	422	422	-
<b>Equity</b>					
Accumulated Surplus			(88,534)	422	(88,956)

**Notes**

- Prepaid rates received prior to the beginning of a rating period, are now held as a financial liability until the commencement of statutory rating period at which point Council recognises rate income.
- For grant funding where specific performance obligations are yet to be completed to acquire, construct or upgrade a recognisable non-financial asset, Council recognises a liability until obligations are fulfilled.

**Note 10.3 Other significant accounting policies and pending accounting standards (continued)**  
**(g) Adoption of new and amended accounting standards (continued)**

**(ii) AASB 16 Leases**

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

Council has applied this standard from 1 July 2019 using a retrospective approach (partial) with cumulative catch-up. This does not require Council to restate comparative figures, but does require the presentation of both qualitative and quantitative disclosures for affected items, along with a corresponding adjustment to the opening balance of Accumulated surpluses for transitional effects of re-measurement.

AASB 16 has resulted 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 are disclosed in note .

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

**a) Impact of the new definition of a lease**

Council has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Instead contracts containing a lease under AASB 17 or Interpretation 4 at transition will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in AASB 117 and Interpretation 4.

**b) Impact of lessee accounting**

**i) Former operating leases**

AASB 16 changes how Council accounts for leases previously classified as operating leases under AASB 17, which were off balance sheet.

Applying AASB 16, for all leases, Council:

- a) Recognises right-of-use of assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
- c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the Statement of cash flows.

Lease incentives (e.g rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as office printer), Council has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'other expenses' in profit or loss. Therefore no impact in the change of accounting standard for these assets.

**ii) Former finance leases**

AASB 16 requires that Council recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee,

**iii) Lessor accounting**

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. However, AASB 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

**(h) Pending Accounting Standards**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

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

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

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

No impact is expected.

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

**Note 10.4 Significant Business Activities**

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

	Road Maintenance (non Council)		Marina/Wharf		Information Centres		East Coast Health	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Revenue</i>								
Rates	-	-	-	-	-	-	2	315
User Changes	-	187	344	350	77	308	-	-
Grants	-	-	-	85	-	-	10	3
Other	-	-	-	-	13	54	375	974
<b>Total Revenue</b>	<b>-</b>	<b>187</b>	<b>344</b>	<b>435</b>	<b>90</b>	<b>308</b>	<b>387</b>	<b>1,292</b>
<i>Expenditure</i>								
<i>Direct</i>								
Employee Costs	-	96	26	35	170	489	215	539
Materials and Contacts	-	26	75	106	60	190	355	827
Interest	-	-	101	108	-	-	-	1
Utilities	-	-	17	26	4	8	15	27
<i>Indirect</i>								
Engineering & Administration	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>-</b>	<b>122</b>	<b>219</b>	<b>275</b>	<b>234</b>	<b>687</b>	<b>585</b>	<b>1,394</b>
<i>Notional cost of free services received</i>								
<i>Capital Costs</i>								
Depreciation and amortisation	-	-	137	102	3	4	65	91
Opportunity cost of capital	-	-	143	141	-	-	-	-
<b>Total Capital Costs</b>	<b>-</b>	<b>-</b>	<b>280</b>	<b>243</b>	<b>3</b>	<b>4</b>	<b>65</b>	<b>91</b>
<i>Competitive neutrality adjustments</i>								
Rates and land tax	-	-	-	-	4	4	3	3
	-	-	-	-	4	4	3	3
<i>Calculated Surplus/(Deficit)</i>								
Tax Equivalent rate	30%	30%	30%	30%	30%	30%	30%	30%
Taxation equivalent	-	-	(4)	-	-	-	-	-
<b>Competitive neutrality costs</b>	<b>-</b>	<b>122</b>	<b>495</b>	<b>518</b>	<b>241</b>	<b>695</b>	<b>653</b>	<b>1,488</b>

**Accounting policy**

**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. Council's disclosure is reconciled above. Council has determined, based upon materiality that Non-Council Road Maintenance, Marina/Wharf, Visitor Information Centres and East Coast Health as defined above are considered significant business activities. Competitive neutrality costs include notional costs i.e. income tax equivalent, rates and loan guarantees.

Note	10.5 Management indicators	Benchmark	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
	<b>(a) Underlying surplus or deficit</b>					
	Recurrent Income		13,509	13,058	12,566	11,186
	Add non-operational expenses					
	Recurrent Expenditure		14,600	12,566	12,179	12,273
	Underlying surplus/deficit	0	(1,091)	492	387	(1,087)

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

	<b>(b) Underlying surplus ratio</b>					
	<u>Underlying surplus or deficit</u>		(1,091)	492	387	(1,087)
	Recurrent income*		13,509	13,058	12,566	11,186
	Underlying surplus ratio %	0%	-8%	4%	3%	-10%

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

	<b>(c) Net financial liabilities</b>					
	Liquid assets less		2,341	4,351	1,909	2,441
	total liabilities		10,132	9,649	5,394	5,411
	Net financial liabilities	0	(7,791)	(5,298)	(3,485)	(2,970)

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.

	<b>(d) Net financial liabilities ratio</b>					
	<u>Net financial liabilities</u>		(7,791)	(5,298)	(3,807)	(3,485)
	Recurrent income*		13,509	13,058	12,566	11,186
	Net financial liabilities ratio %	0% - (50%)	-58%	-41%	-30%	-31%

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

**(e) Asset consumption ratio**

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

<i>Roads</i>						
	<u>Depreciated replacement cost</u>		50,376	50,112	43,743	41,375
	Current replacement cost		73,659	72,418	68,647	63,611
	Asset consumption ratio %	40-60%	68%	69%	64%	65%
<i>Bridges</i>						
	<u>Depreciated replacement cost</u>		7,715	7,835	6,705	5,259
	Current replacement cost		11,011	11,003	9,387	7,463
	Asset consumption ratio %	40-60%	70%	71%	71%	70%
<i>Footpaths &amp; cycleways</i>						
	<u>Depreciated replacement cost</u>		8,207	8,403	6,971	6,855
	Current replacement cost		12,614	12,614	11,466	11,098
	Asset consumption ratio %	40-60%	65%	67%	61%	62%

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

Note	10.5 Management indicators (cont.)	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
(f)	<b>Asset renewal funding ratio</b>				
	An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.				
	<i>Transport Infrastructure</i>				
	<u>Projected capital funding outlays**</u>	838	1,751	1,680	2,029
	Projected capital expenditure funding***	838	1,751	1,680	2,029
	Asset renewal funding ratio %	90-100%	100%	100%	100%
	<i>Buildings</i>				
	<u>Projected capital funding outlays**</u>	284	298	327	138
	Projected capital expenditure funding***	284	298	327	138
	Asset renewal funding ratio %	90-100%	100%	100%	100%
	<i>Drainage</i>				
	<u>Projected capital funding outlays**</u>	0	276	77	85
	Projected capital expenditure funding***	0	276	77	85
	Asset renewal funding ratio %	90-100%	0%	100%	100%

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

\*\*\* Value of projected capital expenditure funding for an asset identified in Council's long-term strategic asset management plan.

This ratio measures Council's capacity to fund future asset replacement requirements.

**(g) Asset sustainability ratio**

<u>Capex on replacement/renewal of existing assets</u>		1,243	2,386	1,734	3,090
Annual depreciation expense		2,605	2,158	2,009	2,014
Asset sustainability ratio %	100%	48%	111%	86%	153%

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

Average ratio is 47%, which is above Benchmark

2020	Capital renewal expenditure \$'000	Capital new /upgrade expenditure \$'000	Total Capital Expenditure \$'000
By asset class			
Buildings and other infrastructure	1,243	5,448	6,691
<b>Total</b>	<b>1,243</b>	<b>5,448</b>	<b>6,691</b>

2019	Capital renewal expenditure \$'000	Capital new /upgrade expenditure \$'000	Total Capital Expenditure \$'000
By asset class			
Buildings and other Infrastructure	2,358	4,771	7,129
<b>Total</b>	<b>2,358</b>	<b>4,771</b>	<b>7,129</b>

**Note 10.6 Material Budget Variations**

Council's original budget was adopted by the Council on 25 June 2019. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grant programs, changing economic activity, the weather, and by decisions made by the Council. Material variations are explained below:

**Revenues**

**1 Statutory fees and fine**

Revenue from statutory fees & fines was up \$65,000 (12.1%) on budget, this was mainly due to an increase in development fees.

**2 Investment revenue from water corporation**

Investment revenue from water corporation was down \$417,000 (66.8%), partially due to the ending of the guarantee fees and partially due to TasWater not paying a final dividend for the year.

**3 Net gain/(loss) on disposal of property, infrastructure, plant and equipment**

Net gain/(loss) on disposal of property, infrastructure, plant and equipment was up \$39,000 (78%) on the write off of road and bridge assets replaced and the sale of the old Tribunna Council Chambers.

**Expenses**

**4 Employee benefits**

Employee benefits were down \$823,000 (15.9%) on budget due to the refund/cancellation of payroll tax due to COVID-19 (\$200k) and various staff vacancies during the year.

**5 Materials and services**

Materials and services are up \$1,897,000 (35.4%) on budget due to higher contractor costs to cover staff vacancies, higher legal fees, planning consultants to assess the high level of development applications and the Local Provision Schedule, the expensing of projects budgeted for in capital works which were maintenance/operational in nature; and the increase in costs to address storm damage and fires during the year.


**6 Depreciation and amortisation**

Depreciation and amortisation expense was up \$324,000 (13.9%) on budget due to the depreciation on new assets and revalued buildings.



## Certification of the Financial Report

The financial report presents fairly the financial position of the Glamorgan Spring Bay Council as at 30 June 2020, 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.



Greg Ingham  
General Manager

Date : 22/01/2021