



Glamorgan Spring Bay Council Annual Report 2017/2018 – Part B

Annual Financial Report Local Government Model

For the Year Ended 30 June 2018

FINANCIAL STATEMENTS 2017-2018

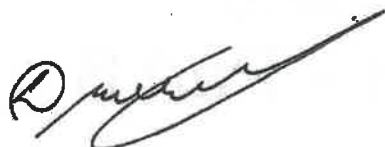


NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

24th September 2018

Certification of the Financial Report

The financial report presents fairly the financial position of the Glamorgan Spring Bay Council as at 30 June 2018, the results of its operations for the year then ended and the cash flows of the Council, in accordance with the *Local Government Act 1993* (as amended), Australian Accounting Standards (including interpretations) and other authoritative pronouncements issued by the Australian Accounting Standards Board.

A handwritten signature in black ink, appearing to read 'D. Metcalf', written over a horizontal line.

David Metcalf
General Manager

FINANCIAL STATEMENTS 2017-2018

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

Budget Variations

Council's original budget was adopted by the Council on **22nd August 2017**. 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 decisions made by the Council. Material variations are explained on the variance listed below.

Revenue:

1. Grants

- Grants were 56% above budget due to the extra \$667,392 Financial Assistance Grants funding received in advance for 2018/2019 that was announced during the financial year and other grants announced during the year including \$528,000 for the Triabunna Wharf, \$206,000 for the Bicheno Triangle, \$50,000 for Swansea seaweed study and \$34,000 for the Orford Hall.

2. Statutory Fees

- Statutory fees were 24.4% above budget or \$104,000. This was related to the growth in the level of development within the municipality.

3. Interest

- Interest was \$8,000 above budget or 21.6%. This was due entirely to higher levels of cash during the year.

4. Net Gain or Loss on Assets

- Net Gain or Loss on Assets was \$47,000 below budget due to the written down value of infrastructure assets at time of replacement/upgrade.

Expenses:

1. Finance Costs

- Finance costs were \$46,000 below budget or 26.4% as budgeted borrowings were not drawn down during the year.



GLAMORGAN SPRING BAY COUNCIL
ANNUAL FINANCIAL REPORT
For the Year Ended 30 June 2018

Glamorgan Spring Bay Council

Financial Report

Table of Contents

FINANCIAL REPORT	Page
Financial Statements	
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to Financial Statements	5
Note 1 Reporting Entity	5
Note 2 Basis of Accounting	5
Note 3 Use of Estimates and Judgements	5
Note 4 Functions/Activities of the Council	6
Note 5 Rates and charges	8
Note 6 Statutory fees and fines	8
Note 7 User fees	8
Note 8 Grants	9
Note 9 Contributions	9
Note 10 Interest	10
Note 11 Other income	10
Note 12 Net gain/(loss) on disposal of property, infrastructure, plant and equipment	10
Note 13 Investment revenue from water corporation	10
Note 14 Employee benefits	11
Note 15 Materials and services	11
Note 16 Impairment of receivables	12
Note 17 Depreciation and amortisation	12
Note 18 Finance costs	14
Note 19 Other expenses	14
Note 20 Investment in water corporation	14
Note 21 Cash and cash equivalents	15
Note 22 Trades and other receivables	15
Note 23 Inventories	15
Note 24 Other assets	15
Note 25 Property, infrastructure, plant and equipment	16
Note 26 Trade and other payables	23
Note 27 Trust funds and deposits	23
Note 28 Provisions	23
Note 29 Interest bearing loans and borrowings	24
Note 30 Reserves	25
Note 31 Reconciliation of cash flows from operating activities to surplus or deficit	26
Note 32 Reconciliation of liabilities arising from financing activities	26
Note 33 Reconciliation of cash and cash equivalents	26
Note 34 Financing arrangements	26
Note 35 Superannuation	27
Note 36 Commitments	27
Note 37 Contingent liabilities and contingent assets	27
Note 38 Financial instruments	28
Note 39 Fair value measurements	34
Note 40 Events occurring after balance date	38
Note 41 Related party transactions	38
Note 42 Special committees and other activities	40
Note 43 Other significant accounting policies and new accounting standards	41
Note 44 Significant Business Activities	45
Note 45 Management indicators	46
Note 46 Material budget variations	48
Certification of the Financial Report	49

Statement of Comprehensive Income For the Year Ended 30 June 2018

	Note	Budget 2018 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Income from continuing operations				
Recurrent Income				
Rates and charges	5	7,403	7,453	7,136
Statutory fees and fines	6	426	530	419
User fees	7	1,026	1,031	1,023
Grants	8	685	1,428	2,144
Contributions - cash	9	95	83	85
Interest	10	37	45	48
Other income	11	1,554	1,761	1,648
Investment revenue from water corporation	13, 20	621	621	621
		11,847	12,952	13,124
Capital Income				
Capital grants received specifically for new or upgraded assets	8	1,886	2,590	1,749
Contributions - non-monetary assets	9	-	-	3,196
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	12	-	(47)	71
		1,886	2,543	5,016
Total income from continuing operations		13,733	15,495	18,140
Expenses from continuing operations				
Employee benefits	14	(4,336)	(4,323)	(4,210)
Materials and services	15	(5,232)	(5,446)	(5,621)
Impairment of debts	16	-	-	(1)
Depreciation and amortisation	17	(2,092)	(2,158)	(2,009)
Finance costs	18	(171)	(125)	(146)
Other expenses	19	(202)	(177)	(192)
Total expenses from continuing operations		(12,033)	(12,229)	(12,179)
Result from continuing operations		1,700	3,266	5,961
Net result for the year		1,700	3,266	5,961
Other comprehensive income				
Items that will not be reclassified to surplus or deficit				
Net asset revaluation increment/(decrement) reversals	30	-	7,448	1,429
		-	7,448	1,429
Items that may be reclassified subsequently to surplus or deficit				
Financial assets available for sale reserve				
— Fair Value adjustment on Available for Sale Assets	30	-	409	206
		-	409	206
Total Other Comprehensive Income		-	7,857	1,635
Total Comprehensive result		1,700	11,123	7,596

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

**Statement of Financial Position
As at 30 June 2018**

	Note	2018 \$'000	2017 \$'000
Assets			
Current assets			
Cash and cash equivalents	21	1,401	1,518
Trade and other receivables	22	458	416
Inventories	23	27	30
Other assets	24	250	141
Total current assets		2,136	2,105
Non-current assets			
Trade and other receivables	22	21	26
Investment in water corporation	20	31,951	31,542
Property, infrastructure, plant and equipment	25	108,214	97,722
Total non-current assets		140,186	129,290
Total assets		142,322	131,395
Liabilities			
Current liabilities			
Trade and other payables	26	864	1,372
Trust funds and deposits	27	58	56
Deferred Income	27	-	5
Provisions	28	715	788
Interest-bearing loans and borrowings	29	1,221	713
Total current liabilities		2,858	2,934
Non-current liabilities			
Provisions	28	136	35
Interest-bearing loans and borrowings	29	2,551	2,772
Total non-current liabilities		2,687	2,807
Total liabilities		5,545	5,741
Net Assets		136,777	125,654
Equity			
Accumulated surplus		83,914	80,648
Reserves	30	52,863	45,006
Total Equity		136,777	125,654

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

Statement of Changes in Equity For the Year Ended 30 June 2018

	Note	Total 2018 \$'000	Accumulated Surplus 2018 \$'000	Asset Revaluation Reserve 2018 \$'000	Fair Value Reserve 2018 \$'000	Other Reserves 2018 \$'000
2018						
Balance at beginning of the financial year		125,654	80,648	50,004	(6,006)	1,008
Surplus / (deficit) for the year		3,266	3,266	-	-	-
Other Comprehensive Income:						
- Fair Value adjustment on Available for Sale Assets	20	409	-	-	409	-
Net asset revaluation increment(decrement) reversals	30	7,448	-	7,448	-	-
Transfer between reserves		-	-	-	-	-
Balance at end of the financial year		136,777	83,914	57,452	(5,597)	1,008

		Total 2017 \$'000	Accumulated Surplus 2017 \$'000	Asset Revaluation Reserve 2017 \$'000	Fair Value Reserve 2017 \$'000	Other Reserves 2017 \$'000
2017						
Balance at beginning of the financial year		118,058	74,687	48,575	(6,212)	1,008
Surplus / (deficit) for the year		5,961	5,961	-	-	-
Other Comprehensive Income:						
- Fair Value adjustment on Available for Sale Assets	20	206	-	-	206	-
Net asset revaluation increment(decrement) reversals	30	1,429	-	1,429	-	-
Transfer between reserves		-	-	-	-	-
Balance at end of the financial year		125,654	80,648	50,004	(6,006)	1,008

The above statement should be read with the accompanying notes.

Statement of Cash Flows For the Year Ended 30 June 2018

	Note	2018 Inflows/ (Outflows) \$'000	2017 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates		7,345	7,172
Statutory fees and fines		530	419
User charges and other fines (inclusive of GST)		1,067	1,170
Grants (inclusive of GST)		1,437	2,173
Developer contributions (inclusive of GST)		83	85
Interest		45	48
Investment revenue from water corporation		621	621
Other receipts (inclusive of GST)		1,622	1,602
Net GST refund/payment		269	390
Payments to suppliers (inclusive of GST)		(6,362)	(6,282)
Payments to employees (including redundancies)		(4,295)	(4,211)
Finance costs		(125)	(146)
Other payments		(177)	(193)
Net cash provided by (used in) operating activities	31	2,060	2,848
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(5,309)	(5,141)
Proceeds from sale of property, infrastructure, plant and equipment		63	161
Capital grants (inclusive of GST)		2,780	1,850
Net cash provided by (used in) investing activities		(2,466)	(3,130)
Cash flows from financing activities			
Trust funds and deposits		2	1
Proceeds from interest bearing loans and borrowings		1,000	500
Repayment of interest bearing loans and borrowings		(713)	(210)
Net cash provided by (used in) financing activities	32	289	291
Net increase (decrease) in cash and cash equivalents		(117)	9
Cash and cash equivalents at the beginning of the financial year		1,518	1,509
Cash and cash equivalents at the end of the financial year	33	1,401	1,518
Financing arrangements	34		
Restrictions on cash assets	21		

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

Note 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.

Note 2 Basis of Accounting

These financial statements are a general purpose financial report that consists of a Statement of Comprehensive Income, Statement of 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 20, 25, 28, 29 and 47.

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 42.

Note 3 Use of Judgements and Estimates

Judgements and Assumptions

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

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

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

Employee entitlements

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in Note 28.

Fair value of property, plant & equipment

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

Investment in water corporation

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in Note 20.

Note 4 Functions/Activities of the Council

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						
2017 - 2018	238	3,229	3,467	2,695	772	1,916
2016 - 2017	-	4,302	4,302	2,647	1,655	5,213
Roads, streets and bridges						
2017 - 2018	1,362	1,369	2,731	2,199	532	71,297
2016 - 2017	2,509	596	3,105	2,391	714	57,420
Drainage						
2017 - 2018	-	170	170	125	45	2,675
2016 - 2017	-	225	225	156	69	2,525
Waste management						
2017 - 2018	-	969	969	965	4	7
2016 - 2017	-	1,223	1,223	933	290	963
Environmental health						
2017 - 2018	-	152	152	193	(41)	-
2016 - 2017	-	130	130	168	(38)	-
Planning services						
2017 - 2018	-	363	363	482	(119)	29
2016 - 2017	-	435	435	437	(2)	15
Building control						
2017 - 2018	-	326	326	257	69	-
2016 - 2017	-	180	180	198	(18)	-
Community amenities						
2017 - 2018	-	825	825	826	(1)	1,208
2016 - 2017	-	1,430	1,430	1,490	(60)	1,200
Community services						
2017 - 2018	-	444	444	235	209	830
2016 - 2017	-	269	269	262	7	-
Recreation facilities						
2017 - 2018	-	457	457	432	25	4,224
2016 - 2017	-	425	425	432	(7)	3,001
Economic development						
2017 - 2018	-	60	60	35	25	-
2016 - 2017	-	60	60	34	26	38,666
Other - not attributable						
2017 - 2018	2,418	3,113	5,531	3,785	1,746	60,136
2016 - 2017	1,384	4,972	6,356	3,031	3,325	22,392
Total						
2017 - 2018	4,018	11,477	15,495	12,229	3,266	142,322
2016 - 2017	3,893	14,247	18,140	12,179	5,961	131,395

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

	2018	2017
Current assets	2,136	2,105
Non-current assets	140,186	129,290
	142,322	131,395

(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, bridges, parking facilities and street lighting.

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.

Building control

The development and maintenance of building constructions standards.

Community amenities

Operation and maintenance of housing for aged persons and persons of limited means, Civic Centre, Council halls (excluding indoor sports complexes).

Community services

Administration and operation of dog registration, operation of pounds, control of straying stock, and noxious weeds. Operation of the Child Care Centre, 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.

Recreation facilities

Operation and maintenance of sporting facilities (includes swimming pools, active and passive recreation and recreation centres).

Economic development

Maintenance and marketing of tourist facilities and property development.

Other - not attributable

Rates and charges and work not attributed elsewhere.

Notes to the Financial Report
For the Year Ended 30 June 2018

2018
\$'000

2017
\$'000

Note 5 Rates and charges

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 2017-2018 was \$81,441,154 (2016-17 \$74,595,536). The 2017-18 rate in the AAV dollar was \$0.07030292 (2016-17, \$0.07320093).

Residential	3,938	3,755
Commercial	860	761
Industrial	81	80
Farm/Rural	602	601
Supplementary rates and rate adjustments	(2)	(4)
Fire Levy	330	354
Garbage charge	1,130	1,094
Special rates and charges (Medical Levy)	307	298
Special rates and charges (Caravan Fees)	85	83
Rates received in advance	122	114
Total rates and charges	7,453	7,136

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

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 6 Statutory fees and fines

Infringements and costs	14	11
Town planning fees	123	149
Land information certificates	92	89
Permits	301	170
Total statutory fees and fines	530	419

Accounting policy

Statutory fee and fine income

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

Note 7 User fees

Visitor centre turnover	568	591
Registration fees	9	17
Waste Transfer Station fees	104	80
Marina and wharf fees	304	216
Other fees and charges	46	119
Total user fees	1,031	1,023

Ageing analysis of contractual receivables

Please refer to note 39(e) for the ageing analysis of contractual receivables.

Accounting policy

User fee income

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

	2018 \$'000	2017 \$'000
Note 8 Grants		
Grants were received in respect of the following :		
Summary of grants		
Federally funded grants	2,029	2,879
State funded grants	1,989	1,014
Total	4,018	3,893
Grants - Recurrent		
Commonwealth Government Financial Assistance Grants - General Purpose	276	523
Commonwealth Government Financial Assistance Grants - Roads	964	1,326
State Grants	84	-
Rural Primary Health Services	21	224
Transport	1	1
Natural Resource Management	82	70
Total recurrent grants	1,428	2,144

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2017-18 and 2016-17 the Commonwealth made early payment of the two quarterly instalments for the following year. In accordance with AASB1004 Contributions, Council recognises these grants as revenue when it receives the funds and obtains control. The early receipt of instalments resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2017-18 by \$637,397 (2016-17 by \$628,921). This has impacted the Statement of Comprehensive Income resulting in the Surplus/(deficit) being higher in 2016-17 by \$628,921.

Capital grants received specifically for new or upgraded assets		
Commonwealth Government - roads to recovery	157	480
Commonwealth Government - marine	510	255
Commonwealth Government - prosser plains rural water system	18	-
State Government	1,905	1,014
Total capital grants	2,590	1,749

Accounting policy

Grant income - operating and capital

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

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

Where grants recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant is also disclosed. Council did not have any unused grant or contribution from prior years.

Note 9 Contributions

(a) Cash		
Roads	22	37
Drainage	-	20
Parks, open space and streetscapes	61	28
Total	83	85
(b) Non-monetary assets		
Land under roads	-	42
Bridges	-	1,274
Roads	-	1,880
Total	-	3,196
Total contributions	83	3,281

Notes to the Financial Report
For the Year Ended 30 June 2018

2018
\$'000

2017
\$'000

Note 9 Contributions (cont.)

Accounting policy

Contribution income

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

Where contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused contribution is also disclosed. Council did not have any unused contribution from prior years.

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 10 Interest

Interest on rates	14	12
Interest on cash and cash equivalents	31	36
Total	45	48

Accounting policy

Interest income

Interest is recognised progressively as it is earned.

Note 11 Other income

Other rent	140	81
Other - Miscellaneous	321	310
Change in committee accounts	-	6
Medical Income Received	884	865
Pension Remissions	242	242
Reimbursements	174	144
Total other income	1,761	1,648

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.

Note 12 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

Proceeds of sale	63	161
Write down value of assets disposed	(110)	(90)
Total	(47)	71

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.

Note 13 Investment revenue from water corporation

Dividend revenue received	403	403
Tax equivalent received	187	187
Guarantee fee received	31	31
Total investment revenue from water corporation	621	621

Accounting policy

Investment revenue

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

	2018 \$'000	2017 \$'000
Note 14 Employee benefits		
Wages and salaries	2,933	3,037
Workers compensation	74	68
Annual leave and long service leave	395	287
Superannuation	520	519
Fringe benefits tax	57	45
Sick Leave	82	73
Payroll Tax	200	160
Other Leave - Compassionate, Maternity etc	46	21
Staff Training	45	39
Public Holiday Cost	126	134
Uniforms & Personal Protection Equipment	20	22
Miscellaneous Costs	8	11
Sub-total	4,506	4,416
Less amounts capitalised	(183)	(206)
Total employee benefits	4,323	4,210

Accounting policy

Employee benefits

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

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

Note 15 Materials and services		
Consultants & Contractors	1,638	1,842
Building maintenance	163	124
Materials & Plant Costs	518	648
Utilities	261	264
State Fire Levy	315	302
State Pensioner Remission	241	242
Rates Discount	75	67
Rent	107	67
Legal Costs	142	111
Insurance	124	134
Rural Primary Health Service	21	-
Postage & Printing	72	74
Valuation Fees	51	36
Medical Subsidies	91	89
Visitor Information Centre - Bookings & Stock	388	453
Other	1,239	1,168
Total materials and services	5,446	5,621

2018
\$'000

2017
\$'000

Note 15 Materials and services (cont.)

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 16 Impairment of receivables

Other debtors

- 1

Total impairment of receivables

- 1

Accounting policy

Impairment 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.

Note 17 Depreciation

Property

Buildings

Buildings at Valuation	93	93
Buildings at Cost	91	87
Building improvements	29	26
Heritage buildings	31	31

Plant and Equipment

Plant, machinery and equipment	140	141
Fixtures, fittings and furniture	6	11
Computers and telecommunications	110	96
Medical Equipment	3	5
Motor vehicles (not plant)	142	131
Miscellaneous Equipment	50	68

Infrastructure

Roads	826	780
Bridges	178	145
Footpaths and cycleways	180	174
Drainage	62	61
Parks, open space and streetscapes	94	91
Marine Infrastructure	123	69

Total depreciation

2,158 2,009

2018
\$'000

2017
\$'000

Note 17 Depreciation (cont.)

Accounting policy	
Depreciation expense	
Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.	
Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.	
Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and remaining values and a separate depreciation rate is determined for each component.	
Land, heritage, artwork and road earthwork assets are not depreciated on the basis that they are assessed as not having a limited useful life.	
Straight line depreciation is charged based on the residual useful life as determined each year.	
Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:	
	Period
Land improvements	50 years
Buildings	
buildings	50 years
building improvements	25-50 years
Leasehold improvements	
leasehold building improvements	
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

	2018 \$'000	2017 \$'000
Note 18 Finance costs		
Interest - Borrowings	125	146
Total	125	146

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.

Note 19 Other expenses

External auditors' remuneration (Tasmanian Audit office)	27	27
Other assurance services	12	21
Councillors' allowances	133	139
Operating lease rentals	5	5
Total other expenses	177	192

Accounting policy

Other expenses

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.

Note 20 Investment in water corporation

Opening Balance	31,542	31,337
Fair Value adjustments on Available-for-Sale Assets	409	206
Total Investment in water corporation	31,951	31,542

Council has derived returns from the water corporation as disclosed at note 13.

Accounting policy

Investment assets

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2018, Council held a 1.99% (2017: 1.99%) ownership interest in TasWater which is based on Schedule 2 of the Corporation's Constitution which reflects the council's voting rights. Council has an ownership interest of 1.99% in the corporation. Any unrealised gains and losses are recognised through the Statement of Comprehensive Income to a Financial assets available for sale Reserve each year (refer note 30).

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

On 1 May 2018 TasWater and the State Government announced a memorandum of understanding under which the State Government will inject \$20 million per year for the next ten years into TasWater and in return will become a shareholder of TasWater. As a shareholder the State Government will not receive any dividend distributions. The partnership provides for a reduction in forecast price increases, accelerated infrastructure upgrades and a joint focus on major projects. As at the date of these financial statements, the owner councils and the State Government were working together on the nature of the future reforms.

	2018 \$'000	2017 \$'000
Note 21 Cash and cash equivalents		
Cash on hand	2	2
Cash at bank	1,032	413
Money market call account	195	935
Bank bills	172	168
Total cash and cash equivalents	1,401	1,518
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 27)	58	61
- Leave provisions (Note 28)	851	823
- Resort and recreation reserve funds (Note 30)	257	257
Restricted funds	1,166	1,141
Total unrestricted cash and cash equivalents	235	377

Accounting policy

Cash and cash equivalents

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

Note 22 Trade and other receivables

Current

Rates debtors	193	85
Other debtors	182	116
Net GST receivable	83	215
Total	458	416

Non-current

Loans and advances to community organisations	21	26
Total	21	26

Total trade and other receivables

479	442
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Accounting policy

Trade and other receivables

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

Note 23 Inventories

Inventories held for sale	27	30
Total inventories	27	30

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 24 Other assets

Current

Prepayments	122	117
* Accrued income	128	24
Total	250	141

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

Note 25 Property, infrastructure, plant and equipment

	2018 \$'000	2017 \$'000
Summary		
at cost	32,873	30,016
Less accumulated depreciation	6,559	6,395
	26,314	23,621
at fair value as at 30 June	119,549	110,323
Less accumulated depreciation	37,649	36,222
	81,900	74,101
Total	108,214	97,722
Property		
Land		
at fair value	11,541	6,670
	11,541	6,670
Land public open space		
at cost	-	639
	-	639
Total Land	11,541	7,309
Buildings		
at fair value as at 30 June	8,646	4,631
Less accumulated depreciation	-	1,115
	8,646	3,516
Buildings		
at cost as at 30 June	-	4,437
Less accumulated depreciation	-	352
	-	4,085
Building Improvements		
at cost	170	1,233
Less accumulated depreciation	1	55
	169	1,178
Heritage Buildings		
at cost	1,244	1,244
Less accumulated amortisation	234	209
	1,010	1,035
Heritage buildings		
at fair value as at 30 June	315	310
Less accumulated depreciation	-	84
	315	226
Total Buildings	10,140	10,040
Total Property	21,681	17,349

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

	2018 \$'000	2017 \$'000
Plant and Equipment		
Plant, machinery and equipment		
at cost	1,909	1,825
Less accumulated depreciation	1,563	1,422
	346	403
Fixtures, fittings and furniture		
at cost	1,043	1,041
Less accumulated depreciation	1,022	1,015
	21	26
Medical Equipment		
at cost	38	35
Less accumulated depreciation	23	20
	15	15
IT Equipment		
at cost	996	952
Less accumulated amortisation	645	535
	351	417
Motor Vehicles (Not Plant)		
at cost	1,112	999
Less accumulated depreciation	674	655
	438	344
Misc. Equipment		
at cost	1,468	1,409
Less accumulated depreciation	1,239	1,189
	229	220
Total Plant and Equipment	1,400	1,425
Infrastructure		
Roads		
at fair value as at 30 June	72,404	68,647
Less accumulated depreciation	26,991	24,904
	45,413	43,743
Bridges		
at fair value as at 30 June	9,906	9,387
Less accumulated depreciation	2,606	2,682
	7,300	6,705
Footpaths and cycleways		
at fair value as at 30 June	12,039	11,466
Less accumulated depreciation	4,903	4,495
	7,136	6,971
Drainage		
at fair value as at 30 June	5,824	5,467
Less accumulated depreciation	3,149	2,942
	2,675	2,525
Marine Infrastructure		
at cost	7,233	3,371
Less accumulated depreciation	523	400
	6,710	2,971
Parks, Open Space, Streetscapes		
at cost	2,818	2,737
Less accumulated depreciation	635	541
	2,183	2,196
Land Under Roads		
at fair value as at 30 June	10,415	10,415
	10,415	10,415
Total Infrastructure	81,832	75,526

Works in progress

Buildings at cost	98	13
Building improvements	160	49
Roads at cost	899	246
Footpaths	130	-
Drainage	14	20
Other infrastructure (dam/pipeline)	1,851	216
Bridges at cost	-	237
Parks, Open Space, Streetscapes at cost	149	71
Marine Infrastructure at cost	-	2,570
Total Works in progress	3,301	3,422

Total property, infrastructure, plant and equipment

108,214	97,722
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Note 25 Property, plant and equipment, infrastructure (cont.)

Reconciliation of property, plant and equipment and infrastructure

2018	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 30)	Depreciation and amortisation (note 17)	Written down value of disposals	Contributions & Newly Recognised Assets (note 9)	Impairment losses recognised in profit or loss (a)	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property									
Land	6,670	-	4,232	-	-	-	-	639	11,541
Land public open space	639	-	-	-	-	-	-	(639)	-
Total Land	7,309	-	4,232	-	-	-	-	-	11,541
Buildings fair value	3,516	-	79	93	-	-	-	5,143	8,646
Buildings Cost	4,085	-	-	91	-	-	-	(3,994)	0
Building improvements	1,178	-	-	29	-	-	-	(979)	169
Heritage Buildings at Cost	1,035	-	-	25	-	-	-	-	1,010
Heritage buildings fair value	226	-	95	6	-	-	-	-	315
Total Buildings	10,040	-	174	244	-	-	-	170	10,140
Total Property	17,349	-	4,406	244	-	-	-	170	21,681
Plant and Equipment (Cost)									
Plant, machinery and equipment	403	84	-	140	-	-	-	-	346
Fixtures, fittings and furniture	26	1	-	6	-	-	-	-	21
IT Equipment	417	44	-	110	-	-	-	-	351
Medical Equipment	15	3	-	3	-	-	-	-	15
Motor Vehicles (Not Plant)	344	253	-	142	18	-	-	-	438
Miscellaneous Equipment	220	59	-	50	-	-	-	-	229
Total plant and equipment	1,425	444	-	451	18	-	-	-	1,400
Infrastructure									
Roads	43,743	-	2,115	826	4	-	-	384	45,413
Bridges	6,705	-	502	178	103	-	-	374	7,300
Footpaths & Cycleways	6,971	-	335	180	-	-	-	10	7,136
Drainage	2,525	-	90	62	2	-	-	124	2,675
Land Under Roads	10,415	-	-	-	-	-	-	-	10,415
Parks, open space and streetscapes	2,196	3	-	94	-	-	-	78	2,183
Marine infrastructure	2,971	-	-	123	-	-	-	3,862	6,710
Total infrastructure	75,528	3	3,042	1,463	109	-	-	4,832	81,832
Works in progress									
Buildings	13	85	-	-	-	-	-	-	98
Building improvements	49	281	-	-	-	-	-	(170)	160
Roads	246	1,037	-	-	-	-	-	(384)	899
Footpaths & Cycleways	-	140	-	-	-	-	-	(10)	130
Drainage	20	118	-	-	-	-	-	(124)	14
Other infrastructure (dam)	216	1,635	-	-	-	-	-	-	1,851
Parks, open space, streetscapes at cost	71	156	-	-	-	-	-	(78)	149
Bridges	237	137	-	-	-	-	-	(374)	-
Marine infrastructure	2,570	1,292	-	-	-	-	-	(3,862)	-
Total works in progress	3,422	4,881	-	-	-	-	-	(5,002)	3,301
Total property, plant and equipment, infrastructure	97,724	5,328	7,448	2,158	127	-	-	-	108,214

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

Reconciliation of property, plant and equipment and infrastructure

2017	Balance at beginning of financial year	Acquisition of assets	Initial recognition at fair value	Revaluation Increments (decrements) (note 30)	Depreciation and amortisation (note 17)	Written down value of disposals	Contributions & Newly Recognised Assets (note 9)	Impairment losses recognised in profit or loss (a)	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property										
land	6,711	-	-	-	-	41	-	-	-	6,670
land public open space	639	-	-	-	-	-	-	-	-	639
Total land	7,350	-	-	-	-	41	-	-	-	7,309
Buildings Fair Value	3,609	-	-	-	93	-	-	-	-	3,516
Buildings Cost	2,373	-	-	-	87	-	-	-	1,799	4,085
Buildings improvements	1,047	5	-	-	26	-	-	-	152	1,178
Heritage Buildings at Cost	1,060	-	-	-	25	-	-	-	-	1,035
Heritage Buildings Fair Value	232	-	-	-	6	-	-	-	-	226
Total buildings	8,321	5	-	-	237	-	-	-	1,951	10,040
Total property	15,671	5	-	-	237	41	-	-	1,951	17,349
Plant and Equipment										
Plant, machinery and equipment	536	12	-	-	141	4	-	-	-	403
Fixtures, fittings and furniture	37	-	-	-	11	-	-	-	-	26
IT Equipment	353	160	-	-	96	-	-	-	-	417
Medical Equipment	20	-	-	-	5	-	-	-	-	15
Motor Vehicles (not plant)	340	135	-	-	131	-	-	-	-	344
Miscellaneous Equipment	257	32	-	-	68	1	-	-	-	220
Total plant and equipment	1,543	339	-	-	452	5	-	-	-	1,425
Infrastructure										
Roads	43,062	-	-	900	780	33	1,880	-	594	43,743
Bridges	6,533	-	-	135	145	8	1,274	-	190	6,705
Footpaths & Cycleways	6,855	-	-	141	174	3	-	-	152	6,971
Drainage	2,536	-	-	-	61	-	-	-	50	2,525
Land Under Roads	10,211	-	-	204	-	-	42	-	-	10,415
Parks, open space and streetscapes	2,072	107	-	-	91	-	-	-	108	2,196
Marine Infrastructure	2,991	-	-	49	69	-	-	-	-	2,971
Total infrastructure	74,260	107	-	1,429	1,320	44	3,196	-	1,094	75,526
Works in progress										
Buildings	1,297	515	-	-	-	-	-	-	(1,799)	13
Building Improvements	-	201	-	-	-	-	-	-	(152)	49
Roads	18	822	-	-	-	-	-	-	(594)	246
Footpaths & Cycleways	-	152	-	-	-	-	-	-	(152)	-
Drainage	-	70	-	-	-	-	-	-	(50)	20
Other infrastructure (dam)	-	216	-	-	-	-	-	-	-	216
Parks, open space, streetscapes at cost	135	44	-	-	-	-	-	-	(108)	71
Bridges	-	427	-	-	-	-	-	-	(190)	237
Marine infrastructure	322	2,248	-	-	-	-	-	-	-	2,570
Total works in progress	1,772	4,695	-	-	-	-	-	-	(3,045)	3,422
Total property, plant and equipment, infrastructure	93,246	5,146	-	1,429	2,009	90	3,196	-	-	97,722

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

Accounting policy	
Recognition and measurement of assets	
Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.	
Property, infrastructure, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.	
Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.	
The following classes of assets have been recognised. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:	
	Threshold \$'000
Land	
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
Revaluation	
Council has adopted the following valuation bases for its non-current assets:	
Land	fair value
Plant and machinery	cost
Furniture, fittings and office equipment	cost
Stormwater and drainage infrastructure	fair value
Roads and streets infrastructure	fair value
Bridges	fair value
Buildings	fair value
Intangibles	cost
Parks, recreation facilities and community amenities	cost
Heritage	fair value
Investment in water corporation	fair value

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

Accounting policy (cont.)

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

Note 26 Trade and other payables

Trade payables	715	1,165
Accrued expenses	149	207
Total trade and other payables	864	1,372

Note 27 Trust funds and deposits

Refundable contract deposits	58	56
Deferred Income	-	5
Total trust funds and deposits	58	61

Bonds held are funds deposited by developers to cover the cost of works that council may have to carry out.

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 28 Provisions

	Annual leave	Long service leave	Other	Total
	\$ '000	\$ '000	\$ '000	\$ '000
2018				
Balance at beginning of the financial year	309	353	161	823
Additional provisions	276	121	26	423
Amounts used	(308)	(87)	-	(395)
Balance at the end of the financial year	277	387	187	851
2017				
Balance at beginning of the financial year	289	443	92	824
Additional provisions	246	(29)	69	286
Amounts used	(226)	(61)	-	(287)
Balance at the end of the financial year	309	353	161	823
			2018	2017
			\$'000	\$'000
(a) Employee benefits				
(i) Current				
Annual leave			277	309
Long service leave			315	325
Other			123	154
			715	788
(ii) Non-current				
Long service leave			72	28
Other			64	7
			136	35
Aggregate carrying amount of employee benefits:				
Current			715	788
Non-current			136	35
			851	823
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			2.10%	1.99%
Weighted average settlement period			12	12
Employee Numbers (Full time equivalent)			51	53

Note 28 Provisions (cont.)

Accounting policy
Employee benefits
<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.

	2018	2017
	\$'000	\$'000
Note 29 Interest-bearing loans and borrowings		

Current		
Borrowings - secured	1221	713
	1,221	713
Non-current		
Borrowings - secured	2,551	2,772
	3,772	3,485
Total		
Borrowings are secured over Council Assets		
The maturity profile for Council's borrowings is:		
	1,221	713
Not later than one year	1,135	764
Later than one year and not later than five years	1,416	2,008
Later than five years	3,772	3,485
Total		

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.

Note 30 Reserves

	Balance at beginning of reporting year	Increment/ (decrement)	Balance at end of reporting year
	\$'000	\$'000	\$'000
(a) Asset revaluation reserve			
2018			
Property			
Land	260	4,232	4,492
Buildings	5,051	79	5,130
Heritage buildings	-	95	95
	5,311	4,406	9,717
Infrastructure			
Roads	31,288	2,115	33,403
Bridges	3,252	502	3,754
Footpaths and cycleways	4,106	335	4,441
Drainage	1,498	90	1,588
Land Under Roads	204	-	204
Other infrastructure Marina/Parks	4,345	-	4,345
	44,693	3,042	47,735
Total asset revaluation reserve	50,004	7,448	57,452
2017			
Property			
Land	260	-	260
Buildings	5,051	-	5,051
	5,311	-	5,311
Infrastructure			
Roads	30,388	900	31,288
Bridges	3,117	135	3,252
Footpaths and cycleways	3,965	141	4,106
marine infrastructure	1,449	49	1,498
Land Under Roads	-	204	204
Other infrastructure Marina/Parks	4,345	-	4,345
	43,264	1,429	44,693
Total asset revaluation reserve	48,575	1,429	50,004

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

	Balance at beginning of reporting year	Increment	(decrement)	Balance at end of reporting year
	\$'000	\$'000	\$'000	\$'000
(b) Fair value reserve				
2018				
Available-for-sale assets				
Investment in Water Corporation	(6,006)	409	-	(5,597)
Total fair value reserve	(6,006)	409	-	(5,597)
2017				
Available-for-sale assets				
Investment in Water Corporation	(6,212)	206	-	(6,006)
Total fair value reserve	(6,212)	206	-	(6,006)

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

Note 30 Reserves (cont)

	Balance at beginning of reporting year	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting year
	\$'000	\$'000	\$'000	\$'000
(c) Other reserves				
2018				
Reserve Investments - Restricted	257	-	-	257
Reserve Investments - Unrestricted	751	-	-	751
Total Other reserves	1,008	-	-	1,008
2017				
Reserve Investments - Restricted	257	-	-	257
Reserve Investments - Unrestricted	751	-	-	751
Total Other reserves	1,008	-	-	1,008

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.

	2018 \$'000	2017 \$'000
Total Reserves	52,863	45,006

Note 31 Reconciliation of cash flows from operating activities to surplus (deficit)

Surplus/Deficit	3,266	5,961
Contributions - non-monetary assets	-	(3,196)
Depreciation/amortisation	2,158	2,009
(Profit)/loss on disposal of property, plant and equipment, infrastructure	47	(71)
Impairment losses	-	1
Capital grants received specifically for new or upgraded assets (incl GST)	(2,780)	(1,850)
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	(42)	(16)
Decrease/(increase) in other assets	(109)	(57)
Decrease/(increase) in inventories	3	8
(Decrease)/increase in trust funds & deposits	(3)	-
Increase/(decrease) in trade and other payables	(508)	60
Increase/(decrease) in provisions	28	(1)
Net cash provided by/(used in) operating activities	2,060	2,848

Note 32 Reconciliation of liabilities arising from financing activities

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

	Interest-bearing loans and borrowings \$'000
2018	
Balance as at 1 July 2017	3,485
Acquisitions / New leases	1,000
Changes from financing cash flows:	
Cash Repayments	(713)
Balance as at 30 June 2018	3,772

Note 33 Reconciliation of cash and cash equivalents

Cash and cash equivalents (see note 21)	1,401	1,518
Total reconciliation of cash and cash equivalents	1,401	1,518

Note 34 Financing arrangements

Bank overdraft	50	50
Used facilities	-	-
Unused facilities	50	50

Note 35 Superannuation

Council also 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 Superannuation Guarantee (Administration) Act 1992.

Fund	2018 \$'000	2017 \$'000
Accumulation funds		
Employer contributions to Tasplan	457	464
Employer contributions to Other Funds	125	119
	<u>582</u>	<u>583</u>

Note 36

Commitments

Contractual commitments

Contractual commitments at end of financial year but not recognised in the financial report are as follows:

Roadside mowing contract (expire 30 June 2019)

Garbage collection contract (expires 22 September 2022)

Estimated total contractual commitments as at 30 June

	2018 \$'000	2017 \$'000
	<u>2,896</u>	<u>4,055</u>

Note 37

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 total \$0.00 (2016-17, \$0.00).

Note 38 Financial Instruments

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	21	<p>Cash on hand and at bank and money market call account are valued at face value.</p> <p>Interest is recognised as it accrues.</p> <p>Investments and bills are valued at cost.</p> <p>Investments are held to maximise interest returns of surplus cash.</p> <p>Interest revenues are recognised as they accrue.</p> <p>Managed funds are measured at market value.</p>	<p>On call deposits returned a floating interest rate of 0.54% (0.59% in 2016-17). The interest rate at balance date was 0.54% (0.59%).</p> <p>Funds returned fixed interest rate of between 2.25% (2.05%), and 2.35% (2.35%) net of fees.</p>
Trade and other receivables			
Other debtors	22	<p>Receivables are carried at amortised cost using the effective interest method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.</p>	<p>General debtors are unsecured and arrears attract an interest rate of 0% (0%). Credit terms are based on 30 days.</p>
Available for sale financial assets			
Investment in Water Corporation	20	<p>The investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date.</p>	<p>Investment in TasWater provided return of 1.94% (1.94%) excluding unrealised gains/losses</p>
Financial Liabilities			
Trade and other payables	26	<p>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.</p>	<p>General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.</p>
Interest-bearing loans and borrowings	#REF!	<p>Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.</p> <p>Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.</p>	<p>Borrowings are secured by way of mortgages over the general rates of the Council.</p> <p>The weighted average interest rate on borrowings is 3.62% (4.75% in 2016-17).</p> <p>As at balance date, the Council had no finance leases.</p> <p>The weighted average rate implicit in the lease is 0% (0%).</p>
Bank overdraft	21	<p>Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.</p>	<p>The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates and is repayable on demand. Interest rates on utilised overdraft were 9.10% (9.10%). The interest rate as at balance date was 9.10% (9.10%).</p>

Note 38 Financial Instruments (cont.)

(b) Interest Rate Risk

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

2018

	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets							
Cash and cash equivalents	1.24%	1,227	172	-	-	2	1,401
Trade and other receivables	0.00%	-	-	-	-	458	458
Investment in water corporation		-	-	-	-	31,951	31,951
Total financial assets		1,227	172	-	-	32,411	33,810
Financial liabilities							
Trade and other payables		-	-	-	-	864	864
Trust funds and deposits		-	-	-	-	58	58
Interest-bearing loans and borrowings	3.62%	-	1,221	1,135	1,416	-	3,772
Total financial liabilities		-	1,221	1,135	1,416	922	4,694
Net financial assets (liabilities)		1,227	(1,049)	(1,135)	(1,416)	31,489	29,116

2017

	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets							
Cash and cash equivalents	1.19%	1,348	168	-	-	2	1,518
Trade and other receivables	0.00%	-	-	-	-	416	416
Investment in water corporation		-	-	-	-	31,542	31,542
Total financial assets		1,348	168	-	-	31,960	33,476
Financial liabilities							
Trade and other payables	0.00%	-	-	-	-	1,372	1,372
Trust funds and deposits	0.00%	-	-	-	-	61	61
Interest-bearing loans and borrowings	4.18%	-	822	655	2,008	-	3,485
Total financial liabilities		-	822	655	2,008	1,433	4,918
Net financial assets (liabilities)		1,348	(654)	(655)	(2,008)	30,527	28,558

Note 38 Financial Instruments (cont.)

(c) Fair Value

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	1,401	1,518	1,401	1,518
Trade and other receivables	458	416	458	416
Investment in water corporation	31,951	31,542	31,951	31,542
Total financial assets	33,810	33,476	33,810	33,476
<i>Financial liabilities</i>				
Trade and other payables	864	1,372	864	1,372
Trust funds and deposits	58	61	58	61
Interest-bearing loans and borrowings	3,772	3,485	3,850	3,573
Total financial liabilities	4,694	4,918	4,772	5,006

(d) Credit Risk

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

(e) Risks and mitigation

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

Market risk

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

Interest rate risk

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

Our loan borrowings are sourced from 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 has 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 38.

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
2018				
Cash and cash equivalents	1,401	-	-	1,401
Trade and other receivables	-	-	458	458
Total contractual financial assets	1,401	-	458	1,859
2017				
Cash and cash equivalents	1,518	-	-	1,518
Trade and other receivables	-	-	416	416
Total contractual financial assets	1,518	-	416	1,934

Movement in Provisions for Impairment of Trade and Other Receivables

	2018 \$'000	2017 \$'000
Balance at the beginning of the year	70	69
New Provisions recognised during the year	-	-
Amounts already provided for and written off as uncollectible	-	1
Amounts provided for but recovered during the year	-	-
Balance at end of year	70	70

Ageing of Trade and Other Receivables

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

	2018 \$'000	2017 \$'000
Current (not yet due)	201	294
Past due by up to 30 days	19	32
Past due between 31 and 180 days	5	-
Past due between 181 and 365 days	40	5
Past due by more than 1 year	214	111
Total Trade & Other Receivables	479	442

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
- 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

The table below lists the contractual maturities for Financial Liabilities

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

2018	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	864	-	-	-	-	864	864
Trust funds and deposits	1	45	9	3	-	58	58
Interest-bearing loans and borrowings	1,109	112	189	946	1,416	3,772	3,772
Total financial liabilities	1,974	157	198	949	1,416	4,694	4,694

2017	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	1,372	-	-	-	-	1,372	1,372
Trust funds and deposits	1	43	9	3	-	56	56
Interest-bearing loans and borrowings	606	107	221	543	2,008	3,485	3,485
Total financial liabilities	1,979	150	230	546	2,008	4,913	4,913

(f) Sensitivity disclosure analysis

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

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

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

		Interest rate risk			
		-1 % (Note: Use relevant interest rate risk for your council).		+2%	
		-100 basis points		+200 basis points	
		Profit	Equity	Profit	Equity
2018	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	1,227	(12)	(12)	25	25
Trade and other receivables	479	(5)	(5)	10	10
Financial liabilities:					
Interest-bearing loans	3,772	38	38	(75)	(75)

		Interest rate risk			
		-1 % (Note: Use relevant interest rate risk for your council).		+2%	
		-100 basis points		+200 basis points	
		Profit	Equity	Profit	Equity
2017	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	1,348	(13)	(13)	27	27
Trade and other receivables	442	(4)	(4)	9	9
Financial liabilities:					
Interest-bearing loans	3,485	35	35	(70)	(70)

Note 39 Fair Value Measurements

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

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

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 23.

(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 2013.

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

As at 30 June 2018

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Investment in water corporation	24	-	-	31,951	31,951
Land	25	-	11,541	-	11,541
Buildings	25	-	8,961	-	8,961
Roads, including footpaths & cycleways	25	-	-	62,964	62,964
Bridges	25	-	-	7,300	7,300
Drainage	25	-	-	2,675	2,675
		-	20,502	104,890	125,392

As at 30 June 2017

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Investment in water corporation	24	-	-	31,542	31,542
Land	25	-	7,309	-	7,309
Buildings	25	-	3,742	-	3,742
Roads, including footpaths & cycleways	25	-	-	61,129	61,129
Bridges	25	-	-	6,705	6,705
Drainage	25	-	-	2,525	2,525
		-	11,051	101,901	112,952

Note 39 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 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 in water corporation

Refer to Note 20 for details of valuation techniques used to derive fair values.

Land

Land was revalued during the 2018 financial year in line with the Municipal valuation.

Land under roads

Council recognised the value of land under roads it controls at fair value as part of Road Infrastructure

Note 39 Fair Value Measurements (cont.)

Buildings

Buildings were revalued during the 2018 financial year in line with the Municipal Valuation.

Where Council buildings are of a specialist nature (eg heritage buildings) and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential. The gross current values have been derived from reference to market data for recent projects and costing guides. The average cost of construction used to calculate the gross current value of Council's buildings was \$2,500/sqm for heritage buildings.

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.

Infrastructure assets

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

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

The unit rates (labour and materials) and quantities applied to determine the CRC 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 25

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

Roads, including footpaths & cycleways

A full valuation of road assets was undertaken by independent valuers, Brighton Council, effective 30 June 2013 and last indexed 30 June 2018.

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 defined by road intersections and rural roads are managed in 1km segments. All road segments are then componentised into formation, pavement, sub-pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

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

Bridges

A full valuation of bridges assets was undertaken by independent valuers, Brighton Council and TasSpan, effective 30 June 2013 and last indexed 30 June 2018. 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.

Note 39 Fair Value Measurements (cont.)

Drainage

A full valuation of drainage infrastructure was undertaken by Council's Engineer, effective 30 June 2013 and last indexed 30 June 2018. 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.

Other Infrastructure

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

(d) Changes in recurring level 3 fair value measurements

The changes in level 3 assets with recurring fair value measurements are detailed in note 25 (Property, infrastructure, plant and equipment). Heritage buildings, which are classified as level 3 are separately disclosed in note 25. There have been no transfers between level 1, 2 or 3 measurements during the year.

(e) Valuation processes

Council's current policy for the valuation of property, infrastructure, plant and equipment, investment in water corporation and investment property (recurring fair value measurements) is set out in Note 25, 20 and 26 respectively.

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

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

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes. (refer note 38)

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in Note 38 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 40 Events occurring after balance date

(a) Nil

Note 41 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:

Mayor Michael Kent
Deputy Mayor Cheryl Amol
Councillors Jennifer Crawford
Bertrand Cadart (retired October 2017)
Mick Fama (commenced November 2017)
Britt Steiner
Jenny Woods
Debbie Wisby
Richard Parker

Note: All elected representatives terms expire Oct 2018

General Manager David Metcalf

(ii) Councillor Remuneration

2018	Allowances	Vehicles ¹	Other Benefits ²	Non-monetary Benefits ³	Total Compensation AASB 124	Expenses	Total
	\$	\$	\$	\$	\$	\$	\$
Michael Kent	36,171	11,374	-	-	47,545	1,851	49,396
Cheryl Amol	23,918	-	-	-	23,918	1,186	25,104
Councillors	62,858	-	-	-	62,858	9,621	72,479
Total	122,947	11,374	-	-	134,321	12,658	146,979

2017	Allowances	Vehicles ¹	Other Benefits ²	Non-monetary Benefits ³	Total Compensation AASB 124	Expenses	Total
	\$	\$	\$	\$	\$	\$	\$
Michael Kent	35,417	10,000	-	-	45,417	1,147	46,564
Cheryl Amol	21,112	-	-	-	21,112	746	21,858
Councillors	60,714	-	-	-	60,714	15,320	76,034
Total	117,243	10,000	-	-	127,243	17,213	144,456

¹ 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).

² Other benefits includes all other forms of allowances (excludes reimbursements such as travel, accommodation or meals) and any other compensation paid and payable.

³ Other non-monetary benefits (such as housing, subsidised goods or services etc)

(iii)

Key Management Personnel Remuneration

Key Management Personnel Remuneration 2018										
Remuneration Band	Number of employees	Short term employee benefits				Post employment benefits			Total	
		Salary ¹	Short-term Incentive Payments ³	Vehicles ³	Other Allowances and Benefits ⁴	Super-annuation ⁵	Other Long-term Benefits ⁶	Termination Benefits ⁷		Non-monetary Benefits ⁸
		\$	\$	\$	\$	\$	\$	\$		\$
\$ 80,001 - \$100,000	2	157,090	-	28,240	872	21,851	-	-	(23,387)	184,666
\$100,001 - \$120,000	1	88,074	-	10,844	775	14,092	-	-	(13,084)	100,701
\$140,001 - \$160,000	1	110,748	-	15,749	330	17,720	-	-	(1,489)	143,058
\$160,001 - \$180,000	1	145,837	-	16,232	330	23,334	-	-	5,093	190,826
Total	5	501,749	-	71,065	2,307	76,997	-	-	(32,867)	619,251

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

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

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

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

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

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

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

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

(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.

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*, no interests have been notified to the General Manager in respect of any body or organisation with which the Council has major financial dealings.

During the period Council entered into transactions with related parties. These transactions which are not materially significant by their nature, impact or value, were conducted in relation to the Council's normal activities, are included in this note.

The aggregate value of related party transactions and outstanding balances (if any) is as follows:

	2018
	\$'000
Total purchases of goods and services amounted to:	2

(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
- Payment of marina fees

Note 42 Special committees and other activities

Committee	Opening Balance	Movement	Closing Balance
	\$	\$	\$
Bichenor War Memorial	16,182	(9,765)	6,417
Buckland Hall	2,989	(397)	2,592
Cranbrook Hall	1,220	155	1,375
Coles Bay Hall	5,750	(1,513)	4,237
Coles Bay Hall - Invest	8,355	(2,681)	5,674
Orford Hall	10,401	210	10,611
Swansea Town Hall	2,304	3,742	6,046
Spring Bay Memorial Trust	589	(70)	519
Triabunna Hall	3,648	2,310	5,958
	<u>51,438</u>	<u>(8,009)</u>	<u>43,429</u>

Note 43 Other significant accounting policies and pending accounting standards

(a) Taxation

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

Goods and services tax (GST)

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

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

(b) Impairment of assets

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

(c) Allocation between current and non-current

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

(d) Financial guarantees

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

(e) Contingent assets, contingent liabilities and commitments

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

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

(f) Budget

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

Note 43 Other significant accounting policies and pending accounting standards (cont)

(g) Adoption of new and amended accounting standards

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

(i) AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

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

Amendments to AASB 107 require additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities. Council has included a reconciliation of liabilities arising from financing activities in the Statement of Cash Flows at note 31.

(h) Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below. (Note: standards are applicable to reporting periods beginning on or after to effective date referred to below).

(i) AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018.

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

The amortised cost model is available for debt assets meeting both a business model and cash flow characteristics tests. Amortised cost is to be used for assets with contractual terms giving rise to principal and interest payments. Where the business model is achieved by both collecting the contractual cash flows and from selling the financial asset, it may be classified as fair value through other comprehensive income. Any financial asset not held in either of these classifications, or where designated, will be classified as fair value through profit or loss. Gains or losses on financial assets at fair value are to be recognised in profit and loss unless the asset is part of a hedging relationship or, where the financial asset is an equity instrument not held for trading, and an irrevocable election is made to present all movements in other comprehensive income.

When adopted, the standard requires Council to reclassify all financial assets. This includes Council's classification and accounting for its significant investment in TasWater which is an available-for-sale financial asset. Council currently recognises changes in the fair value of its available-for-sale assets through other comprehensive income. Under AASB9 Council will make an irrevocable election for its equity investment in TasWater as 'fair value through other comprehensive income' and therefore the adoption of this standard will not impact the way movements in the fair value are accounted for.

The standard also introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Based on assessments to date, Council expects a small increase to impairment losses, however the standard is not expected to have a material impact overall.

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

Council will apply the standard from 1 July 2018 using a retrospective approach with cumulative catch-up. This does not require Council to restate comparative figures, but will require a reconciliation of changes in classification of financial assets and financial liabilities.

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

The standard is applicable to annual reporting periods beginning on or after 1 January 2019.

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

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

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

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

For Council there will be a significant effect in the treatment of all grants with sufficiently specific performance obligations where the conditions have yet to be fulfilled at year end. At 30 June 2018 there were conditional or tied grants with unexpended funds.

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

Note 43 Other significant accounting policies and new accounting standards (cont)

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

This standard is applicable to annual reporting periods beginning on or after 1 January 2019.

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

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

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

Where the asset acquired is leased at a "Peppercorn" rate, Council is required to recognise the leased asset at its fair value, the remaining lease liability and the balance as income. These leased right-of-use assets have previously been recognised as an asset. It will have minimal impact on income and lease liabilities.

AASB 1058 also encompasses non-contractual statutory income such as rates, taxes and fines. Council currently recognises income when received. Under AASB 1058, income is recognised when the taxable event has occurred. An impact for Council is that prepaid rates received prior to the beginning of a rating period, will now be recognised as a financial liability until the commencement of that rating period. The impact to Council will be that revenue recognised when received from *Rates and charges in advance* as disclosed in note 5, will now be recorded as a liability, with revenue deferred until the commencement of the applicable rating period.

AASB 1058 requires the recognition of Volunteer services where they would have been purchased if not donated and the fair value of those services can be reliably measured. Council has identified that volunteer services are engaged by Council but Council has not yet determined the impact, however Council does not believe that these would be material.

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

(iv) AASB 16 *Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019.

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

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

The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term, and increases in lease payments. A corresponding right to use assets will be recognised, which will be amortised over the term of the lease. Rent expense will no longer be shown. The profit and loss impact of the leases will be through amortisation and interest charges. Council's current operating lease expenditure is shown at Note 19. In the Statement of Cash Flows lease payments will be shown as cash flows from financing activities instead of operating activities.

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

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

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 44 Significant Business Activities

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

	Road Maintenance (non Council)		Marina/Wharf		Information Centres		East Coast Health	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
Rates	-	-	-	55	220	148	307	282
User Charges	196	180	263	224	631	590	-	6
Grants	-	-	510	255	-	-	44	239
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	11	944	903
Total Revenue	196	180	773	534	851	749	1,295	1,430
Expenditure								
Direct								
Employee Costs	127	139	37	38	442	335	512	420
Materials and Contacts	74	69	112	36	424	495	724	938
Interest	-	-	130	122	-	-	-	-
Utilities	-	-	-	-	8	7	45	42
Total Expenses	201	208	279	196	874	837	1,281	1,400
Notional cost of free services received								
Capital Costs								
Depreciation and amortisation	-	-	94	53	4	4	88	89
Opportunity cost of capital	-	-	-	-	-	-	-	-
Total Capital Costs	-	-	94	53	4	4	88	89
Competitive neutrality adjustments								
Rates and land tax	-	-	-	-	4	2	3	2
	-	-	-	-	4	2	3	2
Calculated Surplus/(Deficit)	(5)	(28)	400	285	(31)	(94)	(77)	(61)

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 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	45	Management indicators	Benchmark	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
		(a) Underlying surplus or deficit					
		Recurrent income* less		12,897	12,566	11,186	12,489
		recurrent expenditure		12,229	12,179	12,273	11,879
		Underlying surplus/deficit	0	668	386	(1,087)	610

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

The early receipt of instalments resulted in Commonwealth Government Financial Assistance Grants being higher in 2018/19 by \$637,392 (2016/17 by \$628,921). This has impacted the Statement of Comprehensive Income resulting in Recurrent Income and the Surplus being higher by \$637,392 (2016/17 \$628,921).

(b) Underlying surplus ratio

<u>Underlying surplus or deficit</u>		668	386	(1,087)	610
Recurrent income*		12,897	12,566	11,186	12,489
Underlying surplus ratio %	0%	5%	3%	-10%	5%

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

Benchmark not achieved.

(c) Net financial liabilities

Liquid assets less		1,859	1,934	1,909	2,441
total liabilities		5,545	5,741	5,394	5,411
Net financial liabilities	0	(3,686)	(3,807)	(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.

Refer Note 44(d).

(d) Net financial liabilities ratio

Benchmark

<u>Net financial liabilities</u>		(3,686)	(3,807)	(3,485)	(2,970)
Recurrent income*		12,897	12,566	11,186	12,489

Net financial liabilities ratio % 0% - (50%) -29% -30% -31% -24%

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

Within Benchmark.

(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.

Roads					
<u>Depreciated replacement cost</u>		45,413	43,743	41,184	41,375
Current replacement cost		72,404	68,647	63,795	63,611
Asset consumption ratio %	40% - 60%	63%	64%	65%	65%
Bridges					
<u>Depreciated replacement cost</u>		7,300	6,705	5,259	5,369
Current replacement cost		9,906	9,387	7,463	7,460
Asset consumption ratio %	40% - 60%	74%	71%	70%	72%
Footpaths&Cycleways					
<u>Depreciated replacement cost</u>		7,136	6,971	6,855	6,840
Current replacement cost		12,039	11,466	11,098	10,909
Asset consumption ratio %	40% - 60%	59%	61%	62%	63%

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

Benchmark achieved.

Note	45	Management indicators (cont.)	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
		(f) Asset renewal funding ratio				
		An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.				
		<i>Transport Infrastructure</i>				
		<u>Projected capital funding outlays**</u>	1,680	2,029	2,371	2,333
		Projected capital expenditure funding***	1,680	2,029	2,371	2,333
		Asset renewal funding ratio %	90-100%	100%	100%	100%
		<i>Buildings</i>				
		<u>Projected capital funding outlays**</u>	327	138	420	415
		Projected capital expenditure funding***	327	138	420	415
		Asset renewal funding ratio %	90-100%	100%	100%	100%
		<i>Drainage</i>				
		<u>Projected capital funding outlays**</u>	77	85	227	225
		Projected capital expenditure funding***	77	85	227	225
		Asset renewal funding ratio %	90-100%	100%	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>	2,386	1,734	3,090	4,038
		Annual depreciation expense	2,158	2,009	2,014	1,991
		Asset sustainability ratio %	100%	111%	86%	153%
					203%	

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

Average ratio is 131%, which is above Benchmark.

	Capital renewal expenditure	Capital new /upgrade expenditure	Total Capital Expenditure
2018			
By asset class	\$'000	\$'000	\$'000
Buildings and other Infrastructure	2,386	2,923	5,309
Total	2,386	2,923	5,309
2017			
By asset class	\$'000	\$'000	\$'000
Buildings and other Infrastructure	1,734	3,407	5,141
Total	1,734	3,407	5,141

Note 46 Material Budget Variations

Council's original budget was adopted by the Council on **22nd August 2017**. 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 on the variance listed below.

Revenues

1 Grants (operational and capital)

Grants were 56% above budget due to extra \$667,392 Financial Assistance Grants funding received in advance (for 2018/19) that was announced during the financial year and other grants announced during the year including \$528,000 for the Triabunna wharf, \$206,000 for Bicheno triangle, \$50,000 for Swansea seaweed study and \$34,000 for Orford Hall.

2 Statutory Fees

Statutory fees were 24.4% above budget or \$104,000. This was related to the growth in level of development within the municipality.

3 Interest

Interest was \$8,000 above budget or 21.6%. This was due entirely to higher levels of cash during the year.

4 Net Gain or Loss on Assets

Net Gain or Loss on Assets was \$47,000 below budget due to the written down value of infrastructure assets at the time of replacement/upgrade.

Expenses

1 Finance Costs

Finance costs were \$46,000 below budget or 26.4% as budgeted borrowings were not drawn down during the year.

Certification of the Financial Report

The financial report presents fairly the financial position of the Glamorgan Spring Bay Council as at 30 June 2018, the results of its operations for the year then ended and the cash flows of the Council, in accordance with the *Local Government Act 1993* (as amended), Australian Accounting Standards (including interpretations) and other authoritative pronouncements issued by the Australian Accounting Standards Board..



David Metcalf
General Manager

Date : 24/09/2018