



it's in the making



dorset
COUNCIL

Our Vision

A vibrant community of natural living for today and tomorrow

Our Mission

To improve the quality of life of the people of Dorset through services based on the principles of quality, equity, value and responsiveness.

Our Values

Leadership | we lead by example through our behaviours and approach to work. We are a proactive advocate for the community, and engage with the community in determining and driving a vision for Dorset

Creative Thinking | we create a solution-based environment that challenges the status quo and encourages innovation

Customer Service | we meet our service standards in a professional and responsive manner

Engagement | we communicate openly and encourage the active participation of the community

Respect | we treat each other with mutual respect

Financially Responsible | we deliver services to the community in a sustainable and strategic cost effective way

Dorset Council Annual Report

The Annual Report provides a comprehensive overview of Dorset Council's activities during 2018/19 including an account of our performance to our community.

The Annual Report meets legislative requirements incorporating the results of Council's performance in respect of goals and objectives set in the 2018/19 Annual Plan and details of our financial performance.



Details in Brief

Council Chambers and Offices

3 Ellenor Street, Scottsdale
P | 03 6352 6500
dorset@dorset.tas.gov.au

Council Depots

54 Ringarooma Road, Scottsdale
Tasman Highway, Derby
Maxwell Street, Bridport

Elected Members | 9

Employees | 59 FTEs
30 June 2019

Total Operating Revenue
\$12,838,000

Loan Debt
\$3,200,000 (30 June 2019)

Total Operating Expenditure
\$11,615,000

Property Assessments (total)
5,511 (30 June 2019)

Capital Expenditure
\$12,542,000

Adjusted Capital Value of Properties
\$1,937,785,100 (30 June 2019)

General Rate in \$ Assessed Annual
Value
0.772 cents in \$ (1 July 2018)

Adjusted Assessed Annual Value of
Properties
\$82,183,975 (30 June 2019)

Infrastructure

sealed roads | 231km

unsealed roads | 463km

swimming pools | 2

bridges | 96
(7,654m² deck area)

major culverts | 15

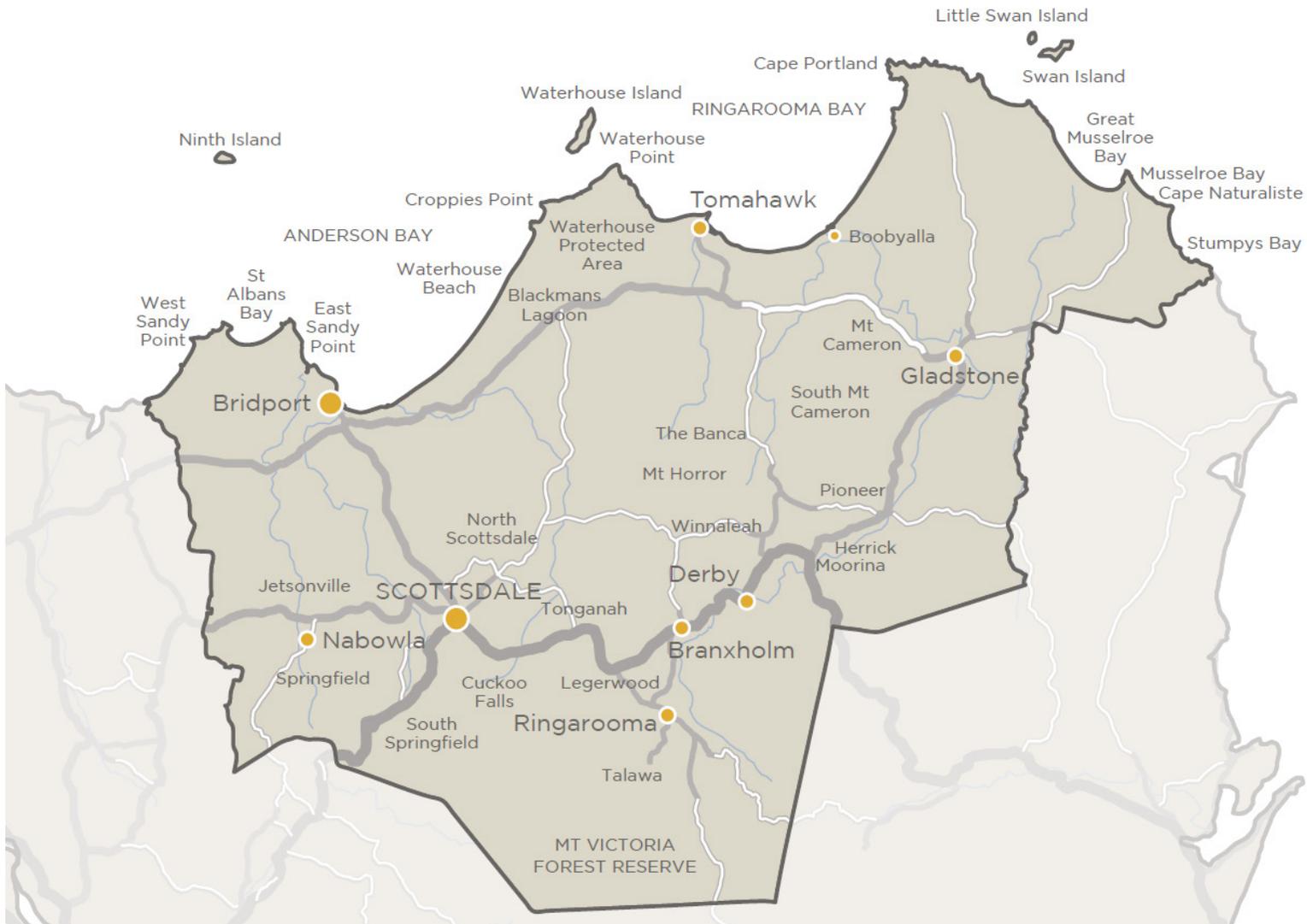
caravan parks/camping grounds | 6

sporting ovals | 6

community halls | 18

waste transfer stations | 3





Message from the Mayor



A good season for growing grass for grazing and dairying, but our cropping sector struggled with continuing low prices and disease problems which affected yield and quality. Forestry continued to grow slowly, but it is still a volatile market, subject to the whims of the Chinese. These two industries continue to be the leaders of our economy and the success of the rest of Dorset hinges on these industries being successful and prosperous.

Another tough winter for the retail sector even with events like the recently held Rotary Ride and Run and the Tassie Scallop Fiesta being once again hugely successful. One promising development has been the extension of both the mountain bikers and the RV/ caravan seasons with good numbers right up until the end of June. Hopefully, this is something we can continue to build on.

Visitor numbers to the area during the rest of the year continue to grow which is encouraging and further planned investment in Derby, Bridport, will only add to the available experiences. Ideas for other tourist developments are always welcome and Council are happy to help with some of the legwork required to bring ideas to fruition.

With the report for the development of the port entrance and old riverbed at Bridport due shortly and the recent report from the



Legislative Council on the Rail Trail which confirms the development of the trail from Lilydale to Scottsdale, there appears to be more opportunities to further develop the visitor economy in the North East.

The Enduro World Series returned in March 2019 with a qualifying event held in November. The success of these two events certainly boosted our reputation as the premier mountain biking destination and full credit to the organisers as well as Council staff whose outstanding contribution ensured the events ran like clockwork.

Our policy of keeping camping free in all Council camping grounds, other than Bridport, and the opening of free RV sites in Ringarooma and Winnaleah is proving popular with visitors and is continuing to increase the numbers of visitors. There is strong evidence that this type of visitor is staying longer and spending more.

Council has continued to perform extremely well financially with Council recording a \$2 million adjusted underlying surplus and delivery of close to \$10.4 million of capital works. Council has budgeted for a similar surplus next year with a capital works budget of \$10.1 million.

Our residents have once again been prolific in their representation of our community on the sporting field with Maxine Monson (Lawn Bowls), Taia Lette (Athletics), Bailey Grace (Hockey), Zali Grace (Hockey), Jai Lette (Basketball) and Conlon Lamont (Athletics) all representing Tasmania. Congratulations to all for your very commendable exploits.

Our most sincere thanks goes to all of our volunteers for their contributions to our community over the past year. A few were lucky to be recognised at our Australia Day awards but most, unfortunately, were not able to receive the recognition they most certainly deserve. For those who did not receive an award, your contributions are duly noted.

Congratulations to this year's Australia Day Awards winners and these were presented to:

- Citizen of the Year - Ann Speers
- Young Citizen of the Year - Lucy Partridge
- Volunteer of the Year - Dorset Community House Community Transport Drivers
- Sports Award - Miles Smith
- Community Event of the Year - Tom Quity Gold Cup Endurance Ride

Certificates of Appreciation were also presented to Raylene Glover, Graham Bucknell, Buck Gibson, Deanna Scott, Katrina Barnett, Miles Smith, Imelda Bennett, Ann Speers, Arthur Taylor, Lucy Partridge, Bridport Innovations - Bridport 10 Fun Run, Scottsdale High School - Back to the 80s Production, Ringarooma School and District Show, North East Lions Farm Feast and Bridport Innovations - Tassie Scallop Fiesta.

In closing, I would like to thank all of our Councillors and Staff for another outstanding year and also to the community for your contributions to the Dorset municipality. It is the generosity and hard work of all of you that make Dorset one of the best places in the world in which to live and the envy of many.

Greg Howard

Elected Members

Councillor attendance at Ordinary, Special Council Meetings and Briefing Workshops

1 July 2018 to 30 June 2019

	Ordinary & Special Meetings	Briefing Workshops
G J Howard	14	11
D R Jessup	14	11
M R Chilcott*	5	4
E E Powell	11	7
J M Hughes	11	7
M J Lade	9	5
W G McLennan	10	6
J G Nichols	11	7
L C Stein	13	8
*Cr Chilcott was elected 28 February 2019		
Number of Ordinary Council Meetings		12
Number of Special Council Meetings		2
Number of Council Briefing Workshops (Estimated)		11



Rear | Cr Jerrod Nichols, Cr Jan Hughes, Cr Murray Lade, Cr Leonie Stein, Cr Mervyn Chilcott
Front | Cr Edwina Powell, Deputy Mayor Dale Jessup, Mayor Greg Howard, Cr Wendy McLennan
2018 LOCAL GOVERNMENT ELECTION | ELECTED MEMBERS

Section 72 (1) (cb) of the *Local Government Act 1993* requires that a statement of the total allowances and expenses paid to the Mayor, Deputy Mayor and Councillors be included within the Annual Report.

During the 2018/19 period, Council paid allowances and expenses totaling \$185,345.

Councillor Committee Representation

Dorset Councillors represented the Council on the following Committees in 2018/19.

Australia Day Awards Selection Panel

Mayor Greg Howard | Cr Leonie Stein | Cr Jerrod Nichols

Community Grants Selection Panel

Cr Mervyn Chilcott | Cr Murray Lade | Cr Wendy McLennan

Education Scholarship Selection Panel

Cr Edwina Powell | Cr Jan Hughes | Cr Wendy McLennan

Audit Panel

Deputy Mayor Dale Jessup | Cr Leonie Stein | Cr Jerrod Nichols (*alternate member*)

Local Government Association of Tasmania

Mayor Greg Howard | Deputy Mayor Dale Jessup (*proxy*)

TasWater Owner Representative

Mayor Greg Howard | Deputy Mayor Dale Jessup (*proxy*)

2018 Local Government Elections

Council would like to acknowledge the service of the following Councillors who did not re-stand in the 2018 election or have since left Council:

Councillor Max Hall

(31 October 2014 - 6 February 2019)

Councillor Steven Arnold

(31 October 2002 - 2 November 2018)

Councillor Shaun Moore

(31 October 2014 - 2 November 2018)

Councillor Sheryl Martin

(21 November 2005 - 2 November 2018)

Councillor Lawrence Archer

(31 October 2014 - 2 November 2018)

Councillor Leon Quilliam

(31 October 2014 - 6 July 2018)



General Manager's Overview



It is with great pleasure that once again I am able to report that Dorset Council has enjoyed a record year of achievement. In 2018/19 Council surpassed the previous year's record capital works program and delivered an even larger capital program of \$10.4 million. This level of productivity relative to size is unprecedented in Local Government and is a reflection of the outstanding culture of the organisation. For the fifth consecutive year a very large underlying operational surplus was also achieved. This consistent level of financial performance is unheard of in local government and gives Dorset Council the ability to fund large infrastructure investment which will underpin the future prosperity of the North East.

Once again Dorset Council was able to deliver one of the lowest rate increases of the Northern Tasmanian Councils and also implemented a number of initiatives to assist small business and reduce Council fees and charges to residents.

Council's community grants program and budget flexibility continues to provide Council with the ability to support community initiatives, a particular highlight of the year being the Tassie Scallop Fiesta held in Bridport. Another outstanding event held during the year was the Enduro World Series mountain bike event held in March in Derby, which saw enormous crowds over



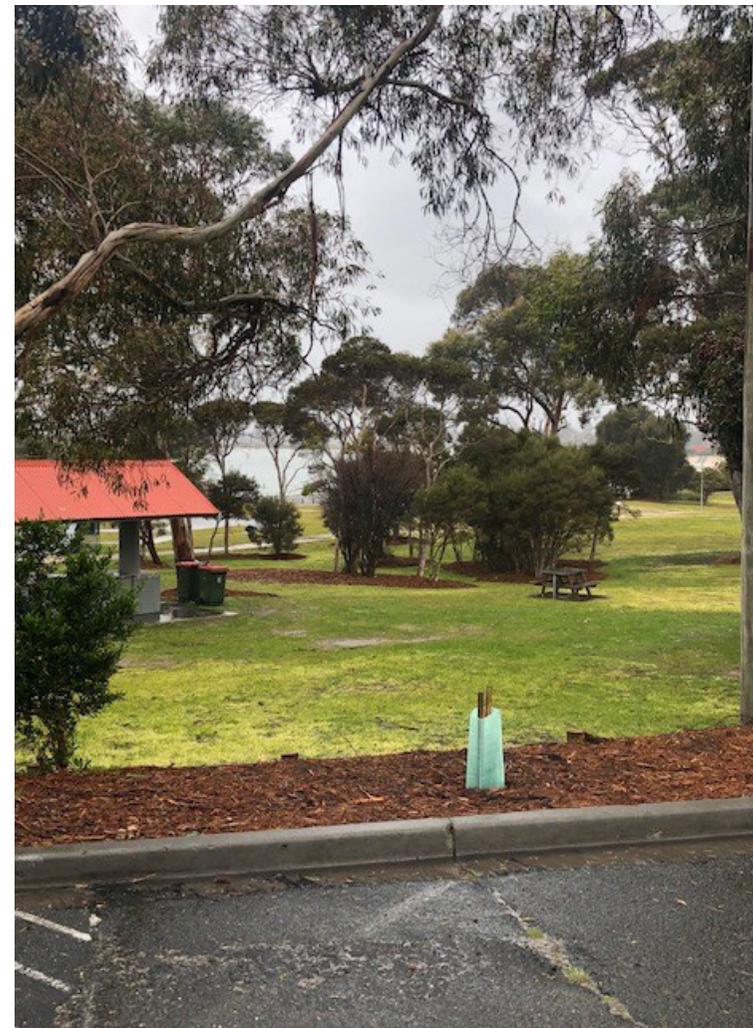
the course of the weekend. Derby continues to grow from strength to strength attracting substantial interstate, international and intrastate visitation all year round contributing to in excess of 100 local jobs.

Highlights for the past year include:

- Opening of the Jarvis Link Access Road , Bridport
- Substantial completion of the redevelopment of Bentley Street, Bridport
- Opening of Stage 2 of the Blue Derby trail network
- Implementation of Council's Waste Strategy
- Securing \$50 million funding for the Sideling upgrade

The achievements of the year are an outstanding result and one that all staff can be immensely proud of. The productivity levels and financial performance of this small regional Council continue to defy the conventional wisdom of the local government sector which would suggest Councils such as Dorset lack the scale and expertise to be sustainable and deliver the necessary services to the community. I look forward to working with Councillors, staff and the community in 2019/20.

Tim Watson



Annual Plan - Quarterly Assessment

- Achieved
- Not Achieved
- In Progress
- Deferred
- Not Applicable

Review of Plans, Strategies and Policies as listed under Section 70E of the *Local Government Act 1993* and the Strategic Plan

- Review and update Asset Management Plans
- Commence Review of Strategic Plan
- Review and update Asset Management Plans

Conduct annual review of risk management strategy and risk register. Conduct bi annual internal audits

- Undertake external audit with JLT
- Review outcomes and create action plan
- Review Business Continuity Plan

Development and implement streetscape beautification plans

- Commence Stage 1 of King Street beautification

Pursue the State and Federal Government to have the Tasman Highway between Launceston and Scottsdale upgraded

- Report to Council
- Report to Council

Councils Road Plan 2018-2023

- Review Plan
- Review Plan
- Review Plan

Food Business Information Session

- Conduct information session

Implement Councils Waste Management Strategy

- Progress report to Council
- Progress report to Council

Redevelopment of the Scottsdale Swimming Pool

- Commence preliminary investigations
- Present options to Council

Implement the five year footpath plan

- Progress report to Council
- Progress report to Council

Bridport Cemetery

- Testing of site completed
- Report to Council

Local Government Election 2018

- Preparation of General Manager's Roll
- Finalise induction of new Council

Review IT Strategy

- Deliver Strategy

Flood Mapping of Derby and Branxholm

- Present flood mapping to Council

Food Registration and Animal Management Fees and Charges

- Fee review discussion with Council

Rezone Council owned land at Ringarooma Road to a suitable residential zone(s)

- Initiate draft amendment of Planning Scheme

Included in the preparation of Council's Local Provisions Schedule of the Tasmanian Planning Scheme

Rezone Council owned land at Hawkes Place to General Residential Zone

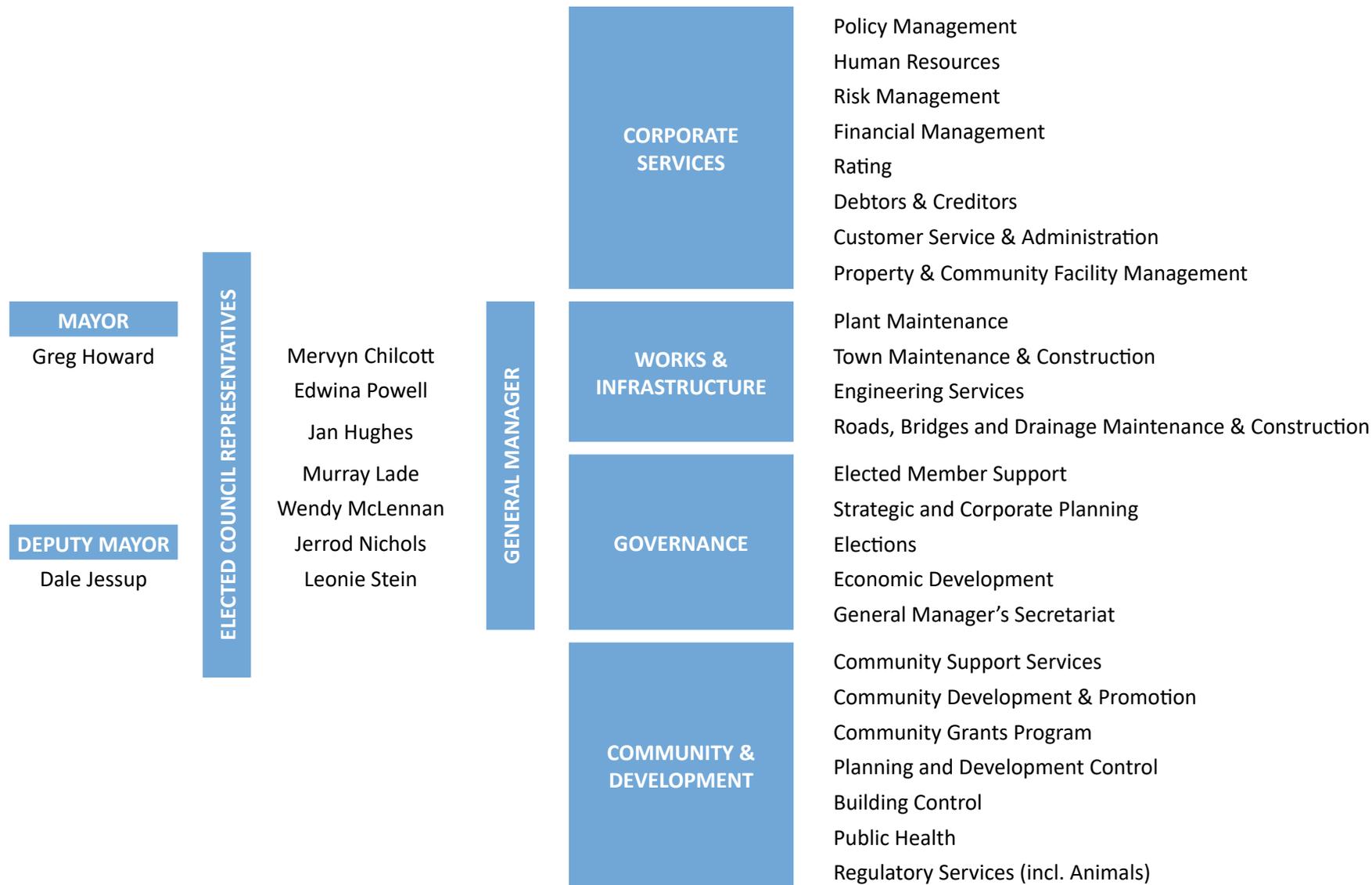
- Initiate draft amendment of Planning Scheme

Looking Forward 2019/20

- Review Strategic Plan
- Review Asset Management Plans (Road, Bridge & Building)
- Develop and implement streetscape beautification plans
- Tasman Highway 'Sideling' Upgrade between Launceston & Scottsdale
- Ringarooma Road reconstruction from West Maurice Road to Ringarooma Town Boundary
- Complete the Jarvis Link Access Road
- Conduct a food business information session
- Continue to implement Councils Waste Management Strategy
- Redevelopment of the Scottsdale Swimming Pool
- Continue to implement the five year footpath plan
- Complete drainage testing of the Bridport Cemetery
- Review the Related Party Disclosure Policy
- Review the Customer Service Charter as required by legislation
- Present Council with a Mobile Food Vendors Policy
- Complete a Permanent Structures Policy position for the Bridport Seaside Caravan Park
- Initiate a draft amendment of the Planning Scheme for bushfire mapping
- Prepare first draft of the Local Provision Schedule for the Statewide Planning Scheme



Organisational Chart



Working Groups



Management Team

John Marik, Rohan Willis, Dwaine Griffin, Tim Watson



Corporate Services & Governance

Rear | Carly Hall, Sarah Forsyth, Tracey Brown, Andrew Beggs, Elizabeth Hadley, Stephanie Hill, Bridget Waterhouse

Front | Allison Saunders, Rebecca Greenacre, John Marik (Director), Lauren Tolputt, Samantha Hunt

Working Groups



Construction Crew

John Petterwood, Heath Summers, Luke Hadley, Sam Hadley, Rodney Nichols, Daniel Smythe, Michael Taylor, Colin Stagoll, Robert Worker, Bernard Johnson, Graeme Betts, Ryan Lette

Absent | Neville Stevens, Stuart Worker



Infrastructure Services

Peter Carey, Andrew Holmes, Wayne Williams, Craig Wheeler, Susan Woolley, Bernard Johnson, Lou Barrett, Dwaine Griffin (Director)



Bridport Town Maintenance
Gavin Porter, Crystal Bowerman
Absent | Wayne Hill



Scottsdale Town Maintenance

Trevor Styles, Bruce Van Asch, Helen Pola, Paul Chirichiello, Paul Williams, Tony Power
Absent | Craig Bennett, Craig Wheeler, Theresa Kettle



Derby Town Maintenance
John Powe, Garrie Way, Samuel Chapple

Working Groups



Waste Crew
Austin Marshall, Peta Ooms, Scott Hall, Michael Gibbs,
Kelvin Simmons



Blue Derby Trail Crew
Chance Shadwick, Travis Hayes-Edwards, Josh Holbein
Absent | Peter Colborn, Trevor Clarke



Community & Development
Rear | Alex Stevens, Chris Wicks, Wayne Churchill, Robert Masterman, Thomas Wagenknecht
Front | Tiah Stagoll, Rohan Willis (Director), Elizabeth Hadley

Environmental Health

Dorset Council undertakes environmental health activities with the aim to reduce the incidence of disease in the community and promote a healthy environment.

Council currently employs an Environmental Health Officer on a full-time basis.

The following is an overview of Dorset Council's environmental health activities for 2018/19.

FOOD

Dorset Council regulated the manufacture, storage and sale of food in the municipality to ensure it was safe and fit for human consumption. Council undertook tasks such as registering food businesses, inspecting food business premises to ensure they are compliant with the relevant legislation and standards, and investigating complaints relating to the sale of food.

Structural upgrading of food businesses is necessary from time to time, and works programs are often required as a condition of registration. Food handling standards are monitored, and conditions and training are applied as required.

Council encouraged food handlers to participate in food safety training, helping to facilitate this through free food safety training sessions, and providing advice during routine inspections.

Number of food businesses as at 30 June 2019:

Registered Food Businesses	89
Registered Statewide Mobile Food Businesses	14
Registration of Temporary Food Businesses	27

PUBLIC HEALTH

Drinking Water

Council maintains a register of private water suppliers and commercial water carriers:

Private Water Suppliers	1
Commercial Water Carriers	1

Recreational Water

Water sampling was undertaken at Old Pier Beach, Bridport and public swimming pools in the municipality during the swimming season. Results of analysis were assessed using the Recreational Water Quality Guidelines and included in an annual report to the Director of Public Health.

Immunisations

Council administers the School Based Immunisation Program at Scottsdale High School and Winnaleah District High School. Vaccines were provided against Human papillomavirus (HPV) and Diphtheria-tetanus-acellular pertussis (dTpa). In addition, Meningococcal ACWY (Men ACWY) vaccinations were provided for persons between 6 weeks and under 21 years through both schools and public clinics. A total of 482 vaccine doses were administered throughout the 2018 year.

Notifiable diseases

Council investigated all cases of notifiable diseases referred by the Department of Health and Human Services. Number and type investigated:

No. cases <i>Campylobacter</i> reported	Nil
No. cases <i>Salmonellosis</i> (environmental strains) reported	1
No. cases <i>Giardia</i>	Nil
No. cases <i>Cryptosporidium</i>	Nil

Public health risk activities

Council regulates a number of public health related premises and activities:

Public Health Risk Activity Premises registered	1
Place of Assembly (Specific Events) licenced	5
Regulated Systems registered	1
Application for Burial on Private Land	Nil

Onsite Wastewater Management Systems (OWMS)

Dorset Council approved approximately 16 applications for Onsite Wastewater Management Systems for developments in areas where sewerage reticulation is not available.

Environmental Health

ENVIRONMENTAL MANAGEMENT AND POLLUTION CONTROL

Environmental Pollution Incidents

Council investigated reports of environmental pollution incidents and took appropriate action on a case by case basis. Examples of issues include:

- Noise
- Illegal backyard burning
- Odour
- Waste and rubbish dumping pollution
- Farming practices complaints (noise, burning, odour)

Waste Management

Dorset Council operates three Waste Transfer Stations located in Scottsdale, Branxholm and Gladstone. The sites have comprehensive recycling facilities, including drumMUSTER (collection of empty agricultural chemical containers), which are available for use by residents free of charge. The management of Scottsdale Waste Transfer Station was taken in house on 13 August 2018, with the site tidied and overhauled with a greater focus on recycling and resource recovery. The Scottsdale Waste Transfer Tip Shop operations were streamlined and all proceeds are held in trust and donated to charitable organisations. As at 30 June 2019, \$13,613 has been raised in the Tip Shop from community donations.

Tip Tokens were increased from up to 2m³ to 3m³ (large trailers) and fees and charges at the Waste Transfer Stations have been kept unchanged since June 2015 to assist residents and local businesses.

From 1 July 2019, Dorset Council will take on Kerbside Waste and Recycling Collection with the aim to create local employment and improve environmental and economic outcomes for the municipality. Existing service areas were extended and kerbside waste and recycling is now available to every Dorset town and almost every locality.

The outcome of in house waste management has been a 16% reduction in waste volumes (2018/19: 2,312 tonnes; 2017/18: 2,743 tonnes) which assisted in improving underlying surplus by \$152,400 in 2018/19 on the prior financial period. This initiative has helped keep rates increases below the Tasmanian Large Rural Councils and the Northern Councils averages for the last 4 years.

Infringement Notices

No. infringement notices issued under <i>Environmental Management and Pollution Control Act 1994</i>	Nil
No. infringement notices issued under <i>Litter Act 2007</i>	Nil
No. infringement notices issued under <i>Public Health Act 1997</i>	Nil



Community Grants

Grant Type	Organisation	Grant Amount	Grant Details
Small Grants <i>(\$10,000 allocation)</i>	Bridport Community Mens Shed	\$1,770	New fence
	Brushstrokes Painting Group	\$1,256	Picture hanging rail for CWA Hall at Bridport
	Dorset Tasmania History Group	\$1,456	Dorset historical images preservation project
	Bridport Girl Guides	\$2,000	Supply and install heat pump
	Legerwood Catering Group	\$581	Tables and chairs
	Bridport Innovations Inc.	\$1,045	Laptop computer
	North Eastern Pony Club	\$1,530	Ground spirals and brackets for cross country
	TOTAL	\$9,638	(\$362 of funds from 2018/19 budget unallocated)
Community Matching Funds Grants <i>(\$30,000 allocation)</i>	North Eastern Basketball Union	\$7,010	Supply and installation of new electronic scoring system
	**Springfield Community Association	\$4,312	Purchase of equipment
	**North East Womens Hockey Association	\$3,400	Purchase hockey goals
	**Ringarooma Community Hub Association Inc.	\$3,750	Replace old kitchen in Ringarooma Recreation Ground Clubrooms
	**Derby History Group - Derby Community Development Association	\$3,273	Application of UV film to Museum windows
	*Lions Club Scottsdale	\$1,786	Dog agility equipment
	*Friends of St. Pauls Springfield Association Inc.	\$1,932	Purchase John Deere lawn mower
	*Lietinna Community Hall and Recreation Committee	\$2,000	Gas cooker and kitchen upgrade
TOTAL	\$27,463	(\$2,537 of funds from 2018/19 budget unallocated)	
Councillors Discretionary Grants <i>(\$15,000 allocation)</i>	Bridport Netball Club	\$15,000	Canteen and under cover area
TOTAL	\$15,000	(All funds from 2018/19 budget allocated)	

*Applied for Small Grant Funding | **Applied for Discretionary Grant Funding

Legislative Reporting Requirements

Public Interest Disclosures Act 2002

Section 86 of the Act requires Dorset Council to provide statistics on disclosures that were made to Council during the 2018/19 year.

Disclosures made to Dorset Council | Nil

The current procedures established by the Dorset Council under the Act are available from the Council Offices, or via our website dorset.tas.gov.au/policies (No. 32).

Right to Information Act 2009

Council received and accepted three (3) applications for assessed disclosure of information during 2018/19. All three (3) applications were assessed and decided during 2018/19 with information refused to be provided due to information requested being disclosed by other means, or by providing the information requested would substantially and unreasonably divert resources.

Code of Conduct Complaints

There were four (4) code of conduct complaints received during the 2018/19 financial year:

Dismissed	1
Upheld	1
Partially Upheld	1

The other application is currently under investigation in 2019/20.

The total costs associated with the three (3) complaints decided during the 2018/19 financial year was \$274* (inc GST) which was payable by Council.

*At the time of printing invoices had not been received for two (2) of the complaints decided during the 2018/19 year.

Customer Service Requests/Complaints

In accordance with Section 339F(5) of the *Local Government Act 1993*, the General Manager is to provide the Council with a report at least once a year on the number and nature of complaints/requests received.

The following graph depicts the number of all customer requests/complaints received during 2018/19, being a total of 481 (2017/18: 415).



Local Government (General Regulations) 2015

Tendering & Contracting - Part 3, Division 1 - Tenders for goods and services

Council is to report within its Annual Report details of any contract for the supply or provisions of goods and services valued at or over \$100,000 excluding GST, entered into or extended in the financial year.

Contractor / Supplier	Address	Description	Contract Period	Value
Beyond Brid Pty Ltd	2/30 Bentley Street, BRIDPORT TAS 7262	Bridport Seaside Caravan Park	01.11.2016 to 31.10.2019	\$450,000
Andrew Walter Construction Pty Ltd	PO Box 5, CLAREMONT TAS 7011	Bentley Street, Bridport Reconstruction	26.06.2018 to Ongoing	\$1,868,324
Crossroads Civil Contracting Pty Ltd	73-79 Lilydale Road, ROCHERLEA TAS 7248	King Street, Scottsdale Kerb and Footpath Upgrade	24.07.2018 to 31.05.2019	\$147,696
Ron Duncan Paving Pty Ltd	14 Tamar Crescent, GREENS BEACH TAS 7270	Asphalt and Concrete Footpath Construction	22.08.2019 to 30.06.2019	\$301,506
Crossroads Civil Contracting Pty Ltd	73-79 Lilydale Road, ROCHERLEA TAS 7248	Elizabeth Street, Bridport Reconstruction	22.08.2019 to ongoing	\$630,484
William Adams Pty Ltd	PO Box 490, MOWBRAY HEIGHTS TAS 7248	Grader Replacement	08.11.2018 to 20.12.2018	\$409,200
Vernachie Contracting Pty Ltd	11 Calvary Road, MOWBRAY TAS 7248	Bituminous Resealing of Roads	21.08.2018 to 30.05.2019	Various Rates
BKG Contracting Pty Ltd	17 Bentley Street, BRIDPORT TAS 7262	King Street, Scottsdale Beautification Footpath Upgrade - William Street to Grenda Place	19.09.2018 to 30.06.2019	\$216,405
JA Building Tas Pty Ltd	PO Box 211, SCOTTSDALE TAS 7260	New Toilet and Shower Facilities - Derby	31.08.2018 to 31.12.2018	\$156,163
JF Machinery	PO Box 62, MOWBRAY TAS 7248	New Backhoe	03.09.2018 to 20.09.2018	\$154,600
Hanson Construction	444 Lilydale Road, UNDERWOOD TAS 7268	Supply of Aggregate for Bridport Western Access Road	21.11.2018 to 30.06.2019	Various Rates
World Trail*	PO Box 6108, CAIRNS QLD 4870	Blue Derby Mountain Bike Trails - Stage 2	17.07.2017 to 30.11.2018	\$1,500,000

*This contract was subject to an exemption under Regulation 27(i) of the Local Government Act 1993

Legislative Reporting Requirements

Local Government Act 1993

Barry Jarvis Education Scholarships

Council awarded the following recipients with education scholarships in 2018/19:

Recipient	\$
Alice Hall	1,250
Hadyn Goss	625
Rachel Willis	3,000
Ayla Lette	1,500
Kiana Crichton	1,500
Carly French	500
Zayne Flemming	500
Mitchell Woolley	500
Theresa McGuiness	500
Montanna Gilroy	500
Tom Saunders	1,000
William Headlam	1,250
Louis Burr	1,500

School Bursaries

Council donated funds to the following Schools in 2018/19:

Recipient	\$
Scottsdale Primary School 2018 Bursary	100
Scottsdale High School 2018 Bursary	200

Sporting and Cultural Representation

(Council Policy No. 4)

In accordance with Council Policy No. 4 - Sponsorship of Sporting and Cultural Representatives, Council was able to assist the following recipients:

Recipient	\$
Jai Lette - Basketball	500
Maxine Monson - Lawn Bowls	500
Taia Lette - Athletics	500
Bailey Grace - Hockey	500
Zali Grace - Hockey	500
Conlon Lamont - Athletics	500



Mayor's Discretionary Fund

During 2018/19, Council received requests for assistance from community groups, sporting or cultural representatives that did not meet the eligibility criteria under Policy No. 4, not-for-profits organisations and individuals requiring assistance. The following donations were made from the Mayor's Discretionary Fund:

Recipient	\$
Scottsdale Junior Football Club	300
Temeka-Lee Johnson	200
Tyrell Johnson	200
North Eastern Netball Association	200
Paul & Sally Worker	1,000
Scottsdale Christmas Decorations (K Rainbow)	191
Red Cross Drought Relief	4,000
McGrath Foundation	200
Lions Club Magic Show	240
Special Childrens Christmas Party	360



Legislative Reporting Requirements

Local Government Act 1993

Remuneration Statement

Sections 72 (1) (cd), 72 (4) and 72 (5)

Council is to include within its Annual Report a statement relating to the total annual remuneration paid to employees of the Council who hold positions designated by it as being senior positions. Total annual remuneration includes the salary paid, contributions to superannuation, value of use of any motor vehicle and any other allowances or benefits paid.

Annual Remuneration

\$140,001 - \$160,000	2
\$160,001 - \$180,000	1
\$180,001 - \$200,000	
\$200,001 - \$220,000	
\$220,001 - \$240,000	1

Enterprise Powers Statement

Under Section 72(1)(ca) the Council is required to report on exercising of enterprise powers relating to the formation and operation of corporations, trusts, partnerships or other bodies (Section 21).

TasWater

The *Water and Sewerage Corporation Act 2012 (Tas)* requires the Council to form, or participate in the formation of a proprietary company limited by shares and incorporated under the *Corporations Act 2001*. This corporation is TasWater.

Dorset Council is represented on TasWater's Owners' Representatives' Group (ORG), the activities of which are detailed at www.taswater.com.au. Detailed performance information is also available in TasWater's Annual Report.

GST Dispute Statement

Section 72A

Council reports no disputes with the Australian Taxation Office during the financial year relating to compliance with GST law.

Donation of Land Statement

Section 177 - Sale and Disposal of Land

Council resolved during 2018/19 to donate the following parcels of vacant land:

Address	Title	Recipient	Valuation	Reason for Donation
6 Arnold Place SCOTTSDALE	56108/6	CatholicCare Tasmania	\$41,000	Social Housing Residential Dwelling Construction
Approx. 5,500sqm of Hawkes Place SCOTTSDALE	Part 9414/303	CatholicCare Tasmania	\$22,407	Social Housing Residential Dwelling Construction

Grants & Benefits

Section 77 (2)

Type of Grant/Benefit	Amount
Council Rate Remission	Conservation Covenants \$3,850
Council Rate Remission	As per Council Policy \$8,925

Grants Paid to Council

Financial Assistance Grants

Annual Financial Assistance Grants (FAGs) are a critical revenue source for Council, representing 26% (\$3.4 million - adjusted for FAGs paid in advance) of Council's total operating revenue. FAGs provide annual funding for Council roads and other essential services that can never be adequately funded by rural councils.

Grants paid to Dorset Council in 2018/19 were:

Grants - Recurrent	'000
<i>Australian Government</i>	
Australian Financial Assistance Grants - General Purpose	745
Australian Financial Assistance Grants - Roads	923
Australian Financial Assistance Grants - Paid in Advance	1,717
Other (Commonwealth Government)	149
Other (State Government)	59
Total Grants - Recurrent	3,593

Grants - Capital

<i>Australian Government</i>	
North East Mountain Bike Project	800
Roads to Recovery	527
<i>State Government</i>	
Bridport Western Access Road	785
Bridport Multifunction Centre	125
Scottsdale Pool Redevelopment	350
Other (State Government)	25
Other	34
Total Grants - Capital	2,646





Overview of Financial Performance

The following information is to assist the reader in understanding Councils 2018/19 financial statements.

Financial Result

Dorset Council recorded a surplus before other comprehensive income of \$3.9 million for the 2018/19 financial year, compared to a surplus before other comprehensive income of \$4.0 million for 2017/18. Council's recurrent income increased by \$296,000, capital income decreased by \$617,000 and expenses decreased by \$281,000.

Council's underlying surplus when adjusted for capital income and one-off events for the 2018/19 year was \$1.5 million (2017/18 underlying surplus \$938,000).

There were a number of movements during the year that contributed to the increase in Council's underlying surplus. However, the main contributing factor to the movement was due to a decrease in expenses. The movement in expenses can be attributed to a reduction in depreciation costs of \$579,000 as a result of Council undertaking a revaluation of road assets during the year.

Significant movements in income, expenses, assets and liabilities from those recognised in the prior year are explained below:

Statement of Comprehensive Income

Income

Rates and charges increased by \$182,000 due to an increase in the overall rate and additional income from supplementary property valuations.

Council's new cash management strategy resulted in interest income increasing by \$190,000 on budget, and \$28,000 on last year. This is despite declining cash holdings from Council's record capital programs.

Investment revenue from the water corporation decreased this year by \$114,000 due to TasWater reducing the amount of distributions made.

Capital Income

Capital grants and contribution income decreased by \$740,000 this year. This income typically relates to one-off specific capital projects. Capital grants and contribution received during the 2018/19 financial year included: Roads to Recovery funding of \$527,000, Bridport Western Access Road funding of \$785,000, North East Mountain Bike Project funding of \$800,000, funding for the Bridport Multifunction Centre renovations \$125,000 and funding for the Redevelopment of the Scottsdale Pool of \$350,000.

Expenses

Employee benefits increased during the year by \$262,000 due to a combination of an increase in staff numbers, namely for the implementation of Council's waste strategy, and as a result of enterprise bargaining.

Materials increased by \$136,000 due to an expansion in Council's proactive road and town maintenance programs.

Depreciation decreased by \$579,000 as a result of Council revaluing its road assets during the year. A revaluation of Council's road assets is performed every 5 years to ensure Council is accurately representing the value and consumption of these assets in the financial statements.

Other expenses decreased by \$54,000 as a result of the reduction in the loss incurred as a result of Council's involvement with the operation of the Aminya Aged Care Facility.

Statement of Financial Position

Statement of Financial Position

Current Assets

Cash decreased by \$570,000 due to the increase in Council's self-funded capital projects program.

Trade and other receivables increased by \$235,000 due to an invoice for grant funding being raised at the end of the year that had not been paid at 30 June 2019. In addition, Council reclassified a loan receivable as non-current during the year as it does not expect this loan to be paid within the year.

Financial investments decreased by \$6.5 million during the year as less funds were available to invest and there was a reclassification of \$1.7 million of investments to non-current assets as these investments are long-term.

Prepayments and accrued income decreased by \$166,000 due to a reduction in accrued interest income from Council's financial investments and the timing of the recognition of revenue received from user charges. As noted above, the balance of Council funds held in term deposits has decreased resulting in a decline of future revenue from these investments.

Non-Current Assets

Council's investment in the Water Corporation increased by \$2.5 million as a result of an increase in the value of the investment.

Property, infrastructure, plant and equipment increased by \$30.6 million. This movement is a reflection of Council's increased investment in Dorset's infrastructure and property assets during the year along with the revaluation of Council's road assets and the indexation of Council's other infrastructure assets.





Independent Auditor’s Report

To the Councillors of Dorset

Report on the Audit of the Financial Report

Opinion

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

In my opinion the accompanying financial report:

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

Basis for Opinion

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

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

My audit responsibility does not extend to the budget figures included in the financial report and the asset renewal funding ratio disclosed in note 10.5 to the financial report and accordingly, I express no opinion on them. Furthermore, I express no opinion on the General Manager’s

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determination that Council did not have any Significant Business Activities for inclusion in the financial report as required by Section 84(2)(da) of the *Local Government Act 1993*.

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

Key Audit Matters

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

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Property and infrastructure assets <i>Refer to notes 3.4, 6.1 and 10.6</i>	
Property and infrastructure assets at 30 June 2019 includes land, buildings, roads, bridges and stormwater totalling \$140.79m. Fair values are based on depreciated replacement cost. Council undertakes formal revaluations on a regular basis to ensure valuations represent fair value. Indexation is applied to fair values between formal valuations where considered necessary.	<ul style="list-style-type: none"> • Assessing the scope, expertise and independence of experts involved in the valuations. • Evaluating the appropriateness of the valuation methodology applied to determine fair values. • Critically assessing assumptions and other key inputs in the valuation model, including corroboration of assumptions to external data. • Testing, on a sample basis, the mathematical accuracy of the valuation model’s calculations. • Evaluating indexation applied to assets between formal valuations. • Evaluating management’s assessment of the useful lives. • Performing substantive analytical procedures on depreciation expenses. • Testing, on a sample basis, significant expenditure on maintenance and capital works to corroborate appropriate treatment. • Testing, on a sample basis, capital work-in-progress to ensure that active
In 2018-19 Council revalued road assets based on depreciated replacement cost valuations determined by internal and external experts. Indexation was applied to bridges and stormwater asset. The valuations are highly dependent upon a range of assumptions and estimated unit rates.	
The calculation of depreciation requires estimation of asset useful lives, which involves a high degree of subjectivity. Changes in assumptions and depreciation policies can significantly impact the depreciation charged	
Capital payments in 2018–19 totalled \$12.04m on a number of significant programs to upgrade and maintain assets. Capital projects can contain a combination of enhancement and maintenance activity which are not	

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distinct and therefore the allocation of costs between capital and operating expenditure is inherently judgemental.

projects will result in usable assets and that assets commissioned are transferred in a timely manner.

- Evaluating the adequacy of disclosures made in the financial report, including those regarding key assumptions used.

Responsibilities of the General Manager for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Manager.

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- Conclude on the appropriateness of the General Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



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

Tasmanian Audit Office

16 October 2019
Hobart

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Financial Statements

Year Ended 30 June 2019





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Statement of Comprehensive Income
 For Year Ended 30 June 2019

	Note	Budget 2019 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Income from continuing operations				
Recurrent Income				
Rates and charges	2.1	7,257	7,299	7,117
Statutory fees and fines	2.2	145	162	167
User fees	2.3	785	799	763
Grants	2.4	3,639	3,593	3,515
Contributions - cash	2.5	-	32	29
Interest	2.6	315	505	477
Reimbursements	2.7	128	161	125
Other income	2.8	63	106	58
Investment revenue from water corporation	2.10,4.1	239	181	291
		12,571	12,838	12,542
Capital income				
Capital grants received specifically for new or upgraded assets	2.4	3,082	2,646	3,386
Contributions - other	2.5	-	-	37
Fair value adjustments on Investment properties	5.6	-	-	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	2.9	-	57	(103)
		3,082	2,703	3,320
Total income from continuing operations		15,653	15,541	15,862

The budget figures are not subject to audit and the above statement should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income cont.

For Year Ended 30 June 2019

	Note	Budget 2019 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Expenses from continuing operations				
Employee benefits	3.1	3,312	3,525	3,263
Contracts	3.2	1,976	2,227	2,268
Materials	3.3	1,091	1,024	888
Depreciation and amortisation	3.4	3,496	3,159	3,738
Finance costs	3.5	107	109	114
Other expenses	3.6	1,400	1,571	1,625
Total expenses from continuing operations		11,382	11,615	11,896
Net result for the year		4,271	3,926	3,966
Other comprehensive income				
Items that will not be reclassified to surplus or deficit				
Net asset revaluation (decrement)/increment	9.1	-	21,787	4,889
		-	21,787	4,889
Items that may be reclassified subsequently to surplus or deficit				
Financial assets available for sale reserve				
– Fair Value adjustment on Available for Sale Assets	9.1	-	-	218
– Fair Value adjustment on equity investments		-	2,502	-
		-	2,502	218
Total Other Comprehensive Income		-	24,289	5,107
Total Comprehensive result		4,271	28,215	9,073

The budget figures are not subject to audit and the above statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2019

	Note	Actual 2019 \$'000	Actual 2018 \$'000
Current assets			
Cash and cash equivalents	5.1	2,352	2,922
Trade and other receivables	5.2	1,657	1,422
Financial investments	5.3	7,700	14,200
Inventories	5.4	80	75
Assets classified as held for sale	5.5	-	250
Investment property	5.6	-	-
Prepayments and accrued income	5.7	490	656
Total current assets		12,279	19,525
Non-current assets			
Investment in water corporation	4.1	19,522	17,020
Trade and other receivables	5.2	383	-
Financial investments	5.3	1,705	-
Property, infrastructure, plant and equipment	6.1	161,052	130,485
Pine plantations	6.2	40	40
Intangible assets	6.3	56	56
Total non-current assets		182,758	147,601
Total assets		195,037	167,126

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



Statement of Financial Position cont.

As at 30 June 2019

	Note	Actual 2019 \$'000	Actual 2018 \$'000
Liabilities			
Current liabilities			
Trade and other payables	7.1	835	1,302
Trust funds and deposits	7.2	158	139
Provisions	7.3	943	848
Total current liabilities		1,936	2,289
Non-current liabilities			
Provisions	7.3	245	196
Interest-bearing loans and borrowings	8.1	3,200	3,200
Total non-current liabilities		3,445	3,396
Total liabilities		5,381	5,685
Net Assets		189,656	161,441
Equity			
Accumulated surplus		120,004	116,078
Reserves	9.1	69,652	45,363
Total Equity		189,656	161,441

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

Statement of Cash Flows

For Year Ended 30 June 2019

	Note	2019 Inflows/(Outflows) \$'000	2018 Inflows/(Outflows) \$'000
Cash flows from operating activities			
Rates and charges		7,052	7,061
Statutory fees and fines, user fees, contributions, reimbursements and other income (inclusive of GST)		1,586	1,108
Grants and contributions (inclusive of GST)		3,625	3,544
Interest		576	357
Dividends from water company		102	179
Investment revenue from water corporation		79	112
Payments to suppliers (inclusive of GST)		(5,585)	(4,901)
Payments to employees (including redundancies)		(3,380)	(3,268)
Net cash provided by operating activities	9.2	4,055	4,192
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(12,044)	(9,841)
Proceeds from sale of property, infrastructure, plant and equipment		406	289
Receipts/(payments) for financial assets		4,795	2,500
Payments for short term deposits		-	(15)
Proceeds from sale of investment property		-	460
Capital grants (inclusive of GST)		2,646	3,423
Loans and advances to community organisations - NE Care (note 10.4)		(428)	(109)
Net cash (used in) investing activities		(4,625)	(3,293)

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



Statement of Cash Flows cont.
For Year Ended 30 June 2019

		2019	2018
		Inflows/(Outflows)	Inflows/(Outflows)
	Note	\$'000	\$'000
Net increase (decrease) in cash and cash equivalents		(507)	899
Cash and cash equivalents at the beginning of the financial year		2,922	2,023
Cash and cash equivalents at the end of the financial year	9.4	2,352	2,922
<hr/>			
Financing arrangements	9.5		
Restrictions on cash assets	5.1		

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

Statement of Changes in Equity

For Year Ended 30 June 2019

	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Landfill Rehabilitation Reserve \$'000	Fair Value Reserve \$'000
2019						
Balance at beginning of the financial year		161,441	116,078	45,357	1,029	(1,023)
Surplus / (deficit) for the year		3,926	3,926	-	-	-
Other Comprehensive Income:						
– Fair Value adjustment on Available for Sale Assets	9.1	-	-	-	-	-
– Fair Value adjustment on equity investments	9.1	2,502	-	-	-	2,502
Net asset revaluation increment/(decrement)	9.1	21,787	-	21,787	-	-
Balance at end of the financial year		189,656	120,004	67,144	1,029	1,479
2018						
Balance at beginning of the financial year		152,368	112,112	40,468	1,029	(1,241)
Surplus / (deficit) for the year		3,966	3,966	-	-	-
Other Comprehensive Income:						
– Fair Value adjustment on Available for Sale Assets	9.1	218	-	-	-	218
Net asset revaluation increment/(decrement)	9.1	4,889	-	4,889	-	-
Balance at end of the financial year		161,441	116,078	45,357	1,029	(1,023)

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



Note 1 Overview

1.1 Reporting entity

The Dorset Council was established on 1 April 1993 and is a body corporate with perpetual succession and a common seal.

Council's main office is located at 3 Ellenor Street, Scottsdale, Tasmania.

The purpose of the Council is to:

- provide for health, safety and welfare of the community;
- to represent and promote the interests of the community;
- provide for the peace, order and good government in the municipality.

1.2 Basis of accounting

These financial statements are a general purpose financial report that consists of a Statement of 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* (LGA 1993) (as amended). Council has determined that it does not have profit generation as a prime objective. Consequently, where appropriate, Council has elected to apply options and exemptions within accounting standards that are applicable to not-for-profit entities.

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

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

This financial report has been prepared under the historical cost convention, except where specifically stated in Notes 4.1, 5.3, 5.5, 6.1, 6.3, 7.3 and 10.7(d).

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

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, and material subsidiaries or joint ventures, have been included in this financial report. All transactions between these entities and Council have been eliminated in full.

1.3 Use of judgements and estimates

Judgements and Assumptions

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

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

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

Employee entitlements

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

Defined benefit superannuation fund obligations

Actuarial assumptions are utilised in the determination of Council's defined benefit superannuation fund obligations. These assumptions are discussed in Note 9.6.

Fair value of property, plant & equipment

Assumptions and judgements are utilised in determining the fair value of Council's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in Note 6.1.

Investment in water corporation

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

1.4 Functions/Activities of the Council

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

	Grants and Contributions	Other	Total Revenue	Total Expenditure	Surplus/(Deficit)	Assets
Governance						
2018/2019	6	84	90	758	(668)	87
2017/2018	25	37	62	684	(622)	77
Corporate Services						
2018/2019	1,511	7,009	8,520	1,445	7,075	35,607
2017/2018	1,568	6,909	8,477	1,801	6,676	38,028
Community and Development						
2018/2019	1,036	138	1,174	965	209	2,407
2017/2018	187	189	376	925	(549)	2,779
Infrastructure						
2018/2019	3,719	2,038	5,757	8,447	(2,690)	156,936
2017/2018	5,187	1,760	6,947	8,486	(1,539)	126,242
Total						
2018/2019	6,272	9,269	15,541	11,615	3,926	195,037
2017/2018	6,967	8,895	15,862	11,896	3,966	167,126

(b) Reconciliation of Assets from Note 1.4(a) with the Statement of Financial Position at 30 June:

	2019	2018
	\$'000	\$'000
Current assets	12,279	19,525
Non-current assets	182,758	147,601
Total Assets	195,037	167,126



1.4 Functions/Activities of the Council (cont.)

(c) Governance

Elected members, business and economic development, and governance administration.

Corporate Services

Corporate services administration, finance, fire prevention and emergency services, information technology, municipal offices and rates.

Community and Development

Community services administration, rural primary health services, swimming pools, tourism, building, planning, animal control, environmental health and youth services.

Infrastructure

Cemeteries, caravan parks, halls and community centres, parks and reserves, pine plantations, plant operations, private works, roads, bridges and footpaths, sport and recreation facilities, stormwater, street lighting, waste management and infrastructure administration.

	2019 \$'000	2018 \$'000
General rate	5,575	5,437
Garbage charge	1,193	1,146
Fire Levy	308	287
Rates and charges in advance	223	247
Total rates and charges	7,299	7,117

Rates and charges income

Rate income is recognised as revenue when Council obtains control over the assets comprising the receipt. Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

Note 2 Revenue

2.1 Rates and charges

Council uses assessed annual value as the basis of valuation of all properties within the municipality. The assessed annual value of a property is its estimated yearly rental value of the property, as determined by the Valuer General.

The valuation base used to calculate general rates for 2018/19 was \$73.485 million (2017/18: \$75.022 million). The 2018/19 rate in the assessed annual value dollar was \$0.0772 (2017/18: \$0.0754).

2.2 Statutory fees and fines

	2019 \$'000	2018 \$'000
Regulatory services	1	1
Town planning fees	45	50
Land information certificates	88	78
Permits	28	38
Total statutory fees and fines	162	167

Statutory fee and fine income

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.

2.3 User fees

	2019 \$'000	2018 \$'000
Caravan and camping	573	538
Rental and lease income	32	69
Building services	57	62
Cemetery	34	41
Waste transfer station	50	29
Swimming pools	9	6
Other fees and charges	44	18
Total user fees	799	763

Ageing analysis of contractual receivables

Please refer to Note 9.10(e) for the ageing analysis of contractual receivables.

User fee income

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

Operating leases as lessor

Council is a lessor and enters into agreements with a number of lessees. These include commercial and non-commercial agreements.

Where leases are non-commercial agreements, these are generally with not for profit, such as sporting, organisations. In these cases subsidised or peppercorn rents are charged because Council recognises part of its role is community service and community support. In these situations, Council records lease revenue on an accruals basis and records the associated properties as part of land and buildings within property, plant and equipment. Buildings are recognised at depreciated replacement cost.

Where leases are commercial agreements, but properties leased are part of properties predominantly used by Council for its own purposes, Council records lease revenue on an accruals basis and records the associated properties as part of land and buildings within property, plant and equipment. Buildings are recognised at depreciated replacement cost.

Where leases are commercial agreements, and properties leased are predominantly used for leasing to third parties, Council records lease revenue on an accruals basis and records the associated properties as investment property in accordance with AASB 140. These properties are recognised at fair value. These leases may include incentives which have not been recognised in the statement

of financial position, on the basis the amounts are unlikely to be material and could be reliably measured at balance date.

Furthermore, when Council leases some of its land and buildings on commercial terms the lease contract may include incentives for the lessee to enter in the agreement, for example rent-free period or discounted rent. Council accounts for the cost of incentives as a reduction of rental income of the term of the lease.

Where leases are commercial agreements, but properties leased are part of properties predominantly used by Council for its own purposes, Council records lease revenue on an accruals basis and records the associated properties as part of land and buildings within property, plant and equipment. Buildings are recognised at depreciated replacement cost.

2.4 Grants

Grants were received in respect of the following:

Summary of grants	2019 \$'000	2018 \$'000
Federally funded grants	4,861	5,693
State funded grants	1,285	1,158
Others	93	50
Total	6,239	6,901

Grants - Recurrent	2019 \$'000	2018 \$'000
Commonwealth Government Financial Assistance Grants - General Purpose	745	751
Commonwealth Government Financial Assistance Grants - Roads	923	857
Commonwealth Government Financial Assistance Grants - Paid in Advance	1,717	1,750
Commonwealth Government - other	149	157
State Grants	59	-
Total recurrent grants	3,593	3,515

2.4 Grants (cont.)

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In accordance with AASB 1004 *Contributions*, Council recognises these grants as revenue when it receives the funds and obtains control.

During the 2018/19 year the Commonwealth made advance payment of \$1.72 million of the 2019/20 grant. In addition, during 2017/18 the Commonwealth made early payment of \$1.75 million which related to the 2018/19 grant.

As a result of these advance payments Council's 2018/19 Statement of Comprehensive Income and the resulting surplus has not been materially affected.

	2019 \$'000	2018 \$'000
Capital grants received specifically for new or upgraded assets		
Commonwealth Government - North East Mountain Bike Project	800	-
Commonwealth Government - Roads to Recovery	527	1,063
Commonwealth Government – Bridport Western Access Road	-	1,115
Commonwealth Government – Other	-	-
State Grants - Bridport Western Access Road	785	1,000
State Grants – Bridport Multifunction Centre	-	125
State Grants – Scottsdale Pool Redevelopment	350	-
State Grants – Dead Horse Hill Road Bridge	125	-
State Grants - Other	25	33
Other	34	50
Total capital grants	2,646	3,386

Conditions on grants

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

	2019 \$'000	2018 \$'000
Unexpended at the close of the previous period	-	-
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>		
Scottsdale Pool Redevelopment	-	-
Levelling the Playing Field	-	-
Healthy TAS Community Program	-	-
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
Scottsdale Pool Redevelopment	350	-
Levelling the Playing Field	25	-
Health TAS Community Program	20	-
	395	-
Unexpended at the close of this reporting period	395	-
Net increase (decrease) in non-reciprocal grant revenues for the year	395	-

Grant income - operating and capital

Grant income is recognised as revenue when Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to Council and the amount of the contribution can be measured reliably.

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.

2.5 Contributions

(a) Operating

	2019 \$'000	2018 \$'000
North East Mountain Bike Project	32	25
Parks, open space and streetscapes	-	4
Other	-	-
Total	32	29

(b) Capital

	2019 \$'000	2018 \$'000
North East Mountain Bike Project	-	-
Parks, open space and streetscapes	-	-
Other	-	37
Total	-	37
Total contributions	32	66

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.

2.6 Interest

	2019 \$'000	2018 \$'000
Interest on financial assets	403	453
Unrealised gains on financial assets	78	-
Interest on cash and cash equivalents	24	24
Total Interest	505	477

Interest income

Interest is recognised progressively as it is earned.

2.7 Reimbursements

	2019 \$'000	2018 \$'000
Private works	6	1
Other	155	124
Total Reimbursements	161	125

Reimbursement income

Reimbursements are recognised as revenue when the payment is due or the payment is received, whichever first occurs.

2.8 Other income

	2019 \$'000	2018 \$'000
Tourism income	37	36
Other	69	22
Total other income	106	58

Tourism and other income

Tourism income is recognised as revenue when the payment is due or the payment is received, whichever first occurs.

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

	2019 \$'000	2018 \$'000
Proceeds of sale	407	749
<i>Written down value of assets disposed</i>		
Assets available for sale (land)	(271)	(116)
Buildings	-	(393)
Plant, machinery and equipment	(63)	(274)
Roads	(16)	(34)
Bridges	-	(35)
Stormwater	-	-
Total Net gain/(loss) on disposal of property, infrastructure, plant and equipment	57	(103)

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.

2.10 Investment revenue from water corporation

	2019 \$'000	2018 \$'000
Dividend revenue received	102	179
Tax equivalent received	66	85
Guarantee fee received	13	27
Total investment revenue from water corporation	181	291

Investment revenue

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

Note 3 Expenses

3.1 Employee benefits

	2019 \$'000	2018 \$'000
Wages and salaries	3,767	3,437
Superannuation (Refer to Note 9.6)	410	385
Annual leave	343	322
Payroll tax	209	197
Long service leave	107	43
Workers Compensation	73	58
Fringe benefits tax	30	55
	4,939	4,497
Less amounts capitalised	(1,414)	(1,234)
Total employee benefits	3,525	3,263

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.

3.2 Contracts

	2019 \$'000	2018 \$'000
Contracts	1,864	1,798
Professional services	203	309
Management contracts	160	161
Labour hire	-	-
Total materials and services	2,227	2,268

Contracts

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.

3.3 Materials

	2019 \$'000	2018 \$'000
Materials	349	280
Utilities	321	334
Plant, machinery and equipment	297	225
Office administration	57	49
Total materials and services	1,024	888

Materials

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.

3.4 Depreciation and amortisation

	2019 \$'000	2018 \$'000
Property		
Land improvements	312	237
Buildings	228	216
Plant and Equipment		
Plant, machinery and equipment	161	148
Fixtures, fittings and furniture	3	2
Computers and telecommunications	138	175
Infrastructure		
Roads	1,724	2,124
Bridges	394	639
Stormwater	199	214
Total depreciation and amortisation	3,159	3,738

Depreciation and amortisation expense

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

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.

Road and trail earthworks are not depreciated on the basis that they are assessed as not having a limited useful life. Land is not depreciated.

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



Major depreciation periods used are listed below and have been reassessed during the year:

	Period
Land improvements	5 to 50 years
Buildings	
<i>buildings</i>	15 to 160 years
Plant and Equipment	
<i>plant, machinery and equipment</i>	2 to 50 years
<i>fixtures, fittings and furniture</i>	10 to 40 years
<i>computers and telecommunications</i>	4 to 15 years
Roads	
<i>wear surface</i>	
<i>sealed</i>	15 to 25 years
<i>unsealed</i>	10 to 15 years
<i>pavements</i>	50 to 200 years
<i>sub base</i>	200 years
<i>road kerb and channel</i>	60 years
<i>road drainage</i>	50 to 54 years
Footpaths	30 to 50 years
Bridges	
<i>bridge substructure</i>	20 to 129 years
<i>bridge superstructure</i>	13 to 80 years
Stormwater	
<i>points, drains and pipes</i>	70 to 80 years
Intangible Assets	25 years

3.5 Finance costs

	2019 \$'000	2018 \$'000
Interest expenses	107	107
Commissions	2	7
Total finance costs	109	114

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.

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.

3.6 Other expenses

	2019 \$'000	2018 \$'000
State levies, licences and taxes	376	367
Insurance	137	132
Councillors' allowances	150	157
IT maintenance	126	112
Communications	81	65
Subscriptions and memberships	53	49
Professional development	53	43
Cost of goods sold	14	9
Loss incurred - North East Care operations	-	366
Loss incurred - Aminya operations	163	-
Community grants & donations	90	68
Advertising	33	51
Audit fees	16	14
Election expenditure	43	3
Marketing	28	11
Bank fees & charges	25	22
Postage	24	21
Other expenses	159	135
Total other expenses	1,571	1,625

Base audit fee for 2018/19 \$25,210 (2017/18: \$23,780).

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 4 Investments

4.1 Investment in water corporation

	2019 \$'000	2018 \$'000
Opening Balance	17,020	16,692
Fair Value adjustments on available-for-sale assets	-	218
Fair Value adjustments on equity investment assets	2,502	-
Total investment in water corporation	19,522	17,020

Council has derived returns from the water corporation as disclosed at Note 2.10.

Investment assets

Equity Investment (Accounting policy under AASB 9 – applicable from 1 July 2018)

As Council's investment in TasWater is held for long-term strategic purposes, Council has elected under AASB 9 Financial Instruments to irrevocably classify this equity investment as designated as fair value through other comprehensive income. Subsequent changes in fair value on designated investments in equity instruments are recognised in other comprehensive income (for fair value reserve, refer Note 9.1) and may be reclassified through the profit or loss when derecognised. Dividends associated with the equity investments are recognised in profit and loss when the right of payment has been established and it can be reliably measured.

Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2019, Council hold's a 1.05% ownership interest in TasWater which is based on Schedule 2 of the Corporation's Constitution which reflects the Council's voting rights.

Equity Investment (Accounting policy under AASB 139 – applicable for 2018 comparative)

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

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

Note 5 Current Assets

5.1 Cash and cash equivalents

	2019 \$'000	2018 \$'000
Cash on hand	2	2
Cash at bank	2,341	2,912
Special committees (note 10.2)	9	8
Total cash and cash equivalents	2,352	2,922

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:

- Deposits (note 7.2)	158	139
- Conditions on grants (note 2.4)	395	-
- Leave provisions (note 7.3)	1,073	929
- Provision for rehabilitation (note 7.3)	115	115
- Landfill rehabilitation reserve (note 9.1)	1,029	1,029
Restricted funds	2,770	2,212
Total unrestricted cash and cash equivalents	(418)	710

Council has additional funds invested in term deposits and managed funds to cover periods where there is insufficient funds in cash and cash equivalents (Note 5.3).

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.

5.2 Trade and other receivables

	2019 \$'000	2018 \$'000
Current		
Rates debtors	566	318
Other debtors	929	669
Payroll debtors	12	-
Net GST receivable	155	215
Loans and advances to community organisations (note 10.4)	-	225
Provision for impairment - other debtors	(5)	(5)
Provision for expected credit loss - other debtors	-	-
Total	1,657	1,422
Non-current		
Loans and advances to community organisations (note 10.4)	383	-
Total	383	-
Total trade and other receivables	2,040	1,422

Trade and other receivables (Accounting policy under AASB 9 - applicable from 1 July 2018)

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

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

Trade and other receivables (Accounting policy under AASB 139 – applicable for comparatives)

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.

5.3 Financial assets

<i>Current</i>	2019 \$'000	2018 \$'000
Term deposits	7,700	14,200
Total	7,700	14,200
<i>Non-current</i>		
Managed funds	1,705	-
Total	1,705	-
Total Financial Assets	9,405	14,200

Managed funds are held with Vanguard Investments Australia Ltd, Bennelong Australian Equity Partners, Perpetual Investment Management Limited and Magellan Asset Management Limited and are represented by the following investment types:

- Conservative Index Fund;
- Cash Reserve Fund;
- Concentrated Australian Equities Fund;
- Wholesale Conservative Growth Fund and;
- High Grade Treasury Fund.

Financial assets (Accounting policy under AASB 9 – applicable from 1 July 2018)

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. As Council's managed funds are actively managed and their performance is evaluated on a fair value basis, these investments are mandatorily required to be measured at fair value through profit or loss and amounts are included in Note 2.6.

Term deposits represent short term deposits invested with Australian deposit taking institutions for a fixed period less than 36 months with interest paid at maturity.

Financial assets (Accounting policy under AASB 139 – applicable for 2018 comparative)

Term deposits represent short term deposits invested with Australian deposit taking institutions for a fixed period less than 36 months with interest paid at maturity.

5.4 Inventories

	2019 \$'000	2018 \$'000
Inventories held for distribution	49	55
Inventories held for sale	31	20
Total inventories	80	75

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.

5.5 Assets held for sale

	2019 \$'000	2018 \$'000
Land	-	250
Total assets held for sale	-	250

Council has sold all its vacant land during the year.

Assets held for sale

A non-current asset held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and is not subject to depreciation. Non-current assets, disposal groups and related liabilities are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.



5.6 Investment property

	2019 \$'000	2018 \$'000
Balance at beginning of financial year	-	460
Written down value of disposals	-	(460)
Fair value adjustments	-	-
Balance at end of financial year	-	-

Investment property

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers (noting that a valuation was not performed during the financial year ended 30 June 2016 or 30 June 2017 as the property was in the process of being sold). Changes to fair value are recorded in the Statement of Comprehensive Income in the period that they arise. Rental income from the leasing of investment properties is recognised in the Statement of Comprehensive Income on a straight line basis over the lease term.

Council's investment property was sold on 15 June 2018.

5.7 Other assets

	2019 \$'000	2018 \$'000
Accrued interest income	195	267
Prepayments	222	230
Accrued income	57	144
Deposits	16	15
Total other assets	490	656

Note 6 Non-current assets

6.1 Property, infrastructure, plant and equipment

<i>Summary</i>	2019 \$'000	2018 \$'000
at cost	25,359	18,589
Less accumulated depreciation	(5,096)	(4,629)
	20,263	13,960
at fair value as at 30 June	200,520	183,861
Less accumulated depreciation	(59,731)	(67,336)
	140,789	116,525
Total	161,052	130,485
Property		
Land		
at fair value as at 30 June	4,509	4,509
	4,509	4,509
Land improvements		
at cost	10,159	7,947
Less accumulated depreciation	(2,093)	(1,781)
	8,066	6,166
Total Land	12,575	10,675
Buildings		
at fair value as at 30 June	9,096	8,548
Less accumulated depreciation	(864)	(636)
	8,232	7,912
Total Buildings	8,232	7,912
Total Property	20,807	18,587

<i>Plant and Equipment</i>	2019 \$'000	2018 \$'000
Plant, machinery and equipment		
at cost	6,832	5,373
Less accumulated depreciation	(1,906)	(1,892)
	4,926	3,481
Fixtures, fittings and furniture		
at cost	66	62
Less accumulated depreciation	(37)	(34)
	29	28
Computers and telecommunications		
at cost	1,464	1,338
Less accumulated depreciation	(1,060)	(922)
	404	416
Total Plant and Equipment	5,359	3,925
Infrastructure		
Roads		
at fair value as at 30 June	139,164	125,277
Less accumulated depreciation	(43,981)	(52,973)
	95,183	72,304
Land under roads		
at fair value at 30 June	3,350	3,350
	3,350	3,350
Bridges		
at fair value as at 30 June	27,462	26,004
Less accumulated depreciation	(8,128)	(7,431)
	19,334	18,573



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

	2019 \$'000	2018 \$'000
Stormwater		
at fair value as at 30 June	16,939	16,173
Less accumulated depreciation	(6,758)	(6,296)
	10,181	9,877
Total Infrastructure	128,048	104,104
Works in progress		
Land improvements	170	859
Buildings	510	16
Plant, machinery and equipment	50	81
Fixtures, fittings and furniture	-	-
Computers and telecommunications	-	30
Roads	6,096	2,778
Bridges	-	6
Stormwater	12	99
Total Works in progress	6,838	3,869
Total property, infrastructure, plant and equipment	161,052	130,485

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

Reconciliation of property, plant and equipment and infrastructure

2019	Balance at beginning of financial year \$'000	Acquisition of assets \$'000	Newly identified assets \$'000	Revaluation increments (decrements) \$'000	Depreciation and amortisation (Note 3.4) \$'000	Written down value of disposals \$'000	Transfers from WIP \$'000	Transfer to Assets available for sale \$'000	Balance at end of financial year \$'000
Property									
land	4,509	-	-	-	-	-	-	-	4,509
land improvements	6,166	729	10	-	(312)	-	1,473	-	8,066
Total land	10,675	729	10	-	(312)	-	1,473	-	12,575
buildings	7,912	541	(9)	-	(228)	-	16	-	8,232
Total buildings	7,912	541	(9)	-	(228)	-	16	-	8,232
Total property	18,587	1,270	1	-	(540)	-	1,489	-	20,807
Plant and Equipment									
plant, machinery and equipment	3,481	1,373	(1)	-	(161)	(63)	297	-	4,926
fixtures, fittings and furniture	28	4	-	-	(3)	-	-	-	29
computers and telecommunications	416	82	-	-	(138)	-	44	-	404
Total plant and equipment	3,925	1,459	(1)	-	(302)	(63)	341	-	5,359
Infrastructure									
roads	72,304	-	-	20,707	(1,724)	(16)	3,912	-	95,183
land under roads	3,350	-	-	-	-	-	-	-	3,350
bridges	18,573	362	-	684	(394)	-	109	-	19,334
stormwater	9,877	6	-	396	(199)	-	101	-	10,181
Total infrastructure	104,104	368	-	21,787	(2,317)	(16)	4,122	-	128,048
Works in progress									
land improvements	859	784	-	-	-	-	(1,473)	-	170
buildings	16	510	-	-	-	-	(16)	-	510
plant, machinery and equipment	81	266	-	-	-	-	(297)	-	50
fixtures, fittings and furniture	-	-	-	-	-	-	-	-	-
computers and telecommunications	30	14	-	-	-	-	(44)	-	-
roads	2,778	7,230	-	-	-	-	(3,912)	-	6,096
bridges	6	103	-	-	-	-	(109)	-	-
stormwater	99	14	-	-	-	-	(101)	-	12
Total works in progress	3,869	8,921	-	-	-	-	(5,952)	-	6,838
Total property, plant and equipment, infrastructure	130,485	12,018	-	21,787	(3,159)	(79)	-	-	161,052

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

Reconciliation of property, plant and equipment and infrastructure

2018	Balance at beginning of financial year \$'000	Acquisition of assets \$'000	Newly identified assets \$'000	Revaluation increments (decrements) \$'000	Depreciation and amortisation (Note 3.4) \$'000	Written down value of disposals \$'000	Transfers from WIP \$'000	Transfer to Assets available for sale \$'000	Balance at end of financial year \$'000
Property									
land	4,271	253	-	-	-	(15)	-	-	4,509
land improvements	5,771	498	-	-	(237)	-	134	-	6,166
Total land	10,042	751	-	-	(303)	(15)	134	-	10,675
buildings	7,614	498	-	-	(216)	-	16	-	7,912
Total buildings	7,614	498	-	-	(216)	-	16	-	7,912
Total property	17,656	1,249	-	-	(453)	(15)	150	-	18,587
Plant and Equipment									
plant, machinery and equipment	2,921	972	-	-	(148)	(274)	10	-	3,481
fixtures, fittings and furniture	25	5	-	-	(2)	-	-	-	28
computers and telecommunications	462	92	-	-	(158)	-	20	-	416
Total plant and equipment	3,408	1,069	-	-	(308)	(274)	30	-	3,925
Infrastructure									
roads	65,099	3,232	-	3,135	(2,124)	(34)	2,996	-	72,304
land under roads	3,350	-	-	-	-	-	-	-	3,350
bridges	17,206	616	-	1,325	(639)	(35)	100	-	18,573
stormwater	9,578	-	-	429	(214)	-	84	-	9,877
Total infrastructure	95,233	3,848	-	4,889	(2,977)	(69)	3,180	-	104,104
Works in progress									
land improvements	134	859	-	-	-	-	(134)	-	859
buildings	16	16	-	-	-	-	(16)	-	16
plant, machinery and equipment	10	81	-	-	-	-	(10)	-	81
fixtures, fittings and furniture	-	-	-	-	-	-	-	-	-
computers and telecommunications	20	30	-	-	-	-	(20)	-	30
roads	3,169	2,605	-	-	-	-	(2,996)	-	2,778
bridges	100	6	-	-	-	-	(100)	-	6
stormwater	113	70	-	-	-	-	(84)	-	99
Total works in progress	3,562	3,667	-	-	-	-	(3,360)	-	3,869
Total property, plant and equipment, infrastructure	119,859	9,833	-	4,889	(3,738)	(358)	-	-	130,485

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

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, a threshold limit of \$1,000 is applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

Revaluation

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

Land.....	fair value
Plant, equipment and office equipment.....	cost
Furniture, fittings and office equipment.....	fair value
Stormwater and drainage infrastructure.....	fair value
Roads and streets infrastructure.....	fair value
Bridges.....	fair value
Buildings.....	fair value
Intangibles.....	fair value
Land improvements.....	cost
Computers and telecommunication.....	cost
Investment in water corporation.....	fair value

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

6.2 Pine plantations

	2019 \$'000	2018 \$'000
Balance at beginning of financial year	40	40
Fair value adjustments	-	-
Balance at end of financial year	40	40

Valuation of pine plantations has been determined in accordance with an independent valuation by AKS Forest Solutions at 30 June 2017 who have experience in the location and category of the plantations being valued.

Pine plantations

Pine plantations are held to generate income from the sale of pine saw logs. Plantations are measured initially at cost including establishment cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that the future economic benefit in excess of the original assessed performance of the asset will flow to Council. Subsequent to initial recognition at cost, plantations are carried at fair value. Changes in fair value are recorded in the Statement of Comprehensive Income in the period that they arise. Income from the sale of pine saw logs is recognised in the Statement of Comprehensive Income when the risk and rewards of ownership are transferred to the purchaser.

6.3 Intangible assets

	2019 \$'000	2018 \$'000
Trademarks at cost	16	16
Brand names at cost	40	40
Total intangible assets	56	56

Reconciliation of intangible assets

	Trademarks \$'000	Brand Names \$'000	Total \$'000
Gross carrying amount			
Balance at 1 July 2018	16	40	56
Balance at 30 June 2019	16	40	56
Net book value at 30 June 2019	16	40	56

Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Note 7 Current liabilities

7.1 Trade and other payables

	2019 \$'000	2018 \$'000
Trade payables	734	1,104
Accrued expenses	101	198
Total trade and other payables	835	1,302

Trade and other payables

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

7.2 Deposits

	2019 \$'000	2018 \$'000
Planning deposits	14	13
Camping fees deposits	117	114
Security deposits	1	1
Other refundable deposits	10	11
Proceeds from the sale of rate properties	16	-
Total trust funds and deposits	158	139

Deposits

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

7.3 Provisions

(a) Employee benefits

	Annual leave \$ '000	Long service leave \$ '000	Rostered days off and time off in lieu \$ '000	On costs \$ '000	Total \$ '000
2019					
Balance at beginning of the financial year	349	380	64	136	929
Additional provisions	344	118	143	95	700
Amounts used	(286)	(55)	(126)	(76)	(543)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	(11)	-	(2)	(13)
Balance at the end of the financial year	407	432	81	153	1,073
2018					
Balance at beginning of the financial year	294	453	59	128	934
Additional provisions	320	44	120	86	570
Amounts used	(265)	(113)	(115)	(77)	(570)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	(4)	-	(1)	(5)
Balance at the end of the financial year	349	380	64	136	929

7.3 Provisions (cont.)

	2019 \$'000	2018 \$'000
(i) Current		
Annual leave	407	349
Long service leave	321	311
Rostered days off and time off in lieu	81	64
On costs	134	124
	943	848
(ii) Non-current		
Long service leave	110	69
On costs	20	12
	130	81
Aggregate carrying amount of employee benefits:		
Current	943	848
Non-current	130	81
	1,073	929
(iii) Current		
All annual leave and the long service leave entitlements representing 10 or more years of continuous service		
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	481	427
- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	462	421
	943	848
(iv) Non-current		
Long service leave representing less than 10 years of continuous service measured at present value	130	81
(v) Employee Numbers	69	68

Employee benefits

(i) Short term obligations

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

(ii) Other long term employee benefit obligations

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

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

(iii) Sick leave

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

(iv) Defined benefit plans (Note 9.6)

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the statement of financial position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans i.e. as an expense when it becomes payable.

7.3 Provisions (cont.)

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund, which is a sub fund of the Quadrant Superannuation Scheme. The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 30(a) of AASB 119 Employee Benefits, Council does not use defined benefit accounting for these contributions.

(v) Defined contribution plans

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available..

b) Rehabilitation

Under legislation Council is obligated to rehabilitate landfill site to a particular standard. The landfill sites have ceased operation, site monitoring for contaminants is ongoing and rehabilitation work will only be undertaken if required in future years. The provision for rehabilitation has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard, budgeted costs for that work and independent specialist advice. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast, timing of the work, work required and related costs. The Council's Director - Community & Development revalued the provisions at 30 June 2019 and determined no change in the provision was required. Council does not expect to receive reimbursement from a third party.

	2019 \$'000	2018 \$'000
(i) Current		
Opening balance	-	-
Transfer to non-current provision	-	-
	-	-
(ii) Non-current		
Opening balance	115	115
Transfer from current provision	-	-
	115	115
Aggregate carrying amount of rehabilitation provision:		
Current	-	-
Non-current	115	115
	115	115
Reconciliation of rehabilitation provision		
Bridport landfill	100	100
Landfill compliance and other non-allocable costs	15	15
	115	115
Total provisions		
Current	943	848
Non-current	245	196
Total provisions	1,188	1,044



Note 8 Non-current liabilities

8.1 Interest-bearing loans and borrowings

Non-current	2019 \$'000	2018 \$'000
Borrowings	3,200	3,200
Total	3,200	3,200

During the 2016/17 financial year Council entered into a partnership with the Tasmanian Government to participate in the Tasmanian Economic Stimulus Scheme Accelerated Local Government Capital Program ("the Program") which enabled Council to access \$3.2 million to finance capital projects under the Program. The Program provides assistance to Council via the provision of loan interest rebates (or grant) to meet the annual interest obligations of the loan. The loan is an interest only loan (where the interest liability is being met via a rebate from the Tasmanian Government) with the principal due to be repaid in five years.

The maturity profile for Council's borrowings is:	2019 \$'000	2018 \$'000
No later than one year	-	-
Later than one year and not later than five years	3,200	3,200
Later than five years	-	-
Total	3,200	3,200

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 9 Other financial information

9.1 Reserves

(a) Asset revaluation reserve

2019	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
	\$'000			\$'000
Property				
Land and buildings	-	-	-	-
	-	-	-	-
Infrastructure				
Roads	28,083	20,707	-	48,790
Land under roads	-	-	-	-
Bridges	10,328	684	-	11,012
Stormwater	6,929	396	-	7,325
	45,340	21,787	-	67,127
Other				
Fixtures, fittings and furniture	2	-	-	2
Pine plantations	15	-	-	15
	17	-	-	17
Total asset revaluation reserve	45,357	21,787	-	67,144

2018	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
	\$'000			\$'000
Property				
Land and buildings	-	-	-	-
	-	-	-	-
Infrastructure				
Roads	24,948	3,135	-	28,083
Land under roads	-	-	-	-
Bridges	9,003	1,325	-	10,328
Stormwater	6,500	429	-	6,929
	40,451	4,889	-	45,340
Other				
Fixtures, fittings and furniture	2	-	-	2
Pine plantations	15	-	-	15
	17	-	-	17
Total asset revaluation reserve	40,468	4,889	-	45,357

9.1 Reserves (cont.)

(b) Fair value reserve

2019	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
	\$'000			\$'000
Equity Investment assets				
Investment in water corporation	(1,023)	2,502	-	1,479
Total fair value reserve	(1,023)	2,502	-	1,479
2018				
Available-for-sale assets				
Investment in water corporation	(1,241)	218	-	(1,023)
Total fair value reserve	(1,241)	218	-	(1,023)

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

(c) Other reserves

2019	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
	\$'000			\$'000
Landfill rehabilitation	1,029	-	-	1,029
Total other reserves	1,029	-	-	1,029
2018				
Landfill rehabilitation	1,029	-	-	1,029
Total other reserves	1,029	-	-	1,029

The landfill rehabilitation reserve was established in 2015 to provide for future rehabilitation liabilities where Council resolves to establish a new landfill site in the Dorset Municipality.

	2019 \$'000	2018 \$'000
Total Reserves	69,652	45,363

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

	2019 \$'000	2018 \$'000
Surplus/Deficit	3,926	3,966
Depreciation/amortisation	3,159	3,738
(Profit)/loss on disposal of property, infrastructure, plant and equipment	(57)	103
Fair value adjustment	-	-
Payment of short term deposits	-	15
Loans and advances (Note 10.4)	434	109
Capital grants received specifically for new or upgraded assets	(2,646)	(3,423)
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	(618)	(174)
Decrease/(increase) in prepayments and accrued income	166	(116)
Decrease/(increase) in inventories	(5)	13
Increase/(decrease) in trade and other payables	(448)	(34)
Increase/(decrease) in provisions	144	(5)
Net cash provided by/(used in) operating activities	4,055	4,192

9.3 Reconciliation of liabilities arising from financing activities

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

2019	Interest Bearing loans and borrowings
Balance at 1 July 2018	3,200
Changes from financing cash flows:	-
Balance as at 30 June 2019	3,200

2018	
Balance at 1 July 2017	3,200
Changes from financing cash flows:	-
Balance as at 30 June 2018	3,200

9.4 Reconciliation of cash and cash equivalents

	2019 \$'000	2018 \$'000
Cash and cash equivalents (see Note 5.1)	2,352	2,922
Less bank overdraft utilised	-	-
Total reconciliation of cash and cash equivalents	2,352	2,922

9.5 Financing arrangements

	2019 \$'000	2018 \$'000
Bank overdraft facility	40	40
Credit card facilities	35	35
Used facilities	(6)	(7)
Unused facilities	69	68

9.6 Superannuation

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund), a sub-fund of the Tasplan Superannuation Fund (Tasplan). The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 34 of AASB 119 *Employee Benefits*, Council does not use defined benefit accounting for these contributions.

For the year ended 30 June 2018 the Council contributed 9.5% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

Rice Warner Pty Ltd undertook the last actuarial review of the Fund at 30 June 2017. The review disclosed that at that time the net market value of assets available for funding member benefits was \$58,940,000, the value of vested benefits was \$51,170,000, the surplus over vested benefits was \$7,770,000, the value of total accrued benefits was \$50,606,000, and the number of members was 134. These amounts relate to all members of the fund at the date of valuation and no asset or liability is recorded in the Tasplan Super's financial statements for Council employees.

The financial assumptions used to calculate the accrued benefits for the Fund were:

- Net Investment Return.....7.0% p.a.
- Salary Inflation.....4.0% p.a.
- Price Inflation.....N/A

The actuarial review concluded that:

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

The actuary recommended that in future the Council contribute 9.5% of salaries in 2017/18 and 0% from 1 July 2018 to 30 June 2021.

The Actuary will continue to undertake a brief review of the financial position the Fund at the end of each financial year to confirm that the contribution rates remain appropriate. The next full triennial actuarial review of the Fund will have an effective date of 30 June 2020 and is expected to be completed late in 2020.

Council also contributes to other accumulation schemes on behalf of a number of employees; however the Council has no ongoing responsibility to make good any deficiencies that may occur in those schemes.

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

As required in terms of paragraph 148 of AASB 119 *Employee Benefits*, Council discloses the following details:

- The 2017 actuarial review used the "aggregate" funding method. This is a standard actuarial funding method. The results from this method were tested by projecting future fund assets and liabilities for a range of future assumed investment returns. The funding method used is consistent with the method used at the previous actuarial review in 2014.

Under the aggregate funding method of financing the benefits, the stability of the Councils' contributions over time depends on how closely the Fund's actual experience matches the expected experience. If the actual experience differs from that expected, the Councils' contribution rate may need to be adjusted accordingly to ensure the Fund remains on course towards financing members' benefits.

- In terms of Rule 27.4 of the Tasplan Trust Deed (Trust Deed), there is a risk that employers within the Fund may incur an additional liability when an Employer ceases to participate in the Fund at a time when the assets of the Fund are less than members' vested benefits. Each member of the Fund who is an employee of the Employer who is ceasing to participate is required to be provided with a benefit at least equal to their vested benefit in terms of Rule 27.4 (b) (A). However, there is no provision in the Trust Deed requiring an employer to make contributions other than its regular contributions up to the date of cessation of contributions. This issue can be resolved by the Trustee seeking an Actuarial Certificate in terms of Rule 26.5 identifying a deficit and the Trustee determining in terms of Rule 26.3(c) that the particular employer should make the payment required to make good any shortfall before the cessation of participation is approved.
- The application of Fund assets on Tasplan being wound-up is set out in Rule 41.4. This Rule provides that expenses and taxation liabilities should have first call on the available assets. Additional assets will initially be applied for the benefit of the then remaining members and/or their dependants in such manner as the Trustee considers equitable and appropriate in accordance with the Applicable Requirements (broadly, superannuation and taxation legislative requirements and other requirements as determined by the regulators).

The Trust Deed does not contemplate the Fund withdrawing from Tasplan. However it is likely that Rule 27.4 would be applied in this case (as detailed above).

9.6 Superannuation (cont.)

- The Fund is a defined benefit Fund.
- The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. Thus the Fund is not able to prepare standard AASB 119 defined benefit reporting.
- During the reporting period the amount of contributions paid to defined benefits schemes was \$5,504 (2017/18: \$20,003), and the amount paid to accumulation schemes was \$391,533 (2017/18: \$363,452).
- During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$5,669, and the amount to be paid to accumulation schemes is \$403,279.
- As reported on the first page of this Note, assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2017. Moderate investment returns, since that date, make it quite probable that this is still the position. The financial position of the Fund will be fully investigated at the actuarial review as at 30 June 2020.
- An analysis of the assets and vested benefits of sub-funds participating in the Scheme, prepared by Rice Warner Pty Ltd as at 30 June 2017, showed that the Fund had assets of \$58.9 million and members' Vested Benefits were \$51.2 million. These amounts represented 0.7% and 0.6% respectively of the corresponding total amounts for Tasplan.
- As at 30 June 2018 the fund has 119 members and the total employer contributions and member contributions for the year ending 30 June 2018 were \$1,515,272 and \$266,000 respectively.

Fund	2019	2018
	\$'000	\$'000
Defined benefits fund		
Employer contributions to Tasplan Defined Benefit Fund	6	20
	6	20
Accumulation funds		
Employer contributions to Tasplan	235	240
Employer contributions to Other Funds	156	123
	391	363

9.7 Commitments

Capital Expenditure Commitments

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

	2019 \$'000	2018 \$'000
Roads & Footpaths	142	2,055
Bridges	-	276
Information Technology	-	41
Total Capital expenditure commitments	142	2,372

Contractual commitments

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

	2019 \$'000	2018 \$'000
Waste Management		
Recycling collection	-	166
General waste collection	100	126
Waste transfer	-	35
Waste transfer stations	97	100
Green waste collection	-	1
Facility management	62	247
Revaluation services	-	-
Cleaning contractors	22	21
Insurance	191	160
Irrigation rights	1,371	1,424
Information systems and technology	102	136
Total contractual commitments	1,945	2,416

9.8 Operating leases

(a) Operating lease receivables

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2019 \$'000	2018 \$'000
Not later than one year	24	7
Later than one year and not later than five years	63	25
Later than five years	-	1
	87	33

(b) Operating lease incentive

Council did not provide any lease incentives during the 2019 financial year.

9.9 Contingent liabilities

Contingent liabilities

Council has a potential liability in relation to a contractual agreement for the lease of a property. Advice from Council's insurer indicates that the Council's liability is limited to the insurance excess.

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

Bank Guarantees are held by Council against the provision of services \$325,200 (2018: \$223,700) and overdraft facility \$40,000 (2018: \$40,000).

9.10 Financial instruments

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions	Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets				Financial Liabilities			
Cash and cash equivalents	5.1	Cash on hand and at bank and money market call accounts are valued at face value. Interest is recognised as it accrues.	On call deposits returned a floating interest rate of between 0.00% and 1.09% (0.20% and 1.07% in 2017/18). The interest rate on funds held at balance date was 0.972% and 0.36% (0.22% and 0.97% in 2017/18).	Trade and other payables	7.1	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.	Trade Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
	5.3	Term deposits are held to maximise interest returns of surplus cash and valued at fair value. Interest revenues are recognised as they accrue.	Funds returned fixed interest rate of between 2.49% (2.31%), and 3.10% (3.10%).	Interest-bearing loans and borrowings		Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings was 3.35% in 2018/19 (3.35% in 2017/18).
Trade and other receivables				Bank overdraft	5.1	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft is subject to annual review and is secured by a mortgage over Council's general rates. The bank overdraft was not utilised in 2018/19.
Other debtors	5.2	Receivables are carried at amortised cost using the effective interest method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and arrears do not attract interest. Unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.				
Available for sale financial assets							
Investment in Water Corporation	4.1	The investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date.	Investment in TasWater provided return of 0.52% (1.05%) excluding unrealised gains/losses.				

9.10 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:

2019

	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets							
Cash and cash equivalents	0.36%	2,341	-	-	-	11	2,352
Financial investments	2.67%	-	7,700	-	1,705	-	9,405
Trade and other receivables		-	-	-	-	2,040	2,040
Investment in water corporation		-	-	-	-	19,522	19,522
<i>Total financial assets</i>		2,341	7,700	-	1,705	21,573	33,319
Financial liabilities							
Trade and other payables	N/A	-	-	-	-	835	835
Trust funds and deposits	N/A	-	-	-	-	158	158
Interest-bearing loans and borrowings	3.35%	-	-	3,200	-	-	3,200
<i>Total financial liabilities</i>		-	-	3,200	-	993	4,193
Net financial assets (liabilities)		2,341	7,700	(3,200)	1,705	20,580	29,126

9.10 Financial instruments (cont.)

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	0.77%	2,912	-	-	-	10	2,922
Financial investments	2.62%	-	12,000	2,200	-	-	14,200
Trade and other receivables		-	-	-	-	1,422	1,422
Investment in water corporation		-	-	-	-	17,020	17,020
Total financial assets		2,912	12,000	2,200	-	18,452	35,564
Financial liabilities							
Trade and other payables	N/A	-	-	-	-	1,302	1,302
Trust funds and deposits	N/a	-	-	-	-	139	139
Interest-bearing loans and borrowings	3.41%	-	-	3,200	-	-	3,200
Total financial liabilities		-	-	3,200	-	1,441	4,641
Net financial assets (liabilities)		2,912	12,000	(1,000)	-	17,011	30,923

9.10 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	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	2,352	2,922	2,352	2,922
Financial Investments	9,405	14,200	9,405	14,200
Trade and other receivables	2,040	1,422	2,040	1,422
Investment in water corporation	19,522	17,020	19,522	17,020
Total financial assets	33,319	35,564	33,319	35,564
<i>Financial liabilities</i>				
Trade and other payables	835	1,302	835	1,302
Trust funds and deposits	158	139	158	139
Total financial liabilities	993	1,441	993	1,441

(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) Risk 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. 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.

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

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

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

Credit risk

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

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

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

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

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

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

9.10 Financial instruments (cont.)

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

	Financial Institutions (BBB to AA credit rating)	Government agencies (BBB credit rating)	Other (unrated)	Total
2019				
Cash and cash equivalents	2,341	-	11	2,352
Term deposits	7,700	-	-	7,700
Trade and other receivables	-	-	2,040	2,040
Investments and other financial assets	1,705	19,522	-	21,227
Total contractual financial assets	11,746	19,522	2,051	33,319

2018

Cash and cash equivalents	2,912	-	10	2,922
Term deposits	14,200	-	-	14,200
Trade and other receivables	-	-	1,422	1,422
Investments and other financial assets	-	17,020	-	17,020
Total contractual financial assets	17,112	17,020	1,432	35,564

Movement in Provisions for Impairment of Trade and Other Receivables	2019 \$'000	2018 \$'000
Balance at the beginning of the year	5	5
New Provisions recognised during the year	-	-
Amounts already provided for and written off as uncollectible	-	-
Amounts provided for but recovered during the year	-	-
Balance at end of year	5	5

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:

	2019 \$'000	2018 \$'000
Unsecured		
Current (not yet due)	893	517
Past due by up to 30 days	12	121
Past due between 31 and 60 days	10	7
Past due between 61 and 90 days	-	1
Past due by more than 90 days	392	243
Total unsecured trade & other receivables	1,307	889
Secured		
Payroll debtors	12	-
GST receivable	155	215
Rates receivable	566	318
Total secured trade & other receivables	733	533
Total trade & other receivables	2,040	1,422

9.10 Financial instruments (cont.)

Ageing of individually impaired Trade and Other Receivables

At balance date, other debtors representing financial assets with a nominal value of \$5,494 (2017/18: \$5,494) were impaired. The amount of the provision raised against these debtors was \$5,494 (2017/18: \$5,494). The individually impaired debtors relate to general and sundry debtor and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of trade and other receivables that have been individually determined as impaired at reporting date was:

	2019 \$'000	2018 \$'000
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 60 days	-	-
Past due between 61 and 90 days	-	-
Past due by more than 90 days	5	5
Total Trade & Other Receivables	5	5

Liquidity risk

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

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

To help reduce these risks we:

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

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

The table below lists the contractual maturities for financial liabilities.

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

2019	12 mths or less \$'000	1-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and other payables	835	-	-	835	835
Deposits	158	-	-	158	158
Interest-bearing loans and borrowings	-	3,200	-	3,200	3,200
Total financial liabilities	993	3,200	-	4,193	4,193

2018	12 mths or less \$'000	1-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and other payables	1,302	-	-	1,302	1,302
Deposits	139	-	-	139	139
Interest-bearing loans and borrowings	-	3,200	-	3,200	3,200
Total financial liabilities	1,441	3,200	-	4,641	4,641

9.10 Financial instruments (cont.)

(f) Sensitive disclosure analysis

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

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

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

		Interest rate risk				
		-2 %		+1%		
		-200	basis points	+100	basis points	
2019	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	
Financial assets:						
Cash and cash equivalents	2,352	(47)	(47)	24	24	
Financial Investments	9,405	(188)	(188)	94	94	
Financial liabilities:						
Interest-bearing loans and borrowings	3,200	(64)	(64)	32	32	

		Interest rate risk				
		-1 %		+1%		
		-100	basis points	+100	basis points	
2018	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	
Financial assets:						
Cash and cash equivalents	2,922	(29)	(29)	29	29	
Term deposits	14,200	(142)	(142)	142	142	
Financial liabilities:						
Interest-bearing loans and borrowings	3,200	(32)	(32)	32	32	

Note 10 Other matters

10.1 Related party transactions

Responsible Persons

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

Councillors

2014-2018 Council

Councillor Greg Howard (Mayor)
 Councillor Maxwell (Max) Hall (Deputy Mayor)
 Councillor Steven Arnold
 Councillor Lawrence Archer
 Councillor Dale Jessup
 Councillor Sheryl Martin
 Councillor Shaun Moore
 Councillor Leon Quilliam (resigned 6/07/2018)
 Councillor Leonie Stein

2018-2022 Council (Appointed 2 November 2018)

Councillor Greg Howard (Mayor)
 Councillor Dale Jessup (Deputy Mayor)
 Councillor Leonie Stein
 Councillor Maxwell (Max) Hall (resigned 6/2/2019)
 Councillor Jan Hughes
 Councillor Mervyn Chilcott (appointed 25/2/2019)
 Councillor Edwina Powell
 Councillor Murray Lade
 Councillor Jerrod Nichols
 Councillor Wendy McLennan

General Manager Mr Tim Watson

Councillors

	2019 \$'000	2018 \$'000
Councillor allowances and expenses	183	188

Key Management Personnel Remuneration

The key management personnel of Council has been determined to include all Councillors and Directors. In all, 19 KMPs were paid the following total compensation in the year ended 30 June 2019:

	2019 \$'000	2018 \$'000
Short-term employee benefits (salaries, vehicles and allowances including Councillor allowances)	806	830
Post-employment benefits (superannuation)	76	72
Other long term benefits (movements in employee leave provisions)	26	(40)
Total Key Management Personnel Remuneration	908	862

Transactions with related parties

During the period Council did not enter into any significant transactions with related parties.

10.1 Related party transactions (cont.)

Loans and guarantees to related parties

The aggregate amount of loans made during the year by Council to a related party are as follows:

	2019 \$'000	2018 \$'000
Balance at 1 July 2018	-	589
Repayment/reimbursements received	-	(485)
Additional amounts paid	-	488
Loan transferred to non-related party	-	(592)
Balance at 30 June 2019	-	-

This loan was no longer held by the related party at 30 June 2019 as the debt was transferred to a non-related third party during the 2017/18 financial year.

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:

- Payments of rates on a primary residence
- Dog registration

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

Remuneration Principles

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

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 (excluding the General Manager) contain a termination clause that requires the senior executive or Council to provide a minimum notice period of up to 4 weeks prior to termination of the contract. Whilst not automatic, contracts can be extended.

10.2 Special Committees and other activities

In accordance with Section 84(d) of the *Local Government Act 1993* (as amended) these statements include the bank account balances for the following committees:

	2019 \$'000	2018 \$'000
Jetsonville Hall	1	1
North Scottsdale Hall	2	2
Springfield Community Association	6	5
Total	9	8

10.3 Significant business activities

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 has determined, that none of the activities carried on by Council are considered significant business activities.

10.4 Aminya Aged Care Facility

North East Care Inc. (NE Care) was incorporated under the *Association Incorporation Act 1964* on 23 September 2015 for the purpose of managing operations of the Aminya Aged Care facility and facilitating ongoing community benefits associated with the centre.

On 30 November 2015 Dorset Council took over the facility from Presbyterian Care Tasmania by acquiring the assets necessary to continue operations. NE Care entered into a management agreement with May Shaw Health Centre Inc. (May Shaw) on 29 June 2016. The assets necessary to operate the facility were transferred to May Shaw as part of this agreement and the building and land were retained and recognised by Council.

Employees working at the facility became the responsibility of May Shaw as part of the Management Agreement and the employee entitlement liabilities were funded by Council. These have entitlements now been paid by Council to May Shaw as part of a contract between the parties.

Council pay May Shaw a monthly Service Fee on behalf of NE Care (up to 30 June 2019) for the ongoing operations of the facility. As of 30 June 2019 NE Care is no longer in operation and Council has an agreement directly with May Shaw in relation to the operation and financial responsibility of the Aminya facility.

In May 2017 operations of the Aminya Aged Care facility and the James Scott Wing of the North East Soldiers Memorial Hospital merged under the control of May Shaw. Council have committed to continue to financially underwrite the ongoing operations of the Aminya / James Scott Wing facilities until 31 December 2019, at which point May Shaw will take full financial responsibility for the operations.

May Shaw is currently planning a redevelopment of the Aminya facility which will see its capacity increased to a minimum of 55 residents.

10.5 Management indicators

(a) Underlying surplus or deficit	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
Net result for the year	3,926	3,966	5,120	(17,168)
Capital grants	(2,646)	(3,386)	(1,764)	(3,040)
Contributions non-current assets	-	(37)	(225)	-
Financial assistance grants in advance	33	29	(1,779)	1,728
Write-off flood disposal	-	-	-	45
Write-off Aminya expenses	163	366	-	-
Road swap	-	-	-	11,175
Land under roads adjustment	-	-	-	8775
Fair value adjustment	-	-	293	30
Underlying surplus/deficit	> 0 1,476	938	1,645	1,545

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

(b) Underlying surplus or deficit	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
Recurrent income* less	12,871	12,571	12,609	12,498
Recurrent expenditure	11,395	11,633	10,964	10,953
Underlying surplus/deficit	> 0 1,476	938	1,645	1,545

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

Council recorded an underlying surplus for the last four years due to increases in rate revenue, and revenue from Council's investments combined with a decrease in costs across all areas of Council as a result of operational efficiencies.

10.5 Management indicators (cont.)

(c) Underlying surplus ratio	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
Underlying surplus or deficit	1,476	938	1,645	1,545
Recurrent income*	12,871	12,571	12,609	12,498
Underlying surplus ratio %	> 0% 11.5%	7.5%	13.0%	12.4%

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

Council recorded a positive surplus ratio for the past four years.

(d) Net financial liabilities	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
Liquid assets less	13,797	18,544	19,970	15,801
Total liabilities	5,381	5,685	5,724	2,371
Net financial liabilities	0 8,416	12,859	14,246	13,430

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

Council recorded positive net financial liabilities for the period with liquid assets greater than current and non-current liabilities in each year. This indicates a strong liquidity position, with Council able to meet existing obligations.

Council has contractual commitments totalling \$2.09m (2018: \$4.79m) which are not recognised on the Statement of Financial Position and consequently not factored into the Net financial liabilities ratio.

Council's cash and financial assets are subject to a number of restrictions that limit the amount available for discretionary use and include commitments, deposits and employee benefits

(e) Net financial liabilities ratio	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
Net financial liabilities	8,416	12,859	14,246	13,430
Recurrent income*	12,871	12,571	12,609	12,498
Net financial liabilities ratio %	0% - (50%) 65%	102%	113%	107%

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

Council's net financial liabilities ratios is more than 50% for the period which has decreased from prior years due to a reduction in Council's liquid assets (as a result of the large capital expenditure programs). Even though the ratio has a decreased from prior years, this still indicates a strong liquidity position with Council able to meet existing obligations

(f) Asset consumption ratio	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
<i>Roads</i>				
Depreciated replacement cost	95,183	72,304	65,099	62,873
Current replacement cost	139,164	125,277	113,625	109,566
Asset consumption ratio %	68%	58%	57%	57%
<i>Bridges</i>				
Depreciated replacement cost	19,334	18,573	17,206	16,797
Current replacement cost	27,462	26,004	24,548	24,392
Asset consumption ratio %	70%	71%	70%	69%

10.5 Management indicators (cont.)

	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
<i>Buildings</i>				
Depreciated replacement cost	8,232	7,912	7,614	7,688
Current replacement cost	9,096	8,548	8,034	7,897
Asset consumption ratio %	91%	93%	95%	97%
<i>Stormwater</i>				
Depreciated replacement cost	10,181	9,877	9,578	9,773
Current replacement cost	16,939	16,173	15,387	15,369
Asset consumption ratio %	60%	61%	62%	64%

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

The ratios above indicate that at 30 June 2019 Council had used (consumed) approximately 31% of the service potential of its infrastructure assets. Overall, at this point in time, Council's infrastructure assets have sufficient capacity to continue to provide services to ratepayers.

10.5 Management indicators (cont.)

(g) 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.

		2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
<i>Roads</i>					
Projected capital funding outlays**		30,228	32,918	35,608	38,298
Projected capital expenditure funding***		29,785	31,477	33,074	34,279
Asset renewal funding ratio %	90-100%	101%	105%	108%	112%
<i>Bridges</i>					
Projected capital funding outlays**		4,172	4,495	5,046	5,516
Projected capital expenditure funding***		4,422	4,576	5,127	5,369
Asset renewal funding ratio %	90-100%	94%	98%	98%	103%
<i>Buildings¹</i>					
Projected capital funding outlays**		2,119	2,233	2,356	2,494
Projected capital expenditure funding***		2,119	2,233	2,356	2,494
Asset renewal funding ratio %	90-100%	100%	100%	100%	100%
<i>Stormwater</i>					
Projected capital funding outlays**		1,054	1,073	1,092	1,111
Projected capital expenditure funding***		1,054	1,073	1,092	1,111
Asset renewal funding ratio %	90-100%	100%	100%	100%	100%

¹ An asset management plan was completed for buildings in the 2014/15 year.

** 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.

Council implemented a long-term asset management plans for road, bridge and stormwater infrastructure assets in 2012. A plan for buildings was completed in 2015 in addition to the plans for roads and bridges being revised. The plans set out planned and required renewal expenditure to 2034/35 for the respective infrastructure classes.

(h) Asset sustainability ratio

	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000	
Capex on replacement/renewal of existing assets	6,214	3,714	6,266	5,968	
Annual depreciation expense	3,159	3,738	3,297	3,300	
Asset sustainability ratio %	100%	197%	99%	190%	191%

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

Council's asset sustainability ratio is well above the prescribed 100% benchmark for the current years and the 2017 and 2016 years. Council's average ratio was 99% in the previous year indicating that the Council in essence maintained its level of investment in existing assets. This decline in the ratio was due to the actual cost of renewals and replacements being less than the estimated cost per the 2017/18 Budget Estimates. The increase in the ratio is due to an increase in Council's capital renewal activities during the year.

10.5 Management indicators (cont.)

2019	Capital renewal expenditure \$'000	Capital new / upgrade expenditure \$'000	Total Capital Expenditure \$'000
By asset class			
Bridges	187	276	463
Land improvements and buildings	121	2,436	2,557
Roads	4,953	2,346	7,299
Stormwater	34	-	34
Plant, machinery and equipment	850	741	1,591
Computers and telecommunications	69	31	100
Total	6,214	5,830	12,044

2018	Capital renewal expenditure \$'000	Capital new / upgrade expenditure \$'000	Total Capital Expenditure \$'000
By asset class			
Bridges	6	612	618
Land improvements and buildings	260	1,876	2,136
Roads	2,812	3,071	5,883
Stormwater	26	45	71
Plant, machinery and equipment	495	520	1,015
Computers and telecommunications	115	3	118
Total	3,714	6,127	9,481

10.6 Fair Value Measurements

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

- Investment in water corporation
- Property, infrastructure plant and equipment
 - Land
 - Buildings
 - Roads
 - Bridges
 - Stormwater
 - Pine plantations
 - Fixtures, fittings and furniture

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 land as disclosed in Note 5.5. A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading 'Land held for sale'.

(a) Fair Value Hierarchy

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

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

The table below shows the assigned level for each asset and liability held at fair value by the Council. The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2019.

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

10.6 Fair Value Measurements (cont.)

As at 30 June 2019

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Managed Funds	5.3	1,705	-	-	1,705
Land	6.1	-	4,509	-	4,509
Buildings	6.1	-	8,232	-	8,232
Fixtures, fittings and furniture	6.1	-	29	-	29
Roads	6.1	-	-	95,183	95,183
Land under roads	6.1	-	-	3,350	3,350
Bridges	6.1	-	-	19,334	19,334
Stormwater	6.1	-	-	10,181	10,181
Pine plantation	6.2	-	40	-	40
Investment property	5.6	-	-	-	-
		1,705	12,810	128,048	142,563

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Non-recurring fair value measurements				
Assets held for sale	5.5	-	-	-

As at 30 June 2018

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Land	6.1	-	4,509	-	4,509
Buildings	6.1	-	7,913	-	7,913
Fixtures, fittings and furniture	6.1	-	28	-	28
Roads	6.1	-	-	72,304	72,304
Land under roads	6.1	-	-	3,350	3,350
Bridges	6.1	-	-	25,839	25,839
Stormwater	6.1	-	-	9,448	9,448
Pine plantation	6.2	-	40	-	40
Investment property	5.6	-	-	-	-
		-	12,490	110,941	123,431

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Non-recurring fair value measurements				
Assets held for sale	5.5	-	-	250

Transfers between levels of the hierarchy

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

(b) 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

Managed Funds, Investment property and Investment in water corporation

Refer to Notes 5.3, 5.6 and 4.1 respectively for details of valuation techniques used to derive fair values.

Land

Land fair values were determined by qualified real estate agents Harcourts International effective 30 June 2015. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current planning provisions. Sale prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

Land held for sale

Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification. The fair value of the land was determined using the approach described in the preceding paragraph.

Land under roads

As mentioned in Note 6.1 Council has elected to recognise land under roads acquired prior to, and following 30 June 2008 at fair value. Land under roads was valued using rates provided by the Office of the Valuer General at 30 June 2014. These rates were derived by dividing the total statutory land value for each property category, by the total land area of municipality. From this a 30% discount was applied to built up categories.

Buildings

The fair value of buildings were also determined by qualified real estate agents Harcourts International effective 30 June 2016. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant input into this valuation approach was price per square metre.

Where Council buildings are of a specialist nature (e.g. 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 properties.

Where buildings are planned to be disposed within the next 12 months, fair value is based upon the estimated costs of disposal less any proceeds from sale.



10.6 Fair Value Measurements (cont.)

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 3.4.

The calculation of DRC involves a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made by qualified and experienced staff, different judgements could result in a different valuation.

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

Roads, including footpaths

A condition survey of the sealed roads was performed by ARRB Group Limited during the 2018 year. Council Officers in conjunction with Geoff Webb Consulting then reviewed the condition assessment to determine the expected future serviceable life of the assets. For unsealed roads, footpaths and shoulders a time based (age) method has been applied. The revaluation of Council's road assets was based on depreciated replacement cost at 1 July 2018.

Council categorises its road infrastructure into urban and rural roads and further sub categories of sealed and unsealed roads. Roads are managed in segments of 30 to 4,000 metres. All sealed road segments are componentised into earthworks, sub base, pavement, wear surface and drains, and footpaths (both left and right) where applicable and unsealed roads are componentised into earthworks, pavement and wear surface. Council assumed that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumed 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 rate (unit rates are representative of typical current replacement costs of asset components). Council assumes that pavements are constructed to depths of 40 cms for high traffic areas and 30 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, Auspan Limited effective 18 October 2017. The valuation was based upon current depreciated replacement cost at 18 October 2017. Each bridge is assessed individually and componentised into sub assets representing the sub-structure and super-structure. The valuation is based on the material type used for construction, sub-structure and super-structure area and design load.

Stormwater

A full valuation of drainage infrastructure was undertaken by Council's Infrastructure and Regulatory Services personnel, effective 30 June 2014. Stormwater assets are managed in segments; pits and pipes being the major components.

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

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

(d) Valuation process

Council's current policy for the valuation of property, infrastructure, plant and equipment, investment in water corporation and investment property (recurring fair value measurements) is set out in Notes 6.1, 4.1, 6.2 and 6.3 respectively.

Non-recurring fair value measurements are made at the point of reclassification.

(e) 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 9.9).

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



10.7 Other significant accounting policies and new accounting standards

(a) Taxation

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

Goods and services tax (GST)

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

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

(b) Impairment of non-financial assets

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

(g) Adoption of new and amended accounting standards

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

(i) AASB 9 *Financial Instruments*

This standard replaces the existing standard, AASB 139 *Financial Instruments: Recognition and Measurement* and revises classification, measurement and disclosure of financial assets and liabilities. It reduced the number of categories for financial assets and simplifies the measurement choices, including the removal of impairment testing of assets measured at fair value. Classification of financial assets is determined by Council's business model for holding particular assets and its contractual cash flows.

Council has applied this standard from 1 July 2018 using a retrospective approach with cumulative catch-up. This does not require Council to restate comparative figures, but does require the presentation of both qualitative and quantitative disclosures for affected items, along with a corresponding adjustment to the opening balance of accumulated surpluses for transitional effects of re-measurement. Council has deemed there were no affected items nor any impact to our asset balances from adopting AASB 9.

Trade and other receivables - classified as 'loans and receivables' as at 30 June 2018, these are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as financial assets at 'amortised cost' beginning 1 July 2018.

Investment in water corporation - classified as an 'available-for-sale' financial asset as at 30 June 2018. As Council does not hold this equity investment for trading purposes, it has made an irrevocable election for this equity instrument to present any subsequent changes in fair value in Other Comprehensive Income. Under this approach only dividends are recognised in profit or loss. Council's investment in water corporation is classified and measured as an 'equity instrument at fair value through other comprehensive income' beginning 1 July 2018.

10.7 Other Significant accounting policies and new accounting standards (cont.)

(h) Pending Accounting Standards

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

(i) AASB 15 Revenue from Contracts with Customers

This standard has been deferred by AASB 2016-17 Deferral of AASB 15 for *Not-for-Profit Entities*, until the 2019-20 reporting period. AASB 15 introduces a five-step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

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

- Depending on the respective contractual terms, the new requirement of AASB 15 may result in a change to the timing of revenue from sales of goods and services such that some revenues 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 subsequent recognised progressively 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 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 Commonwealth Financial Assistance Grants. These grants will continue being recognised as revenue upfront assuming no change to the current grant arrangements.

For Council there will be a significant effect in the treatment of all grants with sufficiently specific performance obligations where the conditions have yet to be fulfilled at year end. Council currently present unexpended grant income in 2.4. Council are in the process of determining the amounts received that will be deferred as a liability under AASB 15 and progressively recorded as income as performance obligations are fulfilled.

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

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

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

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

AASB 1058 applies when Council receives volunteer services or enters into other transactions in which the consideration to acquire an asset is significantly less than the fair value of the asset, and where the asset is principally to enable Council to further its objectives. In cases where Council enters into other transactions, Council recognises and measure 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 financial asset to enable Council to acquire or construct a recognisable non-financial asset to be controlled by Council (i.e. an in-substance acquisition of a non-financial asset), Council recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. Council will recognise income as it satisfies its obligations under the transfer, similarly to income recognition in relation to performance obligations under AASB 15 as discussed above.

Where the asset acquired is leased at a "peppercorn" rate, Council is required to recognise the leased asset at its fair value, the remaining lease liability and the balance as income. These leased right-of-use assets have not previously been recognised. Council are currently in the process of determining the impact of these leases pending the adoption of AASB 1058.

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 in Note 2.1, will now be recorded as a liability, with revenue deferred until the commencement of the applicable rating period.

AASB 1058 requires the recognition of volunteer services where they would have been purchased if not donated and the fair value of those services can be reliably measured. Council has assessed these requirements and determined that there would not be a material impact to our financial position as a result of the fair value recognition of volunteer services.

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.

10.7 Other Significant accounting policies and new accounting standards (cont.)

(iii) AASB 16 Leases

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

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

AASB 16 will result in most of Council's operating leases being brought onto the Statement of Financial Position. There are limited exceptions relating to short-term leases and low-value assets which may remain off the balance sheet. Council's existing lease commitments are disclosed in Note 9.7.

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

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

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

10.8 Material Budget Variations

Council's original budget was adopted by the Council on 25 June 2018. The original projections on which the budget was based have been affected by a number of factors. Material variations of more than 10% are explained below:

Revenue

Statutory fees and fines

Statutory fees and fines were \$17,000 (11.7%) above budget due to an increase in town planning fees and land information certificates.

Interest

Interest was \$190,000 (60.3%) above budget due to a change in Council's investment strategy. During the year there was a change in policy which allowed an investment in fixed interest managed funds and government bonds with a rating of AA or higher.

Income from water corporation

Income from TasWater was \$58,000 (24.3%) below budget due to a reduction in distributions received.

Reimbursements

Reimbursements were above budget by \$33,000 (25.8%) as a result of payments received in conjunction with employee traineeships and workers compensation payments that were not budgeted for.

Capital grants and contributions

Capital grants were \$436,000 under budget due to the timing of various capital grants received during the year.

Expenses

Contracts

Contracts were \$251,000 (12.7%) over budget due to an increase in costs for the provision of building inspection services, additional vegetation maintenance at the Bridport Foreshore, and a change in management of Council's swimming pools (previously these facilities were Council operated).

Other expenses

Other expenses were \$171,000 (12%) greater than budget due to a write off of expenses relating to Council's assistance with the operation of the Aminya Aged Care Facility during the year.

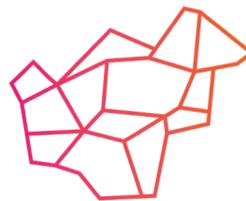


Certification of the Financial Report

The financial report presents fairly the financial position of the Dorset Council as at 30 June 2019, 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.

Tim Watson
General Manager

Date: 16 October 2019



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