

**Dorset Council**  
Financial Report  
For the Year Ended 30 June 2023

Adopted by Council  
20 November 2023  
Council Meeting Minute 193/23  
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# Statement of Comprehensive Income

For the Year Ended 30 June 2023

	Note	Budget 2023 \$'000	Actual 2023 \$'000	Actual 2022 \$'000
<b>Income from continuing operations</b>				
<b>Recurrent Income</b>				
Rates and charges	2.1	9,232	9,086	8,226
Statutory fees and fines	2.2	189	192	178
User fees	2.3	1,464	1,338	1,262
Grants	2.4	4,040	5,318	4,971
Contributions - cash	2.5	27	31	31
Interest	2.6	81	253	73
Other income	2.7	325	788	573
Investment income from water corporation	2.9 5.1	233	233	233
		<b>15,591</b>	<b>17,239</b>	<b>15,547</b>
<b>Capital income</b>				
Capital grants received specifically for new or upgraded assets	2.4	5,923	3,595	4,003
Capital contributions - cash	2.5	-	-	44
Capital contributions - Non-monetary assets	2.5	-	678	521
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	2.8	-	(242)	(393)
		<b>5,923</b>	<b>4,031</b>	<b>4,175</b>
<b>Total income from continuing operations</b>		<b>21,514</b>	<b>21,270</b>	<b>19,722</b>
<b>Expenses from continuing operations</b>				
Employee benefits	3.1	5,034	5,025	4,576
Materials and services	3.2	3,675	3,490	3,021
Depreciation and amortisation	3.3	4,600	4,924	4,677
Finance costs	3.4	77	77	168
Other expenses	3.5	1,871	2,025	1,822
<b>Total expenses from continuing operations</b>		<b>15,257</b>	<b>15,541</b>	<b>14,264</b>
<b>Net result for the year</b>		<b>6,257</b>	<b>5,729</b>	<b>5,458</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to net result</b>				
Fair value adjustment on equity investment assets	9.1	-	619	318
Net asset revaluation increment/(decrement)	9.1	-	11,278	15,423
		-	<b>11,897</b>	<b>15,741</b>
<b>Total other comprehensive income</b>		-	<b>11,897</b>	<b>15,741</b>
<b>Total comprehensive result</b>		<b>6,257</b>	<b>17,626</b>	<b>21,199</b>

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

# Statement of Financial Position

As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4.1	7,033	6,932
Trade and other receivables	4.2	1,185	815
Financial investments	4.3	2,000	2,500
Inventories	4.4	94	103
Assets held for sale	4.5	931	1,426
Contract assets	4.6	25	106
Other assets	4.7	204	146
<b>Total current assets</b>		<b>11,472</b>	<b>12,028</b>
<b>Non-current assets</b>			
Trade and other receivables	4.2	1,671	1,900
Investment in water corporation	5.1	17,171	16,552
Property, infrastructure, plant and equipment	6.1	217,504	201,775
Pine plantations	6.2	36	40
Other assets	4.7	35	35
Intangible assets	6.3	-	42
<b>Total non-current assets</b>		<b>236,417</b>	<b>220,344</b>
<b>Total assets</b>		<b>247,889</b>	<b>232,372</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7.1	1,430	1,466
Deposits	7.2	33	26
Provisions	7.3	1,167	1,157
Contract liabilities	7.4	631	2,262
Interest-bearing loans and borrowings	8.1	503	493
<b>Total current liabilities</b>		<b>3,764</b>	<b>5,404</b>
<b>Non-current liabilities</b>			
Provisions	7.3	330	260
Contract liabilities	7.4	-	40
Interest-bearing loans and borrowings	8.1	3,367	3,870
<b>Total non-current liabilities</b>		<b>3,697</b>	<b>4,170</b>
<b>Total liabilities</b>		<b>7,461</b>	<b>9,574</b>
<b>Net assets</b>		<b>240,428</b>	<b>222,798</b>
<b>Equity</b>			
Accumulated surplus		136,284	129,524
Reserves	9.1	104,144	93,274
<b>Total equity</b>		<b>240,428</b>	<b>222,798</b>

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

# Statement of Cash Flows

For the Year Ended 30 June 2023

	Note	2023 Inflows/ (Outflows) \$'000	2022 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		8,888	8,199
Statutory fees and fines, user fees, contributions, reimbursements and other income (inclusive of GST)		2,552	2,625
Grants and contributions (inclusive of GST)		5,353	5,016
Interest received		238	76
Finance costs		(79)	(196)
Payments to suppliers (inclusive of GST)		(6,698)	(6,563)
Payment to employees		(5,035)	(4,393)
GST refunds received		956	958
<b>Net cash provided by (used in) operating activities</b>	9.2	<b>6,175</b>	<b>5,722</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(9,944)	(12,290)
Proceeds from sale of property, infrastructure, plant and equipment including assets held for sale		872	382
Receipts from investments		500	500
Dividends from water corporation	2.9	233	233
Capital grants (inclusive of GST)		2,570	4,028
<b>Net cash provided by (used in) investing activities</b>		<b>(5,769)</b>	<b>(7,147)</b>
<b>Cash flows from financing activities</b>			
Repayments of interest bearing loans and borrowing	9.3	(493)	(3,684)
Repayments received from loan to third party (May Shaw)	8.1	188	186
<b>Net cash provided by (used in) financing activities</b>		<b>(305)</b>	<b>(3,498)</b>
Net increase (decrease) in cash and cash equivalents		101	(4,923)
Cash and cash equivalents at the beginning of the financial year		6,932	11,855
<b>Cash and cash equivalents at the end of the financial year</b>	9.4	<b>7,033</b>	<b>6,932</b>

Restrictions on cash assets 4.1

Financing arrangements 9.5

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

## Statement of Changes in Equity

For the Year Ended 30 June 2023

2023	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Landfill Rehabilitation Reserve \$'000	Fair Value Reserve \$'000
Balance at beginning of financial year		222,798	129,524	93,736	1,029	(1,491)
Adjustment for Furniture and Fittings Reserve	9.1	2	-	2	-	-
<b>Restated opening balance</b>		<b>222,800</b>	<b>129,524</b>	<b>93,738</b>	<b>1,029</b>	<b>(1,491)</b>
Net result for the year		5,729	5,729	-	-	-
Other comprehensive income:						
- Fair value adjustment on equity investments	5.1 9.1	619	-	-	-	619
- Net asset revaluation increment/(decrement)	9.1	11,280	-	11,280	-	-
<b>Total comprehensive income</b>		<b>240,428</b>	<b>135,253</b>	<b>105,018</b>	<b>1,029</b>	<b>(872)</b>
Transfers between reserves	9.1	-	1,031	(2)	(1,029)	-
<b>Balance at end of the financial year</b>		<b>240,428</b>	<b>136,284</b>	<b>105,016</b>	<b>-</b>	<b>(872)</b>

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

## Statement of Changes in Equity

For the Year Ended 30 June 2022

2022	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Landfill Rehabilitation Reserve \$'000	Fair Value Reserve \$'000
Balance at beginning of financial year		201,599	124,066	78,313	1,029	(1,809)
<b>Restated opening balance</b>		<b>201,599</b>	<b>124,066</b>	<b>78,313</b>	<b>1,029</b>	<b>(1,809)</b>
Net result for the year		5,458	5,458	-	-	-
Other comprehensive income:						
- Fair value adjustment on equity investments	5.1 9.1	318	-	-	-	318
- Net asset revaluation increment/(decrement)	9.1	15,423	-	15,423	-	-
<b>Total comprehensive income</b>		<b>222,798</b>	<b>129,524</b>	<b>93,736</b>	<b>1,029</b>	<b>(1,491)</b>
Transfers between reserves	9.1	-	-	-	-	-
<b>Balance at end of the financial year</b>		<b>222,798</b>	<b>129,524</b>	<b>93,736</b>	<b>1,029</b>	<b>(1,491)</b>

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

# Notes to and forming part of the financial statements

## Note 1 Overview

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### 1.1 Reporting entity

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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, as per Section 20 of the *Local Government Act (1993)*, is to:

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

As per Council's Strategic Plan, Dorset Council's specific objectives are to:

- To continually improve the liveability of the community and to respond to community challenges and changing demographics;
- To stimulate economic growth through sustainable and visionary projects, with a view to increasing prosperity, population and investment;
- To create value and improve service delivery for the community through effective leadership and governance; and
- To proactively engage in strategies that result in sustainable natural resource management for Dorset.

### 1.2 Basis of accounting

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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 4.3, 4.5, 5.1, 6.1, 6.2, 7.3, 8.1 and 10.6(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

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#### ***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***

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 5.1.

## 1.4 Material budget variations

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Council's original budget was adopted by Council on 18 July 2022. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grant programs, change in economic activity and decisions made by Council.

Material budget variations are explained below:

### **Income - Recurrent**

#### *Rates and charges*

Rates and charges were \$146,000 (1.6%) below budget due to the application of remissions that were unbudgeted in the 2022/23 financial year.

#### *User fees*

User fees were \$126,000 (9%) below budget due to a decrease in income received from Blue Derby Sponsorships and accommodation commissions from the Derby Accommodation Booking Platform.

#### *Grants*

Recurrent grant income was \$1,278,000 (32%) above budget due to a higher than expected prepayment received from the Commonwealth Government for the 2023/24 Financial Assistance Grant program.

#### *Interest*

Interest was \$172,000 (212%) above budget due to higher than expected returns received on investments during the year.

#### *Other income*

Other income was \$463,000 (142%) above budget as a result of an increase in income received from insurance reimbursements and trainee incentive payments. It also includes accommodation payments received from the Derby Accommodation Platform that have been returned to operators during the year. The corresponding expense for these returns is recognised in other expenses.

### **Income - Capital**

#### *Grants*

Capital grant income was \$2,328,000 (39%) below budget as a result of the timing of work completed on capital projects subject to external funding. Council were also required to repay \$115,000 back to grant bodies as a result of being unable to meet some project milestones (see Note 2.4 for further details).

#### *Contributions - Non- monetary assets*

Income related to non-monetary contributions was \$678,000 (100%) above budget as a result of the addition of found/transferred land and building assets and the completion of property subdivision within the municipality. The road and stormwater assets constructed by the developer were vested to Council upon completion of the works.

### **Expenses**

#### *Materials and services*

Materials and services were \$185,000 (5%) below budget due to a decrease in expected contract and material costs during the 2022/23 financial year.

#### *Depreciation and amortisation*

Depreciation and amortisation was \$324,000 (7%) above budget as a result of the asset revaluation program completed last financial year, which occurred after budget estimates had been finalised.

#### 1.4 Material budget variations (cont.)

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##### *Net gain/(loss) of disposal of property, infrastructure, plant & equipment*

Loss on disposal of property, infrastructure, plant and equipment is \$242,000 above budget due to Council accelerating some capital projects as a result of receiving additional grant funding from Federal and State Government COVID-19 stimulus programs such as the Local Roads and Community Infrastructure (LRCI) Program.

## 1.5 Functions/Activities of the Council

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

	Grants and Contributions \$'000	Other \$'000	Total Income \$'000	Total Expenditure \$'000	Surplus/ (Deficit) \$'000	Assets \$'000
<b>Governance</b>						
2022 - 2023	-	204	204	985	(781)	-
2021 - 2022	-	-	-	866	(866)	42
<b>Corporate Services</b>						
2022 - 2023	2,160	7,575	9,735	682	9,053	32,362
2021 - 2022	2,171	7,370	9,541	707	8,834	31,913
<b>Development and Environmental Services</b>						
2022 - 2023	63	298	361	1,310	(949)	3,159
2021 - 2022	-	264	264	1,125	(861)	2,983
<b>Infrastructure</b>						
2022 - 2023	7,399	3,571	10,970	12,564	(1,594)	212,368
2021 - 2022	7,399	2,518	9,917	11,566	(1,649)	197,434
<b>Total</b>						
2022 - 2023	9,622	11,648	21,270	15,541	5,729	247,889
2021 - 2022	9,570	10,152	19,722	14,264	5,458	232,372

(b) *Reconciliation of assets from note 1.5(a) with the Statement of Financial Position at 30 June:*

	2023 \$'000	2022 \$'000
Current assets	11,472	12,028
Non-current assets	236,417	220,344
	<b>247,889</b>	<b>232,372</b>

(c) **Governance**

Elected members and governance administration.

### **Corporate Services**

Corporate services administration, finance, human resource management, projects, facility co-ordination (Community halls and centres, Bridport Seaside Caravan Park and Scottsdale Aquatic Centre), fire prevention and emergency services, information technology, municipal offices and rates.

### **Development and Environmental Services**

Business and economic development, community services administration, rural primary health services, tourism, youth services, building, planning, animal control and environmental health.

### **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 (including mountain bike trails), stormwater, street lighting, swimming pools, waste management and infrastructure administration.

## Note 2 Income

### 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 the estimated yearly rental value of the property, as determined by the Valuer General.

The valuation base used to calculate general rates for 2022/23 was \$84.624 million (2021/22 \$84.396 million). The 2022/23 rate in the assessed annual value dollar was \$ 0.0524 (2021/22 \$0.0759).

	2023 \$'000	2022 \$'000
<b>Rates and Charges</b>		
General rate	6,480	6,387
Waste charge	2,233	1,492
Fire levy	373	347
<b>Total rates and charges</b>	<b>9,086</b>	<b>8,226</b>

The date of the latest general revaluation of land for rating purpose within the municipality was 16 May 2017, and the valuation was first applied in the rating year commencing 1 July 2017. A fresh municipal revaluation will be completed in the 2023/24 financial year.

#### **Accounting policy**

*Council recognises income from rates and annual charges for the amount it is expected to be entitled to at the beginning of the rating period to which they relate, or when the charge has been applied. Rates and charges in advance are recognised as a financial liability until the beginning of the rating period to which they relate (see note 7.1).*

### 2.2 Statutory fees and fines

	2023 \$'000	2022 \$'000
<b>Statutory fees and fines</b>		
Town planning fees	98	72
Land information certificates	69	86
Animal control	25	20
<b>Total statutory fees and fines</b>	<b>192</b>	<b>178</b>

#### **Accounting policy**

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

### 2.3 User fees

	2023 \$'000	2022 \$'000
<b>User fees</b>		
Caravan and camping fees	982	879
Rental and lease income	82	47
Building services	122	124
Cemetery fees	37	35
Waste disposal fees	38	43
Aquatic centre fees	19	-
Other fees and charges	58	134
<b>Total user fees</b>	<b>1,338</b>	<b>1,262</b>

#### Ageing analysis of contractual receivables

Please refer to note 9.10(d) for the ageing analysis of contractual receivables.

#### Accounting policy

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

### 2.4 Grants

Grants were received in respect of the following:

	2023 \$'000	2022 \$'000
<b>Summary of grants</b>		
Federally funded grants	7,673	6,426
State funded grants	1,216	2,548
Others	24	-
<b>Total grants</b>	<b>8,913</b>	<b>8,974</b>

	2023 \$'000	2022 \$'000
<b>Grants - Recurrent</b>		
Commonwealth Government Financial Assistance Grants - General Purpose (untied)	2,153	2,020
Commonwealth Government Financial Assistance Grants - Roads (untied)	2,941	2,665
Commonwealth Government - other	140	140
State Government - other	60	146
Other grants and subsidies	24	-
<b>Total recurrent grants</b>	<b>5,318</b>	<b>4,971</b>

## 2.4 Grants (cont.)

Capital grants received specifically for new or upgraded assets	2023 \$'000	2022 \$'000
Commonwealth Government - Roads to Recovery	751	751
Commonwealth Government - Carisbrook Lane Stage 1	75	-
Commonwealth Government - Carisbrook Lane Stage 2	277	185
Commonwealth Government - Bridport Skate Park	35	314
Commonwealth Government - Victoria Street Redevelopment	607	23
Commonwealth Government - Cascade Dam Road	324	37
Commonwealth Government - Derby Trail Head Redevelopment	188	291
Commonwealth Government - CWA Carpark Bridport	117	-
Commonwealth Government - Golconda Road (Lone Star Creek) Upgrade	65	-
State Government- Derby Trail Head Redevelopment	205	93
State Government- Scottsdale Aquatic Centre	-	345
State Government - Victoria Street Redevelopment	629	21
State Government - Bridge 1502 Banks Road	14	141
State Government - Golconda Road Stage 3	-	678
State Government - Golconda Road Stage 4	211	543
State Government - New River Road	-	186
State Government - Bridport Back Road	-	185
State Government - Ferny Hill Road Upgrade	-	96
State Government - Green Flow MTB Trail	25	92
State Government - Derby Park Play Equipment	50	-
State Government - Online Accommodation Booking Platform	7	6
State Government - Levelling the Playing Field	9	16
State Government - Northeast Park Bike Park	1	-
State Government - Aqua Aerobics Equipment	5	-
<b>Total capital grants</b>	<b>3,595</b>	<b>4,003</b>

## 2.4 Grants (cont.)

### Unspent grants and contributions

Grants and contributions which were obtained on the condition that they be spent for specified purposes or in a future period, but which are not yet spent in accordance with those conditions, are as follows:

	2023 \$'000	2022 \$'000
<b>Operating</b>		
Balance of unspent funds at 1 July	90	45
<i>Add:</i> Funds recognised as income in the reporting year but not yet spent in accordance with the conditions	-	-
<i>Add:</i> Funds received and not recognised as income in the current year	40	45
<i>Less:</i> Funds recognised as income in previous years that have been spent during the reporting year	-	-
<i>Less:</i> Funds received in prior years but income recognised and funds spent in current year	(5)	-
<b>Balance of unspent funds at 30 June</b>	<b>125</b>	<b>90</b>

The balance of unspent operating grants and contributions includes \$85,000 received from Events Tasmania to hold the DerbyFest events. The responsibility for running these events has been transferred to the Blue Derby Foundation and Council are in the process of arranging for these fund to be repaid to Events Tasmania. The transfer of these funds is expected to occur within the next twelve months (see note 10.5 for

	2023 \$'000	2022 \$'000
<b>Capital</b>		
Balance of unspent funds at 1 July	1,975	1,942
<i>Add:</i> Funds recognised as income in the reporting year but not yet spent in accordance with the condition	-	-
<i>Add:</i> Funds received and not recognised as income in the current year	90	1,550
<i>Less:</i> Funds recognised as income in previous years that have been spent during the reporting year	-	-
<i>Less:</i> Funds received in prior years but income recognised and funds spent in current year	(1,730)	(1,517)
<i>Less:</i> Funds returned to funding bodies during the reporting year	(115)	-
<b>Balance of unspent funds at 30 June</b>	<b>220</b>	<b>1,975</b>

Council were required to return \$115,000 of capital grant funding during the 2022/23 financial year as a result of being unable to meet some of the funding conditions for the green flow mountain bike trail 'Hazy Days' project. This project was significantly impacted by the October 2022 flooding event which caused extensive damage to a number of Council's infrastructure assets including the Blue Derby Mountain Bike Trail network. In order to safely reopen the trails for public use Council were required to complete extensive remedial works and as a result, were unable to meet the project completion date specified in the funding agreement.

## 2.4 Grants (cont.)

### **Accounting policy**

*Council recognises untied grant income and those without performance obligations when received. In cases where there is an enforceable agreement which contains sufficiently specific performance obligations, income is recognised as or when control of each performance obligation is satisfied (i.e. when it transfers control of a product or provides a service). A contract liability is recognised for unspent funds received in advance and then recognised as income as obligations are fulfilled.*

*The performance obligations are varied based on the agreement, but include project milestones such as design, construction progress and project completion.*

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

*If the transaction is a transfer of a financial asset to enable Council to acquire or construct a recognisable non-financial asset to be controlled by Council (i.e. an in-substance acquisition of a non-financial asset), a contract liability is recognised for the excess of the fair value of the transfer over any related amounts recognised and income as the unspent funds are expended at the point in time at which required performance obligations are completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred, since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin. For the acquisitions of assets, income is recognised when the asset is acquired and controlled by the Council.*

### **Commonwealth Government Financial Assistance Grants**

*In both the 2021/22 and 2022/23 financial years, the Commonwealth Government has made advance payment of a portion of the untied Financial Assistance Grants for the following year. The early receipt of these instalments has resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2022/23 by \$1.31 million (2021/22, above budget by \$1.26 million). The receipt of these payments has also impacted the Statement of Comprehensive Income resulting in the net result for the year being higher by \$1.19 million (see note 10.7(a)).*

## 2.5 Contributions

	2023 \$'000	2022 \$'000
<b>(a) Cash</b>		
<i>Operating</i>		
North East Mountain Bike Trails	27	31
Scottsdale Aquatic Centre	4	-
	<b>31</b>	<b>31</b>
<i>Capital</i>		
Seating - Bridport Foreshore	-	4
Winnaleah Irrigation Shed capital contribution	-	40
	<b>-</b>	<b>44</b>
<b>(b) Non-monetary assets</b>		
Roads	257	463
Stormwater	251	58
Land	76	-
Buildings	94	-
	<b>678</b>	<b>521</b>
<b>Total contributions</b>	<b>709</b>	<b>596</b>

### **Accounting policy**

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

## 2.6 Interest

	2023 \$'000	2022 \$'000
<b>Interest</b>		
Interest on financial assets	70	14
Interest on rates	27	21
Interest on cash and cash equivalents	156	38
<b>Total interest</b>	<b>253</b>	<b>73</b>

### **Accounting policy**

Interest is recognised progressively as it is earned.

## 2.7 Other income

	2023 \$'000	2022 \$'000
<b>Other income</b>		
Tourism income	27	22
Aquatic Centre	51	71
Private works	22	33
Reimbursements	554	383
Other sundry income	134	64
<b>Total other income</b>	<b>788</b>	<b>573</b>

### **Accounting policy**

#### ***Tourism, aquatic centre and other sundry income***

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

#### ***Private works and reimbursements***

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

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

	2023 \$'000	2022 \$'000
Proceeds of sale	872	382
<i>Written down value of assets disposed:</i>		
Plant, machinery and equipment	(187)	(317)
Intangible assets	(40)	-
Water irrigation rights - Scottsdale Irrigation Scheme	(133)	-
Land	(397)	-
Pine plantations	(4)	-
Building and infrastructure assets		
Scheduled	(121)	(243)
Unscheduled	(232)	(215)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(242)</b>	<b>(393)</b>

### **Accounting policy**

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

## 2.9 Investment income from water corporation

	2023 \$'000	2022 \$'000
Investment income from water corporation		
Dividend income	233	233
Total investment income from water corporation	233	233

### **Accounting policy**

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

## Note 3 Expenses

### 3.1 Employee benefits

	2023 \$'000	2022 \$'000
<b>Employee Benefits</b>		
Wages and salaries	5,404	5,169
Workers compensation	290	138
Superannuation (refer to note 9.6)	560	550
Payroll tax	294	269
Fringe benefits tax	32	32
	<b>6,580</b>	<b>6,158</b>
Less amounts capitalised	(1,555)	(1,582)
<b>Total employee benefits</b>	<b>5,025</b>	<b>4,576</b>

#### Accounting policy

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 Materials and services

	2023 \$'000	2022 \$'000
<b>Materials and services</b>		
Materials	402	362
Utilities	485	481
Plant, machinery and equipment maintenance	482	353
Office administration	63	56
Contractors	1,526	1,382
Professional services	304	159
Management contracts	228	228
<b>Total materials and services</b>	<b>3,490</b>	<b>3,021</b>

#### Accounting policy

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 Depreciation and amortisation

	2023 \$'000	2022 \$'000
<i>Property</i>		
Land improvements	491	411
Buildings	414	361
<i>Plant and equipment</i>		
Plant, machinery and equipment	625	647
Fixtures, fittings and furniture	13	11
Computers and telecommunications	144	126
<i>Infrastructure</i>		
Roads	2,487	2,412
Bridges	526	506
Stormwater	222	201
<i>Intangible assets</i>		
Intangible assets	2	2
<b>Total depreciation and amortisation</b>	<b>4,924</b>	<b>4,677</b>

#### **Accounting policy**

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.

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

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

Road and trail earthworks are not depreciated on the basis that they are assessed as not having a limited useful life. Land (including land under roads) is not depreciated.

Straight line depreciation is charged based on the residual useful life as determined each year. Estimates of remaining useful lives and residual value are made on a regular basis.

### 3.3 Depreciation and amortisation (cont.)

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

	<i>Current</i>	<i>Comparative</i>
<b>Property</b>		
Land improvements	5 to 100 years	
Buildings	15 to 160 years	
<b>Plant and equipment</b>		
Plant, machinery and equipment	2 to 50 years	
Fixtures, fittings and furniture	10 to 40 years	
Computers and telecommunications	4 to 15 years	
<b>Infrastructure</b>		
Road wear surface		
- sealed	15 to 30 years	
- unsealed	8 to 15 years	
Road pavements	50 to 200 years	
Road sub base	50 to 200 years	
Road kerb, channel and minor culverts	60 years	
Road drainage	50 to 54 years	
Footpaths	30 to 50 years	
Bridge substructure	20 to 80 years	20 to 129 years
Bridge superstructure	20 to 80 years	13 to 80 years
Stormwater points, drains and pipes	80 years	
<b>Intangible assets</b>		
Intangible assets	25 years	

### 3.4 Finance costs

	2023 \$'000	2022 \$'000
<b>Finance costs</b>		
Interest - borrowings	77	168
<b>Total finance costs</b>	<b>77</b>	<b>168</b>

#### **Accounting policy**

*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 the capitalised. No borrowing costs were capitalised during the period.*

*Finance costs are expensed as incurred using the effective interest method. Borrowing costs include interest on bank overdrafts and interest on borrowings.*

### 3.5 Other expenses

	2023 \$'000	2022 \$'000
<b>Other expenses</b>		
State levies, licences and taxes	524	457
Insurance	192	159
Councillor's allowances	174	168
Commissions	6	15
IT maintenance	127	133
Communications	73	78
Subscriptions and memberships	71	66
Professional development	27	25
Cost of goods sold	57	22
Aminya redevelopment costs	-	145
Community grants and donations	127	109
Advertising	42	55
External audit fees	33	36
Election expenditure	53	3
Marketing	35	9
Bank fees and charges	33	35
Postage	17	18
Lease payments	19	19
Blue Derby Operator Returns	63	-
Other expenses	352	270
<b>Total other expenses</b>	<b>2,025</b>	<b>1,822</b>

### 3.5 Other expenses (cont.)

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#### ***Accounting policy***

*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.*

*The external audit fee for 2022/23 is \$38,000 (2021/22 \$27,270).*

## Note 4 Current assets

### 4.1 Cash and cash equivalents

	2023 \$'000	2022 \$'000
<b>Cash and cash equivalents</b>		
Cash on hand	2	2
Cash at bank	7,017	6,917
Special committees (note 10.2)	14	13
<b>Total cash and cash equivalents</b>	<b>7,033</b>	<b>6,932</b>

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

#### Restricted funds

(i) Deposits (note 7.2)	33	26
(ii) Unspent grant funds with conditions (note 2.4)	345	2,065
<b>Internal committed funds</b>		
(iii) Leave provisions (note 7.3)	1,391	1,417
(iv) Landfill rehabilitation reserve (note 9.1)	-	1,029
<b>Committed funds</b>	<b>1,769</b>	<b>4,537</b>
<b>Total uncommitted cash and cash equivalents</b>	<b>5,264</b>	<b>2,395</b>
Total financial investments (note 4.3)	2,000	2,500
<b>Total uncommitted funds</b>	<b>7,264</b>	<b>4,895</b>

#### Accounting policy

For the purpose 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.

Restricted and internally committed funds include:

- (i) refundable deposits held by Council.
- (ii) Income received in advance until specific performance obligations required under funding agreements are complete.
- (iii) Provisions for both short and long term leave entitlements payable to employees in the future.
- (iv) Reserves to provide for future rehabilitation liabilities where Council resolves to establish a new landfill site in the Dorset Municipality.

## 4.2 Trade and other receivables

	2023 \$'000	2022 \$'000
<b>Trade and other receivables</b>		
<b>Current</b>		
Rates debtors	554	360
Other debtors	202	89
Payroll debtors	-	3
Loans and advances (note 10.4)	229	188
Net GST receivable	207	186
less provision for impairment - other debtors	(7)	(11)
<b>Total current</b>	<b>1,185</b>	<b>815</b>
<b>Non-current</b>		
Loans and advances (note 10.4)	1,671	1,900
<b>Total non-current</b>	<b>1,671</b>	<b>1,900</b>
<b>Total trade and other receivables</b>	<b>2,856</b>	<b>2,715</b>

### Reconciliation of movement in expected credit loss

<b>Carrying amount at 1 July</b>	11	11
Amounts written off during the year	-	-
Amounts recovered during the year	-	(4)
Increase/(decrease) in provision recognised in the profit or loss	(4)	4
<b>Carrying amount at 30 June</b>	<b>7</b>	<b>11</b>

For ageing analysis of the financial assets, refer to note 9.10 (d).

### Accounting policy

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 60 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.

#### 4.3 Financial investments

	2023 \$'000	2022 \$'000
Financial investments		
Term deposits	2,000	2,500
<b>Total financial investments</b>	<b>2,000</b>	<b>2,500</b>

##### **Accounting policy**

*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.*

*Term deposits represent short term deposits invested with Australian deposit taking institutions for a fixed period of less than 12 months with interest paid at maturity.*

#### 4.4 Inventories

	2023 \$'000	2022 \$'000
Inventories		
Inventories held for distribution	84	90
Inventories held for sale	10	13
<b>Total inventories</b>	<b>94</b>	<b>103</b>

##### **Accounting policy**

*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.*

#### 4.5 Assets held for sale

	2023 \$'000	2022 \$'000
Assets held for sale		
Water Irrigation Rights - Scottsdale Irrigation Scheme	766	899
Internal transfer from Land	165	399
Internal transfer from Buildings	-	128
<b>Total assets held for sale</b>	<b>931</b>	<b>1,426</b>

#### 4.5 Assets held for sale (cont.)

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##### **Water Irrigation Rights - Scottsdale Irrigation Scheme**

In 2015, Council committed to purchase a minimum of 1,250ML in unsold water rights to enable the construction of the Scottsdale Irrigation Scheme (SIS) to commence. The SIS was commissioned in August 2021 at which time 642ML were purchased by Council and these water rights are now available for sale to the community via Tasmanian Irrigation.

At 30 June 2023, 547ML of unsold water rights remain for sale.

##### **Internal transfer from Land**

Council has decided to sell several parcels of land over the next 12 months that are surplus to Council's needs. These parcels are located at 54 Ringarooma Road, Scottsdale, 3 North Scottsdale Road, Scottsdale and Anderson Street Road Reserve, Bridport. The sale of parcels of land located at 14 Hawkes Place, Scottsdale and 2 Alfred Street, Scottsdale were settled during the 2022/23 financial year and are no longer held by Council.

##### **Internal transfer from Buildings**

The sale of the building at 2 Alfred St Scottsdale (known as Scots Centre) was settled during the 2022/23 financial year and is no longer held by Council.

##### **Accounting policy**

*A non-current asset held for sale (including disposal groups) is measured at the lower of its carrying amount and the fair value less costs to sell, and is not subject to depreciation. Non-current assets, disposal group and related liabilities are treated as current and classified as held for sale if their carry 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.*

#### 4.6 Contract assets

	2023 \$'000	2022 \$'000
<b>Contract assets</b>		
<b>Current</b>		
Accrued income	25	106
<b>Total contract assets</b>	<b>25</b>	<b>106</b>

##### **Accounting policy**

Council recognises a contractual asset for work in progress where a performance obligation is satisfied by transferring a promised good or service to the customer, before the customer pays consideration or the payment is due. Contractual assets are transferred to receivables when the right to receive payment becomes unconditional.

Council reviews contractual assets for impairment and concluded that there was no impairment required for the 2022/23 year.

Council's contract assets with customers predominantly includes reimbursements from the State Government under the Local Government Accelerated Capital Program and the Local Government Loan Program.

#### 4.7 Other assets

	2023 \$'000	2022 \$'000
<b>Other assets</b>		
<b>Current</b>		
Accrued interest income	32	17
Prepayments	172	129
<b>Total current</b>	<b>204</b>	<b>146</b>
<b>Non-current</b>		
Deposits	35	35
<b>Total non-current</b>	<b>35</b>	<b>35</b>
<b>Total other assets</b>	<b>239</b>	<b>181</b>

## Note 5 Investment in water corporation

### 5.1 Investment in water corporation

	2023 \$'000	2022 \$'000
Opening balance	16,552	16,234
Fair value adjustment on equity investment assets	619	318
<b>Total investment in water corporation</b>	<b>17,171</b>	<b>16,552</b>

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

#### **Accounting policy**

*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 to note 9.1) and not reclassified through the profit or loss when derecognised. Dividends associated with the equity investments are recognised in profit and loss when the right of payment has been established and it can be reliably measured.*

*Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2023, Council holds a 0.98 % ownership interest in TasWater which is based on Schedule 2 of the Corporation's Constitution.*

## Note 6 Non-current assets

### 6.1 Property, infrastructure, plant and equipment

<i>Summary</i>	2023 \$'000	2022 \$'000
at cost	34,327	31,235
less accumulated depreciation	(8,096)	(7,037)
	<b>26,231</b>	<b>24,198</b>
at fair value as at 30 June	290,913	268,590
less accumulated depreciation	(99,640)	(91,013)
	<b>191,273</b>	<b>177,577</b>
<b>Total</b>	<b>217,504</b>	<b>201,775</b>
	2023 \$'000	2022 \$'000
<i>Property</i>		
<b>Land</b>		
at fair value as at 30 June	9,392	8,222
	<b>9,392</b>	<b>8,222</b>
<b>Land improvements</b>		
at cost	20,990	19,396
less accumulated depreciation	(3,374)	(2,922)
	<b>17,616</b>	<b>16,474</b>
<b>Land under roads</b>		
at fair value as at 30 June	3,953	3,953
	<b>3,953</b>	<b>3,953</b>
<b>Total land</b>	<b>30,961</b>	<b>28,649</b>
<b>Buildings</b>		
at fair value as at 30 June	12,966	11,020
less accumulated depreciation	(846)	(400)
	<b>12,120</b>	<b>10,620</b>
<b>Total buildings</b>	<b>12,120</b>	<b>10,620</b>
<b>Total property</b>	<b>43,081</b>	<b>39,269</b>
<i>Plant and equipment</i>		
<b>Plant, machinery and equipment</b>		
at cost	8,514	7,599
less accumulated depreciation	(3,060)	(2,608)
	<b>5,454</b>	<b>4,991</b>
<b>Fixtures, fittings and furniture</b>		
at cost	137	121
less accumulated depreciation	(72)	(60)
	<b>65</b>	<b>61</b>

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

	2023 \$'000	2022 \$'000
<b>Computers and telecommunications</b>		
at cost	1,924	1,723
less accumulated depreciation	(1,590)	(1,447)
	<b>334</b>	<b>276</b>
<b>Total plant and equipment</b>	<b>5,853</b>	<b>5,328</b>
<b>Infrastructure</b>		
<b>Roads</b>		
at fair value as at 30 June	210,206	194,236
less accumulated depreciation	(79,664)	(73,008)
	<b>130,542</b>	<b>121,228</b>
<b>Bridges</b>		
at fair value as at 30 June	35,029	33,140
less accumulated depreciation	(11,866)	(10,916)
	<b>23,163</b>	<b>22,224</b>
<b>Stormwater</b>		
at fair value as at 30 June	19,367	18,019
less accumulated depreciation	(7,264)	(6,689)
	<b>12,103</b>	<b>11,330</b>
<b>Total infrastructure</b>	<b>165,808</b>	<b>154,782</b>
<b>Works in progress</b>		
Land	57	18
Land improvements	491	661
Buildings	66	690
Plant, machinery and equipment	-	-
Computers and telecommunications	11	19
Roads	1,283	997
Bridges	627	-
Stormwater	227	11
<b>Total works in progress</b>	<b>2,762</b>	<b>2,396</b>
<b>Total property, infrastructure, plant and equipment</b>	<b>217,504</b>	<b>201,775</b>

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

Reconciliation of property, plant and equipment, infrastructure	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)	Depreciation and amortisation	Written down value of disposals	Impairment losses recognised in profit or loss	Transfers	Balance at the end of financial year
2023	\$'000	\$'000	(note 9.1) \$'000	(note 3.3) \$'000	(note 2.8) \$'000	\$'000	\$'000	\$'000
<b>Property</b>								
Land	8,222	76	1,229	-	(397)	-	262	9,392
Land improvements	16,474	-	-	(491)	(5)	-	1,638	17,616
Land under roads	3,953	-	-	-	-	-	-	3,953
<b>Total Land</b>	<b>28,649</b>	<b>76</b>	<b>1,229</b>	<b>(491)</b>	<b>(402)</b>	<b>-</b>	<b>1,900</b>	<b>30,961</b>
Buildings	10,620	94	536	(414)	(128)	-	1,412	12,120
<b>Total buildings</b>	<b>10,620</b>	<b>94</b>	<b>536</b>	<b>(414)</b>	<b>(128)</b>	<b>-</b>	<b>1,412</b>	<b>12,120</b>
<b>Total property</b>	<b>39,269</b>	<b>170</b>	<b>1,765</b>	<b>(905)</b>	<b>(530)</b>	<b>-</b>	<b>3,312</b>	<b>43,081</b>
<b>Plant and equipment</b>								
Plant, machinery and equipment	4,991	1,275	-	(625)	(187)	-	-	5,454
Fixtures, fittings and furniture	61	17	-	(13)	-	-	-	65
Computers and telecommunications	276	-	-	(144)	-	-	202	334
<b>Total plant and equipment</b>	<b>5,328</b>	<b>1,292</b>	<b>-</b>	<b>(782)</b>	<b>(187)</b>	<b>-</b>	<b>202</b>	<b>5,853</b>
<b>Infrastructure</b>								
Roads	121,228	257	7,612	(2,487)	(173)	-	4,104	130,541
Bridges	22,224	-	1,327	(526)	(47)	-	186	23,164
Stormwater	11,330	251	576	(222)	-	-	168	12,103
<b>Total infrastructure</b>	<b>154,782</b>	<b>508</b>	<b>9,515</b>	<b>(3,235)</b>	<b>(220)</b>	<b>-</b>	<b>4,458</b>	<b>165,808</b>
<b>Work in progress</b>								
Land	18	67	-	-	-	-	(28)	57
Land improvements	661	1,468	-	-	-	-	(1,638)	491
Buildings	690	659	-	-	-	-	(1,283)	66
Plant, machinery and equipment	-	-	-	-	-	-	-	-
Computer and telecommunications	19	194	-	-	-	-	(202)	11
Roads	997	4,391	-	-	-	-	(4,105)	1,283
Bridges	-	813	-	-	-	-	(186)	627
Stormwater	11	384	-	-	-	-	(168)	227
<b>Total works in progress</b>	<b>2,396</b>	<b>7,976</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,610)</b>	<b>2,762</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>201,775</b>	<b>9,946</b>	<b>11,280</b>	<b>(4,922)</b>	<b>(937)</b>	<b>-</b>	<b>362</b>	<b>217,504</b>

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

Reconciliation of property, plant and equipment, infrastructure	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)	Depreciation and amortisation	Written down value of disposals	Impairment losses recognised in profit or loss	Transfers	Balance at the end of financial year
2022	\$'000	\$'000	(note 9.1) \$'000	(note 3.3) \$'000	(note 2.8) \$'000	\$'000	\$'000	\$'000
<b>Property</b>								
Land	4,861	-	3,759	-	-	-	(398)	8,222
Land improvements	8,476	-	-	(411)	(26)	-	8,435	16,474
Land under roads	3,954	-	-	-	-	-	(1)	3,953
<b>Total Land</b>	<b>17,291</b>	<b>-</b>	<b>3,759</b>	<b>(411)</b>	<b>(26)</b>	<b>-</b>	<b>8,036</b>	<b>28,649</b>
Buildings	9,828	-	1,044	(361)	-	-	109	10,620
<b>Total buildings</b>	<b>9,828</b>	<b>-</b>	<b>1,044</b>	<b>(361)</b>	<b>-</b>	<b>-</b>	<b>109</b>	<b>10,620</b>
<b>Total property</b>	<b>27,119</b>	<b>-</b>	<b>4,803</b>	<b>(772)</b>	<b>(26)</b>	<b>-</b>	<b>8,145</b>	<b>39,269</b>
<b>Plant and equipment</b>								
Plant, machinery and equipment	4,726	1,229	-	(647)	(317)	-	-	4,991
Fixtures, fittings and furniture	67	6	-	(11)	-	-	-	61
Computers and telecommunications	308	-	-	(126)	-	-	93	276
<b>Total plant and equipment</b>	<b>5,101</b>	<b>1,235</b>	<b>-</b>	<b>(784)</b>	<b>(317)</b>	<b>-</b>	<b>93</b>	<b>5,328</b>
<b>Infrastructure</b>								
Roads	110,156	463	8,008	(2,412)	(292)	-	5,305	121,228
Bridges	20,676	-	1,709	(506)	(138)	-	483	22,224
Stormwater	10,160	58	903	(201)	(2)	-	412	11,330
<b>Total infrastructure</b>	<b>140,992</b>	<b>521</b>	<b>10,620</b>	<b>(3,119)</b>	<b>(432)</b>	<b>-</b>	<b>6,200</b>	<b>154,782</b>
<b>Work in progress</b>								
Land	-	18	-	-	-	-	-	18
Land improvements	4,923	4,172	-	-	-	-	(8,435)	661
Buildings	547	380	-	-	-	-	(237)	690
Plant, machinery and equipment	-	-	-	-	-	-	-	-
Computer and telecommunications	8	104	-	-	-	-	(93)	19
Roads	1,572	4,923	-	-	-	-	(5,498)	997
Bridges	2	481	-	-	-	-	(483)	-
Stormwater	-	230	-	-	-	-	(219)	11
<b>Total works in progress</b>	<b>7,052</b>	<b>10,308</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,965)</b>	<b>2,396</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>180,265</b>	<b>12,064</b>	<b>15,423</b>	<b>(4,675)</b>	<b>(775)</b>	<b>-</b>	<b>(527)</b>	<b>201,775</b>

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

### **Accounting policy**

*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, and buildings received in the form of contributions, are recognised as assets and incomes 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 the 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:*

<i>Land</i>	<i>fair value</i>
<i>Plant, machinery and equipment</i>	<i>cost</i>
<i>Fixtures, fittings and furniture</i>	<i>cost</i>
<i>Stormwater</i>	<i>fair value</i>
<i>Roads</i>	<i>fair value</i>
<i>Land under roads</i>	<i>fair value</i>
<i>Bridges</i>	<i>fair value</i>
<i>Buildings</i>	<i>fair value</i>
<i>Land improvements</i>	<i>cost</i>
<i>Computers and telecommunications</i>	<i>cost</i>

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

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

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*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 income 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/ reversal of impairment losses***

*Impairment losses are recognised in the Statement of Comprehensive Income under other expenses, unless the asset is carried at the revalued amount (in accordance with AASB 116). Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with AASB 116. Reversals of impairment losses are recognised in the Statement of Other Comprehensive Income under other income, unless the asset is carried at the revalued amount in accordance with AASB 116. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase in accordance with AASB 116.*

### ***Land under roads***

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

## 6.2 Pine plantations

	2023 \$'000	2022 \$'000
Balance at beginning of financial year	40	40
Fair value adjustments	-	-
Disposals	(4)	-
<b>Balance at end of financial year</b>	<b>36</b>	<b>40</b>

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.

### Accounting policy

*Pine plantations are held to generate income from the sale of pine saw logs. Plantations are measured initially at cost including establishment costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that the future economic benefit in excess of the original assessed performance 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 when the risk and rewards of ownership are transferred to the purchaser.*

## 6.3 Intangible assets

	2023 \$'000	2022 \$'000
<b>Intangible assets</b>		
Trademarks	-	12
Brand names	-	30
<b>Total intangible assets</b>	<b>-</b>	<b>42</b>

### Reconciliation of intangible assets

	Trademarks \$'000	Brand names \$'000	Total \$'000
<b>Gross carrying amount</b>			
Balance at 1 July 2021	16	40	56
Balance at 30 June 2022	16	40	56
Ownership transfer to external party	(16)	(40)	(56)
<b>Gross carrying amount at 30 June 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 6.3 Intangible assets (cont.)

	Trademarks \$'000	Brand names \$'000	Total \$'000
<b>Accumulated amortisation and impairment</b>			
Balance at 1 July 2021	3	9	12
Amortisation expense	1	1	2
Balance at 30 June 2022	4	10	14
Amortisation expense	1	1	2
Ownership transfer to external party	(5)	(11)	(16)
Balance at 30 June 2023	-	-	-
<b>Net Book value at 30 June</b>			
2022	12	30	42
Net book value at 30 June 2023	-	-	-

During the 2022/23 financial year Council transferred ownership of the Blue Derby trademarks and brand names to the Blue Derby Foundation for nil consideration. Please see Note 10.5 for further details on this transfer.

#### **Accounting policy**

*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 estimates 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.*

*In accordance with Council's policy, the threshold limits applied when recognising intangible assets is \$1,000 and is consistent with prior years.*

*The estimated useful lives for the current period are as follows:*

Trademarks	25 years
Brand names	25 years

## Note 7 Current liabilities

### 7.1 Trade and other payables

	2023 \$'000	2022 \$'000
<b>Trade and other payables</b>		
Trade payables	952	961
Rates and charges in advance	300	304
Accrued expenses	178	201
<b>Total trade and other payables</b>	<b>1,430</b>	<b>1,466</b>

#### **Accounting policy**

*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 and are normally settled within 30 days of invoice receipt.*

*Rates and charges in advance represent amounts received by Council prior to the commencement of the rating or charging period. Income is recognised by Council at the beginning of the rating or charge period to which the advance payment relates.*

*For aging analysis of trade and other payables, refer to note 9.10 (d).*

### 7.2 Deposits

	2023 \$'000	2022 \$'000
<b>Deposits</b>		
Planning deposits	13	13
Other refundable deposits	20	13
<b>Total deposits</b>	<b>33</b>	<b>26</b>

#### **Accounting policy**

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

### 7.3 Provisions

#### Employee benefits

	Annual leave	Long service leave	Rostered days off and time in lieu	On costs	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023</b>					
Balance at beginning of the financial year	523	570	103	221	1,417
Additional provisions	325	81	142	137	685
Amounts used	(339)	(50)	(155)	(130)	(674)
Increase/(decrease) in the discounted amount arising from the time and effect of any change in the	-	(33)	-	(4)	(37)
<b>Balance at the end of the financial year</b>	<b>509</b>	<b>568</b>	<b>90</b>	<b>224</b>	<b>1,391</b>
Current	508	383	91	185	1,167
Non-current	-	185	-	39	224
<b>Total</b>	<b>508</b>	<b>568</b>	<b>91</b>	<b>224</b>	<b>1,391</b>

	Annual leave	Long service leave	Rostered days off and time in lieu	On costs	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>					
Balance at beginning of the financial year	468	521	82	182	1,253
Additional provisions	410	129	170	128	837
Amounts used	(355)	(71)	(149)	(90)	(665)
Increase in the discounted amount arising from the time and effect of any change in the discount rate	-	(9)	-	1	(8)
<b>Balance at the end of the financial year</b>	<b>523</b>	<b>570</b>	<b>103</b>	<b>221</b>	<b>1,417</b>
Current	523	353	103	178	1,157
Non-current	-	217	-	43	260
<b>Total</b>	<b>523</b>	<b>570</b>	<b>103</b>	<b>221</b>	<b>1,417</b>

### 7.3 Provisions (cont.)

#### Employee benefits

	2023 \$'000	2022 \$'000
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average discount rates	4.01%	3.16%
Weighted average settlement period (days)	19	22
Employee numbers	88	82

#### Accounting policy

##### 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.*

### 7.3 Provisions (cont.)

#### iv) Defined benefit plans

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.

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund), a sub-fund of the Spirit Superannuation Fund (Spirit Super) (formally the Tasplan Superannuation 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. As provided under paragraph 34 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) Other provisions

In the 2022/23 financial year a new provision has been made to account for bank guarantees that Council have in place to cover potential rehabilitation costs required under current mineral leases. Please see note 10.6(d) for further information.

	2023 \$'000	2022 \$'000
Current	-	-
Non-current	106	-
	<b>106</b>	<b>-</b>

#### Total Provisions

Current	1,167	1,157
Non-current	330	260
<b>Total Provisions</b>	<b>1,497</b>	<b>1,417</b>

## 7.4 Contract liabilities

	2023 \$'000	2022 \$'000
<b>Current</b>		
Funds received to acquire or construct an asset controlled by Council	220	1,975
Funds received prior to performance obligations being satisfied (upfront payments)	125	50
Deposits received in advance of services provided	286	237
	<b>631</b>	<b>2,262</b>
<b>Non-current</b>		
Funds received to acquire or construct an asset controlled by Council	-	-
Funds received prior to performance obligations being satisfied (upfront payments)	-	40
Deposits received in advance of services provided	-	-
	<b>-</b>	<b>40</b>
<b>Total contract liabilities</b>	<b>631</b>	<b>2,302</b>

Income recognised that was included in the contract liability balance at the beginning of the period

	2023 \$'000	2022 \$'000
Funds to construct Council controlled assets	1,845	1,517
Funds received prior to performance obligations being satisfied (upfront payments)	5	-
Deposits received in advance of services provided (e.g. caravan park fees, hire fees)	202	167
	<b>2,052</b>	<b>1,684</b>

### Accounting policy

Council recognised the following contract liabilities with customers:

i) Funds received to construct Council controlled assets includes Commonwealth and State Grant funding received for capital projects such as the Scottsdale Railway Station restoration and the Northeast Park mountain bike trails, Scottsdale. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The income is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as income. All income is expected to be recognised within the next twelve months.

#### 7.4 Contract liabilities (cont.)

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*ii) Funds to be received prior to performance obligations being satisfied (upfront payments) includes State Government funding which was postponed in the 2023 financial year. The management of this event will be transferred to the Blue Derby Foundation (BDF) in the 2023/24 financial year and Council are in the process of repaying these funds to Events Tasmania (see Note 2.4 and 10.5 for further details). These funds also include funding received from the State Government for the completion of structure plans for both Scottsdale and Derby. Income is recognised as performance obligations are progressively fulfilled and all income is expected to be recognised within the next twelve months.*

*iii) Deposits received in advance of services provided include camping deposits collected from customers at the Bridport Seaside Caravan Park, ticket sales for the DerbyFest event and accommodation deposits received via the Derby Accommodation Booking Platform. The responsibility for managing the Derby Accommodation Booking Platform will be transferred to the BDF in the 2023/24 financial year (see Note 10.5 for further details). Income is recognised progressively as services are provided and all income is expected to be recognised within the next twelve months.*

## Note 8 Non-current liabilities

### 8.1 Interest-bearing loans and borrowings

	2023 \$'000	2022 \$'000
<b>Current</b>		
Borrowings	503	493
	<b>503</b>	<b>493</b>
<b>Non-current</b>		
Borrowings	3,367	3,870
	<b>3,367</b>	<b>3,870</b>
<b>Total Interest-bearing loans and borrowings</b>	<b>3,870</b>	<b>4,363</b>

As part of the State Government's response to the COVID-19 pandemic, the Treasurer has ensured that all councils have access to sufficient funding. On 15 June 2020, the Treasurer provided explicit support to the Tasmanian Public Finance Corporation for any loans advanced to local government authorities under the Local Government Loans Program ("LGLP"). The LGLP enabled Council to borrow \$2.5 million in the 2019/20 financial year with an additional \$700,000 being drawn down in the 2020/21 financial year (total borrowings under the LGLP is \$3.2 million). The Tasmanian Government is providing interest rebates to Council for a period of 3 years to meet the interest obligations of the loan.

During the 2020/21 financial year, Council entered into an additional loan agreement with the Tasmanian Public Finance Corporation for a further \$2.0 million. This is a 10 year principal and interest loan which has been on-lent to May Shaw via a back to back loan, to support the redevelopment of the Aminya Aged-Care Facility. The Aminya facility redevelopment is now completed and Council is in the process of transferring the title to May Shaw. Upon transfer, a first mortgage in favour of Council will be secured over the title to ensure the loan is secured against the facility.

In the 2023/24 financial year, Council expect to enter into a further borrowing agreement with the Tasmanian Public Finance Corporation for \$0.5 million. This loan will be a 10 year principal and interest loan and will be on-lent to May Shaw via a back to back loan to finalise the working capital loan for the sale of the Aminya facility (including land) and May Shaw's share of operating losses (see Note 10.4). This loan will also be secured via first mortgage over the Aminya facility.

	2023 \$'000	2022 \$'000
<b>Maturity profile for Council's borrowings:</b>		
Not later than one year	503	493
Later than one year and not later than five years	2,106	2,067
Later than five years	1,261	1,802
<b>Total borrowings</b>	<b>3,870</b>	<b>4,362</b>

#### **Accounting policy**

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

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

## Note 9 Other financial information

### 9.1 Reserves

#### (a) Asset revaluation reserve

	Balance at beginning of the reporting year \$'000	Increment \$'000	(Decrement) \$'000	Balance at end of the reporting year \$'000
<b>2023</b>				
<b>Property</b>				
Land	3,727	1,229	-	4,956
Buildings	2,217	536	-	2,753
Land under roads	604	-	-	604
	<b>6,548</b>	<b>1,765</b>	<b>-</b>	<b>8,313</b>
<b>Infrastructure</b>				
Roads	64,587	7,612	-	72,199
Bridges	14,592	1,327	-	15,919
Stormwater	7,992	576	-	8,568
	<b>87,171</b>	<b>9,515</b>	<b>-</b>	<b>96,686</b>
<b>Other</b>				
Furniture and fittings	2	-	(2)	-
Pine plantations	17	-	-	17
	<b>19</b>	<b>-</b>	<b>(2)</b>	<b>17</b>
<b>Total asset revaluation reserve</b>	<b>93,738</b>	<b>11,280</b>	<b>(2)</b>	<b>105,016</b>

	Balance at beginning of the reporting year \$'000	Increment \$'000	(Decrement) \$'000	Balance at end of the reporting year \$'000
<b>2022</b>				
<b>Property</b>				
Land	(32)	3,759	-	3,727
Buildings	1,173	1,044	-	2,217
Land under roads	604	-	-	604
	<b>1,745</b>	<b>4,803</b>	<b>-</b>	<b>6,548</b>
<b>Infrastructure</b>				
Roads	56,579	8,008	-	64,587
Bridges	12,883	1,709	-	14,592
Stormwater	7,089	903	-	7,992
	<b>76,551</b>	<b>10,620</b>	<b>-</b>	<b>87,171</b>
<b>Other</b>				
Pine plantations	17	-	-	17
	<b>17</b>	<b>-</b>	<b>-</b>	<b>17</b>
<b>Total asset revaluation reserve</b>	<b>78,313</b>	<b>15,423</b>	<b>-</b>	<b>93,736</b>

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

## 9.1 Reserves (cont.)

### (b) Fair value reserve

	Balance at beginning of the reporting year \$'000	Increment \$'000	(Decrement) \$'000	Balance at end of the reporting year \$'000
2023				

#### Equity investments assets

Investment in water corporation	(1,491)	619	-	(872)
<b>Total fair value reserve</b>	<b>(1,491)</b>	<b>619</b>	<b>-</b>	<b>(872)</b>

	Balance at beginning of the reporting year \$'000	Increment \$'000	(Decrement) \$'000	Balance at end of the reporting year \$'000
2022				

#### Equity investments assets

Investment in water corporation	(1,809)	318	-	(1,491)
<b>Total fair value reserve</b>	<b>(1,809)</b>	<b>318</b>	<b>-</b>	<b>(1,491)</b>

Council has designated 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 and loss when derecognised.

## 9.1 Reserves (cont.)

### (c) Other reserves

	Balance at beginning of the reporting year \$'000	Increment \$'000	(Decrement) \$'000	Balance at end of the reporting year \$'000
<b>2023</b>				
Land rehabilitation	1,029	-	(1,029)	-
<b>Total other reserves</b>	<b>1,029</b>	<b>-</b>	<b>(1,029)</b>	<b>-</b>

	Balance at beginning of the reporting year \$'000	Increment \$'000	(Decrement) \$'000	Balance at end of the reporting year \$'000
<b>2022</b>				
Land rehabilitation	1,029	-	-	1,029
<b>Total other reserves</b>	<b>1,029</b>	<b>-</b>	<b>-</b>	<b>1,029</b>

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. In the 2022/23 financial year it was determined that this reserve is no longer required and the reserve amount was transferred back to accumulated surplus.

	2023 \$'000	2022 \$'000
<b>Total reserves</b>	<b>104,144</b>	<b>93,274</b>

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

	2023 \$'000	2022 \$'000
Result from continuing operations	5,729	5,458
Depreciation/amortisation	4,924	4,677
(Profit)/loss on disposal of property, infrastructure, plant and equipment	242	393
Capital grants and contributions received specifically for new or upgraded assets	(4,273)	(4,568)
Dividends from water corporation relating to investing activities	(233)	(233)
<i>Change in asset and liabilities</i>		
Decrease/(increase) in trade and other receivables	(381)	180
Decrease/(increase) in other assets	(58)	(58)
Decrease/(increase) in inventories	9	(37)
Decrease/(increase) in contract assets	81	(47)
Increase/(decrease) in trade and other payables	(36)	(278)
Increase/(decrease) in deposits	7	(11)
Increase/(decrease) in provisions	80	164
Increase/(decrease) in contract liabilities	84	82
<b>Net cash provided by/(used in) operating activities</b>	<b>6,175</b>	<b>5,722</b>

### 9.3 Reconciliation of liabilities arising from financing activities

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

	Interest-bearing loans and borrowings \$'000
<b>Balance as at 1 July 2022</b>	4,363
Acquisitions/New Leases	-
Changes in fair value	-
Other movements	-
Changes from financing cash flows:	
Cash received	-
Cash repayments	(493)
<b>Balance as at 30 June 2023</b>	<b>3,870</b>

	Interest-bearing loans and borrowings \$'000
<b>Balance as at 1 July 2021</b>	8,047
Acquisitions/New Leases	-
Changes in fair value	-
Other movements	-
Changes from financing cash flows:	
Cash received	-
Cash repayments	(3,684)
<b>Balance as at 30 June 2022</b>	<b>4,363</b>

### 9.4 Reconciliation of cash and cash equivalents

	2023 \$'000	2022 \$'000
Cash and cash equivalents (see note 4.1)	7,033	6,932
Less bank overdraft utilised	-	-
<b>Total reconciliation of cash and cash equivalents</b>	<b>7,033</b>	<b>6,932</b>

## 9.5 Financing arrangements

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	2023	2022
	\$'000	\$'000
Bank overdraft	40	40
Credit card facilities	50	50
Used facilities	(5)	(8)
<b>Unused facilities</b>	<b>85</b>	<b>82</b>

## 9.6 Superannuation

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Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund). The Fund was a sub-fund of the Tasplan Superannuation Fund up to 31 March 2021. On 1 April 2021, the Tasplan Superannuation Fund merged (via a Successor Fund Transfer) into the MTAA Superannuation Fund to become Spirit Super. The Quadrant Defined Benefits Funds 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 Employee Benefits*, Council does not use defined benefit accounting for these contributions.

For the year ended 30 June 2023 the Council contributed 0.0% 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 2020. The review disclosed that at that time the net market value of assets available for funding member benefits was \$51,939,000, the value of vested benefits was \$43,411,000, the surplus over vested benefits was \$8,528,000, the value of total accrued benefits was \$43,562,000, and the number of members was 95. These amounts relate to all members of the fund at the date of valuation and no asset or liability is recorded in the Spirit Super's financial statements for Council employees.

The financial assumptions used to calculate the Accrued Benefits for the Fund were:

- Net Investment Return 3.75% p.a.
- Salary Inflation 2.75% 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 2020.
- The value of assets of the Fund was adequate to meet the value of the liabilities of the Fund in respect of accrued benefits as at 30 June 2020.
- 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 2020.

Given the strong financial position of the Fund, the Actuary recommended that the Council consider a contribution holiday and contribute 0% of salaries from 1 July 2021 to 30 June 2024.

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 2023 and is expected to be completed late in 2023.

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*.

## 9.6 Superannuation (cont.)

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

- The 2020 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 2017.

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 15.2 of the Spirit Super 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. 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.
- The application of Fund assets on Spirit Super being wound-up is set out in Rule 20.2. 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 Dependents 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 Spirit Super. However it is likely that Rule 15.2 would be applied in this case (as detailed above).

- The Fund is a defined benefit fund.
- The 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 AASB119 defined benefit reporting.
- During the reporting period the amount of contributions paid to defined benefits schemes was \$5,909.49 (2021/22 \$9,596), and the amount paid to accumulation schemes was \$560,475 (2021/22 \$517,808).
- During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$6,239 and the amount to be paid to accumulation schemes is \$658,889.

## 9.6 Superannuation (cont.)

- As reported above, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2020. Favourable investment returns, since that date, has seen further improvement in the financial position of the Fund. The financial position of the Fund will be fully investigated at the actuarial review as at 30 June 2023.
- An analysis of the assets and vested benefits of sub-funds participating in the Scheme, prepared by Deloitte Consulting Pty Ltd as at 30 June 2022, showed that the Fund had assets of \$49.53 million and members' vested benefits were \$40.79 million. These amounts represented 0.20% and 0.17% respectively of the corresponding total amounts for Spirit Super.
- As at 30 June 2022 the fund had 77 members and the total employer contributions and member contributions for the year ending 30 June 2022 were \$780,908 and \$229,521 respectively.

	2023 \$'000	2022 \$'000
<b>Fund</b>		
<b>Defined benefits fund</b>		
Employer contributions to Spirit Super Defined Benefit Fund	6	10
	<b>6</b>	<b>10</b>
Employer contribution payable to Spirit Super Defined Benefit fund at reporting date	-	-
	-	-
<b>Accumulation funds</b>		
Employer contributions to Spirit Super	337	308
Employer contributions to other funds	223	209
	<b>560</b>	<b>517</b>
Employer contributions payable to Spirit Super at reporting date	-	-
Employer contributions payable to other funds at reporting date	-	-
	-	-

## 9.7 Commitments

### Capital Expenditure Commitments

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

	2023 \$'000	2022 \$'000
Roads & footpaths	333	1,360
Plant & equipment	72	510
IT & communications	-	18
<b>Total capital expenditure commitments</b>	<b>405</b>	<b>1,888</b>

### Contractual commitments

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

	2023 \$'000	2022 \$'000
Waste management		
General waste collection	675	868
Waste transfer stations	234	342
Facility management	190	775
Cleaning contractors	26	59
Insurance	344	308
Information systems and technology	112	114
<b>Total contractual commitments</b>	<b>1,581</b>	<b>2,466</b>

## 9.8 Operating leases as lessor

Council leases are over a variety of property assets including halls, community centres, sporting and recreation facilities and land.

### Maturity analysis of operating lease payments to be received

	2023 \$'000	2022 \$'000
Year 1	58	51
Year 2	39	32
Year 3	33	30
Year 4	10	30
Year 5	2	7
Year 6 and onwards	-	3
<b>Total</b>	<b>142</b>	<b>153</b>

## 9.8 Operating leases (cont.)

	2023 \$'000	2022 \$'000
The following table presents the amounts reported in the profit or loss:		
Lease income on operating leases	71	38
Therein lease income relating to variable lease payments that do not depend on an index or rate	-	-

### Accounting policy

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 income on an accruals basis and records the associated properties as part of land and buildings within property, plant and equipment. Buildings are recognised at current 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 income on an accruals basis and records the associated properties as part of land and buildings within property, plant and equipment. Buildings are recognised at current replacement cost.

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 income on an accruals basis and records the associated properties as part of land and buildings within property, plant and equipment. Buildings are recognised at current replacement cost.

## 9.9 Contingent liabilities and contingent assets

### Contingent liabilities

Bank Guarantees are held by Council against the provision of services \$15,740 (2021/22: \$0) and overdraft facility \$40,000 (2021/22: \$40,000) as per note 9.5.

## 9.10 Financial instruments

### (a) Interest rate risk

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

	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		
2023							
Financial assets							
Cash and cash equivalents	3.14%	7,017	-	-	-	16	7,033
Financial investments	4.56%	-	2,000	-	-	-	2,000
Trade and other receivables	N/A	-	-	-	-	956	956
Loans and advances	1.89%	-	229	953	718	-	1,900
Investment in water corporation	N/A	-	-	-	-	17,171	17,171
Total financial assets		7,017	2,229	953	718	18,143	29,060
Financial liabilities							
Trade and other payables	N/A	-	-	-	-	1,430	1,430
Deposits	N/A	-	-	-	-	33	33
Interest-bearing loans/ borrowings	1.88%	-	503	2,106	1,261	-	3,870
Total financial liabilities		-	503	2,106	1,261	1,463	5,333
Net financial assets/ (liabilities)		7,017	1,726	(1,153)	(543)	16,680	23,727

## 9.10 Financial instruments (cont.)

2022	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing in:			Non- interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets							
Cash and cash equivalents	1.10%	6,917	-	-	-	15	6,932
Financial investments	1.64%	-	2,500	-	-	-	2,500
Trade and other receivables	N/A	-	-	-	-	627	627
Loans and advances	1.89%	-	188	1,157	743	-	2,088
Investment in water corporation	N/A	-	-	-	-	16,552	16,552
Total financial assets		6,917	2,688	1,157	743	17,194	28,699
Financial liabilities							
Trade and other payables	N/A	-	-	-	-	1,466	1,466
Deposits	N/A	-	-	-	-	26	26
Interest-bearing loans/ borrowings	1.87%	-	493	2,067	1,802	-	4,362
Total financial liabilities		-	493	2,067	1,802	1,492	5,854
Net financial assets/ (liabilities)		6,917	2,195	(910)	(1,059)	15,702	22,845

## 9.10 Financial instruments (cont.)

### (b) Fair value

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

	Total carrying amount as per the Statement of Financial Position		Aggregate net fair value	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Financial instruments</b>				
<b>Financial assets</b>				
Cash and cash equivalents	7,033	6,932	7,033	6,932
Financial investments	2,000	2,500	2,000	2,500
Trade and other receivables	2,856	2,715	2,712	2,556
Investment in water corporation	17,171	16,552	17,171	16,552
<b>Total financial assets</b>	<b>29,060</b>	<b>28,699</b>	<b>28,916</b>	<b>28,540</b>
<b>Financial liabilities</b>				
Trade and other payables	1,430	1,466	1,430	1,466
Deposits	33	26	33	26
Interest-bearing loans and borrowings	3,870	4,362	3,483	3,936
<b>Total financial liabilities</b>	<b>5,333</b>	<b>5,854</b>	<b>4,946</b>	<b>5,428</b>

### (c) Credit risk

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

### (d) Risks and mitigation

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

#### **Market risk**

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

#### **Interest rate risk**

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

## 9.10 Financial instruments (cont.)

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

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

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

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1993* and Council's Cash Management policy. 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 risks arises from Council's 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 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 9.9.

## 9.10 Financial instruments (cont.)

Credit quality of contractual financial assets that are neither past due or impaired

	Financial Institutions (AAA credit rating)	Government agencies (BBBB credit rating)	Other (min BBB credit rating)	Other (unrated)	Total
<b>2023</b>					
Cash and cash equivalents	5,429	-	1,588	16	7,033
Financial investments	1,000	-	1,000	-	2,000
Trade and other receivables	-	-	-	2,856	2,856
Investments and other financial assets	-	17,171	-	-	17,171
<b>Total contractual financial assets</b>	<b>6,429</b>	<b>17,171</b>	<b>2,588</b>	<b>2,872</b>	<b>29,060</b>

	Financial Institutions (AAA credit rating)	Government agencies (BBBB credit rating)	Other (min BBB credit rating)	Other (unrated)	Total
<b>2022</b>					
Cash and cash equivalents	4,358	-	2,559	15	6,932
Financial investments	1,000	-	1,500	-	2,500
Trade and other receivables	-	-	-	2,715	2,715
Investments and other financial assets	-	16,552	-	-	16,552
<b>Total contractual financial assets</b>	<b>5,358</b>	<b>16,552</b>	<b>4,059</b>	<b>2,730</b>	<b>28,699</b>

## 9.10 Financial instruments (cont.)

### 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:

	2023 \$'000	2022 \$'000
<b>Unsecured</b>		
Current (not yet due)	182	72
Past due by up to 30 days	1	3
Past due between 31 and 60 days	-	1
Past due between 61 and 90 days	1	2
Past due by more than 90 days	18	11
<b>Total unsecured trade &amp; other receivables</b>	<b>202</b>	<b>89</b>
<b>Secured</b>		
Payroll debtors	-	3
GST receivable	207	186
Rates receivable	554	360
Loan receivable	1,900	2,088
<b>Total secured trade &amp; other receivables</b>	<b>2,661</b>	<b>2,637</b>
<b>Total trade &amp; other receivables</b>	<b>2,863</b>	<b>2,726</b>

### Ageing of individually impaired trade and other receivables

At balance date, other debtors representing financial assets with a nominal value of \$7,382 (2021/22: \$11,448) were impaired. The amount of the provision raised against these debtors was \$7,017 (2021/22: \$11,017). 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:

	2023 \$'000	2022 \$'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	-	1
Past due by more than 90 days	7	10
<b>Total trade &amp; other receivables</b>	<b>7</b>	<b>11</b>

## 9.10 Financial instruments (cont.)

### *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 asset 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 income and percentage of loan principal repayments to rate income.

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 non-lease financial liabilities. These amounts represent the discounted cash flow payments (i.e. principal only).

	6 mths or less \$'000	6-12 mths \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying amount \$'000
<b>2023</b>							
Trade & other payables	1,430	-	-	-	-	1,430	1,430
Deposits	12	8	-	13	-	33	33
Interest-bearing loans & borrowings	250	253	512	1,594	1,261	3,870	3,870
<b>Total financial liabilities</b>	<b>1,692</b>	<b>261</b>	<b>512</b>	<b>1,607</b>	<b>1,261</b>	<b>5,333</b>	<b>5,333</b>

	6 mths or less \$'000	6-12 mths \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying amount \$'000
<b>2022</b>							
Trade & other payables	1,466	-	-	-	-	1,466	1,466
Deposits	-	26	-	-	-	26	26
Interest-bearing loans & borrowings	245	248	503	1,565	1,802	4,363	4,363
<b>Total financial liabilities</b>	<b>1,711</b>	<b>274</b>	<b>503</b>	<b>1,565</b>	<b>1,802</b>	<b>5,855</b>	<b>5,855</b>

## 9.10 Financial instruments (cont.)

### (e) Sensitivity disclosure analysis

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

- A parallel shift of + 2.00% and -2.00% in market interest rates (AUD) from year-end rates of 4.10%.

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			
		-2.00% -200 basis points		2.00% +200 basis points	
		Profit	Equity	Profit	Equity
2023	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>					
Cash and cash equivalents	7,017	(140)	(140)	140	140

		Interest rate risk			
		-2.00% -200 basis points		2.00% +200 basis points	
		Profit	Equity	Profit	Equity
2022	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>					
Cash and cash equivalents	6,917	(138)	(138)	138	138

## 9.11 Fair value measurements

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

- Investment in water corporation
- Land
- Buildings
- Roads
- Land under roads
- Bridges
- Stormwater
- Pine plantation

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

### (a) Fair Value Hierarchy

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

<b>Level 1</b>	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
<b>Level 2</b>	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
<b>Level 3</b>	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 2023.

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 and investment in water corporation, 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.

### 9.11 Fair value measurements (cont.)

As at 30 June 2023

Recurring fair value measurements	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Land	6.1	-	9,392	-	9,392
Buildings	6.1	-	12,120	-	12,120
Roads	6.1	-	-	130,542	130,542
Land under roads	6.1	-	-	3,953	3,953
Bridges	6.1	-	-	23,163	23,163
Stormwater	6.1	-	-	12,103	12,103
Pine plantation	6.2	-	36	-	36
Investment in water corporation	5.1	-	-	17,171	17,171
		-	21,548	186,932	208,480

#### Non-recurring fair value measurement

Assets held for sale	4.5	-	165	-	165
		-	165	-	165

As at 30 June 2022

Recurring fair value measurements	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Land	6.1	-	8,222	-	8,222
Buildings	6.1	-	10,620	-	10,620
Roads	6.1	-	-	121,228	121,228
Land under roads	6.1	-	-	3,953	3,953
Bridges	6.1	-	-	22,224	22,224
Stormwater	6.1	-	-	11,330	11,330
Pine plantation	6.2	-	40	-	40
Investment in water corporation	5.1	-	-	16,552	16,552
		-	18,882	175,287	194,169

#### Non-recurring fair value measurement

Assets held for sale	4.5	-	527	-	527
		-	527	-	527

## 9.11 Fair value measurements (cont.)

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### *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**

#### **Investment in water corporation**

Refer to note 5.1 for details of valuation techniques used to derive fair values.

#### **Land**

Land fair values are based on statutory land valuations provided by the Office of the Valuer-General, with the last full valuation occurring on 1 July 2016. To ensure current values represent fair value Council has indexed land values as at 30 June 2023 using the Office of Valuer-General Adjustment Factors issued on 28 February 2023. The average increase in fair value across the entire asset class was 16.78%. It is noted that the Office of the Valuer-General is due to complete a fresh valuation for Dorset Council in 2024.

#### *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*

Land under roads is based on valuations by the Valuer-General effective 1 July 2019, using site values adjusted for englobo (undeveloped and/or un-serviced) characteristics, access rights, private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation.

#### **Buildings**

The fair value of buildings were determined on an independent basis by Opteon Property Group Pty Ltd effective 30 June 2021. To ensure current values represent fair values Council has reviewed building cost indicators over the last year to determine if any indexation is required at 30 June 2023. Based on the available information Council has decided to index values by 4.63% at 30 June 2023, which was the movement in the ABS non-residential building construction Tasmania index for the same period. The next full revaluation is planned for 30 June 2025. The next full revaluation is planned for 30 June 2025. Where there is an active market for Council building assets, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 or public amenities) 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.

## 9.11 Fair value measurements (cont.)

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### 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 3.3.

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

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

### Roads

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, have reviewed the condition assessment to determine the expected future serviceable life of the assets. The revaluation of Council's road assets was undertaken by Geoff Webb Consulting and was based on current replacement cost at 30 June 2021.

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 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. Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years.

### 9.11 Fair value measurements (cont.)

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To ensure the current values represent fair value, Council has reviewed available road construction cost data over the last year and has decided to index values by 6.2% at 30 June 2023 which was the movement in the ABS roads and bridges construction index for the same period. The next full revaluation is scheduled for 30 June 2025.

#### **Bridges**

A full valuation of bridges assets was undertaken by Council effective 30 June 2023. Due to Council's asset management practices Council utilised two methodologies for valuing the bridges. Major road and recreational bridge assets (95% of total WDV) are condition assessed and valued annually by independent consulting firm AusSpan. To determine fair value of these major bridge assets Council has utilised AusSpan values (derived from 30 September 2022 unit rates) and then applied a further indexing factor of 4.65% (75% of the annual 6.2% ABS roads and construction index) to arrive at a 30 June 2023 fair value. Each bridge is assessed individually by AusSpan and componentised into sub assets representing the sub-structure and super-structure. The AusSpan valuation is based on the material type used for construction, sub-structure and super structure area and design load. Included in the AusSpan revaluation model was a review of useful lives of some timber bridge concrete substructures. It was apparent that the useful lives of some these structures were over inflated. AusSpan, in conjunction with Council officers, have derived more accurate useful lives for these substructures which has resulted in a decrease in depreciated replacement cost for these assets. Minor road and recreational bridge assets (5% of total WDV) do not form part of the AusSpan annual review and valuation. These minor bridge assets have been indexed by 6.2% which corresponds to the ABS roads and bridges construction index for the year ending 30 June 2023.

#### **Stormwater**

A full valuation of drainage infrastructure was undertaken by BizeAsset Asset Management System and Council's Infrastructure and Regulatory Services personnel, effective 30 June 2021. Stormwater assets are managed in segments; pits and pipes being the major components.

Council assumes that environmental factors such as soil types, 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.

To ensure the current values represent fair value, Council has reviewed civil construction cost data for the last year and decided to index values by 5.11% at 30 June 2023 which was the movement in the ABS other heavy and civil engineering construction Australia index for the same period. The next full revaluation is planned for 30 June 2024.

#### **Pine plantations**

Valuation of pine plantations was last 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. In the 2023/24 financial year Council will compare the carrying value of pines against the fair value as measured using current market prices.

## 9.11 Fair value measurements (cont.)

### (d) Unobservable inputs and sensitivities

Asset / liability category*	Carrying amount (at fair value)	Key unobservable inputs*	Expected range of input	Description of how changes in inputs will affect the fair value
	\$'000			

Investment in water corporation      17,171      Refer to note 5.1 for a description of the valuation basis.

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

	\$'000	\$'000
<b>Balance at beginning of reporting period</b>	<b>16,552</b>	<b>16,234</b>
Gain/(loss) recognised in other comprehensive income - Fair value adjustment on equity investment assets	619	318
<b>Closing balance</b>	<b>17,171</b>	<b>16,552</b>

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

The changes in level 3 property, plant, and equipment assets with recurring fair value measurements are detailed in note 6.1 (Property, infrastructure, plant and equipment). Investment in water corporation, which is classified as level 3 has been separately disclosed in note 5.1.

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

### (f) Valuation processes

Council's current policy for the valuation of property, infrastructure, and investment in water corporation (recurring fair value measurements) is set out in notes 6.1 and 5.1 respectively.

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

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

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes (refer note 9.10).

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 8.1 equates to the carrying amount as the carrying amount approximates fair value (level 2).

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

## 9.12 Events occurring after balance date

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In December 2022, Council was notified that the Director of Local Government (the Director) was conducting an investigation into certain aspects of Council operations. The findings of this investigation were presented by the Director to Councillors in a special council briefing workshop on 28 February 2023. Council were given the opportunity to respond to the findings by 31 March 2023, requesting an extension until the 15 May 2023, to have sufficient time to prepare a submission. A special workshop was held with Councillors on 5 May 2023 to review the draft the submission, which was subsequently accepted in the special council meeting – closed session held on 12 May 2023 and provided to the Director. Following review of this submission, the Director finalised his investigation and presented his recommendations to the Minister for Local Government, the Hon. Nic Street MP (The Minister).

On the 26 July 2023 the Minister determined that a Board of Inquiry would be established to further investigate the findings of the initial investigation. On the 2 August 2023 it was announced that all Councillors would be suspended for the duration of the Inquiry and Commissioner Andrew Wardlaw was appointed to administer the Council with all of the functions and powers of the Mayor, Deputy Mayor and Councillors. Operationally, Council will continue business as usual under the General Manager and will continue to work hard to deliver on the 2023/24 Annual Plan and projects and tasks within the 2023/24 budget estimates.

The Board of Inquiry is expected to take seven months to complete and Council will co-operate fully with the investigation and work with Commissioner Wardlaw to ensure the community, employees and all other Council stakeholders are supported during this time.

## 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:

##### Councillors

Councillor Greg Howard (Mayor)  
Councillor Dale Jessup (Deputy Mayor)  
Councillor Mervyn Chilcott  
Councillor Edwina Powell  
Councillor Murray Lade  
Councillor Leonie Stein  
Councillor Jan Hughes  
Councillor Jerrod Nichols  
Councillor Wendy McLennan  
Councillor Beth Donoghue  
Councillor Anna Coxen  
Councillor Kahlia Simmons

##### General Manager

Mr Tim Watson  
Mr John Marik

##### Key Management Personnel

Rohan Willis - Assistant General Manager/  
Director - Community & Development  
Dwayne Griffin - Director - Infrastructure  
Craig Wheeler - Acting Director - Infrastructure  
Allison Saunders - Finance Manager  
Lauren Tolputt - Administration Manager

#### Councillor Remuneration

	2023 \$'000	2022 \$'000
Councillor allowances and reimbursements	228	224

#### Key Management Personnel Remuneration

The key management personnel of Council has been determined to include all Councillors, Directors and members of the Management Team (including those acting in a management position for a period of one month or more) . In all, 19 persons were paid the following total compensation in the year ended 30 June 2023:

	2023 \$'000	2022 \$'000
Short-term employee benefits (salaries, vehicles and allowances including Councillor allowances)	1,087	900
Post-employment benefits (superannuation)	96	84
Other long term benefits (movements in employee leave provisions)	(125)	29
	1,058	1,013

#### Transactions with related parties

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

#### Transactions with related parties that have not been disclosed

Most of the entities and people that are related parties of Council live and operate within the Municipality. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of rates on 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.

## 10.1 Related party transactions (cont.)

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### 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, 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

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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:

	2023 \$'000	2022 \$'000
<b>Special committees</b>		
Jetsonville Hall	1	1
North Scottsdale Hall	8	7
Springfield Community Association	5	5
<b>Total special committees</b>	<b>14</b>	<b>13</b>

## 10.3 Significant business activities

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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

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Dorset Council have underwritten the Aminya Aged Care Facility, along with the Tasmanian Government, since 30 June 2015.

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. At this time the Tasmanian Government agreed to contribute to the ongoing operational costs until the merger was complete and both operations were contained within one facility.

May Shaw have completed a redevelopment of the Aminya Facility which has seen its capacity increase to a minimum of 55 residents.

Originally, it was expected that May Shaw would take control of the Aminya Facility on 31 December 2019, however due to construction delays, this was deferred to 31 December 2020. May Shaw have since taken full financial responsibility for the facility and Council's financial exposure is now limited to the back-to back redevelopment and working capital loans provided to May Shaw (see note 8.1 and 9.10 (d)). The final transfer of title from Council to May Shaw is expected to occur early in the 2023/24 financial year, upon which the working capital loan will be crystallised and both loans secured via first mortgage over the Aminya facility.

## 10.5 Transfer of Blue Derby Mountain Bike Trail Operations

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The Blue Derby Mountain Bike Trails are a network of world-class mountain bike trails developed by World Trail which were opened to the public in February 2015. The network currently includes 130km of purpose-built mountain bike trails and caters to a range of skill levels from beginner to advanced, winning numerous awards including 'Trail of the Year' at the 2017 Australian MTB Awards and Trail of the Year at the 2017 and 2019 Enduro World Series.

In addition to the trails themselves, the township of Derby provides a range of complimentary services and amenities for riders including bike hire, shuttle services, cafes, a floating sauna as well as many accommodation options. The commercial operators who facilitate these services are a key element in delivering a genuine rider experience and promoting the Blue Derby brand as a world class mountain biking experience. The Blue Derby Foundation (BDF) was incorporated in early 2020, as a not-for-profit entity with the primary purpose of raising funds to enhance the township of Derby, including providing support for the maintenance of the trail network to ensure it remains at a world class standard.

In the October 2022 Council meeting, a notice of motion was passed by Councillors instructing Council to commence negotiations with the BDF with the view to transfer operations of the Blue Derby Mountain Bike Trails over to them or a similar representative group of Derby businesses. A transition committee was established who developed a Memorandum of Understanding (MOU) and Deed of Assignment (DOA), which were both endorsed by Council in the March 2023 Council meeting, formalising the transfer of the following activities from Council to the BDF:

- The licensing and commercialisation of the Blue Derby Brand/Intellectual property;
- The acquisition and management of commercial sponsorships of Blue Derby;
- The management of all Blue Derby marketing and social media; and
- Assume responsibility for Blue Derby endorsed events and other fundraising initiatives.

The transfer of these activities will work towards developing a sustainable funding model for the Blue Derby brand, whilst maximising community involvement and increasing transparency and accountability for all stakeholders. During the 2022/23 financial year, Council finalised the transfer of the Blue Derby trademarks and brand names to the Blue Derby Foundation for nil consideration, resulting in a loss on disposal of \$40,184 which has been recognised in the financial statements (see note 2.8 & 6.3 for further details).

Moving forward, Council will continue to perform the function of public asset manager with respect to the management and maintenance of the Blue Derby Mountain Bike Trail network and in the event of insolvency or non-performance, all responsibility for the activities outlined above will be transferred back to Dorset Council as per clause 6 of the MOU.

## 10.6 Other significant accounting policies and pending accounting standards

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### (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)*

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

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

### (b) Impairment of assets

At each reporting date, Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of 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.

## 10.6 Other significant accounting policies and pending accounting standards (cont.)

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### (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 income 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 reviewed and assessed all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board, and determined that none would have a material effect on Council's operations or financial reporting.

### (h) Pending accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

- *AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

This Standard modifies AASB 13 Fair Value Measurement for application by not-for-profit public sector entities such as Council. It includes authoritative implementation guidance when fair valuing non-financial assets, not held primarily for their ability to generate cash inflows. This includes guidance and clarification regarding the determination of an assets highest and best use, the development and use of internal assumptions for unobservable inputs and allows for greater use of internal judgements when applying the cost approach in the measurement and determination of fair values. Although Council is yet to fully determine the impact of this standard, the changes will be evaluated in the future assessment of all property and infrastructure assets measured at fair value. The Standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

## 10.7 Management indicators

(a)	2023	2022	2021	2020
Underlying surplus or deficit	\$'000	\$'000	\$'000	\$'000
Net result for the year	5,729	5,458	4,346	695
<i>Less non-operating income</i>				
Income received from sale of property for unpaid rates	-	(10)	-	-
Capital grants and contributions	(4,273)	(4,568)	(4,350)	(1,321)
Financial assistance grants in advance	(1,186)	(1,137)	121	(109)
<i>Add non-operational expenses</i>				
Contribution for Aminya redevelopment	-	-	13	914
Disaster relief and recovery expenditure	176	-	-	-
Loss on disposal of assets (unscheduled)	232	215	287	-
<b>Underlying surplus/deficit &gt; 0</b>	<b>678</b>	<b>(42)</b>	<b>417</b>	<b>179</b>

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

(b)	2023	2022	2021	2020
Underlying surplus or deficit	\$'000	\$'000	\$'000	\$'000
Recurrent income* /less	16,053	14,255	13,235	12,684
Recurrent expenditure	15,375	14,297	12,818	12,505
<b>Underlying surplus/deficit &gt; 0</b>	<b>678</b>	<b>(42)</b>	<b>417</b>	<b>179</b>

\* 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 has recorded an underlying surplus of \$678,000. This improved result is predominantly due to an increase in recurrent operating income received during the 2022/23 financial year. Further detail is provided in Note 1.4 Material Budget Variations.

(c)	2023	2022	2021	2020
Underlying surplus ratio	\$'000	\$'000	\$'000	\$'000
Underlying surplus or deficit	678	(42)	417	179
Recurrent income*	16,053	14,255	13,235	12,684
<b>Underlying surplus ratio &gt; 0%</b>	<b>4.2%</b>	<b>(0.3%)</b>	<b>3.2%</b>	<b>1.4%</b>

This ratio serves as an overall measure of financial operating effectiveness and results indicate that Council is in a sustainable operating position.

## 10.7 Management indicators (cont.)

### (d) Net financial liabilities

	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000
Liquid assets less	10,218	10,247	15,796	13,839
Total liabilities	7,461	9,574	13,268	9,683
<b>Net financial liabilities</b>	<b>2,757</b>	<b>673</b>	<b>2,528</b>	<b>4,156</b>

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 income 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 \$1.6m (2021/22, \$2.5m) which are not recognised on the Statement of Financial Position and consequently not factored into the net financial liabilities ratio. Refer to note 9.7 for further details.

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

	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000
Net financial liabilities	2,757	673	2,528	4,156
Recurrent income*	16,053	14,255	13,235	12,684
Net financial liabilities ratio % 0%-(50%)	17.2%	4.7%	19.1%	32.8%

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

The net financial liabilities ratio is 17.2% for the 2022/23 financial year, signifying that Council remains in a strong position to meet ongoing liabilities as they fall due through recurrent operational income.

## 10.7 Management indicators (cont.)

### (f) Asset consumption ratio

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

	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000
<i>Roads</i>				
<u>Fair Value (Carrying amount)</u>	130,542	121,228	110,156	102,498
Current replacement cost (Gross)	210,206	194,236	176,455	147,908
Asset consumption ratio %	62.1%	62.4%	62.4%	69.3%
<i>Bridges</i>				
<u>Fair Value (Carrying amount)</u>	23,163	22,224	20,676	19,057
Current replacement cost (Gross)	35,029	33,140	30,436	27,561
Asset consumption ratio %	66.1%	67.1%	67.9%	69.1%
<i>Buildings</i>				
<u>Fair Value (Carrying amount)</u>	12,120	10,620	9,828	8,362
Current replacement cost (Gross)	12,966	11,020	9,828	9,469
Asset consumption ratio %	93.5%	96.4%	100.0%	88.3%
<i>Stormwater</i>				
<u>Fair Value (Carrying amount)</u>	12,103	11,330	10,160	10,217
Current replacement cost (Gross)	19,367	18,019	16,094	17,205
Asset consumption ratio %	62.5%	62.9%	63.1%	59.4%

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

The ratios above indicate that at 30 June 2023 Council had used (consumed) approximately 35.9% 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.

## 10.7 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.

	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000
<i>Roads</i> <sup>1</sup>				
Projected capital funding outlays*	38,192	38,137	32,892	28,147
Projected capital expenditure funding**	38,192	38,137	32,892	28,147
Asset renewal funding ratio %	100.0%	100.0%	100.0%	100.0%
90-100%				
<i>Bridges</i> <sup>2</sup>				
Projected capital funding outlays*	5,919	4,513	3,333	3,977
Projected capital expenditure funding**	5,919	4,513	3,333	3,977
Asset renewal funding ratio %	100.0%	100.0%	100.0%	100.0%
90-100%				
<i>Buildings</i> <sup>3</sup>				
Projected capital funding outlays*	3,169	2,967	1,633	2,009
Projected capital expenditure funding**	3,169	2,967	1,633	2,009
Asset renewal funding ratio %	100.0%	100.0%	100.0%	100.0%
90-100%				
<i>Stormwater</i> <sup>4</sup>				
Projected capital funding outlays*	3,054	2,340	1,557	1,035
Projected capital expenditure funding**	3,054	2,340	1,557	1,035
Asset renewal funding ratio %	100.0%	100.0%	100.0%	100.0%
90-100%				

This ratio measures Council's capacity to fund future asset replacement requirements. The above table demonstrates Council is providing sufficient funding to renew assets in accordance with its asset renewal plans

\* 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.

<sup>1</sup> The Road Asset Management Plan was adopted by Council on 15 March 2021.

<sup>2</sup> The Bridge Asset Management Plan was adopted by Council on 26 June 2023.

<sup>3</sup> The Building Asset Management Plan was adopted on 18 October 2021.

<sup>4</sup> The Stormwater Asset Management Plan was adopted by Council on 21 February 2022.

## 10.7 Management indicators (cont.)

### (h) Asset sustainability ratio

	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000
Capex on replacement/renewal of existing assets	4,566	5,289	4,881	6,159
Annual depreciation expense	4,924	4,677	4,260	3,687
Asset sustainability ratio %	92.7%	113.1%	114.6%	167.0%

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

Council's asset sustainability ratio for the current and prior years continues to show that Council is sustainably maintaining its existing asset base.

2023 By asset class	Capital renewal expenditure \$'000	Capital upgrade expenditure \$'000	Capital new expenditure \$'000	Total capital expenditure \$'000
Bridges	342	471	-	813
Land improvements	429	276	1,120	1,825
Buildings	46	110	212	368
Roads	3,036	1,348	165	4,549
Stormwater	-	225	-	225
Plant, machinery and equipment	623	-	670	1,293
Computers and telecommunications	90	29	75	194
<b>Total capital expenditure</b>	<b>4,566</b>	<b>2,459</b>	<b>2,242</b>	<b>9,267</b>

2022 By asset class	Capital renewal expenditure \$'000	Capital upgrade expenditure \$'000	Capital new expenditure \$'000	Total capital expenditure \$'000
Bridges	481	-	-	481
Land improvements	1,227	22	2,941	4,190
Buildings	31	122	226	379
Roads	2,512	2,336	75	4,923
Stormwater	11	219	-	230
Plant, machinery and equipment	1,006	26	203	1,235
Computers and telecommunications	21	66	17	104
<b>Total capital expenditure</b>	<b>5,289</b>	<b>2,791</b>	<b>3,462</b>	<b>11,542</b>

## Certification of the Financial Report

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The financial report presents fairly the financial position of Dorset Council as at 30 June 2023 and the results of its operations and cash flows for the year then ended, in accordance with the *Local Government Act 1993 (as amended)*, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board.



*John Marik*

**General Manager**

**Date :** 20th September, 2023