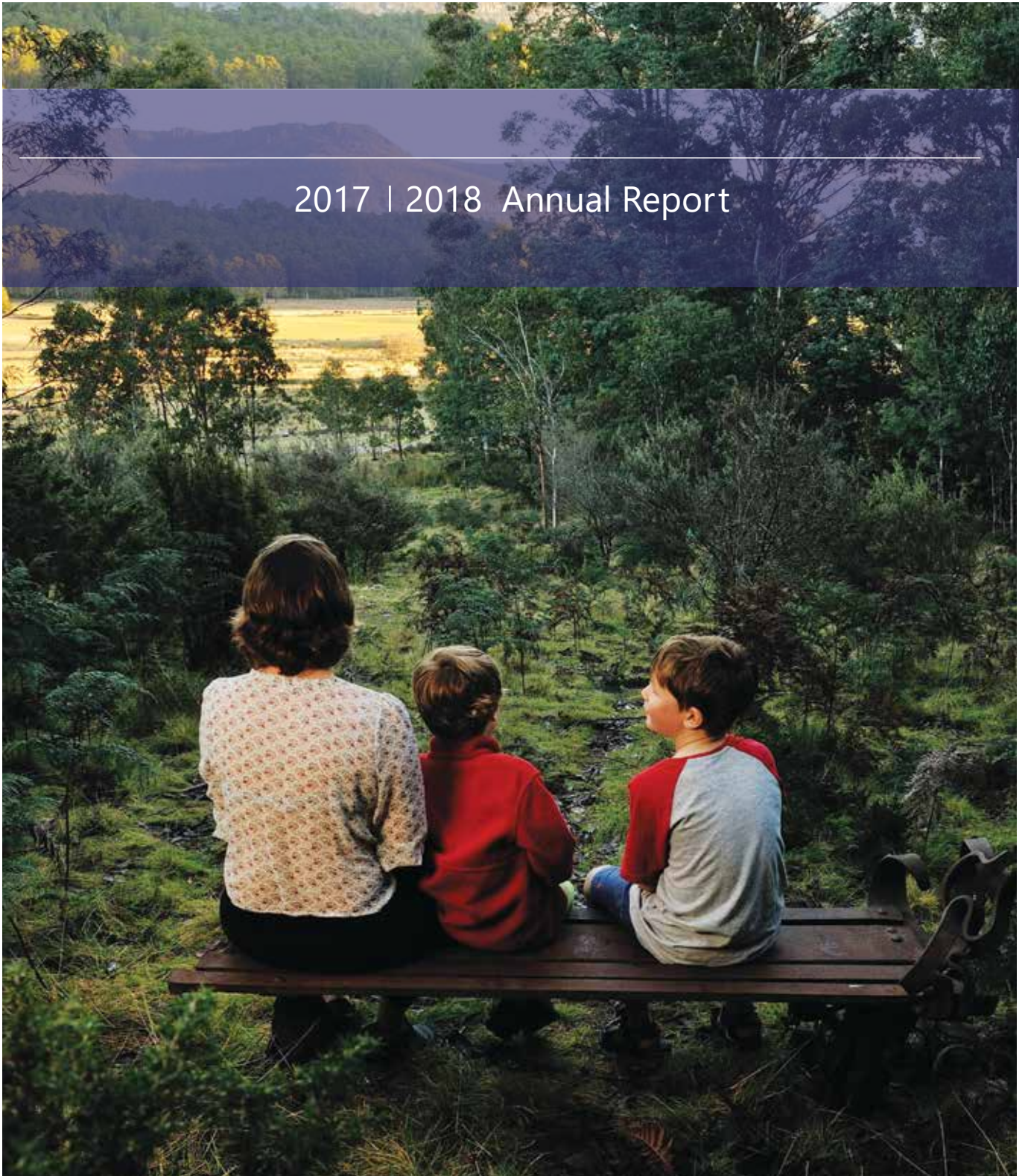




## 2017 | 2018 Annual Report



## Council Contact Details

### General Enquiries

8.30am - 5pm, Monday - Friday

Phone 6393 5300 • Fax 6393 1474 • Email [mail@mvc.tas.gov.au](mailto:mail@mvc.tas.gov.au)

26 Lyall Street Westbury, Tasmania 7303 • PO Box 102, Westbury Tasmania 7303

[www.meander.tas.gov.au](http://www.meander.tas.gov.au)

### Disclaimer

*The Meander Valley Council Annual Report 2016-2017 has been prepared with all due care and diligence, using the best available information at the time of publication. Meander Valley Council holds no responsibility for any errors or omissions within the document. Any decisions made by other parties based on this report are the responsibility of those parties.*

*Produced and published by Meander Valley Council, November 2018*

*Photo credits: Tourism Tasmania and Forest Walks Lodge (cover image)*

## Contents

Vision & Values.....	4
About the Annual Report.....	4
Meander Valley Municipal Area .....	5
Message from the Mayor .....	6
Elected Members.....	7
General Manager's Overview.....	8
Management Team .....	9
Organisational Structure .....	9
Key Performance Measures.....	9
Annual Plan & Performance.....	10
Capital Works Program Summary.....	22
Reporting on Legislative Requirements .....	24
Environmental Health Statement.....	26
Community Grants & Sponsorship Programs .....	27
Overview of Financial Performance .....	32
Financial Reports.....	37

# Meander Valley

---

## Our Vision

The backdrop of the Great Western Tiers, the mix of urban lifestyle and rural countryside give Meander Valley its unique look and feel, offering livability and healthy lifestyle choices.

A community working together, growing for generations to come.

## Our Values

To guide our choices and behaviour in all we do, we will:

- Respect, listen and care for one another
- Be trustworthy, honest and tolerant
- Be positive and receptive to new ideas
- Be innovative, creative and learn
- Take a fair, balanced and long term approach
- Use sound business practices
- Work together

---

## About the Annual Report

Under the Local Government Act, Council is required to prepare an Annual Report. The Annual Report is the publication by which Council reports to and is accountable to the community. Information contained in the Annual Report reflects the directives of the Community Strategic Plan. The Community Strategic Plan sets direction for the whole of Meander Valley, not just Council. It is informed by our Vision and our Values, which are outlined above.

Our Vision is implemented by Council through six Future Direction statements. Future Directions align with key strategic objectives that guide the services and programs Council intends to deliver throughout the financial year. These are outlined in Council's Annual Plan - the outcomes of which form the basis of the Annual Report.



## Future Directions

- 1 | **A sustainable natural and built environment**
- 2 | **A thriving local economy**
- 3 | **Vibrant and engaged communities**
- 4 | **A healthy and safe community**
- 5 | **Innovative leadership and community governance**
- 6 | **Planned infrastructure services**

# Meander Valley



**Elected Members** 9

**Capital Expenditure** \$8,422,254

**Total Operating Revenue** \$20,082,630

**Total Operating Expenditure** \$18,861,219



**Land Area** 3,821km<sup>2</sup>



**Population** 19,686



**Rateable Assessments** 10,098



**Sealed Roads** 564km



**Unsealed Roads** 257km



**Road Bridges** 216



**Pedestrian Bridges** 7



**Sportsgrounds** 8



**Sporting Facilities** 41



**Public Halls** 13



**Swimming Pools** 2



**Parks & Reserves** 63



**Municipal Waste Facilities** 4



**Playgrounds & Fitness Stations** 36



---

## Message from the Mayor



This will be my last annual report as our communities' elected Mayor. I make the point of 'our community', because I believe I have represented the views of our community to the best of my ability over the last seven years.

I have been of the view that to provide the best form of leadership for our community, it was important to anchor my thoughts in a way that reflected the thoughts of the community I served.

Whilst I have freely expressed my views around the Council table, leadership in my opinion, was the ability to accept the collective view and always doing my best to express that view and advocate

for outcomes that, at times did not accord to my personal view. I hope the next mayor takes a similar approach.

The elected body of our Council has provided a diversity of opinion over the past seven years. I'd like to thank those Councillors that showed respect and acceptance of that diversity.

Council has the motto, 'working together'. That certainly doesn't mean we have to be of one view on every item, but it does mean we should accept the collective view, even if we disagree and provide support for the implementation of that view. Again, I hope the next council takes this approach.

Over the past twelve months Council has been dealing with three major items. Low cost or free overnight camping on Council managed property, the ongoing challenge of the redevelopment of Westbury Recreation Ground facilities and planning future investment of Deloraine's recreational facilities. All these items have their own significant challenges and will require ongoing objective and realistic discussions within

Council and with our community.

A common theme over recent years has been the level of service we provide our community. A good example would be the standard of sporting facilities.

One thing I would like to see Council achieve over the next few years, is to have a measured and objective discussion with the whole community on levels of expectations and a willingness to pay for any improvements, upfront capital costs and ongoing operational costs.

I have previously acknowledged the work of our staff, led by our General Manager, Martin Gill and team of Directors. We are very fortunate to have such a very dedicated team of staff that I know do their very best to provide exceptional service to our community.

Finally, I wish to thank our community for the wonderful support and respect I have been provided over the past seven years.

*Mayor, Craig Perkins*

## Elected Members



Left to right: Cr John Temple, Cr Deborah White, Cr Rodney Synfield, Deputy Mayor Michael Kelly, Mayor Craig Perkins, Cr Andrew Connor, Cr Ian Mackenzie, Cr Tanya King, Cr Bob Richardson

### Attendance at Ordinary and Closed Council Meetings

<b>Number of Ordinary and Closed Meetings Held</b>	12
Mayor Craig Perkins	11
Deputy Mayor Michael Kelly	11
Cr Andrew Connor	11
Cr Tanya King	12
Cr Ian Mackenzie	11
Cr Bob Richardson	11
Cr Rodney Synfield	12
Cr John Temple	12
Cr Deborah White	10

Number of Elected Members in attendance at Annual General Meeting: 9

Number of business items transacted by Council in 2017-2018: 249

### Community Organisation Representation

**Audit Panel** Cr Andrew Connor

**Australia Day Awards Committee**  
Cr Craig Perkins | Cr Michael Kelly

**Community Incentive Grants**  
Cr Tanya King | Cr Ian Mackenzie

**Development Assessment Group**  
Cr Michael Kelly | Cr Ian Mackenzie

**Great Western Tiers Tourism Association** Cr John Temple

**Launceston Salinity Action Group** Cr Bob Richardson

**Meander Valley Community Safety Group**  
Cr Tanya King | Cr Andrew Connor | Cr Deborah White

**Meander Valley Emergency Management Committee & Community Recovery**  
Cr Andrew Connor | Cr Bob Richardson

**Natural Resource Management** Cr Rodney Synfield

**Sustainable Environment Committee**  
Cr Tanya King | Cr Bob Richardson | Cr Deborah White

**TasWater** Cr Craig Perkins | Cr Michael Kelly

**Townscapes, Reserves & Parks Committee**  
Cr Rodney Synfield | Cr Andrew Connor | Cr John Temple

---

## General Manager's Overview



I am happy to present the Meander Valley Council Annual Report for your consideration and information. The Annual Report is our opportunity to tell our community what we have achieved and how we managed our financial responsibilities during 2017 - 2018.

This year's Annual Report highlights the range of services, facilities and activities that Council delivers for and on behalf of our community.

### Performance

It is pleasing to report that the operational performance of the organisation has met the high standards that have been set by the Management Team. This performance is driven by the targets in the Annual Plan. The Annual Plan is a critical document because it is a commitment by the staff, to the community, to deliver the projects and services that Council prioritise. I am delighted to report that the 99% of targets that Council set were achieved.

I am also pleased to report that we have again delivered an operating surplus and have maintained a sustainable position within the long term financial plan. These achievements are outlined in more detail in the overview of the financial reports within this document

### Challenges

One of the key challenges for the year was the extent of the capital works program we set out to deliver and the impact on the program emerging from increases in construction costs matched by the decrease in the availability of contractors and consultants. As a general observation, projects were costing more and taking longer to deliver. There is a positive side to this however; it reflects the general buoyancy in the economy and some growing confidence within the development industry.

### Representation in the Region

We continued to work with other northern councils to implement the Northern Tasmanian Councils Shared Service Study.

Council took on governance roles in a number of key Launceston City Deal initiatives participating in the Tamar Estuary Management Taskforce and the Greater Launceston Transformation Plan Steering Committee.

Council also facilitated and managed the update of the Northern Regional Land Use

Strategy and worked with the Local Government Association of Tasmania to develop a brief and implement a methodology for mapping vegetation across the entire State.

During the year we started our community forum program. Each quarter, Councillors and Council staff visited a local community and spent time providing information and hearing about the things that were important to the community. I would like to thank the Hadspen, Kimberley, Blackstone Heights and Mole Creek communities who hosted us and demonstrated why Meander Valley is such an extraordinary place.

### Recognition

Nothing we do, providing services or working to improve Meander Valley on behalf of our community, could be achieved without the contribution, commitment and professionalism of the Council staff. I would like to take this opportunity to acknowledge their efforts and to thank them.

Similarly, without the leadership and direction provided by the Mayor and Councillors, Meander Valley would not be such a unique, progressive and ideal place to live and work. I would like to thank all Councillors for their ongoing contribution to Council and the community.

*Martin Gill, General Manager*

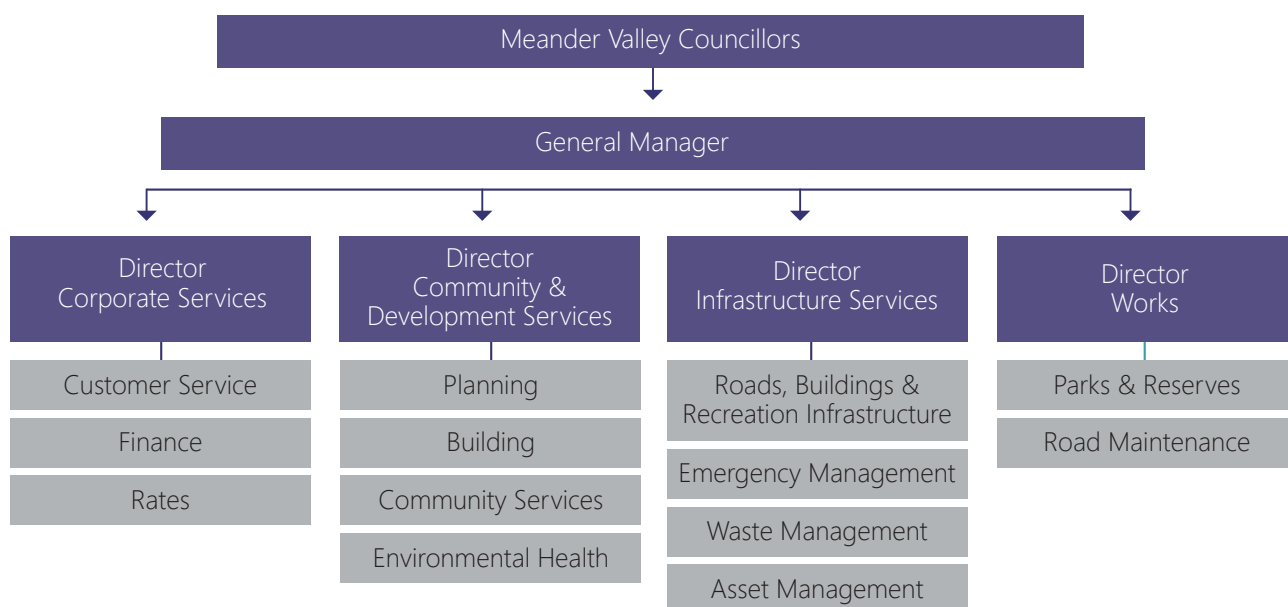


## Management Team



Left to right: Dino De Paoli (Director Infrastructure Services), Lynette While (Director Community and Development Services), Martin Gill (General Manager), Matthew Millwood (Director Works), Jonathan Harney (Director Corporate Services)

## Organisational Structure



## Key Performance Measures

**Annual Plan Conformance (minimum target 95%)** 99%

**Customer Service Request Conformance (minimum target 95%)** 99%

## Customer Service Requests

**Total customer service requests received during 2017-2018** 1342 (compared to 1200 in 2016/2017)

## General Manager's Office and Governance

The General Manager's Office and Governance Department continued to provide secretarial and administration support for both the Councillors and the Council throughout the year through the coordination and preparation of the Council agenda, minutes and reports.

The Annual Plan implementation throughout the year was monitored by the General Manager's office and progress

was reported quarterly to Council. Council's Work Health Safety and Risk Committee is administered by the Department. During the year officers reviewed and updated our risk register, internal audit process and Business Continuity Plan.

Staff in the Department provided support and assistance to the Community Grants Program. The department also organised citizenship ceremonies and

the Australia Day celebrations. The Communications Officer continued to coordinate the preparation of the Council Community News and Council's contribution to the Meander Valley Gazette. Work continued on improving the accessibility and readability of our public documents and expanding Council's presence on Social Media to ensure we reach our community through a variety of mediums.

### Annual Plan Performance - Governance

Activity	Action	Status
<b>Secretarial and Administration Support</b> Undertake functions to ensure compliance with legislative requirements.	Develop and monitor Annual Plan Produce Annual Report Prepare Council meeting agenda and minutes Hold AGM as per Local Government Act Review organisational policies and documents Conduct Australia Day event	Achieved Achieved Achieved Achieved Achieved Achieved
<b>Risk Management</b> Minimise risk to our people and the public.	Implement Risk Management Framework Conduct Internal Audit Review Business Continuity Plan	Achieved Achieved Achieved
<b>Employee Health &amp; Safety Management</b> Provide a safe place of work for our people and to measure and monitor our employer obligations.	WHS Committee to meet regularly to monitor the performance and operation of the WHS systems and assess the outcomes of specific programs Conduct driver training courses Workplace Consultative Committee operation	Achieved Achieved Achieved
<b>Other Functions</b> Provide good governance.	Participation in Northern Tasmania Development Convene meetings of the Customer Service Group and the Merit User Group Review Councils Delegations register	Achieved Achieved Achieved
<b>Economic Development</b> To create an investment ready environment in the Meander Valley Local Government Area.	Continue to implement the Communication Action Plan Support the progress of the Hadspen Growth Area	Achieved Achieved

---

## Community and Development Services

The Community and Development Services team implements an objective contained in the prevailing Local Government Act. The objective is to promote the health and wellbeing of the community. In practice, this plays out through Community and Development Services' constant focus toward ensuring a pleasant, efficient and safe environment for working, living and recreation across Meander Valley. We do this by working together across Council and most importantly by working together with the community.

Over the last year we have:

- Facilitated the administration of three stadiums and twelve sporting venues by working with volunteer groups to provide service for 19,572 residents plus visitors from across Tasmania who utilise these venues.
- Conducted four Stepping Stones Leadership Camps to encourage and promote emerging leaders amongst young people. These camps include conversations on current topics and challenging physical activities such as rock climbing or caving.
- Partnered with the University of the Third Age (U3A) to deliver programs and activities for the mature aged community.
- Initiated four community forums, partnering with four local hall committees and providing opportunities for the community to meet with senior staff and councillors on matters of local and municipal interest.
- Granted \$93,200 towards sixty community projects and activities initiated and supported by community members.
- Provided two community cars, operated by twenty volunteers to assist residents to attend important appointments e.g. medical consultations. Both cars on the road for over 260 days per year.
- Sent an electronic community newsletter to 460 groups/ individuals monthly, providing an avenue to publicise community activities and events.
- Recruited a Business Engagement Officer to encourage both current and prospective business across Meander Valley.
- Worked with community members to provide guidance and information to navigate the processes of planning, building and plumbing legislation to approve 296 development applications for homes and businesses.
- Coordinated 648 land information certificates for people seeking information about property they have an interest in purchasing and 330 permits for building, plumbing or demolition.
- Worked regionally with neighboring councils to share staff resourcing and to provide a consistent approach to regulatory services.
- Conducted 378 inspections of food premises to check that such places are following safe and healthy practices so that the community can enjoy the variety of culinary delights offered in cafes, restaurants and stalls.
- Registered 34 statewide mobile businesses and also introduced a Mobile Food Vehicles Policy.
- Administered 203 vaccines at Deloraine High School.
- Registered 3,925 dogs and have undertaken the task of returning lost dogs to owners and attending to stray animals that may cause a hazard on the roads.
- Inspected 100 properties to advise community members to action fire abatement activities with view to reducing fire risk across the community.
- Continued to work with NRM North and Crown Land Services to assist affected landholders from the 2016 floods to remediate and improve resilience.
- Worked regionally with the Launceston Salinity Action Group to map salinity hazards that will inform asset management and water quality activities.

In summary, we cover a very broad range of services and development opportunities and seek to do so by working together with individuals and groups across the community.

---

## Community and Development Services

### Development Services

The number of building and plumbing permit applications received by Council in 2017-2018 decreased by about 10% on the previous financial year. However, if we include the number of Notifiable Building works we have received there is an increase of 10% on the previous financial year on building works in the municipality.

Council's Permit Authority continued to deal with a large number of illegal building work

matters, especially in response to issues arising during house sales and contract settlements. We are also finding an increase in illegal works due to the complexity of the new building legislation.

The planning team processed 296 applications for planning permits during this financial year which is a 22% increase in the number of planning permit applications processed by Council compared to the corresponding period in 2016 - 2017.

This increase is influenced by a number of land releases within the Prospect Vale, Hadspen, Carrick and Deloraine areas. Of the planning applications processed 224 were discretionary applications. When no further information was required and the statutory clock did not stop applications were processed, on average, within 33 days. This is 9 days shorter than the 42 day statutory period provided within the *Land Use Planning and Approvals Act 1993*.

### Key Performance Measures

Council's average number of days for the processing of planning applications:

**Permitted Use Planning Applications:** 21 days

**Discretionary Planning Applications:** 33 days

### Number of Applications Received

**Building Applications:** 156

**Planning Applications:** 296

### Value of Building Applications

**September:** \$8,028,976    **December:** \$8,033,636    **March:** \$9,404,180    **June:** \$10,130,322

### Annual Plan Performance - Building Plumbing & Permit Authority

Activity	Action	Status
Process development applications in accordance with delegated authority.	Achieve performance targets	Achieved
Process Planning Scheme amendments.	Achieve performance targets	Achieved
Issue permits for building works (Category 4).	Achieve performance targets	Achieved
Process Notifiable Building Works (Category 3).	Achieve performance targets	Achieved
Manage outstanding building completions and illegal works.	Reduce outstanding completions by 10%	Achieved
Coordinate Major Events applications.	Achieve performance targets	Achieved
Conduct inspections and process applications for Plumbing Permits.	Achieve performance targets	Achieved



## Community and Development Services

### Annual Plan Performance - Environmental Health

Activity	Action	Status
Monitor and sample water quality of recreational waters.	Record results	Achieved
Inspect Places of Assembly annually as per program.	Issue annual licences	Achieved
Inspect and register food premises annually.	Issue annual registration for all food premises	Achieved
Co-ordinate immunisation clinics for school and staff.	Complete immunisation program	Achieved

### Annual Plan Performance - Community Development

Activity	Action	Status
Facilitate the operation of the Meander Valley Community Safety Group.	Conduct meeting and report of progress	Achieved
Deliver the Community Grants Program.	Acquit Final Round and advertise Conduct grants information forum	Achieved Achieved
Conduct Art Exhibition.	Review art exhibition and establish format Conduct exhibition and review	Achieved Achieved
Conduct School Holiday Program.	Conduct, report and evaluate overall outcomes	Achieved
Conduct Stepping Stones Camps.	Conduct, report and evaluate overall outcomes	Achieved
Conduct 'National Youth Week' Event.	Prepare, advertise and conduct event	Achieved

### Annual Plan Performance - Recreation and Sport Services

Activity	Action	Status
Support the operation of the Recreation Co-Ordination Group.	Conduct meeting	Achieved
Deloraine & Districts Recreation Precinct Feasibility Study.	Draft report to Council Review recommendations	In Progress Achieved
Preliminary Review of Sport and Recreation Plan.	Review document Report proposed changes	In Progress Achieved

### Annual Plan Performance - General Inspectorate

Activity	Action	Status
Annual audit of dog registrations.	Conduct audit	Achieved
Fire abatement management.	Issue notices	Achieved
Investigate incidents and complaints regarding animal control.	Achieve performance target	Achieved

### Annual Plan Performance - Natural Resource Management

Activity	Action	Status
Continue implementation of NRM strategies as per annual work plan.	Achieve performance target	Achieved

## Corporate Services

The Corporate Services Department provides the financial, administrative, customer service, human resources, information technology functions of Council and operation of the Great Western Tiers Visitor Information Centre.

Rates and Charges were adopted in accordance with Council's Rates and Charges

policy, based on property values provided by the Tasmanian Valuer General. Meander Valley's last Fresh Valuation was effective from 1 July 2013 with Adjustment Factors received in 2015 and 2017.

Notices for rates and sundry debtors were issued in a timely manner, state authority returns, statutory reports and Property

132 Certificates were all issued within the required timeframes. Council's administration of outstanding rates has seen a manageable result achieved.

All financial management and reporting targets were met including monthly operating statements being reported to Council, monthly BAS and Payroll Tax Returns.

### Annual Plan Performance - Financial Services and Management

Activity	Action	Status
<b>Financial Services</b> Responsibly manage Council's core financial activities.	Raise Rates and Sundry Debtor accounts	Achieved
	Implement Enterprise Cash Receipting System Upgrade	Deferred
	Complete State Authority returns	Achieved
	Issue Section 132 certificates (Property Rates)	Achieved
	Arrange annual insurance renewals	Achieved
	Reconciliation of Control Accounts	Achieved
<b>Financial Management and Reporting</b> To comply with statutory requirements for Local Government Finance, State and Federal Taxation and to provide meaningful reports for internal financial management.	Review and present the Long Term Financial Plan (LTFP) to Council	Achieved
	Coordinate the development and adoption of Budget and Rating recommendations with statutory timeframes	Achieved
	Annual external reporting	Achieved
	Issue BAS, FBT and Payroll Tax returns within legislative timeframes	Achieved
	Provide internal financial management reports on a timely basis for decision making	Achieved
	Monitor Council's short-term expenditure commitments and invest funds in accordance with Council's Investment policy	Achieved
	Co-ordinate functions of the Audit Panel	Achieved
	Review Council's Financial Management Strategy	Achieved

## Corporate Services

### Annual Plan Performance - Information Technology

Activity	Action	Status
Provide reliable and effective information technology services for the organisation.	Maintenance and upgrade of IT infrastructure Implement recommendations of IT Security Review	Deferred Achieved

### Annual Plan Performance - Information Management

Activity	Action	Status
Effectively manage and maintain Council's information resource.	Maintenance of Council's cemetery records in accordance with the Cemeteries Act Annual Archive Disposal Implementation of Archive Office Audit Recommendations Implementation of ECM Connected Content	Achieved  Achieved Achieved Deferred

### Annual Plan Performance - Human Resources

Activity	Action	Status
Effectively manage and support Council's human resources.	Review 2016 Enterprise Agreement Coordinate training needs via Learning Management system Performance Review System	Achieved Achieved Achieved

### Annual Plan Performance - Great Western Tiers Visitor Information Centre

Activity	Action	Status
Effectively manage and maintain Council's Visitor Information Centre.	Report on visitation statistics and sales revenue	Achieved



Above: Pioneer Walk, Deloraine & Districts Folk Museum



Above: Great Western Tiers Visitor Information Centre

---

## Infrastructure Services

A broad range of capital works projects have been undertaken with involvement from the Infrastructure Services team during the 2017-2018 financial year. Significant expenditure has been in the area of our transport network with a spend of over \$4.4m on road reconstruction, resealing, gravel resheeting, kerb and channel, and footpath projects. There was an additional \$1.5m spend on bridge reconstruction projects for the year.

One of the significant road reconstruction projects was the realignment of the Railton Road and Dunorlan Road intersection. This intersection had been problematic for some time with a number of vehicles leaving the road. Blackspot funding was provided by the State Liberal Government to assist with the realignment of the road and construction of a deep, reinforced pavement over very challenging ground conditions. Footpath projects completed

included sections of Dexter and Adelaide Streets in Westbury, and a section of path outside the Deloraine Primary School in East Barrack Street, Deloraine.

Construction work for two large projects carried forward from the previous financial year was finally completed, being the new two-lane concrete bridge structure over the Mersey River on Union Bridge Road and the rock gabion structural embankment on Gulf Road alongside the Liffey River.

Additional bridge projects completed included the Ration Tree Creek bridge on Echo Valley Road in Liena, Western Creek bridges on Fellows Road and Montana Road, and replacement of the pedestrian bridge at the Pitcher Parade wetlands in Blackstone Heights using a section of road bridge deck recovered from Mole Creek after the 2016 flood event.

Projects completed for Council buildings included the partial

replacement of roofs at the Meander Valley Performing Arts Centre in Deloraine and the Meander Hall in Meander, an upgrade to the male change rooms at the Deloraine Community Complex, replacement of external cladding at the Great Western Tiers Visitor Information Centre and construction of a new bus shelter, toilet and covered barbeque area at the Westbury Recreation Ground.

The Infrastructure Services team continues to develop opportunities to progress the exciting Hadspen Urban Growth Area and Valley Central bioenergy project and work is progressing on the development of the Local Provisions Schedule for the Planning Scheme reform.

The team continues to advance our asset management processes which will place the Council in a good position in future years to plan for and deliver sustainable infrastructure for the community.



*Above: New dual lane bridge over the Mersey River on Union Bridge Road.*





## Infrastructure Services

### Annual Plan Performance - Transport

Activity	Action	Status
Maintain the serviceability and integrity of Council's transport network.	Deliver the bridge inspection and maintenance program	Achieved
	Design, document, procurement, and supervision of contracts as per the specific projects listed in the 2017/18 Capital Works Program	In Progress
	Undertake footpath proactive defect inspections	Achieved

### Annual Plan Performance - Property Services

Activity	Action	Status
Operate property services in a safe and effective manner to satisfy public demand.	Operate Deloraine Swimming Pool and provide support to the community swimming pool at Caveside	Achieved
	Review the operation of the Deloraine Pool	Achieved
	Complete Annual Maintenance Statement (Section 56) and Asbestos Audit (NCOP) compliance	Achieved
	Co-ordinate building maintenance - general, reactive and programmed	Achieved
	Design, document, procurement and supervision of contracts as per the specific projects listed in the 2017-18 Capital Works Program	Achieved
	Review Evacuation Plans	Achieved

### Annual Plan Performance - Parks and Recreation

Activity	Action	Status
To provide and maintain parks and recreation facilities throughout the local government area.	Undertake inspections and condition assessments of all equipment and facilities	Achieved
	Complete the Strategic Plan for Council's open space areas for Hadspen and Prospect Vale	In Progress
	Design, document, procurement and supervision of contracts as per the specific projects listed in the 2017-18 Capital Works Program	Achieved
	Undertake tree audit of reserves (parks and sports facilities) and identified town streets	Achieved
	Provide support to the Townscape Reserves and Parks Special Committee (TRAP)	Achieved
	Westbury Recreation Ground Function Centre Business Case	Achieved

## Infrastructure Services

### Annual Plan Performance - Asset Management and GIS

Activity	Action	Status
Provision of Asset and GIS services to assist the operations of Council.	Co-ordinate Asset Management Group and Improvement Plan	Achieved
	- Review Asset Management Plans	
	- Undertake Conquest training and development	
	- Undertake AM training and awareness	
	- Develop whole of organisation approach to AM	
	Prepare 2018-19 Capital Works Program	Achieved
	Update asset information, including	Achieved
	- Capitalisation of assets in Conquest	
	- Undertake bridge revaluation	Achieved
	GIS Activities	
	- Input GIS data relating to capitalisation of assets and subdivisions	
	Undertake additional survey of stormwater assets and update GIS	Achieved

### Annual Plan Performance - Waste Management and Resource Recovery

Activity	Action	Status
To provide adequate, efficient and affordable waste services within the Meander Valley Local Government Area.	Provision of kerbside collection contracts for waste, recyclables and organics	Achieved
	Provision of landfill, waste transfer stations and resource recovery operations contract	Achieved
	Provision of hard waste collection	Achieved
	Design, document, procurement, and supervision of contracts as per the specific projects listed in the 2017-18 Capital Works Program	In Progress
	Operational compliance with Environment Protection Notice for Westbury and Deloraine landfill sites	Achieved

### Annual Plan Performance - Stormwater Management

Activity	Action	Status
Council, through the <i>Urban Drains Act</i> and the <i>Local Government (Highways) Act</i> aims to provide piped stormwater networks in line with current local government standards and major stormwater networks (overland flows and roads) capable of meeting a 1% AEP.	Develop stormwater system management plans in line with legislation	In Progress
	Design, document, procurement and supervision of contracts as per specific projects listed in the 2017-18 Capital Works Program	Achieved

## Infrastructure Services

### Annual Plan Performance - Sustainable Development

Activity	Action	Status
Develop sustainable practices within our organisation and community through leading, supporting and encouraging staff, contractors and community to use energy, water and non-renewable resources more productively. Promote and support sustainable economic development initiatives.	Support activities of the Sustainable Environment Committee	Achieved
	Support the progress of the Hadspen Urban Growth Area	Achieved
	Design, document, procurement, and supervision of contracts as per the specific projects listed in the 2017-18 Capital Works Program	Achieved
	Bioenergy Project	Achieved
	Prepare Local Provisions Schedule for the Tasmanian Planning Scheme	In Progress
	Westbury Road Prospect Vale - Activity Centre Plan	In Progress

### Annual Plan Performance - Emergency Services

Activity	Action	Status
To build capacity and resilience in the community and ensure Council is prepared to assist with emergency services in the response to emergencies and lead in the recovery.	Coordinate the Municipal Emergency Management and Recovery Committee (MEMRC)	Achieved
	Support the operation of the Meander Valley SES unit through ongoing management of the MOU	Achieved
	Conduct emergency management training facilitated by Red Cross	Achieved
	Review Municipal Emergency Management Plan	In Progress



Above: Railton & Dunorlan Roads intersection upgrade



Above: Embankment, Gulf Road



Above: Chudleigh Memorial Hall playground



Above: BBQ, shelter & toilets at Westbury Recreation Ground

## Works Department

The Works Department provides maintenance and construction services across Council's road network, urban stormwater systems and recreational spaces such as parks, reserves, sport grounds, cemeteries, public toilets and on-street litter bins.

The Department must ensure that Council assets including green space areas are responsibly managed by being fit for purpose, well presented and safe for the community. The Department also provides support for many Council and community events across the course of the year.

This reporting year the Department successfully completed 98% of allocated

Capital Works Program construction projects and fully expended its overall maintenance budget.

This was an excellent result and highlights the capacity and capability of the team. The Department has continued to undertake construction projects which can be delivered cost effectively and are aligned with the team skill set, plant and other available resources.

Department officers have also undertaken asset condition inspections across road, footpath, urban drainage and recreational infrastructure and this year they have completed 803 inspections which identified 59 defects.

All defects were recorded and addressed within the required timeframe.

Similarly, the Department received and completed 789 Customer Service Requests (CSR's) which is 68% of the total CSR's received by Council and a slightly less quantity than that received the previous reporting year.

The Department has continued to utilise resource sharing opportunities with both Northern Midlands Council and West Tamar Council and into the future will continue to internally measure our efforts and outcomes so the best value can be provided to the community.



Above: Road reconstruction, Dairy Plains



Above: Footpath renewal, East Parade

### Annual Plan Performance - Parks, Reserves, Sports Grounds and Cemeteries

Activity	Action	Status
To ensure Meander Valley Council's parks, reserves, cemeteries and sports grounds are suitably maintained to provide a safe clean and inviting experience to community and sporting organisations.	Provide facility maintenance services	Achieved
	Undertake capital works as per the specific projects listed in the 2017-2018 Capital Works Program	Achieved



---

## Works Department

### Annual Plan Performance - Roads

Activity	Action	Status
To construct and maintain a safe and effective road network to meet the needs of road users and the community.	Undertake maintenance work in accordance with the level of service required	Achieved
	Plan and deliver capital works projects and provide progress report to Council	Achieved

### Annual Plan Performance - Public Convenience, Street Cleaning and Litter Collection

Activity	Action	Status
To ensure public toilets and streets are maintained in a clean and tidy condition.	Undertake street/reserve litter collection and street cleaning	Achieved
	Undertake cleaning of public toilets in accordance with the current level of service	Achieved

### Annual Plan Performance - Urban Stormwater

Activity	Action	Status
To provide and maintain an effective urban storm water drainage system.	Provide storm water maintenance services	Achieved
	Plan and deliver capital works projects and provide progress report to Council	Achieved

### Annual Plan Performance - Plant

Activity	Action	Status
To provide plant and equipment that suits Councils' activities and is financially sustainable.	Manage plant to achieve operational objectives	Achieved
	Undertake plant purchase/trade in accordance with 10 year Major Plant Replacement Program and report to Council	Achieved

### Annual Plan Performance - Management

Activity	Action	Status
To provide facilities, resources and leadership to support the effective and efficient delivery of services to the community.	Respond to customer enquiries	Achieved
	Engage consultant to undertake assessment and provide report on Works Depots.	Not Achieved

## Capital Works Program Summary

2017/2018 Financial Year (for works over \$20,000)

Roads and Streets	(\$)
Adelaide Street - Westbury (Footpath)	48,243
Baker Court - Blackstone Heights (Resealing)	47,167
Bogan Road - Quamby Brook (Gravelling)	35,543
Bay View Drive - Blackstone Heights (Resealing)	115,076
Creeleys Road - Western Creek (Gravelling)	22,137
Caveside Road - Caveside (Reconstruction)	185,710
Dairy Plains Road - Western Creek (Reconstruction)	432,956
Dexter Street - Westbury (Footpath)	35,028
Dunhams Road - Deloraine (Resealing)	27,936
Dunorlan Road - Dunorlan (Resealing)	107,026
East Barrack Street - Deloraine (Footpath & Resealing)	55,874
Emu Bay Road - Deloraine (Resealing)	93,398
Four Springs Road - Selbourne (Gravelling)	27,599
Franklin Street - Westbury (Kerb & Channel & Resealing)	112,971
Gannons Hill Road - Moltema (Reconstruction)	226,064
Gulf Road - Liffey (Embankment structure)	878,772
Liena Road - Liena (Reconstruction)	41,574
Mace Street - Prospect Vale (Resealing)	120,371
Meander Valley Road - Deloraine (Kerb & Channel & Resealing)	126,806
Old Bass Highway - Carrick (Kerb & Channel)	23,403
Parsonage Street - Deloraine (Footpath)	20,099
Priestleys Lane - Birralee (Resealing)	44,749
Quamby Brook Road - Quamby Brook (Resealing)	55,217
Railton Road - Moltema (Reconstruction)	481,206
Railton Road - Moltema (Stock underpass)	53,816
Selbourne Road - Selbourne (Resealing)	161,832
Taylor Street - Westbury (Footpath & Kerb & Channel)	40,309
Towerhill Street - Deloraine (Kerb & Channel)	59,034
Union Bridge Road - Mole Creek (Reconstruction)	430,796
Weegen Road - Weegen (Reconstruction)	168,317
West Goderick Street - Deloraine (Footpath & Kerb & Channel)	29,869
Whitemore Road - Whitemore (Reconstruction)	93,772
Winifred Jane Cres - Hadspen (Kerb & Channel)	25,224

Bridges	(\$)
Bracknell Road - Liffey River (Wingwall Reconstruction)	23,005
Echo Valley Road - Ration Tree Creek (Reconstruction)	150,884
Fellows Road - Western Creek (Reconstruction)	158,943
Liena Road - Mersey River (Reconstruction)	81,936
Mayberry Road - Dry Creek (Abutment Reconstruction)	72,914
Montana Road - Western Creek (Reconstruction)	193,748
Union Bridge Road - Mersey River (Reconstruction)	842,251

Stormwater Drainage	(\$)
Clayton Place, Deloraine	68,463
Dexter Street, Westbury	69,622
Elizabeth Street Bracknell	20,076
Joscelyn Street, Hagley	31,624
Lonsdale Lane, Westbury	36,371
Percy Street, Carrick	24,402

Community Amenities	(\$)
Main Street, Hadspen - Bus Shelter	20,114
Westbury Recreation Ground - Bus Shelter	22,885
Westbury Recreation Ground - Public Toilets & Barbecue	138,425

Recreation Grounds & Sports Facilities	(\$)
Deloraine Community Complex - Male Changeroom Upgrade	65,022
Prospect Vale Park AFL & Soccer Sports Grounds Lighting	24,357
Westbury Recreation Ground - Building Design & Upgrade	33,645

Household Waste	(\$)
Deloraine Landfill - Security Fencing	27,950
Westbury Land fill Site - Earthworks	25,864

Street Lighting	(\$)
LED Street Light Replacement Program	41,364

Public Halls	(\$)
Meander Hall - Partial Roof Replacement (Cladding)	20,294

## Capital Works Program Summary

2017/2018 Financial Year (for works over \$20,000)

Sundry Cultural Activities	(\$)	Parks & Reserves	(\$)
Meander Valley Performing Arts Centre - Roof Upgrade	60,912	Blackstone Wetlands Footbridge Reconstruction	41,897
Administration	(\$)	Bordin Street Reserve - Park Improvements	64,822
Network Infrastructure	21,431	Chudleigh Memorial Hall - Playground Renewal	31,436
Software and Upgrades	26,038	Deloraine Riverbank - Footpath	37,782
Workstations and Peripherals	24,027	Deloraine Train Park - Play Equipment & Irrigation	26,236
Tourism and Promotion	(\$)	Hadspen Lions Park - Erosion Control & Landscaping	21,690
Great Western Tiers Visitor Information Centre (Cladding)	51,312	Molecombe Drive, Prospect - New Footpath	20,137
		Molecombe Drive, Prospect - Playground Renewal	22,818
		Westbury Village Green - Tables & Seating	31,948



Above (L to R): Footpath renewal West Goderich Street, Deloraine Lawn Cemetery upgrades, road reconstruction, Whitmore



Above (L to R): New footpath, Westbury Skate Park, new kerb and channel, Meander Valley Road, Carrick

---

## Reporting on Legislative Requirements

Under various sections of legislation, Council is required to provide the following reports for the 2017- 2018 financial year:

### Attendance at Council and Committee Meetings by Councillors

*(Local Government Act, 1993)*

Refer to page 7 of this report.

---

### Customer Service Complaints

*(Local Government Act, 1993)*

There was one complaint received under Section 339F, Sub-section (5) of the Local Government Act 1993. The nature of this complaint was that customer service provided by a Council Officer was not in line with Council's Customer Service Charter.

---

### Code of Conduct Complaints

*(Local Government Act, 1993)*

There were 2 code of conduct complaints that were upheld either wholly or in part during the preceding financial year. Total costs of \$8,266 were met by Council during the preceding financial year in respect of all code of conduct complaints dealt with under Division 3A of Part 3.

---

### Elected Member Allowances and Expenses

*(Local Government Act, 1993, Council Policy No. 24)*

In 2017-18 Council provided allowances and reimbursements for reasonable expenses to the Mayor, Deputy Mayor and Councillors. This includes telephone and communication equipment, accommodation and travelling. The total amount of these allowances and expenses is shown below (to the nearest dollar):

**Elected Member Allowances:** \$182,803 | **Elected Member Expenses:** \$30,767

---

### Donation of Land

*(Public Interest Disclosures Act, 2002)*

Council has made no donations of land.

---

### Public Interest Disclosure Statement

*(Local Government Act, 1993)*

Section 86 of the Act requires Meander Valley Council to provide statistics on disclosures that were made to Council during the 2017-2018 year.

**Disclosures made to Meander Valley Council:** Nil

*The current procedures established by the Meander Valley Council under the Act are available from the Council Offices or via our website at [www.meander.tas.gov.au](http://www.meander.tas.gov.au) by searching for MVC Public Interest Disclosure - Model Procedures*

---

### Enterprise Powers Statement

*(Section 72(1)(ca) Local Government Act, 1993)*

#### Northern Tasmania Development Corporation Ltd

Council is an initial member and shareholder of Northern Tasmania Development Corporation Ltd (NTDC).

NTDC is a not-for-profit public company limited by guarantee. The primary objectives of NTDC are to:

- provide pro-active, engaged and strategic regional economic leadership;



---

## Reporting on Legislative Requirements

- b) consolidate an agreed vision for the development, sustainability and prosperity of the geographic region that the Organisation's Members encompass;
- c) implement a strategic economic action plan based on the Northern Regional Futures Plan framework or similar; and
- d) provide effective representation and advocacy to State and Federal Government and other stakeholders.

NTDC is currently engaged in a number of initiatives including the development of the Regional Economic Development Plan. This plan focuses on six key themes: Industry development, investment transaction, population growth, place-making, innovation and culture, and human capacity.

It is considered that Council, the municipality and ratepayers generally, will benefit from the investment in NTDC. The organisation will effect direct and material economic, employment, and investment outcomes, and contribute indirectly to social and community benefits as a consequence of NTDC achieving the objectives that it will be set up to achieve.

Council's shareholding is based on annual funding contributions calculated using a formula based on municipality population. Council's annual membership fee for 2017-18 was \$63,547 (2016-17: \$62,118).

## Tenders and Tender Process

*(Local (General) Regulations, 2015)*

In accordance with the reporting requirements under Regulation 29(1) Council entered into the following contracts for the supply of goods or services exceeding \$250,000 (excluding GST):

Contractor	Value Ex.GST	Details
Kentish Construction & Engineering Co. Pty Ltd (trading as Treloar Transport) 5 Spring Street, Sheffield	\$280,338	Reconstruction of the intersection at the Railton Road and Dunorlan Road junction, Moltema (2017/2018)
Venarchie Contracting 11 Cavalry Road, Mowbray	\$946,079	Asphalt and bituminous sealing of roads (2017/2018)

Council did not extend any contract under the provisions of Regulation 23(5)(b).

In accordance with the reporting requirements under Regulation 29(3) Council entered into the following contracts for the supply of goods or services valued at or exceeding \$100,000 (excluding GST) but less than \$250,000:

Contractor	Value Ex.GST	Details
BridgePro Engineering Pty Ltd, 19 Faulkner Drive, Latrobe	\$140,000	Bridge Reconstruction, Echo Valley Road, Liena - Ration Tree Creek
VEC Civil Engineering, 10b Industrial Drive, Ulverstone	\$172,522	Bridge Reconstruction, Montana Road, Red Hills - Western Creek
BridgePro Engineering Pty Ltd, 19 Faulkner Drive, Ulverstone	\$140,000	Bridge Reconstruction, Fellows Road, Western Creek - Western Creek
MPH Builders, 65 Meander Valley Highway, Prospect Vale	\$115,420	Westbury Recreation Ground, BBQ Shelter and Public Toilets, Franklin Street, Westbury

---

## Environmental Health Statement

The Meander Valley Council recognises the importance of and is committed to protecting the health and safety of its residents and visitors. Council is required to undertake numerous inspection and monitoring programs to ensure compliance with the *Public Health Act 1997*, *Food Act 2003* and associated regulations and guidelines. Approximately \$265,000 was spent on environmental health projects and services during 2017- 2018, including the employment of two full-time Environmental Health Officers. Council's core Environmental Health functions are:

- Food safety, including registration and inspection of food businesses and education;
- Disease prevention and control, including immunisations, notifiable disease investigations, education and sharps disposal service;
- Water quality monitoring, including recreational water and private water suppliers;
- Licencing and inspection of Places of Assembly (specific events);
- Licencing and inspection of public health risk activities;
- On-site wastewater management; and
- Public health and environmental complaints.

The following summarises the activities carried out during the financial year 2017/2018:

### **Public Health Act 1997:**

- 3 Public Health Risk Activity Premises registered, 3 Public Health Risk Activity Premise Inspections conducted;
  - 7 Place of Assembly (Specific Events) licenced; 3 Place of Assembly (Specific Events) inspected;
  - 4 Recreational water sites sampled on a weekly basis from December to the end of March, totalling 77 samples;
  - 8 pools/spas were sampled on a monthly basis, totalling 87 samples;
  - 25 private water suppliers/ water carriers registered, 18 water samples undertaken.
  - Immunisation sessions were held at Deloraine High School in September 2017 and March 2018. Immunisations were provided in accordance with the National Immunisation Program Schedule and included diphtheria, tetanus and pertussis (whooping cough) (dTpa) and human papilloma virus (HPV).
- In addition, Meningococcal ACWY vaccinations were provided for 15-19 year olds under the Tasmanian Government Meningococcal W Program. 203 vaccines were administered at the school sessions during the year.
- Immunisations against seasonal influenza were also offered to all Meander Valley Council Staff.

### **Food Act 2003:**

- 153 food premises and 34 statewide mobile businesses were registered and 62 food businesses notified under the Food Act 2003;
- 214 inspections were completed for food premises registered or notified under the Food Act 2003;
- 100 temporary food stall applications were registered and 164 inspections of temporary food stalls were conducted, including 56 inspections at the Tasmanian Craft Fair 2017 and 105 inspections at AGFEST 2018.



### **World Environmental Health Day**

As part of an awareness campaign for World Environmental Health Day, Bracknell Primary School students and their parents were invited to attend an 'Only Share Healthy Air' event which focused on backyard burning and smoke emitted from wood heaters. Coordinated by Council with help from the Environment Protection Authority and the Bracknell Volunteer Fire Brigade, the event included a practical demonstration of correct burn-off procedures, a fire truck tour and students learnt about particles in the air and the adverse effects they can have on our health.

## Community Grants and Sponsorship Programs

Under *Section 77, Local Government Act, 1993*, Council is required to provide the following reports for the 2017/2018 financial year:

### Individual Community Grants and Sponsorships

(Council Policy No. 82)

Recipient	Amount (\$)	Recipient	Amount (\$)
M Pinkiewicz	150	R Collins	150
D Evans	300	H Scott	150
M Sauerwald	150	B Scott	150
J Gillow	150	J Battle	150
S Tantari	150	D Clayton	300
J Marquis	150	K Harvey	150
A Duffy	150	A Hollingsworth	150

### Organisations Receiving Sponsorship and Donations

Recipient	Amount (\$)
Rotary Club of Deloraine, Craft Fair	5,000
Prospect Vale High School, 2017 Eagle Awards	300
Deloraine High School, 2017 Excellence Award	100
Bracknell, Deloraine, Hagley Farm, Mole Creek and Westbury Primary Schools' presentation evenings/year 6 leaver's awards at \$50 each	250

### Organisations Receiving Council Community Grant

Recipient	Amount (\$)
Blackstone Heights Community News Association Inc	250
Bracknell Football Club Inc	2,500
Carrick Community Committee	2,200
Carrick Park Pacing Club	500
Children First Foundation Inc	240
Chudleigh Ag. & H. Soc.	3,000
Darts Tasmania Inc	1,850
Deloraine Creative Studios Inc	2,710
Deloraine Golf Club Inc	1,000
Deloraine House Inc	2,000
Deloraine House Inc	3,000
Deloraine Junior. Basketball Club	1,500
Goodstart Early Learning	2,000
Hadspen Chieftains 8-Ball Club	392
Hadspen Cricket Club	2,948

## Community Grants and Sponsorship Programs

### Organisations Receiving Council Community Grant

Recipient	Amount (\$)
Italian Day Centre (North) Inc	2,590
Jumping Tasmania (North) Inc	3,000
Launceston City Football Club	1,500
Meander Valley Community Radio	1,500
Meander Valley Emergency Relief Scheme	500
Meander Valley Netball Association	2,000
Meander Valley Suns Football Club Inc	2,070
Mole Creek Memorial Hall	2,000
Mole Creek Swim Centre Association	1,500
Mole Creek Progress Association	2,000
Northern Tasmanian Eventing Club	2,000
Parkham Community Association Inc	3,000
Prospect Combined Probus Club	1,000
Prospect Hawks Junior Football Club	1,500
Prospect Hawks Junior Football Club	2,000
Prospect Park Sports Club Inc	3,000
Rotary Club of Central Launceston	240
Rotary Club of Westbury Inc	3,000
Tasmanian Billiards & Snooker Association	2,000
Veteran Car Club of Australia (Tas)	870
Westbury Cricket Club Inc	2,600
Westbury Cricket Club Inc	1,500
Westbury Ladies Probus	550
Westbury Primary School Parents & Friends Association	2,870
Westbury RSL Sub Branch	3,000
Westbury Show Horse Committee	2,000
Whitemore Cricket Club Inc	3,000

### Community Organisations Regulatory Fees Refund Scheme

*(As required by Council Policy No. 75)*

This Scheme provides community organisations undertaking a development with a process for obtaining a refund grant equivalent to certain regulatory fees charged by Council. In 2017/2018 the following community organisations received a grant under the Scheme:

Recipient	Amount (\$)
Mountain Huts Preservation Society Inc	100
Westbury Shamrocks Cricket Club Inc	490



---

## Community Grants and Sponsorship Programs

### Townscape Incentive Grant Scheme

*(As required by Council Policy No. 55)*

Nil.

---

### Conservation Covenant Scheme

*(As required by Council Policy No. 74)*

This grants Scheme is provided in recognition of private property owners' contribution to long-term conservation of significant natural values within the Meander Valley. Seventy three property owners benefited from the Scheme in 2017-2018 with a total grant value of \$10,867 being provided as follows:

Property Owner(s)	Location	Grant (\$)
Young, BJ & DM	"Hatherley", 1425 Illawarra Rd, Carrick	567.00
Shona Martin	140 Christmas Hills Rd, Elizabeth Town	56.70
Gore, Annette K	1/318 Wiiteena Rd, Jackeys Marsh	23.75
Sharma, SD, LD & MD	2/318 Wiiteena Rd, Jackeys Marsh	21.68
Lemaire, MF	3/318 Wiiteena Rd, Jackeys Marsh	23.75
Eloise, J	4/318 Wiiteena Rd, Jackeys Marsh	21.68
Peacock, DJ & SA	5/318 Wiiteena Rd, Jackeys Marsh	22.71
Tillack, G E	6/318 Wiiteena Rd, Jackeys Marsh	11.17
Cross, R F & J M	7/318 Wiiteena Rd, Jackeys Marsh	11.17
Burke, A.S.	8/318 Wiiteena Rd, Jackeys Marsh	27.88
Austen, N.P. & Hallam, J.L.	9/318 Wiiteena Rd, Jackeys Marsh	28.91
Tunks, Christopher & Kuperstein, Leah G	10/318 Wiiteena Rd, Jackeys Marsh	12.38
Crowley, SK	RA380 Sugarloaf Rd, Jackeys Marsh	102.63
Brown, M E	Sugarloaf Rd, Jackeys Marsh	116.46
Irwin, K.F.P. Estate	244 Blairs Rd, Mole Creek	99.84
Lloyd, S. & Nagorka, R.	999 Denmans Rd, Birralelee	106.65
Gerondakis, A.	75 Wiiteena Rd, Jackeys Marsh	221.36
O'Leary, SC & Breen, KA	256 Sugarloaf Rd, Jackeys Marsh	56.70
Hentschel, W.	761 Jackeys Marsh Rd, Jackeys Marsh	126.50
Hayward, J.M. & L.A.	179 Dynans Bridge Rd, Weegenaa	272.29
Hayward, J.M. & L.A.	54 Harts Lane, Weegenaa	105.75
McLeod, SJ	28 Camerons Rd, Mole Creek	433.70
Robin, J.	Jackeys Marsh Rd, Jackeys Marsh	151.56
Whiteley, T.J.	1171 Bogan Rd, Golden Valley	111.64
Warner G. & Hillman A.	Dynans Bridge Rd, Weegenaa	70.31
Dunstan, K & L	175 Dynans Bridge Rd, Weegenaa	79.95
Knowles K.B.	Huntsman Rd, Meander	94.24
DR & CB Durham Pty Ltd	Den Rd, Mole Creek	567.00
DR & CB Durham Pty Ltd	Den Rd, Mole Creek	288.09

## Community Grants and Sponsorship Programs

### Conservation Covenant Scheme

Property Owner(s)	Location	Grant (\$)
Camilleri, J.G.	Highlands Lake Rd, Golden Valley	131.04
Hoffman, N.E.	450 Larcombes Rd, Reedy Marsh	319.90
Cooper, R. & S.	750 Jackeys Marsh Rd, Jackeys Marsh	162.28
Summers, JR & Francia SD	496 East Meander Rd, Meander	56.70
Walker, GM& Ashburn Holdings Pty Ltd	160 Oaks Rd, Carrick	567.00
Herron M. & Howard M.	709 Jackeys Marsh Rd, Jackeys Marsh	161.37
Bramich K. & D.	70 Stephens Rd, Mayberry	97.52
Bierens E.F.	1012 Bogan Rd, Golden Valley	57.04
Ricketts A.	780 Larcombes Rd, Reedy Marsh	197.83
Wood D. & Zournazis H.	746 Jackeys Marsh Rd, Jackeys Marsh	73.77
Hawkes M. & J.	464 Larcombes Rd, Reedy Marsh	404.44
Pearce, NR & Bennett, EJ	Larcombes Rd, Reedy Marsh	56.70
Howard P. & S.	Larcombes Rd, Reedy Marsh	326.75
Lloyd, S. & Nagorka, R.	999 Denmans Rd, Birralee	163.37
Swan I. Estate	1210 Birralee Rd, Birralee	567.00
Cocks, RS & Trowbridge KJ	13185 Highland Lakes Rd, Golden Valley	168.23
Durham D B	57 Big Den Rd, Mole Creek	56.70
Saldana A-M. M.	20 Gulf Rd, Liffey	88.00
Harris J.	144 South Mole Creek Rd, Mole Creek	69.06
Krahenbuhl, R. & J.	13326 Highland Lakes Rd, Golden Valley	220.62
Cadman S. & Norwood R.A.	669 Jackeys Marsh Rd, Jackeys Marsh	103.65
Cole M.L.	Liffey Rd, Liffey	56.70
Leis J.	75 Saddlers Run Rd, Reedy Marsh	106.26
Woodward A.	780 Larcombes Rd, Reedy Marsh	67.50
Lee J.A.	49 Dairy Plains Rd	142.15
Chesworth G.	9 Bensemanns Rd, Birralee	56.70
Berne T.R.	222 East Meander Rd	169.08
Wild D.A.	5 North St, Elizabeth Town	56.70
Wild D.A. & JE	4 North St, Elizabeth Town	56.70
J Visoiu & M J Bickel & R C Bickel & B Bickel	4 Highland Lakes Rd, Golden Valley	204.22
Pearn DG & Risbey SN	199 Samuel St, Elizabeth Town	56.70
Powell J.L. & A.D.	497 Riversdale Rd, Liffey	98.37
Thinking Frog Pty Ltd	Stephens Rd, Mayberry	231.45
Jones S.L.	Baldocks Rd, Mole Creek	147.65
Mackinnon AC & RE	494 Selbourne Rd, Selbourne	102.97
Pennicott G. & G.	100 Silver Wattle Dve, Reedy Marsh	57.89

---

## Community Grants and Sponsorship Programs

### Conservation Covenant Scheme

Property Owner(s)	Location	Grant (\$)
Jones E. & K.	Hamptons Rd, Meander	92.36
Animal Rescue Inc.	Samuel St, Elizabeth Town	70.08
Seilhorst J.	North St, Elizabeth Town	56.70
Forrest K.A. & C.E.	143 Felmingham Rd, Parkham	238.25
Jane A. & Long P.M.L.	Liena Rd, Mole Creek	201.68
Associated Forest Holdings Pty Ltd	59 Bradys Creek Rd, Parkham	567.00
Jones G.R.	1401 Bogan Rd, Golden Valley	91.18
Russell W.	531 Larcombes Road, Reedy Marsh	56.70
<b>Total Conservation Covenent Grants</b>		<b>10,867</b>

---

### Industrial Land Development General Rates Incentive Grant

*(As required by Council Policy No. 76)*

Nil.

---

### Industrial Development Rates Incentive Grants

*(As required by Council Policy No. 86)*

This grants scheme is provided in recognition to apply a financial incentive for the establishment of eligible development in the industrial precincts. MMM Investments received a grant for \$4,690.

---

### Other Rate Remissions

A partial remission of rates amounting to \$2,590 was granted for 152 and 154 Blackstone Road, Blackstone Heights following a request from the owner E M Griffiths on the grounds the Council had issued an order prohibiting occupancy of these properties.

---

## Overview of Financial Performance

The following information is provided to assist readers of the Financial Report.

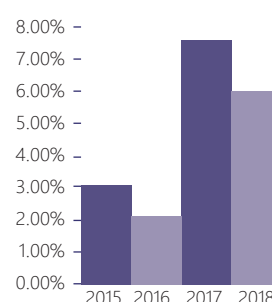
---

### Operating Result

Council reported a net surplus of \$7,205,454 in the 2018 financial year. After adjusting for non-operating items the Underlying Surplus achieved was \$1,221,411. Notable items removed were Capital Grants totalling \$5,577,327, which includes Natural Disaster Relief funding of \$3,180,466 for the June 2016 floods. The effects of a number of income and expenditure items are further detailed in the itemised summaries.

### Underlying Surplus Ratio

The Underlying Surplus Ratio compares Council's Operating Income as a percentage of its Operating Expenses. This indicates that Council generated sufficient revenue to fulfill its operating requirements, including depreciation charges. Note the prepayment of the Financial Assistance Grants has been removed to recognise the grant in their correct year.



---

## Income

### Rates and Charges

Rates and charges are slightly above budget, due to additional revenue related to supplementary rates on properties first rated and revalued during the year.

### Interest

Interest includes interest from invested funds, loaned funds and interest on rate debtors. Overall interest was \$143,043 (19%) above budget, due to the average cash balance being greater than anticipated. However, total interest has decreased from 2017 by 5% due to decreasing interest rates on offer from financial institutions.

### Reimbursements and Contributions Monetary Assets

Revenue is higher than budget by \$253,792 (82%). Additional revenue was received which included: community contributions towards construction of new infrastructure, residential properties rented by Council and contributions from special committees of Council.

### User Fees and Charges

This is revenue that is derived from a range of services including property sales certificates, development application fees, use of the sport and recreation facilities. This item is above budget by \$194,821 (17%) due to the volume of development activity exceeding expectations.

### Operational Grants

Operational grants revenue is above budget. The Commonwealth Government prepaid \$2,165,458 (50%) of the 2019 Financial Assistance Grants in advance with the amount being received as income in 2018.

### Investment Revenue from Water Corporation

This revenue is in the form of dividends and tax equivalent payments received from TasWater which are in line with budget.

### Subdivision Assets Taken Over

This includes road and stormwater infrastructure received from eight separate subdivisions constructed in Prospect Vale, Westbury, Deloraine and Golden Valley.



---

## Overview of Financial Performance

### Capital Grants

This includes \$3,180,466 from the Commonwealth Government for Natural Disaster Relief, \$1,151,439 from the Commonwealth Government for the Roads to Recovery program, \$976,000 from the Commonwealth Government towards the replacement of Union Bridge, \$240,000 from the Commonwealth Government for Blackspot funding for the Dunorlan/Railton Road intersection and a number of less substantial grants.

---

### Expenses

#### Employee Costs

Employee costs were below budget by \$182,951 (-2%). This reflects little change in the number of full time equivalents for the year and some extended periods of leave taken.

#### Materials and Contracts

Expenditure was below budget by \$389,342 (-5%) due to a combination of variances across operational functions. Also, \$81,911 was reallocated to Disaster Recovery Remediation Costs (see below). Areas of note are as follows:

*Administration:* Expenses were under budget by \$148,941 due to training and materials expenses being less than expected.

*Economic Services:* Expenses were under budget by \$196,023 with further work to be completed by consultants on various strategic planning documents.

*Household Waste:* Expenses were slightly under budget by \$108,842 with Garbage and Recycling collection charge increases below expectations.

*Recreation Grounds & Sports Facilities:* Expenses were over budget by \$102,345 with recreation ground maintenance costs being greater than expected.

#### Depreciation and Amortisation

Depreciation and Amortisation was below budget by \$120,901 (-2%). Variances were experienced across a number of asset classes with the most significant being Roads (\$213,271 under budget), Bridges (\$61,586 under budget) and Buildings (\$188,053 over budget). The Buildings and Stormwater asset classes were revalued in 2017 which impacts deprecation in 2018.

#### Finance Costs

Finance costs include interest charges of \$211,320 paid to Tascorp for loaned funds along with the recognition of twelve months expense for unwinding of the Westbury and Deloraine tip rehabilitation provision liabilities, which was more than budgeted for the year.

#### Other Expenses

These are grants provided to community organisations and external audit fees, these were within budget for the year.

#### Disaster Recovery Remediation Costs

This includes \$1,184 of Employee Costs and \$81,911 of Materials & Contracts specifically related to remediation works required following the June 2016 floods.

#### Construction Contracts

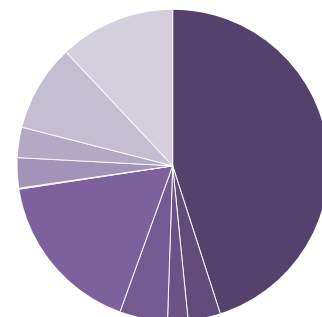
Construction Contracts include all the costs incurred by Council to date towards the design of infrastructure for the Hadspen Urban Growth Project.

## Overview of Financial Performance

### Sources of Income - Revenue Comparison

Revenue Comparison	2015 %	2016 %	2017 %	2018 %	2018 \$
Rates & Charges	46.0	57.1	45.9	45.0	11,957,560
Interest	5.0	5.6	3.8	3.4	894,043
Contributions Monetary Assets	2.3	2.1	1.8	2.1	563,092
User Fees & Charges	5.3	6.6	5.2	5.0	1,321,321
Operational Grants	31.7	20.7	25.6	17.1	4,534,639
Investment Distributions Water Corporation	3.7	4.3	3.3	3.1	834,000
Subdivisions Taken Over	3.0	0.1	1.6	3.2	837,143
Contributions Non-Monetary Assets	N/A	0.3	2.7	N/A	-
Capital Grants	2.5	2.8	9.2	9.0	2,396,861
Natural Disaster Relief Grants	N/A	N/A	N/A	12.0	3,180,466
Other	0.6	0.5	0.9	0.1	27,765

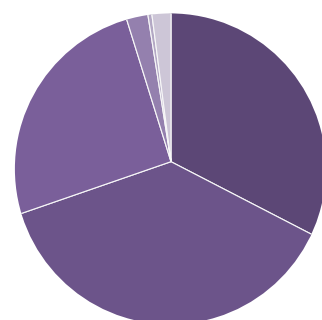
Note the values above do not include the one off recognition of Land Under Roads of \$26,099,977 in 2016.



- Rates and Charges
- Interest
- Contributions Monetary Assets
- User Fees and Charges
- Operational Grants
- Investment Distributions Water Corp.
- Subdivisions Taken Over
- Capital Grants
- Natural Disaster Relief Grants
- Other

### Application of Expenditure - Expense Comparison

Expense Comparison	2015 %	2016 %	2017 %	2018 %	2018 \$
Employee Costs	32.9	33.2	33.6	32.6	6,303,149
Materials & Contracts	38.3	36.2	33.0	37.1	7,177,458
Depreciation & Amortisation	26.9	25.8	25.5	25.5	4,931,099
Finance Costs & Other Expenses	1.9	2.1	2.0	2.3	449,513
Loss on Disposal of Assets	N/A	0.1	2.0	N/A	-
Derecognition of Flood Affected Assets	N/A	2.0	0.5	N/A	-
Construction Contracts	N/A	N/A	N/A	2.1	397,122
Other	0.03	0.6	3.4	0.4	83,095



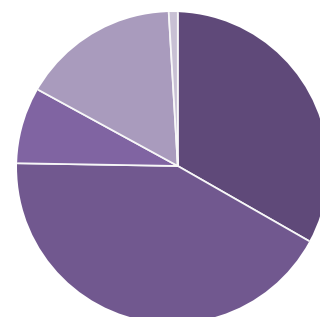
- Employee Costs
- Materials and Contracts
- Depreciation and Amortisation
- Finance Costs and Other Expenses
- Construction Contracts
- Other

---

## Overview of Financial Performance

### Application of Expenditure - Expense Comparison by Function

Expense Comparison by Function		2018 %	2018 \$
Roads, Streets & Bridges	Construction, maintenance and cleaning of road, streets, footpaths, bridges & street lighting.	33.3	6,434,104
Health, Community & Welfare Services	Collection, handling, processing & disposal of all waste materials, operation & maintenance of preventative health, animal control, fire protection (including roadside slashing), tourism promotion, economic services, state emergency services, urban stormwater drainage, environmental protection, cemeteries, community amenities, families, children, aged & disabled & community development.	42.0	8,124,399
Land Use, Planning & Building Control	Administration of the town planning scheme, subdivisions, urban & rural renewal programs. The development & maintenance of building constructions standards.	7.7	1,485,815
Recreation & Culture	Administration & maintenance of public halls, swimming pools facilities, recreation grounds & other sports facilities, library services, parks & reserves & sundry cultural activities.	16.1	3,115,783
Unallocated	General services & activities not identifiable with the functions above.	0.9	181,335



- Roads, Streets and Bridges
- Health, Community and Welfare Services
- Land Use, Planning and Building Control
- Recreation and Culture
- Unallocated

---

## Statement of Financial Position

### Current Assets

Cash & Cash Equivalents and Financial Assets increased from 2017 by \$3,039,777. This is largely due to the receipt of Natural Disaster Relief Grants of \$3,180,466, the expenditure for which was mostly incurred in 2016-2017. Trade & Other Receivables experienced a slight decrease due to reduced sundry debtors and bank interest receivable at year end.

### Current Liabilities

Current liabilities decreased. Accounts payable decreased significantly whilst employee leave provisions increased marginally.

### Non-Current Assets

Non-current assets increased by \$7,384,013 (2%). Most notable increase of \$4,892,202 (22%) was in the Bridges asset class, which was revalued during the year. The Land asset class was also revalued during the year, which resulted in an increase of \$725,966 (9%).

## Overview of Financial Performance

### Statement of Financial Position

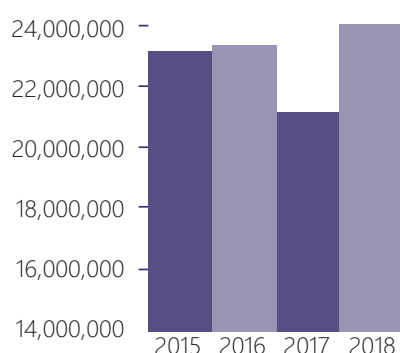
#### Non-Current Liabilities

Non-current liabilities increased marginally due to the Cluan and Deloraine Tip facilities coming closer to expected closure dates, slightly increasing the provision for rehabilitation.

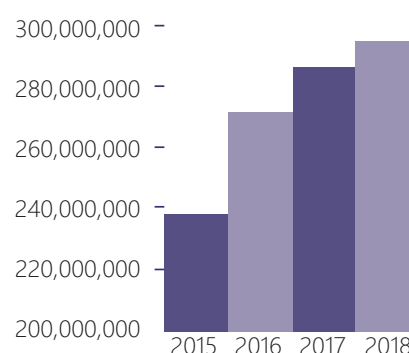
#### Equity

An increase in Accumulated Surplus reflects the operating profit for the year. Reserves increased overall due to the increase in value of Council's Investment in the Water Corporation and the Land and Bridges revaluations.

#### Cash and Investments



#### Net Assets



### Financial Performance Ratios

Financial Ratio	2015	2016	2017	2018
Budget achievement - Revenue	117.2%	94.9%	116.1%	123.6%
Budget achievement - Expenses	98.7%	101.7%	98.3%	98.7%
Debt Servicing	0.9%	1.1%	0.8%	0.8%
Working Capital	1,085.4%	788.8%	645.4%	956.5%
Revenue Growth	35.3%	-14.4%	29.8%	4.7%
Expenditure Growth	1.9%	5.2%	-2.1%	4.3%
Revenue per Capita	\$1,153	\$981	\$1,279	\$1,356
Total Rates per Capita	\$530	\$560	\$587	\$611
General Rate per Capita	\$479	\$507	\$531	\$552
Year End Rates Outstanding	5.0%	4.3%	4.8%	4.6%





---

## Financial Report Year Ended 30 June 2018

## STATEMENT OF THE GENERAL MANAGER

The financial report set out in pages 1 to 42 presents fairly the financial position of the Meander Valley Council as at 30 June 2018, the results of its operations and cash flow for the year, in accordance with the *Local Government Act 1993* (as amended), Australian Accounting Standards (including interpretations) and other authoritative pronouncements issued by the Australian Accounting Standards Board.

A handwritten signature in dark ink, appearing to be 'MG', with a long, sweeping horizontal line extending to the right.

Martin Gill  
**General Manager**

29 August 2018

## TABLE OF CONTENTS

	Page Number
Statement of Comprehensive Income: year ended 30 June 2018	1
Statement of Financial Position: as at 30 June 2018	3
Statement of Changes in Equity: year ended 30 June 2018	4
Statement of Cash Flows: year ended 30 June 2018	5
Notes to and forming part of the Financial Report: year ended 30 June 2018	
1. Significant Accounting Policies	
(a) Basis of Accounting	6
(b) Revenue Recognition	7
(c) Expense Recognition	7
2. Functions/Activities of the Council	8
3. Interest	10
4. Government Grants	10
5. Employee Costs	11
6. Materials and Contracts	11
7. Depreciation and Amortisation Expense	12
8. Finance Costs	12
9. Other Expenses	13
10. Disposal & Derecognition of Assets	13
11. Construction Contracts	13
12. Cash and Cash Equivalents	14
13. Trade and Other Receivables	14
14. Financial Assets	14
15. Other	14
16. Trade and Other Payables	14
17. Provisions	15
18. Investment in Water Corporation	15
19. Loans and Other Receivables	15
20. Work in Progress	16
21. Land	16
22. Land Under Roads	16
23. Land Improvements	16
24. Buildings	16
25. Roads and Streets	16
26. Bridges	17
27. Stormwater	17
28. Plant and Equipment	17
29. Heritage	17
30. Computer Software	17
31. Valuations	17
32. Reconciliation of Movements in Non-Current Assets	18
33. Borrowings	22
34. Provisions	22
35. Reserves	23
36. Special Committees	24
37. Commitments for Expenditure	24
38. Superannuation	24
39. Reconciliation of Surplus/(Deficit) to Statement of Cash Flow	26
40. Credit Standby Arrangements	26
41. Related Party Disclosures	27
42. Financial Instruments	29
43. Management Indicators	34
44. Fair Value Measurement	37
45. Other Significant Accounting Policies and New Accounting Standards	40

## Statement of Comprehensive Income

	Notes	Budget 2018 \$	Actual 2018 \$	Actual 2017 \$
<b>INCOME FROM CONTINUING OPERATIONS</b>				
<b>Recurrent Income</b>				
Rates and Charges		11,890,600	11,957,560	11,498,671
Interest	3	751,000	894,043	944,238
Reimbursements and Contributions Monetary Assets		309,300	563,092	462,592
User Fees and Charges		1,126,500	1,321,321	1,291,955
Operational Grants	4	2,538,100	4,534,639	6,409,514
Profit on Disposal of Assets	10	-	27,765	-
Investment Revenue from Water Corporation		834,000	834,000	834,000
		<u>17,449,500</u>	<u>20,132,420</u>	<u>21,440,970</u>
<b>Capital &amp; Non-Recurrent Income</b>				
Capital Grants	4	1,928,000	2,396,861	2,315,232
Natural Disaster Relief Funding	4	1,806,500	3,180,466	-
Subdivision Assets Taken Over		300,000	837,143	411,860
Contributions Non-Monetary Assets		-	-	678,167
Insurance Claim Natural Disaster Affected Assets		-	-	226,772
Reassessment of Provision for Tip Rehabilitation	34	-	-	287,838
		<u>4,034,500</u>	<u>6,414,470</u>	<u>3,919,869</u>
<b>TOTAL INCOME FROM CONTINUING OPERATIONS</b>		<u>21,484,000</u>	<u>26,546,890</u>	<u>25,360,839</u>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>				
<b>Recurrent Expenditure</b>				
Employee Costs	5	6,486,100	6,303,149	6,252,426
Materials and Contracts	6	7,566,800	7,177,458	6,115,274
Depreciation and Amortisation	7	5,052,000	4,931,099	4,722,886
Finance Costs	8	241,300	313,324	236,495
Other Expenses	9	150,200	136,189	137,638
Loss on Disposal of Assets	10	100,000	-	371,413
		<u>19,596,400</u>	<u>18,861,219</u>	<u>17,836,132</u>
<b>Capital &amp; Non-Recurrent Expenditure</b>				
Redundancy Program	5	-	-	205,648
Disaster Recovery Remediation Costs		-	83,095	417,651
Derecognition of Flood Affected Assets	10	-	-	84,480
Construction Contracts	11	-	397,122	-
		<u>-</u>	<u>480,217</u>	<u>707,779</u>
<b>TOTAL EXPENSES FROM CONTINUING OPERATIONS</b>		<u>19,596,400</u>	<u>19,341,436</u>	<u>18,543,911</u>
<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>	2(a)	<u>1,887,600</u>	<u>7,205,454</u>	<u>6,816,928</u>
<b>OPERATING RESULT FROM DISCONTINUED OPERATIONS</b>		<u>-</u>	<u>-</u>	<u>-</u>
<b>NET OPERATING RESULT FOR THE YEAR</b>		<u>1,887,600</u>	<u>7,205,454</u>	<u>6,816,928</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

**Statement of Comprehensive Income (Cont.)**

		<b>Budget 2018 \$</b>	<b>Actual 2018 \$</b>	<b>Actual 2017 \$</b>
	<b>Notes</b>			
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items that may be reclassified subsequently to surplus or deficit</b>				
Financial Assets Available for Sale Reserve				
Fair Value Adjustment on Available for Sale Assets	18	-	621,281	311,990
<b>Items that will not be reclassified to surplus or deficit</b>				
Revaluation Increment/(Decrement) for Land	35	-	725,966	-
Revaluation Increment/(Decrement) for Buildings	35	-	-	493,499
Revaluation Increment/(Decrement) for Stormwater	35	-	-	1,628,576
Revaluation Increment/(Decrement) for Bridges	35	-	2,354,412	-
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		-	3,701,659	2,434,065
<b>TOTAL COMPREHENSIVE RESULT</b>		1,887,600	10,907,113	9,250,993

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes*



## Statement of Financial Position

	Notes	Actual 2018 \$	Actual 2017 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents		10,459,360	10,530,013
Trade and Other Receivables	13	739,042	911,753
Financial Assets	14	13,363,443	10,253,013
Other	15	261,949	309,397
<b>Total Current Assets</b>	2(b)	<b>24,823,794</b>	<b>22,004,176</b>
<b>NON-CURRENT ASSETS</b>			
Investment in Water Corporation	18	48,489,573	47,868,292
Loans and Other Receivables	19	4,570,875	5,036,500
Work in Progress	20	727,656	2,804,736
Land	21	8,518,455	7,792,489
Land Under Roads	22	26,169,270	26,119,018
Land Improvements	23	6,889,787	7,036,509
Buildings	24	18,640,034	18,651,178
Roads and Streets	25	116,221,404	113,055,378
Bridges	26	26,771,637	21,879,435
Stormwater	27	19,770,109	19,393,632
Plant and Equipment	28	3,245,770	2,977,094
Heritage	29	20,046	20,329
Computer Software	30	78,405	64,872
Valuations	31	29,626	59,172
<b>Total Non-Current Assets</b>	2(b)	<b>280,142,647</b>	<b>272,758,634</b>
<b>TOTAL ASSETS</b>		<b>304,966,441</b>	<b>294,762,810</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	16	1,270,807	2,103,077
Provisions	17	1,324,411	1,306,364
<b>Total Current Liabilities</b>		<b>2,595,218</b>	<b>3,409,441</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	33	3,600,000	3,600,000
Provisions	34	4,023,831	3,913,090
<b>Total Non-Current Liabilities</b>		<b>7,623,831</b>	<b>7,513,090</b>
<b>TOTAL LIABILITIES</b>		<b>10,219,049</b>	<b>10,922,531</b>
<b>NET ASSETS</b>		<b>294,747,392</b>	<b>283,840,279</b>
<b>EQUITY</b>			
Accumulated Surplus		209,522,707	202,317,253
Reserves	35	85,224,685	81,523,026
<b>TOTAL EQUITY</b>		<b>294,747,392</b>	<b>283,840,279</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes

## Statement of Changes in Equity

		<b>Total</b>	<b>Accumulated</b>	<b>Asset</b>	<b>Fair Value</b>
		<b>2018</b>	<b>Surplus</b>	<b>Revaluation</b>	<b>Reserve</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2018</b>	<b>Notes</b>				
<b>Balance at beginning of the financial year</b>		283,840,279	202,317,253	85,341,809	(3,818,783)
Surplus/(Deficit) for the year		7,205,454	7,205,454	-	-
Other Comprehensive Income:					
Fair Value adjustment to Investment in Water Corp.	18	621,281	-	-	621,281
Net asset revaluation increment/(decrement)	35	3,080,378	-	3,080,378	-
<b>Balance at the end of the financial year</b>		<b>294,747,392</b>	<b>209,522,707</b>	<b>88,422,187</b>	<b>(3,197,502)</b>

		<b>Total</b>	<b>Accumulated</b>	<b>Asset</b>	<b>Fair Value</b>
		<b>2017</b>	<b>Surplus</b>	<b>Revaluation</b>	<b>Reserve</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2017</b>					
<b>Balance at beginning of the financial year</b>		274,589,286	195,500,325	83,219,734	(4,130,773)
Surplus/(Deficit) for the year		6,816,928	6,816,928	-	-
Other Comprehensive Income:					
Fair Value adjustment to Investment in Water Corp.	18	311,990	-	-	311,990
Net asset revaluation increment/(decrement)	35	2,122,075	-	2,122,075	-
<b>Balance at the end of the financial year</b>		<b>283,840,279</b>	<b>202,317,253</b>	<b>85,341,809</b>	<b>(3,818,783)</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes



**MEANDER VALLEY COUNCIL**  
YEAR ENDED 30 JUNE 2018

**Statement of Cash Flows**

	Notes	Actual 2018 \$ Inflows (Outflows)	Actual 2017 \$ Inflows (Outflows)
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Rates and Charges		11,952,840	11,419,886
Interest		776,185	873,970
Reimbursements and Contributions		563,092	462,592
User Fees and Charges		1,767,697	1,383,982
Operational Grants		4,534,639	6,409,514
Distributions from Water Corporation		834,000	834,000
Refunds from Australian Tax Office		1,195,447	1,449,259
		<b>21,623,900</b>	<b>22,833,203</b>
<b>Payments</b>			
Employee Costs		(6,673,486)	(6,495,884)
Materials and Contracts		(9,597,374)	(7,539,262)
Other Expenses		(136,189)	(137,638)
		<b>(16,407,049)</b>	<b>(14,172,784)</b>
<b>Net cash provided by Operating Activities</b>	39	<b>5,216,851</b>	<b>8,660,419</b>
<b>Cash Flows from Investing Activities</b>			
<b>Proceeds from</b>			
Sale of Property, Plant and Equipment		208,092	215,965
Insurance Claim Natural Disaster Affected Assets		-	226,772
Loaned Funds Repayments		542,856	469,589
Capital Grants		5,577,327	2,315,232
		<b>6,328,275</b>	<b>3,227,558</b>
<b>Payments for</b>			
Property, Plant and Equipment		(8,422,254)	(13,645,536)
Disaster Recovery Remediation Costs		(83,095)	(417,651)
Investments		(3,110,430)	3,017,268
		<b>(11,615,779)</b>	<b>(11,045,919)</b>
<b>Net cash used in Investing Activities</b>		<b>(5,287,504)</b>	<b>(7,818,361)</b>
Net Increase/(Decrease) in cash held		(70,653)	842,058
Cash at the beginning of the year		10,530,013	9,687,955
<b>Cash and Cash Equivalents at end of the financial year</b>	12	<b>10,459,360</b>	<b>10,530,013</b>

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes*

## Introduction

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

## 1. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

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

This financial report has been prepared under the historical cost convention, except where specifically stated in the Notes.

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. Estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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.

All funds where Council controls resources to carry on its functions have been included in this financial report. All entities controlled by Council that have material assets or liabilities, such as Special Committees of Council, have been included in this financial report. In the process of reporting on Council as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated in full.

Amounts received as tender deposits and retention amounts controlled by Council are included in the amounts disclosed as "Trade and Other Payables" within current liabilities until they are refunded or forfeited.

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 34.

#### *Defined benefit superannuation fund obligations*

Actuarial assumptions are utilised in the determination of Council's defined benefit superannuation fund obligations. These assumptions are discussed in Note 38.

#### *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, depreciation rates and impairment of assets. These assumptions are discussed in Note 44.

#### *Investment in Water Corporation*

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

#### *Tip Rehabilitation*

Assumptions and judgements are utilised in determining Council's valuation of its Provision for Tip Rehabilitation are discussed in Note 34.

**(b) Revenue Recognition**

Revenue is measured at fair value of the consideration received or receivable. Revenue is measured on major income categories including the following:

*Rates, Grants, Reimbursements and Contributions of Monetary Assets, and Contributions of Non-Monetary Assets*

Rates, Reimbursements and Contributions, Subdivision Assets Taken Over and Contributions of Non-Monetary Assets are recognised as revenues when Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates. A provision for impairment on rates has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

Unreceived contributions over which Council has control are recognised as receivables.

Non-monetary contributions and Subdivision Assets Taken Over with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets. Non-monetary contributions below the thresholds are recorded as revenue.

*User Fees and charges*

User charges are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs. A provision for impairment is recognised when collection in full is no longer probable.

*Dividends*

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

**(c) Expense Recognition**

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.



## 2. FUNCTIONS/ACTIVITIES OF THE COUNCIL

(a) Expenses, revenues and assets have been attributed to the following functions/activities, descriptions of which are set out in Note 2(c).

	ROADS, STREETS & BRIDGES		HEALTH, COMMUNITY & WELFARE SERVICES		LAND USE PLANNING & BUILDING CONTROL		RECREATION & CULTURE		UNALLOCATED & UNCLASSIFIED		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Revenues</b>												
Grants	4,626,356	5,262,325	3,245,311	121,369	-	-	66,000	144,488	2,174,299	3,196,564	10,111,966	8,724,746
Rates	-	-	2,588,786	2,466,583	-	-	-	-	9,368,774	9,032,088	11,957,560	11,498,671
Other	470,217	246,031	1,179,721	2,046,371	438,874	446,684	382,295	572,127	2,006,257	1,826,209	4,477,364	5,137,422
Total	\$ 5,096,573	\$ 5,508,356	\$ 7,013,818	\$ 4,634,323	\$ 438,874	\$ 446,684	\$ 448,295	\$ 716,615	\$ 13,549,330	\$ 14,054,861	\$ 26,546,890	\$ 25,360,839
<b>Expenses</b>												
	\$ 6,434,104	\$ 6,810,051	\$ 8,124,399	\$ 7,790,376	\$ 1,485,815	\$ 1,439,450	\$ 3,115,783	\$ 2,890,634	\$ 181,335	\$ (386,600)	\$ 19,341,436	\$ 18,543,911
%	33.27%	36.72%	42.01%	42.01%	7.68%	7.76%	16.11%	15.59%	0.94%	-2.08%	100.00%	100.00%
<b>Net Surplus/(Deficit)</b>	\$ (1,337,531)	\$ (1,301,695)	\$ (1,110,581)	\$ (3,156,053)	\$ (1,046,941)	\$ (992,766)	\$ (2,667,488)	\$ (2,174,019)	\$ 13,367,995	\$ 14,441,461	\$ 7,205,454	\$ 6,816,928
<b>Assets Note 2 (b)</b>	\$ 142,713,928	\$ 136,481,186	\$ 30,481,431	\$ 30,974,935	\$ 54,208	\$ 39,554	\$ 25,171,246	\$ 24,568,759	\$ 106,545,628	\$ 102,698,376	\$ 304,966,441	\$ 294,762,810

<b>Actual</b>	<b>Actual</b>
<b>2018</b>	<b>2017</b>
<b>\$</b>	<b>\$</b>

## 2. FUNCTIONS/ACTIVITIES OF THE COUNCIL (CONT.)

(b) Total assets shown in Note 2(a) are reconciled with the amounts shown for assets in the Statement of Financial Position:

Current Assets	24,823,794	22,004,176
Non-Current Assets	280,142,647	272,758,634
	<u>304,966,441</u>	<u>294,762,810</u>

(c) The activities of the Council are categorised into the following broad functions:

### **Roads, Streets and Bridges**

Construction, maintenance and cleaning of road, streets, footpaths, bridges, parking facilities and street lighting.

### **Health, Community and Welfare Services**

Collection, handling, processing and disposal of all waste materials, operation and maintenance of preventative health, animal control, fire protection, tourism promotion, sundry economic services, state emergency services, urban stormwater drainage, protection of the environment, cemeteries, community amenities, families and children, aged and disabled, and community development.

### **Land Use Planning and Building Control**

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

### **Recreation and Culture**

Administration and maintenance of public halls, swimming pools and other swimming, recreation grounds and other sports facilities, library services, sundry cultural activities and parks and reserves.

### **Unallocated and Unclassified**

General rates and charges, general services and activities not identifiable with the foregoing functions, including private works and stock.

	Actual 2018 \$	Actual 2017 \$
<b>3. INTEREST</b>		
Interest on Cash and Financial Assets	520,929	571,520
Interest on Rate Debtors	77,857	63,994
Other Interest on Loans/Receivables	295,257	308,724
	<u>894,043</u>	<u>944,238</u>

Interest is recognised progressively as it is earned.

#### 4. GOVERNMENT GRANTS

Grants were received in respect of the following:

##### Recurrent Grants

Commonwealth Government Financial Assistance Grant: General Purpose	2,133,082	3,152,175
Commonwealth Government Financial Assistance Grant: Roads & Bridges	2,109,155	3,082,483
Commonwealth Government Roads to Recovery Operating Projects	149,762	49,705
Fuel Tax Funding	41,217	44,389
State Government Bioenergy Wood & Fibre Innovation	50,000	-
State Government Four Springs Angling Pontoon	41,000	-
State Government Liveable Communities Program	7,200	-
Commonwealth Government Blackspot Program: Meander Road	-	44,193
State Government Deloraine Recreational Precinct Feasibility Study	-	30,000
State Government Meander River Flood Survey	-	5,000
Minor Grants Received	3,223	1,569

##### Total Recurrent Grants

<u>4,534,639</u>	<u>6,409,514</u>
------------------	------------------

##### Capital Grants received for new or upgraded assets

Commonwealth Government Roads to Recovery Capital Projects	1,151,439	1,701,944
Commonwealth Government Natural Disaster Relief	3,180,466	-
Commonwealth Government Union Bridge Replacement	976,000	384,000
Commonwealth Government Blackspot Program: Dunorlan/Railton Road	240,000	-
State Government Prospect Vale Park Football Ground Upgrade	-	80,000
State Government Bioenergy Wood & Fibre Innovation	-	50,000
State Government Gardens & Seating Hadsphen Bull Run	25,000	-
State Government Chargesmart Electric Vehicle Charger	4,422	-
Commonwealth Government Westbury & Deloraine CCTV	-	50,000
Commonwealth Government Various Football Ground Goal Posts	-	20,488
Commonwealth Government Prospect Vale Park Solar Panels	-	14,800
Commonwealth Government Rosevale Hall Kitchen	-	7,000
Commonwealth Government Westbury Recreational Ground BBQ Facility	-	7,000

##### Total Capital Grants

<u>5,577,327</u>	<u>2,315,232</u>
------------------	------------------

##### Total Government Grants

<u>10,111,966</u>	<u>8,724,746</u>
-------------------	------------------

Government funds received in relation to pensioner rates of \$666,713 (2016-17: \$638,614) were treated in the Statement of Comprehensive Income as rate revenue.

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2017-18 the Commonwealth made early payment of the two quarterly instalments for the following year. In accordance with AASB1004 Contributions, Council recognises these grants as revenue when it receives the funds and obtains control. The early receipt of instalments resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2017-18 by \$2,165,458. This has impacted the Statement of Comprehensive Income resulting in the Surplus being higher in 2017-18 by the same amount.

	<b>Actual 2018 \$</b>	<b>Actual 2017 \$</b>
<b>5. EMPLOYEE COSTS</b>		
Wages and Salaries	4,940,424	5,055,482
Annual, Sick and Long Service Leave	788,455	815,951
Superannuation	724,241	703,864
State Government Payroll Tax	321,858	333,972
Total Employee Expenses	<u>6,774,978</u>	<u>6,909,269</u>
Less Capital & Non-Recurrent Expenditure		
Disaster Recovery Remediation Costs	(1,184)	(35,932)
Redundancy Program	-	(205,648)
Labour Capital Assets constructed by Council	<u>(470,645)</u>	<u>(415,263)</u>
	<u>(471,829)</u>	<u>(656,843)</u>
	<u><u>6,303,149</u></u>	<u><u>6,252,426</u></u>

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

#### **6. MATERIALS AND CONTRACTS**

Fire Levy	1,136,205	1,075,566
Councillor Allowances	182,803	178,981
Insurance	264,290	292,962
Street Lighting	181,194	291,880
Household Waste	1,249,858	1,173,124
Road Maintenance	1,157,187	1,241,605
Bridge Maintenance	192,392	100,826
Consultants	621,420	364,379
Electricity	95,288	100,972
Motor Vehicles	118,596	121,350
Publications and Subscriptions	166,628	164,445
Other	<u>1,893,508</u>	<u>1,390,903</u>
	<u>7,259,369</u>	<u>6,496,993</u>
Less Capital & Non-Recurrent Expenditure		
Disaster Recovery Remediation Costs	<u>(81,911)</u>	<u>(381,719)</u>
	<u><u>7,177,458</u></u>	<u><u>6,115,274</u></u>

	Actual 2018 \$	Actual 2017 \$
<b>7. DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation and amortisation was charged in respect of:		
Land Improvements	582,159	386,283
Buildings	363,653	398,399
Roads and Streets	2,409,829	2,439,575
Bridges	550,714	541,442
Stormwater	362,490	340,217
Plant and Equipment	601,927	555,218
Heritage	283	280
Computer Software	30,498	31,927
Valuations	29,546	29,545
	<u>4,931,099</u>	<u>4,722,886</u>

Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their economic life to Council at a rate of depreciation that reflects the consumption of the service potential of the assets. Depreciation is recognised on a straight-line basis and is reviewed each reporting period. Depreciation rates and methods are reviewed annually.

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

Land and Land Under Roads are not depreciable assets.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life. This shall be reviewed at least at the end of each reporting period, to ensure that the accounting policy applied to road earthworks reflects the most recent assessment of the useful lives of the assets, having regard to factors such as asset usage, physical deterioration and technical and commercial obsolescence.

The current depreciation method and useful lives are:

Asset	Method	Useful Life
Land	Not Depreciated	Unlimited Life
Land Under Roads	Not Depreciated	Unlimited Life
Land Improvements	Straight Line	5 - 100 years
Buildings	Straight Line	30 - 250 years
Road and Street Components	Straight Line	5 - 200 years
Bridges	Straight Line	15 - 133 years
Stormwater Drainage Reticulation	Straight Line	15 - 80 years
Large Plant/Machinery (Mechanical)	Straight Line	5 - 20 years
Small Plant/Machinery (Mechanical)	Straight Line	3 - 15 years
Plant/Machinery (Electrical)	Straight Line	3 - 30 years
Office Equipment	Straight Line	3 - 25 years
Motor Vehicle	Straight Line	5 years
Heritage Assets	Straight Line	15 - 300 years
Intangibles	Straight Line	3 - 10 years

## 8. FINANCE COSTS

Unwinding of Tip Rehabilitation Provision	102,004	25,175
Interest Charges	<u>211,320</u>	<u>211,320</u>
	<u>313,324</u>	<u>236,495</u>

Finance costs are expensed as incurred using the effective interest method. Borrowing costs include interest on bank overdrafts, interest on borrowings and unwinding of present value calculations.



	Actual 2018 \$	Actual 2017 \$
<b>9. OTHER EXPENSES</b>		
Other Expenses includes:		
External Auditor's Remuneration	31,550	29,690
Community Grants	103,986	107,281
Donations and Other	653	667
	<u>136,189</u>	<u>137,638</u>

#### 10. DISPOSAL & DERECOGNITION OF ASSETS

##### Total

Proceeds from sales/disposal	(208,092)	(215,965)
Written down value of assets sold/disposed	180,327	587,378
Loss/(Gain) on Disposal of Assets	<u>(27,765)</u>	<u>371,413</u>

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

##### Derecognition of Flood Affected Assets

##### Bridges

Proceeds from sales/disposal	-	-
Written down value of assets sold/disposed	-	38,896

##### Buildings

Proceeds from sales/disposal	-	-
Written down value of assets sold/disposed	-	45,584

Derecognition of Flood Affected Assets	<u>-</u>	<u>84,480</u>
--	----------	---------------

#### 11. CONSTRUCTION CONTRACTS

Construction Contract Income - Receivable from Land Owners	-	-
Construction Contract Expenditure on Development	397,122	-

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period. Measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense. Council has incurred expenditure on the Hadspen Urban Growth Project, with the belief that the project will receive commitment from the three landowners. Transactions have been reported in compliance with AASB 111 *Construction Contracts*.

	Actual 2018 \$	Actual 2017 \$
<b>12. CURRENT ASSETS - Cash and Cash Equivalents</b>		
Cash at Bank	10,457,910	10,528,863
Cash on Hand	1,450	1,150
	<u>10,459,360</u>	<u>10,530,013</u>

The above figures are reconciled to cash at end of the financial year as shown in the Statement of Cash Flows as follows:

Balance as above	10,459,360	10,530,013
Balance per Statement of Cash Flows	<u>10,459,360</u>	<u>10,530,013</u>

Cash Assets include all amounts readily convertible to cash on hand (cash on hand, deposits at call with financial institutions, other short term, highly liquid investments) at Council's option with an insignificant risk of changes in value with a maturity of three months or less. Cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 42.

### 13. CURRENT ASSETS - Trade and Other Receivables

Rates Debtors	555,824	551,104
Other Debtors	183,218	360,649
	<u>739,042</u>	<u>911,753</u>

Receivables are carried at amortised cost using the effective interest rate method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred.

### 14. CURRENT ASSETS - Financial Assets

Term Deposits	<u>13,363,443</u>	<u>10,253,013</u>
Market value of investments as at the reporting date	<u>13,363,443</u>	<u>10,253,013</u>

Term Deposits and Cash at Bank are managed and expended in accordance with Council's Long Term Financial Plan.

### 15. CURRENT ASSETS - Other

Inventory Materials	65,702	72,277
Accrued Revenue	196,247	237,120
	<u>261,949</u>	<u>309,397</u>

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.

### 16. CURRENT LIABILITIES - Trade and Other Payables

Employee Costs	285,175	277,938
Materials and Contracts	705,633	1,555,604
Other Creditors	279,999	269,535
	<u>1,270,807</u>	<u>2,103,077</u>

	Actual 2018 \$	Actual 2017 \$
<b>17. CURRENT LIABILITIES - Provisions</b>		
Provision for Annual Leave	579,562	511,435
Provision for Long Service Leave	599,359	655,513
Employee Provisions oncots	145,490	139,416
	<u>1,324,411</u>	<u>1,306,364</u>

Liabilities for wages and salaries, including non-monetary benefits, annual leave and 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.

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.

All annual leave and the long service leave entitlements representing 10 or more years of continuous service:

- Short-term employee benefits, that fall due within 12 months after year end are measured at nominal value.
- Long-term employee benefits that do not fall due within 12 months after year end measured at present value.

#### **18. NON-CURRENT ASSETS - Investment in Water Corporation**

Opening balance	47,868,292	47,556,302
Change in fair value of investment	621,281	311,990
Carrying value of investment at end of year	<u>48,489,573</u>	<u>47,868,292</u>

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2018, Council held a 3.02% (2016-17: 3.02%) ownership interest in TasWater which is based on schedule 2 of the Corporations Constitution which reflects the council's voting rights. Any unrealised gains and losses on holdings at balance date are recognised through the Statement of Comprehensive Income to a Financial Assets Available for Sale Reserve each year, refer Note 35. Council's investment is not traded in an active market and is only sensitive to fluctuations in the value of TasWater's net assets.

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

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

#### **19. NON-CURRENT ASSETS - Loans and Other Receivables**

Assessed Contributions - Westbury Industrial Development	713,597	1,182,897
Assessed Contributions - East Deloraine Industrial Development	95,278	91,603
Loan Receivable - Aged Care Deloraine	3,600,000	3,600,000
Vendor Finance - Aged Care Deloraine	162,000	162,000
	<u>4,570,875</u>	<u>5,036,500</u>

	Actual 2018 \$	Actual 2017 \$
<b>20. NON-CURRENT ASSETS - Work in Progress</b>		
Work in Progress - at cost	727,656	2,804,736
<b>21. NON-CURRENT ASSETS - Land</b>		
Land at Fair Value	8,518,455	7,792,489
<b>22. NON-CURRENT ASSETS - Land Under Roads</b>		
Land Under Roads at Fair Value	26,169,270	26,119,018
Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.		
<b>23. NON-CURRENT ASSETS - Land Improvements</b>		
Land Improvements at Cost	12,751,735	12,316,298
Less Accumulated Depreciation	(5,861,948)	(5,279,789)
	6,889,787	7,036,509

Land improvements include landscaping (trees, grass, rocks and shrubs), earthworks not integral to other assets, playing surfaces on recreation reserves and recreational equipment and structures.

Comparative figures have been restated in the Statement of Financial Position and Statement of Changes in Equity. The Provision for Tip Rehabilitation was incorrectly calculated and disclosed in the year ended 30 June 2017, this has been treated as a prior period error in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The adjustments are detailed below, with the Statement of Financial Position balances as at 30 June 2017 restated as follows:

- Land Improvement asset values, including Accumulated Depreciation, were increased by \$519,109, to reflect the correction of the capitalised rehabilitation assets;
- Provision for Tip Rehabilitation liability values were increased by \$231,187 to reflect the correction of the calculated rehabilitation costs and timeframes (see Note 34); and
- Accumulated Surpluses were increased by \$287,922 to reflect the changes above.

A third Statement of Financial Position has not been presented because the total restatement does not have a material effect on the information in the Statement of Financial Position at the beginning of the preceding period.

The following table discloses the impact on the 2016-17 notes that have been restated for the adjustment of prior period errors discussed above.

	2017 (Unadjusted)	Prior Year Error Adjustment	2017 (Adjusted)
Land Improvements	6,517,400	519,109	7,036,509
Provision for Tip Rehabilitation	3,445,079	231,187	3,676,266
Accumulated Surplus	202,029,331	287,922	202,317,253

**24. NON-CURRENT ASSETS - Buildings**

Buildings at Fair Value	19,093,629	18,741,120
Less Accumulated Depreciation	(453,595)	(89,942)
	18,640,034	18,651,178

**25. NON-CURRENT ASSETS - Roads and Streets**

Roads and Streets at Fair Value	165,303,601	160,088,474
Less Accumulated Depreciation	(49,082,197)	(47,033,096)
	116,221,404	113,055,378

Roads and streets include earthworks, substructures, seals and kerbs relating to roads, roundabouts, driveways, footpaths, nature strips and parking areas.

	Actual 2018 \$	Actual 2017 \$
<b>26. NON-CURRENT ASSETS - Bridges</b>		
Bridges at Fair Value	37,487,577	33,527,857
Less Accumulated Depreciation	(10,715,940)	(11,648,422)
	<u>26,771,637</u>	<u>21,879,435</u>
<b>27. NON-CURRENT ASSETS - Stormwater</b>		
Stormwater at Fair Value	27,564,088	26,825,121
Less Accumulated Depreciation	(7,793,979)	(7,431,489)
	<u>19,770,109</u>	<u>19,393,632</u>
<b>28. NON-CURRENT ASSETS - Plant and Equipment</b>		
Plant and Equipment at Cost	7,190,563	6,898,155
Less Accumulated Depreciation	(3,944,793)	(3,921,061)
	<u>3,245,770</u>	<u>2,977,094</u>
<b>29. NON-CURRENT ASSETS - Heritage</b>		
Heritage at Cost	139,854	139,854
Less Accumulated Depreciation	(119,808)	(119,525)
	<u>20,046</u>	<u>20,329</u>
<b>30. NON-CURRENT ASSETS - Computer Software</b>		
Intangible at Cost	645,064	601,033
Less Accumulated Amortisation	(566,659)	(536,161)
	<u>78,405</u>	<u>64,872</u>
<b>31. NON-CURRENT ASSETS - Valuations</b>		
Valuations at Cost	177,271	177,271
Less Accumulated Depreciation	(147,645)	(118,099)
	<u>29,626</u>	<u>59,172</u>

### 32. PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE

2018	Opening Balance	Recognition & Acquisition of Assets	Revaluation Increments / (Decrements) (Note 35)	Depreciation & Amortisation (Note 7)	Written Down Value of Disposals	Transfers	Year End Balance
	\$	\$	\$	\$	\$	\$	\$
<b>Works in progress</b>							
<b>Total Works In Progress</b>	2,804,736	8,422,254	-	-	-	(10,499,334)	727,656
	2,804,736	8,422,254	-	-	-	(10,499,334)	727,656
<b>Property</b>							
Land	7,792,489	-	725,966	-	-	-	8,518,455
Land Under Roads	26,119,018	50,252	-	-	-	-	26,169,270
Land Improvements	7,036,510	-	-	(582,159)	-	435,436	6,889,787
Buildings	18,651,179	-	-	(363,653)	-	352,508	18,640,034
Total property	59,599,196	50,252	725,966	(945,812)	-	787,944	60,217,546
<b>Infrastructure</b>							
Roads & Streets	113,055,378	504,461	-	(2,409,829)	(71,768)	5,143,162	116,221,404
Bridges	21,879,435	-	2,354,412	(550,714)	(41,572)	3,130,076	26,771,637
Stormwater	19,393,632	282,432	-	(362,490)	-	456,535	19,770,109
Total infrastructure	154,328,445	786,893	2,354,412	(3,323,033)	(113,340)	8,729,773	162,763,150
<b>Plant and Equipment</b>							
Plant & Equipment	2,977,095	-	-	(601,927)	(66,985)	937,587	3,245,770
Heritage	20,329	-	-	(283)	-	-	20,046
Computer Software	64,873	-	-	(30,498)	-	44,030	78,405
Valuations	59,172	-	-	(29,546)	-	-	29,626
Total plant and equipment	3,121,469	-	-	(662,254)	(66,985)	981,617	3,373,847
<b>Total</b>	217,049,110	837,145	3,080,378	(4,931,099)	(180,325)	10,499,334	226,354,543

Notes to and forming part of the Financial Report



### 32. PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE (CONT.)

2017	Opening Balance	Recognition & Acquisition of Assets	Revaluation Increments / (Decrements) (Note 35)	Depreciation & Amortisation (Note 7)	Written Down Value of Disposals	Transfers	Year End Balance
	\$	\$	\$	\$	\$	\$	\$
<i>Works in progress</i>							
	917,271	13,645,536	-	-	-	(11,758,072)	2,804,736
<b>Total Works In Progress</b>	<b>917,271</b>	<b>13,645,536</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,758,072)</b>	<b>2,804,736</b>
<i>Property</i>							
Land	7,245,430	70,167	-	-	(60,000)	536,892	7,792,489
Land Under Roads	26,099,977	19,041	-	-	-	-	26,119,018
Land Improvements	5,065,123	1,352,555	-	(386,283)	(99,410)	1,104,525	7,036,510
Buildings	17,008,213	608,000	493,499	(398,399)	(45,584)	985,450	18,651,179
<b>Total property</b>	<b>55,418,743</b>	<b>2,049,763</b>	<b>493,499</b>	<b>(784,682)</b>	<b>(204,994)</b>	<b>2,626,867</b>	<b>59,599,196</b>
<i>Infrastructure</i>							
Roads & Streets	110,997,145	181,182	-	(2,439,575)	(452,552)	4,769,178	113,055,378
Bridges	19,668,302	-	-	(541,442)	(42,755)	2,795,330	21,879,435
Stormwater	17,409,321	211,635	1,628,576	(340,217)	-	484,317	19,393,632
<b>Total infrastructure</b>	<b>148,074,768</b>	<b>392,817</b>	<b>1,628,576</b>	<b>(3,321,234)</b>	<b>(495,307)</b>	<b>8,048,825</b>	<b>154,328,445</b>
<i>Plant and Equipment</i>							
Plant & Equipment	2,509,258	-	-	(555,218)	(55,725)	1,078,780	2,977,095
Heritage	20,609	-	-	(280)	-	-	20,329
Computer Software	93,200	-	-	(31,927)	-	3,600	64,873
Valuations	88,717	-	-	(29,545)	-	-	59,172
<b>Total plant and equipment</b>	<b>2,711,784</b>	<b>-</b>	<b>-</b>	<b>(616,970)</b>	<b>(55,725)</b>	<b>1,082,380</b>	<b>3,121,469</b>
<b>Total</b>	<b>206,205,295</b>	<b>2,442,580</b>	<b>2,122,075</b>	<b>(4,722,886)</b>	<b>(756,026)</b>	<b>11,758,072</b>	<b>217,049,110</b>

### 32. PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE (CONT.)

#### Asset Capitalisation and Maintenance

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. Officers of the Council determine at the occurrence of an event whether to capitalise/expense expenditure. The following is provided as a guide for roads:

Road Component	Treatment
Reseals	Capitalised or Expensed
Road Shouldering	Expensed
Reconstruction/Construction	Capitalised
Gravel Resheeting	Capitalised
Seal Patching	Expensed
Road Drainage	Capitalised or Expensed
Road Drainage (Piped)	Capitalised or Expensed
Road Verge Works	Expensed

#### Recognition and Measurement of Assets

The cost method of accounting is used for the initial recognition of all asset acquisitions. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition including architects' fees and engineering design fees and all other costs incurred in getting the assets ready for use.

In determining the cost of Non-Current Assets constructed by Council, "Cost" includes all materials used in construction, direct labour used on the project and an appropriate proportion of overheads. The cost of all materials includes all consulting fees.

Non-monetary assets received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

The following thresholds apply in recognising the acquisition of new assets. Assets valued at less than the specified amounts are charged to the Statement of Comprehensive Income in the year of purchase. When group values have been determined, the threshold applies to the group, not individual assets within that group.

Asset Class	Threshold (\$)
Land	Nil
Land Under Roads	5,000
Land Improvements	5,000
Buildings	5,000
Roads and Streets	5,000
Bridges	5,000
Stormwater	5,000
Plant and Equipment	2,000
Heritage Assets	2,000
Intangibles	2,000

### Revaluation of Non-Current Assets

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

Asset Class	Valuation Basis
Land	Fair Value
Land Under Roads	Fair Value
Land Improvements	Cost
Buildings	Fair Value
Plant and Equipment	Cost
Roads and Streets	Fair Value
Stormwater	Fair Value
Heritage Assets	Cost
Bridges	Fair Value
Intangibles	Cost

Subsequent to the initial recognition of assets, non-current physical assets, other than Land Improvements, Plant and Equipment, Heritage and Intangibles, 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 asset classes, measured on the fair value basis on a three-year rolling cycle. The valuation is performed either by experienced Council officers or independent experts. The cost of acquisitions and capital works during the year is considered to represent their fair value.

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. Further details regarding the fair value hierarchy are disclosed at Note 44 Fair Value Measurement.

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

### Impairment of Assets

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, Stormwater, Buildings and the like, value in use is represented by the deprival value of the asset approximated by its written down replacement cost.

	Actual 2018 \$	Actual 2017 \$
<b>33. NON-CURRENT LIABILITIES - Borrowings</b>		
Borrowings - Secured	3,600,000	3,600,000

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.

Borrowings are secured over all present and future receivables of the Council representing the Council's general revenues from general rates, service rates, permit fees, rents and other charges imposed by the Council; and all money deposited into any account or held by any Government Body as collection agent for Tascorp, and derived from any of those sources.

Not later than one year	-	-
Later than one year and not later than five years	3,600,000	-
Later than five years	-	3,600,000
	3,600,000	3,600,000

#### 34. NON-CURRENT LIABILITIES - Provisions

Provision for Long Service Leave	228,534	220,096
Employee Provisions - oncosts	17,026	16,728
Provision for Tip Rehabilitation	3,778,271	3,676,266
	4,023,831	3,913,090

Provision for long service leave representing less than 10 years of continuous service measured at present value.

#### Reconciliation of Provision for Tip Rehabilitation

Opening Balance	3,676,267	2,670,543
Unwinding of Discount	102,004	25,175
Reassessment of Estimate	-	980,549
Closing Balance	3,778,271	3,676,267

Comparative figures for Provision for Tip Rehabilitation have been restated in the Statement of Financial Position and Statement of Changes in Equity. Refer to Note 23.

Council is obligated to restore landfill sites to a particular standard. Current engineering projections indicate that the landfill site at Cluan will begin restoration work in 2021 and the landfill site at Deloraine will begin restoration work in 2025. The forecast life of the landfill sites are based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works have been inflated by the Consumer Price Index (Hobart) 2.39% and discounted by the Indicative Mid Rates of Selected Australian Government Securities. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

#### Employee Benefits

AASB 119 Employee Benefits has been applied when calculating and reporting employee entitlements. The bases of measurement of liabilities for each type of employee benefit are as follows:

(i) 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.

(ii) 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.

(iii) Superannuation

The superannuation expense for the reporting period is the amount of the statutory contribution the local government makes to the superannuation plan which provides benefits to its employees. 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. Details of those arrangements are set out in Note 38.

(iv) Number of employees	2018	2017
Permanent FTE staff	80	76
Casual staff	8	7

### 35. RESERVES

2018	Opening Balance	Increment / (decrement)	Closing Balance
Asset Revaluation Reserve			
Land	4,542,493	725,966	5,268,459
Buildings	7,917,193	-	7,917,193
Roads and Streets	47,692,376	-	47,692,376
Bridges	14,338,112	2,354,412	16,692,524
Stormwater	10,851,635	-	10,851,635
Total Asset Revaluation Reserve	85,341,809	3,080,378	88,422,187
Fair Value Reserve			
Investment in Water Corporation	(3,818,783)	621,281	(3,197,502)
Total Fair Value Reserve	(3,818,783)	621,281	(3,197,502)
	81,523,026	3,701,659	85,224,685
2017	Opening Balance	Increment / (decrement)	Closing Balance
Asset Revaluation Reserve			
Land	4,542,493	-	4,542,493
Buildings	7,423,694	493,499	7,917,193
Roads and Streets	47,692,376	-	47,692,376
Bridges	14,338,112	-	14,338,112
Stormwater	9,223,059	1,628,576	10,851,635
Total Asset Revaluation Reserve	83,219,734	2,122,075	85,341,809
Fair Value Reserve			
Investment in Water Corporation	(4,130,773)	311,990	(3,818,783)
Total Fair Value Reserve	(4,130,773)	311,990	(3,818,783)
	79,088,961	2,434,065	81,523,026

### 36. SPECIAL COMMITTEES

The statements include transactions for the following Special Committees:

2018	Receipts	Payments	Net Assets
Birrlee Memorial Hall	3,312	3,341	6,810
Bracknell Public Hall & Recreation Ground	2,789	553	7,676
Carrick Community Hall	4,082	3,147	2,148
Caveside Recreation Committee	3,040	2,171	11,545
Chudleigh Memorial Hall	18,377	13,275	20,814
Dairy Plains Memorial Hall	4,830	2,410	9,139
Deloraine Community Car	19,400	28,141	31,393
Meander Hall & Recreation Ground	16,756	16,170	38,646
Mole Creek Memorial Hall	18,711	16,406	23,916
Rosevale Memorial Hall & Recreation Ground	3,906	2,918	21,698
Selbourne Memorial Hall	1,558	1,262	42,036
Weegena Hall	185	967	8,665
Westbury Community Car	10,483	6,745	13,773
Westbury Historical Society	1,957	4,214	18,187
Westbury Recreation Ground	129	1,000	2,071
Whitemore Recreation Ground	2,021	1,829	4,665
	<u>111,536</u>	<u>104,549</u>	<u>263,182</u>

The balance of net assets forms part of the Cash at Bank balance.

### 37. COMMITMENTS FOR EXPENDITURE

Capital expenditure commitments contracted for as at the reporting date and which have not been recognised as liabilities in the Statement of Financial Position are as follows (all commitments due within 12 months).

	2018 \$	2017 \$
Capital Expenditure Commitments: Works In Progress		
Buildings	59,077	142,794
Roads	-	204,326
Bridges	324,402	675,431
Stormwater	-	112,300
Land Improvements	9,438	65,814
Intangibles	-	5,000
	<u>392,917</u>	<u>1,205,665</u>

### 38. SUPERANNUATION

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

For the year ended 30 June 2018 the Council contributed 13% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

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



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

Net Investment Return	7.0% p.a.
Salary Inflation	4.0% p.a.
Price Inflation	n/a

The actuarial review concluded that:

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

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

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

Council also contributes to other accumulation schemes on behalf of a number of employees; however the Council has no ongoing responsibility to make good any deficiencies that may occur in those schemes. During the year Council made the required superannuation contributions for all eligible employees to an appropriate complying superannuation fund as required by the *Superannuation Guarantee (Administration) Act 1992*.

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

- The 2017 actuarial review used the “aggregate” funding method. This is a standard actuarial funding method. The results from this method were tested by projecting future fund assets and liabilities for a range of future assumed investment returns. The funding method used is consistent with the method used at the previous actuarial review in 2014. Under the aggregate funding method of financing the benefits, the stability of the Councils’ contributions over time depends on how closely the Fund’s actual experience matches the expected experience. If the actual experience differs from that expected, the Councils’ contribution rate may need to be adjusted accordingly to ensure the Fund remains on course towards financing members’ benefits.
- In terms of Rule 27.4 of the Tasplan Trust Deed (Trust Deed), there is a risk that employers within the Fund may incur an additional liability when an Employer ceases to participate in the Fund at a time when the assets of the Fund are less than members’ vested benefits. Each member of the Fund who is an employee of the Employer who is ceasing to Participate is required to be provided with a benefit at least equal to their vested benefit in terms of Rule 27.4 (b) (A). However, there is no provision in the Trust Deed requiring an employer to make contributions other than its regular contributions up to the date of cessation of contributions. This issue can be resolved by the Trustee seeking an Actuarial Certificate in terms of Rule 26.5 identifying a deficit and the Trustee determining in terms of Rule 26.3(c) that the particular employer should make the payment required to make good any shortfall before the cessation of participation is approved.
- The application of Fund assets on Tasplan being wound-up is set out in Rule 41.4. This Rule provides that expenses and taxation liabilities should have first call on the available assets. Additional assets will initially be applied for the benefit of the then remaining members and/or their 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 Tasplan. However it is likely that Rule 27.4 would be applied in this case (as detailed above).
- The Fund is a defined benefit Fund.

- The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. Thus the Fund is not able to prepare standard AASB119 defined benefit reporting.
- During the reporting period the amount of contributions paid to defined benefits schemes was \$49,503 (2016-17, \$74,587), and the amount paid to accumulation schemes was \$674,738 (2016-17, \$629,277).
- During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is Nil, due to the contribution holiday as prescribed by Tasplan. The amount to be paid to accumulation schemes is \$756,000.
- As reported previously, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2017. Moderate investment returns, since that date, make it quite probable that this is still the position. The financial position of the Fund will be fully investigated at the actuarial review as at 30 June 2020.
- An analysis of the assets and vested benefits of sub-funds participating in the Scheme, prepared by Rice Warner Pty Ltd as at 30 June 2017, showed that the Fund had assets of \$58.9 million and members' Vested Benefits were \$51.2 million. These amounts represented 0.7% and 0.6% respectively of the corresponding total amounts for Tasplan.
- As at 30 June 2017 the fund had 134 members and the total employer contributions and member contributions for the year ending 30 June 2017 were \$1,777,084 and \$267,506 respectively.

	<b>Actual 2018 \$</b>	<b>Actual 2017 \$</b>
<b>39. RECONCILIATION OF SURPLUS/ (DEFICIT) FOR THE PERIOD TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
Net Surplus/(Deficit)	7,205,454	6,816,928
Items not involving Cash		
Subdivisions Taken Over	(837,143)	(411,860)
Contributions Non-Monetary Assets	-	(678,167)
Interest Accrued on Receivables	(77,232)	(94,876)
Proceeds from Capital Grants	(5,577,327)	(2,315,232)
Depreciation and Amortisation Expense	4,931,099	4,722,886
	<u>(1,560,603)</u>	<u>1,222,751</u>
Investing Activity		
(Profit)/Loss on Disposal of Assets	(27,765)	371,413
Insurance Claim Natural Disaster Affected Assets	-	(226,772)
Disaster Recovery Remediation Costs	83,095	417,651
Derecognition of Flood Affected Assets	-	84,480
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	172,710	(178,804)
(Increase)/Decrease in Inventories	6,576	(14,206)
(Increase)/Decrease in Accrued Revenue	40,873	(26,379)
Increase/(Decrease) in Payables	(832,278)	493,830
Increase/(Decrease) in Provisions	128,789	(300,473)
	<u>(483,330)</u>	<u>(26,033)</u>
Net Cash Inflow from Operating Activities	<u>5,216,851</u>	<u>8,660,419</u>

#### 40. CREDIT STANDBY ARRANGEMENTS

Council has a Direct Debit Facility with the Commonwealth Bank with a \$30,000 limit. (2016-17: \$30,000)

Council has Business Cards with a limit of \$55,000. The balance is cleared monthly. (2016-17: \$55,000)

There were no other credit standby arrangements or unused loan facilities at 30 June 2018.

#### 41. RELATED PARTY DISCLOSURES

##### (a) Responsible Persons

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

<b>Councillors</b>	Cr C Perkins (Mayor)	<b>General Manager</b>	Mr M Gill
	Cr M Kelly (Deputy Mayor)	<b>Directors</b>	Mr D De Paoli
	Cr A Connor		Mr M Millwood
	Cr T King		Mr J Harmey
	Cr I Mackenzie		Ms L While
	Cr B Richardson		Mr M Salter (former)
	Cr R Synfield		
	Cr D White		
	Cr J Temple		

##### (b) Councillor Remuneration

2018

	Allowances \$	Total Compensation AASB 124 \$	Expenses \$	Total allowances and expenses section 72 \$
Mayor	51,389	51,389	4,551	55,940
Deputy Mayor	28,631	28,631	1,101	29,732
Councillors	102,783	102,783	2,833	105,616
<b>Total</b>	<b>182,803</b>	<b>182,803</b>	<b>8,485</b>	<b>191,288</b>

2017

	Allowances \$	Total Compensation AASB 124 \$	Expenses \$	Total allowances and expenses section 72 \$
Mayor	50,315	50,315	3,742	54,057
Deputy Mayor	28,032	28,032	924	28,956
Councillors	100,634	100,634	2,772	103,406
<b>Total</b>	<b>178,981</b>	<b>178,981</b>	<b>7,438</b>	<b>186,419</b>

##### (c) Key Management Personnel Remuneration

Section 72(1)(cd) of the Local Government Act 1993 requires Council to report the total annual remuneration paid to employees of the Council who hold positions designated by the Council as being senior positions. The Council has determined that Senior Positions comprise Director and General Manager positions.

2018

Remuneration band	Number of employees <sup>6</sup>	Short term employee benefits		Post employment benefits			
		Salary <sup>1</sup> \$	Vehicles <sup>2</sup> \$	Super-annuation <sup>3</sup> \$	Other Long-term Benefits <sup>4</sup> \$	Termination Benefits <sup>5</sup> \$	Total \$
\$0 - \$20 000	1	23,835	2,683	2,688	(23,283)	-	5,923
\$170 000 - \$190 000	4	583,730	51,253	74,274	22,176	-	731,433
\$220 000 - \$240 000	1	179,181	14,960	23,199	19,216	-	236,556
<b>Total</b>		<b>786,746</b>	<b>68,896</b>	<b>100,161</b>	<b>18,109</b>	<b>-</b>	<b>973,912</b>

2017

Remuneration band	Number of employees <sup>6</sup>	Short term employee benefits		Post employment benefits			
		Salary <sup>1</sup> \$	Vehicles <sup>2</sup> \$	Super-annuation <sup>3</sup> \$	Other Long-term Benefits <sup>4</sup> \$	Termination Benefits <sup>5</sup> \$	Total \$
\$20 000 - \$40 000	1	23,096	-	3,002	(39,572)	36,700	23,226
\$60 000 - \$80 000	2	141,551	2,917	16,929	(31,321)	1,884	131,960
\$90 000 - \$110 000	1	59,802	14,888	7,763	7,936	-	90,389
\$120 000 - \$140 000	1	152,555	3,728	19,667	(52,317)	-	123,633
\$180 000 - \$200 000	2	284,003	24,932	36,757	18,773	-	364,465
\$220 000 - \$240 000	1	165,831	18,435	21,452	17,393	-	223,111
\$290 000 - \$310 000	1	87,502	3,386	15,526	(50,548)	245,705	301,571
<b>Total</b>		<b>914,340</b>	<b>68,286</b>	<b>121,096</b>	<b>(129,656)</b>	<b>284,289</b>	<b>1,258,355</b>

<sup>1</sup> Gross Salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice

<sup>2</sup> Includes total cost of providing and maintaining vehicles provided for private use, including registration, insurance, fuel and other consumables, maintenance cost and parking (including notional value of parking provided at premises that are owned or leased and fringe benefits tax).

<sup>3</sup> Superannuation means the contribution to the superannuation fund of the individual.

<sup>4</sup> Other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation; other non-monetary benefits (such as housing, subsidised goods or services etc).

<sup>5</sup> Termination benefits include all forms of benefit paid or accrued as a consequence of termination.

<sup>6</sup> Number of employees includes total number of employees that held a Key Management Personnel position during the financial year.

#### (d) Transactions With Related Parties

The Council has dealings from time to time with its Key Management Personnel (KMP) in both their private and business capacities. Transactions between Council and its related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

Key Management Personnel	Position	Interest Declared	Nature of Relevant Dealings with Council
Cr C Perkins	Mayor	No interest declared	
Cr M Kelly	Deputy Mayor	No interest declared	
Cr A Connor	Councillor	No interest declared	
Cr T King	Councillor	Secretary of Deloraine District Pony Club	Food business registrations with Council under normal commercial terms and conditions.
Cr I Mackenzie	Councillor	No interest declared	
Cr B Richardson	Councillor	Business: ABDAS Pty Ltd	Supplier of postage services at the Westbury Post Office under normal commercial terms and conditions.
Cr R Synfield	Councillor	No interest declared	
Cr D White	Councillor	No interest declared	
Cr J Temple	Councillor	Business: Archer Temple Pty Ltd	Supplier of general printing, book binding, picture framing and signage making services under normal commercial terms and conditions.
M Gill	General Manager	No interest declared	
D De Paoli	Director	No interest declared	
M Millwood	Director	No interest declared	
J Harmey	Director	No interest declared	
L White	Director	No interest declared	
M Salter	Director	No interest declared	

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

#### (e) Outstanding Balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Unpaid Rates of Key Management Personnel	<u>908</u>
--	------------

#### (f) 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
- Use of Council's swimming pool

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.

## 42. FINANCIAL INSTRUMENTS

### (a) Accounting Policy, terms and conditions

Financial Instruments	Note	Accounting Policy	Terms and Conditions
<b>Financial Assets</b>			
<b>Cash and Cash Equivalents</b>			
	12	Cash on hand and at bank and in cash management accounts are valued at face value. Interest is recognised as it accrues.	On call deposits returned floating interest rates between 0% (2016-17: 0%) and 2.00% (2016-17: 1.05%). The interest rate at balance date was 0%-2.00% (2016-17: 0%-0.75%).
<b>Term Deposits</b>			
	14	Investments and bills are valued at cost. Investments are held to maximise interest returns of surplus cash.  Interest revenues are recognised as they accrue. Investments are held to maximise interest returns of surplus cash.	Term Deposits returned fixed interest rates of between 2.00% (2016-17: 2.25%), and 3.05% (2016-17: 3.15%) net of fees. Funds returned a weighted average interest rate of 2.65% (2016-17: 2.84%).
<b>Receivables - Rate Debtors</b>			
	13	An impairment loss is not recognised on rates receivable.	Unpaid rates represent a charge against the ratable property that will be recovered when the property is next sold. Arrears attract interest of 8.72% (2016-17: 7.50%).
<b>Receivables - Other Debtors</b>			
	13	Receivables are carried at amortised cost using the effective interest method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and arrears do not attract interest. Debtors are required to settle within 14 days of issue of the account.
<b>Financial Liabilities</b>			
<b>Trade and Other Payables</b>			
	16	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
<b>Interest-Bearing Loans and Borrowings</b>			
	33	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council. The fixed interest rate on borrowings is 5.87%.

**(b) Interest Rate Risk**

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

**2018**

**Fixed Interest Maturing:**

	<b>Floating Interest Rate</b>	<b>Under 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>						
Cash and Cash Equivalents	10,457,910	-	-	-	1,450	10,459,360
Term Deposits: maturity > 3 months	13,363,443	-	-	-	-	13,363,443
Rates Receivable	555,824	-	-	-	-	555,824
Loans, Trade and Other Receivables	-	-	4,313,597	257,278	183,219	4,754,094
Accrued Revenue	-	-	-	-	196,247	196,247
Investment in Water Corporation	-	-	-	-	48,489,573	48,489,573
<b>Total Financial Assets</b>	<b>24,377,177</b>	<b>-</b>	<b>4,313,597</b>	<b>257,278</b>	<b>48,870,489</b>	<b>77,818,541</b>
<b>Financial Liabilities</b>						
Trade and other payables	-	-	-	-	1,270,807	1,270,807
Borrowings	-	-	3,600,000	-	-	3,600,000
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>3,600,000</b>	<b>-</b>	<b>1,270,807</b>	<b>4,870,807</b>
<b>Net Financial Assets (Liabilities)</b>	<b>24,377,177</b>	<b>-</b>	<b>713,597</b>	<b>257,278</b>	<b>47,599,682</b>	<b>72,947,734</b>

**2017**

**Fixed Interest Maturing:**

	<b>Floating Interest Rate</b>	<b>Under 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>						
Cash and Cash Equivalents	10,528,863	-	-	-	1,150	10,530,013
Term Deposits: maturity > 3 months	10,253,013	-	-	-	-	10,253,013
Rates Receivable	551,104	-	-	-	-	551,104
Loans, Trade and Other Receivables	-	-	-	5,036,500	360,649	5,397,149
Accrued Revenue	-	-	-	-	237,120	237,120
Investment in Water Corporation	-	-	-	-	47,868,292	47,868,292
<b>Total Financial Assets</b>	<b>21,332,980</b>	<b>-</b>	<b>-</b>	<b>5,036,500</b>	<b>48,467,211</b>	<b>74,836,691</b>
<b>Financial Liabilities</b>						
Trade and other payables	-	-	-	-	2,103,077	2,103,077
Trust funds and deposits	-	-	-	3,600,000	-	3,600,000
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,600,000</b>	<b>2,103,077</b>	<b>5,703,077</b>
<b>Net Financial Assets (Liabilities)</b>	<b>21,332,980</b>	<b>-</b>	<b>-</b>	<b>1,436,500</b>	<b>46,364,134</b>	<b>69,133,614</b>

**(c) Net Fair Values**

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

**Financial Instruments**

*Financial Assets*

Cash and Cash Equivalents
Term Deposits: Maturity > 3 months
Trade and Other receivables
Accrued Revenue
Investment in Water Corporation
<b>Total Financial Assets</b>

*Financial Liabilities*

Trade and Other payables
Borrowings
<b>Total Financial Liabilities</b>
<b>Net Financial Assets</b>

30 June 2018		30 June 2017	
Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
10,459,360	10,459,360	10,530,013	10,530,013
13,363,443	13,363,443	10,253,013	10,253,013
5,309,918	5,309,918	5,948,253	5,948,253
196,247	196,247	237,120	237,120
48,489,573	48,489,573	47,868,292	47,868,292
77,818,541	77,818,541	74,836,691	74,836,691
1,270,807	1,270,807	2,103,077	2,103,077
3,600,000	3,980,196	3,600,000	4,029,732
4,870,807	5,251,003	5,703,077	6,132,809
72,947,734	72,567,538	69,133,614	68,703,882

**Carrying amounts classified as:**

*Financial assets*

Cash and Cash Equivalents
Loans and Receivables
Available for Sale Financial Assets
<b>Total Financial Assets</b>

*Financial Liabilities*

Financial Liabilities Measured at Amortised Cost
Interest-bearing Loans and Borrowings
<b>Total Financial Liabilities</b>
<b>Net Financial Assets</b>

30 June 2018	30 June 2017
\$	\$
23,822,803	20,783,026
5,506,165	6,185,373
48,489,573	47,868,292
77,818,541	74,836,691
1,270,807	2,103,077
3,600,000	3,600,000
4,870,807	5,703,077
72,947,734	69,133,614

The basis for determining fair values is disclosed in Note 44.

**(d) Credit Risk**

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

**(e) Risks and mitigation**

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

**Market risk**

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

**Interest rate risk**

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



Our loan borrowings are sourced from Tascorp. We manage interest rate risk on our net debt portfolio by:

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

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

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

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

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

### **Credit risk**

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

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions per our Investment policy.

Credit risk arises from Council's financial assets, which comprise cash and cash equivalents, and trade and other receivables. Council's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note. Council generally trades with recognised, creditworthy third parties, and as such collateral is generally not requested, nor is it Council's policy to securitise its trade and other receivables. It is Council's policy that some customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their credit rating, financial position, past experience and industry reputation. In addition, receivable balance are monitored on an ongoing basis with the result that Council's exposure to bad debts is not significant.

We may also be subject to credit risk for transactions which are not included in the Statement of Financial Position, such as when we provide a guarantee for another party.

### **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 & Other Receivables was:

	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
Current (not yet due)	4,740,321	5,381,295
Past due by up to 30 days	2,948	5,277
Past due between 31 and 180 days	5,539	5,644
Past due between 181 and 365 days	2,822	4,875
Past due by more than 1 year	2,464	58
Total Trade Receivables	4,754,094	5,397,149
Rates Receivable	555,824	551,104
Total Trade & Other Receivables	5,309,918	5,948,253

**Ageing of individually impaired Trade and Other Receivables**

At balance date no debtors were impaired. Some of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

**Liquidity risk**

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

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

To help reduce these risks we:

- have readily accessible standby facilities and other funding arrangements in place; and
- monitor budget to actual performance on a regular basis.

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

The table below lists the contractual maturities for Financial Liabilities. These amounts represent the discounted cash flow payments (ie principal only).

<b>2018</b>	<b>Less than 1 year \$</b>	<b>1-5 years \$</b>	<b>&gt;5 years \$</b>	<b>Contracted Cash Flow \$</b>	<b>Carrying Amount \$</b>
Trade and other payables	1,270,807	-	-	1,270,807	1,270,807
Borrowings	-	3,600,000	-	3,600,000	3,600,000
<b>Total financial liabilities</b>	<b>1,270,807</b>	<b>3,600,000</b>	<b>-</b>	<b>4,870,807</b>	<b>4,870,807</b>

<b>2017</b>	<b>Less than 1 year \$</b>	<b>1-5 years \$</b>	<b>&gt;5 years \$</b>	<b>Contracted Cash Flow \$</b>	<b>Carrying Amount \$</b>
Trade and other payables	2,103,077	-	-	2,103,077	2,103,077
Borrowings	-	-	3,600,000	3,600,000	3,600,000
<b>Total financial liabilities</b>	<b>2,103,077</b>	<b>-</b>	<b>3,600,000</b>	<b>5,703,077</b>	<b>5,703,077</b>

**(f) Sensitivity disclosure analysis**

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

- A parallel shift of + 1% and - 1% in market interest rates (AUD) from year-end rates of 2.17%.

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.

<b>2018</b>		<b>Interest rate risk</b>			
		<b>+1 % +100 basis points Profit \$</b>		<b>-1 % -100 basis points Profit \$</b>	
	<b>\$</b>	<b>Profit \$</b>	<b>Equity \$</b>	<b>Profit \$</b>	<b>Equity \$</b>
<b>Financial assets:</b>					
Cash and cash equivalents	10,459,360	104,594	104,594	(104,594)	(104,594)
Term Deposits - maturity > 3 months	13,363,443	133,634	133,634	(133,634)	(133,634)
Rates receivable	555,824	-	-	-	-
Other receivables (fixed rate)	3,600,000	-	-	-	-
<b>Financial liabilities:</b>					
Interest-bearing loans/borrowings (fixed rate)	3,600,000	-	-	-	-

#### 43. MANAGEMENT INDICATORS

	Benchmark	2018	2017	2016	2015
<b>(a) Underlying surplus or deficit</b>		\$	\$	\$	\$
Recurrent income*		20,082,630	19,325,302	18,860,209	18,562,566
Recurrent expenditure		(18,861,219)	(17,836,132)	(18,448,909)	(18,004,211)
Underlying surplus/deficit	0	<u>1,221,411</u>	<u>1,489,170</u>	<u>411,300</u>	<u>558,355</u>

\* Recurrent income excludes prepaid financial assistance grants from the Commonwealth Government.

Consistent underlying surpluses reflect Councils stable financial performance.

<b>(b) Underlying surplus ratio</b>					
<u>Underlying surplus or deficit</u>		<u>1,221,411</u>	<u>1,489,170</u>	<u>411,300</u>	<u>558,355</u>
Recurrent income*		20,082,630	19,325,302	18,860,209	18,562,566
Underlying surplus ratio %	0%	6%	8%	2%	3%

This ratio serves as an overall measure of financial operating effectiveness. Council budgets for and has reported modest underlying surpluses which ensures its operations are sustainable.

<b>(c) Net financial liabilities</b>					
Liquid assets less		24,561,845	21,694,778	23,691,185	23,618,915
total liabilities		<u>10,219,049</u>	<u>10,922,531</u>	<u>9,460,786</u>	<u>8,359,007</u>
Net financial liabilities	0	<u>14,342,796</u>	<u>10,772,247</u>	<u>14,230,399</u>	<u>15,259,908</u>

This measure shows whether Council's total liabilities can be met by its liquid assets. An excess of total liabilities over liquid assets means that, if all liabilities fell due at once, additional revenue would be needed to fund the shortfall. Council is pleased to report that it manages its finances to ensure all liabilities are fully funded.

<b>(d) Net financial liabilities ratio</b>					
<u>Net financial liabilities</u>		<u>14,342,796</u>	<u>10,772,247</u>	<u>14,230,399</u>	<u>15,259,908</u>
Recurrent income*		20,082,630	19,325,302	18,860,209	18,562,566
Net financial liabilities ratio %	0% to -50%	71%	56%	75%	82%

This ratio indicates the net financial obligations of Council compared to its recurrent income. Councils is currently operating in a low debt environment which assists in achieving a positive ratio.

#### **(e) Asset consumption ratio**

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

	Benchmark	2018	2017	2016	2015
<i>Bridges</i>		\$	\$	\$	\$
<u>Depreciated replacement cost</u>		<u>26,771,637</u>	<u>21,879,435</u>	<u>19,668,302</u>	<u>20,027,603</u>
Current replacement cost		37,487,577	33,527,857	31,096,105	31,813,278
Asset consumption ratio %	At least 60%	71%	65%	63%	63%
<i>Stormwater</i>					
<u>Depreciated replacement cost</u>		<u>19,770,109</u>	<u>19,393,632</u>	<u>17,409,321</u>	<u>17,349,419</u>
Current replacement cost		27,564,088	26,825,121	23,798,041	23,418,358
Asset consumption ratio %	At least 60%	72%	72%	73%	74%
<i>Roads and Streets</i>					
<u>Depreciated replacement cost</u>		<u>116,221,404</u>	<u>113,055,378</u>	<u>110,997,147</u>	<u>102,097,702</u>
Current replacement cost		165,303,601	160,088,474	156,844,999	151,089,537
Asset consumption ratio %	At least 60%	70%	71%	71%	68%

The building asset class is not included in the asset consumption ratio analysis. As the building assets are valued based on market value the ratio is not comparable to Bridges, Stormwater, Roads and Streets.

This ratio indicates the level of service potential available in Council's existing asset base. Council has a proactive asset renewal program. Asset revaluations occur regularly to ensure asset information is current.

	Benchmark	2018	2017	2016	2015
(f) Asset renewal funding ratio		\$	\$	\$	\$
An asset renewal funding ratio has been calculated in relation to each significant asset class included in the long-term strategic asset management plan of Council.					
<i>Bridges</i>					
Projected capital funding outlays**		10,212,000	10,534,000	10,360,300	10,827,000
Projected capital expenditure funding***		10,212,000	10,534,000	10,360,300	10,827,000
Asset renewal funding ratio % 90% to 100%		100%	100%	100%	100%
<i>Buildings</i>					
Projected capital funding outlays**		3,983,000	3,720,000	1,748,800	2,299,000
Projected capital expenditure funding***		3,983,000	3,720,000	1,748,800	2,298,300
Asset renewal funding ratio % 90% to 100%		100%	100%	100%	100%
<i>Stormwater</i>					
Projected capital funding outlays**		4,894,000	5,095,000	2,458,800	3,071,000
Projected capital expenditure funding***		4,894,000	5,095,000	2,458,800	3,078,000
Asset renewal funding ratio % 90% to 100%		100%	100%	100%	100%
<i>Roads &amp; Streets</i>					
Projected capital funding outlays**		35,870,000	37,016,000	29,871,500	30,230,000
Projected capital expenditure funding***		35,870,000	37,016,000	29,871,500	30,224,000
Asset renewal funding ratio % 90% to 100%		100%	100%	100%	100%

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

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

This ratio measures Council's capacity to fund future asset replacement requirements. Council is focussed on fully funding the capital asset expenditure as established in the asset management plans.

	Benchmark	2018	2017	2016	2015
(g) Asset sustainability ratio		\$	\$	\$	\$
Capex on replacement/renewal of existing assets		8,108,043	8,953,212	4,925,947	4,767,362
Annual depreciation expense		4,931,099	4,722,886	4,884,407	4,840,011
Asset sustainability ratio %	100%	164%	190%	101%	98%

This ratio calculates the extent to which Council is maintaining operating capacity through renewal of their existing asset base. Council manages its capex on replacement/renewal of existing assets in line with the requirements of the asset management plans. Due to the long useful lives of Councils infrastructure this ratio must be viewed in conjunction with a long term view.

<b>2018</b>	Capital renewal expenditure \$	Capital new expenditure \$	Total capital expenditure \$
<b>Asset Class</b>			
Land	-	-	-
Land Improvements	190,841	244,595	435,436
Buildings	179,361	173,145	352,506
Roads and Streets	4,716,148	427,014	5,143,162
Bridges	2,099,064	1,031,013	3,130,077
Stormwater	11,841	444,694	456,535
Plant and Equipment	866,757	70,830	937,587
Computer Software	44,031	-	44,031
	<u>8,108,043</u>	<u>2,391,291</u>	<u>10,499,334</u>

<b>2017</b>	Capital renewal expenditure \$	Capital new expenditure \$	Total capital expenditure \$
<b>Asset Class</b>			
Land	-	536,893	536,893
Land Improvements	667,263	437,263	1,104,526
Buildings	425,528	559,923	985,451
Roads and Streets	4,205,320	563,858	4,769,178
Bridges	2,686,619	108,711	2,795,330
Stormwater	-	484,315	484,315
Plant and Equipment	968,482	110,297	1,078,779
Computer Software	-	3,600	3,600
	<u>8,953,212</u>	<u>2,804,860</u>	<u>11,758,072</u>

#### 44. FAIR VALUE MEASUREMENT

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

- Land
- Land Under Roads
- Buildings
- Roads and Streets
- Bridges
- Stormwater
- Investment in Water Corporation

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

##### (a) Fair Value Hierarchy

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

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

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

As at 30 June 2018	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Recurring fair value measurements</b>					
Land	21	-	8,518,455	-	8,518,455
Land Under Roads	22	-	-	26,169,270	26,169,270
Buildings	24	-	-	18,640,034	18,640,034
Roads and Streets	25	-	-	116,221,404	116,221,404
Bridges	26	-	-	26,771,637	26,771,637
Stormwater	27	-	-	19,770,109	19,770,109
Investment in Water Corporation	18	-	-	48,489,573	48,489,573
		-	8,518,455	256,062,027	264,580,482

As at 30 June 2017	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Recurring fair value measurements</b>					
Land	21	-	7,792,489	-	7,792,489
Land Under Roads	22	-	-	26,119,018	26,119,018
Buildings	24	-	-	18,651,178	18,651,178
Roads and Streets	25	-	-	113,055,378	113,055,378
Bridges	26	-	-	21,879,435	21,879,435
Stormwater	27	-	-	19,393,632	19,393,632
Investment in Water Corporation	18	-	-	47,868,292	47,868,292
		-	7,792,489	246,966,933	254,759,422

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

**(b) Highest and best use**

AASB 13 requires the fair value of non-financial assets to be calculated based on their "highest and best use". Council considers that 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****Land** (Level 2)

Land fair values were determined by the Tasmanian Valuer General on 28 February 2017. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current planning provisions. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

**Land Under Roads** (Level 3)

Land under roads was first recognised as at 30 June 2016 and calculated by use of a land use class rates as determined by the Valuer-General. The rate has been derived by dividing land values by land area by property class category in each municipality. A 30% discount was applied to average values in each category (residential, commercial, industrial, community services and other) to equate to unimproved values. No discount was applied to the primary production property class category. These rates were applied to the square meterage of land under roads, on an individual road basis, with the rate determined by the property class surrounding the road. Significant inputs into this valuation approach is price per square metre derived from the analysis of sales taking into consideration permitted use and locality, another significant input is the 30% discount to unit rates.

**Buildings** (Level 3)

The fair value of buildings were determined by a qualified independent valuer Herron Todd White effective 31 March 2017. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant input into this valuation approach was price per square metre.

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of useful lives that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3.

**Infrastructure Assets**

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

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

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Brownfield" assumption meaning that the CRC was determined as the full cost of replacing an asset in its current form 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 are disclosed in Note 7.

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 and Streets (Level 3)**

The fair value of Roads and Streets were determined by Dino De Paoli, Director of Councils Infrastructure Services effective 2 July 2015. Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. All road segments are componentised into formation, pavement, and seal. Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

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

### **Bridges (Level 3)**

The fair value of bridges assets were determined by a valuation undertaken by independent valuers Aus Span effective 18 December 2017. Each bridge is assessed individually and componentised into sub-assets representing the deck and sub-structure. The valuation is based on the material type used for construction and the deck and sub-structure area.

### **Stormwater (Level 3)**

The fair value of Stormwater Infrastructure were determined by Dino De Paoli, Director of Councils Infrastructure Services effective 31 December 2016. Similar to roads, stormwater assets are managed in segments; pits and pipes being the major components.

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

CRC is based on the unit rate for the component type. For pipes, the unit price is multiplied by the asset's length. The unit rate for pipes is based on the construction material and labour.

### **(d) Unobservable inputs and sensitivities**

Asset / liability category*	Carrying amount (at fair value)	Key unobservable inputs *	Expected range of inputs	Description of how changes in inputs will affect the fair value
Investment in Water Corporation	48,489,573	Refer to Note 18 for a description of the valuation basis.		

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

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

The changes in level 3 assets with recurring fair value measurements are detailed in Note 32 (Reconciliation of movements in non-current assets). 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 Land, Buildings, Roads and Streets and Stormwater (recurring fair value measurements) is set out in Note 32 and Note 35.

### **(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 Note 42.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in Note 42 is provided by Tascorp (level 2).

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



#### 45. OTHER SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS

##### **(a) 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.

##### **(b) Taxation**

Council is exempt from income tax however is required to pay for other forms of taxation including Land Tax, Fringe Benefits Tax, Payroll Tax and the Goods and Services Tax.

##### *Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of goods and services tax (GST), except where the GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an expense item. Receivables and payables are stated as the GST inclusive amount.

The amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from the investing and financing activities, which are recovered from or paid to the ATO, are classified as operating cash flows.

##### **(c) Comparative and Budget Information**

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where necessary by accounting standards, comparative information has been adjusted to conform with changes in presentation for the current year. The Budget revenue and expenses allocated in the Statement of Comprehensive Income are taken from Council's annual budget and have not been audited.

##### **(d) Adoption of New and Amended Accounting Standards**

Certain new accounting standards and interpretations have become mandatory for the 30 June 2018 reporting period. Council's assessment of the impact of new standards and interpretations are set out below:

- (i) AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107** (effective from 1 January 2017).  
Amendments to AASB 107 require additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities. Council has concluded that there are no financing activities undertaken, as per the Statement of Cash Flows.

##### **(e) Pending Accounting Standards**

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

- (i) AASB 9 Financial Instruments.** This standard is applicable to annual reporting periods beginning on or after 1 January 2018.

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

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

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

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

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

- (ii) *AASB 15 Revenue from Contracts with Customers*. This standard is applicable to annual reporting periods beginning on or after 1 January 2019.

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

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

Council has analysed the new revenue recognition requirements and is yet to form conclusions about significant impacts. Potential future impacts include:

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

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

- (iii) **AASB 16 Leases.** This standard is applicable to annual reporting periods beginning on or after 1 January 2019.

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

AASB 16 will result in most of Council's operating leases being brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low-value assets which may remain off the balance sheet. Councils existing lease commitments are disclosed in Note 37.

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

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

Council will apply the standard from 1 July 2019 using a retrospective approach with cumulative catch-up with an adjustment to Accumulated surpluses for the difference in accounting treatment on initial adoption. Council's current assessment is that no material changes are anticipated to the financial statements from the changes to the standard.

- (iv) **AASB 1058 Income of Not-for-Profit Entities.** This standard is applicable to annual reporting periods beginning on or after 1 January 2019.

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

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

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

Council will apply the standard from 1 July 2019 using a retrospective approach with cumulative catch-up with an adjustment to Accumulated surpluses for the difference in accounting treatment on initial adoption. Council's current assessment is that no material changes are anticipated to the financial statements from the changes to the standard.



## **Independent Auditor's Report**

### **To the Councillors of Meander Valley Council**

### **Report on the Audit of the Financial Report**

#### **Opinion**

I have audited the financial report of Meander Valley Council (Council), which comprises the statement of financial position as at 30 June 2018 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the statement of certification by the General Manager.

In my opinion the accompanying financial report:

- (a) presents fairly, in all material respects, Council's financial position as at 30 June 2018 and its financial performance and its cash flows for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

#### **Basis for Opinion**

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

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

My audit responsibility does not extend to the budget figures included in the statement of comprehensive income and the asset renewal funding ratio disclosed in note 43 to the financial report and accordingly, I express no opinion on them. Furthermore, I express no opinion on the General Manager's determination that Council did not have any Significant Business Activities for inclusion in the financial report as required by Section 84(2)(da) of the *Local Government Act 1993*.

...1 of 3

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

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

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

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

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

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

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

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

...2 of 3

evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Council to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



Stephen Morrison  
**Assistant Auditor-General**  
**Delegate of the Auditor-General**

**Tasmanian Audit Office**

13 September 2018  
Hobart

