



**BRIGHTON
COUNCIL**

**ANNUAL
REPORT**

2016

2017

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ANZAC DAY 2017

INTRODUCTION

Brighton Council's Annual Report is comprised of two key parts:

- The first part includes the Mayor and General Manager's reports, together with reports on the major strategies set out in the 2016/17 Annual Plan.
- The second part of the Annual Report incorporates the audited financial statements for the financial year.

History

The Brighton Council area is very rich historically with what we now know as Pontville being first penetrated by early Royal Marine patrols soon after the arrival of Governor David Collins at Sullivans Cove on 21st February 1804.

In 1821, Governor Lachlan Macquarie toured the island and selected sites for five townships, one of which was Brighton, being so called in honour of the favourite place of residence of King George IV. As early as 1822, twelve months after Macquarie's visit, Brighton was being spoken of as the future capital of Tasmania. Although considered again in 1824 and 1825, the proposal was dropped and in 1826 became a military post on the main Launceston to Hobart road.

The Council itself held its first meeting on 19th November 1863. In 1993, some one hundred and thirty years later, there were significant changes as a result of the number of Councils in Tasmania being reduced from forty six to twenty nine. This "amalgamation" of councils saw the "loss" of sixty one percent of rural land. Brighton is now a small council, covering an area of approximately 168 square kilometres.

Brighton is located approximately 25 kilometres from Hobart and forms the northern urban suburb of the Hobart metropolitan region. Prior to the early 1970's, Brighton was principally a rural municipality. The establishment of the large public housing estates in Bridgewater and Gagebrook in the 1970's and private development in the late 1980's and early 1990's, changed the municipality into more of an urban residential area. In recent years, commercial and industrial development is increasing in our industrial estate, the largest in the south of the state.

Brighton has a population of approximately 16,500 with a median age of 33 years and 86% of the population are under 65 years of age.

Brighton Council continues to set new standards of achievement in local government in Tasmania, and has shown what can be achieved by the local community and council working together.

If you would like further information, or wish to comment on any aspect of this report please contact Council on 6268 7000.

Invitation for Submissions:

Members of the community are invited to make submissions on the Annual Report for discussion at Council's Annual General Meeting, which will be held at 5.00pm on Tuesday 12th December 2017. Any person wishing to make a submission should do so by close of business 30th November 2017 to admin@brighton.tas.gov.au.



CHRISTMAS PAGEANT 2016



AUSTRALIA DAY 2017



MAYOR'S MESSAGE

Tony Foster AM OAM JP **Mayor of Brighton**

Now in my 25th year as the longest serving mayor in our state, I must report that local government in Tasmania is confronting a significant threat to its future from a planned money grab by the second tier of government.

State Treasurer Peter Gutwein – backed by that big-end-of-town lobby group, the Property Council – wants to hijack TasWater and turn it into a state government business to boost Treasury coffers.

TasWater, the state's water and sewerage authority, is owned by Tasmania's local councils – the third tier of government. Currently 99 per cent of Tasmania's households have access to Australian quality standard water and the remaining 1 per cent will have access by August 2018.

Yet the Treasurer, who is also Local Government Minister, claims Tasmania has a water and sewerage 'crisis'. This is debunked by TasWater's respected chairman, Miles Hampton, the Local Government Association of Tasmania and the Bureau of Meteorology.

Premier Will Hodgman has proudly stated his government will not force amalgamations, but by reducing council distributions from TasWater, rates would rise and some councils would become unsustainable and be forced to amalgamate. Just what the Property Council wants!

If Peter Gutwein succeeds with his proposed hostile takeover of TasWater, Brighton Council may have to abandon its long-standing commitment to keeping rates at CPI.

For the past 21 years we have been able to maintain our policy of keeping general rate rises at or below the increase in the Hobart consumer price index, which for the past year was 1.3 percent.

Our flat rating regime for residential properties ensures fairness and Brighton continues to have the lowest per capita rates in Tasmania. But our commitment on rates is at risk because of the State Government's threat to take over TasWater.

Under Peter Gutwein's plan an additional debt of \$3000 would be imposed on every Tasmanian household to marginally speed up TasWater's capital program.



The proposed borrowings would significantly impact on TasWater's long-term profitability and that's why the State Government is unable to commit to the original dividend plan put forward by TasWater.


Brighton Council's share of TasWater is valued at more than \$46 million, paid for by Brighton ratepayers. The State Government plans to take this asset without any upfront compensation and return significantly less to the Council in the long term.

If the Gutwein plan succeeds this will impact on our future budgeting and will threaten our flat rating regime with a predicted massive rate rise of 18.5% in 2025.

On a positive note, a couple of Brighton Council's key expenditure projects for the year were a major reconstruction on Baskerville road and a new pathway from the army camp gates to Pontville. This footpath was a welcome addition for residents and members of the Campervan and Motorhome Club members who held their national rally at Pontville Park. I had the pleasure of going to a CMCA rally in Canberra to promote the rally in Pontville. This rally was a great success with a reported amount of almost one million dollars being injected in our local community.

With strong financial support from the Federal Government, we also plan to see the replacement of the Covehill Bridge and redevelopment of the Brighton Bowls and Community Club building.

Brighton Council runs an efficient operation with strong financial management, coupled with a commitment to shared services with other like-minded councils.



As a consequence, all Brighton ratepayers continue to benefit from a wide range of services at the lowest possible cost.

However, we do not have control over external impacts that affect both our financial and asset management plans.

Recent economic shocks to Council include the reduction and freezing of our TasWater dividends and the freezing of our Federal Assistance Grant. Compounding this, many State and Federal Government expenses charged to Council are running well above CPI.

Fortunately, Council has the ability and expertise to adapt to these shocks and our staff have already begun to review options to offset any financial impacts that may be out of our control.

A significant program to improve low-cost housing availability in the municipality has been Housing Tasmania's transfer of just over 1000 leases to Centacare Evolve Housing under the Better Housing Futures program.

Centacare Evolve Housing has also made a commitment to deliver 150 new or refurbished social housing dwellings. And CatholicCare's Social Impact Project will oversee how the people living in these homes are supported.

I am pleased to acknowledge the growing involvement of many of our residents in grass-roots projects that benefit us all.

In particular I pay tribute to two local residents with the community at heart. Angela Knight and Mark Bartlett have formed the Bridgewater and Gagebrook Clean-up Group, which is dedicated to removing rubbish. Already the group is making a difference to the local environment. All age groups are volunteers and it gives them, quite rightly, a feeling of accomplishment.

National Clean-up Australia Day, organised by Mark and Angela's volunteer group, was held in the first weekend in March. The focus was on illegal dumping, with rubbish from as far away as Sandy Bay and Howrah being collected.

On behalf of my fellow councillors, I express heartfelt thanks for such wonderful community spirit displayed by Mark, Angela and their fellow volunteers.

I also pay tribute to young Kobe Bennett, of Gagebrook, who was presented with the Tasmanian Human Rights Award for 2016/17 by the Governor of Tasmania, Professor Kate Warner, at Government House. When Kobe was just 10 years old he wrote the book *The Only House in the Desert*, a candid and powerful account of living with family violence.

Kobe's book is now used by various organisations as a family violence training tool. Now entering his teen years, Kobe is a member of the Breaking the Silence Advocacy Group. His voice highlights the impact of violence against children.

He has also helped Red Cross in formulating programs and he took part in a national tele-conference where he stressed the importance of protecting children from harm.

Kobe has been accepted as a member of the Children and Young People's Advisory Council, which advises the Tasmanian Commissioner for Children, Mark Morrissey, on what is important for young people in Tasmania.

What a wonderful contribution from such a young member of our community!

Sadly, I close this report with a tribute to the wonderful contribution to Brighton municipality by former deputy mayor and long-time councillor Geoff Taylor, who passed away late last year.

Geoff was first elected to Brighton Council in 1972 and served, over three different terms, more than 31 years. He was deputy warden and later deputy mayor for a combined total of more than 12 years.

His son-in-law Leigh Gray, also a Brighton councillor, recently stated in tribute: "Our meetings will never be the same. Geoff was old school, he said what he meant and meant what he said, he never backed down from an argument and interjections during debates were expected, especially when he was passionate about his point of view."

A great councillor, a wonderful human being. Vale Geoff.

GENERAL MANAGER'S MESSAGE

Ron Sanderson General Manager

Brighton continues to have the lowest per capita rates among Tasmania's 29 local governments. The key to our ongoing success is our flat rating regime, which keeps annual rate rises at or below CPI.

Significantly, Brighton Council has secondary, and growing, streams of income. That's why we can peg rates to inflation, as we have now done for more than two decades.

The team I lead are strong planners and financial managers who, despite economic developments beyond Council's control, constantly strive for new opportunities, often in the entrepreneurial style of the business world.

Brighton Council's wholly-owned Microwise Australia business, which started almost 20 years ago, now has local governments in Tasmania, on the mainland and overseas using its unique software. Microwise competes on the national and international market, providing user-driven software solutions to local governments. All profits from the Microwise business go back to Brighton Council. This secondary stream of income enables Council to provide rate relief for residents and fund extra services for the community.

There are now 27 local governments in Tasmania sharing our home-grown software. Our PropertyWise initiative is now used by local governments in Western Australia, New South Wales, the Northern Territory as well as in Tasmania and in Fiji.

Microwise has established a wholly owned software company, CouncilWise, working with Microsoft to roll out the Microsoft Azure cloud platform to councils around Australia. It offers world class software for finance, asset management, property and rating and records management on a subscription basis; software as a service (SaaS) priced per user per month with no licence fee. This is the first of its kind for local government software in Australia. Microwise produced \$566,000 of external revenue for the 2017 financial year and Brighton Council's total equity in Microwise has risen to \$1,407,000.

The Brighton Industrial and Housing Corporation, enabling affordable housing in Bridgewater and Herdsmans Cove, produced an external profit of \$179,000 for the 2017 financial year and Brighton Council's total equity in this corporation is now \$922,000.



Brighton Council also works closely with other local governments with the Local Government Shared Services initiative. In the last financial year, the Brighton-led initiative produced a profit to Brighton Council of \$116,000. This financial benefit does not include the direct labour savings to Brighton Council. Significant savings in council wages are achieved when staff consult to other councils.


There are now 14 participating councils – eight in Tasmania and six in the Northern Territory. The initiative enables participating councils to have access to all the skills and experience required to deliver core council services to communities, while enabling them to more efficiently and cost effectively, meet the needs of their ratepayers and achieve greater financial sustainability.

Future opportunities include the common information technology cloud to create a platform for shared services to be exchanged in the virtual environment, such as cross-council payroll services and asset management services.

Another key initiative for local governments is the South Central Sub-region, launched in 2016 to facilitate the four councils in our region – Brighton, Central Highlands, Derwent Valley and Southern Midlands – working more collaboratively on issues and projects of mutual interest. These interests include strategic resource sharing, education and training, tourism, employment and economic development.

The sub-region is also looking at the development of a partnership with the Bridgewater Trade Training Centre and a number of other players.

I am pleased to report that the Brighton streetscape project is going ahead after Council secured Federal funding. The project will revitalise the Brighton town centre.



The streetscape was little more than a highway fuel-stop, as a consequence of opening the Midland Highway Brighton Bypass. Soon it will be an attractive and commercially vibrant town centre, attracting significant investment, both residential and commercial.

Our residents will be proud to live, visit and work in and near the Brighton town centre.

As we see commercial potential in the revitalisation of Brighton town centre, so too do we envisage well-controlled commercial growth right through the municipality. This growth will help support and sustain families choosing to live in our community.

New enterprises choosing Brighton municipality to develop their businesses include:

- The Tasmanian Cask Company, which is located in Bridgewater with a 10-person workforce. Adam Bone's company produces casks for Tasmania's well-credentialed premium whisky industry. He imports large port, sherry and bourbon casks, made from French and American oak, from Europe and North America and remodels them into smaller casks for whisky production. The original alcohol flavours have permeated the wood to give our whiskies their world-class pedigree.
- Local business Barwick's Landscape has partnered with Australia's oldest and largest waste tyre recycler, Tyrecycle, to establish an operation in Bridgewater. The new company, is a plus for our environment, will dispose of thousands of waste tyres which have been either going to landfill or being dumped each year. Barwick's has invested \$1.5 million and the Federal Government has contributed \$144,000 from the Tasmania Jobs and Investment Fund. Barwick's will collect and shred waste tyres and ship them to Tyrecycle's processing plant in Melbourne, where they will be used in fuel, civil engineering materials, building and automotive products and other rubber surfaces.

We welcome new businesses such as these. Our children of today are the workforce of tomorrow, and many will be seeking careers close to home.

Brighton municipality is indeed fortunate to have two of the state's best educators at the forefront of our two largest schools.

Brighton Primary's new principal is Ang Mieztis and Sandy Menadue heads up the committed team at the Jordan River Learning Federation. Their positive comments about each other in a recent edition of Brighton Community News must give confidence to parents. Ang said: *"Sandy was principal at Cosgrove when I was at Moonah Primary. He was a fantastic principal and we had a very positive working relationship."* Said Sandy: *"I am extremely excited about working with Ang again. Her appointment to Brighton Primary is also very positive for the Jordan River Learning Federation."*

Brighton councillors and staff have been most impressed with the work done by Helen Manser and her team at the Jordan River Service Inc, which manages the Waterbridge Food Co-op. They have worked tirelessly and selflessly to fund-raise to help the co-op stay open. Council agreed to support the volunteers by matching dollar for dollar what they could raise by 30 June.

Council is always seeking ways to put Brighton on the map. So it was pleasing to see the Campervan and Motorhome Club of Australia – what we, with respect, designate as 'grey nomads' – celebrate their club's 31st anniversary at Pontville earlier this year. At latest count around 1000 people attended in almost 600 vehicles.

And while staying on the bitumen, I am pleased to report that the Pepsi Max Baskerville Raceway has been resurfaced for the first time in 60 years. This is the realisation of a four-year campaign in which almost \$1 million was raised to resurface the iconic Tasmanian raceway.

Only seven years ago there was talk of abandoning the old circuit. But car racing enthusiasts got revved up and saved a piece of iconic Tassie history.

Finally, the Brighton Council staff join me in a belated farewell to a much-loved and respected councillor, Geoff Taylor who died late last year.

Our sadness and respect can be best summed up by one staff member:

"I personally will miss him so much. It is funny but I never quite agreed with all his politics and he was brought up in a different generation, but he taught me a valuable life lesson and that is: it is fine to have an opposing view when what really counts is decency and kindness. I will always treasure what I learnt from him. I looked up to him so much."

COUNCILLORS AS AT 30TH JUNE 2017



Cr Tony Foster (Mayor)

Terms as Councillor
1985–1988
1990–2017

Terms as Mayor
1993–2017

Committee Representation:

- Environment & Heritage
- Finance (Chairperson)
- Planning
- Waste Management

Council Representative:

- Civic Pride Consultative Group
 - Emergency Management Advisory Committee
 - Remembrance Park Complex Consultative Group
 - Southern Tasmanian Councils Association
 - Taswater (Owner Rep)
-



Cr Barbara Curran (Deputy Mayor)

Terms as Councillor
1996–2017

Term as Deputy Mayor
2014–2017

Committee Representation:

- Environment & Heritage (Chairperson)
- Finance (Deputy Chairperson)
- Parks & Recreation (Deputy Chairperson)
- Planning Authority
- Waste Management (Deputy Chairperson)

Council Representative:

- Brighton Primary School Council
 - Civic Pride Consultative Group
 - Remembrance Park Complex Consultative Group
 - Southern Tasmanian Councils Association (Alt Rep)
 - Waste Strategy South (Alt Rep)
 - Taswater (Deputy Rep)
-



Cr Wayne Garlick

Terms as Councillor
1999–2000
2003–2005
2007–2017

Committee Representation:

- Environment & Heritage
- Finance
- Planning
- Waste Management



Cr Peter Geard

Terms as Councillor
1984-1993
1997-2017

Committee Representation:

- Environment & Heritage (Deputy Chairperson)
- Parks & Recreation (Chairperson)
- Planning
- Waste Management Committee (from May)

Council Representative:

- Civic Pride Consultative Group
- Emergency Management Advisory Committee
- Hobart Fire Management Area Committee
- Old Council Chambers User Group (Chairperson)
- Remembrance Park Complex Consultative Group



Cr Leigh Gray

Terms as Councillor
2005-2017

Committee Representation:

- Finance
- Parks & Recreation
- Planning (Chairperson)
- Waste Management

Council Representative:

- Cycling South
- Waste Strategy South (Rep)



Cr Keith Higgins

Terms as Councillor
2016-2017

Committee Representation:

- Environment & Heritage
- Parks & Recreation
- Planning



Cr Moya Jeffries

**Terms as Councillor
2007-2017**

Committee Representation:

- Environment & Heritage
- Finance
- Parks & Recreation
- Planning

Council Representative:

- Jordan River Learning Federation Senior School Council



Cr Philip Owen

**Terms as Councillor
1989-2017**

Committee Representation:

- Finance
- Heritage & Environment
- Planning (Deputy Chair from Nov)
- Waste Management (Chairperson from Nov)



Cr Geoff Taylor

**Terms as Councillor
1972 - 1977
1987 - 1996
1999 - 2016 (until October)**

**Terms as Deputy Mayor
2005-2014**

Committee Representation:

- Parks & Recreation
- Planning
- Waste Management (Chairperson)



Cr Sonya Williams

**Terms as Councillor
2005-2017**

Council Representative:

- Environment & Heritage
- Parks & Recreation
- Planning

Committee Representation:

- Jordan River Learning Federation Senior School Council
- Gagebrook Primary School Council

OVERVIEW AND HIGHLIGHTS

1. Provide sustainable and responsible financial management of council resources

We have:

- Been successful in several grants throughout the year including grants for the Brighton Streetscape Project, the Replacement of the Cove Hill Road Bridge, Bridgewater Park Master Plan and East Derwent Highway walkway.
- Maintained our debt profile below prudential guidelines. Council is currently debt free and had not budgeted for any borrowings this financial year.
- Managed to provide sustainable and responsible financial management of the community's resources. Council kept its general rate increase to Hobart CPI. Council's Long Term Financial Plan and Long-Term Asset Management Plan are committed to Long Term sustainability and without significant external shocks expect that rates can be kept to CPI over the next 10 years.
- Maintained a strong financial position, ensuring the Council remains financially sustainable in the long term. Council's objective to achieve benchmark results for all financial sustainability indicators within the top three in the state on a trend basis.
- Achieved underlying operating statement surpluses (excludes nonoperational items such as granted assets and capital income).
- Maintained an underlying operating surplus on a trend basis and had budgeted to continue this position.
- Allowed for a cash surplus this financial year on a trend basis.
- Continued to sell surplus property for reinvestment in targeted areas. Council sold surplus properties in 2017 with all proceeds ring fenced for the purchase and development of strategic properties.
- Further developed the provision of Brighton Council professional services in Tasmania, the mainland and overseas through its participation in the Common Services Joint Venture. Council has seen significant growth in its provision of Professional Services to other Councils over recent years.
- Optimised the return on investment for BIHC. BIHC continues to improve its financial position. 2017 saw its Net Assets accumulate to \$922,478 at year end. BIHC has facilitated the building of several houses in Bridgewater and has sold land for residential development in Herdsmans Cove.
- Optimised the return on investment for Microwise. Microwise continues to improve its financial position. 2017 saw its Net Assets accumulate to \$1,406,997 at year end.



AUSTRALIAN CITIZENSHIP CEREMONY 2017



BOXER ANTHONY MUNDINE VISIT TO LOCAL BOXING CLUB, PONTVILLE, 2016

2. Manage and influence population growth with appropriate land use planning

We have:

- Assisted with a combined application with the Brighton Bowls and Community Club that was successful for upgrades to the existing building and an extension for larger functions.
- Continued to implement key strategic directions, including; the Brighton Structure Plan, Bridgewater Local Area Plan, Brighton Local Area Plan and the Brighton Open Space Strategy.
- Secured funding for Stage 1 of Bridgewater Parkland Master Plan to enable a 2017 start.
- Pursued major residential growth rezonings.
- Worked closely with Centacare Evolve to facilitate the implementation of the Holmes Dyer Master Plan for Bridgewater, Gagebrook and Herdsmans Cove.
- Represented Brighton's interests in the preparation of the single statewide planning scheme.
- Optimised community benefit from Council owned land and infrastructure.
- Secured funding for the walkways and shelters project in Bridgewater, Gagebrook, Herdsmans Cove for a 2017 start.

3. Promote sustainable practices throughout council, local businesses and the community

We have:

- Continued to maintain the East Derwent Highway corridor in partnership with the Department of State Growth receiving numerous comments on the improved standard since the partnership began.
- Continued streetscape works along Brighton Road including a new shared pathway link from the Brighton township to Pontville Park.
- Continued reducing Council's ecological footprint.
- Worked with the Brighton Bowls and Community Club on the redevelopment of their facility.
- Supported the Brighton Alive administration.
- Pursued and secured many strategic grants.

4. Promoting Brighton as a great place to visit and live

We have:

- Continued the roadside maintenance and litter collection for the East Derwent Highway and major roundabouts in partnership with the Department of State Growth.
- Continued implementing the Greening Brighton Strategy, particularly with further tree planting.
- Developed a master plan for Council's reserve behind the LINC in Bridgewater.
- Promoted Council's fair rating system and sound financial management.
- Continued to promote the Brighton "brand".
- Continued implementing the Brighton Streetscape Plan for a 2017 completion.
- Prepared a Disability Access Strategy.

5. Facilitate provision of better transport systems

We have:

- Worked with Metro Tasmania and the Department of State Growth to review and improve public transport.
- Encouraged Metro's proposed changes to improve services to Brighton and Old Beach.

6. Maintain at a high level and improve our physical infrastructure

We have:

- Worked with Cricket Tasmania to explore funding options for a New Multipurpose building, facilities and upgrades to the existing sports facilities at Pontville Park.
- Awarded the tender to VEC Civil Engineering for the reconstruction of the Cove Hill Road Bridge.
- Improved and rehabilitated 880m of Baskerville Road's existing pavement, including widening and realignment works which were carried out to improve safety. These safety works also included widening a single lane culvert to two lanes.
- Carried out reseal works on a number of streets including Glen Lea Road, Melaluka Court, Dollery Court and Tonks Place.
- Replaced numerous broken and cracked sections of footpaths in the Bridgewater area.
- Continued streetscape works along Brighton Road including a new shared pathway link the Brighton township to Pontville Park.

7. Promoting industrial, business and employment growth

We have:

- Worked with the Co-ordinator General to begin creating an industrial investment prospectus.
- Continued facilitating affordable housing projects on vacant council and state government land.
- Promoted Brighton's industrial estate.
- Prepared a Workforce Planning Study with the South Central Sub-region.

Public Health

We have:

- Conducted monthly immunisation clinics, annual school immunisations and promote the need for immunisation.
- Ensured proper provision of on-site effluent disposal in compliance with relevant standards.
- Undertaken routine inspection of places of public assembly, food premises, public health risk activities and water carters to ensure compliance with relevant legislation.
- Promptly investigated environmental health complaints.
- Maintained an effective analysis program for food, recreational waters and general complaints.

Risk Management

We have:

- Continued to keep risk exposure to a minimum by helping reduce injuries and potential loss. Management practices will involve identifying risks, analysing and treating by taking appropriate action.
- Continued to be proactive in inspections and reviews of roads, footpaths, written agreements with clubs/user groups, building & financial services, town planning and recreation functions.
- Educated community groups on importance and activities involved with risk management.

PERFORMANCE STATISTICS – ENVIRONMENT AND DEVELOPMENT

	2017	2016
ANIMAL CONTROL		
Total number of dogs registered with Council	3530	3,499
Number of dogs taken to Hobart Dog Home	144	203

LAND USE PLANNING AND BUILDING		
Number of Development Applications processed	279	225
Number of Subdivision Applications processed	33	20
Total number of new lots created	42 LAND + 42 STRATA LOTS	22 LAND + 34 STRATA LOTS
Number of Building Permits processed	206	218
Value of Building Approvals	\$23,229 MILLION	\$38.8 MILLION

ENVIRONMENTAL HEALTH		
Number of Vaccinations	328	310
Number of Food Premises Registered	84	83
Number of complaints	200	180
Number of Food Samples taken	0*	0**
Number of On-site Wastewater Applications	49	45
Total Expenditure on Public Health	\$11,000	\$11,000

*Note – The Southern Regional Food sampling program now focuses on Officer observations and the businesses' adherence to the Food Safety Standards rather than testing individual food products for pathogens.

**Many products required to be sampled are not sold in Brighton e.g. sushi, raw egg and mayonnaise etc.

GOVERNANCE

Public Interest Disclosure Act 2002

Under the *Public Interest Disclosures Act 2002* (the Act), Brighton Council is required to report on any disclosures about improper conduct by its public officers or Brighton Council. In accordance with the requirements of Section 86 of the Act Brighton Council advises that:

- a) Brighton Council's procedures under the Act are available on the Council website at www.brighton.tas.gov.au;
- b) Brighton Council did not receive any disclosures under the Act during the year;
- c) No public interest disclosures were investigated by Brighton Council during the year;
- d) No disclosed matters were referred to Brighton Council during the year by the Ombudsman;
- e) No disclosed matters were referred during the year by Brighton Council to the Ombudsman to investigate;
- f) No investigations of disclosed matters were taken over by the Ombudsman from Brighton Council during the year;
- g) There were no disclosed matters that Brighton Council decided not to investigate during the year;
- h) There were no disclosed matters that were substantiated on investigation as there were no disclosed matters; and
- i) The Ombudsman made no recommendations under the Act that relate to Brighton Council

Donation of Land Statement – Section 177 – Local Government Act 1993

Section 177 of the *Local Government Act 1993*, requires Council to report on any land donated by Council during the year. It is reported that no land was donated during the 2016/17 financial year.

Public Tenders – Local Government (General) Regulations 2015

Regulation 29(1) of *Local Government (General) Regulations 2015* requires that Council reports any contract for the supply or provision of goods and services valued at or exceeding \$250,000 (excluding GST) during the financial year.

Two tenders were called and awarded during the 2016/17 financial year:

- Cove Hill Road Bridge - VEC Civil Engineering, 10b Industrial Drive, Ulverstone TAS 7315
\$1,282,945 + GST
- Brighton Bowls and Community Club - Bennett Construction Pty Ltd, 59 Molle St, Hobart TAS 7000
\$798,240 +GST

Regulation 29(2) of *Local Government (General) Regulations 2015* requires that Council reports any contract for the supply or provision of goods and services valued at or above \$250,000 (excluding GST) granted in extenuating circumstances during the financial year

- There were no contracts awarded under Regulation 27(a) or (i)

Regulation 29(3) of *Local Government (General) Regulations 2015* requires that Council reports any contract for the supply or provision of goods and services valued at or exceeding \$100,000 (excluding GST) but less than \$250 000 during the financial year

- Reseals - Downer EDI Works, 3 Whitestone Drive, Austins Ferry TAS 7011
\$152,219 + GST

Risk Management

Risk Management is an integral part of Brighton Council's management practice. Our aim is to keep risk exposure to a minimum by helping to reduce injuries and potential loss. This process involves identifying potential risks, analysing their potential damage and treating the risks by taking appropriate action.

Our staff continues to invest considerable time and effort in implementing Council's Risk Management Strategy.

Our Risk Management Policy and Plan covers areas such as proactive inspections of roads and footpaths, written agreements with clubs/user groups, building and financial services and town planning.

Council continued to make significant improvements in all areas of risk management over the past twelve months and general work practices now involve risk assessments at all levels.

Council is actively committed to the prevention and control of risks throughout the municipality in order to maintain and enhance quality of living for its employees, contractors, residents and visitors.

Local Government Shared Services

Brighton Professional Services revenue experienced a slight decline during 2016/17 when compared to the previous year. Brighton Council continues to play a lead role in the development of the Local Government Shared Services (LGSS) initiative with membership having grown to 14 Councils in the past year; which now includes six councils from the Northern Territory.

During 2016/17, over 13,600 hours (2015/16 14,000 hours) of shared services were exchanged by participating member/non-member councils delivering a net benefit to the group of over \$1.05 million.



CHRISTMAS PAGEANT 2016



CHRISTMAS PAGEANT 2016



TOTTENHAM ROAD, GAGEBROOK

COUNCILLOR ATTENDANCE



ORDINARY COUNCIL MEETING

Name	No. of Meetings Held	Attended	%
Cr T Foster (Mayor)	12	11	92%
Cr B Curran (Deputy Mayor)	12	12	100%
Cr W Garlick	12	10	83%
Cr P Geard	12	10	83%
Cr L Gray	12	12	100%
Cr K Higgins (from November 2016)	8	8	100%
Cr M Jeffries	12	10	83%
Cr P Owen	12	12	100%
Cr G Taylor (until October 2016)	4	0	0
Cr S Williams	12	11	92%

ANNUAL GENERAL MEETING

Name	No. of Meetings Held	Attended	%
Cr T Foster (Mayor)	1	1	100%
Cr B Curran (Deputy Mayor)	1	1	100%
Cr W Garlick	1	1	100%
Cr P Geard	1	1	100%
Cr L Gray	1	1	100%
Cr K Higgins	1	1	100%
Cr M Jeffries	1	1	100%
Cr P Owen	1	1	100%
Cr S Williams	1	1	100%

PARKS AND RECREATION

Name	No. of Meetings Held	Attended	%
MEMBERS			
Cr P Geard (Chairperson)	2	2	100%
Cr B Curran (Deputy Chairperson)	2	2	100%
Cr L Gray	2	2	100%
Cr K Higgins (from December 2016)	1	1	100%
Cr M Jeffries	2	2	100%
Cr G Taylor (until October 2016)	1	1	100%
Cr S Williams	2	2	100%
IN ATTENDANCE			
Cr T Foster		1	
Cr W Garlick		2	
Cr P Owen		2	

FINANCE			
Name	No. of Meetings Held	Attended	%
MEMBERS			
Cr T Foster (Chairperson)	6	4	67%
Cr B Curran (Deputy Chairperson)	6	5	83%
Cr W Garlick	6	6	100%
Cr L Gray	6	6	100%
Cr M Jeffries	6	6	100%
Cr P Owen	6	6	100%
IN ATTENDANCE			
Cr P Geard		3	
Cr K Higgins (from December 2016)		3	
Cr G Taylor (until October 2016)		1	
Cr S Williams		5	

PLANNING			
Name	No. of Meetings Held	Attended	%
MEMBERS			
Cr L Gray (Chairperson)	10	10	100%
Cr B Curran (Deputy Chairperson – until May)	10	8	80%
Cr T Foster	10	6	60%
Cr W Garlick	10	10	100%
Cr P Geard	10	6	60%
Cr K Higgins (from December 2016)	6	5	83%
Cr M Jeffries	10	9	90%
Cr P Owen (Deputy Chairperson – from May)	10	10	100%
Cr G Taylor (until October 2016)	4	0	0%
Cr S Williams	10	8	80%

ENVIRONMENT AND HERITAGE			
Name	No. of Meetings Held	Attended	%
MEMBERS			
Cr B Curran (Chairperson)	1	1	100%
Cr P Geard (Deputy Chairperson)	1	1	100%
Cr T Foster	1	0	0%
Cr W Garlick	1	1	100%
Cr K Higgins	1	1	100%
Cr M Jeffries	1	1	100%
Cr P Owen	1	1	100%
IN ATTENDANCE			
Cr S Williams		1	

WASTE MANAGEMENT			
Name	No. of Meetings Held	Attended	%
MEMBERS			
Cr P Owen (Chairperson)	2	2	100%
Cr B Curran	2	2	100%
Cr T Foster	2	1	50%
Cr W Garlick	2	2	100%
Cr L Gray	2	2	100%



BRIGHTON COUNCIL

FINANCIAL REPORT

2016

2017

Brighton
going places

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INDEPENDENT AUDIT REPORT



Independent Auditor's Report

To the Councillors of Brighton Council

Report on the Audit of the Consolidated Financial Report

Opinion

I have audited the financial report of Brighton Council (Council) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017 and consolidated 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 General Manager's statement.

In my opinion, the accompanying financial report:

- (a) presents fairly, in all material respects, the Group's financial position as at 30 June 2017 and of 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 the Group 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 45 to the financial report and accordingly, I express no opinion on them. Furthermore, I express no opinion on the

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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*.

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 the Group'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 the 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 the Group'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 Group's ability

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to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

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.



Minyan Qiu
Acting Group Leader Financial Audit
Delegate of the Auditor-General

Tasmanian Audit Office

28 September 2017
Hobart

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STATEMENT BY THE GENERAL MANAGER

Brighton Council
2016-2017 Financial Report

Certification of the Financial Report

The financial report presents fairly the financial position of the Brighton Council as at 30 June 2017, the results of its operations for the year then ended and the cash flows of the Council, in accordance with the *Local Government Act 1993* (as amended), Australian Accounting Standards (including interpretations) and other authoritative pronouncements issued by the Australian Accounting Standards Board.



Ron Sanderson
General Manager

Date : 14/08/2017

MANAGEMENT CERTIFICATION

Brighton Council
2016-2017 Financial Report

Management Certification of the Financial Report

The accompanying financial statements of the Brighton Council and related bodies are in agreement with the relevant accounts and records and have been prepared in compliance with:

- Australian Accounting Standards
- the *Local Government Act 1993*

I believe that, in all material respects, the financial statements present a view which is consistent with my understanding of the Brighton Council's financial position as at June 2017, (financial performance/results of its operations) and its cash flows for the year then ended.

At the date of signing this certification, I am not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

The completed Financial Statements Preparation and Submission Checklist is enclosed.



Gillian Browne
Acting Chief Financial Officer

Date : 14/08/2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2017

	Note	Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
INCOME FROM CONTINUING OPERATIONS				
Recurrent Income				
Rates and charges	5	8,189,000	8,364,457	8,059,669
Statutory fees and fines	6	424,000	579,607	442,537
User fees	7	541,550	967,983	587,918
Grants	8	2,211,736	2,338,574	913,856
Contributions - cash	9	260,000	30,533	50,268
Interest	10	110,100	126,457	160,706
Commercial income	11	1,071,762	1,819,685	1,938,483
Investment revenue from water corporation	13, 20	924,000	924,000	924,000
		<u>13,732,148</u>	<u>15,151,295</u>	<u>13,077,437</u>
Capital Income				
Capital grants received specifically for new or upgraded assets	8	-	1,279,884	455,423
Contributions - non-monetary assets	9	-	1,343,243	703,350
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	12	-	(103,000)	6,031
		<u>-</u>	<u>2,520,127</u>	<u>1,164,804</u>
Total income from continuing operations		13,732,148	17,671,422	14,242,241
EXPENSES FROM CONTINUING OPERATIONS				
Employee benefits	14	(3,514,809)	(3,312,124)	(3,203,755)
Materials and services	15	(5,042,553)	(5,595,074)	(5,329,619)
Contributions	16	(911,717)	(922,824)	(871,287)
Depreciation and amortisation	17	(2,702,566)	(3,148,771)	(2,981,652)
Commercial Activities	18	(524,910)	(938,220)	(1,098,533)
Other expenses	19	(307,876)	(329,372)	(472,261)
Total expenses from continuing operations		(13,004,431)	(14,246,386)	(13,957,107)
Result from continuing operations		727,717	3,425,036	285,133
Result from discontinued operations		-	-	-
Net result for the year		727,717	3,425,036	285,133
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to surplus or deficit				
Fair value adjustments for financial assets at fair value		-	-	-
Net asset revaluation increment/(decrement)	30		2,228,920	(5,817,333)
Actuarial gain/loss on defined benefits plans		-	-	-
		<u>-</u>	<u>2,228,920</u>	<u>(5,817,333)</u>
Items that may be reclassified subsequently to surplus or deficit				
Financial assets available for sale reserve				
Fair Value adjustment on Available for Sale Assets	30	302,693	302,693	772,231
		<u>302,693</u>	<u>302,693</u>	<u>772,231</u>
Total Other Comprehensive Income		302,693	2,531,613	(5,045,102)
Total Comprehensive result		1,030,410	5,956,649	(4,759,968)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

ASSETS	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	21	6,847,578	3,837,742
Trade and other receivables	22	397,061	242,057
Other assets	23	780,679	1,201,843
Total Current Assets		8,025,319	5,281,642
NON CURRENT ASSETS			
Trade and other receivables	22	300,000	250,000
Investment in water corporation	20	46,441,755	46,139,062
Property, plant and equipment and infrastructure	24	129,597,441	126,869,316
Investment property	25	625,000	625,000
Intangible assets	26	9,150	20,120
Total Non Current Assets		176,973,346	173,903,498
Total Assets		184,998,665	179,185,140
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	27	461,931	699,115
Trust funds and deposits	28	148,579	137,895
Provisions	29	1,093,433	1,013,548
Total Current Liabilities		1,703,943	1,850,558
NON CURRENT LIABILITIES			
Provisions	29	137,580	134,085
Total Non Current Liabilities		137,580	134,085
Total Liabilities		1,841,522	1,984,643
NET ASSETS		183,157,142	177,200,497
EQUITY			
Accumulated surplus		134,554,606	131,129,570
Reserves	30	48,602,536	46,070,923
TOTAL EQUITY		183,157,142	177,200,493

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Ratepayers, Fees & Charges (inc GST)		13,247,172	12,494,869
Interest		126,457	140,517
Grants		2,338,574	1,068,180
Payments to Suppliers and Employees (inc GST)		(11,606,168)	(11,524,411)
Net cash provided by (used in) operating activities	31	4,106,035	2,179,155
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, infrastructure, plant and equipment		(2,451,761)	(3,888,733)
Proceeds from sale of property, infrastructure, plant and equipment		64,996	78,745
Capital grants		1,279,884	455,423
Net cash provided by (used in) investing activities		(1,106,881)	(3,354,565)
CASH FLOWS FROM FINANCING ACTIVITIES			
Trust funds and deposits		10,684	5,549
Net cash provided by (used in) financing activities		10,684	5,549
Net increase (decrease) in cash and cash equivalents		3,009,838	(1,169,797)
Cash and cash equivalents at the beginning of the financial year		3,837,741	5,007,604
Cash and cash equivalents at the end of the financial year		6,847,579	3,837,807

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2017

2017	Note	Total 2017	Accumulated Surplus 2017	Asset Revaluation Reserve 2017	Fair Value Reserve 2017
Balance at beginning of the financial year		177,200,496	131,129,570	51,322,735	(5,251,809)
Surplus / (deficit) for the year		3,425,036	3,425,036		-
Other Comprehensive Income:					-
Financial assets available for sale reserve					
— Fair Value adjustment on Available for Sale Assets	20	302,693	-	-	302,693
Net asset revaluation increment/ (decrement)	30	2,228,920		2,228,920	-
Balance at end of the financial year		183,157,145	134,554,606	53,551,652	(4,949,116)
2016	Note	Total 2016	Accumulated Surplus 2016	Asset Revaluation Reserve 2016	Fair Value Reserve 2016
Balance at beginning of the financial year		181,960,465	130,844,437	57,140,068	(6,024,040)
Surplus / (deficit) for the year		285,133	285,133		-
Other Comprehensive Income:					
Financial assets available for sale reserve					
— Fair Value adjustment on Available for Sale Assets	20	772,231	-	-	772,231
Net asset revaluation increment/ (decrement)	30	(5,817,333)	-	(5,817,333)	-
Balance at end of the financial year		177,200,496	131,129,570	51,322,735	(5,251,809)

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

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NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 1: REPORTING ENTITY

- (a) The Brighton Council was established in 1863 and is a body corporate with perpetual succession and a common seal. Council's main office is located at 1 Tivoli Road Old Beach.
- (b) The purpose of the Council is to:
- provide for health, safety and welfare of the community;
 - to represent and promote the interests of the community;
 - provide for the peace, order and good government in the municipality.

NOTE 2: BASIS OF ACCOUNTING

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

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

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

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

The financial statements include the results and balances of Microwise Pty Ltd and Brighton Industrial Housing Corporation. Both are 100% owned subsidiaries of Council. The requirements of AASB 127 Consolidated and Separate Financial Statements have not been applied by the Council on the basis that resultant additional disclosures are not material to the reading and understanding of these financial statements.

NOTE 3: USE OF JUDGEMENTS AND ESTIMATES

Judgments and Assumptions

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

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

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

Employee entitlements

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in note 29.

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 33.

Fair value of property, plant & equipment

Assumptions and judgements are utilised in determining the fair value of Council's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in note 17 & 24.

Investment in Water Corporation

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 4: FUNCTIONS/ACTIVITIES OF THE COUNCIL

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

	Grants	Other	Total Revenue	Total Expenditure	Surplus/ (Deficit)	Assets
Corporate Services						
2016 – 2017	0	368,871	368,871	2,194,050	-1,825,179	0
2015 – 2016	0	352,302	352,302	2,155,687	-1,803,385	0
Tas Water						
2016 – 2017	0	924,140	924,140	0	924,140	46,441,755
2015 – 2016	0	924,150	924,150	0	924,150	46,139,062
Parks and Recreation						
2016 – 2017	102,869	48,500	151,369	1,027,194	-875,825	7,604,317
2015 – 2016	0	119,269	119,269	1,114,025	-994,756	7,640,317
Planning						
2016 – 2017	0	329,617	329,617	1,082,211	-752,594	0
2015 – 2016	0	270,114	270,114	987,455	-717,341	0
Building						
2016 – 2017	0	114,365	114,365	795,507	-681,142	12,561,000
2015 – 2016	0	108,398	108,398	750,912	-642,514	12,446,337
Roads/Bridges						
2016 – 2017	1,172,470	1,433,134	2,605,604	4,504,097	-1,898,493	95,424,360
2015 – 2016	455,423	886,340	1,341,763	4,262,910	-2,921,147	93,379,743
Community Services						
2016 – 2017	0	69,831	69,831	500,231	-430,400	0
2015 – 2016	150,000	-114,794	35,206	434,978	-399,772	0
Environmental Health						
2016 – 2017	0	267,395	267,395	312,650	-45,255	0
2015 – 2016	0	187,516	187,516	298,009	-110,493	0
Waste Management						
2016 – 2017	0	1,253,267	1,253,267	1,306,851	-53,584	0
2015 – 2016	0	1,160,946	1,160,946	1,219,753	-58,807	0
Unallocated Services						
2016 – 2017	2,343,119	9,243,844	11,586,963	2,523,595	9,063,368	22,967,233
2015 – 2016	763,856	8,978,721	9,742,577	2,733,379	7,009,198	19,579,680
Total						
2016 – 2017	3,618,458	14,052,964	17,671,422	14,246,386	3,425,036	184,998,665
2015 – 2016	1,369,279	12,872,962	14,242,241	13,957,108	285,133	179,185,139

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 4: FUNCTIONS/ACTIVITIES OF THE COUNCIL (CONTINUED)

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

	2017	2016
Current assets	8,025,319	5,281,641
Non-current assets	176,973,346	173,903,498
	184,998,665	179,185,139

(c) Corporate Services

Operation and maintenance of council chambers, administration offices, maintenance depots and plant and equipment, monitor revenue collections.

TasWater

Council owns a 2.93% stake in TasWater.

Parks and Recreation

Drainage

Construction, operation and maintenance of drainage and storm water works

Planning and Building Services

Administration of the Town Planning Scheme and administration and co-ordination of building applications and monitoring the Building Code.

Buildings

Construction, operation and maintenance of council buildings.

Roads/Bridges

Construction and maintenance of the road and bridge system.

Community Services

monitor the welfare of the community, youth activities and aged care.

Environmental Health Services

Community health, environmental control, food surveillance, health standards, septic tank applications, pest control, dog and animal control, offensive trades, plumbing, places of public entertainment, caravan licences, complaints and counter disaster.

Waste Management

Unallocated Services

Other general services not specifically identifiable.

NOTE 5: RATES AND CHARGES

	2017	2016
General	6,585,460	6,371,288
Garbage charge	1,003,392	956,728
Fire Levy	775,605	731,653
Total rates and charges	8,364,457	8,059,669

The date of the latest general revaluation of land for rating purposes within the municipality was 1 January 2012, and the valuation will be first applied in the rating year commencing 1 July 2013.

Accounting policy

Rates and charges income

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

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

NOTE 6: STATUTORY FEES AND FINES

	2017	2016
Infringements and costs	123,053	45,337
Town planning fees	191,729	107,820
Land information certificates	147,648	132,102
Permits	117,178	157,278
Total statutory fees and fines	579,607	442,537

Accounting policy

Statutory fee and fine income

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

NOTE 7: USER FEES

	2017	2016
Council Fees & Charges	296,386	271,197
Community Newsletter	19,592	17,228
Refuse Site Entry	245,176	192,255
Other Revenue	406,829	107,238
Total user fees	967,983	587,918

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 7: USER FEES (CONTINUED)

Accounting policy

User fee income

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

NOTE 8: GRANTS

Grants were received in respect of the following:

	2017	2016
SUMMARY OF GRANTS		
Federally funded grants	3,037,183	753,857
State funded grants	527,426	159,999
Others	53,849	0
Total	3,618,458	913,856
GRANTS - RECURRENT		
Commonwealth Government Financial Assistance Grants	2,338,574	753,857
Primary Health	0	150,000
Dept Premier & Cabinet	-	9,999
Total recurrent grants	2,338,574	913,856

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2016-17 the Commonwealth made early payment of the two quarterly instalments for the following year. In accordance with AASB1004 *Contributions*, Council recognises these grants as revenue when it receives the funds and obtains control. The early receipt of instalments resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2016-17 by \$792,558. This has impacted the Statement of Comprehensive Income resulting in the Surplus/(deficit) being higher in 2016-17 by \$792,558.

	2017	2016
CAPITAL GRANTS RECEIVED SPECIFICALLY FOR NEW OR UPGRADED ASSETS		
Commonwealth Government – roads to recovery	526,064	455,423
Department of Infrastructure & Regional Development	168,000	
Tasmanian Community Fund	53,849	
Department of State Growth	527,426	
Department of Prime Minister & Cabinet	4,545	
Total capital grants	1,279,884	455,423

Conditions on grants

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

	2017	2016
Unexpended at the close of the previous reporting period	-	-
Less: expended during the current period from revenues recognised in previous reporting periods	-	-
	-	-
	-	-
	-	-
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions		
Bridge	478,406	-
	-	-
Unexpended at the close of this reporting period	478,406	-
Net increase (decrease) in non-reciprocal grant revenues for the year:	478,406	-

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 8: GRANTS (CONTINUED)

Accounting policy

Grant income - operating and capital

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

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

Where grants recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant is also disclosed. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date and conditions include a requirement to refund unused contributions. Revenue is then recognised as the various performance obligations under an agreement are fulfilled. Council does not currently have any reciprocal grants.

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

NOTE 9: CONTRIBUTIONS

	2017	2016
(A) CASH		
Public Open Space	30,533	50,268
Total	30,533	50,268
(B) NON-MONETARY ASSETS		
Roads - Subdivision Donation	1,343,243	703,350
Total	1,343,243	703,350
Total contributions	1,373,776	753,618

Accounting policy

Contribution income

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

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

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

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

NOTE 10: INTEREST

	2017	2016
Interest on financial assets	104,971	140,517
Interest on rates	21,486	20,189
Total	126,457	160,706

Accounting policy

Interest income

Interest is recognised progressively as it is earned.

NOTE 11: COMMERCIAL ACTIVITIES

	2017	2016
	\$	\$
Professional Services & Private Works	600,912	835,172
Rental income	137,441	119,869
Brighton Industrial & Housing Corporation	515,455	601,364
Microwise Australia	565,877	382,078
Total commercial income	1,819,685	1,938,483

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 11: COMMERCIAL ACTIVITIES (CONTINUED)

Accounting policy

Rental income

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

Operating leases as lessor

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

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

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

NOTE 12: NET GAIN/(LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

	2017	2016
Proceeds of sale	64,996	78,745
Write down value of assets disposed	(167,996)	(72,714)
Total	(103,000)	6,031

Accounting policy

Gains and losses on asset disposals

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

NOTE 13: INVESTMENT REVENUE FROM WATER CORPORATION

	2017	2016
Dividend revenue received	599,262	626,240
Tax equivalent received	278,305	223,065
Guarantee fee received	46,434	74,695
Total investment revenue from water corporation	924,000	924,000

Accounting policy

Investment revenue from water corporation

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

NOTE 14: EMPLOYEE BENEFITS

	2017	2016
Wages and salaries	2,775,176	2,650,316
Workers compensation	739	366
Payroll Tax	126,617	141,292
Superannuation	351,406	347,697
Other Employee Related Expenses	58,188	64,084
Total employee benefits	3,312,124	3,203,755

Accounting policy

Employee benefits

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

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 15: MATERIALS AND SERVICES

	2017	2016
Bank Fees	29,751	30,778
Building Maintenance	286,862	240,251
Collection Fees	30,307	49,192
Community Newsletter	120,159	113,025
Contract Recycling	240,701	192,430
Fire Abatement	12,343	9,762
GIS CAD CVS and other software	126,820	85,950
Internal Contractors	210,782	230,298
Land Tax	42,430	19,460
Community Liasion	92,746	199,342
Insurance Premiums	174,446	160,469
Refuse Collection	162,571	155,659
Youth Support	80,000	50,000
Weed Control	26,050	64,955
Planning	47,946	21,020
Building Overheads	157,571	162,616
Reserve Maintenance	848,960	791,640
Road & Bridge Maintenance	748,044	877,648
Telephones	75,930	95,111
Street Lighting	227,173	270,263
Waste Bin Replacement	73,919	53,879
Waste Transfer Station & Tipping Expense	881,484	816,483
Printing & Stationery	33,196	31,826
Postage	44,322	22,446
Other	820,563	585,116
Total materials and services	5,595,074	5,329,619

Accounting policy

Materials and services expense

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

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

NOTE 16: CONTRIBUTIONS

	2017	2016
State Fire Commission Levy	770,181	723,964
Tasmanian Canine Defence League Contribution	49,896	49,592
Local Government Association of Tasmania	43,823	44,962
Derwent Estuary Contribution	14,218	14,008
Valuation Charges	27,366	29,120
Southern Tasmanian Councils Association	17,341	9,641
Total Contributions	922,824	871,287

NOTE 17: DEPRECIATION AND AMORTISATION

	2017	2016
PROPERTY		
Buildings		
Buildings	259,637	255,768
PLANT AND EQUIPMENT		
Plant and Vehicles	212,247	217,242
Furniture and Equipment	37,697	65,632
Small Machinery	9,564	11,388
INFRASTRUCTURE		
Roads	2,202,217	2,020,917
Bridges	81,867	59,219
Drainage	334,573	329,982
INTANGIBLE ASSETS		
Intangible assets	10,970	21,504
Total depreciation and amortisation	3,148,771	2,981,652

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 17: DEPRECIATION AND AMORTISATION (CONTINUED)

Accounting policy

Depreciation and amortisation expense

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

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

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

Land, heritage, artwork and road earthwork assets are not depreciated on the basis that they are assessed as not having a limited useful life.

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

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

	Period
Land improvements	50 years
BUILDINGS	
buildings	50 years
building improvements	50 years
PLANT AND EQUIPMENT	
plant, machinery and equipment	5-10 years
fixtures, fittings and furniture	5-10 years
computers and telecommunications	5-10 years
leased plant and equipment	5-10 years
ROADS	
road pavements and seals	5-40 years
road substructure	70-100 years
road formation and earthworks	100 years
road kerb, channel and minor culverts	50-60 years
BRIDGES	
bridges deck	20-80 years
bridges substructure	20-80 years
OTHER INFRASTRUCTURE	
footpaths and cycleways	15-40 years
drainage	80-100 years
recreational, leisure and community facilities	80 years
waste management	50 years
parks, open space and streetscapes	50 years
INTANGIBLE ASSETS	
intangible assets	3-10 years

NOTE 18: COMMERCIAL ACTIVITIES

	2017	2016
Professional Services and Private Works	485,198	662,861
Brighton Industrial & Housing Corporation	336,357	338,877
Microwise Australia	116,665	96,795
Total	938,220	1,098,533

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 19: OTHER EXPENSES

	2017	2016
Grants and Donations	76,931	233,619
External auditors' remuneration (Tasmanian Audit Office)	29,940	29,781
Councillors' allowances and expenses	212,020	208,861
Bad Debt Write off	10,481	
Total other expenses	329,372	472,261

Accounting policy

Other expenses

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

NOTE 20: INVESTMENT IN WATER CORPORATION

	2017	2016
Opening Balance	46,139,062	45,366,831
Change in fair value of investment	-	-
Fair Value adjustments on Available-for-Sale Assets	302,693	772,231
Total investment in water corporation	46,441,755	46,139,062

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

Accounting policy

Investment assets

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2017, Council continues to hold a 2.93% ownership interest in TasWater which is based on Schedule 2 of the Corporation's Constitution which reflects the Council's voting rights. Any unrealised gains and losses are recognised through the Statement of Comprehensive Income to an

Available-for-sale Fair value reserve each year (refer note 30).

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

On 7 March 2017 the State Government announced its intention to take ownership of Tasmanian Water and Sewerage Corporation Pty Ltd from July 2018. The State Government intends to introduce a suite of legislation in the Spring Session of Parliament that will transfer all of Tasmanian Water and Sewerage Corporation Pty Ltd's assets, rights, obligations and liabilities, including employees under their current terms and conditions, to a newly created government business, which will commence operations by 1 July 2018. As, at the date of these financial statements, there is no indication as to whether the legislation will be passed, no change has been made to the basis on which the investment Tasmanian Water and Sewerage Corporation Pty Ltd has been recognised for the year ended 30 June 2017.

NOTE 21: CASH AND CASH EQUIVALENTS

	2017	2016
Cash on hand	3,578	3,578
Cash at bank	3,919,780	1,668,145
Money market call account	2,924,220	2,166,019
Total cash and cash equivalents	6,847,578	3,837,742

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

Leave Provisions (note 29)	1,231,013	1,147,633
Conditions on grants (note 8)	478,406	
Restricted funds	1,709,419	1,147,633
Total unrestricted cash and cash equivalents	5,138,159	2,690,109

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 21: CASH AND CASH EQUIVALENTS (CONTINUED)

Accounting policy

Cash and cash equivalents

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

NOTE 22: TRADE AND OTHER RECEIVABLES

	2017	2016
CURRENT		
Rates debtors	(14,869)	17,555
Water debtors	1,377	1,237
Infringements	88,669	2,935
Licences	5,613	11,737
Other debtors	326,053	215,044
Provision for impairment - other debtors	(9,782)	(6,451)
Total	397,061	242,057
NON-CURRENT		
Mortgages over land sold	300,000	250,000
Total	300,000	250,000
Total trade and other receivables	697,061	492,057

Accounting policy

Trade and other receivables

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

NOTE 23: OTHER ASSETS

	2017 \$	2016 \$
Prepayments	87,041	66,849
Accrued income	35,876	222,723
Land held for resale	657,763	912,271
Total	780,679	1,201,843

Council has decided to sell land that is no longer required. It has been placed with real estate agents and is expected to be sold within one year. The land is valued at the lower of carrying value and fair value less cost to sell

Accounting policy

Assets held for sale

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 24: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

	2017	2016
SUMMARY		
at cost	3,940,144	3,204,224
Less accumulated depreciation	2,222,304	2,091,230
	1,717,839	1,112,994
at fair value as at 30 June	181,053,891	175,486,978
Less accumulated depreciation	53,174,290	49,730,656
	127,879,601	125,756,322
Total	129,597,441	126,869,316
PROPERTY		
Land		
at fair value as at 30 June	7,604,317	7,640,317
	7,604,317	7,640,317
Land under roads		
at fair value at 30 June	12,289,924	12,289,924
	12,289,924	12,289,924
Total Land	19,894,241	19,930,241
Buildings		
at fair value as at 30 June	13,752,504	13,378,204
Less accumulated depreciation	1,191,504	931,867
	12,561,000	12,446,337
Total Buildings	12,561,000	12,446,337
Total Property	32,455,241	32,376,578
PLANT AND EQUIPMENT		
Plant, machinery and equipment		
at cost	2,092,860	2,047,363
Less accumulated depreciation	1,115,541	1,031,728
	977,319	1,015,635
Furniture and Equipment		
at cost	1,071,981	1,039,810
Less accumulated depreciation	1,006,678	968,981
	65,303	70,830
Small Machinery		
at cost	130,335	117,051
Less accumulated amortisation	100,086	90,521
	30,249	26,530
Total Plant and Equipment	1,072,872	1,112,995

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 24: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (CONTINUED)

	2017	2016
INFRASTRUCTURE		
Roads		
at fair value as at 30 June	108,018,914	103,950,145
Less accumulated depreciation	36,599,175	34,129,240
	71,419,739	69,820,905
Bridges		
at fair value as at 30 June	5,697,107	5,495,834
Less accumulated depreciation	3,479,097	3,333,029
	2,218,010	2,162,805
Drainage		
at fair value as at 30 June	33,691,126	32,732,554
Less accumulated depreciation	11,904,515	11,336,520
	21,786,611	21,396,034
Total Infrastructure	95,424,361	93,379,744
WORKS IN PROGRESS		
Buildings at cost	-	-
Roads at cost	644,967	-
Bridges at cost	-	-
Total Works in progress	644,967	-
Total property, plant and equipment and infrastructure	129,597,441	126,869,317

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 24: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (CONTINUED)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

2017	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (Note 30)	Depreciation and amortisation (Note 17)	Written down value of disposals	Other adjustments	Transfers	Balance at end of financial year
PROPERTY								
land	7,640,317	-	(1,000)	-	(45,000)	10,000	-	7,604,317
land under roads	12,289,924	-	-	-	-	-	-	12,289,924
Total land	19,930,241	-	(1,000)	-	(45,000)	10,000	-	19,894,241
buildings	12,446,337	135,931	238,368	(259,637)	-	-	-	12,560,999
Total buildings	12,446,337	135,931	238,368	(259,637)	-	-	-	12,560,999
Total property	32,376,578	135,931	237,368	(259,637)	(45,000)	10,000	-	32,455,240
PLANT AND EQUIPMENT								
plant and vehicles	1,015,636	220,710	-	(212,247)	(46,779)	-	-	977,320
furniture and equipment	70,830	32,171	-	(37,697)	-	-	-	65,304
small machinery	26,530	13,283	-	(9,564)	-	-	-	30,249
Total plant and equipment	1,112,996	266,165	-	(259,508)	(46,779)	-	-	1,072,873
INFRASTRUCTURE								
roads	69,820,907	2,356,394	1,520,873	(2,202,217)	(76,217)	-	-	71,419,740
bridges	2,162,804	93,582	43,490	(81,867)	-	-	-	2,218,009
drainage	21,396,034	297,963	427,188	(334,573)	-	-	-	21,786,612
Total infrastructure	93,379,745	2,747,939	1,991,551	(2,618,657)	(76,217)	-	-	95,424,361
WORKS IN PROGRESS								
buildings	-	-	-	-	-	-	-	-
roads	-	644,967	-	-	-	-	-	644,967
bridges	-	-	-	-	-	-	-	-
Total works in progress	-	644,967	-	-	-	-	-	644,967
Total property, plant and equipment and infrastructure	126,869,319	3,795,002	2,228,919	(3,137,802)	(167,996)	10,000	-	129,597,442

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 24: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (CONTINUED)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

2016	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (Note 30)	Depreciation and amortisation (Note 17)	Written down value of disposals	Impairment losses recognised in profit or loss (a)	Transfers	Balance at end of financial year
PROPERTY								
land	7,659,317	-	(19,000)	-	-	-	-	7,640,317
land under roads	12,289,924	-	-	-	-	-	-	12,289,924
Total land	19,949,241	-	(19,000)	-	-	-	-	19,930,241
buildings	11,706,612	250,949	233,008	(255,768)	-	-	-	12,446,337
Total buildings	11,706,612	250,949	233,008	(255,768)	-	-	-	12,446,337
Total property	31,655,853	250,949	214,008	(255,768)	-	-	-	32,376,578
PLANT AND EQUIPMENT								
plant and vehicles	556,283	314,825	-	(217,242)	(72,714)	-	-	1,015,636
furniture and equipment	5,198	-	-	(65,632)	-	-	-	70,830
small machinery	8,002	7,140	-	(11,388)	-	-	-	26,530
Total plant and equipment	569,483	321,965	-	(294,262)	(72,714)	-	-	1,112,996
INFRASTRUCTURE								
roads	71,361,830	2,656,476	(6,218,316)	(2,020,917)	-	-	-	69,820,907
bridges	1,496,575	589,845	17,165	(59,219)	-	-	-	2,162,804
drainage	20,778,851	117,391	169,810	(329,982)	-	-	-	21,396,034
Total infrastructure	93,637,256	3,363,712	(6,031,341)	(2,410,118)	-	-	-	93,379,745
WORKS IN PROGRESS								
buildings	-	-	-	-	-	-	-	-
roads	-	-	-	-	-	-	-	-
bridges	-	-	-	-	-	-	-	-
Total works in progress	-	-	-	-	-	-	-	-
Total property, plant and equipment and infrastructure	125,862,592	3,936,626	(5,817,333)	(2,960,148)	(72,714)	-	-	126,869,319

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 24: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (CONTINUED)

Accounting policy

Recognition and measurement of assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

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

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

The following classes of assets have been recognised. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

	Threshold \$'000
LAND	
land	10
land under roads	10
land improvements	10
BUILDINGS	
buildings	10
building improvements	10
leasehold building improvements	10
heritage buildings	10
PLANT AND EQUIPMENT	
plant, machinery and equipment	5
fixtures, fittings and furniture	5
computers and telecommunications	5
leased plant and equipment	5
ROADS	
road pavements and seals	10
road substructure	10
road formation and earthworks	10
road kerb, channel and minor culverts	10

BRIDGES	
bridges deck	10
bridges substructure	10
OTHER INFRASTRUCTURE	
footpaths and cycleways	10
drainage	10
recreational, leisure and community facilities	10
waste management	10
parks, open space and streetscapes	10
off street car parks	10
INTANGIBLE ASSETS	
intangible assets	

Revaluation

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

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

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 24: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (CONTINUED)

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

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

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

Impairment of assets

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

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

Land under roads

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

NOTE 25: INVESTMENT PROPERTY

	2017	2016
Balance at beginning of financial year	625,000	-
Acquisitions	-	655,459
Disposals	-	-
Fair value adjustments	-	(30,459)
Balance at end of financial year	625,000	625,000

An independent fair value of investment property was performed as at 30 June 2016. This valuation was performed on the basis of current market value to reflect transaction prices for similar properties.

Accounting policy

Investment Property

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the Statement of Comprehensive Income in the period that they arise. Rental income from the leasing of investment properties is recognised in the Statement of Comprehensive Income on a straight line basis over the lease term.

NOTE 26: INTANGIBLE ASSETS

	2017	2016
Software at Cost	168,103	168,103
less accumulated depreciation	158,953	147,983
Total intangible assets	9,150	20,120

Accounting policy

Intangible assets

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

The estimated useful lives for current and comparative periods are as follows:

Intangible Asset	5 Years
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NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 27: TRADE AND OTHER PAYABLES

	2017	2016
Trade payables	218,642	263,779
Accrued expenses	243,289	435,336
Total trade and other payables	461,931	699,115

NOTE 28: DEPOSITS HELD

	2017 \$'000	2016 \$'000
Refundable subdivision bonds	146,124	135,500
Refundable hall booking deposits	2,455	2,395
Total trust funds and deposits	148,579	137,895

Accounting policy

Deposits Held

Amounts received as subdivision bonds and hall booking deposits are held in respect of damage indemnity, facilities booking and various performance related sureties.

NOTE 29: PROVISIONS

	Annual leave \$	Long service leave \$	Total \$
2017			
Balance at beginning of the financial year	483,904	663,729	1,147,633
Additional provisions	(579)	83,959	83,380
Balance at the end of the financial year	483,325	747,688	1,231,013
2016			
Balance at beginning of the financial year	404,127	595,286	999,413
Additional provisions	79,776	68,443	148,219
Balance at the end of the financial year	483,903	663,729	1,147,632
	2017	2016	
(a) Employee benefits			
(i) Current			
Annual leave	483,325	483,904	
Long service leave	610,108	529,644	
Superannuation	-	-	
Other	-	-	
	1,093,433	1,013,548	
(ii) Non-current			
Long service leave	137,580	134,085	
Superannuation	-	-	
Other	-	-	
	137,580	134,085	
Aggregate carrying amount of employee benefits:			
Current	1,093,433	1,013,548	
Non-current	137,580	134,085	
	1,231,013	1,147,633	

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 29: PROVISIONS (CONTINUED)

	2017	2016
The following assumptions were adopted in measuring the present value of employee benefits:		
The provision for long service leave is established at a level sufficient to cover the liability due to employees for leave due in the current financial year plus accrued entitlements due. An inflation factor of 2.5% has been applied where applicable.		
(iii) Current		
All annual leave and the long service leave entitlements representing 7 or more years of continuous service		
Short-term employee benefits, that fall due within 12 months after the end of the period	484,325	484,904
Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	609,108	528,644
	1,093,433	1,013,548
(iv) Non-current		
Long service leave representing less than 7 years of continuous service measured at present value.	137,580	134,085
(v) Employee Numbers		
	56	61

Accounting policy

Employee benefits

i) Short term obligations

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

ii) Other long term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the

reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

iii) Sick leave

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 29: PROVISIONS (CONTINUED)

iv) Defined benefit plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the statement of financial position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures

and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans i.e as an expense when it becomes payable.

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

NOTE 30: RESERVES

	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
(A) ASSET REVALUATION RESERVE				
2017				
Property				
Land	4,611,935		(1,000)	4,610,935
Land under roads	-	-	-	-
Buildings	522,638	238,368	-	761,006
	5,134,573	238,368	(1,000)	5,371,941
Infrastructure				
Roads	33,195,675	1,520,873	-	34,716,548
Bridges	1,305,924	43,491	-	1,349,415
Drainage	11,686,562	427,188	-	12,113,750
	46,188,161	1,991,552	-	48,179,713
Total asset revaluation reserve	51,322,734	2,229,920	(1,000)	53,551,654
2016				
Property				
Land	4,630,935	-	(19,000)	4,611,935
Land under roads	-	-	-	-
Buildings	289,630	233,008	-	522,638
	4,920,565	233,008	(19,000)	5,134,573
Infrastructure				
Roads	39,413,991	-	(6,218,316)	33,195,675
Bridges	1,288,759	17,165	-	1,305,924
Drainage	11,516,752	169,810	-	11,686,562
	52,219,502	186,975	(6,218,316)	46,188,161
Total asset revaluation reserve	57,140,067	419,983	(6,237,316)	51,322,734

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 30: RESERVES (CONTINUED)

	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
(B) FAIR VALUE RESERVE				
2017				
Available-for-sale assets				
Investment in water corporation	(5,251,811)	302,693	-	(4,949,118)
Total fair value reserve	(5,251,811)	302,693	-	(4,949,118)
2016				
Available-for-sale assets				
Investment in water corporation	(6,024,042)	772,231	-	(5,251,811)
Total fair value reserve	(6,024,042)	772,231	-	(5,251,811)

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

Total Reserves	48,602,536	46, 070,923
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NOTE 31: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS (DEFICIT)

	2017	2016
Result from continuing operations	3,425,036	285,133
Depreciation/amortisation	3,148,771	2,981,652
(Profit)/loss on disposal of property, plant and equipment, infrastructure	103,000	(6,031)
Impairment losses	(10,000)	30,461
Contributions non monetary	(1,343,243)	(703,350)
Capital grants received specifically for new or upgraded assets	(1,279,884)	(455,423)
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	(205,004)	161,134
Decrease/(increase) in other assets	421,164	(65,279)
Increase/(decrease) in trade and other payables	(237,184)	(197,361)
Increase/(decrease) in provisions	83,379	148,220
Net cash provided by/(used in) operating activities	4,106,038	2,179,155

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 32: RECONCILIATION OF CASH AND CASH EQUIVALENTS

	2017	2016
Cash and cash equivalents (see note 21)	6,847,578	3,837,742
Less bank overdraft	-	-
Total reconciliation of cash and cash equivalents	6,847,578	3,837,742

NOTE 33: SUPERANNUATION

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund). The Fund was a sub fund of the Quadrant Superannuation Scheme (the Scheme) up to 30 November 2015. At this date the Quadrant Superannuation Scheme merged (via a Successor Fund Transfer) into the Tasplan Super and the Quadrant Defined Benefits Fund became a sub fund of Tasplan Super (Tasplan) from that date. 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 2017 Council contributed 9.5% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, 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 2014. The review disclosed that at that time the net market value of assets available for funding member benefits was \$66,310,000, the value of vested benefits was \$57,475,000, the surplus over vested benefits was \$8,835,000, the value of total accrued benefits was \$58,093,000, and the number of members was 187. These amounts relate to all members of the fund at the date of valuation and no asset or liability is recorded in the Quadrant Superannuation Scheme'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 2014.
- 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 2014.
- 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 11.0% of salaries in 2014/15 and 9.5% of salaries thereafter.

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 2017 and is expected to be completed late in 2017.

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 2014 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 different from the method used at the previous actuarial review in 2011.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 33: SUPERANNUATION (CONTINUED)

Under the aggregate funding method of financing the benefits, the stability of 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, 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 \$24,658 (2015-16, \$22,606), and the amount paid to accumulation schemes was \$481,736 (2015-16, \$454,873).
- During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$25,274 , and the amount to be paid to accumulation schemes is \$493,779 .
- As reported on the first page of this note, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2014. 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 2017.
- 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 2014, showed that the Fund had assets of \$66.3 million and members' Vested Benefits were \$57.5 million. These amounts represented 8.4% and 7.5% respectively of the corresponding total amounts for the Scheme.
- As at 30 June 2016 the fund had 151 members and the total employer contributions and member contributions for the year ending 30 June 2016 were \$1,956,576 and \$284,779 respectively.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 33: SUPERANNUATION (CONTINUED)

	2017	2016
FUND		
Defined benefits fund		
Employer contributions to Quadrant	24,658	22,606
	24,658	22,606
Accumulation funds		
Employer contributions to all accumulation funds	481,736	454,873
	481,736	454,873

NOTE 34: COMMITMENTS

	2017	2016
CAPITAL EXPENDITURE COMMITMENTS		
Bridges	1,282,945	-
Roads to Recovery	159,387	-
Total Capital expenditure commitments	1,442,332	-
CONTRACTUAL COMMITMENTS		
Contractual commitments at end of financial year but not recognised in the financial report are as follows:		
Collection of recyclables contract expires December 2017	86,443	259,331
Total contractual commitments	86,443	259,331

NOTE 35: OPERATING LEASES

(a) Operating lease commitments

There were no operating lease commitments as at balance date

NOTE 36: CONTINGENT LIABILITIES

There are currently no claims against the Council, its Councillors or any officers which are likely to result in any material liability against Council

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 37: FINANCIAL INSTRUMENTS

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
FINANCIAL ASSETS			
Cash and cash equivalents	21	Cash on hand and at bank and money market call accounts are valued at face value. Interest is recognised as it accrues. Investments and bills are valued at cost. Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue.	On call deposits returned a floating interest rate of 2.63% (2.17% in 2015-16).
Trade and other receivables	22	Receivables are carried at cost. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	
Available for sale financial assets			
Investment in Water Corporation	20	The investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date.	Investment in TasWater provided return of 2.3% excluding unrealised gains/losses
FINANCIAL LIABILITIES			
Trade and other payables	27	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.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 37: FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest Rate Risk

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

2017			Fixed interest maturing in:				
	Weighted average interest rate	Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non- interest bearing	Total
FINANCIAL ASSETS							
Cash and cash equivalents	2.63%	6,844,000	-	-	-	3,578	6,847,578
Other financial assets	2.30%	-	-		-	300,000	300,000
Trade and other receivables	8.40%	(13,492)	-	-	-	410,553	397,061
Investment in water corporation		-	-	-	-	46,441,755	46,441,755
Total financial assets		6,830,508	-	-	-	47,155,886	53,986,394
FINANCIAL LIABILITIES							
Trade and other payables		-	-	-	-	461,931	461,931
Trust funds and deposits		-	-	-	-	148,579	148,579
Total financial liabilities		-	-	-	-	610,510	610,510
Net financial assets (liabilities)		6,830,508	-	-	-	46,545,376	53,375,884

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 37: FINANCIAL INSTRUMENTS (CONTINUED)

2016	Weighted average interest rate	Floating interest rate	Fixed interest maturing in:			Non- interest bearing	Total
			1 year or less	Over 1 to 5 years	More than 5 years		
FINANCIAL ASSETS							
Cash and cash equivalents	2.17%	3,834,163	-	-	-	3,578	3,837,741
Other financial assets	2.50%	-	-	-	250,000	-	250,000
Trade and other receivables	8.46%	18,792	-	-	-	223,265	242,057
Investment in water corporation		-	-	-	-	46,139,062	46,139,062
Total financial assets		3,852,955	-	-	250,000	46,365,905	50,468,860
FINANCIAL LIABILITIES							
Trade and other payables		-	-	-	-	699,115	699,115
Trust funds and deposits		-	-	-	-	137,895	137,895
Total financial liabilities		-	-	-	-	837,010	837,010
Net financial assets (liabilities)		3,852,955	-	-	250,000	45,528,895	49,631,850

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 37: FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair Value

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2017	2016	2017	2016
FINANCIAL ASSETS				
Cash and cash equivalents	6,847,578	3,837,741	6,847,578	3,737,741
Other financial assets	300,000	250,000	300,000	250,000
Trade and other receivables	397,061	242,057	397,061	242,057
Investment in water corporation	46,441,755	46,139,062	46,441,755	46,139,062
Total financial assets	53,986,394	50,468,860	53,986,394	50,368,860
FINANCIAL LIABILITIES				
Trade and other payables	461,931	699,115	461,931	699,115
Trust funds and deposits	148,579	137,892	148,579	137,892
Total financial liabilities	610,510	837,007	610,510	837,007

(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 major Australian banks by a tender process. Finance leases are sourced from major Australian financial institutions. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our net debt portfolio by:

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

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

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

- conformity with State and Federal regulations and standards,

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 37: FINANCIAL INSTRUMENTS (CONTINUED)

- 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 only invest surplus funds with financial institutions which have a recognised credit rating specified in our Investment policy.

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

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

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

CREDIT QUALITY OF CONTRACTUAL FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED

	Financial Institutions (AAA credit rating)	Government agencies (BBB credit rating)	Other (min BBB credit rating)	Total
2017				
Cash and cash equivalents	6,844,000			6,844,000
Trade and other receivables				-
Investments and other financial assets	-	-	-	-
Total contractual financial assets	6,844,000	-	-	6,844,000
2016				
Cash and cash equivalents	3,834,163			3,834,163
Trade and other receivables				-
Investments and other financial assets	-	-	-	-
Total contractual financial assets	3,834,163	-	-	3,834,163

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 37: FINANCIAL INSTRUMENTS (CONTINUED)

Movement in Provisions for Impairment of Trade and Other Receivables	2017	2016
Balance at the beginning of the year	6,451	11,238
New Provisions recognised during the year	3,331	4,787
Amounts already provided for and written off as uncollectible	-	-
Amounts provided for but recovered during the year	-	-
Balance at end of year	9,782	6,451

Ageing of Trade and Other Receivables

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

	2017	2016
Current (not yet due)	146,430	93,102
Past due by up to 30 days	89,621	18,015
Past due between 31 and 60 days	2,215	34,706
Past due between 61 and 90 days	-	-
Past due by more than 90 days	168,577	274,218
Total Trade & Other Receivables	406,843	233,837

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.

Council's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

Any debenture loans of Council are secured by trust deed and the total loan borrowings are limited to borrowings approved by Treasury. In accordance with Section 80 of the *Local Government Act 1993* (as amended) the borrowing capacity of Council is limited as follows:

Except with the approval of the Minister, a Council may not borrow additional money for any purpose if the annual payments required to service the total borrowings would exceed 30% of its revenue of the preceding financial year.

Grants made to Council for specific purposes are to be excluded in calculating 30% of the revenue of Council.

Council does not currently have any loans.

(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 -2% in market interest rates (AUD) from year-end rates of 4.4%.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 37: FINANCIAL INSTRUMENTS (CONTINUED)

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

Interest rate risk					
2017					
		-2 % -200 Profit	basis points Equity	+1% +100 Profit	basis points Equity
Financial assets:					
Cash and cash equivalents	6,844,000	136,880	136,880	68,440	68,440
Trade and other receivables	397,061	7,941	7,941	3,971	3,971
Financial liabilities:					
Interest-bearing loans and borrowings		-			
2017					
		-2 % -200 Profit	basis points Equity	+1% +100 Profit	basis points Equity
Financial assets:					
Cash and cash equivalents	3,837,741	76,755	76,755	38,377	38,377
Trade and other receivables	492,057	9,841	9,841	4,921	4,921
Financial liabilities:					
Interest-bearing loans and borrowings		-			

NOTE 38: FAIR VALUE MEASUREMENTS

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

Property, infrastructure plant and equipment

- Land
- Buildings
- Roads
- Bridges
- Drainage
- Assets held for sale
- Investment Property

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

Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as assets held for sale. These comprise of identified surplus land as disclosed in note 23. A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading 'Land held for sale'.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 38: FAIR VALUE MEASUREMENTS

(a) Fair Value Hierarchy

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

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

The table below shows the assigned level for each asset and liability held at fair value by the Council. The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2017.

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 2017					
	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Investment property	25	-	625	-	625
Land	24	-	7,640	12,290	19,930
Buildings	24	-	-	12,561	12,561
Roads	24	-	-	71,419	71,419
Bridges	24	-	-	2,218	2,218
Drainage	24	-	-	21,786	21,786
		-	8,265	120,274	128,539
Non-recurring fair value measurements					
Assets held for sale	23	658	-	-	658
		658	-	-	658
AS AT 30 JUNE 2016					
	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Investment property	25	-	625	-	625
Investment in water corporation	20	-	-	46,139	46,139
Land	24	-	7,640	12,290	19,930
Buildings	24	-	-	12,446	12,446
Roads	24	-	-	69,821	69,821
Bridges	24	-	-	2,163	2,163
Drainage	24	-	-	21,396	21,396
		-	8,265	164,255	172,520

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 38: FAIR VALUE MEASUREMENTS (CONTINUED)

Transfers between levels of the hierarchy

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

(b) Highest and best use

A number of Council assets are not being used for their highest and best use. This is mainly in relation to a number of Council buildings that are leased to community groups on a user pays system. A number of parcels of vacant land are also used throughout the municipality for parklands and sporting grounds. Council has identified that community groups require a place to meet and operate from at a minimal cost to their organisation which in turn contributes to a sense of community within the municipality. Council also sees that it has a commitment to the health and wellbeing of the ratepayers to provide adequate sporting grounds and recreational walking tracks.

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

Land

Land fair values were determined by a qualified independent valuer Opteon (Tasmania) Pty Ltd effective 1st July 2013.

Land held for sale

Council identified land that is no longer required and listed it with a real estate agent within the reporting period. Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification.

Land under roads

The valuation of Land under roads is based on the unit rate given by the Valuer General as at 2014 - Land under Roads areas are multiplied by the m2 road data held in Councils asset management system.

Buildings

The fair value of buildings were also determined by a qualified independent valuer Opteon (Tasmania) Pty Ltd valued at 1st July 2012 but effective 1st July 2013. Indexation has occurred for these buildings based on the ABS Producer Price Index for the March quarter. This index takes into account the movement in construction costs for Hobart and is multiplied by the total building value.

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

Infrastructure assets

All Council infrastructure assets were fair valued using written down current replacement cost. 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.

Gross replacement cost 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 gross replacement cost of an asset or asset component were based on the modern equivalent cost of replacement with a new asset including components that may not need to be replaced, such as earthworks.

The level of accumulated depreciation for infrastructure assets was determined based on the age of the asset and the useful life adopted by Council for the asset type. Estimated useful lives and residual values are disclosed in Note 17.

The calculation of Depreciated Replacement Cost 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.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 38: FAIR VALUE MEASUREMENTS (CONTINUED)

The methods for calculating gross replacement cost are described under individual asset categories below.

Roads, including footpaths & cycleways

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

Gross replacement cost is based on the road area multiplied by a unit price; the unit price being an estimate of labour and material inputs, services costs, and overhead allocations. Council assumes that pavements are constructed to depths of 250mm on sealed roads and 100mm on unsealed roads. 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, gross replacement cost is based on the average of completed similar projects over the last few years. Council engineers undertook a full revaluation for 2016 based on current unit pricing.

Bridges

A full valuation of bridges assets was undertaken by independent valuers, Tasspan, effective 30 June 2012. Each bridge is assessed individually and componentised into sub-assets representing the deck and sub-structure. The valuation is based on the material type used for construction and the deck and sub-structure area.

Drainage

A full valuation of drainage infrastructure was undertaken by Council's Engineer Stornoway], effective 30 June 2012. Similar to roads, drainage assets are managed in segments; pits and pipes being the major components.

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

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

Other Infrastructure

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

(e) Valuation processes

Revaluation of Council assets is undertaken on a regular basis. Valuation of roads, drainage and bridges are undertaken every 5 years and land and buildings every 5 years by independent valuers. At the end of each financial year a review of all assets is undertaken to make sure that assets are still current and have a future economic benefit. Indexation of Council assets by independent sources is undertaken in between revaluation years. These independent sources are the Producer Price Index, the Valuer General Adjustment index and the Consumer Price Index.

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

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

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 39: EVENTS OCCURRING AFTER BALANCE DATE

There are no events occurring after balance day.

NOTE 40: RELATED PARTY TRANSACTIONS

(i) Responsible Persons

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

Councillors

- Mayor Tony Foster
- Deputy Mayor Barbara Curran
- Councillor Wayne Garlick
- Councillor Peter Geard
- Councillor Leigh Gray
- Councillor Moya Jeffries
- Councillor Philip Owen
- Councillor Geoff Taylor (1st July 2017 to 14th October 2017)
- Councillor Sonya Williams
- Councillor Keith Higgins (3rd November 2016 to Current)

General Manager

- Ron Sanderson

(ii) Councillor Remuneration

	Short term employee benefits		Post employment benefits				
	Allowances	Vehicles ²	Super-annuation ¹	Total Compensation AASB 124	Microwise ³	Expenses ⁴	Total allowances and expenses section 72
2017							
Mayor	50,314	-	-	50,314	14,000	841	65,155
Deputy Mayor	28,031	-	-	28,031			28,031
Councillors	99,907	-	-	99,907		126	100,033
Total	178,252	-	-	178,252	14,000	967	193,219
2016							
Mayor	49,185	-	-	49,185	14,000	1541	64,726
Deputy Mayor	27,402	-	-	27,402	-	-	27,402
Councillors	98,376	-	-	98,376	-	-	98,376
Total	174,963	-	0	174,963	14,000	1,541	190,504

¹ Superannuation means the contribution to the superannuation fund of the individual.

² 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).

³ Microwise includes directors fees payable

⁴ Reimbursements of office supplies

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 40: RELATED PARTY TRANSACTIONS (CONTINUED)

(iii) Key Management Personnel Remuneration											
Remuneration band	Number of employees	Short term Salary ¹	Short-term Incentive Payments ²	Short-term employee benefits Vehicles ³	Post employment benefits	Other Allowances and Benefits ⁴	Super-annuation ⁵	Other Long-term Benefits ⁶	Other Microwise ⁷	Non-monetary Benefits ⁸	Total
2017											
\$280 001 - \$300 000	1	188,669	-	12,177	-	-	24,525	-	65,860	7,548	298,779
Total		188,669	-	12,177	-	-	24,525	-	65,860	7,548	298,779
2016											
\$280 001 - \$300 000	1	179,383	-	10,000	-	-	23,317	-	67,532	-	280,232
Total		179,383	-	10,000	-	-	23,317	-	67,532	-	280,232

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

² Short term incentive payments are non-recurrent payments which depend on achieving specified performance goals within specified timeframes. These payments are capped at 15% of base salary. [This includes such items as retention bonuses in culmination with termination.]

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

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

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

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

⁷ Microwise includes remuneration from General Manager role.

⁸ Other non-monetary benefits include annual and long service leave movements.

(iii) Remuneration Principles

Councillors

Councillors do not receive any superannuation, vehicles or any other monetary or non monetary benefits

Executives

General Manager

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 40: RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

(iv) Transactions with related parties

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

NOTE 41: MICROWISE AUSTRALIA PTY LTD

Microwise is a 100% owned incorporated entity of Brighton Council that has been formed to:

- Own and manage the intellectual property contained in the PropertyWise software product.
- Create and develop new software products to meet the identified needs of existing and potential customers within local government and other public and private sectors.
- Provide software maintenance and technical support to existing customers.
- Provide upgrades and enhancements to a portfolio of products.
- Manage the relationship with marketing organisations to achieve market coverage and representation.
- The Council paid Microwise \$26,215 (2016 \$29,359) in licence fees during the 2017 financial year.
- Microwise paid Council \$239,914 (2016 - \$222,165) in fees/ consultancy during the 2017 financial year
- Directors Fees of \$28,000 (2016 - \$28,000) were paid during the 2017 financial year.

	2017	2016
Financial Performance	\$	\$
Revenue	565,877	382,078
Expenditure	116,664	96,795
Profit	449,213	285,283
Brighton Council Equity	1,406,997	1,171,483

The financial performance excludes any internal transactions with Brighton Council.

Microwise has been consolidated in the current year financial statements.

Microwise has separate financial statements that are audited by Tasmania Audit Office.

The financial statements only identify the consolidated revenue and expenditure under notes 11 and 18 respectively due to immateriality.

The directors of Microwise Australia are:

- Clr. Tony Foster
- Mr. Gregory Davoren
- Mr. Geoff Dodge

Mr R Sanderson, Brighton Council's General Manager, is also the General Manager of Microwise. As Microwise is a subsidiary of Brighton Council, all remuneration relating to this role is included and disclosed as part of the total remuneration within the Annual Report.

NOTE 42: BRIGHTON INDUSTRIAL & HOUSING CORPORATION

Brighton Industrial & Housing Corporation commenced in July 2012. The corporation is a 100% owned incorporated entity of Brighton Council that has been formed to:

- Develop affordable residential dwellings for homebuyers through the strategic allocation and use of Council owned land so as to provide a financial return to the Council and to add to the social and cultural amenity of the municipality,
- Develop Council's industrial land for commercial and retail users, providing a strong return for the Council and additional employment opportunities for local residents.
- No directors fees were paid.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 42: BRIGHTON INDUSTRIAL & HOUSING CORPORATION (CONTINUED)

Financial Performance	2017 \$	2016 \$
Revenue	515,455	601,364
Expenditure	336,357	338,877
Profit	179,098	262,487
Brighton Council Equity	922,478	743,380

The financial performance excludes any internal transactions with Brighton Council.

Brighton Industrial & Housing Corporation is consolidated in the current year financial statements.

Brighton Industrial & Housing Corporation has separate financial statements that are audited by Tasmania Audit Office.

The financial statements only identify the consolidated revenue and expenditure under notes 11 and 18 respectively due to immateriality.

The directors of Brighton Industrial & Housing Corporation are:

- Clr. Tony Foster
- Clr. Leigh Gray
- Mr Ron Sanderson
- Mr. Gregory Davoren

Mr G Davoren, Brighton Council's Deputy General Manager, is also the Chief Executive Officer of Brighton Industrial & Housing Corporation. As Brighton Industrial & Housing Corporation is a subsidiary of Brighton Council, all remuneration relating to this role is included and disclosed as part of the total remuneration within the Annual Report.

NOTE 43: OTHER SIGNIFICANT ACCOUNTING POLICIES AND PENDING ACCOUNTING STANDARDS

(a) Taxation

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

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is

recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

(b) Impairment of assets

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

(c) Allocation between current and non-current

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

(d) Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 43: OTHER SIGNIFICANT ACCOUNTING POLICIES AND PENDING ACCOUNTING STANDARDS (CONTINUED)

In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

(e) Contingent assets, contingent liabilities and commitments

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

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

(f) Budget

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

(g) Adoption of new and amended accounting standards

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

- (i) AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not for Profit Public Sector Entities* (effective from 1 July 2016) – Council has applied AASB 124 Related Party Disclosures for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. The standard further extends that required under the LGA 1993. This information is presented in Note 46
- (ii) AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities* (effective from 1 July 2016) – The amendment provides relief to not-for-profit public sector entities from certain disclosures about the fair value measurement of property, plant and

equipment held for their current service potential rather than to generate net cash inflows that is categorised within Level 3 of the fair value hierarchy.

(h) Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below. (Note: standards are applicable to reporting periods beginning on or after to effective date referred to below).

- (i) AASB 9 *Financial Instruments* and 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014) (effective from 1 January 2018)

The main impacts of these standards on Council are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Council's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value. The amortised cost model is available for debt assets meeting both 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."

Fair value is to be used for all other financial assets. 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 an irrevocable election has been made to present in other comprehensive income changes in the fair value of an equity instrument not held for trading.

When adopted, the standard will affect, in particular, Council's accounting for its investment in TasWater which is an available-for-sale financial assets. Currently, Council recognises changes in the fair value of its available-for-sale assets through other comprehensive income. Council is likely to make an irrevocable election for its 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.

Another impact of AASB 9 relates to calculating impairment losses for Council's receivables. Assuming no

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 43: OTHER SIGNIFICANT ACCOUNTING POLICIES AND PENDING ACCOUNTING STANDARDS (CONTINUED)

substantial change in the nature of receivables, as they don't include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, Council will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised and also factor in any future changes or events.

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.

- (ii) AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers*, and AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*. AASB 2015-8 *Amendments to Australian Accounting Standards arising from AASB 15* provides for an effective of application from 1 January 2019.

AASB 15 will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 *Contributions*. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Council has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. Potential future impacts identifiable at the date of this report include:

- 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.

- Under the new standards, 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. Council is yet to evaluate the existing grant arrangements as to whether revenue from those grants could be deferred under the new requirements.
- Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants for which there are no sufficiently specific performance obligations, for example the Commonwealth Financial Assistance Grants. These grants are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.
- Rates received in advance, which are currently required to be recognised as revenue when received will be deferred under the new requirements until the commencement of the rating period to which they relate.
- Volunteer services and transactions where the consideration is significantly less than the fair value of that asset acquired, or no consideration is provided (for example below market leases) will be required to be recognised when certain recognition criteria are met. Council has not yet fully determined the impact of these requirements on its financial statements.
- Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of goods and services such that some revenue may need to be deferred to a later reporting period to the extent that Council has received cash, but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime). Council is yet to full complete its analysis of existing arrangements for sale of its goods and

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 43: OTHER SIGNIFICANT ACCOUNTING POLICIES AND PENDING ACCOUNTING STANDARDS (CONTINUED)

services and the impact on revenue recognition has not yet been fully determined.

(iii) AASB 16 *Leases* (effective from 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. Council has no existing lease commitments.

The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term, and increases in lease payments. A corresponding right to use assets will be recognised, which will be amortised over the term of the lease.

Rent expense will no longer be shown. The profit and loss impact of the leases will be through amortisation and interest charges. Council's current operating lease expenditure is shown at Note 19. In the Statement of Cash Flows lease payments will be shown as cash flows from financing activities instead of operating activities."

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

(iv) AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107* (effective from 1 January 2017)

Amendments to AASB 107 will require additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures will include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and be disclosed by way of a reconciliation in the notes to the Statement of Cash Flows.

(v) AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, AASB 2015-10 *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB10 and AASB128* (effective 1 January 2018)

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

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2015-10 has delayed the effective date of the amendments to 1 January 2018. i.e. councils' financial statements for year ended 30 June 2019.

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

NOTE 44: SIGNIFICANT BUSINESS ACTIVITIES

Council is required to report the operating, capital and competitive neutrality costs in respect of each significant business activity undertaken by the Council. Council has determined that Council does not consider any of its activities are deemed as significant business activities.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 45: MANAGEMENT INDICATORS

	Benchmark	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
(A) UNDERLYING SURPLUS OR DEFICIT					
Recurrent income*					
less		14,359	13,875	13,522	12,167
recurrent expenditure		14,349	13,950	13,003	12,753
Underlying surplus/ deficit	0	10	-75	519	-586
<p>The intent of the underlying result is to show the outcome of a council's normal or usual day to day operations.</p> <p>* Recurrent income excludes income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature.</p>					
(B) UNDERLYING SURPLUS RATIO					
Underlying surplus or deficit		10	-75	519	-586
Recurrent income*		14,359	13,875	13,522	12,167
Underlying surplus ratio %	0%	0%	-1%	4%	-5%
<p>This ratio serves as an overall measure of financial operating effectiveness. Council has been consistent with its ratio in the recorded periods</p>					
(C) NET FINANCIAL LIABILITIES					
Liquid assets less		7,244	4,080	5,504	3,299
total liabilities		1,841	1,985	2,028	1,751
Net financial liabilities		5,403	2,095	3,476	1,548
<p>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.</p>					
(D) NET FINANCIAL LIABILITIES RATIO					
Net financial liabilities		5,403	2,095	3,476	1,548
Recurrent income*		14,290	13,875	13,522	12,167
Net financial liabilities ratio %	0% - (50%)	38%	15%	26%	13%
<p>This ratio indicates the net financial obligations of Council compared to its recurrent income.</p> <p>Council consistently exceeds benchmark.</p>					

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 45: MANAGEMENT INDICATORS (CONTINUED)

	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
(E) ASSET CONSUMPTION RATIO				
An asset consumption ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.				
TRANSPORT INFRASTRUCTURE				
Depreciated replacement cost	73,637	71,984	77,019	75,864
Current replacement cost	113,716	109,446	99,383	93,966
Asset consumption ratio %	65%	66%	77%	81%
BUILDINGS				
Depreciated replacement cost	12,561	12,446	12,218	12,148
Current replacement cost	13,752	13,378	12,894	12,569
Asset consumption ratio %	91%	93%	95%	97%
DRAINAGE				
Depreciated replacement cost	21,786	21,396	21,439	21,707
Current replacement cost	33,691	32,733	32,355	32,228
Asset consumption ratio %	65%	65%	66%	67%
This ratio indicates the level of service potential available in Council's existing asset base. Council is tracking as per the asset management plan and long term financial plan.				
(F) ASSET RENEWAL FUNDING RATIO				
An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.				
TRANSPORT INFRASTRUCTURE				
Projected capital funding outlays**	19,749	23,853	23,163	N/A
Projected capital expenditure funding***	19,749	23,853	21,673	N/A
Asset renewal funding ratio % 90-100%	100%	100%	107%	
BUILDINGS				
Projected capital funding outlays**	462	521	325	N/A
Projected capital expenditure funding***	462	521	224	N/A
Asset renewal funding ratio % 90-100%	100%	100%	145%	

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 45: MANAGEMENT INDICATORS (CONTINUED)

** 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 exceeds benchmark on a total asset trend basis.

	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
(G) ASSET SUSTAINABILITY RATIO				
Capex on replacement/ renewal of existing assets	1,389	2,521	2,827	2,036
Annual depreciation expense	3,148	2,982	2,958	2,921
Asset sustainability ratio % 100%	44%	85%	96%	70%
This ratio calculates the extent to which Council is maintaining operating capacity through renewal of their existing asset base.				

2017	Capital renewal expenditure \$'000	Capital new /upgrade expenditure \$'000	Total Capital Expenditure \$'000
By asset class			
Land	0	0	0
Buildings	136	0	136
Plant & vehicles	221		221
Furniture and equipment	32		32
Small machinery	13		13
Roads	1140	152	1292
Bridges	94		94
Drainage	19		19
WIP	645		645
Total	2300	152	2452

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2017

NOTE 46: MATERIAL BUDGET VARIATIONS

Council's original budget was adopted by the Council on 21 June 2016. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grant programs, changing economic activity, the weather, and by decisions made by the Council. Material variations of are explained below:

Revenues

1 Rates and charges

Revenue was up \$175,457 on budget (2.09%) due mainly to a very conservative estimate being made in the budget. Supplementary valuations during the year included the resulted in additional rates and charges.

2 User fees

The increase of user fees includes the community blitz program which generated income that was not budgeted for. Dog licence renewal fees increased above budget estimates as well as there being income being obtained through insurance payouts on claims.

3 Grants

The variations for both operating and capital was up \$1,406,722 on budget due to the early receipt of Commonwealth funding. The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. Since 2011-12 the Commonwealth has been making 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 effects of the early receipt of instalments each year has resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2016/17 by \$792,558. This has impacted the Statement of Comprehensive Income resulting in the Surplus/(deficit) being higher, however future payments remain at the Commonwealth's discretion. Council was also successful in various grant applications which consisted of but not limited to the Cove Hill Road Bridge works and Playground and skate park works.

4 Commercial Income

Revenue income up \$677,923 on budget due mainly to a very conservative estimate being made for professional services work in the budget.

Expenses

1 Materials and services

The increase of \$552,540 on budget was due to conservative estimates on some maintenance items including reserve maintenance which meant that extra mowing was required and labour hire was required for longer during this period. There was also some storm damage to roads that required urgent maintenance. Internal contractor costs were also underestimate in the budget process.

2 Commercial Activities

A significant increase of \$343,291 due mainly to conservative estimates on the initial budget.

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Brighton
going places

