



**BRIGHTON  
COUNCIL**

**ANNUAL  
REPORT**

**2013**

**2014**



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## 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 2013/14 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 21<sup>st</sup> 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 19<sup>th</sup> 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 16,100 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 9<sup>th</sup> December 2014. Any person wishing to make a submission should do so by close of business 28<sup>th</sup> November 2014.

## MAYOR'S MESSAGE

### Tony Foster, OAM, JP Mayor of Brighton

Brighton Council celebrated its 150th birthday on November 19, 2013 and it was indeed a privilege as Mayor to be involved in the historic anniversary.

There was a community celebration at the Brighton Civic Centre, a performance by the Brighton Primary School Choir, the unveiling of a commemorative sculpture by local artist Folko Kooper, a montage of photographs spanning 150 years, and a reception for representatives of local organisations.

As well as an historic celebration it was a time for reflection. What vision did the founding fathers have for our municipality when they held their first Council meeting in Pontville on November 19, 1863? Did they foresee the rapid development of Brighton municipality, which 17,000 Tasmanians now call home?

The founding fathers – regrettably women were not elected to Council until 1975 – levied a municipal rate of three-pence a year. The councillors were able to find savings and later reduced the rate to one penny a year.

That emphasis on efficiency and savings still exists today. We are debt free – we are one of only a handful of councils in Tasmania consistently operating in the black. This year we budgeted for a surplus of \$1.3 million after providing \$5 million for capital works.

Our Fair Rating System is the envy of local governments throughout Australia and we continue to have the lowest rate increase of any local government in Tasmania.

Brighton Council sets the benchmark for the 28 other councils across our state. This year household rates in the municipality rose by just 40 cents a week. It is the 17th successive year that rate increases have been kept at or below CPI increase.

Brighton Council is able to achieve this because we have a very efficient administration – in fact, we have the lowest cost ratio of all councils in Tasmania. We are able to boost the municipality's income by selling financial services and local government expertise to other councils in Tasmania. Additional income is derived from our Microwise venture, which sells software packages to local governments in Australia and in the Pacific.

Another success story in our municipality is the development of the Brighton Industrial Estate and Transport Hub. Seventeen years ago this was just a vision, but perseverance got us to where we are today.

In August 2013, Toll Transport – Tasmania's largest freight carrier – began construction of its new headquarters at the Transport Hub. Toll is investing \$25 million in southern freight infrastructure.

Toll's new headquarters will operate 24 hours a day, seven days a week and will employ 125 staff, thereby boosting employment opportunities within the municipality. Significantly, Toll's commitment follows TasRail's relocation to the Hub.

Brighton Council has invested more than \$500,000 in road infrastructure, water and sewerage works at the Transport Hub – a significant commitment by Council to making the hub the logistical centre for transport in southern Tasmania.

Council has begun an intensive marketing campaign to encourage other businesses to relocate to the Brighton Industrial Estate to maximise the benefits they can gain from synergies with other businesses as well as the logistical benefits that the Transport Hub now offers.

Brighton municipality has the youngest demographic in Tasmania – and consequently we are focused on ensuring that parents can seek the best educational outcomes for their children.



Every parent should have the right to freedom of choice for their children's education - and Council took issue with the then Minister for Education and Skills, Mr McKim MP, over the Education Department's proposed changes to school enrolment.

The Department's proposal, which would have been implemented in January 2015, would have forced parents into accepting only a local school for the continuing education of their children.

As Mayor I wrote to Mr McKim stating: "Under the Department's misguided proposal, a parent seeking an out-of-home-area school for a child's secondary education must negotiate a formidable series of hurdles."

As a result of Brighton Council's initiative, the Department of Education's proposal has been consigned to the bin in the history classroom. Where it truly belongs!

Our municipality has one of the greatest concentration of public housing in Tasmania, and I am pleased to report that Centacare Evolve Housing has taken over responsibility from Housing Tasmania for the management of 1100 properties in the municipality.

This move will help revitalise the communities of Gagebrook, Herdsmans Cove and Bridgewater. Centacare Evolve Housing's 10-year plan includes injecting \$2 million into property upgrades, essential maintenance and installation of new reverse cycling units; constructing new homes and units through a \$5 million building fund; and increasing housing stability and choice for residents.

A locally-based initiative of Brighton Alive is Community Blitz, which has extended its partnership base to include Centacare Evolve Housing and also to MONA, just across the Derwent, which has firmly placed Hobart on the world map for tourism and art.

These new partners will enable Community Blitz to further extend its creative awareness into the local community. The program will focus on residents gaining new experiences, community involvement, access to learning and employment pathways.

I would like to personally thank Community Blitz's coordinator Peter Griffiths for his dedication to the project.

My personal congratulations, and those of fellow councillors, also go to Mary Wood, who was named Brighton's Australia Day Citizen of the Year.

Mary, a long-time resident of Brighton, re-evaluated her attitude towards asylum seekers when her Bridgewater Community Knitting Group began making beanies for those housed in the Pontville Detention Centre. A documentary by film-maker Heather Kirkpatrick showed how Mary dramatically changed her pre-conceptions about asylum seekers when she met and befriended Mohammad at the Detention Centre.

Mary Wood allowed her eyes to be open. Pontville detention centre is now closed but Mary remains an inspiration to us all in this community. It is those who rise to the occasion in our municipality who inspire us all, especially when dealing with adversities of people from foreign lands, whether it be Kosovo or somewhere in the Middle East and Asia.

Congratulations also go to recently elected Lyons Liberal MHR Eric Hutchinson who has opened an office in Brighton, the first Federal MP to do so. It is pleasing to have a Federal political presence in the Brighton municipality.

We are at the southern end of the Lyons electorate, but we are a fast-growing industrial and residential community. We deserve that direct communication with Canberra.



We also need a close connection with the indigenous community who comprise a significant proportion of the total population in Brighton municipality. It is pleasing to note that Brighton Primary is the first state primary school to fly the Aboriginal flag.

Some 12 per cent of the children at Brighton Primary School are of Aboriginal descent. I believe this is reflective of the Aboriginal representation in our community of 17,000. If so, that means around 2000 of our neighbours are directly connected to the original inhabitants of our land.

Which takes me back to when our European ancestors first set foot on this land we now call home.

Reading the history, I believe the last local Aborigine - Cressy Broadmarsh - was buried at Brighton Plains cemetery in 1840, just 23 years before Brighton was proclaimed a municipality and the founding fathers - farmers all - sat for the first time as councillors.

In the year 2014 I reflect on the 150 years of Brighton's history. We should all be proud of the growth and resilience of our municipality. At the same time, there should be acknowledgement of and respect for the first people who walked this land and whose descendants live in the community that is Brighton municipality.

As I stated one year ago, we are truly a diverse community - ageing farming dynasties, young single mums, enterprising families, remnants of a proud civilisation, refugees from Europe and Asia - but we are one.

Let us look forward to a fulfilling life in Brighton municipality as we embrace the second half of our second century.



## GENERAL MANAGER'S MESSAGE

### Ron Sanderson

The latest report from the Auditor-General identifies Brighton Council having:

- the lowest staff ratio as a percentage of population in the state;
- the highest Asset Renewal Funding Ratio in Tasmania;
- the lowest rates per capita in Tasmania, yet the highest average six-year operating surplus ratio in Tasmania.

These are great statistics and the highest profit with the lowest rates is indeed a notable achievement.

Brighton Council clearly leads the state in its commercial activities with revenue in the last financial year around \$1.4 million. That's almost 10 per cent of our entire total income.

Brighton Council – along with the community it represents – continues to thrive, despite the once-again looming black cloud of amalgamation. We operate solely for the benefit of all our ratepayers – whether they be residential, industrial or those who live and work on the land.

These seemingly disparate groups that comprise our community are the beneficiaries of Brighton Council's zealous management of the municipal rates it derives from its Fair Rating System and from its innovative approach to doing business with other local governments.

But each year, it seems, the State Government of whatever political persuasion is drawn into the vortex of the manic cry for the merger of local governments.

In making the pitch for amalgamation, a lobby group "Tasmanians For Reform" calls on the Tasmanian Government – no matter what political shade – to force council amalgamations in the hope this will bring down council rates.

We don't buy their logic. Because this logic simply doesn't add up – and especially not for the ratepayers of Brighton.

Tasmanians For Reform wants to achieve rate 'equalisation', so that the rates in their city office buildings and shopping centres would be reduced with householders, such as those living in our municipality, paying more.

Under this scheme, average residential rates in our municipality could rise by up to 40 percent.

Accordingly, Brighton Council will remain vigorously opposed to the the self-serving push for local government amalgamation.

To underscore that Brighton Council is here to stay – after celebrating its 150th anniversary – we have launched new branding: *Brighton going places*.

As Brighton Mayor Tony Foster said at the launch of the branding: "Brighton is certainly going places!"

And Brighton is going places – affordable home ownership is just the beginning in one of the fastest growing municipalities in the state.

The Brighton Industrial and Housing Corporation, wholly owned by the Council, is making home ownership more than just a dream.

Council has created its own land development company and a special home loan that collectively remove the barriers to home ownership. The weekly repayments for a house and land package could be as low as \$230 a week.

To accompany an increase in home ownership, improved medical facilities are happening.

Brighton's new medical centre, jointly funded by Brighton Council and the Federal Government, was opened in August. Residents now no longer have to travel up to 25km for medical treatment.

The centre has medical consulting suites for GPs and allied health specialists. It also includes rooms for physiotherapists, psychologists, nurse practitioners, podiatrists, as well as diabetes education and a pathology collection service. Chronic disease management programs are also being delivered at the centre.

A new dental clinic opened at the medical centre in February, eliminating the need for patients to travel to the previously closest clinics in New Norfolk and at Claremont.

Adjacent to the new medical centre in Brighton Township is a new suite of Brighton Council offices.

Now housed in the former Department of Infrastructure Energy and Resources complex, the building will provide Council offices for the community.



The building will accommodate a mayor's office, a councillor's office and meeting rooms which can be hired from Brighton's Council services officer.

As stated in the report from the Mayor, and as most residents will know by Council's track record, we are on track to keep delivering the best outcomes for our 17,000 residents – in housing and health, as well as in education and employment opportunities.



**Brighton**  
going places

**Brand benefits**

Adopting the Brighton going places Brand can bring:

- We want businesses and organisations throughout the Brighton municipality to enjoy the benefits of adopting the Brighton going places Brand. Following are just some of the ways the Brand can highlight Brighton's unique features:
- The Brighton going places Brand will position Brighton as a united, dynamic and forward-thinking region.
- The Brand will be highly visible across the Brighton region and will be recognised throughout Tasmania and beyond.
- A unified message will reinforce Brighton's distinctive character.
- The Brand will unite the public, private and voluntary sectors of the municipality into a strong promotional partnership. This unity will deliver synergies, strength and focus to the region's marketing communications, leading to critical mass and economies of scale.
- A strong, distinctive and widely accepted Brand builds civic pride.
- Highlighting the unique qualities of Brighton enhances the status and recognition of organisations based here.
- The Brand changing Brighton business' common
- The Brand beautifully develops

brand guidelines

**Brighton**  
going places

## COUNCILLORS AS AT 30TH JUNE 2014



### Cr Tony Foster (Mayor)

Councillor for 24 years,  
2 months  
Mayor since 1993

#### Committee Representation:

- Finance (Chairperson)
- Heritage & Environment (proxy)
- Planning

#### Council Representative:

- Southern Tasmanian Councils Association
- Emergency Management Advisory Committee



### Cr Geoff Taylor (Deputy Mayor)

Councillor for 14 years, 2  
months  
Deputy Mayor since  
December 2005

#### Committee Representation:

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

#### Council Representative:

- Emergency Management Advisory Committee (Deputy Rep)



### Cr Barbara Curran

Councillor for 17 years,  
7 months

#### Committee Representation:

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

#### Council Representative:

- Brighton Primary School Council



### Cr Wayne Garlick

Councillor for 9 years,  
6 months

#### Committee Representation:

- Finance
- Parks & Recreation (Deputy Chairperson)
- Planning (Proxy)



### Cr Peter Geard

Councillor for 17 years,  
1 month

#### Committee Representation:

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

#### Council Representative:

- Old Council Chambers User Group (Chairperson)
- Local State Emergency Services Co-ordinator
- Southern Waste Strategy Board Joint Authority
- Jordan River Fire Management
- Cycling South



### Cr Leigh Gray

Councillor for 8 years,  
7 months

#### Committee Representation:

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

#### Council Representative:

- Southern Waste Strategy Board Joint Authority (Deputy rep)





### Cr Moya Jeffries

Councillor for 6 years,  
7 months

#### Committee Representation:

- Finance
- Heritage & Environment (Deputy Chairperson)
- Parks & Recreation (Proxy)

#### Council Representative:

- Jordan River Learning Federation School Council



### Cr Philip Owen

Councillor for 25 years,  
2 months

#### Committee Representation:

- Heritage & Environment
- Planning
- Waste Management



### Cr Sonya Williams

Councillor for 8 years,  
7 months

#### Council Representative:

- Finance (proxy)
- Heritage & Environment
- Parks & Recreation

#### Committee Representation:

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

## OVERVIEW AND HIGHLIGHTS

### 1. Manage and influence population growth with appropriate land use planning

*We have:*

- Submitted the draft Interim Brighton Planning Scheme to the Minister for declaration
- Continued implementing key strategic directions, including; the Brighton Structure Plan, Bridgewater Local Area Plan, Brighton Local Area Plan and the Brighton Open Space Strategy
- Prepared the master plans and implemented development strategies for Brighton Industrial and Housing Corporation (BIHC) land
- Begun implementing the former army camp open space and community purposes master plan
- Continued maximizing community benefit from Council-owned properties via strategic sales, purchases, rezoning and subdivision

### 2. Fostering cooperation between relevant public and private organisations

- Forming alliances to take projects and strategies forward
- Housing innovation and development
- Coordination of Council, State Government, Federal Government and NGO service providers.

*We have:*

- Worked with Uniting Care to have them establish their head office in a council owned building in Old Beach
- Secured the tenancy of the Federal Member for Lyons in a council owned building in Brighton

- Provided affordable housing on vacant council and state government land
- Continued to work with St Vincent de Paul and Able Australia to provide services to schools and the community at Council's Green Point Nursery

### 3. Communication and interaction between residents, community groups and businesses

*We have:*

- Established new Cricket Club rooms in Old Beach
- Continued working with Cricket Tasmania to develop Pontville Park into a first class venue for local, regional and state-wide events
- Supported the Brighton Alive administration
- Worked with NGO's such as the Heart Foundation and St Vincent de Paul to promote healthy living and lifestyles
- Maintained Council's policy of not charging youth for using council grounds and facilities
- Continued providing *Brighton Community News* and Uncle Chris publications to residents



#### 4. Establish the Brighton identity

- Promoting Brighton as a great place to be
- Social and community collaboration on community events

We have:

- Developed and launched the “Brighton going places” Brand
- Continued to develop streetscape projects in Brighton Road (the old Midland Highway)
- Continued the public relations campaign in the *Brighton Community News*, LGAT Magazine and the Tasmanian Business Reporter
- Established a Brighton Council office, including publicly available meeting rooms in the Brighton township

#### 5. Provide needed infrastructure

- Facilitate provision of better transport services
- Maintain and improve our physical infrastructure

We have:

- Constructed footpath and drainage works from Butler Street to the Brighton Army Camp gates
- Opened a new medical centre in Brighton
- Continued the Greening Brighton/ Landscape Project
- Upgraded council's asset management systems
- Made improvements to walking tracks in flood prone areas of Pontville
- Constructed a new foreshore walkway at Stanfield Drive, Old Beach

- Commenced construction of change rooms at Old Beach Oval

#### 6. Promoting industrial, business and employment growth

We have:

- Begun preparation of master plan for potentially available land in Bridgewater
- Supported the new medical centre and dental clinic in Brighton Council
- Engaged with business and commercial organisations



#### 7. Education and training opportunities

We have:

- Continued to work closely with the Commonwealth and State Government, the Jordan River Learning Federation and the LINC in developing further education facilities at Bridgewater
- Worked with NGO's and local schools to provide learning opportunities at Council's nursery at Bridgewater

#### 8. Public Health

We have:

- Conducted monthly immunisation clinics, annual school immunisations and promoted 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.
- Secured Council's annual environmental health budget of \$14,000 for 2013/14 (not including EHO salaries and on-costs).

#### 9. Risk Management

We have:

- Continued to keep risk exposure to a minimum by helping reduce injuries and potential loss. Management practices have involved 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

	2014	2013
ANIMAL CONTROL		
Total number of dogs registered with Council	<b>3,291</b>	<b>3,391</b>
Number of dogs taken to Hobart Dogs Home	<b>217</b>	<b>229</b>

LAND USE PLANNING AND BUILDING		
Number of Development Applications processed	<b>225</b>	<b>187</b>
Number of Subdivision Applications processed	<b>18</b>	<b>38</b>
Total number of new lots created	<b>132 LAND + 16 STRATA LOTS</b>	<b>157 LAND + 20 STRATA LOTS</b>
Number of Building Permits processed	<b>229</b>	<b>181</b>
Value of Building Approvals	<b>\$47.4 MILLION</b>	<b>\$18.2 MILLION</b>

ENVIRONMENTAL HEALTH		
Number of Vaccinations	<b>539</b>	<b>600*</b>
Number of Food Premises Registered	<b>71</b>	<b>72</b>
Number of complaints	<b>154</b>	<b>124</b>
Number of Food Samples taken	<b>11</b>	<b>3**</b>
Number of On-site Wastewater Applications	<b>40</b>	<b>38</b>
Total Expenditure on Public Health	<b>\$14,000</b>	<b>\$17,000</b>

\*Hep B School program ended

\*\*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

This report is made pursuant to Section 86 of the *Public Interest Disclosures Act 2002*. No public interest disclosures were made during the 2013/14 year. A copy of Council's Policy on Public Interest Disclosures, adopted by Council under Part 7 of the Act can be obtained by contacting Council's Governance Managers on 6268 7027.

### Councillors Allowances – Section 72(1)(cb) – Local Government Act 1993

Total amount paid to Councillors, Mayor and Deputy Mayor for allowances, travel and miscellaneous reimbursements for the period 1 July 2012 - 30 June 2013 was \$170,234.

### Senior Position – Section 72(1)(cd) – Local Government Act 1993

In accordance with Section 72(1)(cd) of the *Local Government Act 1993*, Council identified the General Manager as holding a senior position. The General Manager's total annual remuneration as specified in subsection (5) of the Act for the financial year 2013/14 was between \$250-\$270,000. This amount includes salary; employer superannuation; value of the use of motor vehicle and value of allowances and/or benefits provided.

### 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 2013/14 financial year.

### Public Tenders – Local Government (General) Regulations 2005

The *Local Government (General) Regulations 2005* requires that Council reports any contract for the supply or provision of goods and services valued at or above \$100,000 (excluding GST) during the financial year.

One tender was called and awarded during the 2013/14 financial year:

Reseal Tender – the value of the contract works was \$370,000 and was awarded to Roadways (Ian Harrington Group), PO Box 303, Glenorchy, Tasmania 7010

### 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 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.

## COUNCILLOR ATTENDANCE

### ORDINARY COUNCIL MEETING

Name	No. of Meetings Held	Attended	%
Cr T Foster (Mayor)	12	11	92%
Cr G Taylor (Deputy Mayor)	12	12	100%
Cr B Curran	12	11	92%
Cr W Garlick	12	10	83%
Cr P Geard	12	10	83%
Cr L Gray	12	11	92%
Cr M Jeffries	12	10	83%
Cr P Owen	12	10	83%
Cr S Williams	12	9	75%

### ANNUAL GENERAL MEETING

Name	No. of Meetings Held	Attended	%
Cr T Foster (Mayor)	1	1	100%
Cr G Taylor (Deputy Mayor)	1	1	100%
Cr B Curran	1	1	100%
Cr W Garlick	1	1	100%
Cr L Gray	1	1	100%
Cr P Geard	1	1	100%
Cr M Jeffries	1	1	100%
Cr P Owen	1	1	100%
Cr S Williams	1	0	0%

### PARKS AND RECREATION

Name	No. of Meetings Held	Attended	%
MEMBERS			
Cr P Geard (Chairperson)	1	1	100%
Cr W Garlick (Deputy Chairperson)	1	1	100%
Cr L Gray	1	1	100%
Cr M Jeffries (Proxy)	1		
Cr G Taylor	1	1	100%
Cr S Williams	1	1	100%
IN ATTENDANCE			
Cr M Jeffries	1	1	
Cr P Owen	1	1	

### WASTE MANAGEMENT

Name	No. of Meetings Held	Attended	%
Cr G Taylor (Deputy Chairperson)	1	1	100%
Cr B Curran	1	0	0%
Cr P Geard	1	1	100%
Cr L Gray	1	1	100%
Cr P Owen	1	1	100%

### FINANCE

Name	No. of Meetings Held	Attended	%
MEMBERS			
Cr T Foster (Chairperson)	2	2	100%
Cr B Curran (Deputy Chairperson)	2	0	0%
Cr W Garlick	2	2	100%
Cr L Gray	2	2	100%
Cr M Jeffries	2	2	100%
Cr S Williams (Proxy)	1	1	100%
IN ATTENDANCE			
Cr P Geard		2	
Cr O Owen		1	

### PLANNING

Name	No. of Meetings Held	Attended	%
Cr L Gray (Chairperson)	8	8	100%
Cr G Taylor (Deputy Chairperson)	8	8	100%
Cr T Foster	8	6	75%
Cr W Garlick (Proxy)	2	2	100%
Cr P Geard	8	7	88%
Cr P Owen	8	7	88%
IN ATTENDANCE			
Cr B Curran		5	
Cr W Garlick		5	
Cr M Jeffries		4	
Cr S Williams		3	

### HERITAGE AND ENVIRONMENT

Name	No. of Meetings Held	Attended	%
MEMBERS			
Cr B Curran (Chairperson)	1	1	100%
Cr P Geard	1	1	100%
Cr M Jeffries (Deputy Chairperson)	1	0	0%
Cr P Owen	1	1	100%
Cr S Williams	1	1	100%
Cr T Foster (Proxy)			
IN ATTENDANCE			
Cr Foster		1	
Cr Garlick		1	
Cr Gray		1	



# BRIGHTON COUNCIL

# FINANCIAL REPORT

## 2013

## 2014

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### Independent Auditor's Report

To the Councillors of Brighton Council

Consolidated Financial Report for the Year Ended 30 June 2014

### Report on the Consolidated Financial Report

I have audited the accompanying consolidated financial report (the financial report) of Brighton Council (Council), which comprises the statement of financial position as at 30 June 2014 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Acting General Manager's statement on the consolidated entity comprising the Council and the entities it controlled at the year's end or from time to time during the financial year.

### Auditor's Opinion

In my opinion Council's financial report:

- (a) presents fairly, in all material respects, the consolidated entity's financial position as at 30 June 2014 and financial performance, cash flows and changes in equity for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

### *The Responsibility of the Acting General Manager for the Financial Report*

The Acting General Manager is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Section 84 of the *Local Government Act 1993*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

...1 of 2

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.  
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

*Strive | Lead | Excel | To Make a Difference*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I considered internal control relevant to the Acting General Manager's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Acting General Manager, as well as evaluating the overall presentation of the financial report.

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

My audit is not designed to provide assurance on the accuracy and appropriateness of the budget information in Council's financial report.

#### Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-Acting General
- mandating the Auditor-Acting General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-Acting General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

#### Tasmanian Audit Office



Jara K Dean  
Assistant Auditor-Acting General Financial Audit  
Delegate of the Auditor-Acting General

Hobart  
22 September 2014

...2 of 2

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.  
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

*Strive | Lead | Excel | To Make a Difference*

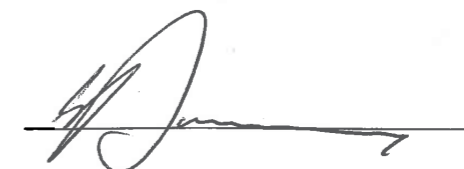
## BRIGHTON COUNCIL

### Certification of the Financial Report

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The financial report presents fairly the financial position of Brighton Council as at 30 June 2014 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 mandatory professional reporting requirements.

Gregory Davoren  
Acting General Manager



14<sup>th</sup> August 2014

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2014

	Notes	Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
<b>CONTINUING OPERATIONS</b>				
<b>INCOME</b>				
<b>Recurrent Income</b>				
Rate Revenues	3(a)(i)	7,340,156	7,356,143	7,087,702
Grants Recurrent	3(a)(iv)	1,719,636	838,879	1,808,398
User Charges	3(a)(v)	216,000	216,577	215,672
Fees and Charges		892,600	745,188	771,317
Contributions - Cash	3(a)(vi)	608,800	608,800	
Interest	3(a)(ii)	170,000	124,199	181,559
Commercial Activities	3(a)(vii)	630,000	876,918	1,463,860
Distribution from Water Corporation		1,070,000	1,013,480	1,069,999
		<u>12,647,192</u>	<u>11,780,184</u>	<u>12,598,507</u>
<b>Capital Income</b>				
Capital grants specifically for new or upgraded assets	3(a)(iv)	555,198	635,199	630,197
Contributions - non-monetary assets	3(a)(vi)	5,421,128	5,421,128	2,183,841
Assets taken up - Land under roads	3(a)(vii)	12,289,924	12,289,924	
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	3(a)(iii)	(30,000)	(176,282)	(8,764)
		<u>18,236,250</u>	<u>18,169,969</u>	<u>2,805,274</u>
<b>Total Income</b>		<b>30,883,442</b>	<b>29,950,153</b>	<b>15,403,781</b>
<b>EXPENSES</b>				
Materials/Contracts and Other	3(b)(iv)	4,779,539	4,802,659	4,532,672
Depreciation and Amortisation	3(b)(ii)	2,894,303	2,920,810	2,799,755
Employee Costs	3(b)(i)	3,162,508	3,062,881	2,774,333
Contributions	3(b)(iii)	883,197	895,613	941,636
Commercial Activities	3(b)(v)	409,000	500,651	966,191
Donations and Grants	4	171,960	228,547	123,497
Aldermanic Allowances		185,260	166,637	162,393
<b>Total Expenses</b>		<b>12,485,767</b>	<b>12,577,798</b>	<b>12,300,477</b>
<b>SURPLUS/DEFICIT</b>		<b>18,397,675</b>	<b>17,372,355</b>	<b>3,103,304</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items that will not be reclassified to surplus or deficit</b>				
Net asset revaluation increment(decrement) reversals	25	(18,968,815)	(18,968,815)	(4,181,413)
<b>Items that may be reclassified subsequently to surplus or deficit</b>				
Financial assets available for sale reserve - Fair Value adjustment on Available for Sale Assets	20	(11,295,057)	(11,295,057)	(10,858)
<b>Total Other Comprehensive Income</b>		<b>(30,263,872)</b>	<b>(30,263,872)</b>	<b>(4,192,271)</b>
<b>Comprehensive Result</b>		<b>(11,866,197)</b>	<b>(12,891,517)</b>	<b>(1,088,967)</b>

## STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

	Notes	2014 \$	2013 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	5	2,788,314	3,724,528
Receivables - Rates	6	40,980	91,499
Receivables - Other	6	315,088	264,079
Other	7	1,216,237	274,983
<b>Total Current Assets</b>		<b>4,360,619</b>	<b>4,355,089</b>
<b>NON CURRENT ASSETS</b>			
Roads	18	74,025,817	90,762,832
Buildings	15	12,147,502	11,005,158
Drainage	17	21,707,218	20,053,984
Land	9	7,416,317	7,794,317
Land under roads	10	12,289,924	0
Bridges	16	1,838,075	1,847,086
Plant and Vehicles	11	941,777	945,620
Furniture and Equipment	13	211,834	383,642
Loans	8	250,000	250,000
Intangibles	14	28,470	53,226
Small Machinery	12	41,785	70,318
Investment in Water Corporation	20	45,005,503	56,300,560
<b>Total Non Current Assets</b>		<b>175,904,222</b>	<b>189,466,743</b>
<b>Total Assets</b>		<b>180,264,841</b>	<b>193,821,832</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables	21	685,335	1,529,334
Provisions	23	925,359	761,596
Other	24	32,163	52,973
<b>Total Current Liabilities</b>		<b>1,642,857</b>	<b>2,343,903</b>
<b>NON CURRENT LIABILITIES</b>			
Provisions	23	108,458	72,886
Total Non Current Liabilities		108,458	72,886
<b>Total Liabilities</b>		<b>1,751,315</b>	<b>2,416,789</b>
<b>NET ASSETS</b>		<b>178,513,526</b>	<b>191,405,043</b>
<b>EQUITY</b>			
Ratepayers Equity		126,472,652	109,100,297
Reserves	25	52,040,874	82,304,746
<b>TOTAL EQUITY</b>		<b>178,513,526</b>	<b>191,405,043</b>

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

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 June 2014

	Ratepayers' Equity		Asset Revaluation Reserve		Fair Value Reserve		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at the beginning of the Financial Year</b>	109,100,297	105,996,993	77,395,057	81,576,470	4,909,689	4,920,547	191,405,043	192,494,010
Surplus/(deficit) for the year	17,372,355	3,103,304	608,800				17,372,355	3,103,304
Other Comprehensive Income: Financial assets available for sale reserve								
- Fair Value adjustment on Available for Sale Assets					(11,295,057)	(10,858)	(11,295,057)	(10,858)
Net asset revaluation increments/(decrements)			(18,968,815)	(4,181,413)			(18,968,815)	(4,181,413)
<b>Balance at the end of the Financial Year</b>	<b>126,472,652</b>	<b>109,100,297</b>	<b>58,426,242</b>	<b>77,395,057</b>	<b>(6,385,368)</b>	<b>4,909,689</b>	<b>178,513,526</b>	<b>191,405,043</b>

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

**STATEMENT OF CASH FLOWS**  
for the year ended 30 June 2014

	Notes	2014	2013
		\$	\$
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Receipts from Ratepayers, Fees & Charges (inc GST)		10,813,230	10,660,983
Interest Received		124,199	181,559
Government Grants		1,423,069	2,358,053
		<u>12,360,498</u>	<u>13,200,595</u>
<b>Payments</b>			
Payments to Suppliers and Employees (inc GST)		(11,209,321)	(9,037,222)
		<u>(11,209,321)</u>	<u>(9,037,222)</u>
<b>Net Cash Flows from Operating Activities</b>	29	<b>1,151,177</b>	<b>4,163,373</b>
<b>Cash Flows from Investing Activities</b>			
<b>Receipts</b>			
Sale of Land & Buildings		488,000	78,000
Sale of Plant and Equipment Assets		101,772	83,273
		<u>589,772</u>	<u>161,273</u>
<b>Payments</b>			
Purchase of Buildings		(945,034)	(2,361,098)
Purchase of Land		0	(138,000)
Purchase of Plant, Vehicles & Machinery		(449,871)	(354,313)
Purchase of Intangible		3,548	0
Purchase of Roads, Bridges & Drainage Assets		(1,313,855)	(2,143,432)
Purchase of Furniture and Equipment		28,048	(95,675)
		<u>(2,677,164)</u>	<u>(5,092,518)</u>
<b>Net Cash Flows used in Investing Activities</b>		<b>(2,087,392)</b>	<b>(4,931,245)</b>
<b>Cash Flows from Financing Activities</b>			
Repayment of Borrowings		0	0
<b>Net Cash Flows used in Financing Activities</b>		<b>0</b>	<b>0</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>		<b>(936,215)</b>	<b>(767,871)</b>
Cash at the Beginning of the Financial Year		3,724,528	4,492,399
<b>Cash and Cash Equivalents at the End of the Financial Year</b>	5	<b>2,788,314</b>	<b>3,724,528</b>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**INTRODUCTION**

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 Rd, Old Beach.

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

**PURPOSE**

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.

**Consolidated**

This financial report has been prepared as a consolidated report to include all external transactions for Microwise Australia Pty Ltd and the Brighton Industrial and Housing Corporation. Full provision to accommodate AASB 10 Consolidated Financial Statements has not been applied due to immateriality.

**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.

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.

**1. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

This financial report is a general purpose financial report that consists of the Statements of Comprehensive Income, Financial Position, Changes in Equity, 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 (AASB), and the Local Government Act 1993 (LGA1993) (as amended). Council has determined that it does not have profit generation as a prime objective. Consequently, where appropriate, Council has elected to apply options and exemptions within accounting standards that are applicable to not-for-profit entities. As a result this financial report does not comply with International Financial Reporting Standards.

**(a) Basis of accounting**

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

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.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 28.

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

Investment in Water Corporation Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed below and in note 20.

#### (b) Change in accounting policies

##### AASB 13 Fair Value Measurement

Council has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements. The fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other A-IFRS require or permit fair value measurements and disclosures about fair value measurements, except for leasing transactions that are within the scope of AASB 17 Leases, and measurements that have some similarities to fair value but not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under

current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, Council has not made any new disclosures required by AASB 13 for the 2013 comparative period (refer note 48), except for financial instruments, of which the fair value disclosures are required under AASB 7: Financial Instruments, Disclosures.

Other than the additional disclosures, the application of AASB 13 has not had any material impact on the amounts recognised in the financial statements.

##### AASB 119 Employee benefits

In the current year, Council has applied AASB 119 Employee Benefits (as revised) and the related consequential amendments for the first time. AASB 119 changes the definition of short-term employee benefits. These were previously benefits that were due to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously calculated/measured by Council as short-term benefits no longer meet this definition and are now classified as long-term benefits. This has resulted in a change of measurement for that portion of annual leave provision from an undiscounted to discounted basis.

This change in classification has not materially altered Council's measurement of the annual leave provision.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

#### (d) Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

##### (i) AASB 9 Financial Instruments and the relevant amending standards (effective from 1 January 2017)

AASB 9 is one of a series of amendments that are expected to replace AASB 139 Financial Instruments: Recognition and Measurement. The main impact of the standard is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four categories of financial assets in AASB 139 will be replaced with two measurement categories: fair value and amortised cost.

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 available-for-sale financial assets. Currently, Council recognises changes in the fair value of its available-for-sale assets through other comprehensive income. Under AASB 9 fair value gains and losses on available-for-sale assets will have to be recognised directly in profit or loss. Had this requirement been adopted at 30 June 2014, the fair

value gain/loss on Council's investment in TasWater would have increased/decreased Council's surplus/deficit accordingly

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 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and the relevant amending standards (effective from 1 January 2014)

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures. There will be no impact on Council in reporting of these items.

##### (iii) AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014)

This standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The adoption of this standard will not change the reported financial position and performance of Council.

##### (iv) AASB 1031 Materiality (effective from 1 January 2014)

The objective of this standard is to make cross-references to other standards and the Framework for the Preparation and Presentation of Financial Statements (as identified in AASB 1048 Interpretation of Standards) that contain guidance on materiality.



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (v) AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets (effective from 1 January 2014)

This standard amends the disclosure requirements of AASB 136. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The adoption of this standard will not impact Council's accounting policies but may result in changes to information disclosed in the financial statements.

#### (vi) AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (Part A - Conceptual Framework effective from 20 December 2013; Part B - Materiality effective from 1 January 2014; Part C - Financial Instruments effective from 1 January 2015)

Part A of this standard updates references to the Framework for the Preparation and Presentation of Financial Statements in other standards as a consequence of the issue of AASB CF 2013-1 in December 2013. Part B of this standard deletes references to AASB 1031 Materiality in various other standards. Once all references to AASB 1031 have been deleted from all Australian Accounting Standards, AASB 1031 will be withdrawn.

Part C of this standard amends AASB 9 Financial Instruments to add Chapter 6 Hedge Accounting and makes consequential amendments to AASB 9 and numerous other standards. Part C also amends the effective date of AASB 9 to annual reporting periods beginning on or after 1 January 2017, instead of 1 January 2015.

The adoption of this standard will not impact Council's accounting policies.

#### (e) Revenue recognition

##### Rates, grants and contributions

Rates, grants and contributions (including developer contributions) are recognised as revenues when Council obtains control over the assets comprising these receipts. Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates. A provision for impairment on rates has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 7. 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

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Non-monetary contributions

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

#### User fees and statutory fees and fines

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. A provision for impairment is recognised when collection in full is no longer probable. Sale of property, plant, equipment and infrastructure. The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

#### Rent

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 revenue received in advance until they are due.

#### Interest

Interest is recognised progressively as it is earned.

#### Dividends

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

#### (f) Expense recognition

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

#### Employee Costs

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

#### Depreciation and amortisation of property, plant and equipment, infrastructure and intangibles

Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to the 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 residual values and a separate depreciation rate is determined for each component.

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

Artworks and Land are not depreciated. Straight line depreciation is charged based on the residual useful life as determined each year.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	Period
Land	N/A
Land improvements	50 years
<b>BUILDINGS</b>	
buildings	50 years
building improvements	50 years
<b>PLANT AND EQUIPMENT</b>	
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
<b>ROADS</b>	
road pavements and seals	3-30 years
road substructure	70-100 years
road formation and earthworks	100 years
road kerb, channel and minor culverts	50-60 years
<b>BRIDGES</b>	
bridges deck	20-80 years
bridges substructure	20-80 years
<b>OTHER INFRASTRUCTURE</b>	
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
<b>INTANGIBLE ASSETS</b>	
intangible assets	3-10 years

#### Repairs and maintenance

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

#### Finance Costs

Finance costs are expensed as incurred using the effective interest method. Borrowing costs include interest on bank overdrafts, interest on borrowings, unwinding of discounts, and finance lease charges.

#### (g) Recognition and measurement of assets

##### Acquisition and recognition

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

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

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

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following classes of assets have been recognised in note 9-18. 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
<b>LAND</b>	
land	10
land under roads	10
land improvements	10
<b>BUILDINGS</b>	
buildings	10
building improvements	10
heritage buildings	10
<b>PLANT AND EQUIPMENT</b>	
plant, machinery and equipment	5
fixtures, fittings and furniture	5
computers and telecommunications	5
leased plant and equipment	5
<b>ROADS</b>	
road pavements and seals	10
road substructure	10
road formation and earthworks	10
road kerb, channel and minor culverts	10
<b>BRIDGES</b>	
bridges deck	10
bridges substructure	10
<b>OTHER INFRASTRUCTURE</b>	
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
<b>INTANGIBLE ASSETS</b>	
intangible assets	10

#### Revaluation

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

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

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.

#### Land under roads

Land under roads acquired after 30 June 2008 is brought to account at cost and subsequently revalued on a fair value basis. Council does not recognise land under roads that it controlled prior to that period.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (h) 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.

#### (i) 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.

#### (j) Investments in Water Corporation

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. Council has an ownership interest of 2.93% in the corporation. Any unrealised gains and losses on holdings at balance date are recognised through the Statement of Comprehensive Income to a 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.

#### (k) Accounting for investments in associates

Council's investment in associates is accounted for by the equity method as Council has the ability to influence rather than control the operations of the entities. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in Council's share of the net assets of the entities. Council's share of the financial result of the entities is recognised in the Statement of Comprehensive Income.

#### (l) 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (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.

#### (iv) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

#### (v) Defined benefit plans

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 32(b) of AASB 119 Employee Benefits, Council does not use defined benefit accounting for these contributions.

#### (vi) Defined contribution plans

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

#### (m) Leases

##### Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases where Council is a lessor is recognised in income on a straight-line basis over the lease term.

#### Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date Council has no leasehold improvements.

#### Operating leases as lessor

Council owns a range of facilities that are available for lease by not-for-profit sport, recreational and community organisations. Leases to not-for-profit organisations, in general, do not reflect commercial arrangements and have minimal lease payments. Land and building which are leased under these arrangements are recognised within property, plant and equipment in the Statement of Financial Position and associated rental income is recognised in accordance with Council's revenue recognition policy.

Furthermore, Council leases some of its land and buildings on commercial terms. Council does not account for the cost of incentives because the amounts are unlikely to be material and/or cannot be reliably measured. Rental income is recognised in accordance with Council revenue recognition policy.

Where leasing of a property is incidental to Council's use of it, the associated land and buildings are recognised within property, plant and equipment in the Statement of Financial Position and valued in accordance with Council's valuation policy.

#### (n) 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (o) 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.

#### (p) Impairment of assets

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

#### (q) Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars.

#### (r) Non-current 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.

#### (s) 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.

#### (t) 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.

#### (u) Budget

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

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014

### 2. FUNCTIONS/ACTIVITIES OF THE COUNCIL

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

Functions	Expenses		Grant Revenue		Other Revenue		Total Revenue		Increase in Operating Capability		Assets Attributed to Function/Activity	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Corporate Services	1,866,897	1,898,268	0	0	359,835	369,848	359,835	369,848	(\$1,507,062)	(\$1,528,419)	0	0
Tas Water	0	0	0	0	1,013,480	1,069,999	1,013,480	1,069,999	\$1,013,480	\$1,069,999	45,005,503	56,300,560
Parks and Recreation	963,838	828,302	100,000	108,636	675,873	204,463	775,873	313,099	(\$187,965)	(\$515,203)	7,416,317	7,794,317
Planning & Building	785,825	756,384	0	0	216,234	211,229	216,234	211,229	(\$569,591)	(\$545,155)	0	0
Buildings	689,701	641,762	0	0	567,463	306,464	567,463	306,464	(\$122,238)	(\$335,298)	12,147,502	11,005,158
Roads/Bridges	4,159,361	3,785,910	155,199	155,197	4,785,761	1,937,235	4,940,960	2,092,432	\$781,599	(\$1,693,478)	97,571,114	112,663,902
Community Services	435,885	393,262	445,304	475,000	0	108	445,304	475,108	\$9,419	\$81,846	0	0
Environmental Health	436,883	394,193	0	0	160,021	140,051	160,021	140,051	(\$276,862)	(\$254,142)	0	0
Waste Management	1,027,541	938,723	0	0	1,075,892	1,035,949	1,075,892	1,035,949	\$48,351	\$97,226	0	0
Unallocated Services	2,211,867	2,663,674	773,575	1,699,762	19,621,516	7,689,840	20,395,091	9,389,602	\$18,183,224	\$6,725,928	\$18,124,405	6,057,895
<b>TOTAL</b>	<b>\$12,577,798</b>	<b>\$12,300,477</b>	<b>\$1,474,078</b>	<b>\$2,438,595</b>	<b>\$28,476,075</b>	<b>\$12,965,186</b>	<b>\$29,950,153</b>	<b>\$15,403,781</b>	<b>\$17,372,355</b>	<b>\$3,103,304</b>	<b>\$180,264,841</b>	<b>\$193,821,832</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**2. FUNCTIONS/ACTIVITIES OF THE COUNCIL (CONTINUED)**

(b) Reconciliation of Assets from note 2(a) with the Statement of Financial Position at 30 June:

	2014	2013
	\$	\$
Current Assets	4,360,619	4,355,089
Non Current Assets	175,904,222	189,477,603
	<u>\$180,264,841</u>	<u>\$193,832,692</u>

(c) The activities of Council are to be classified into the following functions:

**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**

Development, operation and maintenance of parks, gardens, reserves and sporting facilities.

**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**

Operation of the waste transfer station, recycling programmes, monitoring and collection of refuse.

**Unallocated Services**

Other general services not specifically identifiable.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**3. REVENUES AND EXPENSES**

	2014	2013
	\$	\$
<b>3(a) Operating Revenues</b>		
Council uses a flat residential rate and an AAV based rate as the basis of valuation of all commercial properties within the municipality.		
<b>(i) Rates Revenues</b>		
General	5,814,534	5,603,749
Garbage	868,038	830,953
Fire Levy	650,990	628,674
Penalties	22,581	24,326
	<u>7,356,143</u>	<u>7,087,702</u>
The date of the latest general revaluation of land for rating purposes within the municipality was 1 July 2012, and the valuation was first applied in the rating year commencing 1 July 2013.		
<b>(ii) Interest</b>		
Interest received or due and receivable from:		
Investments	124,199	181,559
	<u>124,199</u>	<u>181,559</u>
<b>(iii) Net gain/(Loss) on Asset Disposal</b>		
Proceeds from Disposal	101,772	83,273
less written down current cost	(278,054)	(92,037)
Gain/(Loss) on Disposal	<u>(176,282)</u>	<u>(8,764)</u>
<b>(iv) Grants Recurrent</b>		
Commonwealth Financial Assistance	773,575	1,607,262
Tasmanian Medicare Local	50,000	0
Skills Tasmania	13,304	0
Unions Tasmania	2,000	0
Attorney Generals Department	0	105,000
Cricket Tasmania	0	3,636
NRM South	0	3,100
Tasmanian Risk Mitigation Program	0	1,500
<b>Total Recurrent Grants</b>	<u>838,879</u>	<u>1,720,498</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**3. REVENUES AND EXPENSES (CONTINUED)**

	Notes	2014 \$	2013 \$
<b>3(a) Operating Revenues (continued)</b>			
<p>The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2011-12 and 2012-13 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 2012-13 by \$834,276. This has impacted the Statement of Comprehensive Income resulting in the Surplus/(deficit) being higher in 2012-13 by \$834,276. In the 2014-15 Budget the Commonwealth announced it would discontinue the approach of prepaying instalments. Therefore there was no prepayment in 2013-14 and Council met its budgeted position.</p>			
<b>Capital Grants</b>			
Dept of Health & Ageing		375,000	475,000
Roads to Recovery		155,199	155,197
Dept of Infrastructure, Energy & Resources		50,000	0
Dept of Economic Development		50,000	87,900
Dept of Premier & Cabinet		5,000	0
<b>Total Capital Grants</b>		<b>635,199</b>	<b>718,097</b>
<b>(v) User Charges</b>			
Plant Hire		14,201	20,894
Community Newsletter		23,082	18,851
Refuse Site Entrance Fees		179,294	175,927
		<b>216,577</b>	<b>215,672</b>
<b>(vi) Contributions</b>			
Infrastructure Contributions Cash		608,800	267,500
Infrastructure Contributions Non Cash		5,421,128	1,916,341
		<b>6,029,928</b>	<b>2,183,841</b>
<b>(vii) Commercial Activities</b>			
Professional Services		435,082	320,339
Brighton Industrial & Housing Corporation	32	95,455	855,164
Microwise Australia	31	346,381	288,357
		<b>876,918</b>	<b>1,463,860</b>
<p>Professional Services - income from technical &amp; administrative assistance to other Local Government entities</p>			

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**3. REVENUES AND EXPENSES (CONTINUED)**

	Notes	2014 \$	2013 \$
<b>3(b) Operating Expenses</b>			
<b>(i) Employee Costs</b>			
Wages and Salaries		2,364,745	2,312,311
Superannuation		298,103	273,899
Other Employee Related Expenses		400,033	188,123
		<b>3,062,881</b>	<b>2,774,333</b>
<p>Actual Wages &amp; Salaries for 2014 were \$3,369,448, (\$3,275,798 for 2013) according to the taxation summary. Wages &amp; Salaries costed to contracting or capital improvements were \$1,004,703 (\$963,487 for 2013).</p>			
<b>(ii) Depreciation and Amortisation</b>			
Plant and Vehicles		184,525	176,097
Buildings		212,087	209,379
Intangibles		21,208	21,734
Small Machinery		19,667	19,557
Bridges		108,781	115,517
Drainage Assets		312,899	294,020
Road Assets		1,917,883	1,808,369
Furniture and Equipment		143,760	155,082
		<b>2,920,810</b>	<b>2,799,755</b>
<b>(iii) Contributions</b>			
State Fire Commission Levy		648,156	623,695
Tasmanian Canine Defence League Contribution		68,456	70,628
Local Govt. Association of Tasmania		40,949	43,203
Derwent Estuary Contribution		13,546	13,229
Brighton Training Facility		60,000	60,000
Valuation Charges		55,128	115,119
Southern Tasmanian Councils Association		9,378	15,762
		<b>895,613</b>	<b>941,636</b>
<b>(iv) Materials/Contracts and Other</b>			
Bank Fees		27,802	25,663
Building Maintenance		266,848	270,868
Collection Fees		28,271	32,954
Community Newsletter		95,059	112,275

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**3. REVENUES AND EXPENSES (CONTINUED)**

	2014	2013
	\$	\$
Contract Recycling	168,026	162,860
Fire Abatement	11,625	10,424
GIS CAD CVS and other Software	124,929	79,739
Internal Contractors	110,985	137,191
Land Tax	23,807	20,058
Other Materials & Contracts	816,664	363,684
Community Liasion	99,079	54,632
Public Liability	44,106	42,006
Refuse Collection	143,341	140,796
Youth Support	40,000	0
Weed Control	57,904	32,221
Planning	130,333	49,465
Building Overheads	141,068	94,177
Reserve Maintenance	731,046	672,260
Road & Bridge Maintenance	840,695	593,966
Southern Tas Waste Management	14,778	14,554
Street Lighting	185,234	243,214
Waste Bin Replacements	39,320	9,950
Waste Transfer Station & Tipping Expense	661,739	610,099
	<u>4,802,659</u>	<u>3,773,056</u>
<b>(v) Commercial Activities</b>		
Professional Services*	251,001	206,575
Brighton Industrial & Housing Corporation	32	638,908
Microwise Australia	31	120,708
	<u>500,651</u>	<u>966,191</u>

**4. DONATIONS AND GRANTS**

<b>GRANTS AND BENEFITS REGISTER - SECTION 77 LOCAL GOVERNMENT ACT 1993</b>			
Tea Tree Community Assoc Inc	Community Grant	30,000	73,801
Brighton Football Club	Halls & Grounds	23,385	22,774
Brighton Junior Football Club	Halls & Grounds	11,780	11,160
Old Beach Cricket Club	Halls & Grounds	10,061	9,593
Brighton SES	Community Grant	8,720	5,765
Brighton Playcentre/Playgroup	Halls & Grounds	8,112	11,404
Bridgewater/Brighton St Johns Ambulance	Halls & Grounds	8,112	7,904

\*Professional Services - Expense from technical & administrative assistance to other Local Government entities

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**4. DONATIONS AND GRANTS (CONTINUED)**

		2014	2013
		\$	\$
<b>GRANTS AND BENEFITS REGISTER - SECTION 77 LOCAL GOVERNMENT ACT 1993</b>			
Pete's Community Workshed	Halls & Grounds	8,112	7,904
St Vincent De Paul	Halls & Grounds	8,112	7,904
Brighton Agricultural Society	Halls & Grounds	8,050	8,760
Jordan River Services Inc	Community Grant	6,488	4,250
Brighton Junior Soccer Club	Halls & Grounds	6,080	5,760
Bridgewater PCYC	Contribution to Wages	5,000	5,000
St Vincent De Paul	Community Grant	5,000	5,000
Brighton CWA	Halls & Grounds	4,992	4,784
Derwent United Football Club	Community Grant	4,950	1,445
Old Beach/Brighton Junior Cricket Club	Halls & Grounds	4,636	4,392
Old Beach Scouts Group	Halls & Grounds	4,536	4,347
Ryukyu Karate	Halls & Grounds	4,350	3,024
Brighton Girl Guides	Halls & Grounds	4,032	3,864
Brighton Girl Guides	Community Grant	4,000	0
East Derwent Little Athletics	Halls & Grounds	3,382	3,204
Community Transportation	Donation	3,083	3,473
Cycling South	Community Grant	3,000	3,000
Anglican Parish of Brighton	Community Grant	3,000	387
Derwent United Soccer Club	Halls & Grounds	2,660	2,520
Brighton Boxing Club	Community Grant	2,500	0
Old Beach Family Day Care Playgroup	Halls & Grounds	2,016	1,932
Old Beach Playgroup	Halls & Grounds	2,016	1,932
Pontville Family Day Care Playgroup	Halls & Grounds	2,016	1,932
Brighton Senior Citizens	Halls & Grounds	1,872	1,794
Northern Suburbs Junior Soccer Association	Halls & Grounds	1,520	1,440
Good Beginnings Playgroup Pontville	Halls & Grounds	1,512	1,449
Brighton/Southern Midlands Pony Club	Community Grant	1,350	0
Pulse Dance School	Halls & Grounds	1,260	1,207
St Vincent De Paul	WTS Entry	1,128	1,398
Brighton Agricultural Society	Contribution to Wages	1,044	0
Bugeido Karate	Halls & Grounds	1,008	1,104

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**4. DONATIONS AND GRANTS (CONTINUED)**

		2014	2013
		\$	\$
<b>GRANTS AND BENEFITS REGISTER - SECTION 77 LOCAL GOVERNMENT ACT 1993</b>			
St Vincent De Paul	Donation	1,000	0
Brighton Primary School	Donation	1,000	0
Brighton Heritage Association	Community Grant	906	836
Old Beach Cricket Club	Community Grant	775	1,800
Northern Suburbs Christian School	Donation	513	0
Housing Tasmania	Development Fees	508	0
GKR Karate	Halls & Grounds	504	483
Brighton Agricultural Society	Annual Grant	500	500
Hobart United Soccer Club	Halls & Grounds	495	0
Salvation Army	Halls & Grounds	460	476
Dogs Home of Tasmania	Community Grant	440	440
Brighton Senior Citizens	Donation	416	3,227
Community Base Support (South)	Halls & Grounds	376	
Rabbit Breeders Association	Halls & Grounds	345	112
Tasmanian Boxing League	Halls & Grounds	307	0
Jordan Rivers Services (Helping Hands)	WTS Entry	304	368
Hobart Gymnastics Academy	Halls & Grounds	290	0
Glasgow Rangers Tasmanian Supporters	Halls & Grounds	288	0
Brighton Boxing Club	Halls & Grounds	260	0
Natasha Bantick	Education Bursary	250	250
Shelbie Kelly	Education Bursary	250	250
Callum Percy	Education Bursary	250	250
Nathanial Paine	Education Bursary	250	0
Kailee Griggs	Education Bursary	250	0
Darren Watkins	Education Bursary	250	0
Laura Thorne	Education Bursary	250	0
Brighton Primary School	Community Grant	250	0
Kate Jones	Sporting Achiever	200	0
Brody Wylie	Sporting Achiever	200	0
Andrea Coppleman	Sporting Achiever	200	0
Department of Justice (Community Corrections)	WTS Entry	136	216
Southern Poultry Club	Halls & Grounds	115	0
Hobart Cavy Club	Halls & Grounds	115	0
Jacob Gentile	Sporting Achiever	100	0

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**4. DONATIONS AND GRANTS (CONTINUED)**

		2014	2013
		\$	\$
<b>GRANTS AND BENEFITS REGISTER - SECTION 77 LOCAL GOVERNMENT ACT 1993</b>			
Mark Mann	Sporting Achiever	100	0
Ainsleigh Gray	Sporting Achiever	100	0
Madeleine White	Sporting Achiever	100	0
Roscoe Gearman	Sporting Achiever	100	0
Connor Walker	Sporting Achiever	100	0
Kahli Hyland	Sporting Achiever	100	0
Bradly Hyland	Sporting Achiever	100	0
Clara Montalvo	Sporting Achiever	100	0
Lily Seymour	Sporting Achiever	100	0
Hayden Smith	Sporting Achiever	100	0
Dale Evans	Sporting Achiever	100	0
Katlen Stone	Sporting Achiever	100	0
Samuel Lewis-Johnson	Sporting Achiever	100	0
Joshua Smith	Sporting Achiever	100	0
Sophie Leszcynski	Sporting Achiever	100	0
Liam Wakefield	Sporting Achiever	100	0
Jye Menzie	Sporting Achiever	100	0
Thomas Kline	Sporting Achiever	100	0
Brighton Primary School	Citizenship Prize	100	100
East Derwent Primary School	Citizenship Prize	100	100
Gagebrook Primary School	Citizenship Prize	100	100
Herdsmans Cove Primary School	Citizenship Prize	100	100
Jordan River Learning Federation	Citizenship Prize	100	100
Northern Suburbs Christian School	Citizenship Prize	100	100
St Paul's Primary School	Citizenship Prize	100	100
Tasmanian Special Child Christmas Party	Donation	68	0
Friends of Country Music Club	Halls & Grounds	58	0
Veteran Car Club	Halls & Grounds	58	0
Brighton Equestrian Club	Halls & Grounds	58	0
Brighton Kennel Club	Halls & Grounds	58	0
Claremont College	Citizenship Prize	50	50
Uniting Church	WTS Entry	40	168
Community Blitz	WTS Entry	24	0
Choose Employment	WTS Entry	8	96
Tasman Council	Donation	0	8,048



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**4. DONATIONS AND GRANTS (CONTINUED)**

		2014	2013
		\$	\$
<b>GRANTS AND BENEFITS REGISTER - SECTION 77 LOCAL GOVERNMENT ACT 1993</b>			
Pete's Community Workshed	Donation	0	5,000
Lions Club of Brighton	Community Grant	0	4,000
Hobart Gymnastics Academy	Community Grant	0	3,165
Vikings Futsal Association	Community Grant	0	2,005
Brighton Bowls Club	Community Grant	0	2,000
South Eastern Home Nursing	Community Grant	0	1,761
Old Beach Volunteer Fire Brigade	Community Grant	0	1,650
Able Australia	Community Grant	0	1,050
Old Beach Scout Group	Community Grant	0	1,050
Northern Revellers Basketball	Sporting Achiever	0	1,000
Basketball Tasmania	Community Grant	0	1,000
Southern Tas Quarter Horse Association	Community Grant	0	1,000
TAGARI LIA	Community Grant	0	1,000
Old Beach Junior Fire Brigade	Community Grant	0	958
Royal Flying Doctors	Donation	0	500
Veterans Memorial Centre	WTS Entry	0	344
Bridgewater PCYC	Halls & Grounds	0	315
Nathan Fisher	Education Bursary	0	250
Shannon Sturzaker	Education Bursary	0	250
Dylan Vucica	Education Bursary	0	250
Sophia Yani	Education Bursary	0	250
Claire Weeding	Sporting Achiever	0	200
Old Beach Scout Group	Donation	0	200
Jesse Clements	Sporting Achiever	0	100
Jemma Grotaers	Sporting Achiever	0	100
Ashlee Hey	Sporting Achiever	0	100
Ellen-Jane Hickey	Sporting Achiever	0	100
Zack Moody	Sporting Achiever	0	100
Alice Randall	Sporting Achiever	0	100
Mitchell Walker	Sporting Achiever	0	100
Nathan Wherrett	Sporting Achiever	0	100
Hugh Williams	Sporting Achiever	0	100
Bonorong Wildlife Park	Community Grant	0	100
Anzac Day Ceremony	Donation		86
		<b>228,547</b>	<b>284,161</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

	2014	2013
	\$	\$

**4. DONATIONS AND GRANTS (CONTINUED)**

Financial Donations	89,511	123,497
Donations in kind - Represent services provided without payment	139,036	160,664
	<b>228,547</b>	<b>284,161</b>

**5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS**

Cash at Bank	695,525	917,876
Cash on Hand	3,578	3,577
Term Deposits	2,089,211	2,803,075
	<b>2,788,314</b>	<b>3,724,528</b>

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 22,23)	1,033,817	834,482
Total unrestricted funds	<b>1,754,497</b>	<b>2,051,738</b>

**6. CURRENT ASSETS - RECEIVABLES**

Rates Receivables	40,980	91,499
Other Receivables		
Water Consumption	3,270	4,175
Infringements	1,910	0
Other Debtors	319,493	267,484
Less Provision for Impaired Debts	(9,585)	(7,580)
	<b>315,088</b>	<b>264,079</b>

**7. CURRENT ASSETS - OTHER**

Accrued Revenue	154,924	193,429
Work In Progress	0	1,708
Land Held for Resale	1,008,072	74,580
Prepayments	53,241	5,266
	<b>1,216,237</b>	<b>274,983</b>

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

	2014	2013
	\$	\$

**8. NON CURRENT ASSETS - LOANS**

Mortgages over land sold	250,000	250,000
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**9. NON CURRENT ASSETS - LAND**

Land at Fair Value	7,416,317	7,794,317
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Fair Value based valuation provided by Valuer General as at 30 June 2013 and indices applied each year since.

**10. NON CURRENT ASSETS - LAND UNDER ROADS**

Land at Fair Value	12,289,924	0
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Council recognised the value of land under roads it controls at fair value for the first time at 30 June 2014

**11. NON CURRENT ASSETS - PLANT AND VEHICLES**

Plant and Vehicles at Cost	1,762,296	1,659,099
less Accumulated Depreciation	(820,519)	(713,479)
	941,777	945,620

**12. NON CURRENT ASSETS - SMALL MACHINERY**

Small Machinery at Cost	109,911	224,889
less Accumulated Depreciation	(68,126)	(154,571)
	41,785	70,318

**13. NON CURRENT ASSETS - FURNITURE AND EQUIPMENT**

Furniture and Equipment at Cost	995,380	1,676,327
less Accumulated Depreciation	(783,546)	(1,292,685)
	211,834	383,642

**14. NON CURRENT ASSETS - INTANGIBLES**

Software at Cost	135,192	285,378
less Accumulated Depreciation	(106,722)	(232,152)
	28,470	53,226

**15. NON CURRENT ASSETS - BUILDINGS**

Buildings at Fair Value	12,568,969	11,214,537
less Accumulated Depreciation	(421,467)	(209,379)
	12,147,502	11,005,158

Valuation provided by Valuer-General as at 30 June 2013 and indices applied each year since.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

	2014	2013
	\$	\$

**16. NON CURRENT ASSETS - BRIDGES**

Bridges at Fair Value	5,614,523	5,426,243
less Accumulated Depreciation	(3,776,448)	(3,579,157)
	1,838,075	1,847,086

Fair value based on Council revaluation as at 30 June 2012.

**17. NON CURRENT ASSETS - DRAINAGE**

Drainage Assets at Fair Value	32,227,585	30,014,881
less Accumulated Depreciation	(10,520,367)	(9,960,897)
	21,707,218	20,053,984

Fair value based on Council revaluation as at 30 June 2012

**18. NON CURRENT ASSETS - ROADS**

Road Assets at Fair Value	88,351,974	108,419,657
less Accumulated Depreciation	(14,326,153)	(17,656,825)
	74,025,821	90,762,832

Fair value based on Council revaluation as at 30 June 2014.

**19. FIXED ASSETS RECONCILIATION**

**LAND**

Carrying amount at the beginning of the year	7,794,317	8,628,381
Additions	110,000	405,500
Disposals	(488,000)	(78,000)
Adjustment due to revaluation	0	(1,161,564)
Carrying amount at the end of the year	7,416,317	7,794,317

**LAND UNDER ROADS**

Carrying amount at the beginning of the year	0	0
Additions	12,289,924	0
Disposals	0	0
Adjustment due to revaluation	0	0
Carrying amount at the end of the year	12,289,924	0

**PLANT AND VEHICLES**

Carrying amount at the beginning of the year	945,620	885,943
Additions	231,029	299,182
Disposals	(50,347)	(63,408)
Depreciation	(184,525)	(176,097)
Carrying amount at the end of the year	941,777	945,620

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

	2014	2013
	\$	\$
<b>19. FIXED ASSETS RECONCILIATION (CONTINUED)</b>		
<b>SMALL MACHINERY</b>		
Carrying amount at the beginning of the year	70,318	63,374
Additions	7,574	26,501
Disposals	(16,440)	0
Depreciation	(19,667)	(19,557)
Carrying amount at the end of the year	<u>41,785</u>	<u>70,318</u>
<b>FURNITURE AND EQUIPMENT</b>		
Carrying amount at the beginning of the year	383,642	443,049
Additions	33,495	96,304
Disposals	(61,543)	(629)
Depreciation	(143,760)	(155,082)
Carrying amount at the end of the year	<u>211,834</u>	<u>383,642</u>
<b>INTANGIBLES</b>		
Carrying amount at the beginning of the year	53,226	74,960
Additions	2,866	0
Disposals	(6,414)	0
Depreciation	(21,208)	(21,734)
Carrying amount at the end of the year	<u>28,470</u>	<u>53,226</u>
<b>BUILDINGS</b>		
Carrying amount at the beginning of the year	11,005,158	15,366,742
Additions	1,297,047	2,361,098
Disposals	(2,013)	0
Depreciation	(212,087)	(209,379)
Adjustment due to revaluation	59,397	(6,513,303)
Carrying amount at the end of the year	<u>12,147,502</u>	<u>11,005,158</u>
<b>BRIDGES</b>		
Carrying amount at the beginning of the year	1,847,086	1,829,913
Additions	56,690	75,416
Depreciation	(108,781)	(115,517)
Adjustment due to revaluation	43,080	57,274
Carrying amount at the end of the year	<u>1,838,075</u>	<u>1,847,086</u>
<b>DRAINAGE</b>		
Carrying amount at the beginning of the year	20,053,984	19,562,543
Additions	1,457,369	169,338
Disposals	(5,706)	(5,706)
Depreciation	(312,899)	(294,020)
Adjustment due to revaluation	508,763	621,829
Carrying amount at the end of the year	<u>21,707,217</u>	<u>20,053,984</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

	2014	2013	
	\$	\$	
<b>19. FIXED ASSETS RECONCILIATION (CONTINUED)</b>			
<b>ROADS</b>			
Carrying amount at the beginning of the year	90,762,832	85,936,125	
Additions	4,904,233	3,820,725	
Disposals	(143,310)	0	
Depreciation	(1,917,883)	(1,808,369)	
Adjustment due to revaluation	(19,580,055)	2,814,351	
Carrying amount at the end of the year	<u>74,025,817</u>	<u>90,762,832</u>	
<b>20. INVESTMENT IN WATER CORPORATION</b>			
Opening Balance	56,300,560	56,311,418	
Change in fair value of investment			
Fair Value adjustments on Available-for-Sale Assets	(11,295,057)	(10,858)	
<b>Total investment in water corporation</b>	<u>45,005,503</u>	<u>56,300,560</u>	
<p>At 30 June 2013, Council held a 6.1% ownership interest in Southern Water based on the Final Treasurer's Allocation Order in 2011. From 1 July 2013 a new State-wide water and sewerage corporation trading as "TasWater", commenced in accordance with the <i>Water and Sewerage Corporation Act 2012</i>. TasWater took over the water and sewerage services and assets previously operated by Ben Lomond Water, Cradle Mountain Water and Southern Water.</p> <p>At 30 June 2014, Council held a 2.93% ownership interest in TasWater which is based on Equity portions for voting purposes.</p> <p>Council does not have significant influence to allow it to use the equity method to account for this interest.</p>			
<b>21. CURRENT LIABILITIES - PAYABLES</b>			
Trade Creditors	347,728	252,592	
Accrued Expenses	337,607	1,276,742	
	<u>685,335</u>	<u>1,529,334</u>	
<b>22. EMPLOYEE LEAVE ENTITLEMENTS PROVISIONS</b>			
<b>2014</b>	<b>ANNUAL LEAVE</b>	<b>LONG SERVICE LEAVE</b>	<b>TOTAL</b>
Balance at Beginning of the financial year	354,415	480,067	834,482
Additional Provisions	15,704	183,631	199,335
Balance at the end of the financial year	<u>370,119</u>	<u>663,698</u>	<u>1,033,817</u>
<b>2013</b>	<b>ANNUAL LEAVE</b>	<b>LONG SERVICE LEAVE</b>	<b>TOTAL</b>
Balance at Beginning of the financial year	350,763	478,474	829,237
Additional Provisions	3,652	1,593	5,245
Balance at the end of the financial year	<u>354,415</u>	<u>480,067</u>	<u>834,482</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

	2014 \$	2013 \$
<b>23. EMPLOYEE BENEFITS</b>		
<b>(i) Current</b>		
Annual Leave	370,119	354,415
Long Service Leave	555,240	407,181
	<u>925,359</u>	<u>761,596</u>
<b>(ii) Non-Current</b>		
Long Service Leave	<u>108,458</u>	<u>72,886</u>

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 3% has been applied where applicable.

**24. CURRENT LIABILITIES - OTHER**

Deposits held in trust	32,163	52,973
Revenue Received in Advance	0	0
	<u>32,163</u>	<u>52,973</u>

Deposits includes monies held in respect of damage indemnity, facilities booking and various performance related sureties.

**25. RESERVES**

Bridges Revaluation	1,512,671	1,469,591
Building Revaluation	289,630	230,233
Drainage Revaluation	11,562,674	11,053,911
Land Revaluation	4,630,935	4,630,935
Road Revaluation	40,430,333	60,010,388
Investment in Tas Water	(6,385,370)	4,909,687
	<u>52,040,873</u>	<u>82,304,745</u>

**MOVEMENTS DURING THE YEAR**

**Bridge Revaluation**

Balance at beginning of year	1,469,591	1,412,317
Revaluation Increment / (Decrement)	43,080	57,274
Balance at end of year	<u>1,512,671</u>	<u>1,469,591</u>

**Building Revaluation**

Balance at beginning of year	230,233	6,743,536
Revaluation Increment	59,397	(6,513,303)
Balance at end of year	<u>289,630</u>	<u>230,233</u>

**Drainage Revaluation**

Balance at beginning of year	11,053,911	10,432,082
Revaluation Increment / (Decrement)	508,763	621,829
Balance at end of year	<u>11,562,674</u>	<u>11,053,911</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**25. RESERVES (CONTINUED)**

	2014 \$	2013 \$
<b>Land Revaluation</b>		
Balance at beginning of year	4,630,935	5,792,499
Revaluation Increment / (Decrement)	0	(1,161,564)
Balance at end of year	<u>4,630,935</u>	<u>4,630,935</u>
<b>Road Revaluation</b>		
Balance at beginning of year	60,010,386	57,196,035
Revaluation Increment	(19,580,055)	2,814,351
Balance at end of year	<u>40,430,331</u>	<u>60,010,386</u>
<b>Adjustment to value of Investment in Water Corporation</b>		
Balance at beginning of year	4,909,687	4,920,545
Revaluation Increment	(11,295,057)	(10,858)
Balance at end of year	<u>(6,385,370)</u>	<u>4,909,687</u>
<b>Total movements during the year</b>		
Balance at beginning of year	82,304,745	86,497,016
Revaluations	(18,968,815)	(4,181,413)
Adjustment to value of Investment in Tas Water	(11,295,057)	(10,858)
Balance at end of year	<u>52,040,873</u>	<u>82,304,745</u>

**NATURE AND PURPOSE OF RESERVES**

**Asset Revaluation**

The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets in accordance with AASB116.

**Equity Reconciliation**

Total equity at beginning of year	191,405,043	192,494,010
Result from operations	17,372,355	3,103,304
Adjustment to value of fair value reserve	(11,295,057)	(10,858)
Net increase in asset revaluation reserve	(18,968,815)	(4,181,413)
	<u>178,513,526</u>	<u>191,405,043</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014

### 26. CONTINGENCIES

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

### 27. COMMITMENTS FOR EXPENDITURE

#### (a) Capital Commitments

There are no capital expenditure commitments as at balance date.

#### (b) Operating Commitments

There are no operating expenditure commitments as at balance date.

#### (c) Finance Lease Commitments

There were no items of expenditure contracted under finance lease at balance date.

#### (d) Operating Lease Commitments

There are no operating lease commitments as at balance date.

### 28. SUPERANNUATION

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund), which is a sub fund of the Quadrant Superannuation Scheme (the 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 34 of AASB 119 *Employee Benefits*, Council does not use defined benefit accounting for these contributions.

For the year ended 30 June 2014 the Council contributed 10.5% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

Bendzulla Actuarial Pty Ltd undertook the last actuarial review of the Fund at 30 June 2011. The review disclosed that at that time the net market value of assets available for funding member benefits was \$57,588,247, the value of vested benefits was \$52,794,839, the surplus over vested benefits was \$4,793,408 and the value of total accrued benefits was \$57,330,437. 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	0 % pa for 2011/12 and 7.0% p.a. thereafter
Salary Inflation	4.0% pa
Price Inflation	n/a

The actuarial review concluded that:

1. The value of assets of the Quadrant Defined Benefit Fund was adequate to meet the liabilities of the Fund in respect of vested benefits as at 30 June 2011.
2. 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 2011.
3. 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 2014.

The Actuary recommended that in future the Council contribute 9.5% of salaries in 2012/13, 10.5% of salaries in 2013/14, and 11% of salaries in 2014/15.

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 2014 and is expected to be completed late in 2014 or early in 2015.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014

### 28. SUPERANNUATION (CONTINUED)

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*.

During the reporting period the amount of contributions paid to defined benefits schemes was \$28,515 (2011-12 \$30,480) and the amount paid to accumulation schemes was \$359,984 (2011-12 \$361,025).

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

- The 2011 actuarial review used a funding method that sets the level of Council contributions targeting a margin of 10% in the value of Fund assets over the total of members' vested benefits over the medium to longer term.
- The funding method used was the same as the method used at the previous actuarial review in 2008. Under the target funding method of financing the benefits, the stability of the Councils' contributions over time depends on how closely the Fund's actual experience matches the expected experience. If the actual experience differs from that expected, the Councils' contribution rate may need to be adjusted accordingly to ensure the Fund remains on course towards its financing target.
- In terms of Clause 1.9.2 of the Scheme 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 Clause 1.9.2(b). However in terms of Clause 1.9.2 (d), the only contributions that can be sought from the Employer and its employee Members are any arrears of contributions. This issue can be resolved by the Trustee seeking an Actuarial Certificate in terms of Clause 1.22.2(a) requiring the Employer to make good any shortfall before the cessation of participation is approved.

- Clause 1.22.2(b) specifically provides that employers participating in the Fund will not be liable for the obligations of other Employers in other funds within the Scheme.
- The application of Fund assets on the Fund or the Scheme being wound-up is set out in Clause 1.21.3. This Clause provides that expenses, pensions in payment and the Superannuation Guarantee benefits of other members should have first call on the available assets. Additional assets will initially be applied proportionately to providing Member's benefits in respect of completed service. If additional assets are available they are applied to increasing members' benefits.
- The Trust Deed does not contemplate the Fund withdrawing from the Scheme. However it is likely that Clause 1.9.2 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.

	2014	2013
	\$	\$
<b>Defined benefits fund</b>		
Employer contributions to Quadrant	29,638	28,515
<b>Accumulation funds</b>		
Employer contributions to all accumulation funds	407,443	359,984

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**29. RECONCILIATION OF SURPLUS / DEFICIT TO NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES**

	2014	2013
	\$	\$
<b>Surplus/(Deficit) Statement of Comprehensive Income</b>	17,372,355	3,103,304
Items Not Involving Cash		
Non Cash Contributions	(17,711,052)	(2,183,841)
Mortgages held	0	(250,000)
Depreciation and Amortisation Expense	2,920,810	2,799,755
	(14,790,242)	365,914
Investing Activity		
Net (Gain)/loss on Disposal of Plant and Equipment	176,282	8,764
	176,282	8,764
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Rates Receivables	50,519	(157)
(Increase)/Decrease in Other Receivables	(51,009)	(80,542)
(Increase)/Decrease in Other Assets	(941,254)	(78,559)
Increase/(Decrease) in Payables	(843,999)	849,049
Increase/(Decrease) in Provisions	199,335	5,245
Increase/(Decrease) in Other Liabilities	(20,810)	(9,645)
	(1,607,218)	685,391
Net Cash Flow from Operating Activities	1,151,177	4,163,373

**30. FINANCIAL INSTRUMENTS**

**FINANCIAL RISK MANAGEMENT AND RISK EXPOSURES**

**RISK MANAGEMENT POLICIES AND PROCESSES**

Council has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk

The general Manager has overall responsibility for the establishment and oversight of Council's risk management framework. Risk management policies are established to identify and analyse risks faced by Council, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Council's Liability Insurer MAV Insurance, have provided a Public Liability & professional Liability Progress Review Report as at March 25, 2013. Council achieved an overall score of 93%.

**(a) Credit Risk**

Credit risk is the risk of financial loss to Council if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables and cash investments.

The amount of any credit risk associated with financial assets is the carrying amount net of any provision for doubtful debts. Such a risk crystallises when one party to the transactions fails to discharge their obligations. Council's financial assets comprise receivables and cash and cash equivalents.

There is no significant concentration of credit risk with any single debtor or group of debtors. The amount of the debt written off in any one year is immaterial.

Council's credit risk is therefore immaterial. There has been no change in its exposure to or management of this risk since the previous period.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**30. FINANCIAL INSTRUMENTS (CONTINUED)**

Council's policy in relation to receivables is summarised below.

Debtors of Council are required to settle their accounts within specified terms including:

**RATE DEBTORS**

Rates and charges are required to be paid in full by August and may receive a discount of 1.3%. Ratepayers may choose to pay rates and charges by instalments, subject to approved terms and conditions. Should amounts remain unpaid outside of approved payment options, Council will instigate collection proceedings. Rates and charges outstanding past three years may be recouped through sale of property under the Local Government Act.

**OTHER DEBTORS (INCLUDING LOANS AND ADVANCES)**

Debtors are required to settle within 30 days of issue of the account. Debtors may apply to Council to pay accounts by instalments, subject to approved terms and conditions. Should amounts remain unpaid outside approval payment options, Council will instigate collection proceedings.

**IMPAIRMENT LOSSES**

The following table provides an ageing of Council's trade and rate receivables at the reporting date.

	2014	2013
	\$	\$
<b>TRADE RECEIVABLES</b>		
Past due 0-30 days	200,828	70,668
Past due 31-60 days	4,285	22,321
Past due 61-90 days	23,397	104,248
More than 90 days	90,983	70,248
More than 90 days - Rates	40,980	91,499
More than 90 days - Water consumption	3,270	4,175
	<b>363,743</b>	<b>363,159</b>

A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired. No allowance for impairment in respect of trade receivables has been recognised at 30 June 2014.

All rates receivable are in excess of 90 days. No allowance for impairment loss is recognised for rates or water consumption as unpaid amounts represent a charge against the rateable property that will be received when the property is next sold.

**(b) Liquidity Risk**

Liquidity risk is the risk that Council will not be able to meet its financial obligations as they fall due. 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**30. FINANCIAL INSTRUMENTS**  
(CONTINUED)

**MATURITY ANALYSIS FOR FINANCIAL LIABILITIES**

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:

	Notes	Floating interest rate	Fixed interest maturing in:			Non-interest bearing	TOTAL
			1 year or less	Over 1 to 5 years	More than 5 years		
		\$	\$	\$	\$	\$	\$
<b>FINANCIAL ASSETS 2014</b>							
Cash and Cash Equivalents	5	2,784,736	0	0	0	3,578	2,788,314
Loans	8	0	0	0	250,000	0	250,000
Receivables	6	44,250	0	0	0	311,818	356,068
		\$2,828,986	\$0	\$0	\$250,000	\$315,396	\$3,394,382
Weighted avg. interest		3.35%	0.00%	0.00%	2.50%		

**FINANCIAL LIABILITIES 2014**

Current Liabilities	24	0	0	0	0	32,163	32,163
Payables	21	0	0	0	0	685,335	685,385
		\$0	\$0	\$0	\$0	\$717,498	\$717,498
Weighted avg. interest		0.00%	0.00%	0.00%	0.00%		

	Notes	Floating interest rate	Fixed interest maturing in:			Non-interest bearing	TOTAL
			1 year or less	Over 1 to 5 years	More than 5 years		
		\$	\$	\$	\$	\$	\$
<b>FINANCIAL ASSETS 2013</b>							
Cash and Cash Equivalents	5	3,720,951	0	0	0	3,577	3,724,528
Loans	8	0	0	0	250,000	0	250,000
Receivables	6	95,674	0	0	0	259,904	355,578
		\$3,816,625	\$0	\$0	\$250,000	\$263,481	\$4,330,106
Weighted avg. interest		3.49%	0.00%	0.00%	2.50%		

**FINANCIAL LIABILITIES 2013**

Current Liabilities	24	0	0	0	0	52,973	52,973
Payables	21	0	0	0	0	1,529,334	1,529,334
		\$0	\$0	\$0	\$0	\$1,582,307	\$1,582,307
Weighted avg. interest		0.00%	0.00%	0.00%	0.00%		

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**30. FINANCIAL INSTRUMENTS**  
(CONTINUED)

**c) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices. The objective of market risk management is to manage and control market risk within acceptable parameters, while optimising the return to Council.

The primary market risk that Council is exposed to is interest rate risk. At the reporting date Council had the following mix of financial assets and liabilities exposed to variable interest rate risk:

	2014	2013
	\$	\$
<b>FINANCIAL ASSETS</b>		
Loans and Receivables	606,068	605,578
Cash and Cash equivalents	2,788,314	3,724,528

**SENSITIVITY ANALYSIS OF COUNCIL'S EXPOSURE TO POSSIBLE CHANGES IN INTEREST RATES**

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The analysis assumes all other variables remain constant and was performed on the same basis for 2013.

At 30 June 2014, if interest rates had moved, as illustrated in the table below, profit and equity would have been affected as follows:

**SENSITIVITY ANALYSIS**

	Surplus/(Loss)		Equity	
	2014	2013	2014	2013
	\$	\$	\$	\$
+ 200 basis points	56,580	76,333	56,580	76,333
- 200 basis points	(56,580)	(76,333)	(56,580)	(76,333)

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**30. FINANCIAL INSTRUMENTS (CONTINUED)**

**(d) Net Fair values**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position are as follows:

	30 June 2014		30 June 2013	
	Carrying amount	Net Fair Value	Carrying amount	Net Fair Value
<b>Fair Values</b>				
<i>Financial assets</i>				
Cash and cash equivalents	2,788,314	2,788,314	3,724,528	3,724,528
Loans	250,000	250,000	250,000	250,000
Receivables	356,068	356,068	355,578	355,578
Investment in Southern Water	45,005,503	45,005,503	56,300,560	56,300,560
	48,399,885	48,399,885	60,630,066	60,630,066
<i>Financial liabilities</i>				
Deposits held in trust	32,163	32,163	52,973	52,973
Payables	685,335	685,335	1,529,334	1,529,334
	717,498	717,498	1,582,307	1,582,307
<b>Net financial assets</b>	<b>47,682,387</b>	<b>47,682,387</b>	<b>59,048,359</b>	<b>59,048,359</b>
<b>Carrying amounts classified as:</b>				
	<b>30 June 2014</b>		<b>30 June 2013</b>	
<i>Financial assets</i>				
Cash and cash equivalents		2,788,314		3,724,528
Loans and Receivables		606,068		605,578
Available for sale financial assets		45,005,503		56,300,560
		48,399,885		60,630,066
<i>Financial liabilities</i>				
Financial liabilities measured at amortised cost		717,498		1,582,307
		717,498		1,582,307
<b>Net financial assets/(liabilities)</b>		<b>47,682,387</b>		<b>59,048,359</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**30. FINANCIAL INSTRUMENTS (CONTINUED)**

**(e) Fair value Hierarchy**

The table below analyses financial instruments carried at fair value by valuation method.

The different levels have been defined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)
- Level 3 – inputs for the assets or liability that are not based on observable market data.

30 June 2014	Level 1	Level 2	Level 3	Total
Available for sale financial assets	0	0	45,005,503	45,005,503

**(f) Reconciliation of Level 3 Fair Value Movements**

	30 June 2014	30 June 2013
Opening balance	56,300,560	56,311,198
<i>Gains (losses) recognised in other comprehensive income</i>		
Change in fair value of investment in Tas Water	(11,295,057)	(10,858)
Closing balance	45,005,503	56,300,560



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**31. 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 \$22,988 (2013 - \$22,427) in licence fees during the 2014 financial year.
- Microwise paid Council \$129,412 (2013 - \$125,607) in fees/ consultancy during the 2014 financial year
- Directors Fees of \$28,000 (2013 - \$28,000) were paid during the 2014 financial year.

Microwise has separate financial statements that are audited by Tasmania Audit Office. The financial statements only identify the consolidated revenue and expenditure under notes 3(a)-(vii) and 3(b)-(v) respectively due to immateriality.

The directors of Microwise Australia are:  
 Clr. Tony Foster  
 Mr. Geoff Dodge  
 Mr. Gregory Davoren

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.

**32. 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.

	2014 \$	2013 \$
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**Financial Performance**

Revenue	346,381	288,357
Expenditure	165,863	120,708
Profit	180,518	167,649

<b>Brighton Council Equity</b>	<b>\$912,265</b>	<b>\$838,308</b>
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The financial performance excludes any internal transactions with Brighton Council. Microwise has been consolidated in the current year financial statements.

	2014 \$	2013 \$
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**Financial Performance**

Revenue	94,455	855,164
Expenditure	83,787	638,908
Profit	10,668	216,256

<b>Brighton Council Equity</b>	<b>\$196,115</b>	<b>\$184,767</b>
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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**32. BRIGHTON INDUSTRIAL & HOUSING CORPORATION (CONTINUED)**

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 3(a)-(vii) and 3(b)-(v) 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.

**33. EVENTS OCCURRING AFTER BALANCE DATE**

*NIL*

**34. RELATED PARTY TRANSACTIONS**

No interests have been notified to the General Manager by any Councillor in respect of any body or organisation with which the Council has material financial dealings.

The Councillors are:  
 Cr Tony Foster (Mayor)  
 Cr Geoff Taylor (Deputy Mayor)  
 Cr Barbara Curran  
 Cr Wayne Garlick  
 Cr Peter Geard  
 Cr Leigh Gray  
 Cr Moya Jeffries  
 Cr Philip Owen  
 Cr Sonya Williams

The usual nature of the transactions between them and Council is:

- to pay rates and other charges;
- to recoup expenses and allowances owing;
- to meet the costs of attendance at various Council events, seminars or functions.

All of these were normal transactions. Where transactions between Council and the Councillors are of a commercial nature, they are conducted on a normal arms length basis.

**35. AUDIT DISCLOSURE**

	2014	2013
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<b>Audit Remuneration</b>	<b>\$24,920</b>	<b>\$26,820</b>
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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**36. MANAGEMENT INDICATORS**

	Benchmark	2014	2013	2012	2011
		\$'000	\$'000	\$'000	\$'000
<b>(a) Underlying surplus or deficit</b>					
Recurrent income* less		12,167	12,906	11,846	11,821
Recurrent expenditure		12,753	12,309	11,055	10,402
Underlying surplus/deficit	0	-586	597	791	1,419

Council consistently exceeds benchmark. 2014 Deficit due to timing of Federal Grant \$834,000

<b>(b) Underlying surplus ratio</b>					
<b>Underlying surplus or deficit</b>		-586	597	791	1,419
Recurrent income*		12,167	12,906	11,846	11,821
Underlying surplus ratio %	0%	-5%	5%	7%	12%

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

Council consistently exceeds benchmark. 2014 Deficit due to timing of Federal Grant \$834,000

<b>(c) Net financial liabilities</b>					
Liquid assets less		3,299	4,272	4,914	4,662
Total liabilities		1,751	2,416	1,573	1,563
Net financial liabilities	0	1,548	1,856	3,341	3,099

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

Council consistently exceeds benchmark

<b>(d) Net financial liabilities ratio</b>					
<b>Net financial liabilities</b>		1,548	1,856	3,341	3,099
Recurrent Income		12,167	12,906	11,846	11,821
Net financial liabilities ratio %	0% - (50%)	13%	14%	28%	26%

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

Council consistently exceeds benchmark.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**36. MANAGEMENT INDICATORS (CONTINUED)**

	Benchmark	2014	2013	2012	2011
		\$'000	\$'000	\$'000	\$'000
<b>(e) Asset consumption ratio</b>					
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.					
<b>Transport Infrastructure</b>					
Depreciated replacement cost		75,864	92,610	87,766	63,357
Current replacement cost		93,966	113,846	106,704	96,336
Asset consumption ratio %		81%	81%	82%	66%

**Buildings**

Depreciated replacement cost		12,148	11,005	15,367	15,033
Current replacement cost		12,569	11,215	16,472	15,880
Asset consumption ratio %		97%	98%	93%	95%

**Drainage**

Depreciated replacement cost		21,707	20,054	19,563	19,091
Current replacement cost		32,228	30,015	28,923	25,244
Asset consumption ratio %		67%	67%	68%	76%

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

<b>(f) Asset renewal funding ratio</b>					
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.					
<b>Transport Infrastructure</b>					
Projected capital funding outlays**		N/A	N/A	N/A	N/A
Projected capital expenditure funding***		N/A	N/A	N/A	N/A
Asset renewal funding ratio %	90-100%	N/A	N/A	N/A	N/A

**Buildings**

Projected capital funding outlays**		N/A	N/A	N/A	N/A
Projected capital expenditure funding***		N/A	N/A	N/A	N/A
Asset renewal funding ratio %	90-100%	N/A	N/A	N/A	N/A

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**36. MANAGEMENT INDICATORS (CONTINUED)**

	Benchmark	2014	2013	2012	2011
		\$'000	\$'000	\$'000	\$'000
<b>(f) Asset renewal funding ratio (continued)</b>					
<b>Drainage</b>					
Projected capital funding outlays**		N/A	N/A	N/A	N/A
Projected capital expenditure funding***		N/A	N/A	N/A	N/A
Asset renewal funding ratio %	90-100%	N/A	N/A	N/A	N/A

This ratio measures Council's capacity to fund future asset replacement requirements.

Council is currently in the process of linking its Long Term Financial Plan with its Asset Management Plan and anticipates this will be finalised by 30th June 2015.

\*\*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.

<b>(g) Asset sustainability ratio</b>					
Capex on replacement/renewal of existing assets		2,036	4,225	3,403	2,848
Annual depreciation expense		2,921	2,800	2,400	2,459
Asset sustainability ratio %	100%	70%	151%	142%	116%

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

Council consistently exceeds benchmark.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**37. FAIR VALUE MEASUREMENTS**

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

- Investment in water corporation
- Property, infrastructure plant and equipment
- Land
- Buildings
- Roads
- Bridges
- Drainage

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 various parcels of vacant land as disclosed in note 7. A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading 'Land held for sale).

**(a) Fair Value Hierarchy**

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

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

The table below shows the assigned level for each asset and liability held at fair value by the Council. The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by the transitional provisions of AASB 13.

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 2014	Level 1	Level 2	Level 3	Total	
	\$'000	\$'000	\$'000	\$'000	
<b>Recurring fair value measurements</b>					
Land	9,10	-	\$7,416,317	\$12,289,924	\$19,706,241
Buildings	15	-	-00	\$12,147,502	\$12,147,502
Roads	18	-	-00	\$74,025,821	\$74,025,821
Bridges	16	-	-00	\$1,838,075	\$1,838,075
Drainage	17	-	-00	\$21,707,218	\$21,707,218
		\$0	\$7,416,317	\$122,008,540	\$129,424,857
<b>Non-recurring fair value measurements</b>					
Assets held for sale	7	-	1,008,072	-00	\$1,008,072
		-	1,008,072	-00	\$1,008,072

**Transfers between levels of the hierarchy**

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

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014

### 37. FAIR VALUE MEASUREMENTS (CONTINUED)

#### (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

Council adopted AASB 13 Fair Value Measurement for the first time this financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.

#### LAND

Land fair values were determined by a qualified independent valuer Opteon (Tasmania) Pty Ltd valued at 1st July 2012 but 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 - Land under Roads 2014 areas multiplied by the m2 road data held in Councils asset management system.

#### BUILDINGS

The fair value of buildings were also determined by 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 current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

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

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on 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 1

The calculation of Depreciated Replacement Cost involves a number of inputs that require judgement and are therefore classed as unobservable. While these judgements

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014

### 37. FAIR VALUE MEASUREMENTS (CONTINUED)

are made by qualified and experienced staff, different judgements could result in a different valuation. The table at (d) below summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

The methods for calculating CRC 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 and Rural roads are managed in segments from major intersection to major intersection. All road segments are then componentised into formation, pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC is based on the road area multiplied by a unit price; the unit price being an estimate of labour and material inputs, services costs, and overhead allocations. Council assumes that pavements are constructed to depths of 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, CRC is based on the average of completed similar projects over the last few years.

#### BRIDGES

A full valuation of bridges assets was undertaken by independent valuers, 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.

#### OTHER INFRASTRUCTURE

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2014**

**37. FAIR VALUE MEASUREMENTS (CONTINUED)**

**(d) Unobservable inputs and sensitivities**

Asset / liability category*	Carrying amount (at fair value)	Key unobservable inputs *	Expected range of inputs	Description of how changes in inputs will affect the fair value
<b>Land Under Roads</b>	\$12,289,924	Unit price per sq metre	Rates given by Valuer General	The higher the sq metre value the higher the fair value
<b>Buildings</b>	\$12,147,502	Useful life Cost per sq metre	Refer Note 1d	The higher the useful life the higher the fair value. The higher the unit price the higher the fair value
<b>Roads</b>	\$74,025,821	Unit price per sq metre Useful Life	Refer Note 1d	The higher the useful life the higher the fair value. The higher the unit price the higher the fair value
<b>Bridges</b>	\$1,838,075	Unit price per sq metre Useful Life	Refer Note 1d	The higher the useful life the higher the fair value. The higher the unit price the higher the fair value
<b>Drainage</b>	\$21,707,218	Unit price per sq metre Useful Life	Refer Note 1d	The higher the useful life the higher the fair value. The higher the unit price the higher the fair value

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

**(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 6 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 (Level 2).

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