



# BRIGHTON COUNCIL

2015

# ANNUAL REPORT

2016



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ANZAC DAY 2016

## 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 2015/16 Annual Plan.
- The second part of the Annual Report incorporates the audited financial statements for the financial year.

### History

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

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

The Council itself held its first meeting on 19th November 1863. In 1993, some 130 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, one of the largest in the south of the state.

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

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

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

### Invitation for Submissions:

Members of the community are invited to make submissions on the Annual Report for discussion at Council's Annual General Meeting, which will be held at 5.00pm on Tuesday 13th December 2016. Any person wishing to make a submission should do so by close of business 30th November 2016.



## MAYOR'S MESSAGE

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### Tony Foster AM OAM JP Mayor of Brighton

As Tasmania's longest-serving mayor, it is with pride that I report that the residents of Brighton municipality are resolute in their opposition to the State Government push for local government mergers.

There is ongoing pressure from state governments across Australia to see amalgamations among the third tier of government.

But recent history has shown that many amalgamations of local governments have been to the detriment of those who live in those communities. Mergers have imposed additional costs on ratepayers with no efficiencies or improvements in services.

The Property Council, with its self-serving campaign, has been a key instigator behind the State Government's push for amalgamations.

Instead of making baseless demands for amalgamations, the Property Council must come up with data that actually shows that ratepayers, not just the big city property barons, will be better off with larger amalgamated councils.

In good faith, Brighton Council, at the request of the State Government, has initiated research into the attitude of its ratepayers on voluntary council amalgamations.

In mid-2015, Myriad Research undertook an independent and objective assessment of community perceptions and preferences on a range of merger options and other associated issues.

Myriad's telephone survey in Brighton municipality of 404 respondents, aged 18 and over, has broadly reflected the demographic of our community.

Despite the State Government's pressure for the amalgamation of local governments, I can report that 60 per cent of those surveyed want Brighton Council to remain as a stand-alone independent municipality. When the community was surveyed 18 years earlier, support for the status quo was 53 per cent - so our residents' support for our stance on independence has strengthened significantly.



The support for the status quo increases with the respondent age group - 68 per cent of the 60+ age group, 58 per cent of those 40-59, and 55 per cent of those under 40.

Just eight per cent of our residents are in favour of a Greater Hobart Council to incorporate urban areas of our municipality.

Support for a greater rural council has dropped significantly over the two survey periods, and only 30 per cent want Brighton to merge with a neighbouring council.

The survey also shows a significant increase in residents' positive perception of Brighton Council performance between 2010 and 2015.

The research has found that Council's performance rates highly and residents are very supportive of our parks, playgrounds, community and recreational facilities, as well as the appearance of our roads and streetscapes.

Council's fair rating system, which gives Brighton the lowest rates in Tasmania, certainly has the approval of the community. Council is also praised for its financial performance and debt-free status.

A number of respondents have called for an increase in retail outlets - the majority of residents go out of Brighton for their shopping, banking and access to other services.

We are seeking to attract more businesses to Brighton. This will enhance the vibrancy of the place we choose to call home.

Another important survey commissioned by Brighton Council has been the Brighton Tomorrow project, undertaken by architecture students from Monash University and the University of Tasmania.

This urban design study focused on Pontville, Brighton, Bridgewater, Gagebrook (including Herdsmans Cove) and Old Beach. It has produced some exciting options.

The three-month study, had it been undertaken by commercial consultants rather than with the participation of two universities, would have cost Council hundreds of thousands of dollars.

It has been a win-win situation, giving university students a very hands-on experience in formulating designs for a community while giving our municipality a range of potential ideas for public space planning well into the future.

The Brighton Tomorrow report forms the starting point of the next stage of community consultations into making Brighton municipality an even more vibrant place to live.

As Mayor of Brighton municipality for 23 years, I have been committed to fighting the scourge of poker machines. I will not relent and I am pleased to report that Council unanimously supports my stance on pokies. They are a blight on communities such as ours.

Tasmanians lost almost \$200 million on poker machines last financial year, much of it taken from people who can least afford it. It's not just individuals who are the victims; it is also their families. Furthermore it adversely affects the wider community because it sucks the lifeblood out of small business and general economic activity.

In November, Brighton Council unanimously agreed to join the National Alliance for Gambling Reform as well as a Tasmanian community coalition campaigning for reforms to the gambling industry.

The local coalition of community and welfare groups called for poker machines to be phased out in hotels and clubs and for a reduction in the maximum bet to \$1.

But I have to report that the State Government this year ignored public concerns over the detrimental impact of poker machines on the Tasmanian community.

The recent announcement by State Treasurer Peter Gutwein essentially maintaining the status quo on electronic gaming machines in hotels and clubs is a slap in the face for thousands of Tasmanians and community groups who were looking for real reform.

It seems the Treasurer was too afraid to address the real issue and instead has apparently kowtowed to Federal Hotels and the powerful lobbyists who don't want their interests affected.

Ironically, this financial and social loss to the community had in the past been recognised by the monopoly operator of poker machines in Tasmania - Federal Hotels.

In 1993 Federal Hotels director Greg Farrell told a Legislative Council inquiry: "Direct access to gaming machines in pubs and clubs would have a disastrous effect on the social and special culture of Tasmania."

However, Mr Farrell quickly changed his view once his company was given sole rights to poker machines in Tasmania.

As far as the second tier of government goes, credit where due. I applaud the State Government's decision to construct a new Bridgewater bridge to replace our current obsolete structure.

The announcement follows a State Government cabinet meeting with Brighton Council, which has long pushed for a new bridge. Identified as a priority project by Infrastructure Australia, the bridge will be funded by the Federal and State Governments.

The 16-metre high four lane structure, similar to Bowen Bridge, will overcome a serious bottleneck on the Midland Highway. The old bridge will be retained as a transport corridor to Hobart for a future light rail or dedicated bus service option to extend to Brighton.

Another good news story for Brighton municipality is that Council's wholly-owned technology business MicroWise Australia has purchased the Derwent Indoor Sports Centre building in Hurst Street, Bridgewater.

The 10,000 square metre building, currently occupied by the not-for-profit Hobart Gymnastics Academy, was sold by the building's private owners to MicroWise for \$625,000.

Until Microwise stepped in, the future of the academy looked tenuous as it did not have a lease on the building.

The academy currently caters for 650 registered members as well as providing training facilities for 6000 students each year. Around 80 per cent of members live in Brighton municipality and classes range from toddlers to adults. The academy regularly produces state champions who compete at a national level as well as Australian gymnasts who have competed on the international stage.

MicroWise is wholly owned by Brighton Council and markets unique local government management software in Australia and in the Pacific.

This decision by MicroWise is a solid investment for the company. More significantly it further enhances Brighton's reputation as a great environment for families.

Finally, as we look forward with pride as Brighton municipality further develops and thrives in an environment carefully nurtured by Council, I look back with feelings of humility and reverence on those Tasmanians who left our shores a century ago to serve in that war that was meant to end all wars.

At our Anzac Day commemorations this year, we reflected on the lives of two Tasmanians, each of whom was awarded the Victoria Cross for bravery during battle. Lewis McGee was killed in action in 1917. Percy Statton survived the First World War and died in 1959.

We remember them and we remember those who died in the wars that followed, some of whom trained at the Brighton army camp. Heroes all. Let us never forget.



ANZAC DAY 2016

## GENERAL MANAGER'S MESSAGE

### Ron Sanderson General Manager

Brighton Council has a three-tiered formula to provide the best financial outcome for its ratepayers, now and for decades to come.

- For the 20th consecutive year Brighton has maintained rates at or below inflation levels. Our flat rate for residential properties results in the lowest rates among the 29 municipalities in Tasmania;
- Brighton Council is a founding member of the Tasmanian Common Services model, which in the past financial year delivered \$1.2 million in savings to the participants, thereby helping to keep Council finances in the black;
- Council's wholly-owned technology business Microwise Australia continues to grow the business of selling innovative software programs to local governments across Australia and beyond, producing additional income for Council.

Council's financial formula is simple – we are entrepreneurial and we use our commercial expertise to return the maximum financial benefits to those who live in our community and to build a vibrant municipality for decades to come in the 21st century.

A significant added advantage of our three-tiered formula is to keep at bay those lobbyists barking for council amalgamation.

Council believes that democracy begins at home, at its grass roots. Financially motivated self-interest groups from outside municipal boundaries do not have community interests at heart.

As the Mayor has stated, Council acted on the State Government's push for council amalgamation by asking ratepayers what they thought of the proposal. Sixty per cent of respondents want the municipality to remain independent.

For the coming year, because of Council's ongoing commitment to the fair rating policy, household rates rise by just \$11 a year – that's 21 cents a week. The flat rates policy has now been active for two decades.

I have referred to Council's commercial expertise. This leads me to the second facet of innovative financial management. Brighton Council is a founding member of the common services venture established last year by seven Tasmanian local governments.



The participants also include Glenorchy, Central Highlands, Huon Valley, Sorell, Southern Midlands and Tasman Councils.

In addition, Glamorgan-Spring Bay, Derwent Valley, West Coast and Flinders Councils also use the joint venture's services.

So more than one-third of Tasmania's third tier of government have signed up to a program which is already generating significant benefits.

Participating councils gained \$1.2 million from the Brighton Council initiative in 2015-16. Over 14,000 hours of local government services were exchanged between participating councils. The net benefits are achieved through the increased use of current Council staff and from client councils employing common services within local government at a considerably lower cost than using external consultants.

Brighton Council, with its strong in-house expertise, is well-placed to be a major beneficiary of this joint venture. Brighton Council had revenue of some \$822,000 with a profit of \$160,000 through provision of these services to other councils.

The program benefits all participants – by sharing expertise, technology, equipment and facilities, the councils are providing improved services for their communities, attracting and retaining skilled professionals and bringing a new level of efficiency to local government.

Councils retain their individuality and ratepayers still have ready access to their local councillors.

This program is another nail in the coffin for the lobbyists' call for local government amalgamation!

The program has now crossed into mainland Australia. Five Northern Territory councils have embraced the Brighton Council initiative.

I have talked about Council's commercial expertise. The third facet of Council's innovative financial management is Microwise Australia Pty Ltd, a software development company which is owned by Brighton Council.

Microwise is unashamedly entrepreneurial and totally focused. It markets unique local government management software in Australia and in the Pacific. At last count 27 councils using Microwise are achieving annual savings of \$1.1 million by not having to use alternative more costly software.

The company's property and rating software solution PropertyWise is now used by 18 councils throughout Australia and the South Pacific. Microwise produced \$340,000 of external revenue for the 2016 financial year and Brighton Council's total equity in Microwise Australia Pty Ltd has risen to \$1,171,000.

The Brighton Industrial and Housing Corporation, enabling affordable housing in Bridgewater and Herdsmans Cove, produced an external profit of \$262,000 for the 2016 financial year and Brighton Council's total equity in this corporation is now \$743,000.

Moving away from Council's commercial initiatives, I report that an exciting new project will help revitalise the Bridgewater and Gagebrook communities.

A total of 75 new homes will be built in the municipality under the State Government's Better Housing Futures strategy.

Centacare Evolve Housing (CEH) is developing three housing sites and building new homes, of between one, two and three bedrooms. These brick veneer, energy-efficient units will help reduce the state's social housing waiting list.

Investment by CEH across three sites in Bridgewater is valued at \$13 million and construction has seen more than 100 new jobs being created.

In addition to the new housing by CEH, project partner CatholicCare Tasmania is delivering a range of social services to Bridgewater/Gagebrook/Herdsmans Cove communities, including language, numeracy and digital literacy courses for adults, a childcare centre

operating from St Paul's Catholic School, and parenting programs for those with young children and expectant mothers. A nutrition course is also planned.

A co-operative program among local governments is the 5x5x5 Skills Hub Project based at the Centre for Heritage at Oatlands. Brighton Council is one of five local governments participating in the project, which is also supported by the Tasmanian Community Fund.

The three-year program aims at ensuring young people learn skills in heritage building restoration and repair. The first project was in our municipality - the repair and refurbishment of the Brighton Army Camp Hospital.

Twelve participants committed to 2000 hours of work. As well as teaching them a range of heritage and trade skills, the program has opened up two large rooms in the building for an adaptive re-use in a very cost-effective way for the municipality.

Brighton Council is also at the forefront in supporting commercial ventures, old and new. Recently, a series of interviews with a small group of vigneron and winery owners in Tea Tree were featured in Brighton Community News.

Based on those interviews, Brighton Council funded a quality publication, The Vineyards of Tea Tree, to highlight the history and the growth of this niche horticultural industry on the eastern flank of our municipality.

It's encouraging to note that one of the featured businesses has been judged Tasmanian Vineyard of the Year.

Clover Hill's southern Tasmanian vineyard in Middle Tea Tree Road won the award. On behalf of Brighton Council I would like to acknowledge the vineyard's general manager Alex Van Driel for this accomplishment, which helps put the vineyards of Tea Tree indelibly on the map of Tasmania's world-renowned cool-climate wine industry.

The continuing growth of the vineyards of Tea Tree, along with Bonorong Wildlife Sanctuary and Zoodoo Zoo, will help position Brighton as a growing focal point for tourism.

Finally, as general manager of Brighton Council, I would like to thank the team who work with me.

The positive feedback we get daily is testimony to the quality work of Council staff. They are a great team!

## COUNCILLORS AS AT 30TH JUNE 2016

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### **Cr Tony Foster (Mayor)**

**Terms as Councillor**  
1985-1988  
1990-2015

**Terms as Mayor**  
1993-2016

Committee Representation:

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

Council Representative:

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



### **Cr Barbara Curran (Deputy Mayor)**

**Terms as Councillor**  
1996-2016

**Term as Deputy Mayor**  
2014-2016

Committee Representation:

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

Council Representative:

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



### **Cr Wayne Garlick**

**Terms as Councillor**  
1999-2000  
2003-2005  
2007-2016

Committee Representation:

- Finance
- Heritage & Environment
- Planning Authority
- Waste Management



**Cr Peter Geard**  
**Terms as Councillor**  
**1984-1993**  
**1997-2016**

Committee Representation:

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

Council Representative:

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



**Cr Leigh Gray**  
**Terms as Councillor**  
**2005-2016**

Committee Representation:

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

Council Representative:

- Cycling South
- Southern Waste Strategy Board Joint Authority (Deputy rep)



**CR WILLIAMS WITH LUKE JACKSON AT THE BRIGHTON MENTAL HEALTH WEEK EVENT**



### **Cr Moya Jeffries**

**Terms as Councillor  
2007–2016**

Committee Representation:

- Finance (from December)
- Parks & Recreation
- Planning Authority

Council Representative:

- Jordan River Learning Federation Senior School Council



### **Cr Philip Owen**

**Terms as Councillor  
1989–2016**

Committee Representation:

- Finance
- Heritage & Environment
- Planning Authority
- Waste Management



### **Cr Geoff Taylor**

**Terms as Councillor  
1972–1977  
1987–1996  
1999–2016**

**Terms as Deputy Mayor  
2005–2014**

Committee Representation:

- Finance (until December)
- Parks & Recreation
- Planning Authority
- Waste Management (Chairperson)



### **Cr Sonya Williams**

**Terms as Councillor  
2005–2016**

Council Representative:

- Heritage & Environment
- Parks & Recreation
- Planning Authority

Committee Representation:

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

## OVERVIEW AND HIGHLIGHTS

### 1. Provide sustainable and responsible financial management of council resources

#### We have:

- Pursued recurrent grant funding for strategic capital funds from the state and federal government.
- Applied for several grants throughout the year including grants for the Brighton Streetscape Project and the Replacement of the Cove Hill Road bridge through the National Stronger Regions Fund (NSRF).
- Pursued grant funding for strategic capital funds from the state and federal government.
- Applied for and assisted other applicants for a number of grant opportunities, and has been successful with regards to the Brighton Streetscape, Bowls Club redevelopment and Cove Hill Bridge.
- Maintained our debt profile below prudential guidelines. Council is currently debt free and had not budgeted for any borrowings this financial year.
- Managed to provide sustainable and responsible financial management of the community's resources. Council kept its general rate increase to Hobart CPI. Council's Long Term Financial Plan and Long Term Asset Management Plan are committed to Long Term sustainability and without significant external shocks expect that rates can be kept to CPI over the next 10 years.
- Maintained a strong financial position, ensuring the Council remains financially sustainable in the long term. Council's objective to achieve benchmark results for all financial sustainability indicators within the top three in the state on a trend basis.
- Achieved underlying operating statement surpluses (excludes nonoperational items such as granted assets and capital income).
- Maintained an underlying operating surplus on a trend basis and had budgeted to continue this position.
- Allowed for a cash surplus this financial year on a trend basis.
- Continued to sell surplus property for reinvestment in targeted areas. Council sold surplus properties in 2016 with all proceeds ring fenced for the purchase and development of strategic properties.
- Further developed the provision of Brighton Council professional services in Tasmania, the mainland and overseas through its participation in the Common Services Joint Venture. Council has seen significant growth in its provision of Professional Services to other Councils over recent years.
- Optimised the return on investment for BIHC. BIHC continues to improve its financial position. 2016 saw its Net Assets accumulate to \$743,380 at year end. BIHC has facilitated the building of several houses in Bridgewater and has sold land for residential development in Herdsmans Cove.
- Optimised the return on investment for Microwise. Microwise continues to improve its financial position. 2016 saw its Net Assets accumulate to \$1,171,000 at year end.



COMMUNITY BLITZ 5TH BIRTHDAY

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

### We have:

- 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 Bridgewater Parkland Master Plan with extensive public consultation.
- Prepared a master plan for surplus Boral land and are working with Boral to pursue rezoning and implementation.
- Identified key priorities from the Brighton Tomorrow architecture project and prepared detailed design and costing in preparation for construction. Elements of the Brighton Tomorrow architecture project were utilized in projects such as the Bridgewater Parkland Master Plan and to support several grant applications.
- Publically exhibited Brighton Interim Planning Scheme 2015 and had it certified by the Minister and implemented.
- Continued implementing a master plan for the former army camp open space and re-use of the former hospital building.
- Represented Brighton's interests in the preparation of the single statewide planning scheme.
- Pursued maximum community benefit from Council owned land and infrastructure, including sales and purchases when strategically appropriate.

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

### We have:

- Assisted with a combined application with the Brighton Bowls and Community Club for upgrades to the existing building and an extension for larger functions through the National Stronger Regions Fund (NSRF).
- Started developing a sustainability strategy and reduce Council's ecological footprint.
- Started updating Council's State of the Environment Report.
- Supported the Brighton Alive administration.

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

### We have:

- Continued the roadside maintenance and litter collection for the East Derwent Highway and major roundabouts in partnership with the Department of State Growth.
- Completed the next stage of the Brighton Streetscape work continuing from the previous section near the Andrew Street roundabout down Brighton Road and around William Street to Augustus Street. These works include new kerb and gutter, footpaths, bike lane, bus bay and landscaping.
- Continued to promote the Brighton "brand".
- Continued to promote Council's fair rating system and sound financial management.
- Developed a master plan for Council's reserve behind the Linc in Bridgewater.

## 5. Facilitate provision of better transport systems

### We have:

- Contributed toward the construction of the new road leg from the East Derwent Highway to Green Point Road as part of the new roundabout constructed at this location with Cove Hill Road, Bridgewater. This has resulted in better access from the highway and consolidation of two intersections into one safer roundabout.
- Worked with Metro Tasmania and the Department of State Growth to establish a park and ride facility in Bridgewater and extend services to the army camp subdivision.
- Encouraged Metro proposed changes to improve services to Brighton and Old Beach.

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

### We have:

- Continued working with Cricket Tasmania to develop Pontville Park into a first class venue for local, regional and state-wide events.
- Developed concept plans for a new Multipurpose building and facility upgrades to the existing sports facilities at Pontville Park.
- Rehabilitated the Elderslie Road bridge to extend its life by at least 25 years using various timber restoration techniques including carbon fibre wrapping, structural resin injection and retro-ten supports under some of the existing beams.
- Reconstructed 1km of Back Tea Tree Road - widened and realigned to improve safety.
- Overlaid 450m of asphalt reseal in Morrisby Road, Old Beach.
- Undertaken significant footpath reconstructions in Bridgewater.

## 7. Promoting industrial, business and employment growth

### We have:

- Prepared a master plan for surplus Boral land and are working with Boral to pursue rezoning and implementation.
- Provided affordable housing on vacant council and state government land.
- Continued the industrial marketing and visual improvement campaign for the Brighton Industrial Estate and general commercial areas.

## 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 inspections of places of public assembly, food premises, public health risk activities and water carters to ensure compliance with relevant legislation.
- Promptly investigated environmental health complaints.
- Maintained an effective analysis program for food, recreational waters and general complaints.

## Risk Management

### We have:

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

## PERFORMANCE STATISTICS – ENVIRONMENT AND DEVELOPMENT

	2016	2015
ANIMAL CONTROL		
Total number of dogs registered with Council	<b>3,499</b>	<b>3,414</b>
Number of dogs taken to Hobart Dog Home	<b>203</b>	<b>233</b>

LAND USE PLANNING AND BUILDING		
Number of Development Applications processed	<b>225</b>	<b>302</b>
Number of Subdivision Applications processed	<b>20</b>	<b>23</b>
Total number of new lots created	<b>22 LAND + 34 STRATA LOTS</b>	<b>28 LAND + 20 STRATA LOTS</b>
Number of Building Permits processed	<b>218</b>	<b>224</b>
Value of Building Approvals	<b>\$38.8 MILLION</b>	<b>\$36.6 MILLION</b>

ENVIRONMENTAL HEALTH		
Number of Vaccinations	<b>310</b>	<b>463</b>
Number of Food Premises Registered	<b>83</b>	<b>75</b>
Number of complaints	<b>180</b>	<b>170</b>
Number of Food Samples taken	<b>0*</b>	<b>14**</b>
Number of On-site Wastewater Applications	<b>45</b>	<b>54</b>
Total Expenditure on Public Health	<b>\$11,000</b>	<b>\$15,000</b>

\*Food sampling was based more on operator compliance and knowledge of the Food Safety Standards & EHO observation of this.

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

## GOVERNANCE

### Public Interest Disclosure Act 2002

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

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

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

Section 177 of the *Local Government Act 1993*, requires Council to report on any land donated by Council during the year. It is reported that no land was donated during the 2015/16 financial year.

### Public Tenders – Local Government (General) Regulations 2015

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

- Four tenders were called and awarded during the 2015/16 financial year:-
  - Elderslie Road Bridge restoration – the value of the contract works was \$570,801.02, and was awarded to Timber Restorations Systems, 35 Beachmere Rd, Caboolture QLD 4510
  - Waste Transfer Station Cartage – the value of the contract was \$608,371 over a 5 Year period, and was awarded to Veolia, 95 Kennedy Drive, Cambridge TAS 7170
  - Kerbside Recycling – the value of the contract was \$364,309.92 over a 2 Year period, and was awarded to Veolia, 95 Kennedy Drive, Cambridge TAS 7170
  - Reseal Tender – the value of the contract works was \$295,348.04 and was awarded to Roadways (Ian Harrington Group), PO Box 303, Glenorchy, TAS 7010

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

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

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

- There were no contracts awarded under Regulation 29(3)

## Risk Management

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

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

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

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

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

## Local Government Shared Services

Brighton Professional Services revenue experienced growth of 34% in 2015/16 when compared to the previous year. Brighton Council continues to play a lead role in the development of the Local Government Shared Services (LGSS) initiative. LGSS membership has grown from five councils to 13 in the past year, which includes five councils from the Northern Territory. In 2015/16, over 14,000 hours of shared services were exchanged by participating councils delivering a net benefit to the group of \$1.2 million.

### AUSTRALIA DAY CIVIC RECEPTION 2016



# COUNCILLOR ATTENDANCE

## ORDINARY COUNCIL MEETING

Name	No. of Meetings Held	Attended	%
Cr T Foster (Mayor)	12	10	83%
Cr B Curran (Deputy Mayor)	12	10	83%
Cr W Garlick	12	11	92%
Cr P Geard	12	12	100%
Cr L Gray	12	11	92%
Cr M Jeffries	12	10	83%
Cr P Owen	12	12	100%
Cr G Taylor	12	6	50%
Cr S Williams	12	10	83%

## ANNUAL GENERAL MEETING

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



**DENNIS CRISPIN, COMMUNITY BLITZ 5TH BIRTHDAY**



**MENTAL HEALTH WEEK EVENT**

**FINANCE**

Name	No. of Meetings Held	Attended	%
<b>MEMBERS</b>			
Cr T Foster (Chairperson)	3	3	100%
Cr B Curran (Deputy Chairperson)	3	3	100%
Cr W Garlick	3	3	100%
Cr L Gray	3	2	67%
Cr M Jeffries (from December)	1	1	100%
Cr Owen	3	3	100%
Cr Taylor (until December)	2	2	100%

**IN ATTENDANCE**

Cr P Geard	2
Cr M Jeffries	1
Cr S Williams	2

**PLANNING**

Name	No. of Meetings Held	Attended	%
Cr L Gray (Chairperson)	5	5	100%
Cr B Curran (Deputy Chairperson)	5	5	100%
Cr T Foster	5	3	60%
Cr W Garlick	5	4	80%
Cr P Geard	5	5	100%
Cr M Jeffries	5	1	20%
Cr P Owen	5	5	100%
Cr G Taylor	5	5	100%
Cr S Williams	5	3	60%

**WASTE MANAGEMENT**

Name	No. of Meetings Held	Attended	%
Cr L Gray (Chairperson)	1	1	100%
Cr B Curran	1	1	100%
Cr T Foster	1	1	100%
Cr W Garlick	1	1	100%
Cr L Gray	1	0	0%
Cr P Owen	1	1	100%



# BRIGHTON COUNCIL

# FINANCIAL REPORT

2015

2016

**Brighton**  
*going places*

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# INDEPENDENT AUDIT REPORT



## Independent Auditor's Report

To the Councillors of Brighton Council

Consolidated Financial Report for the Year Ended 30 June 2016

### 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 2016 and the statements of profit or loss and other 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 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 2016 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 General Manager for the Financial Report*

The General Manager is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and 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 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 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 responsibility does not extend to the budget figures included in the consolidated statement of profit or loss and other comprehensive income and the asset renewal funding ratio disclosed in note 38 to the financial report and accordingly, I express no opinion on them. Furthermore, I express no opinion on the General Manager's determination that Council did not have any Significant Business Activities for inclusion in the financial report as required by Section 84(2)(da) of the *Local Government Act 1993*.

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

#### **Tasmanian Audit Office**



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

Hobart  
2 September 2016

...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

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## STATEMENT BY GENERAL MANAGER

### BRIGHTON COUNCIL

#### Certification of the Financial Report

---

The financial report presents fairly the financial position of Brighton Council as at 30 June 2016 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**



---

**30th August 2016**

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2016

	Notes	Budget 2016 \$	Actual 2016 \$	Actual 2015 \$
<b>INCOME FROM CONTINUING OPERATIONS</b>				
<b>Recurrent Income</b>				
Rate Revenues	3(a)(i)	7,924,072	8,079,859	7,837,451
Grants Recurrent	3(a)(iv)	887,138	913,856	2,588,303
User Charges	3(a)(v)	241,000	207,037	218,834
Fees and Charges		1,018,450	956,442	803,862
Contributions - Cash	3(a)(vi)	50,000	50,268	101,224
Interest	3(a)(ii)	75,000	140,517	107,309
Commercial Activities	3(a)(vii)	1,799,492	1,805,458	1,741,483
Distribution from Water Corporation		924,000	924,000	924,000
		12,919,152	13,077,437	14,322,466
<b>Capital Income</b>				
Capital grants specifically for new or upgraded assets	3(a)(iv)	454,774	455,423	159,387
Contributions - non-monetary assets	3(a)(vi)	700,000	703,350	3,300,537
Contributions - non-monetary assets previously overstated	3(a)(vi)	0	0	(405,733)
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	3(a)(iii)	7,000	6,031	(13,459)
		1,161,774	1,164,804	3,040,732
<b>Total income from continuing operations</b>		<b>14,080,926</b>	<b>14,242,241</b>	<b>17,363,198</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>				
Materials/Contracts	3(b)(iv)	5,172,861	5,393,299	5,040,468
Depreciation and Amortisation	3(b)(ii)	2,716,968	2,981,652	2,958,010
Employee Costs	3(b)(i)	2,985,332	3,203,755	2,939,642
Contributions	3(b)(iii)	853,343	871,287	855,108
Commercial Activities	3(b)(v)	1,071,148	1,098,533	834,793
Donations and Grants	4	276,748	233,620	192,589
Aldermanic Allowances		186,416	174,963	170,803
<b>Total expenses from continuing operations</b>		<b>13,262,816</b>	<b>13,957,109</b>	<b>12,991,413</b>
<b>Operating result from continuing operations</b>		<b>818,110</b>	<b>285,133</b>	<b>4,371,785</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	(5,817,333)	(5,817,333)	(1,286,174)
<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	772,231	772,231	361,328
<b>Total Other Comprehensive Income</b>		<b>(5,045,102)</b>	<b>(5,045,102)</b>	<b>(924,846)</b>
<b>Comprehensive result</b>		<b>(4,226,992)</b>	<b>(4,759,969)</b>	<b>3,446,939</b>

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

ASSETS	Notes	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	5	3,837,741	5,007,604
Receivables - Rates	6	17,555	24,366
Receivables - Other	6	224,502	378,825
Other	7	1,201,843	1,136,564
<b>Total Current Assets</b>		<b>5,281,641</b>	<b>6,547,360</b>
<b>NON CURRENT ASSETS</b>			
Roads	18	69,820,905	75,403,662
Buildings	15	12,446,337	12,218,147
Drainage	17	21,396,033	21,438,815
Land	9	7,640,317	7,659,317
Land under roads	10	12,289,924	12,289,924
Bridges	16	2,162,804	1,615,013
Plant and Vehicles	11	1,015,635	990,767
Furniture and Equipment	13	70,830	136,462
Loans	8	250,000	250,000
Intangibles	14	20,120	41,624
Small Machinery	12	26,530	30,778
Investment Property	36	625,000	0
Investment in Water Corporation	20	46,139,062	45,366,831
<b>Total Non Current Assets</b>		<b>173,903,497</b>	<b>177,441,340</b>
<b>Total Assets</b>		<b>179,185,139</b>	<b>183,988,700</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables	21	699,115	896,476
Provisions	23	1,013,548	894,715
Other	24	137,895	132,346
<b>Total Current Liabilities</b>		<b>1,850,558</b>	<b>1,923,537</b>
<b>NON CURRENT LIABILITIES</b>			
Provisions	23	134,085	104,698
<b>Total Non Current Liabilities</b>		<b>134,085</b>	<b>104,698</b>
<b>Total Liabilities</b>		<b>1,984,643</b>	<b>2,028,235</b>
<b>NET ASSETS</b>		<b>177,200,496</b>	<b>181,960,465</b>
<b>EQUITY</b>			
Ratepayers Equity		131,129,570	130,844,437
Reserves	25	46,070,926	51,116,028
<b>TOTAL EQUITY</b>		<b>177,200,496</b>	<b>181,960,465</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 June 2016

Notes	Ratepayers' Equity		Asset Revaluation Reserve		Fair Value Reserve		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at the beginning of the Financial Year</b>	130,844,437	126,472,652	57,140,068	58,426,242	(6,024,040)	(6,385,368)	181,960,465	178,513,526
Surplus / (deficit) for the year	285,133	4,371,785	0	0	0	0	285,133	4,371,785
Other Comprehensive Income:								
Financial assets available for sale reserve								
- Fair Value adjustment on Available for Sale Assets	20	0	0	0	772,231	361,328	772,231	361,328
Net asset revaluation increments / (decrements)	25	0	(5,817,333)	(1,286,174)	0	0	(5,817,333)	(1,286,174)
<b>Balance at the end of the Financial Year</b>	<b>131,129,570</b>	<b>130,844,437</b>	<b>51,322,735</b>	<b>57,140,068</b>	<b>(5,251,809)</b>	<b>(6,024,040)</b>	<b>177,200,496</b>	<b>181,960,465</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from Ratepayers, Fees & Charges (inc GST)		12,500,418	12,399,201
Interest Received		140,517	107,309
Government Grants		1,523,603	2,683,953
		<u>14,164,537</u>	<u>15,190,462</u>
<b>Payments</b>			
Payments to Suppliers and Employees (inc GST)		(11,524,411)	(10,432,543)
		<u>(11,524,411)</u>	<u>(10,432,543)</u>
<b>Net Cash Flows from Operating Activities</b>	29	<b>2,640,125</b>	<b>4,757,919</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Sale of Land & Buildings		0	257,000
Sale of Plant and Equipment Assets		78,745	45,239
		<u>78,745</u>	<u>302,239</u>
<b>Payments</b>			
Purchase of Buildings		(250,949)	(325,277)
Purchase of Land		0	(500,000)
Purchase of Investment Property		(655,459)	0
Purchase of Plant, Vehicles & Machinery		(321,964)	(313,354)
Purchase of Intangible		0	(32,911)
Purchase of Roads, Bridges & Drainage Assets		(2,660,361)	(1,624,899)
Purchase of Furniture and Equipment		0	(44,430)
		<u>(3,888,733)</u>	<u>(2,840,871)</u>
<b>Net Cash Flows used in Investing Activities</b>		<b>(3,809,988)</b>	<b>(2,538,632)</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>		<b>(1,169,863)</b>	<b>2,219,287</b>
Cash at the Beginning of the Financial Year		5,007,604	2,788,317
<b>Cash and Cash Equivalents at the End of the Financial Year</b>	5	<b>3,837,741</b>	<b>5,007,604</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 2016

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# NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

## INTRODUCTION

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

## STATEMENT OF COMPLIANCE

These financial statements are a general purpose financial report that consists of a Statement of Profit and Loss and Other Comprehensive Income, Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1993 (LGA1993) (as amended).

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of accounting

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

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

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.

### 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.

Council has made no assumptions concerning the future that may cause a material adjustment to the carrying

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

(CONTINUED)

amounts of assets and liabilities within the next reporting period. Judgements made by Council that have significant effects on the financial report are disclosed in the relevant notes as follows:

#### Employee entitlements

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

#### 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) Adoption of new and amended accounting standards

- (i) *AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (effective from 1 July 2015)*

The completion of AASB project to remove Australian guidance on materiality from Australian Accounting Standards with the issue of the final amending standard to effect the withdrawal of AASB 1031 Materiality. Guidance on materiality is now located in AASB 101 Presentation of Financial Statements.

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

- (ii) *AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 (effective from 1 January 2016)*

The amendments do not require any significant change to current practice, but should facilitate improved reporting, including an emphasis on only including material disclosures, clarity on the aggregation and disaggregation of line items, the presentation and subtotals, the ordering of notes and the identification of significant accounting policies.

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

#### (c) Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

- (i) *AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations (effective from 1 January 2016)*

Under AASB 2014-3 business combination accounting is required to be applied to acquisitions of interests in a joint operation that meets the definition of a 'business' under AASB 3 Business Combinations.

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

- (ii) *AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation (effective from 1 January 2016)*

This amendment introduces a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. In addition to this, there is limited opportunity for presumption to be overcome and clarifies that revenue-based depreciation for property, plant and equipment cannot be used.

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

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) *AASB 2014-9 Amendments to Australian Accounting Standards - Equity method in Separate Financial Statements (effective from 1 January 2016)*

Under this amendment, the use of the equity method in separate financial statements in accounting for associates, joint ventures and subsidiaries is allowed.

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

(iv) *AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (effective from 1 January 2016)*

Amendments to existing accounting standards, particularly in relation to:

- IFRS 5 - guidance on changes in method of disposal;
- IFRS 7 - clarifies 'continuing involvement for service contracts and also clarifies offsetting disclosures are not specifically required in interim financial statements, but may be included under general requirements of IAS 34;
- IAS 19 - clarifies that discount rates used should be in the same currency as the benefits are to be paid; and
- IAS 34 - clarifies that disclosures may be incorporated in the interim financial statements by cross-reference to another part of the interim financial report.

The adoption of this standard will impact Council's disclosure of financial statements.

(v) *AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities (effective from 1 July 2016)*

The amendment extends the scope of AASB 124 Related Party Disclosures to include not-for-profit public sector entities.

The adoption of this standard will impact Council's disclosure of financial statements.

(vi) *AASB 1057 Application of Australian Accounting Standards, AASB 2015-9 Amendments to Australian Accounting Standards - Scope and Application Paragraphs (effective from 1 January 2016)*

The AASB has reissued most of its Standards (and Interpretations) that incorporate IFRSs to make editorial changes. The editorial changes will enable the AASB to issue Australian versions of IFRS more efficiently. As part of the reissuance, the AASB has moved the application paragraphs that identify the reporting entities and general purpose financial statements to which the pronouncements apply to a new Standard, AASB 1057 Application of Australian Accounting Standards. However, the technical application requirements have not been amended.

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

(vii) *AASB 9 Financial Instruments and the relevant amending standards (effective from 1 January 2018)*

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.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

However, investments in equity instruments can be designated as 'fair value through other comprehensive income' assets. This designation is irrevocable. Council is likely to designate its investment in TasWater as 'fair value through other comprehensive income' and therefore the adoption of this standard will not impact the way movements in the fair value are accounted for.

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.

(viii) *AASB 15 Revenue from Contracts with Customers, and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (effective from 1 January 2018)*

Under the new standard, a single model that applies to contracts with customers and two approaches to recognising revenue, at a point in time or over time is proposed. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The new standard will apply to contracts of not-for-profit entities that are exchange contracts. AASB 1004 Contributions will continue to apply to non-exchange transactions until the Income from Transactions of Not-for-Profit Entities project is completed.

Council is yet to determine the impact of this standard.

(ix) *AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-9 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB10 and AASB 128 (effective 1 January 2018)*

AASB 2014-10 amendments require the full gain or loss to be recognised when the assets transferred meet the definition of a 'business' under AASB 3 Business Combinations (whether housed in a subsidiary or not).

AASB 2015-10: the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Deferring the effective date indefinitely in the Australian jurisdiction may have unintended legal consequences given AASBs are legislative instruments. Accordingly, the AASB has deferred the effective date of the amendments to 1 January 2018.

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

(x) *AASB 16 Leases (effective from 1 January 2019)*

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

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

(xi) *Disclosure Initiative - Amendments to AASB 107 (effective from 1 January 2017)*

Amendments to AASB 107 will see the introduction of additional disclosures to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as effects of changes in foreign exchange rates and changes in fair values).

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

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Revenue recognition

##### Rates

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.

##### Grants

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

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

Where grants 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

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

##### Contribution income

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

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

Where 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 contribution is also disclosed. The note also discloses the amount of unused contribution from prior years that was expended on Council's operations during the current year.

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

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

##### User fees and statutory fees and fines

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.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Rental Income

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

#### (e) 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 benefits

Employee benefits 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 remaining values and a separate depreciation rate is determined for each component.

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

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

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

	Period
<b>LAND</b>	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	5-40 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

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### (f) 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.

The following classes of assets have been recognised in Note 9-19. 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	5

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Revaluation

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

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

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

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

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

value hierarchy are disclosed at Note 30, Financial Instruments.

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

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

#### (g) 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.

#### (h) 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.

#### (i) Financial assets

Managed funds are valued at fair value, being market value, at balance date. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

#### (j) Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Other inventories are measured at the lower of cost and net realisable value.

Where inventories are acquired at no cost, or for nominal consideration, the cost shall be the current replacement cost as at the date of acquisition.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (k) 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. At 30 June 2016, Council held a 2.93% (2015 2.93%) ownership interest in TasWater which is based on Schedule 2 of the Corporations Constitution which reflects the council's voting rights within 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 20).

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.

#### (l) Investments

Investments, other than investments in associates and property, are measured at cost.

#### (m) 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 Profit or Loss and Comprehensive Income.

#### (m) Employee benefits

##### (i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised

in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

##### (ii) Other long term employee benefit obligations

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

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

##### (iii) Sick Leave

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

##### (iv) Defined benefit plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the statement of financial position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans i.e as an expense when it becomes payable.

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

#### (n) Leases

##### *Operating leases as lessee*

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.

Council leases several parcels of Crown land under lease agreements with the State Government. These leases, in general, do not reflect commercial arrangements, are long-term and have minimal lease payments. Crown land is recognised as an asset in the Statement of Financial Position and carried at fair

value when Council establishes that (i) it has control over the land and (ii) it will derive economic benefits from it.

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

#### (o) 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.

#### (p) 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.

#### (q) 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and 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.

#### (r) Rounding

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

#### (s) 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.

#### (t) 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. Changes to fair value are recorded in the Statement of Profit or Loss and 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.

#### (u) 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.

#### (v) Budget

The estimated revenue and expense amounts in the Statement of Profit or Loss and 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 2016**

**NOTE 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	Total Expenditure		Grants		Other Revenue		Total Revenue		Increase in Operating Capacity		Assets	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Corporate Services	2,155,687	2,041,750	0	0	352,302	427,911	352,302	427,911	(\$1,803,385)	(\$1,613,839)	0	0
Tas Water	0	0	0	0	924,150	924,317	924,150	924,317	\$924,150	\$924,317	46,139,062	45,366,831
Parks and Recreation	1,114,025	1,124,836	0	18,000	119,269	795,787	119,269	813,787	(\$994,755)	(\$311,049)	7,640,317	7,659,317
Planning & Building	987,455	976,694	0	0	270,114	178,679	270,114	178,679	(\$717,341)	(\$798,015)	0	0
Buildings	750,912	754,729	0	0	108,398	107,931	108,398	107,931	(\$642,515)	(\$646,798)	12,446,337	12,218,147
Roads/Bridges	4,262,910	4,235,010	455,423	159,387	886,340	2,535,553	1,341,763	2,694,940	(\$2,921,147)	(\$1,540,070)	93,379,743	98,457,491
Community Services	434,978	397,136	150,000	150,000	(\$114,794)	(\$128,801)	35,206	21,199	(\$399,773)	(\$375,937)	0	0
Environmental Health	298,009	292,947	0	0	187,516	184,114	187,516	184,114	(\$110,492)	(\$108,833)	0	0
Waste Management	1,219,753	1,118,234	0	0	1,160,946	1,140,244	1,160,946	1,140,244	(\$58,807)	\$22,010	0	0
Unallocated Services	2,733,379	2,050,077	763,856	2,420,303	8,978,721	8,449,773	9,742,577	10,870,076	\$7,009,198	\$8,819,999	\$19,579,680	20,286,914
<b>TOTAL</b>	<b>\$13,957,109</b>	<b>\$12,991,413</b>	<b>\$1,369,279</b>	<b>\$2,747,690</b>	<b>\$12,872,962</b>	<b>\$14,615,508</b>	<b>\$14,242,241</b>	<b>\$17,363,198</b>	<b>\$285,133</b>	<b>\$4,371,785</b>	<b>\$179,185,139</b>	<b>\$183,988,700</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 2: FUNCTIONS/ACTIVITIES OF THE COUNCIL (CONTINUED)

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

	2016	2015
	\$	\$
Current Assets	5,281,641	6,547,360
Non Current Assets	173,903,498	177,441,340
	\$179,185,140	\$183,988,700

#### (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 2016

### NOTE 3: REVENUES AND EXPENSES

	2016 \$	2015 \$
<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	6,371,288	6,187,493
Garbage	956,728	917,310
Fire Levy	731,653	707,779
Penalties	20,189	24,869
	<b>8,079,859</b>	<b>7,837,451</b>
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	140,517	107,309
	<b>140,517</b>	<b>107,309</b>
<b>(iii) Net gain/(Loss) on Asset Disposal</b>		
Proceeds from Disposal	78,745	45,245
less written down current cost	(72,714)	(58,704)
Gain/(Loss) on Disposal	<b>6,031</b>	<b>(13,459)</b>
<b>(iv) Grants Recurrent</b>		
Commonwealth Financial Assistance	753,857	2,418,303
Primary Health Tasmania	150,000	0
Dept Premier & Cabinet	9,999	0
Tasmanian Medicare Local	0	150,000
Dept of Veterans Affairs	0	18,000
Tasmanian Risk Mitigation Program	0	2,000
<b>Total Recurrent Grants</b>	<b>913,856</b>	<b>2,588,303</b>

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2014-15 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 2014-15 by \$798,534. This has impacted the Statement of Profit or Loss and Other Comprehensive Income resulting in the Surplus/(deficit) being higher in 2014-15 by \$798,534.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 3: REVENUES AND EXPENSES (CONTINUED)

	Notes	2016 \$	2015 \$
<b>3(A) OPERATING REVENUES (CONTINUED)</b>			
<b>Capital Grants</b>			
Roads to Recovery		455,423	159,387
<b>Total Capital Grants</b>		<b>455,423</b>	<b>159,387</b>
<b>(v) User Charges</b>			
Community Newsletter		17,228	17,759
Refuse Site Entrance Fees		189,809	201,075
		<b>207,037</b>	<b>218,834</b>
<b>(vi) Contributions</b>			
Infrastructure Contributions Cash		50,268	101,224
infrastructure Contributions Non Cash		703,350	3,300,537
infrastructure Contributions Non Cash overstated in previous year		0	(405,733)
		<b>753,618</b>	<b>2,996,028</b>
<b>(vii) Commercial Activities</b>			
Professional Services & Private Works		822,017	665,071
Brighton Industrial & Housing Corporation	32	601,364	719,727
Microwise Australia	31	382,078	356,685
		<b>1,805,458</b>	<b>1,741,483</b>
Professional Services - income from technical & administrative assistance to other Local Government entities			
	Notes	2016 \$	2015 \$
<b>3(B) OPERATING EXPENSES</b>			
<b>(i) Employee Costs</b>			
Wages and Salaries		2,650,316	2,340,466
Superannuation		347,697	317,462
Other Employee Related Expenses		205,742	281,714
		<b>3,203,755</b>	<b>2,939,642</b>
Actual Wages & Salaries for 2016 were \$3,868,622, (\$3,487,701 for 2015) according to the taxation summary. Wages & Salaries costed to contracting or capital improvements were \$1,218,306 (\$1,147,235 for 2015).			
<b>(ii) Depreciation and Amortisation</b>			
Plant and Vehicles		217,242	205,660
Buildings		255,768	254,632
Intangibles		21,504	19,757
Small Machinery		11,388	11,007
Bridges		59,219	86,534
Drainage Assets		329,982	327,344
Road Assets		2,020,917	1,933,274
Furniture and Equipment		65,632	119,802
		<b>2,981,652</b>	<b>2,958,010</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 3: REVENUES AND EXPENSES (CONTINUED)

Notes	2016 \$	2015 \$
<b>3(B) OPERATING EXPENSES (CONTINUED)</b>		
<b>(iii) Contributions</b>		
State Fire Commission Levy	723,964	691,065
Tasmanian Canine Defence League Contribution	49,592	46,262
Local Govt. Association of Tasmania	44,962	46,350
Derwent Estuary Contribution	14,008	14,008
Valuation Charges	29,120	47,783
Southern Tasmanian Councils Association	9,641	9,640
	<b>871,287</b>	<b>855,108</b>
<b>(iv) Materials/Contracts and Other</b>		
Bank Fees	30,778	29,339
Building Maintenance	240,251	263,732
Collection Fees	49,192	24,342
Community Newsletter	113,025	129,714
Contract Recycling	192,430	176,026
Fire Abatement	9,762	10,479
GIS CAD CVS and other Software	85,950	106,262
Internal Contractors	230,298	216,126
Land Tax	19,460	27,970
Community Liasion	199,342	168,449
Insurance Premiums	160,469	203,118
Refuse Collection	155,659	150,670
Youth Support	50,000	50,000
Weed Control	64,955	55,405
Planning	21,020	40,276
Building Overheads	162,616	151,604
Reserve Maintenance	791,640	849,652
Road & Bridge Maintenance	877,648	961,255
Telephones	95,111	99,237
Street Lighting	270,263	240,106
Waste Bin Replacements	53,879	49,560
Waste Transfer Station & Tipping Expense	816,483	724,831
Audit Fees	29,781	27,920
Printing & Stationery	31,826	40,341
Postage	22,446	36,081
Other	619,015	207,974
	<b>5,393,299</b>	<b>5,040,468</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 3: REVENUES AND EXPENSES (CONTINUED)

	Notes	2016 \$	2015 \$
<b>3(B) OPERATING EXPENSES (CONTINUED)</b>			
<b>(v) Commercial Activities</b>			
Professional Services and Private Works		662,861	337,137
Brighton Industrial & Housing Corporation	32	338,877	434,950
Microwise Australia	31	96,795	62,706
		<b>1,098,533</b>	<b>834,793</b>
Professional Services - Expense from technical & administrative assistance to other Local Government entities			

### NOTE 4: DONATIONS AND GRANTS

		2016 \$	2015 \$
<b>GRANTS AND BENEFITS REGISTER - SECTION 77 LOCAL GOVERNMENT ACT 1993</b>			
Brighton Football Club	Halls & Grounds	23,429	23,324
Tea Tree Community Assoc Inc	Donation	19,725	0
Brighton Junior Football Club	Halls & Grounds	13,288	12,080
Brighton Junior Soccer Club	Halls & Grounds	10,610	9,600
St Vincent De Paul Society	Community Grant	10,000	100
St Vincent De Paul Society	Halls & Grounds	8,526	11,000
Bridgewater/Brighton St John Ambulance	Halls & Grounds	8,424	8,320
Brighton Playcentre/Playgroup	Halls & Grounds	8,424	8,320
Pete's Community Workshed	Halls & Grounds	8,424	5,280
Brighton Agricultural Society	Halls & Grounds	8,400	8,275
Old Beach/Brighton Junior Cricket Club	Halls & Grounds	5,808	1,500
Derwent Valley Country Music Club	Community Grant	5,800	0
Brighton CWA	Halls & Grounds	5,200	5,200
Bridgewater PCYC	Community Grant	5,000	3,000
Tea Tree Community Assoc Inc	Community Grant	5,000	0
East Derwent Little Athletics	Halls & Grounds	4,816	38
Old Beach Scouts Group	Halls & Grounds	4,725	2,100
Old Beach Cricket Club	Halls & Grounds	4,563	3,200
Brighton Girl Guides	Halls & Grounds	4,200	4,200
Ryukyu Karate	Halls & Grounds	3,706	0
Tasmanian Boxing League Inc (Brighton)	Halls & Grounds	3,692	0
Derwent United Soccer Club	Halls & Grounds	3,520	3,200
Northern Suburbs Junior Soccer Association	Halls & Grounds	3,520	0
Jordan River Learning Federation on behalf of Jess Scott	Scholarship	3,000	100
Jordan River Learning Federation on behalf of Michael Pursell	Scholarship	3,000	0
Brighton Agricultural Show Society	Community Grant	2,850	0
Bugeido Karate	Halls & Grounds	2,625	788

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 4: DONATIONS AND GRANTS (CONTINUED)

		2016	2015
		\$	\$
<b>GRANTS AND BENEFITS REGISTER - SECTION 77 LOCAL GOVERNMENT ACT 1993</b>			
Brighton Senior Citizens	Halls & Grounds	2,600	1,950
Brighton Agricultural Show Society	Contribution to Wages & Plant	2,119	0
Old Beach Family Day Care Playgroup	Halls & Grounds	2,100	2,996
Old Beach Playgroup	Halls & Grounds	2,100	2,100
St Vincent De Paul	WTS Entry	2,070	8,320
Brighton Girl Guides	Community Grant	2,000	0
Lia Tagari	Community Grant	2,000	0
Lions Club of Brighton	Community Grant	2,000	0
Old Beach Scout Group	Community Grant	2,000	0
Australian Red Cross	Community Grant	1,600	0
Pete's Community Workshed	Community Grant	1,499	8,320
Waterbridge Food Co-Op	Contribution to Wages & Plant	1,117	0
Community Transportation	Annual Contribution	1,050	2,193
GKR Karate	Halls & Grounds	1,050	100
Australian Local Government Womens Association	Donation	1,000	0
Brighton Eagles Cricket Club	Community Grant	1,000	0
Derwent United Football Club	Community Grant	1,000	800
Old Beach Cricket Club	Community Grant	945	4,360
Southern Poultry Club	Community Grant	900	0
Brighton Heritage Association	Community Grant	806	694
Brighton Agricultural Show Society	Brighton Community News advertising	800	0
Salvation Army (Communities with Children)	Halls & Grounds	695	3,480
McKillop College	Halls & Grounds	580	0
Hobart United Soccer Club	Halls & Grounds	528	260
Brighton Agricultural Society	Annual Grant	500	500
Brighton Senior Citizens Club	Community Grant	500	500
Youth off the Streets Program	Donation	500	0
Brighton Christmas Pageant	Donation	461	0
Jordan Rivers Services (Helping Hands)	WTS Entry	430	0
Jordan River Services	Halls & Grounds	374	0
Hobart Cavy Club	Halls & Grounds	360	100
Rabbit Breeders Association	Halls & Grounds	360	656
Southern Poultry Club	Halls & Grounds	338	0
Waterbridge Food Co-Op	Halls & Grounds	330	0
Danika Lewis-Johnson	Sporting Achiever	300	0
Scouts Association of Tasmania	Halls & Grounds	290	0
Bridgewater PCYC	Halls & Grounds	288	0
Jordan River Learning Federation	WTS Entry	270	0
NIRODAH	Halls & Grounds	264	0
Brittany Shearing	Education Bursary	250	250
Harley Burgess	Education Bursary	250	0

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 4: DONATIONS AND GRANTS (CONTINUED)

		2016	2015
		\$	\$
<b>GRANTS AND BENEFITS REGISTER - SECTION 77 LOCAL GOVERNMENT ACT 1993</b>			
Hayden Allen	Education Bursary	250	2,100
Jason Birch	Education Bursary	250	0
Melanie Lowe	Education Bursary	250	0
Tayla Clark	Education Bursary	250	0
Zachary Triffett	Education Bursary	250	0
Department of Justice (Community Corrections)	WTS Entry	184	300
Friends of the School Farm	WTS Entry	135	0
Brighton & Southern Midlands Pony Club	Halls & Grounds	120	0
Brighton Kennel Club	Halls & Grounds	120	117
Australian Red Cross	Halls & Grounds	118	0
Brighton Primary School	Citizenship Prize	100	100
Darcey Gardner	Sporting Achiever	100	0
East Derwent Primary School	Citizenship Prize	100	4,488
Emily Hardman	Donation	100	0
Gagebrook Primary School	Citizenship Prize	100	0
Grace Jacobson	Sporting Achiever	100	0
Herdsmans Cove Primary School	Citizenship Prize	100	0
Jessica Harback	Sporting Achiever	100	100
Jordan River Learning Federation	Citizenship Prize	100	80
Northern Suburbs Christian School	Citizenship Prize	100	800
Rebekah Pearce	Donation	100	0
St Paul's Primary School	Citizenship Prize	100	142
Tahlia Honey	Sporting Achiever	100	0
Tyson Hartill	Sporting Achiever	100	1,465
Wynonah Conway	Sporting Achiever	100	0
Friends of Brighton Baptist Church	Halls & Grounds	88	100
Centacare Evolve	Halls & Grounds	71	0
Veteran Car Club	Halls & Grounds	60	20
Claremont College	Citizenship Prize	50	0
Brighton Eagles Cricket Club	Halls & Grounds	28	0
Red Cross	Halls & Grounds	0	10,000
Brighton Football Club	Community Grant	0	7,636
Old Beach Volunteer Fire Brigade	Community Grant	0	4,725
Able Australia	Community Grant	0	2,129
Shelbie Kelly	Education Bursary	0	2,100
St Vincent De Paul	Donation	0	1,590
Australian Breast Feeding Association	Community Grant	0	1,000
Brighton Playcentre/Playgroup	Community Grant	0	864
Pontville Family Day Care Playgroup	Halls & Grounds	0	782
Glasgow Rangers Tasmanian Supporters	Halls & Grounds	0	525
Hobart Gymnastics Academy	Halls & Grounds	0	409
Joshua Smith	Sporting Achiever	0	370

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT** for the year ended 30 June 2016

**NOTE 4: DONATIONS AND GRANTS**  
(CONTINUED)

Red Cross	Donation	0	350
		<b>2016</b>	<b>2015</b>
		\$	\$
<b>GRANTS AND BENEFITS REGISTER - SECTION 77 LOCAL GOVERNMENT ACT 1993</b>			
Casey Lees	Sporting Achiever	0	250
Hayden Smith	Sporting Achiever	0	250
Mia Williams	Sporting Achiever	0	250
Northern Revellers Basketball	Community Grant	0	250
Liam Wakefield	Sporting Achiever	0	200
Samuel Lewis-Johnson	Sporting Achiever	0	165
Dogs Home of Tasmania	Community Grant	0	125
Roscoe Gearman	Sporting Achiever	0	106
Austin Hollingsworth	Sporting Achiever	0	100
Aynee Williams	Sporting Achiever	0	100
Bayley Campbell	Sporting Achiever	0	100
Casey Lees	Sporting Achiever	0	100
D Jones	Donation	0	100
Ellen Batge	Sporting Achiever	0	100
George Drew	Sporting Achiever	0	100
Jacob Gentile	Sporting Achiever	0	100
Jarvis Hyland	Sporting Achiever	0	100
Jed Morgan	Sporting Achiever	0	100
Kahli Hyland	Sporting Achiever	0	100
Madeleine White	Sporting Achiever	0	100
N Holmes	Sporting Achiever	0	100
Natasha Bantick	Education Bursary	0	100
Northern Suburbs Christian School	Donation	0	100
		<b>233,620</b>	<b>192,589</b>
Financial Donations		80,871	53,742
Donations in kind - Represent services provided without payment		152,748	138,847
		<b>233,620</b>	<b>192,589</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

	2016	2015
	\$	\$

### NOTE 5: CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at Bank	1,668,145	2,892,024
Cash on Hand	3,578	3,578
Term Deposits	2,166,019	2,112,003
	<u>3,837,741</u>	<u>5,007,604</u>

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)	1,147,633	999,413
Total unrestricted funds	<u>2,690,108</u>	<u>4,008,191</u>

### NOTE 6: CURRENT ASSETS - RECEIVABLES

Rates Receivables	<u>17,555</u>	<u>24,366</u>
Other Receivables		
Water Consumption	1,237	2,707
Infringements	2,935	4,130
Licences	11,737	8,618
Other Debtors	215,044	374,608
Less Provision for Impaired Debts	(6,451)	(11,238)
	<u>224,502</u>	<u>378,825</u>

### NOTE 7: CURRENT ASSETS - OTHER

Accrued Revenue	222,723	93,002
Land Held for Resale	912,271	998,132
Prepayments	66,849	45,430
	<u>1,201,843</u>	<u>1,136,564</u>

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.

### NOTE 8: NON CURRENT ASSETS - LOANS

Mortgages over land sold	<u>250,000</u>	<u>250,000</u>
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### NOTE 9: NON CURRENT ASSETS - LAND

Land at Fair Value	<u>7,640,317</u>	<u>7,659,317</u>
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Fair Value based valuation provided by Valuer General as at 30 June 2013 and indices applied each year since.

### NOTE 10: NON CURRENT ASSETS - LAND UNDER ROADS

Land at Fair Value	<u>12,289,924</u>	<u>12,289,924</u>
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Council recognises the value of land under roads it controls at fair value.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016**

	2016	2015
	\$	\$

**NOTE 11: NON CURRENT ASSETS - PLANT AND VEHICLES**

Plant and Vehicles at Cost	2,047,363	1,940,022
less Accumulated Depreciation	(1,031,728)	(949,255)
	<u>1,015,635</u>	<u>990,767</u>

**NOTE 12: NON CURRENT ASSETS - SMALL MACHINERY**

Small Machinery at Cost	117,051	109,911
less Accumulated Depreciation	(90,521)	(79,133)
	<u>26,530</u>	<u>30,778</u>

**NOTE 13: NON CURRENT ASSETS - FURNITURE AND EQUIPMENT**

Furniture and Equipment at Cost	1,039,810	1,039,810
less Accumulated Depreciation	(968,981)	(903,348)
	<u>70,830</u>	<u>136,462</u>

**NOTE 14: NON CURRENT ASSETS - INTANGIBLES**

Software at Cost	168,103	168,103
less Accumulated Depreciation	(147,983)	(126,479)
	<u>20,120</u>	<u>41,624</u>

**NOTE 15: NON CURRENT ASSETS - BUILDINGS**

Buildings at Fair Value	13,378,204	12,894,246
less Accumulated Depreciation	(931,867)	(676,099)
	<u>12,446,337</u>	<u>12,218,147</u>

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

**NOTE 16: NON CURRENT ASSETS - BRIDGES**

Bridges at Fair Value	5,495,834	5,679,528
less Accumulated Depreciation	(3,333,029)	(4,064,516)
	<u>2,162,804</u>	<u>1,615,013</u>

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

**NOTE 17: NON CURRENT ASSETS - DRAINAGE**

Drainage Assets at Fair Value	32,732,554	32,355,380
less Accumulated Depreciation	(11,336,520)	(10,916,565)
	<u>21,396,033</u>	<u>21,438,815</u>

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

**NOTE 18: NON CURRENT ASSETS - ROADS**

Road Assets at Fair Value	103,950,145	93,703,727
less Accumulated Depreciation	(34,129,240)	(18,300,063)
	<u>69,820,905</u>	<u>75,403,664</u>

Fair value based on Council revaluation as at 30 June 2016.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

	2016 \$	2015 \$
<b>NOTE 19: FIXED ASSETS RECONCILIATION</b>		
<b>Land</b>		
Carrying amount at the beginning of the year	7,659,317	7,416,317
Additions	0	500,000
Disposals	0	(257,000)
Adjustment due to revaluation	(19,000)	0
Carrying amount at the end of the year	<u>7,640,317</u>	<u>7,659,317</u>
<b>Land under roads</b>		
Carrying amount at the beginning of the year	12,289,924	12,289,924
Additions	0	0
Carrying amount at the end of the year	<u>12,289,924</u>	<u>12,289,924</u>
<b>Plant and Vehicles</b>		
Carrying amount at the beginning of the year	990,767	941,777
Additions	314,825	313,354
Disposals	(72,714)	(58,704)
Depreciation	(217,242)	(205,660)
Carrying amount at the end of the year	<u>1,015,635</u>	<u>990,767</u>
<b>Small Machinery</b>		
Carrying amount at the beginning of the year	30,778	41,785
Additions	7,140	0
Disposals	0	0
Depreciation	(11,388)	(11,007)
Carrying amount at the end of the year	<u>26,530</u>	<u>30,778</u>
<b>Furniture and Equipment</b>		
Carrying amount at the beginning of the year	136,462	211,834
Additions	0	44,430
Disposals	0	0
Depreciation	(65,632)	(119,802)
Carrying amount at the end of the year	<u>70,830</u>	<u>136,462</u>
<b>Intangibles</b>		
Carrying amount at the beginning of the year	41,624	28,470
Additions	0	32,911
Disposals	0	0
Depreciation	(21,504)	(19,757)
Carrying amount at the end of the year	<u>20,120</u>	<u>41,624</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

	<b>2015</b>
<b>12,218,148</b>	<b>\$</b>

### NOTE 19: FIXED ASSETS RECONCILIATION (CONTINUED)

#### Buildings

Carrying amount at the beginning of the year	12,218,148	12,147,502
Additions	250,949	325,278
Disposals	0	0
Depreciation	(255,768)	(254,632)
Adjustment due to revaluation	233,008	0
Carrying amount at the end of the year	12,446,338	12,218,148

#### Bridges

Carrying amount at the beginning of the year	1,615,013	1,838,075
Additions	589,845	87,384
Depreciation	(59,219)	(86,534)
Adjustment due to revaluation	17,165	(223,912)
Carrying amount at the end of the year	2,162,804	1,615,013

#### Drainage

Carrying amount at the beginning of the year	21,438,815	21,707,217
Additions	117,391	104,864
Disposals	0	0
Depreciation	(329,982)	(327,344)
Adjustment due to revaluation	169,810	(45,922)
Carrying amount at the end of the year	21,396,034	21,438,815

#### Roads

Carrying amount at the beginning of the year	75,403,662	74,025,817
Additions	2,656,476	4,327,459
Disposals	0	0
Depreciation	(2,020,917)	(1,933,274)
Adjustment due to revaluation	(6,218,316)	(1,016,340)
Carrying amount at the end of the year	69,820,905	75,403,662

### NOTE 20: INVESTMENT IN WATER CORPORATION

Opening Balance	45,366,831	45,005,503
Fair Value adjustments on Available-for-Sale Assets	772,231	361,328
Total investment in water corporation	46,139,062	45,366,831

### NOTE 21: CURRENT LIABILITIES - PAYABLES

Trade Creditors	263,779	373,901
Accrued Expenses	435,336	522,575
	699,115	896,476

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 22: EMPLOYEE LEAVE ENTITLEMENTS PROVISIONS

2016	Annual Leave	Long Service Leave	Total
Balance at beginning of the financial year	404,127	595,286	999,413
Additional Provisions	79,777	68,443	148,220
Balance at the end of the financial year	483,904	663,729	1,147,633

2015	Annual Leave	Long Service Leave	Total
Balance at beginning of the financial year	370,119	663,698	1,033,817
Additional Provisions	34,008	(68,412)	(34,404)
Balance at the end of the financial year	404,127	595,286	999,413

### NOTE 23(A): EMPLOYEE BENEFITS

	2016 \$	2015 \$
<b>(i) Current</b>		
Annual Leave	483,904	404,127
Long Service Leave	529,644	490,588
	1,013,548	894,715
<b>(ii) Non-Current</b>		
Long Service Leave	134,085	104,698

The provision for long service leave is established at a level sufficient to cover the liability due to employees for leave due in the current financial year plus accrued entitlements due. An inflation factor of 2.5% has been applied where applicable.

### NOTE 24: CURRENT LIABILITIES - OTHER

Deposits held in trust	137,895	132,346
	137,895	132,346

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

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 25: RESERVES

	2016 \$	2015 \$
Bridges Revaluation	1,305,924	1,288,759
Building Revaluation	522,638	289,630
Drainage Revaluation	11,686,562	11,516,752
Land Revaluation	4,611,935	4,630,935
Road Revaluation	33,195,677	39,413,993
Investment in TasWater	(5,251,811)	(6,024,042)
	46,070,925	51,116,027

#### MOVEMENTS DURING THE YEAR

##### Bridge Revaluation

Balance at beginning of year	1,288,759	1,512,671
Revaluation Increment / (Decrement)	17,165	(223,912)
Balance at end of year	1,305,924	1,288,759

##### Building Revaluation

Balance at beginning of year	289,630	289,630
Revaluation Increment	233,008	0
Balance at end of year	522,638	289,630

##### Drainage Revaluation

Balance at beginning of year	11,516,752	11,562,674
Revaluation Increment / (Decrement)	169,810	(45,922)
Balance at end of year	11,686,562	11,516,752

##### Land Revaluation

Balance at beginning of year	4,630,935	4,630,935
Revaluation Increment / (Decrement)	(19,000)	0
Balance at end of year	4,611,935	4,630,935

##### Road Revaluation

Balance at beginning of year	39,413,991	40,430,331
Revaluation Increment	(6,218,316)	(1,016,340)
Balance at end of year	33,195,675	39,413,991

##### Adjustment to value of Investment in Water Corporation

Balance at beginning of year	(6,024,042)	(6,385,370)
Revaluation Increment	772,231	361,328
Balance at end of year	(5,251,811)	(6,024,042)

##### Total movements during the year

Balance at beginning of year	51,116,027	52,040,873
Revaluations	(5,817,333)	(1,286,174)
Adjustment to value of Investment in Taswater	772,231	361,328
Balance at end of year	46,070,925	51,116,027

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 25: RESERVES (CONTINUED)

	2016	2015
	\$	\$
NATURE AND PURPOSE OF RESERVES		
<b>Asset Revaluation</b>		
The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets in accordance with AASB116.		
<b>Equity Reconciliation</b>		
Total equity at beginning of year	181,960,465	178,513,526
Result from operations	285,133	4,371,785
Adjustment to value of fair value reserve	772,231	361,328
Net decrease in asset revaluation reserve	(5,817,333)	(1,286,174)
	177,200,496	181,960,465

### NOTE 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.

### NOTE 27: COMMITMENTS FOR EXPENDITURE

#### (a) Capital Commitments

Roads to Recovery expenditure next financial year	368,087	455,423
Roads to Recovery Grant next financial year	(368,087)	(455,423)
	0	0

#### (b) Operating Commitments

Collection of recyclables remaining term on contract	259,331	73,344
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#### (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.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 28: SUPERANNUATION

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund). The Fund was a sub fund of the Quadrant Superannuation Scheme (the Scheme) up to 30 November 2015. At this date the Quadrant Superannuation Scheme merged (via a Successor Fund Transfer) into the Tasplan Super and the Quadrant Defined Benefits Fund became a sub fund of Tasplan Super (Tasplan) from that date. The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 34 of AASB 119 Employee Benefits, Council does not use defined benefit accounting for these contributions.

For the year ended 30 June 2016 Council contributed 9.5% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, Council is required to meet its share of the deficiency.

Rice Warner Pty Ltd undertook the last actuarial review of the Fund at 30 June 2014. The review disclosed that at that time the net market value of assets available for funding member benefits was \$66,310,000, the value of vested benefits was \$57,475,000, the surplus over vested benefits was \$8,835,000, the value of total accrued benefits was \$58,093,000, and the number of members was 187. These amounts relate to all members of the fund at the date of valuation and no asset or liability is recorded in the Quadrant Superannuation Scheme's financial statements for Council employees.

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

Net Investment Return	7% per annum
Salary Inflation	4.0% per annum
Price Inflation	n/a

The actuarial review concluded that: The value of assets of the Fund was adequate to meet the liabilities of the Fund in respect of vested benefits as at 30 June 2014. The value of assets of the Fund was adequate to meet the value of the liabilities of the Fund in respect of accrued benefits as at 30 June 2014.

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

The Actuary recommended that in future the Council contribute 11.0% of salaries in 2014/15 and 9.5% of salaries thereafter.

The Actuary will continue to undertake a brief review of the financial position the Fund at the end of each financial year to confirm that the contribution rates remain appropriate. The next full triennial actuarial review of the Fund will have an effective date of 30 June 2017 and is expected to be completed late in 2017.

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

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

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

- The 2014 actuarial review used the "aggregate" funding method. This is a standard actuarial funding method. The results from this method were tested by projecting future fund assets and liabilities for a range of future assumed investment returns. The funding method used is different from the method used at the previous actuarial review in 2011.
- Under the aggregate funding method of financing the benefits, the stability of the Councils' contributions over time depends on how closely the Fund's actual experience matches the expected experience. If the actual experience differs from that expected, the Councils' contribution rate may need to be adjusted accordingly to ensure the Fund remains on course towards financing members' benefits.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### 28: SUPERANNUATION (CONTINUED)

- In terms of Rule 27.4 of the Tasplan Trust Deed (Trust Deed), there is a risk that employers within the Fund may incur an additional liability when an Employer ceases to participate in the Fund at a time when the assets of the Fund are less than members' vested benefits. Each member of the Fund who is an employee of the Employer who is ceasing to Participate is required to be provided with a benefit at least equal to their vested benefit in terms of Rule 27.4 (b) (A). However there is no provision in the Trust Deed requiring an employer to make contributions other than its regular contributions up to the date of cessation of contributions. This issue can be resolved by the Trustee seeking an Actuarial Certificate in terms of Rule 26.5 identifying a deficit and the Trustee determining in terms of Rule 26.3(c) that the particular employer should make the payment required to make good any shortfall before the cessation of participation is approved.
- The application of Fund assets on Tasplan being wound-up is set out in Rule 41.4. This Rule provides that expenses and taxation liabilities should have first call on the available assets. Additional assets will initially be applied for the benefit of the then remaining members and/or their Dependants in such manner as the Trustee considers equitable and appropriate in accordance with the Applicable Requirements (broadly, superannuation and taxation legislative requirements and other requirements as determined by the regulators).
- The Trust Deed does not contemplate the Fund withdrawing from Tasplan. However it is likely that Rule 27.4 would be applied in this case (as detailed above).
- The Fund is a defined benefit Fund.
- The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. Thus the Fund is not able to prepare standard AASB119 defined benefit reporting.
- During the reporting period the amount of contributions paid to defined benefits schemes was \$22,606 (2014-15, \$25,827), and the amount paid to accumulation schemes was \$454,873 (2014-15, \$291,635).
- During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$23,171, and the amount to be paid to accumulation schemes is \$466,245.
- As reported on the first page of this note, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2014. Moderate investment returns, since that date, make it quite probable that this is still the position. The financial position of the Fund will be fully investigated at the actuarial review as at 30 June 2017.
- An analysis of the assets and vested benefits of Funds participating in the Scheme, prepared by Rice Warner Pty Ltd as at 30 June 2014, showed that the Fund had assets of \$66.3 million and members' Vested Benefits were \$57.5 million. These amounts represented 8.4% and 7.5% respectively of the corresponding total amounts for the Scheme.
- As at 30 June 2015 the fund had 164 members and the total employer contributions and member contributions for the year ending 30 June 2015 were \$2,083,883 and \$325,833 respectively.

	2016	2015
	\$	\$
<b>Defined benefits fund</b>		
Employer contributions to Quadrant	22,606	25,827
<b>Accumulation funds</b>		
Employer contributions to all accumulation funds	454,873	291,635

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 29: RECONCILIATION OF SURPLUS/DEFICIT TO NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES

	2016 \$	2015 \$
<b>Surplus / (Deficit) Statement of Comprehensive Income</b>	285,133	4,371,785
<b>Items Not Involving Cash</b>		
Non Cash Contributions	(703,350)	(2,894,804)
Depreciation and Amortisation Expense	2,981,652	2,958,010
Fair Value Adjustments	30,459	0
	<u>2,308,760</u>	<u>63,206</u>
<b>Investing Activity</b>		
Net (Gain)/loss on Disposal of Plant and Equipment	(6,031)	13,459
	<u>(6,031)</u>	<u>13,459</u>
<b>Change in Operating Assets and Liabilities</b>		
(Increase)/Decrease in Rates Receivables	6,811	16,614
(Increase)/Decrease in Other Receivables	154,324	(63,737)
(Increase)/Decrease in Other Assets	(65,279)	79,673
Increase/(Decrease) in Payables	(197,361)	211,141
Increase/(Decrease) in Provisions	148,220	(34,404)
Increase/(Decrease) in Other Liabilities	5,549	100,183
	<u>52,263</u>	<u>309,469</u>
Net Cash Flow from Operating Activities	<u>2,640,125</u>	<u>4,757,919</u>

### NOTE 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 30: FINANCIAL INSTRUMENTS (CONTINUED)

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

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.

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 2016.

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.

	2016	2015
	\$	\$
<b>TRADE RECEIVABLES</b>		
Past due 0-30 days	63,561	304,321
Past due 31-60 days	34,705	14,580
Past due 61-90 days	(138,648)	1,758
More than 90 days	255,426	53,949
More than 90 days - Rates	17,555	24,366
More than 90 days - Water consumption	1,237	2,707
<b>Total</b>	<b>233,836</b>	<b>401,681</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 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 2016</b>							
Cash and Cash Equivalents	5	3,834,163	0	0	0	3,578	3,837,741
Loans	8	0	0	0	250,000	0	250,000
Receivables	6	18,792	0	0	0	223,265	242,057
		<u>\$3,852,956</u>	<u>\$0</u>	<u>\$0</u>	<u>\$250,000</u>	<u>\$226,842</u>	<u>\$4,329,798</u>
Weighted avg. interest		2.17%	0.00%	0.00%	2.50%		
<b>Financial liabilities 2016</b>							
Current Liabilities	24	0	0	0	0	137,895	137,895
Payables	21	0	0	0	0	699,115	699,115
		<u>\$0</u>	<u>0</u>	<u>0</u>	<u>\$0</u>	<u>\$837,010</u>	<u>\$837,010</u>
Weighted avg. interest		0.00%	0.00%	0.00%	0.00%		
<b>Financial assets 2015</b>							
Cash and Cash Equivalents	5	5,004,027	0	0	0	3,578	5,007,604
Loans	8	0	0	0	250,000	0	250,000
Receivables	6	27,074	0	0	0	376,118	403,192
		<u>\$5,031,101</u>	<u>\$0</u>	<u>\$0</u>	<u>\$250,000</u>	<u>\$379,696</u>	<u>\$5,660,796</u>
Weighted avg. interest		2.10%	0.00%	0.00%	2.50%		
<b>Financial liabilities 2015</b>							
Current Liabilities	24	0	0	0	0	132,346	132,163
Payables	21	0	0	0	0	896,476	896,476
		<u>\$0</u>	<u>0</u>	<u>0</u>	<u>\$0</u>	<u>\$717,498</u>	<u>\$717,498</u>
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 2016

### NOTE 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:

	2016	2015
	\$	\$
<b>FINANCIAL ASSETS</b>		
Loans and Receivables	492,057	653,192
Cash and Cash equivalents	3,837,741	5,007,604

#### 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 2015.

At 30 June 2016, 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	
	2016	2015	2016	2015
	\$	\$	\$	\$
+ 200 basis points	77,059	100,622	(77,059)	100,622
- 200 basis points	(77,059)	(100,622)	(77,059)	(100,622)

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 2016

### NOTE 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 2016		30 June 2015	
	Carrying amount	Net Fair Value	Carrying amount	Net Fair Value
Fair Values				
<i>Financial assets</i>				
Cash and cash equivalents	3,837,741	3,837,741	5,007,604	5,007,604
Loans	250,000	250,000	250,000	250,000
Receivables	242,057	242,057	403,192	403,192
Investment in Tas Water	46,139,062	46,139,062	45,366,831	45,366,831
	50,468,860	50,468,860	51,027,627	51,027,627
<i>Financial liabilities</i>				
Deposits held in trust	137,895	137,895	132,346	132,346
Payables	699,115	699,115	896,476	896,476
	837,010	837,010	1,028,822	1,028,822
Net financial assets	49,631,851	49,631,851	49,998,805	49,998,805
Carrying amounts classified as:			30 June 2016	30 June 2015
<i>Financial assets</i>				
Cash and cash equivalents			3,837,741	5,007,604
Loans and Receivables			492,057	653,192
Available for sale financial assets			46,139,062	45,366,831
			50,468,860	51,027,627
<i>Financial liabilities</i>				
Financial liabilities measured at amortised cost			837,010	1,028,822
			837,010	1,028,822
Net financial assets/(liabilities)			49,631,851	49,998,805

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 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 2016	Level 1	Level 2	Level 3	Total
Available for sale financial assets	0	0	46,139,062	46,139,062

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

	30 June 2016	30 June 2015
Opening balance	45,366,831	45,005,503
<i>Gains (losses) recognised in other comprehensive income</i>		
Change in fair value of investment in Tas Water	772,231	361,328
Closing balance	46,139,062	45,366,831

### NOTE 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 \$29,359 (2015 - \$26,383) in licence fees during the 2016 financial year.
- Microwise paid Council \$222,165 (2015 - \$153,620) in fees/ consultancy during the 2016 financial year
- Directors Fees of \$28,000 (2015 - \$28,000) were paid during the 2016

financial year.

	2016	2015
	\$	\$
<b>Financial Performance</b>		
Revenue	382,078	356,685
Expenditure	96,795	62,706
Profit	285,282	293,979
<b>Brighton Council Equity</b>		
	\$1,171,483	\$1,079,007

The financial performance excludes any internal transactions with Brighton Council.

Microwise has been consolidated in the current year financial statements.

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

The financial statements only identify the consolidated revenue and expenditure under notes 3(a)-(vii) and 3(b)-(v) respectively due to immateriality.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 31: MICROWISE AUSTRALIA PTY LTD (CONTINUED)

The directors of Microwise Australia are:

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

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

### NOTE 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.

	2016	2015
	\$	\$

#### Financial Performance

Revenue	601,364	719,727
Expenditure	338,877	434,950
Profit	262,487	284,777

<b>Brighton Council Equity</b>	<b>\$743,380</b>	<b>\$480,893</b>
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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.

### NOTE 33: EVENTS OCCURRING AFTER BALANCE DATE

Nil

### NOTE 34: AUDIT DISCLOSURE

	2016	2015
Audit Remuneration:	\$29,781	\$27,920

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 35: RELATED PARTY TRANSACTIONS

#### Responsible Persons

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

#### General Manager

- Ron Sanderson

#### Councillors

- Clr Tony Foster (Mayor)
- Clr Barbara Curran (Deputy Mayor)
- Clr Wayne Garlick
- Clr Peter Geard
- Clr Leigh Gray
- Clr Moya Jeffries
- Clr Philip Owen
- Clr Geoff Taylor
- Clr Sonya Williams

	2016	2015
	\$	\$

Total Remuneration for the reporting year for Councillors' Emoluments and reimbursements included above amounted to:

\$190,504	\$187,078
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Total Remuneration for the reporting year for the General Manager:

\$280,232	\$272,068
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#### COUNCILLOR REMUNERATION 2016

	Allowances	Reimbursements	Microwise	Total
	\$	\$	\$	\$
Clr Tony Foster (Mayor)	49,185	1,541	14,000	64,726
Clr Barbara Curran (Deputy Mayor)	27,402	0	0	27,402
Clr Wayne Garlick	14,054	0	0	14,054
Clr Peter Geard	14,054	0	0	14,054
Clr Leigh Gray	14,054	0	0	14,054
Clr Moya Jeffries	14,054	0	0	14,054
Clr Philip Owen	14,054	0	0	14,054
Clr Geoff Taylor	14,054	0	0	14,054
Clr Sonya Williams	14,054	0	0	14,054
<b>Total</b>	<b>174,963</b>	<b>1,541</b>	<b>14,000</b>	<b>\$190,504</b>

#### COUNCILLOR REMUNERATION 2015

	Allowances	Reimbursements	Microwise	Total
	\$	\$	\$	\$
Clr Tony Foster (Mayor)	48,015	2,278	14,000	64,293
Clr Barbara Curran (Deputy Mayor part year)	22,473	0	0	22,473
Clr Wayne Garlick	13,719	0	0	13,719
Clr Peter Geard	13,719	0	0	13,719
Clr Leigh Gray	13,719	0	0	13,719
Clr Moya Jeffries	13,719	0	0	13,719
Clr Philip Owen	13,719	0	0	13,719
Clr Geoff Taylor (Deputy Mayor part year)	17,998	0	0	17,998
Clr Sonya Williams	13,719	0	0	13,719
<b>Total</b>	<b>170,800</b>	<b>2,278</b>	<b>14,000</b>	<b>\$187,078</b>

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

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 35: RELATED PARTY TRANSACTIONS (CONTINUED)

GENERAL MANAGER REMUNERATION 2016				
Salary	Superannuation	Vehicle	Microwise	Total
\$	\$	\$	\$	\$
179,383	23,317	10,000	67,532	<u>\$280,232</u>

  

GENERAL MANAGER REMUNERATION 2015				
Salary	Superannuation	Vehicle	Microwise	Total
\$	\$	\$	\$	\$
175,521	21,971	10,000	64,576	<u>\$272,068</u>

NB: The General Manager does not receive any short term incentive payments, or any other monetary or non monetary benefits.

#### Remuneration Principles

##### General Manager

The employment terms and conditions of the General Manager are contained in an individual employment contract and prescribe total remuneration, superannuation, annual and long service leave, vehicle and salary sacrifice provisions.

The performance of the General Manager, is reviewed in accordance with the employment contract which includes a review of the remuneration package. The terms of employment of the General Manager, contains a termination clause that requires the General Manager to provide a minimum notice period prior to termination of the contract. Whilst not automatic, contracts can be extended.

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

### NOTE 36: INVESTMENT PROPERTY

	2016	2015
	\$	\$
<b>27-29 Hurst Street Bridgewater</b>		
Balance at beginning of financial year	0	0
Acquisitions	655,459	0
Disposals	0	0
Fair value adjustments	(30,459)	0
Balance at end of financial year	625,000	0

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

### NOTE 37: SIGNIFICANT BUSINESS ACTIVITY

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

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 38: MANAGEMENT INDICATORS

	Benchmark	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
<b>(a) Underlying surplus or deficit</b>					
Recurrent income* less		13,875	13,522	12,167	12,906
Recurrent expenditure		13,950	13,003	12,753	12,309
Underlying surplus/deficit	0	(75)	519	(586)	597

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

Council long term average consistently exceeds benchmark.

#### (b) Underlying surplus ratio

Underlying surplus or deficit		(75)	519	(586)	597
Recurrent income*		13,875	13,522	12,167	12,906
Underlying surplus ratio %		-1%	4%	-5%	5%

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

Council long term average consistently exceeds benchmark.

#### (c) Net financial liabilities

Liquid assets less		4,080	5,504	3,299	4,272
Total liabilities		1,985	2,028	1,751	2,416
Net financial liabilities		2,095	3,476	1,548	1,856

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.

#### (d) Net financial liabilities ratio

Net financial liabilities		2,095	3,476	1,548	1,856
Recurrent Income		13,875	13,522	12,167	12,906
Net financial liabilities ratio %	0% - (50%)	15%	26%	13%	14%

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

Council consistently exceeds benchmark.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 38: MANAGEMENT INDICATORS (CONTINUED)

	Benchmark	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'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>					
<i>Depreciated replacement cost</i>		71,984	77,019	75,864	92,610
Current replacement cost		109,446	99,383	93,966	113,846
Asset consumption ratio %	60%	66%	77%	81%	81%
<b>Buildings</b>					
<i>Depreciated replacement cost</i>		12,446	12,218	12,148	11,005
Current replacement cost		13,378	12,894	12,569	11,215
Asset consumption ratio %	60%	93%	95%	97%	98%
<b>Drainage</b>					
<i>Depreciated replacement cost</i>		21,396	21,439	21,707	20,054
Current replacement cost		32,733	32,355	32,228	30,015
Asset consumption ratio %	60%	65%	66%	67%	67%
This ratio indicates the level of service potential available in Council's existing asset base. Council consistently exceeds benchmark.					

<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 and Drainage Infrastructure</b>					
<i>Projected capital funding outlays**</i>		2,067	2,111	N/A	N/A
Projected capital expenditure funding***		2,067	1,208	N/A	N/A
Asset renewal funding ratio %	90-100%	100%	175%		
<b>Buildings</b>					
<i>Projected capital funding outlays**</i>		163	325	N/A	N/A
Projected capital expenditure funding***		163	224	N/A	N/A
Asset renewal funding ratio %	90-100%	100%	145%		
** Current value of projected capital funding outlays for an asset identified in Council's long-term financial plan.					
*** Value of projected capital expenditure funding for an asset identified in Council's long-term strategic asset management plan.					
This ratio measures Council's capacity to fund future asset replacement requirements. Council exceeds benchmark on a total asset trend basis.					

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 38: MANAGEMENT INDICATORS (CONTINUED)

	Benchmark	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
<b>(g) Asset sustainability ratio</b>					
<i>Capex on replacement/ renewal of existing assets</i>		2,521	2,827	2,036	4,225
Annual depreciation expense		2,982	2,958	2,921	2,800
Asset sustainability ratio %	100%	85%	96%	70%	151%

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

Council consistently exceeds benchmark over any 5 year period.

### NOTE 39: 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:

**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 (ie prices) or indirectly (ie derived from prices.)

**Level 3:** Inputs for the asset or liability that are not based on observable market data.

The table on page 69 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 2016.

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.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 39: FAIR VALUE MEASUREMENTS (CONTINUED)

		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>AS AT 30 JUNE 2016</b>					
<b>Recurring fair value measurements</b>					
Land	9,10	-	\$7,640	\$12,290	\$19,930
Investment Property	36	-	\$625	-	\$625
Investment in Water Corporation	20	-	-	\$46,139	\$46,139
Buildings	15	-	-	\$12,446	\$12,446
Roads	18	-	-	\$69,821	\$69,821
Bridges	16	-	-	\$2,163	\$2,163
Drainage	17	-	-	\$21,396	\$21,396
		\$0	\$8,265	\$164,255	\$172,520
<b>Non-recurring fair value measurements</b>					
Assets held for sale	7	-	\$912	-	\$912
		-	\$912	-	\$912
<b>AS AT 30 JUNE 2015</b>					
<b>Recurring fair value measurements</b>					
Land	9,10	-	\$7,659	\$12,290	\$19,949
Investment Property	36	-	-	-	-
Investment in Water Corporation	20	-	-	\$45,367	\$45,367
Buildings	15	-	-	\$12,218	\$12,218
Roads	18	-	-	\$75,404	\$75,404
Bridges	16	-	-	\$1,615	\$1,615
Drainage	17	-	-	\$21,439	\$21,439
		\$0	\$7,659	\$168,332	\$175,992
<b>Non-recurring fair value measurements</b>					
Assets held for sale	7	-	\$998	-	\$998
		-	\$998	-	\$998
<b>Transfers between levels of the hierarchy</b>					
There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.					

#### (b) Highest and best use

A number of Council assets are not being used for their highest and best use. This is mainly in relation to a number of Council buildings that are leased to community groups on a user pays system. A number of parcels of vacant land are also used throughout the municipality for parklands and sporting grounds. Council has identified that community groups require a place to

meet and operate from at a minimal cost to their organisation which in turn contributes to a sense of community within the municipality. Council also sees that it has a commitment to the health and wellbeing of the ratepayers to provide adequate sporting grounds and recreational walking tracks.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 39: FAIR VALUE MEASUREMENTS (CONTINUED)

#### (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 as at 2014 - Land under Roads areas are multiplied by the m2 road data held in Councils asset management system.

#### *Buildings*

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

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

#### Infrastructure assets

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

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

The unit rates (labour and materials) and quantities applied to determine the Gross replacement cost of an asset or asset component were based on the modern equivalent cost of replacement with a new asset including components that may not need to be replaced, such as earthworks.

The level of accumulated depreciation for infrastructure assets was determined based on the age of the asset and the useful life adopted by Council for the asset type. Estimated useful lives and residual values are disclosed in Note 1(e)

The calculation of Depreciated Replacement Cost involves a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made by qualified and experienced staff, different judgements could result in a different valuation. 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 Gross replacement cost are described under individual asset categories below.

#### *Roads, including footpaths & cycleways*

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. Urban roads and Rural roads are managed in segments from

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 39: FAIR VALUE MEASUREMENTS (CONTINUED)

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.

Gross replacement cost is based on the road area multiplied by a unit price; the unit price being an estimate of labour and material inputs, services costs, and overhead allocations. Council assumes that pavements are constructed to depths of 250mm on sealed roads and 100mm on unsealed roads. For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and labour wage rates are based on Council's Enterprise Bargaining Agreement (EBA). Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years.

Council engineers undertook a full revaluation for 2016 based on current unit pricing.

#### *Bridges*

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

#### *Drainage*

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

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

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

#### *Other infrastructure*

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

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

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2016, Council held a 2.93% ownership interest in TasWater which is based on schedule 2 of the Corporation's Constitution which reflects the Council's voting rights. Any unrealised gains and losses are recognised through the Statement of Profit or Loss and Other Comprehensive Income to a Fair Value Investment Reserve each year (refer Note 25).

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.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT for the year ended 30 June 2016

### NOTE 39: FAIR VALUE MEASUREMENTS (CONTINUED)

Asset/ liability category	Carrying amount (at fair value)	Key unobservable inputs	Expected range of inputs	Description of how changes in inputs will affect the fair value
Investment in TasWater	\$46.139m	Council's percentage holding in TasWater, currently 2.93%	None	Any percentage increase or decrease in the ownership interest of TasWater will have the same direct percentage impact on Council's investment in TasWater.
		Net assets of TasWater	Variable based on the net asset value of TasWater at balance date	Any percentage increase or decrease in the net assets of TasWater will have the same direct percentage impact on Council's investment in TasWater.

#### (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.







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