

**BRIGHTON
COUNCIL**

**ANNUAL
REPORT**

2019

2020

CONTENTS



INTRODUCTION	2
MAYOR'S MESSAGE.....	4
GENERAL MANAGER'S MESSAGE	7
COUNCILLORS.....	10
OVERVIEW AND HIGHLIGHTS.....	13
PERFORMANCE STATISTICS.....	16
GOVERNANCE	17
COUNCILLOR ATTENDANCE.....	19
FINANCIAL REPORT	21



LOCAL RESIDENTS PLAYING AT CLOAK OVAL, OLD BEACH..

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 2019/20 Annual Plan.
- The second part of the Annual Report incorporates the audited financial statements for the financial year.

A Snapshot of the Brighton Municipality

Brighton is located approximately 20 kilometres north-east of Hobart on the eastern side of the Derwent River and forms part of the urban-rural interface of Greater Hobart. The municipality is bordered by Derwent Valley, Southern Midlands and Clarence Councils and is traversed by the Midland Highway, East Derwent Highway, the main north-south railway line and the Jordan River.

Before European arrival, the land to the east of the Jordan River formed part of the Oyster Bay Tribe territory and the land to the west was part of the Big River Tribe territory. Aboriginal fire management and hunting practices formed the grassland valley still visible today from Bagdad to the Derwent River. The Aboriginal name for this area of the Jordan River is kutalayna and it was the territory of the Mumirimina, one of the ten bands comprising the Oyster Bay tribe.

The Brighton Municipality covers an area of approximately 168 square kilometres. The municipality consists of nine suburbs. Dromedary, Honeywood and Tea Tree are predominantly rural. Bridgewater, Brighton, Gagebrook, Herdsmans Cove and Old Beach are predominantly urban and house the vast bulk of the population, and Pontville is a significant colonial era village.

Brighton is Tasmania's fastest growing community with a municipal population exceeding 17,000, and an annual growth rate well in excess of 2 per cent. By 2041 Brighton is expected to have a population of 22,489 following growth of 1.2% annually from 2019 to 2041.

Brighton has a relatively young population with an average age of 35 years compared to 40 years for Greater Hobart (ABS, 2018). This is primarily driven by the high proportion (37.5%) of the population aged under 25 years.

A high proportion of our community identify as Aboriginal and/or Torres Strait Islander at 9.4% compared to 4.6% for Tasmania overall (ABS 2016 Census data).

Brighton's economy has recorded considerable economic growth in recent years largely driven by growth in the transport, postal and warehousing, as well as health care and social assistance industries. Transport, postal and warehousing is anticipated to continue to grow strongly into the future being Brighton's fastest growing industry.

Industrial land use is a key feature of the municipality and its future growth. It is centred upon the Transport Hub, which is the major transport interchange for Southern Tasmania. A number of associated industrial areas providing for warehousing and freight-related commercial development and clustering industries are expected to continue to develop and, together, will constitute one of the region's three major industrial conglomerations, with the most potential to expand further.

Brighton township and the suburb of Old Beach are growing particularly quickly and in recognition of this a high school is now proposed for Brighton.

Brighton Council continues to be a progressive, sustainable and efficient council.

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 15th December 2020. Any person wishing to make a submission should do so by close of business 4th December 2020.



CHILD'S DRIVE PARK,
OLD BEACH



CENTACARE EVOLVE DEVELOPMENT, CHALMERS LINK, BRIDGEWATER



RIFLE RANGE ROAD BRIDGE REPLACEMENT, PONTVILLE

MAYOR'S MESSAGE

Tony Foster AM OAM JP Mayor of Brighton

The year has essentially been one of two distinct parts – the first business as normal as Brighton Council continued to maintain its leadership position in Tasmanian local government providing the full range of services for our community. With the COVID-19 pandemic outbreak, the second and latter period saw Council continue to serve and support the community while observing the social distancing and other required measures to counter the impact of this deadly virus on our municipality and our people.

Through it all, we worked collectively and collaboratively to implement our vision and strategies to make Brighton Municipality the best place to live, work and bring up families, while maintaining our record as the most efficient and effective council administration in Tasmania, with the lowest rates.

In reviewing our performance during 2019 – 2020, there have been many highlights.

Strengthening our communities

Council has worked extremely hard to strengthen our communities and understand and improve the health and wellbeing of the people who choose to live in our municipality. Council has also provided COVID-19 financial relief for a number of important organisations and individual ratepayers to assist in navigating the worst aspects of the pandemic.

A master plan has begun for Cris Fitzpatrick Park and a range of housing, employment, recreation and education initiatives have been launched to enhance liveability throughout Brighton. These include an off-lead area for dogs in Old Beach, extending the Seymour Street soccer grounds, working with Centacare Evolve Housing to facilitate the implementation of the Holmes Dyer master plan for Bridgewater, Herdsmans Cove and Gagebrook and the continued preparation of the new Planning Scheme.

New female changeroom and toilet facilities have been provided at Weily Park, Bridgewater, and contracts awarded for the construction of Stage Two of Bridgewater Parkland development and the Pontville Park regional sporting venue.



To improve community connection and support, Council has continued improving disability access and an aged friendly community and importantly, supported the administration of the vital Brighton Alive network.


Enhancing sustainability

As we work to build a more resilient community and an environmentally sustainable future for our municipality, Brighton Council has developed key programs with a clear eye on the years ahead.

As well as our work with Centacare Evolve Housing on their master plan, we've continued the implementation of the Greening Brighton Strategy, as well as the eradication of boxthorn and Patterson's curse throughout the municipality. We've developed a Climate Change and Resilience Strategy, continued and enhanced street tree planting and developed the Brighton Council Street Tree Strategy.

Council has continued investing in public area and open space improvements and at an administrative level, acted to improve Council's sustainability and reducing our ecological footprint. This has included making significant efficiency improvements to Council buildings.

Council has also commenced a review of our waste management services and Waste Transfer Station operations and has shortlisted key options that will now be subject to detailed examination and consideration.



Agricultural hub and supporting skills and education

Brighton remains an important agri-business hub and the year saw an increased focus on agriculture, horticulture and aquaculture production. Council completed a zoning review of agricultural areas at Rosewood and West Brighton. To support this vital growth sector, Council facilitated and provided support for MONA's community development work at Bond Place community garden, Gagebrook and the Eddington Street Nursery.

Strong support was provided for the redevelopment of the Jordan River Learning Federation School Farm and the development of the new Brighton High School that will underpin our rural industries, as well as provide enhanced educational opportunities for future generations. In collaboration with the Department of Education, the preparation of a South Brighton Master Plan incorporating the new High School site and surrounding residential area is now underway.

Supporting business and industry

Council is supporting the further development of its industry and logistics hub, investigating the viability of a renewable energy hub, branding, planning design and management strategy for the Hub.

The provision and maintenance of appropriate infrastructure is vital as we support our 30 percent growth target and Council has driven development over the past year.

Driving infrastructure development

Council has continued to pursue grant funding for strategic capital projects, provided for the construction of affordable housing on vacant council land, sold and/or transferred vacant Council-owned land to Centacare Evolve Housing to facilitate additional affordable housing and open space improvements and commenced work on an application to extend the urban growth boundary as recommended by the Brighton Structure Plan 2018.

During the year this included the reconstruction of sections of Eddington Street, Bridgewater and the Back Tea Tree Road, Tea Tree, the installation of kerb and drainage at the Jetty Road frontage of Lennox Park, Old Beach and replacing the Rifle Range Road bridge, Pontville.

Community health and well-being

Council's commitment to public health and well-being of the community was maintained and enhanced.

The monthly immunisation clinics, annual school immunisation program and promoting the need for immunisation continued. Council undertook routine inspections of places of public assembly, food premises, public health risk activities and water carters to ensure compliance with relevant legislation, officers promptly investigated environmental health complaints, ensured proper provision of on-site effluent disposal in compliance with relevant standards and maintained an effective analysis program for food, recreational waters and general complaints.

Stable organisation and governance

Brighton Council has been long-recognised for its stable and efficient governance and administration. Council is consistently listed by authorities including State Treasury and the Auditor-General as the most cost effective in the State, continuing to provide the full range of local government services at the lowest cost to ratepayers.

To ensure its ongoing stability, Brighton Council has well-developed financial sustainability and risk policies and strategies. Council remained debt-free for the year with no borrowings budgeted for. At the same time, the general rate increase was held down in line with the Hobart rise in the Consumer Price Index (CPI), a clear demonstration of careful management and cost efficiency.

Looking to the future, succession planning is established throughout the administration, the strength of this clearly evidenced in the appointment of Chief Operations Officer James Dryburgh to replace retiring General Manager Ron Sanderson from July 1.



The strong engagement with all tiers of government, local community and service groups, partners, business and support organisations has progressed to create the best outcomes for Brighton.

Council continued the provision of professional services to other like-minded councils to enhance the experience of our employees and offer best-practice support particularly for small and medium-sized local government authorities. Further education and workforce development was fostered to ensure our employees are appropriately skilled to meet the needs of Council now and into the future.

The corporate governance of our technology business, Microwise Australia Pty Ltd, was closely monitored and a clear company charter established to guide the company as it seeks to expand its operations throughout Australia.

Risk management

Council has continued to take a responsible approach to risk management at both the personnel level and in relation to our community assets and infrastructure. Risk exposure has been kept to a minimum by implementing strategies to help reduce injuries and potential losses. Risk management duties have been allocated to a dedicated risk management officer who is responsible for Council's oversight. Management practices introduced involve identifying risks, analysing these and responding through appropriate actions. At the same time, Council has continued to proactively conduct inspections and reviews of roads and footpaths to monitor and assess any associated risks. All written agreements with clubs and user groups, building and financial service providers, town planning and recreation functions have been reviewed from a risk perspective and community groups have been educated on the importance of proper risk management on all activities within Council and community facilities.

Special thanks

I would like to thank my deputy Barbara Curran, who served as acting Mayor for three months at the beginning of 2020. With Barbara stepping up, I was able to take some much-needed leave after some 33 years on Council and 27 years as Mayor.

I also extend my thanks for the support and contribution of my fellow Councillors and to our management and staff who have done a tremendous job.

I must also pay special tribute to our long-serving General Manager Ron Sanderson, who retired from the position on 30 June, after 27 years with the Brighton Council. Ron was General Manager for the past 15 years and made an enormous contribution to Council, the Brighton Municipality and the local community. He dedicated himself to making life better for people living in our municipality and this is something he instilled in his colleagues and staff at the Council. All of Brighton is better for it. Undoubtedly, Ron Sanderson's legacy of service has placed Council in a strong position moving into the future.

The challenges ahead

As we move forward, our thinking is long-term and based on strong research, evidence and careful consideration. The clear objective is to optimise the community benefit of Council-owned land and infrastructure through proper planning and appropriate consultation with the community and interest groups. The past year saw Council continue to implement the key strategies and plans of the Brighton Structure Plan 2018, the completion of a master plan for Pontville Park and the Green Point Road streetscape, the finalisation of a conservation management plan for the former Brighton Army Camp and the commencement of master plans for the Seymour Street Park and the Andrew Street streetscape.

As we manage the recovery from the impact of the COVID-19 shut down and resultant national economic recession, Brighton, like the rest of Tasmania and Australia, will face considerable future challenges. Reductions in TasWater dividends and other potential revenue hits will also place pressure on Council's budget and influence our ability to do all that we would like to do in the immediate time ahead.

However, our past efforts and sound economic management see us well-positioned leading into this period and I am confident we can look forward with some degree of confidence able to make the necessary decisions to ensure the future growth, sustainability and prosperity of the Brighton Municipality and its community.

GENERAL MANAGER'S MESSAGE

Ron Sanderson General Manager

Brighton Council continues to look to the future as we look back on a year that achieved progress on many of Council's major strategies and projects for our area.

The Brighton municipal area continues to be Tasmania's fastest growing community with an annual growth rate in excess of 2% and is forecast to have a population of more than 24,000 people by 2042 according to State Treasury analysis. We must plan for current and projected growth to ensure this is a place we can all continue to enjoy living and working.

Our financial management continues to be strong despite the TasWater dividend to Council being reduced by half in 2019/20 compared to the previous year.

A capital program of \$5.5 million was undertaken this year, which included \$1 million of new infrastructure projects.

Maintenance costs on Council's assets such as buildings and reserves have increased, along with increased costs for waste management, including recycling.

I am pleased to note that street lighting costs will reduce in the 2020/21 financial year due to Council replacing the existing streetlighting with LED.

Council's Microwise business successfully increased sales to interstate Councils, including in Victoria and Western Australia.

In 2019/20 Council continued to work closely with both State and Federal Government to ensure our area has the infrastructure, services and facilities to cater for the predicted growth in population.

This year saw a focus on Council helping to facilitate community consultation on the location for the new Brighton High School. It was announced that the new high school will be located on 10 hectares at Elderslie Road. Council will continue to work closely with State Government to ensure the new school meets the needs of our communities.



The replacement of the Bridgewater Bridge moved forward with geotechnical investigations completed in order to inform detailed design options for the bridge. It was announced that the Federal Government has committed \$461 million and the State Government \$115 million to the project for completion in 2024.

While the COVID-19 crisis may have slowed economic activity in Australia and globally in the last half of the year, it did not impact on growth and development in the Brighton Municipality. There was a record number of development applications, mainly for new dwellings, approved by Brighton Council in the three months up to May 2020, with a total value of more than \$18 million.

Two Federal Government grants to Council were confirmed for major community infrastructure projects as follows:

- \$6 million for the new Brighton Regional Sports Centre Facility – Pontville Park.
- \$1.7 million for Stage 2 of the Bridgewater Parkland development.

We were delighted that the landscape architects Playstreet, who designed Stage 1 of the Bridgewater Parkland project, won an award for excellence in parks and open spaces in the 2019 Tasmanian Landscape Architecture Awards for this project. I think we would all agree this is a truly well designed community parkland that has proven its worth as a place that people want to be and enjoy time with family and friends outdoors. We look forward to the development of Stage 2.



WEILY PARK OVAL, BRIDGEWATER

In partnership with State Growth, Council commissioned a brand and place strategy for the Brighton Industrial Estate and Transport Hub, to set a new vision and pathway to reposition the estate as a more attractive prospect for future investors and to support local enterprise growth and job opportunities for the growing Brighton population. The strategy will be completed in 2020/21 and recommended actions from this report will start to be implemented before the end of the new financial year.

This financial year also saw Council start to focus on very important strategies related to sustainability, climate change and waste management.

In November 2019, Brighton Council adopted its Climate Change and Resilience Strategy. As a Council, we aim to be a leader in mitigating and planning for climate change, reducing risks, costs and our environmental footprint.

The changing landscape of waste management for Councils both in Tasmania and nationally has seen Council commence a comprehensive review and careful planning into our future waste management practices, services and overall strategy moving forward. This is both challenging and exciting times for waste management.

With this space shifting quickly and our population growing, we have adopted more of an education and behaviour change approach in our community to encourage not just improved recycling practices but encouraging more reuse and waste reduction generally. We hope to implement services like FOGO collection that will assist our community with this.

The 2019/20 financial year saw a number of communication and community engagement initiatives put in place, including:

- A new Brighton Council website that delivers a more user friendly interface for our customers, including increased availability of services, feedback options and application forms online.
- Increased use of social media to communicate more effectively with our residents and ratepayers who are active online.

In response to community need, Council opened its first off-lead dog park at Old Beach and has more planned for the municipal area.

The last half of the year brought with it the COVID-19 crisis. I am proud of our response as a Council to this emergency and pay tribute to the leadership team, councillors and all of our staff who responded quickly and effectively to ensure the safety of employees and members of the community. As an organisation we were able to ensure stability and continuity of services in ever changing circumstances and effectively communicate these changes to our residents and ratepayers.

A comprehensive community based financial support package was swiftly endorsed by Council, including a decision to implement 0% rates increase for the new financial year.

The quick response and flexibility of the organisation in these circumstances is a tribute to the excellent people I have been privileged to work with at Brighton Council.

This is my final General Manager's Message having retired from my role at the end of June 2020, after 15 years at the helm. It is particularly satisfying at this time to see the Municipality continue to grow and prosper and to know we have plans in place to continue to see that happen.

I wish my successor James Dryburgh every success in his role as Brighton Council's new General Manager. I know that James has the experience, skills and commitment to keep Council moving forward and has wholeheartedly embraced the challenge with his characteristic compassion and 'can do' attitude.

Finally, I would like to thank my entire team – both outdoors and in the office – for their ongoing dedication to ensuring Brighton Council lives up to its reputation as one of the most progressive and innovative Councils in Tasmania.



CASSIDY'S BAY, OLD BEACH

COUNCILLORS AS AT 30TH JUNE 2020



Cr Tony Foster (Mayor)

Terms as Councillor
1985-1988
1990-2020

Terms as Mayor
1993-2020

Committee Representation:

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

Council Representative:

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



Cr Barbara Curran (Deputy Mayor)

Terms as Councillor
1996-2020

Term as Deputy Mayor
2014-2020

Committee Representation:

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

Council Representative:

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



Cr Wayne Garlick

Terms as Councillor
1999-2000
2003-2005
2007-2020

Committee Representation:

- Environment & Heritage
- Finance
- Planning
- Waste Management

Council Representative:

- Gagebrook Primary School Council



Cr Peter Geard

Terms as Councillor
1984-1993
1997-2020

Committee Representation:

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

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
2005-2020

Committee Representation:

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

Council Representative:

- Cycling South
 - Remembrance Park Complex Consultative Group
 - Waste Strategy South (Rep)
-



Cr Moya Jeffries

Terms as Councillor
2007-2020

Committee Representation:

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

Council Representative:

- Jordan River Learning Federation Senior School Council



Cr Tennille Murtagh

**Terms as Councillor
2018-2020**

Committee Representation:

- Parks & Recreation
- Planning



Cr Philip Owen

**Terms as Councillor
1989-2020**

Committee Representation:

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



Cr Jessica Whelan

**Terms as Councillor
2018-2020**

Committee Representation:-

- Finance
- Parks & Recreation
- Planning
- Waste Management

OVERVIEW AND HIGHLIGHTS

1. Strengthen Our Communities

We have:

- Understand/Improve Health and Wellbeing
 - Supported the large local presence in Bridgewater's Hobart Gymnastics through the Microwise building ownership, including COVID19 financial relief
 - Commenced a Master Plan for Cris Fitzpatrick Park
- Create Housing/Employment/Play/Education (Livability)
 - Constructed an off-lead area for dogs in Old Beach
 - Extended the Seymour Street soccer grounds
 - Worked with Centacare Evolve to facilitate the implementation of the Holmes Dyer master plan for Bridgewater, Herdsmans Cove and Gagebrook
 - Continued preparation of the Brighton Local Provisions and the transition to the Tasmanian Planning Scheme
- Provide Public Facilities/Amenities
 - Commenced a review of waste management services and transfer station operations and have shortlisted to key options
 - Provided new female changeroom and toilet facilities at Weily Park, Bridgewater
 - Awarded a contract for the construction of Stage 2 of Bridgewater parkland development
 - Continued working with Cricket Tasmania and other stakeholders to develop Pontville Park into a first-class regional sporting venue
- Support Connected Communities
 - Constructed a walkway at Riviera Drive, Old Beach
 - Constructed new disabled access kerb ramps
 - Replaced William Street, Brighton footpath
 - Continued improving disability access and an aged friendly community
 - Supported Brighton Alive administration
- Build a resilient community and environmentally sustainable future
 - Worked with Centacare Evolve to facilitate the implementation of the Holmes Dyer master plan for Bridgewater, Herdsmans Cove and Gagebrook
 - Continued implementing the Greening Brighton Strategy
 - Continued boxthorn and Patterson's curse eradication
 - Continued new street tree planting
 - Developed a Climate Change and Resilience Strategy
 - Developed the Brighton Council Street Tree Strategy and completed strategic street tree plantings
 - Continued investing in public realm and open space improvements
 - Continued improving Council's sustainability and reducing Council's ecological footprint, including efficiency improvements to council buildings

2. Create 2-3 hubs for our Connector Satellite City

We have:

- A focus on Agriculture/Horticulture/Aquaculture (Food)
 - Completed a zoning review of agricultural areas at Rosewood and West Brighton
- Education/Capability Build
 - Facilitated and provided support for MONA's community development work at Bond Place, Gagebrook and Eddington Street Nursery
 - Facilitated the redevelopment of the School Farm and the development of the new Brighton High School
 - In collaboration with the Department of Education, commenced the preparation of a South Brighton Master Plan incorporating the new High School site and surrounding residential area
- Support further development of a "business & logistics hub"
 - Commenced investigating the viability of a renewable energy hub
 - Commenced work on preparation of a Branding and Placemaking Strategy for the Brighton Industrial Estate and Transport Hub

3. Drive Infrastructure Development

We have:

- Support 30% Growth Target
 - Continued to pursue grant funding for strategic capital projects
 - Provided affordable housing on vacant council land
 - Sold and/or transferred vacant Council owned land to Centacare Evolve Housing for the purposes of affordable housing and open space improvements
 - Commenced work on an application to extend the urban growth boundary as recommended by the Brighton Structure Plan 2018
- Implement Strategic Asset Management Plan (Existing and New)
 - Reconstructed sections of Eddington Street, Bridgewater and Back Tea Tree Road, Tea Tree
 - Installed kerb and channel at Jetty Road frontage of Lennox Park, Old Beach
- Enabling Infrastructure
 - Replaced Rifle Range Road bridge, Pontville



FORD ROAD WALKING TRACK



4. Ensure a Stable Organisation

We have:

- Ensure Financial & Risk Sustainability
 - Remained debt free with no borrowings
 - Kept the general rate increase to Hobart CPI
- Be well-governed
 - Continued succession planning for all positions
 - Continued professional service provisions to enhance experience and best practice
 - Monitored corporate governance of Microwise Australia Pty Ltd, including the establishment of their Charter
- A shaping agenda facilitated through strong engagements
 - Promoted educational and workforce development with government and regional councils – approved funding under the Tasmanian Community Fund for a Workforce Development Co-ordinator for the region for three years, commencing 2020/21
- Long-term thinking & evidence-based
 - Continued implementing key strategies and plans, including implementing the Brighton Structure Plan 2018
 - Completed a Master Plan for Pontville Park and Green Point Road streetscape
 - Completed a Conservation Management Plan for the Brighton Army Camp
 - Commenced Master Plans for Seymour Street Park, Cris Fitzpatrick Park and Andrew Street streetscape
 - Commenced optimising community benefit from council owned land and infrastructure

5. Public Health

We have:

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

6. Risk Management

We have:

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

PERFORMANCE STATISTICS – ENVIRONMENT AND DEVELOPMENT

	2020	2019
ANIMAL CONTROL		
Total number of dogs registered with Council	3781	3831
Number of complaints	83	79
Number of dogs taken to Hobart Dog Home	105	149

LAND USE PLANNING AND BUILDING		
Number of Development Applications processed	395	345
Number of Subdivision Applications processed	38	37
Total number of new lots created	121 LAND + 44 STRATA LOTS	95 LAND + 112 STRATA LOTS
Number of Building Permits processed	292	324
Value of Building Approvals	\$80.6 MILLION	\$77.9 MILLION

ENVIRONMENTAL HEALTH		
Number of Vaccinations	200	333
Number of Food Premises Registered	123	119
Number of complaints	217	213
Number of Food Samples taken	0*	4**
Number of On-site Wastewater Applications	50	48
Total Expenditure on Public Health	\$14,000	\$11,000

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

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

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

Section 177 of the *Local Government Act 1993*, requires Council to report on any land donated by Council during the year. It is reported that no land was donated during the 2019/20 financial year.

Public Tenders – Local Government (General) Regulations 2015

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

Two tenders were called and awarded during the 2019/20 financial year:

- Bridgewater Parkland Stage 2 (23/6/2020) Land Solutions Tasmania, PO Box 627 Kingston TAS 7050 – \$730,937
- Brighton Reseal Tender (21/8/2019) Roadways – 28 Jackson Street, Glenorchy TAS 7010 – \$566,805

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.

One contract was awarded:-

- Rifle Range Road Bridge (22/5/2020) – Hudson Civil Products – 3 Donalds Avenue, Prospect TAS 7250 \$115,340

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 experienced a further decline during 2019/20 when compared to previous years. Brighton Council continues to play a role in the development of the Local Government Shared Services (LGSS) initiative with membership having grown to 14 Councils; which now includes councils from the Northern Territory.

During 2019/20, over 5,939 hours (2018/19 11,139 hours) of shared services were exchanged by participating member/non-member councils delivering a net benefit to the group of over \$404,000 (2018/19 \$774,350).

Code of Conduct – complaints – Section 72(1)(ba) - Local Government Act 1993

In accordance with Section 72(1)(ba) of the *Local Government Act 1993*, it is reported that there were no Code of Conduct determinations during the year.

Code of Conduct – costs – Section 72(1)(bb) - Local Government Act 1993

In accordance with Section 72(1)(bb) of the *Local Government Act 1993*, it is reported that the total cost met by the Council in respect of the code of conduct complaints was \$0.

Enterprise Powers – statement of activities – Section 72(1)(ca) – Local Government Act 1993

In accordance with Section 72(1)(ca) of the *Local Government Act 1993*, it is reported that Council formed a company Microwise Australia Pty Ltd in 1999, to market local government software. The financials for this company are included in the Financial Statements in this report.



OLD BEACH JETTY

COUNCILLOR ATTENDANCE



ORDINARY COUNCIL MEETING

Name	No. of Meetings Held	Attended	%
Cr T Foster (Mayor)	12	8	67%
Cr B Curran (Deputy Mayor)	12	11	92%
Cr W Garlick	12	10	83%
Cr P Geard	12	12	100%
Cr L Gray	12	12	100%
Cr M Jeffries	12	10	83%
Cr T Murtagh	12	12	100%
Cr P Owen	12	12	100%
Cr J Whelan	12	12	100%

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	0	0%
Cr L Gray	1	1	100%
Cr M Jeffries	1	1	100%
Cr T Murtagh	1	1	100%
Cr P Owen	1	1	100%
Cr J Whelan	1	1	100%

FINANCE

Name	No. of Meetings Held	Attended	%
MEMBERS			
Cr T Foster (Chairperson)	6	4	67%
Cr B Curran (Deputy Chairperson)	6	6	100%
Cr W Garlick	6	5	83%
Cr L Gray	6	5	83%
Cr M Jeffries	6	4	67%
Cr P Owen	6	6	100%
Cr J Whelan (from Feb 2020)	2	2	100%
IN ATTENDANCE			
Cr P Geard		3	
Cr T Murtagh		5	
Cr J Whelan		4	

PLANNING

Name	No. of Meetings Held	Attended	%
MEMBERS			
Cr L Gray (Chairperson)	7	7	100%
Cr P Owen (Deputy Chairperson)	7	7	100%
Cr B Curran (Deputy Mayor)	7	6	86%
Cr T Foster (Mayor)	7	4	57%
Cr W Garlick	7	6	86%
Cr P Geard	7	6	86%
Cr M Jeffries	7	5	71%
Cr T Murtagh	7	7	100%
Cr J Whelan	7	7	100%

ENVIRONMENT AND HERITAGE

Name	No. of Meetings Held	Attended	%
MEMBERS			
Cr B Curran (Chairperson)	1	1	100%
Cr T Foster	1	1	100%
Cr W Garlick	1	1	100%
Cr P Geard	1	0	0%
Cr M Jeffries	1	1	100%
Cr P Owen	1	1	100%

**SKATE AND DOG OFF-LEAD PARK, OLD BEACH**



BRIGHTON COUNCIL

FINANCIAL REPORT

2019

2020

Brighton
going places

INDEPENDENT AUDIT REPORT	22
STATEMENT BY THE GENERAL MANAGER	26
STATEMENT OF COMPREHENSIVE INCOME	27
STATEMENT OF FINANCIAL POSITION	28
STATEMENT OF CASH FLOWS	29
STATEMENT OF CHANGES IN EQUITY	30
NOTES TO THE FINANCIAL REPORT	31
GRANTS AND DONATIONS	78

INDEPENDENT AUDIT REPORT



Independent Auditor's Report

To the Councillors of Brighton Council

Report on the Audit of the Consolidated Financial Report

Opinion

I have audited the financial report of Brighton Council (Council) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020 and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the statement of certification by the General Manager.

In my opinion, the accompanying financial report:

- (a) presents fairly, in all material respects, the Group's financial position as at 30 June 2020 and its financial performance and its cash flows for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

Basis for Opinion

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

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

My audit responsibility does not extend to the budget figures included in the statement of comprehensive income and the asset renewal funding ratio disclosed in note 10.4(f) to the financial report and accordingly, I express no opinion on them. Furthermore, I express no opinion on the

...1 of 4

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General Manager's determination that Council did not have any Significant Business Activities for inclusion in the financial report as required by Section 84(2)(da) of the *Local Government Act 1993*.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Property and infrastructure Refer to notes 6.1 and 9.8	
<p>Property and infrastructure at 30 June 2020 included land, buildings and infrastructure assets including roads, bridges and drainage assets valued at fair values totalling \$147.0m. The fair values of these assets are based on market values and replacement cost. Council undertakes formal revaluations on a regular basis to ensure valuations represent fair value. Indexation is applied to fair values between formal valuations.</p> <p>In 2019-20 Council revalued Land under roads and buildings, applying indexation determined by internal and external experts.</p> <p>Capital payments in 2019-20 totalled \$5.3m on a number of significant programs to upgrade and maintain assets. Capital projects can contain a combination of enhancement and maintenance activity which are not distinct and therefore the allocation of costs between capital and operating expenditure is inherently judgemental.</p>	<ul style="list-style-type: none"> Assessing the scope, expertise and independence of experts involved in the valuations. Evaluating indexation applied to assets between formal valuations. Testing, on a sample basis, significant expenditure on maintenance and capital works to corroborate appropriate treatment. Testing, on a sample basis, capital work-in-progress to ensure that active projects will result in usable assets and that assets commissioned are transferred in a timely manner. Evaluating the adequacy of disclosures made in the financial report.

Responsibilities of the General Manager for the Financial Report

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

...2 of 4

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Manager.
- Conclude on the appropriateness of the General Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

...3 of 4

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

From the matters communicated with the General Manager, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Leigh Franklin
Assistant Auditor-General, Financial Audit Services
Delegate of the Auditor-General

Tasmanian Audit Office

28 October 2020
Hobart

...4 of 4

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STATEMENT BY THE GENERAL MANAGER

Brighton Council
2019-2020 Financial Report

Certification of the Financial Report

The financial report presents fairly the financial position of the Brighton Council as at 30 June 2020 and the results of its operations and cash flows for the year then ended, in accordance with the *Local Government Act 1993* (as amended), Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board.



James Dryburgh
General Manager

Date : 20/10/20

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Note	Budget 2020 \$	Actual 2020 \$	Actual 2019 \$
INCOME				
Recurrent Income				
Rates and charges	2.1	9,733,443	10,001,630	9,385,194
Statutory fees and fines	2.2	663,750	858,739	756,502
User fees	2.3	553,500	821,252	752,687
Grants	2.4	2,182,767	1,883,254	2,109,718
Contributions – cash	2.5	175,000	69,065	67,828
Interest	2.6	121,075	109,938	98,956
Commercial activities	2.7	851,393	1,649,367	1,359,589
Investment revenue from water corporation	2.9, 5.1	616,000	308,000	616,002
		14,896,928	15,701,245	15,146,476
Capital Income				
Capital grants received specifically for new or upgraded assets	2.4	–	340,861	862,853
Contributions – non-monetary assets	2.5	–	1,152,168	313,554
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	2.8	–	(243,235)	(69,235)
Fair value adjustments for investment property	6.2	–	–	65,000
		–	1,249,794	1,172,172
Total income		14,896,928	16,951,039	16,318,648
EXPENSES				
Employee benefits	3.1	(4,070,251)	(5,154,825)	(4,991,146)
Materials and services	3.2	(5,226,740)	(5,492,057)	(4,817,719)
Contributions	3.3	(1,042,352)	(1,187,123)	(1,039,449)
Commercial activities	3.5	(32,000)	(452,222)	(350,552)
Depreciation and amortisation	3.4	(3,026,456)	(3,464,256)	(3,298,836)
Other expenses	3.6	(574,865)	(434,177)	(535,216)
Total expenses		(13,972,664)	(16,184,660)	(15,032,918)
Net result for the year		924,264	766,379	1,285,730
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to surplus or deficit				
Fair value adjustments on equity investment assets	5.1, 9.1	–	(12,502,285)	6,873,905
Net asset revaluation increment/(decrement)	9.1	–	6,735,964	2,119,127
Total Other Comprehensive Income		–	(5,766,321)	8,993,032
Total Comprehensive result		924,264	(4,999,942)	10,278,762

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

ASSETS	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	4.1	3,730,361	7,672,957
Trade and other receivables	4.2	886,393	426,249
Investments	4.3	2,850,199	–
Other assets	4.4	226,142	96,794
Non-current assets classified as held for sale	4.5	845,883	643,883
Total current assets		8,538,978	8,839,883
NON CURRENT ASSETS			
Trade and other receivables	4.2	287,702	300,000
Investment in water corporation	5.1	41,416,141	53,918,426
Property, infrastructure, plant and equipment	6.1	148,835,560	139,758,425
Investment property	6.2	690,000	690,000
Intangible assets	6.3	43,666	21,819
Total non-current assets		191,273,069	194,688,670
Total assets		199,812,047	203,528,553
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7.1	778,357	632,537
Deposits held	7.2	342,576	448,199
Provisions	7.3	1,394,812	1,207,718
Contract liabilities	7.4	455,719	–
Total current liabilities		2,971,464	2,288,454
NON CURRENT LIABILITIES			
Provisions	7.3	126,973	101,950
Interest-bearing loans and borrowings	8.1	720,000	–
Total non-current liabilities		846,973	101,950
Total liabilities		3,818,437	2,390,404
Net Assets		195,993,610	201,138,149
EQUITY			
Accumulated surplus		138,153,633	137,531,851
Reserves	9.1	57,839,977	63,606,298
TOTAL EQUITY		195,993,610	201,138,149

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

	Note	2020 \$ Inflows/ (Outflows)	2019 \$ Inflows/ (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Rates		9,895,896	9,401,539
Statutory fees and fines		858,739	756,502
User charges and other fines		648,617	1,785,789
Grants		1,883,254	2,109,718
Developer contributions		69,065	67,828
Interest received		122,236	98,956
Commercial Income		1,649,364	1,359,589
Dividends		258,092	323,050
Investment revenue from water corporation	2.9	49,908	292,952
Payments to suppliers		(5,346,237)	(4,632,716)
Payments to employees (including redundancies)		(4,942,708)	(4,903,152)
Commercial Expenses		(452,222)	(350,552)
Other payments		(1,621,300)	(2,197,170)
Net cash provided by (used in) operating activities	9.2	3,072,704	4,112,333
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, infrastructure, plant and equipment		(5,345,848)	(3,991,503)
Payments for Intangibles		(30,000)	–
Proceeds from sale of property, infrastructure, plant and equipment		255,508	78,417
Capital grants		340,861	862,853
Purchasing of Investments		(2,850,199)	–
Net cash provided by (used in) investing activities		(7,629,678)	(3,050,233)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from deposits held		(105,622)	230,073
Proceeds from interest bearing loans and borrowings		720,000	–
Net cash provided by (used in) financing activities		614,378	230,073
Net increase (decrease) in cash and cash equivalents		(3,942,596)	1,292,173
Cash and cash equivalents at the beginning of the financial year		7,672,957	6,380,784
Cash and cash equivalents at the end of the financial year	9.3	3,730,361	7,672,957

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

2020	Note	Accumu- lated Surplus 2020	Asset Revaluation Reserve 2020	Fair Value Reserve 2020	Total Equity 2020
Balance at beginning of the financial year		137,531,851	61,078,745	2,527,553	201,138,149
Effect of changes in accounting policy for:					
Adjustment due to AASB 15 adoption		(144,597)	–	–	–144,597
Restated opening balance		137,387,254	61,078,745	2,527,553	200,993,552
Net result for the year		766,379	–	–	766,379
Other Comprehensive Income:					
Fair value adjustments for financial assets at fair value		–	–	–	–
Fair Value adjustment on equity investment assets	5.1,9.1	–	–	(12,502,285)	(12,502,285)
Net asset revaluation increment/(decrement)	9.1	–	6,735,964	–	6,735,964
Actuarial gain/loss on defined benefits plans		–	–	–	–
Total comprehensive income		138,153,633	67,814,709	(9,974,732)	195,993,610
Transfers between reserves		–	–	–	–
Balance at end of the financial year		138,153,633	67,814,709	(9,974,732)	195,993,610
2019	Note	Accumu- lated Surplus 2019	Asset Revaluation Reserve 2019	Fair Value Reserve 2019	Total Equity 2019
Balance at beginning of the financial year		136,246,121	58,959,618	(4,346,352)	190,859,387
Net result for the year		1,285,730	–	–	1,285,730
Other Comprehensive Income:					–
Fair Value adjustment on equity investment assets	5.1,9.1	–	–	6,873,905	6,873,905
Net asset revaluation increment/(decrement)	9.1	–	2,119,127	–	2,119,127
Actuarial gain/loss on defined benefits plans		–	–	–	–
Total comprehensive income		137,531,851	61,078,745	2,527,553	201,138,149
Transfers between reserves		–	–	–	–
Balance at end of the financial year		137,531,851	61,078,745	2,527,553	201,138,149

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2018

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: OVERVIEW	32	NOTE 6: NON-CURRENT ASSETS	45
1.1: REPORTING ENTITY	32	6.1: PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT	45
1.2: BASIS OF ACCOUNTING	32	6.2: INVESTMENT PROPERTY	51
1.3: USE OF JUDGEMENTS AND ESTIMATES	32	6.3: INTANGIBLE ASSETS	51
1.4: FUNCTIONS/ACTIVITIES OF THE COUNCIL	33	NOTE 7: CURRENT LIABILITIES	52
NOTE 2: REVENUE	35	7.1: TRADE AND OTHER PAYABLES	52
2.1: RATES AND CHARGES	35	7.2: DEPOSITS HELD	52
2.2: STATUTORY FEES AND FINES	35	7.3: PROVISIONS	52
2.3: USER FEES	35	7.4: CONTRACT LIABILITIES	54
2.4: GRANTS	36	NOTE 8: LIABILITIES	54
2.5: CONTRIBUTIONS	37	8.1: INTEREST-BEARING LOANS AND BORROWINGS	54
2.6: INTEREST	37	NOTE 9: OTHER FINANCIAL INFORMATION	55
2.7: COMMERCIAL ACTIVITIES	38	9.1: RESERVES	55
2.8: NET GAIN/(LOSS) ON DISPOSAL OF PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT	38	9.2: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS (DEFICIT)	56
2.9: INVESTMENT REVENUE FROM WATER CORPORATION	38	9.3: RECONCILIATION OF CASH AND CASH EQUIVALENTS	56
NOTE 3: EXPENSES	39	9.4: SUPERANNUATION	56
3.1: EMPLOYEE BENEFITS	39	9.5: COMMITMENTS	58
3.2: MATERIALS AND SERVICES	39	9.6: CONTINGENT LIABILITIES AND CONTINGENT ASSETS	58
3.3: CONTRIBUTIONS	40	9.7: FINANCIAL INSTRUMENTS	59
3.4: DEPRECIATION AND AMORTISATION	40	9.8: FAIR VALUE MEASUREMENTS	63
3.5: COMMERCIAL ACTIVITIES	41	9.9: EVENTS OCCURRING AFTER BALANCE DATE	66
3.6: OTHER EXPENSES	41	NOTE 10: OTHER MATTERS	67
NOTE 4: CURRENT ASSETS	42	10.1: RELATED PARTY TRANSACTIONS	67
4.1: CASH AND CASH EQUIVALENTS	42	10.2: INTERESTS IN OTHER ENTITIES	69
4.2: TRADE AND OTHER RECEIVABLES	42	10.3: OTHER SIGNIFICANT ACCOUNTING POLICIES AND PENDING ACCOUNTING STANDARDS	70
4.3: INVESTMENTS	43	10.4: MANAGEMENT INDICATORS	74
4.4: OTHER ASSETS	43	10.5: MATERIAL BUDGET VARIATIONS	74
4.5: ASSETS HELD FOR SALE	43		
NOTE 5: INVESTMENTS	44		
5.1: INVESTMENT IN WATER CORPORATION	44		

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

NOTE 1: OVERVIEW

1.1: REPORTING ENTITY

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

1.2: BASIS OF ACCOUNTING

These financial statements are a "Consolidated" 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 basis.

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

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

All entities controlled by Council that have material assets or liabilities have been included in this financial report. All transactions between these entities and Council have been eliminated in full. The results and net assets of Microwise Pty Ltd are specifically stated in note 10.2.

1.3: USE OF JUDGEMENTS AND ESTIMATES

Judgments and Assumptions

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

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

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

Employee entitlements

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in note 7.3.

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 9.4.

Fair value of property, plant & equipment

Assumptions and judgements are utilised in determining the fair value of Council's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in note 6.1.

Investment in Water Corporation

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 5.1.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

1.4: FUNCTIONS/ACTIVITIES OF THE COUNCIL

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

	Grants	Other	Total Revenue	Total Expenditure	Surplus/ (Deficit)	Assets
Corporate Services						
2019 – 2020	–	454,328	454,328	3,284,261	(2,829,933)	–
2018 – 2019	–	394,094	394,094	2,655,847	(2,261,753)	–
Tas Water						
2019 – 2020	–	308,000	308,000	–	308,000	41,416,141
2018 – 2019	–	616,002	616,002	–	616,002	53,918,426
Parks and Recreation						
2019 – 2020	43,000	190,908	233,908	1,265,870	(1,031,962)	8,951,000
2018 – 2019	832,957	206,385	1,039,342	1,199,796	(160,454)	9,147,500
Planning Services						
2019 – 2020	–	321,905	321,905	734,686	(412,781)	–
2018 – 2019	–	224,173	224,173	870,988	(646,815)	–
Building Services						
2019 – 2020	–	272,064	272,064	1,163,714	(891,650)	13,915,406
2018 – 2019	–	272,065	272,065	849,722	(577,657)	13,107,167
Roads, Streets & Bridges						
2019 – 2020	249,567	1,565,775	1,815,342	4,391,568	(2,576,226)	105,338,448
2018 – 2019	29,896	442,962	472,858	4,475,987	(4,003,129)	104,171,184
Community Services						
2019 – 2020	51,652	51,779	103,431	440,828	(337,397)	–
2018 – 2019	124,340	177	124,517	529,399	(404,882)	–
Environmental Health/Environmental Management						
2019 – 2020	–	304,407	304,407	324,869	(20,462)	–
2018 – 2019	–	292,001	292,001	398,029	(106,028)	–
Waste Management						
2019 – 2020	–	374,444	374,444	1,815,992	(1,441,548)	–
2018 – 2019	–	319,733	319,733	1,641,119	(1,321,386)	–
Unallocated Services						
2019 – 2020	1,879,896	881,684	2,761,580	2,762,872	–1,292	30,191,052
2018 – 2019	1,985,378	1,193,291	3,178,669	2,412,031	766,638	23,184,276
Rates & Charges						
2019 – 2020	–	10,001,630	10,001,630	–	10,001,630	–
2018 – 2019	–	9,385,194	9,385,194	–	9,385,194	–
Total						
2019 – 2020	2,224,115	14,726,925	16,951,039	16,184,660	766,379	199,812,047
2018 – 2019	2,972,571	13,346,077	16,318,648	15,032,918	1,285,730	203,528,553

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

1.4: FUNCTIONS/ACTIVITIES OF THE COUNCIL (CONTINUED)

(b) Reconciliation of Assets above with the Statement of Financial Position at 30 June:

	2020	2019
Current assets	8,538,978	8,839,883
Non-current assets	191,273,069	194,688,670
	199,812,047	203,528,553

(c) Corporate Services

Operation and co-ordination of council chambers, administration and councillors.

TasWater

Councils equity investment in Taswater infrastructure and dividends paid.

Parks and Recreation

Operation and maintenance of sporting facilities (includes swimming pools, active and passive recreation and recreation centres).

Planning Services

Administration of the town planning scheme, subdivisions and urban and rural renewal programs.

Building Services

The development and maintenance of building constructions standards.

Roads, streets and bridges

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

Community services

Administration and operation of dog registration, operation of pounds, control of straying stock, and noxious weeds. Operation of the Civic Centre and council halls and grounds. Community Development which provides for the implementation of a process by which strategies and plans can be developed so that the Council can fulfil their general responsibility for enhancing the quality of life of the whole community.

Environmental Health/Environmental Management

Environmental Health includes disease control, food surveillance, public-use building standards, health education and promotion, water quality, workplace safety and cemeteries. Environmental management includes strategies and programs for the protection of the environment and regulations of activities affecting the environment.

Waste Management

Collection, handling, processing and disposal of all waste materials.

Rates and Charges

Amount of rates raised each year for general, fire and waste management collection.

Unallocated Services

Work not attributed elsewhere.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

NOTE 2: REVENUE

2.1: RATES AND CHARGES

	2020	2019
General	7,898,976	7,478,397
Garbage charge	1,403,822	1,274,755
Fire Levy	962,728	884,092
Rates and charges in advance	(263,896)	(252,050)
Total rates and charges	10,001,630	9,385,194

The date of the latest general revaluation of land for rating purposes within the municipality was 1 January 2018, and the valuation will be first applied in the rating year commencing 1 July 2019.

Accounting policy under AASB 15 and AASB 1058 — applicable from 1 July 2019

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

Refer to note 10.3 for accounting policy related to AASB 15 Revenue from contracts with customers and AASB 1058 Income of not for profit entities.

Accounting policy under AASB 118 Revenue and AASB 1004 Contributions — applicable for 2019 comparative

Rates and charges income

Rate income is recognised as revenue when Council obtains control over the assets comprising the receipt. Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

2.2: STATUTORY FEES AND FINES

	2020	2019
Infringements and costs	129,459	122,397
Town planning fees	321,905	224,173
Land information certificates	137,630	141,392
Permits	269,745	268,540
Total statutory fees and fines	858,739	756,502

Accounting policy under AASB 15 and AASB 1058 — applicable from 1 July 2019

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

Refer to note 10.3 for accounting policy related to AASB 15 and AASB 1058.

Accounting policy under AASB 118 and AASB 1004 — applicable for 2019 comparative

Statutory fee and fine income

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.

2.3: USER FEES

	2020	2019
Council Fees & Charges	358,575	326,418
Community Newsletter	18,223	33,129
Refuse Site Entry	374,444	319,733
Other Revenue	70,010	73,407
Total user fees	821,252	752,687

Accounting policy under AASB 15 and AASB 1058 — applicable from 1 July 2019

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

Licences granted by Council are all either short-term or low value and all revenue is recognised at the time that the licence is granted rather than the term of the licence.

Refer to note 10.3 for accounting policy related to AASB 15.

Accounting policy under AASB 118 and AASB 1004 — applicable for 2019 comparative

User fee income

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

2.4: GRANTS

Grants were received in respect of the following:

	2020	2019
SUMMARY OF GRANTS		
Federally funded grants	2,220,757	2,611,035
State funded grants	–	223,696
Others	3,358	137,840
Total	2,224,115	2,972,571
GRANTS – RECURRENT		
Commonwealth Government Financial Assistance Grants	1,879,896	1,985,378
Primary Health Care Mental Health Council of Tasmania	3,358	122,640
	–	1,700
Total recurrent grants	1,883,254	2,109,718

	2020	2019
CAPITAL GRANTS RECEIVED SPECIFICALLY FOR NEW OR UPGRADED ASSETS		
Commonwealth Government – roads to recovery	249,567	–
Department of Infrastructure & Regional Development	43,000	387,000
Department of State Growth	–	29,896
Department of Premier & Cabinet	–	2,500
Australian Sports Commission	–	192,000
Department of Industry – Safer Communities	48,294	46,657
Cricket Tasmania	–	13,500
Department of Communities	–	191,300
Total capital grants	340,861	862,853

Grants Grand Total	2,224,115	2,972,571
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Accounting policy under AASB 15 and AASB 1058 – applicable from 1 July 2019

Council recognises untied grant revenue and those without performance obligations when received. In cases where funding includes specific performance obligations or is to acquire or construct a recognisable non-financial asset, a liability is recognised for funds received in advance and recognises income as obligations are fulfilled.

The performance obligations are varied based on the agreement, but include events and programs.

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

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin. For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Refer to note 10.3 for accounting policy related to AASB 15 and AASB 1058.

Accounting policy under AASB 1004 – applicable for 2019 comparative

“The Australian Commonwealth Government provides untied Financial Assistance Grants to Council for general purpose use and the provision of local roads. Previously, in accordance with AASB1004:Contributions,Council recognised these grants as revenue when it received the funds and obtained control.

Grant income – recurrent and capital

Grant income is recognised as revenue when Council obtains control over the assets comprising the receipt. Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2019

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

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.

In both years the Commonwealth has made early payment of the first two quarterly instalments for the following year. The early receipt of instalments resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2019-20 by \$965,128, (2018-19, \$1,005,529). This has impacted the Statement of Comprehensive Income resulting in the Surplus/(deficit) being higher by the same amount.

2.5: CONTRIBUTIONS

	2020	2019
(A) CASH		
Public Open Space	69,065	67,828
Total	69,065	67,828
(B) NON-MONETARY ASSETS		
Land – Subdivision Donation	134,000	–
Roads – Subdivision Donation	1,018,168	313,554
Total	1,152,168	313,554
Total contributions	1,221,233	381,382

Accounting policy under AASB 15 – applicable from 1 July 2019

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

Refer to note 10.3 for accounting policy related to AASB 15 and AASB 1058.

Accounting policy under AASB 1004 – applicable for 2019 comparative

Contribution income

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

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

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

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

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.

2.6: INTEREST

	2020	2019
Interest on financial assets	93,446	76,670
Interest on rates	16,492	22,286
Total	109,938	98,956

Accounting policy

Interest income

Interest is recognised progressively as it is earned.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

2.7: COMMERCIAL ACTIVITIES

	2020	2019
Professional Services & Private Works	471,354	594,442
Rental income	102,304	120,125
Microwise Australia	1,075,709	645,022
Total commercial income	1,649,367	1,359,589

Accounting policy

Rental income

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

Microwise income

Microwise income that is made up of implementation, support and rental payments are recognised as income when the payment is due. Payments made for licencing are in advance and are recognised as a payable until they are due.

Professional Services & Private Works Income

Professional Services & Private Works Income is recognised when the services has been provided.

Operating leases as lessor

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

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

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

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

	2020	2019
Proceeds of sale	127,008	78,417
Write down value of assets disposed	(370,243)	(147,652)
Total	(243,235)	(69,235)

Accounting policy

Gains and losses on asset disposals

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

2.9: INVESTMENT REVENUE FROM WATER CORPORATION

	2020	2019
Dividend revenue received	258,092	323,050
Tax equivalent received	49,908	209,742
Guarantee fee received	–	83,210
Total investment revenue from water corporation	308,000	616,002

Accounting policy

Investment revenue

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

NOTE 3: EXPENSES

3.1: EMPLOYEE BENEFITS

	2020	2019
Wages and salaries	4,666,277	4,337,594
Workers compensation	1,161	47,223
Payroll Tax	245,642	227,409
Superannuation	425,148	490,091
Other Employee Related Expenses	93,525	103,349
	5,431,753	5,205,666
Less amounts capitalised	(276,928)	(214,520)
Total employee benefits	5,154,825	4,991,146

Accounting policy

Expenses

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

Employee benefits

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

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

3.2: MATERIALS AND SERVICES

	2020	2019
Bank Fees	34,219	34,515
Building Maintenance	241,465	94,980
Collection Fees	35,067	32,795
Community Newsletter	125,704	128,097
Contract Recycling	417,761	346,138
Fire Abatement	12,581	14,925
GIS CAD CVS and other software	74,276	61,634
Internal Contractors	136,997	218,981
Land Tax	38,965	32,417
Community Liaison	6,048	6,504
Insurance Premiums	246,704	153,732
Refuse Collection	203,047	170,375
Youth Support	80,000	80,000
Weed Control	16,055	18,878
Planning	26,576	29,968
Building Overheads	138,003	111,806
Reserve Maintenance	789,208	705,662
Road & Bridge Maintenance	687,639	571,767
Telephones	54,252	64,940
Street Lighting	220,240	231,002
Waste Bin Replacement	48,837	68,188
Waste Transfer Station & Tipping Expense	755,860	575,383
Printing & Stationery	34,192	44,855
Postage	37,916	49,320
Other	1,030,445	970,857
Total materials and services	5,492,057	4,817,719

Accounting policy

Materials and services expense

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.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

3.3: CONTRIBUTIONS

	2020	2019
State Fire Commission Levy	908,792	875,634
Tasmanian Canine Defence League Contribution	48,568	39,510
Local Government Association of Tasmania	51,596	50,808
Derwent Estuary Contribution	14,941	14,648
Valuation Charges	156,794	55,150
Southern Tasmanian Councils Association	6,432	3,699
Total impairment of receivables	1,187,123	1,039,449

Accounting policy

Contributions

Contributions to external organisations are expensed as incurred.

3.4: DEPRECIATION AND AMORTISATION

	2020	2019
PROPERTY		
Buildings	268,969	245,704
PLANT AND EQUIPMENT		
Plant and Vehicles	227,140	217,226
Furniture and Equipment	26,192	25,553
Small Machinery	14,325	14,325
INFRASTRUCTURE		
Roads	2,474,841	2,364,104
Bridges	116,393	116,276
Drainage	328,243	315,468
INTANGIBLE ASSETS		
Intangible assets	8,153	180
Total	3,464,256	3,298,836

Accounting policy

Depreciation and amortisation expense

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

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

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

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

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

3.4: DEPRECIATION AND AMORTISATION (CONTINUED)

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

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

3.5: COMMERCIAL ACTIVITIES

	2020	2019
Professional Services and Private Works	32,575	28,781
Microwise Australia	419,647	321,771
Total	452,222	350,552

Accounting policy

Commercial Activities

Professional Services and private works are expenses that are incurred when work is undertaken for another Council or business organisation.

3.6: OTHER EXPENSES

	2020	2019
External auditors' remuneration (Tasmanian Audit Office)	35,412	26,255
Grants and Donations	146,757	126,010
Primary Health Care Grant	25,913	77,106
Councillors' allowances	227,896	298,599
Bad Debt Write Off net of provision movement	(1,801)	7,246
Total	434,177	535,216

Accounting policy

Other expenses

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

NOTE 4: CURRENT ASSETS

4.1: CASH AND CASH EQUIVALENTS

	2020	2019
Cash on hand	3,150	3,150
Cash at bank	3,727,211	7,669,807
Total cash and cash equivalents	3,730,361	7,672,957

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:

i) Deposits held (note 7.2)	342,576	448,199
ii) Leave Provisions (note 7.3)	1,521,785	1,309,668
iii) Unexpended Grant	144,957	–
Restricted funds	2,009,318	1,757,867
Total unrestricted cash and cash equivalents	1,721,043	5,915,090

Accounting policy

Cash and cash equivalents

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

Restricted funds

- Includes refundable subdivision and hall deposits held in trust by Council for completion of specific purposes.
- Represents grant funding received in advance until specific performance obligations required under funding arrangements are completed.
- Long Service and Annual Leave provisions

4.2: TRADE AND OTHER RECEIVABLES

	2020	2019
CURRENT		
Rates debtors	365,242	(36,265)
Water debtors	–	2,447
Infringements	266,824	200,513
Licences	7,534	10,598
Other debtors	260,638	268,227
Provision for expected credit loss — other debtors	(13,845)	(19,271)
Total	886,393	426,249
NON-CURRENT		
Mortgages over land sold	287,702	300,000
Total	287,702	300,000
Total trade and other receivables	1,174,095	726,249

Reconciliation of movement in expected credit loss

	2020
Carrying amount at 1 July	(19,271)
Amounts written off during the year	3,625
Amounts recovered during the year	–
Increase / (decrease) in provision recognised in profit or loss	1,801
Carrying amount at 30 June	(13,845)

Reconciliation of movement in expected credit loss

	2019
Carrying amount at 30 June 2018 under AASB 139	(12,025)
Amounts restated through Accumulated Funds	–
Carrying amount at 1 July under AASB 9	(12,025)
Amounts written off during the year	–
Amounts recovered during the year	(7,246)
Increase/(decrease) in provision recognised in profit or loss	–
Carrying amount at 30 June	(19,271)

For ageing analysis of the financial assets,

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

refer to note 9.8.

4.2: TRADE AND OTHER RECEIVABLES (CONTINUED)

Accounting policy

Trade and other receivables

Trade receivables that do not contain a significant financing component are measured at amortised cost, which represents their transaction value. Impairment is recognised on an expected credit loss (ECL) basis. When determining whether the credit risk has increased significantly since initial recognition, and when estimating the ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience, an informed credit assessment and forward-looking information. Council has established a provision matrix to facilitate the impairment assessment.

For rate debtors, Council takes the view that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rate debtors, Council uses the presumptions that assets more than 30 days past due have a significant increase in credit risk and those more than 90 days will likely be in default. Council writes off receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

4.3: INVESTMENTS

	2020	2019
Current		
Managed funds	700,000	–
Term deposits – more than 3 months	2,150,199	–
	2,850,199	–

Accounting policy

Investments

Investment in financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. As Council's Managed funds are actively managed and their performance is evaluated on a fair value basis, these investments are mandatorily required to be measured at fair value through profit or loss.

4.4: OTHER ASSETS

	2020	2019
Prepayments	141,505	54,270
Accrued income	84,637	42,524
Total other assets	226,142	96,794

4.5: ASSETS HELD FOR SALE

	2020	2019
Land held for resale	845,883	643,883
Total	845,883	643,883

Council has decided to sell land that is no longer required. Several parcels have been identified and are expected to be sold within one year. The land is valued at the lower of carrying value and fair value less cost to sell.

Accounting policy

Assets held for sale

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

NOTE 5: INVESTMENTS

5.1: INVESTMENT IN WATER CORPORATION

	2020	2019
Opening Balance	53,918,426	47,044,521
Change in fair value of investment	(12,502,285)	6,873,905
Total investment in water corporation	41,416,141	53,918,426

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

Accounting policy under AASB 9 - applicable from 1 July 2018

Equity Investment

As Council's investment in TasWater is held for long-term strategic purposes, Council has elected under AASB 9: *Financial Instruments* to irrevocably classify this equity investment as designated at fair value through other comprehensive income. Subsequent changes in fair value on designated investments in equity instruments are recognised in other comprehensive income (for fair value reserve, refer note 9.1) and not reclassified through the profit or loss when derecognised. Dividends associated with the equity investments are recognised in profit and loss when the right of payment has been established and it can be reliably measured.

Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2020, Council holds 2.87% (2019 2.9%) ownership interest in TasWater which is based on Schedule 2 of the Corporation's Constitution.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

NOTE 6: NON-CURRENT ASSETS

6.1: PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

	2020	2019
SUMMARY		
at cost	4,281,598	3,431,802
Less accumulated depreciation	(2,441,783)	(2,389,152)
	1,839,815	1,042,650
at fair value as at 30 June	204,070,917	193,199,204
Less accumulated depreciation	(57,075,172)	(54,483,429)
	146,995,745	138,715,775
Total	148,835,560	139,758,425
PROPERTY		
Land		
at fair value as at 30 June	8,951,000	9,147,500
	8,951,000	9,147,500
Land under roads		
at fair value at 30 June	18,790,891	12,289,924
	18,790,891	12,289,924
Total Land	27,741,891	21,437,424
Buildings		
at fair value as at 30 June	14,430,078	13,352,871
Less accumulated depreciation	(514,672)	(245,704)
	13,915,406	13,107,167
Total Property	41,657,297	34,544,591
PLANT AND EQUIPMENT		
Plant, machinery and equipment		
at cost	2,142,423	2,076,220
Less accumulated depreciation	(1,224,266)	(1,206,653)
	918,157	869,567
Furniture and Equipment		
at cost	1,170,777	1,126,359
Less accumulated depreciation	(1,082,698)	(1,056,505)
	88,079	69,854
Small Machinery		
at cost	183,663	189,162
Less accumulated amortisation	(134,819)	(125,994)
	48,844	63,168
Total Plant and Equipment	1,055,080	1,002,589

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

6.1: PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (CONTINUED)

	2020	2019
INFRASTRUCTURE		
Roads		
at fair value as at 30 June	123,096,904	120,001,496
Less accumulated depreciation	(44,333,106)	(42,145,749)
	78,763,798	77,855,747
Bridges		
at fair value as at 30 June	6,406,660	6,434,192
Less accumulated depreciation	(2,313,677)	(2,503,834)
	4,092,983	3,930,358
Drainage		
at fair value as at 30 June	32,395,384	31,973,221
Less accumulated depreciation	(9,913,717)	(9,588,142)
	22,481,667	22,385,079
Total Infrastructure	105,338,448	104,171,184
WORKS IN PROGRESS		
Buildings at cost	521,503	9,574
Roads at cost	263,232	28,067
Bridges at cost	–	2,420
Total Works in progress	784,735	40,061
Total property, plant and equipment and infrastructure	148,835,560	139,758,425

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

6.1: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (CONTINUED)

Reconciliation of property, plant and equipment and infrastructure

2020	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (Note 9.1)	Depreciation and amortisation (Note 3.4)	Written down value of disposals	Impairment losses recognised in profit or loss	Transfers	Balance at end of financial year
PROPERTY								
land	9,147,500	134,000	–	–	–	–	(330,500)	8,951,000
land under roads	12,289,924	–	6,500,967	–	–	–	–	18,790,891
Total land	21,437,424	134,000	6,500,967	–	–	–	(330,500)	27,741,891
buildings	13,107,167	832,637	234,997	(268,969)	–	–	9,574	13,915,406
Total buildings	13,107,167	832,637	234,997	(268,969)	–	–	9,574	13,915,406
Total property	34,544,591	966,637	6,735,964	(268,969)	–	–	(320,926)	41,657,297
PLANT AND EQUIPMENT								
plant and vehicles	869,566	364,231	–	(227,140)	(88,500)	–	–	918,157
furniture and equipment	69,854	44,417	–	(26,192)	–	–	–	88,079
small machinery	63,169	–	–	(14,325)	–	–	–	48,844
Total plant and equipment	1,002,589	408,648	–	(267,657)	(88,500)	–	–	1,055,080
INFRASTRUCTURE								
roads	77,855,747	3,593,722	–	(2,474,841)	(238,897)	–	28,067	78,763,798
bridges	3,930,358	311,814	–	(116,393)	(32,796)	–	–	4,092,983
drainage	22,385,079	432,460	–	(328,243)	(10,049)	–	2,420	22,481,667
Total infrastructure	104,171,184	4,337,996	–	(2,919,477)	(281,742)	–	30,487	105,338,448
WORKS IN PROGRESS								
buildings	9,574	521,503	–	–	–	–	(9,574)	521,503
roads	28,067	263,232	–	–	–	–	(28,067)	263,232
drainage	2,420	–	–	–	–	–	(2,420)	–
Total works in progress	40,061	784,735	–	–	–	–	(40,061)	784,735
Total property, infrastructure, plant and equipment	139,758,425	6,498,016	6,735,964	(3,456,103)	(370,242)	–	(330,500)	148,835,560

*Acquisition of Assets includes \$1,152,168 of non-monetary contributions, note 2.5(b)

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

6.1: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (CONTINUED)

Reconciliation of property, plant and equipment and infrastructure (continued)

2019	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (Note 9.1)	Depreciation and amortisation (Note 3.4)	Written down value of disposals	Impairment losses recognised in profit or loss	Transfers	Balance at end of financial year
PROPERTY								
land	7,923,634	212,608	1,011,258	–	–	–	–	9,147,500
land under roads	12,289,924	–	–	–	–	–	–	12,289,924
Total land	20,213,558	212,608	1,011,258	–	–	–	–	21,437,424
buildings	14,047,510	1,056,172	(2,178,998)	(245,704)	–	–	428,187	13,107,167
Total buildings	14,047,510	1,056,172	(2,178,998)	(245,704)	–	–	428,187	13,107,167
Total property	34,261,068	1,268,780	(1,167,740)	(245,704)	–	–	428,187	34,544,591
PLANT AND EQUIPMENT								
plant and vehicles	914,322	262,178	–	(217,226)	(89,708)	–	–	869,566
furniture and equipment	41,028	54,379	–	(25,553)	–	–	–	69,854
small machinery	67,947	9,547	–	(14,325)	–	–	–	63,169
Total plant and equipment	1,023,297	326,104	–	(257,104)	(89,708)	–	–	1,002,589
INFRASTRUCTURE								
roads	75,128,967	2,440,567	2,603,773	(2,364,104)	(57,944)	–	104,488	77,855,747
bridges	3,847,134	96,421	103,079	(116,276)	–	–	–	3,930,358
drainage	22,009,407	111,125	580,015	(315,468)	–	–	–	22,385,079
Total infrastructure	100,985,508	2,648,113	3,286,867	(2,795,848)	(57,944)	–	104,488	104,171,184
WORKS IN PROGRESS								
buildings	428,187	9,574	–	–	–	–	(428,187)	9,574
roads	104,488	28,067	–	–	–	–	(104,488)	28,067
drainage	–	2,420	–	–	–	–	–	2,420
Total works in progress	532,675	40,061	–	–	–	–	(532,675)	40,061
Total property, infrastructure, plant and equipment	136,802,548	4,283,058	2,119,127	(3,298,656)	(147,652)	–	–	139,758,425

* Acquisition of assets includes \$313,554 of non-monetary contributions, note 2.5(b).

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

6.1: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (CONTINUED)

Accounting policy

Recognition and measurement of assets

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

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

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

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

	Threshold \$'000
LAND	
land	10
land under roads	10
land improvements	10
BUILDINGS	
buildings	10
building improvements	10
leasehold building improvements	10
heritage buildings	10
PLANT AND EQUIPMENT	
plant, machinery and equipment	5
fixtures, fittings and furniture	5
computers and telecommunications	5
leased plant and equipment	5
ROADS	
road pavements and seals	10
road substructure	10
road formation and earthworks	10
road kerb, channel and minor culverts	10
BRIDGES	
bridges deck	10
bridges substructure	10
OTHER INFRASTRUCTURE	
footpaths and cycleways	10
drainage	10
recreational, leisure and community facilities	10
waste management	10
parks, open space and streetscapes	10
off street car parks	10
INTANGIBLE ASSETS	
intangible assets	5

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

6.1: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (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, small machinery and work in progress, are measured at their fair value in accordance with AASB 116 *Property, Plant & Equipment* and AASB 13 *Fair Value Measurement*. At balance date, Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset class materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

Accounting policy (continued)

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis to ensure valuations represent fair value.

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

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

Impairment of assets

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

Land under roads

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

6.2: INVESTMENT PROPERTY

	2020	2019
Balance at beginning of financial year	690,000	625,000
Acquisitions	–	–
Disposals	–	–
Fair value adjustments	–	65,000
Balance at end of financial year	690,000	690,000

Valuation of investment property has been determined in accordance with an independent valuation by LG Valuation Services Pty Ltd effective 30 June 2019, who has recent experience in the location and category of the property being valued.

Accounting policy

Investment Property

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

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

6.3: INTANGIBLE ASSETS

	2020	2019
Software at Cost	220,103	190,103
less accumulated depreciation	(176,437)	(168,284)
Total intangible assets	43,666	21,819

Accounting policy

Intangible assets

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

In accordance with Council's policy, the threshold limits applied when recognising intangible assets is \$5,000 and consistent with the prior year.

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

Software developed in-house	5 Years
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NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

NOTE 7: CURRENT LIABILITIES

7.1: TRADE AND OTHER PAYABLES

	2020	2019
Trade payables	341,806	252,081
Accrued expenses	436,551	380,456
Total trade and other payables	778,357	632,537

Accounting policy

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received. General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

For ageing analysis of trade and other payables, refer to note 9.7.

7.2: DEPOSITS HELD

	2020	2019
Refundable subdivision deposits	341,326	447,449
Refundable hall booking deposits	1,250	750
Total deposits held	342,576	448,199

Accounting policy

Deposits Held

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

7.3: PROVISIONS

	Annual leave	Long service leave	Total
2020			
Balance at beginning of the financial year	494,754	814,914	1,309,668
Net Additional provisions	160,267	51,850	212,117
Balance at the end of the financial year	655,021	866,764	1,521,785
Current	655,021	739,791	1,394,812
Non-current	–	126,973	126,973
Total	655,021	866,764	1,521,785
2019			
Balance at beginning of the financial year	475,674	746,000	1,221,674
Net Additional provisions	19,080	68,914	87,994
Balance at the end of the financial year	494,754	814,914	1,309,668
Current	494,754	712,964	1,207,718
Non-current	–	101,950	101,950
Total	494,754	814,914	1,309,668
	2020	2019	
(a) Employee benefits			
Employee Numbers	67	62	

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

7.3: PROVISIONS (CONTINUED)

Accounting policy

Employee benefits

i) Short term obligations

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

ii) Other long term employee benefit obligations

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

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

iii) Sick leave

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

iv) Defined benefit plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the statement of financial position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans i.e as an expense when it becomes payable.

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

iv) Defined contribution plans

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

7.4: CONTRACT LIABILITIES

	2020	2019
Rates and charges in advance	295,773	–
Sundry debtor payments received before invoice issued	15,349	–
Grant Liability – Gunn Oval Changerooms	144,597	–
Total Contract Liabilities	455,719	–

Accounting policy under AASB 15 and AASB 1058 – applicable from 1 July 2019

Council recognised the following contract liabilities with customers:

- Rates and charges in advance represents amounts received by Council prior to the commencement of the rating or charging period. Revenue is recognised by council at the beginning of the rating or charge period to which the advance payment relates.
- Upfront sundry debtor payments are recognised as a contract liability until invoices are raised in accordance with AASB 15 and recognition is met.

Refer to note 10.3 for accounting policy related to AASB 15 and AASB 1058.

NOTE 8: LIABILITIES

8.1: INTEREST-BEARING LOANS AND BORROWINGS

	2020	2019
Non-current		
Borrowings – secured	720,000	–
Total	720,000	–

Borrowings

Borrowings are secured over rates payable.

The maturity profile for Council's borrowings is:

Later than one year and not later than five years	720,000	–
Later than five years	–	–
Total	720,000	–

Accounting policy

Interest bearing liabilities

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

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2019

NOTE 9: OTHER FINANCIAL INFORMATION

9.1: RESERVES

	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
(a) Asset revaluation reserve				
2020				
Property				
Land	5,760,010	6,500,967	–	12,260,977
Buildings	(335,979)	234,997	–	(100,982)
	5,424,031	6,735,964	–	12,159,995
Infrastructure				
Roads	40,792,441	–	–	40,792,441
Bridges	1,618,160	–	–	1,618,160
Drainage	13,244,113	–	–	13,244,113
	55,654,714	–	–	55,654,714
Total asset revaluation reserve	61,078,745	6,735,964	–	67,814,709
2019				
Property				
Land	4,748,752	1,011,258	–	5,760,010
Buildings	1,843,019	–	(2,178,998)	(335,979)
	6,591,771	1,011,258	(2,178,998)	5,424,031
Infrastructure				
Roads	38,188,668	2,603,773	–	40,792,441
Bridges	1,515,081	103,079	–	1,618,160
Drainage	12,664,098	580,015	–	13,244,113
	52,367,847	3,286,867	–	55,654,714
Total asset revaluation reserve	58,959,618	4,298,125	(2,178,998)	61,078,745

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

(B) FAIR VALUE RESERVE

2019

Equity investment assets

Investment in water corporation	2,527,553	–	(12,502,285)	(9,974,732)
Total fair value reserve	2,527,553	–	(12,502,285)	(9,974,732)

2018

Available—for—sale assets

Investment in water corporation	(4,346,352)	6,873,905	–	2,527,553
Total fair value reserve	(4,346,352)	6,873,905	–	2,527,553

Council has to designate its investment in Taswater as an equity investment at fair value through other comprehensive income. Subsequent changes in fair value are reflected in the reserve and will not be reclassified through the profit or loss when derecognised.

	2020	2019
Asset Revaluation Reserve	67,814,709	61,078,745
Fair Value Reserve	(9,974,732)	2,527,553
Total Reserves	57,839,977	63,606,298

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

9.2: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS (DEFICIT)

	2020	2019
Result from continuing operations	766,379	1,285,730
Depreciation/amortisation	3,464,256	3,298,836
(Profit)/loss on disposal of property, plant and equipment, infrastructure	243,235	69,235
Additions of AASB 15	(144,597)	–
Fair value adjustments for investment property	–	(65,000)
Contributions non monetary	(1,152,168)	(313,554)
Capital grants received specifically for new or upgraded assets	(340,861)	(862,853)
Change in assets and liabilities:		
Decrease/(increase) in trade and other receivables	(447,848)	52,760
Decrease/(increase) in other assets	(129,348)	374,183
Increase/(decrease) in trade and other payables	145,820	185,003
Increase/(decrease) in provisions	212,117	87,993
Increase/(decrease) in contract liabilities	455,719	–
Net cash provided by/(used in) operating activities	3,072,704	4,112,333

9.3: RECONCILIATION OF CASH AND CASH EQUIVALENTS

	2020	2019
Cash and cash equivalents (see note 4.1)	3,730,361	7,672,957
Less bank overdraft	–	–
Total reconciliation of cash and cash equivalents	3,730,361	7,672,957

9.4: SUPERANNUATION

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

For the year ended 30 June 2020 the 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, the Council is required to meet its share of the deficiency.

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

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

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

9.4: SUPERANNUATION (CONTINUED)

The actuarial review concluded that:

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

Given the strong financial position of the Fund, the Actuary recommended that the Council consider a contribution holiday and contribute 0% of salaries from 1 July 2018 to 30 June 2021.

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

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

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

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

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

9.4: SUPERANNUATION (CONTINUED)

- 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 \$3,140 (2018-19, \$8,733), and the amount paid to accumulation schemes was \$565,791 (2018-19, \$496,013).
- During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$2,120, and the amount to be paid to accumulation schemes is \$585,000.
- As reported above, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2017. Moderate investment returns, since that date, make it quite probable that this is still the position. The financial position of the Fund will be fully investigated at the actuarial review as at 30 June 2020.
- An analysis of the assets and vested benefits of sub-funds participating in the Scheme, prepared by Rice Warner Pty Ltd as at 30 June 2019, showed that the Fund had assets of \$56.64 million and members' Vested Benefits were \$47.32 million. These amounts represented 0.6% and 0.5% respectively of the corresponding total amounts for Tasplan.
- As at 30 June 2019 the fund had 107 members and the total employer contributions and member contributions for the year ending 30 June 2019 were \$1,000,322 and \$221,484 respectively.

	2020	2019
FUND		
Defined benefits fund		
Employer contributions to Quadrant	3,140	8,733
	3,140	8,733
Accumulation funds		
Employer contributions to all accumulation funds	565,791	496,013
	565,791	496,013

9.5: COMMITMENTS

	2020	2019
CAPITAL EXPENDITURE COMMITMENTS		
Buildings	295,000	761,185
Total Capital expenditure commitments	295,000	761,185
CONTRACTUAL COMMITMENTS		
Contractual commitments at end of financial year but not recognised in the financial report are as follows:		
Garbage collection contract (expires March 2023)	1,055,878	1,365,966
Total contractual commitments	1,055,878	1,365,966

9.6: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

9.7: FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

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

2020	Fixed interest maturing in:						
	Weighted average interest rate	Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total
FINANCIAL ASSETS							
Cash and cash equivalents	0.90%	3,727,211	–	–	–	3,150	3,730,361
Other financial assets	3.34%	287,702	2,850,199	–	–	–	3,137,901
Trade and other receivables	6.81%	365,242	–	–	–	521,151	886,393
Investment in water corporation		–	–	–	–	41,416,141	41,416,141
Total financial assets		4,380,155	2,850,199	–	–	41,940,442	49,170,796
FINANCIAL LIABILITIES							
Trade and other payables		–	–	–	–	778,357	778,357
Trust funds and deposits		–	–	–	–	342,576	342,576
Interest-bearing loans and borrowings	1.92%	–	–	–	–	720,000	720,000
Total financial liabilities		–	–	–	–	1,840,933	1,840,933
Net financial assets (liabilities)		4,380,155	2,850,199	–	–	40,099,509	47,329,863
2019							
FINANCIAL ASSETS							
Cash and cash equivalents	2.46%	7,669,807	–	–	–	3,150	7,672,957
Other financial assets	2.30%	–	–	–	–	300,000	300,000
Trade and other receivables	8.10%	(36,265)	–	–	–	462,514	426,249
Investment in water corporation		–	–	–	–	53,918,426	53,918,426
Total financial assets		7,633,542	–	–	–	54,684,090	62,317,632
FINANCIAL LIABILITIES							
Trade and other payables		–	–	–	–	632,537	632,537
Trust funds and deposits		–	–	–	–	448,199	448,199
Interest-bearing loans and borrowings		–	–	–	–	–	–
Total financial liabilities		–	–	–	–	1,080,736	1,080,736
Net financial assets (liabilities)		7,633,542	–	–	–	53,603,354	61,236,896

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

9.7: FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair Value

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2020	2019	2020	2019
FINANCIAL ASSETS				
Cash and cash equivalents	3,730,361	7,672,957	3,730,361	7,672,957
Other financial assets	3,137,901	300,000	3,137,901	300,000
Trade and other receivables	886,393	426,249	886,393	426,249
Investment in water corporation	41,416,141	53,918,426	41,416,141	53,918,426
Total financial assets	49,170,796	62,317,632	49,170,796	62,317,632
FINANCIAL LIABILITIES				
Trade and other payables	778,357	632,537	778,357	632,537
Trust funds and deposits	342,576	448,199	342,576	448,199
Interest-bearing loans and borrowings	720,000	–	720,000	–
Total financial liabilities	1,840,933	1,080,736	1,840,933	1,080,736

(d) Credit Risk

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

(e) Risks and mitigation

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

Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use.

Non derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

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

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

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

9.7: FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

Credit risk

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

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

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

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

Council may also be subject to credit risk for transactions which are not included in the Statement of Financial Position, such as when Council provides a guarantee for another party. Details of our contingent liabilities are disclosed in note 9.6.

Credit quality of contractual financial assets that are neither past due nor impaired

	Financial Institutions (AAA credit rating)	Government agencies (BBB credit rating)	Other (min BBB credit rating)	Total
2020				
Cash and cash equivalents	3,730,361	–	–	3,730,361
Total contractual financial assets	3,730,361	–	–	3,730,361
2019				
Cash and cash equivalents	7,669,807	–	–	7,669,807
Total contractual financial assets	7,669,807	–	–	7,669,807

Movement in Provisions for Impairment of Trade and Other Receivables	2020	2019
Balance at the beginning of the year	19,271	12,025
New Provisions recognised during the year	(1,801)	7,246
Amounts already provided for and written off as uncollectible	3,625	–
Balance at end of year	21,095	19,271

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

9.7: FINANCIAL INSTRUMENTS (CONTINUED)

Ageing of Trade and Other Receivables

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

	2020	2019
Current (not yet due)	114,069	63,592
Past due by up to 30 days	36,984	75,897
Past due between 31 and 180 days	31,891	22,102
Past due between 181 and 365 days	111,410	117,620
Past due by more than 1 year	605,884	166,309
Total Trade & Other Receivables	900,238	445,520

Ageing of individually impaired Trade and Other Receivables

At balance date, other debtors representing financial assets with a nominal value of \$8,005 (2018-19 \$19,271) were impaired. The amount of the provision raised against these debtors was \$8,005 (2018-19: \$19,271). The individually impaired debtors relate to general and sundry debtor and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of Trade and Other Receivables that have been individually determined as impaired at reporting date was:

	2020	2019
Current (not yet due)	–	–
Past due by up to 30 days	–	–
Past due between 31 and 180 days	–	–
Past due between 181 and 365 days	–	–
Past due by more than 1 year	13,845	19,271
Total Trade & Other Receivables	13,845	19,271

Liquidity risk

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

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

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

The table below lists the contractual maturities for Financial Liabilities.

These amounts represent the discounted cash flow payments (i.e. principal only).

	6 mths or less	6-12 mths	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
2020							
Trade and other payables	778,357	–	–	–	–	778,357	778,357
Trust funds and deposits	342,576	–	–	–	–	342,576	342,576
Interest-bearing loans and borrowings	–	–	–	720,000	–	–	740,440
Total financial liabilities	1,120,933	–	–	720,000	–	1,120,933	1,861,373
2019							
Trade and other payables	632,536	–	–	–	–	632,536	632,536
Trust funds and deposits	448,199	–	–	–	–	448,199	448,199
Interest-bearing loans and borrowings	–	–	–	–	–	–	–
Total financial liabilities	1,080,735	–	–	–	–	1,080,735	1,080,735

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

9.7: FINANCIAL INSTRUMENTS (CONTINUED)

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 1% and -0.5% in market interest rates (AUD)

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

		Interest rate risk			
		-0.5%		+1%	
		-50 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2020					
Financial assets:					
Cash and cash equivalents	3,727,211	(18,636)	(365)	37,272	37,272
Investments	3,137,901	(15,690)	(15,690)	31,379	31,379
Trade and other receivables	886,393	(4,432)	(4,432)	8,864	8,864
Financial liabilities:					
Interest-bearing loans and borrowings	720,000	(3,600)	(3,600)	7,200	7,200
2019					
Financial assets:					
Cash and cash equivalents	7,669,807	(38,349)	(38,349)	76,698	76,698
Trade and other receivables	426,249	(2,131)	(2,131)	4,262	4,262
Financial liabilities:					
Interest-bearing loans and borrowings	-	-	-	-	-

9.8: FAIR VALUE MEASUREMENTS

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

- Investment property
- Investment in water corporation
- Property, infrastructure plant and equipment
 - Land
 - Buildings, including footpaths and cycleways
 - Roads
 - Bridges

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

Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as assets held for sale. These comprise of identified surplus land as disclosed in note 4.5.

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

9.8: FAIR VALUE MEASUREMENTS (CONTINUED)

The table below shows the assigned level for each asset and liability held at fair value by the Council. The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2019.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates.

If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

AS AT 30 JUNE 2020					
Recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Investment property	6.2	–	690,000	–	690,000
Investment in water corporation	5.1	–	–	41,416,141	41,416,141
Land	6.1	–	8,951,000	18,790,891	27,741,891
Buildings	6.1	–	–	13,915,406	13,915,406
Roads, including footpaths & cycleways	6.1	–	–	78,763,798	78,763,798
Bridges	6.1	–	–	4,092,983	4,092,983
Drainage	6.1	–	–	22,481,667	22,481,667
		–	9,641,000	179,460,886	189,101,886
Non-recurring fair value measurements					
Assets held for sale	4.5	–	845,883	–	845,883
		–	845,883	–	845,883
AS AT 30 JUNE 2019					
Recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Investment property	6.2	–	690,000	–	690,000
Investment in water corporation	5.1	–	–	53,918,000	53,918,000
Land	6.1	–	9,147,000	12,290,000	21,437,000
Buildings	6.1	–	–	13,107,000	13,107,000
Roads	6.1	–	–	77,855,000	77,855,000
Bridges	6.1	–	–	3,930,000	3,930,000
Drainage	6.1	–	–	22,385,000	22,385,000
		–	9,837,000	183,485,000	193,322,000
Non-recurring fair value measurements					
Assets held for sale	4.5	–	643,000	–	643,000
		–	643,000	–	643,000

Transfers between levels of the hierarchy

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

9.8: FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Highest and best use

AASB 13 Fair Value Measurement, requires the fair value of non-financial assets to be calculated based on their “highest and best use”. A number of Council assets are not being used for their highest and best use. This is mainly in relation to a number of Council buildings that are leased to community groups on a user pays system. A number of parcels of vacant land are also used throughout the municipality for parklands and sporting grounds. Council has identified that community groups require a place to meet and operate from at a minimal cost to their organisation which in turn contributes to a sense of community within the municipality. Council also sees that it has a commitment to the health and wellbeing of the ratepayers to provide adequate sporting grounds and recreational walking tracks.

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

Land

Land fair values were determined by a qualified independent valuer LG Valuation Services Pty Ltd effective 30 June 2019. Land is revalued every 5 years.

Land held for sale

Council identified land that is no longer required and is in the process of looking to see this within the next year. 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

Land under roads is based on The Office of the Valuer General's valuation at 2019 figures. This adjustment is an unobservable input in the valuation.

Buildings

The fair value of buildings were also determined by a qualified independent valuer LG Valuation Services Pty Ltd valued 1st July 2018 but effective 30 June 2019. 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. Buildings are revalued every 5 years.

Infrastructure assets

All Council infrastructure assets were fair valued using written down current replacement cost. This valuation comprises the asset's gross replacement cost (GRC) 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.

GRC 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 GRC 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 6.1.

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

9.8: FAIR VALUE MEASUREMENTS (CONTINUED)

Roads, including footpaths & cycleways

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

GRC 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, GRC is based on the average of completed similar projects over the last few years. Council engineers undertook a full revaluation in 2016 on current unit pricing.

Bridges

A full valuation of bridges assets was undertaken by independent valuers, TasSpan, effective 30 June 2015. 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, effective 30 June 2018. Similar to roads, drainage assets are managed in segments; pits and pipes being the major components.

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

Other Infrastructure

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

(d) Valuation processes

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

Council's current policy for the valuation of property, infrastructure, plant and equipment, investment in water corporation and investment property (recurring fair value measurements) is set out in notes 5.1, 6.1 & 6.2 respectively.

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

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

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

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 9.7 is provided by Tascorp (level 2).

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

9.9: EVENTS OCCURRING AFTER BALANCE DATE

There are no events occurring after balance day.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

NOTE 10: OTHER MATTERS

10.1: RELATED PARTY TRANSACTIONS

(i) Councillor Remuneration

Name	Position	Period	Allowances	Total Compensation AASB 124	Microwise	Expenses ²	Total allowances and expenses section 72
2020							
Tony Foster	Mayor	Full Year	53,824	53,824	7,969	1,249	63,042
Barbara Curran	Deputy Mayor	Full Year	34,188	34,188	–	–	34,188
Wayne Garlick	Councillor	Full Year	15,379	15,379	–	–	15,379
Peter Geard	Councillor	Full Year	15,379	15,379	–	–	15,379
Leigh Gray	Councillor	Full Year	15,379	15,379	2,510	–	17,889
Moya Jeffries	Councillor	Full Year	15,348	15,348	–	–	15,348
Philip Owen	Councillor	Full Year	15,382	15,382	–	54	15,436
Jessica Whelan	Councillor	Full Year	15,379	15,379	–	–	15,379
Tennille Murtagh	Councillor	Full Year	15,379	15,379	–	–	15,379
Total			195,637	195,637	10,479	1,303	207,419
2019							
Tony Foster	Mayor	Full Year	52,566	52,566	14,147	2,668	69,381
Barbara Curran	Deputy Mayor	Full Year	29,286	29,286	–	–	29,286
Wayne Garlick	Councillor	Full Year	15,020	15,020	–	–	15,020
Peter Geard	Councillor	Full Year	15,020	15,020	–	–	15,020
Leigh Gray	Councillor	Full Year	15,020	15,020	2,036	–	17,056
Moya Jeffries	Councillor	Full Year	15,020	15,020	–	–	15,020
Philip Owen	Councillor	Full Year	15,020	15,020	–	–	15,020
Sonya Williams	Councillor	July to October	4,928	4,928	–	–	4,928
Keith Higgins	Councillor	July to October	4,928	4,928	–	–	4,928
Jessica Whelan	Councillor	November to June	10,091	10,091	–	–	10,091
Tennille Murtagh	Councillor	November to June	10,091	10,091	–	–	10,091
Total			186,989	186,989	16,183	2,668	205,840

¹ Includes total cost of providing and maintaining vehicles provided for private use, including registration, insurance, fuel and other consumables, maintenance cost and parking (including notional value of parking provided at premises that are owned or leased and fringe benefits tax).

² Section 72(1)cb of the *Local Government Act 1993* requires the disclosure of expenses paid to Councillors. .

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

10.1: RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Key Management Personnel Remuneration

Name	Position	Period	Remuneration band	Short term employee benefits			Microwise ⁸	Post employment benefits			Total
				Salary ¹	Short-term Incentive Payments ²	Vehicles ³		Super-annuation ⁵	Termination Benefits ⁶	Non-monetary Benefits ⁷	
2020											
Ron Sanderson	General Manager	Full Year	\$260 001 – \$280 000	194,394	–	10,673	50,954	25,269	–	(12,970)	268,320
Sub-total				194,394	–	10,673	50,954	25,269	–	(12,970)	268,320
2019											
Ron Sanderson	General Manager	Full Year	\$280 001 – \$300 000	189,657	–	10,275	77,072	24,653	–	(6,820)	294,837
Total				189,657	–	10,275	77,072	24,653	–	(6,820)	294,837

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

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

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

⁴ Microwise includes remuneration from General Managers role.

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

⁶ Termination benefits include all forms of benefit paid or accrued as a consequence of termination.

⁷ Non-monetary benefits include annual and long service leave movements and non-monetary benefits.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

10.1: RELATED PARTY TRANSACTIONS (CONTINUED)

(iii) Remuneration Principles

Councillors

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

Executives

General Manager

The employment terms and conditions of senior executives are contained in individual employment contracts and prescribe total remuneration, superannuation, annual and long service leave, vehicle and salary sacrifice provisions. In addition to their salaries, Council also provides non-cash benefits and contributes to post-employment superannuation plans on their behalf.

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

(iv) Transactions with related parties

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

(iv) Transactions with related parties that have not been disclosed

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

- Payment of rates on a primary residence
- Dog registration

Council has not included these types of transaction in its disclosure, where they are made on the same terms and conditions available to the general public.

10.2: INTERESTS IN OTHER ENTITIES

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 \$30,914 (2019 - \$31,253) in licence fees during the 2020 financial year.
- Microwise paid Council \$446,539 (2019 - \$237,185) in fees/consultancy during the 2020 financial year.
- Directors Fees of \$36,967 (2019 - \$36,106) were paid during the 2020 financial year.

	2020	2019
Financial Performance	\$	\$
Revenue	1,075,709	645,022
Expenditure	419,648	321,770
	656,061	323,252
Brighton Council Equity	2,737,479	2,497,043

The financial performance excludes and internal transactions with Brighton Council.

Microwise has been consolidated in the current year financial year statements.

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

The financial statements only identify the consolidated revenue and expenditure under notes 2.7 and 3.5 respectively due to immateriality.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

10.2: INTERESTS IN OTHER ENTITIES (CONTINUED)

The directors of Microwise Australia are:

- Clr. Tony Foster
- Mr. Gregory Davoren
- Mr. Geoff Dodge
- Mr James Dryburgh
- Clr Leigh Gray

Mr Ron 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 note 10.1 (ii).

10.3: OTHER SIGNIFICANT ACCOUNTING POLICIES AND PENDING ACCOUNTING STANDARDS

(a) Taxation

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

Goods and services tax (GST)

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

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

(b) Impairment of non-financial assets

At each reporting date, Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of Other Comprehensive Income, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation

surplus for that same class of asset. For non-cash generating assets of Council such as roads, drains, public buildings and the like, value in use is represented by the deprival value of the asset approximated by its written down replacement cost.

(c) Allocation between current and non-current

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

(d) Financial guarantees

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

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

(e) Contingent assets, contingent liabilities and commitments

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

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

(f) Budget

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

10.3: OTHER SIGNIFICANT ACCOUNTING POLICIES AND PENDING ACCOUNTING STANDARDS (CONTINUED)

(g) Adoption of new and amended accounting standards

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

(i) AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*

Council adopted AASB15 and AASB1058 using the modified retrospective method of transition, with the date of initial application of 1 July 2019. In accordance with the provisions of this transition approach, Council recognised the cumulative effect of applying these new standards as an adjustment to opening Accumulated surpluses at the date of initial application, i.e., 1 July 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income. In addition, Council has applied the practical expedients and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application, i.e., as at 1 July 2019.

As Council has applied the modified retrospective approach, it has applied the practical expedient described in AASB15. C5(c) for all contract modifications that occurred before application date. In doing so Council did not retrospectively restate the contract for those modifications in accordance with AASB15.20-21. Instead, Council reflected the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when:

- Identifying the satisfied and unsatisfied performance obligations
- Determining the transaction price
- Allocating the transaction price to the satisfied and unsatisfied performance obligation.

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

The impact of the new standard has changed in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. Under the new income recognition model applicable to not-for-profit entities, Council determines whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), Council applies the general AASB15 principles to determine the appropriate revenue recognition. If these criteria are not met, Council considers whether AASB1058 applies.

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

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

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

10.3: OTHER SIGNIFICANT ACCOUNTING POLICIES AND PENDING ACCOUNTING STANDARDS (CONTINUED)

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

Council has elected to apply options and exemptions under AASB 1058 therefore they are not required to fair value their peppercorn leases and take them up as a right of use asset as at 30 June 2020.

AASB 1058 also encompasses non-contractual statutory income such as rates, taxes and fines. Council previously recognised income when received. Under AASB 1058, income is recognised when the taxable event has occurred. An impact for Council is that prepaid rates received prior to the beginning of a rating period, has now been recognised as a financial liability until the commencement of that rating period. The impact to Council has been that revenue previously recognised when received from *Rates and charges in advance* as disclosed in note 2.1, is now recorded as a liability, with revenue deferred until the commencement of the applicable rating period.

For further details on individual revenue streams refer to their accompanying policy note.

AASB 16 Leases

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. Council has not entered into any lease agreements.

AASB 16 has not resulted in the Council recognising any lease arrangements that create a right-of-use asset and a lease liability in the financial statements.

a) Impact of the new definition of a lease

Council has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Instead contracts containing a lease under AASB 17 or Interpretation 4 at transition will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in AASB 117 and Interpretation 4.

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

10.3: OTHER SIGNIFICANT ACCOUNTING POLICIES AND PENDING ACCOUNTING STANDARDS (CONTINUED)

b) Impact of lessee accounting

i) Former operating leases

AASB 16 changes how Council accounts for leases previously classified as operating leases under AASB 17, which were off balance sheet.

Applying AASB 16, for all leases, Council:

- a) Recognises right-of-use of assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
- c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the Statement of cash flows.

Lease incentives (e.g rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted into the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), Council has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'other expenses' in profit or loss.

ii) Former finance leases

AASB 16 requires that Council recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by AASB 117. This change did not have a material effect on the Council's financial statements.

iii) Lessor accounting

Lessor accounting under AASB 16 remains largely unchanged. For finance leases, the lessor recognises a receivable equal to the net investment in the lease. Lease receipts from operating leases are recognised as income either on a straight-line basis or another systematic basis where appropriate. However, AASB 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

Under AASB 16, an intermediate lessor accounts for the head lease and sub-lease as two-separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under AASB 117).

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

10.4: MANAGEMENT INDICATORS

	Benchmark	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
(a) Underlying surplus or deficit					
Recurrent income*		15,700	15,146	14,532	14,359
less recurrent expenditure		16,428	15,102	14,923	14,349
Underlying surplus/deficit	0	(728)	44	(391)	(10)
The intent of the underlying result is to show the outcome of a council's normal or usual day to day operations.					
(b) Underlying surplus ratio					
Underlying surplus or deficit		(728)	44	(391)	10
Recurrent income*		15,700	15,146	14,532	14,359
Underlying surplus ratio %	0%	(5%)	0	(3%)	0%
This ratio serves as an overall measure of financial operating effectiveness.					
(c) Net financial liabilities					
Liquid assets less		7,466	8,099	6,859	7,244
total liabilities		3,818	2,390	1,887	1,841
Net financial liabilities	0	3,648	5,709	4,972	5,403
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.					
(d) Net financial liabilities ratio					
Net financial liabilities		3,648	5,709	4,972	5,403
Recurrent income*		15,700	15,146	14,532	14,359
Net financial liabilities ratio %	0% – (50%)	23.2%	38%	34%	38%
This ratio indicates the net financial obligations of Council compared to its recurrent income.					
(e) Asset consumption ratio					
An asset consumption ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.					
Transport Infrastructure					
Depreciated replacement cost		82,857	81,785	78,976	73,637
Current replacement cost		129,502	126,435	120,638	113,716
Asset consumption ratio %		64%	65%	65%	65%
Buildings					
Depreciated replacement cost		13,915	13,107	14,047	12,561
Current replacement cost		14,430	13,352	15,524	13,752
Asset consumption ratio %		96%	98%	90%	91%
Drainage					

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

10.4: MANAGEMENT INDICATORS (CONTINUED)

	Benchmark	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
Depreciated replacement cost		22,482	22,385	22,010	21,786
Current replacement cost		32,395	31,973	31,034	33,691
Asset consumption ratio %		69%	70%	71%	65%
This ratio indicates the level of service potential available in Council's existing asset base. Council is tracking as per the asset management plan and long term financial plan.					
(f) Asset renewal funding ratio					
An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.					
Transport Infrastructure					
Projected capital funding outlays**		21,361	24,269	18,751	19,749
Projected capital expenditure funding***		21,361	24,269	18,751	19,749
Asset renewal funding ratio %	90-100%	100%	100%	100%	100%
Buildings					
Projected capital funding outlays**		13,568	14,052	531	462
Projected capital expenditure funding***		13,568	14,052	531	462
Asset renewal funding ratio %	90-100%	100%	100%	100%	100%
(g) Asset sustainability ratio					
Capex on replacement/renewal of existing assets		3,266	3,552	4,403	1,389
Annual depreciation expense		3,464	3,298	3,258	3,148
Asset sustainability ratio %	100%	94%	108%	135%	44%
This ratio calculates the extent to which Council is maintaining operating capacity through renewal of their existing asset base.					

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

10.4: MANAGEMENT INDICATORS (CONTINUED)

2020	Capital renewal expenditure \$'000	Capital new / upgrade expenditure \$'000	Total Capital Expenditure \$'000
By asset class			
Land		134	134
Buildings	504	338	842
Plant & vehicles	364	–	364
Furniture and equipment	44	–	44
Small machinery	–	–	–
Roads	2,445	158	2,603
Bridges	311	–	311
Drainage	6	428	434
WIP	784	–	784
Total	4,458	1,058	5,516

2019	Capital renewal expenditure \$'000	Capital new / upgrade expenditure \$'000	Total Capital Expenditure \$'000
By asset class			
Land	–	213	213
Buildings	1,266	218	1,484
Plant & vehicles	262	–	262
Furniture and equipment	54	–	54
Small machinery	10	–	10
Roads	2,090	153	2,243
Bridges	96	–	96
Drainage	100	–	100
WIP	40	–	40
Total	3,918	584	4,502

NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2020

10.5: MATERIAL BUDGET VARIATIONS

Council's original budget was adopted by the Council on 18th June 2019. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grant programs, changing economic activity, the weather, and by decisions made by the Council. Material variations of more than 10% are explained below:

Revenues

1. Statutory fees and fines

Statutory fees and fines were up \$195,000 to budget estimates due to an increase in planning applications being received by Council in the current financial year.

2. User fees

The increase of \$268,000 is predominately associated with a conservative budget estimate.

3. Investment revenue from Water Corporation

Tas water decided late in 2019/20 not to pay out the remainder of dividends to Councils due to Covid 19. This has reduced the estimated budget figure by \$308,000.

4. Contributions Cash

With the increase in development in the Brighton area it was assumed there would be an increase in cash received for public open space contributions. Non-monetary donations of land were received instead which is non budgetary item.

5. Commercial Activities

Due to several sales for the Council owned entity Microwise, there was a significant increase of \$768,000 to budget for this period.

Expenses

1. Employee Benefits

Employee benefits have increased by \$1,084,000 due to a conservative budget estimate however this amount is offset by a number of employees resource sharing in the current year.

GRANTS AND DONATIONS

GRANTS AND BENEFITS REGISTER SECTION 77 LOCAL GOVERNMENT ACT 1993		2020	2019
Brighton Agricultural Society	Annual Grant	\$500	\$500
Brighton Primary School	Citizenship Prize	\$100	\$100
East Derwent Primary School	Citizenship Prize	\$100	\$100
Gagebrook Primary School	Citizenship Prize	\$100	\$100
Herdsman's Cove Primary School	Citizenship Prize	\$100	\$100
Jordan River Learning Federation	Citizenship Prize	\$100	\$100
Northern Suburbs Christian School	Citizenship Prize	\$100	\$100
St Paul's Primary School	Citizenship Prize	\$100	\$100
Bridgewater Volunteer Fire Brigade	Community Grant		\$2,800
Bridgewater PCYC Judo Club	Community Grant		\$5,000
Brighton Fitness & Fighting	Community Grant	\$3,107	\$5,000
Brighton Bowls Club	Community Grant	\$2,000	
Brighton Football Club	Community Grant	\$18,501	\$3,653
Brighton Meals on Wheels	Community Grant	\$935	
Brighton Playcentre/Playgroup	Community Grant	\$1,994	\$1,865
Brighton Senior Citizens Club	Community Grant	\$455	\$454
Country Womens Association	Community Grant		\$1,845
Hobart Gymnastics Academy	Community Grant	\$34,300	\$10,630
Jordan River Services Inc	Community Grant	\$13,729	\$19,050
Lions Club of Brighton	Community Grant	\$2,000	\$2,000
St Vincent De Paul Society	Community Grant	\$6,000	\$6,000
Tea Tree Community Association	Community Grant	\$3,250	
Veterans Memorial Centre	Community Grant	\$2,000	\$2,000
Centrecare Evolve Housing	Christmas Pageant	\$972	
Community Transportation	Community Transportation	\$645	\$750
Bridgewater PCYC	Donation	\$105,000	\$105,000
Grassroots Community Development Pty Ltd	Donation	\$25,000	\$25,000
Landcare Tasmania Inc	Donation	\$200	\$27
Tas Canine Defence League	Donation	\$130	
G V Pottery	Donation		\$227
Sexual Assault Support Service	Donation		\$250
Vintage Veterans Car Club	Donation		\$201
Save the Children Australia	Donation	\$500	
Donaghy Keeisha	Education Bursary	\$250	
Coleman Katelyn	Education Bursary	\$250	
Farnell Mathew	Education Bursary	\$250	
Mackenzie George	Education Bursary		\$250
Slater-Vos Montana	Education Bursary		\$250
McGuinness Crystal	Education Bursary		\$250
Keates Brittany	Education Bursary		\$250
Richardson Paige	Education Bursary		\$250
Smith Beau	Education Bursary	\$250	

GRANTS AND DONATIONS (CONTINUED)

GRANTS AND BENEFITS REGISTER SECTION 77 LOCAL GOVERNMENT ACT 1993		2020	2019
Turner Alysha	Education Bursary		\$250
Brighton Agricultural Show Society	Halls & Grounds	\$20,000	\$20,000
Brighton Agricultural Society	Halls & Grounds		\$4,116
Brighton Fitness & Fighting	Halls & Grounds	\$350	
Brighton District Cricket Club	Halls & Grounds	\$4,480	\$4,360
Brighton Football Club	Halls & Grounds	\$18,748	\$28,753
Brighton Junior Football Club	Halls & Grounds	\$6,160	\$14,840
Brighton Junior Soccer Club	Halls & Grounds		\$14,000
Brighton Kennel Club	Halls & Grounds		\$250
Brighton Penguin Club	Halls & Grounds	\$560	\$840
Brighton Playgroup/Playcentre	Halls & Grounds	\$6,393	\$9,026
Brighton Pony Club	Halls & Grounds		\$175
Brighton Senior Citizens	Halls & Grounds	\$1,260	\$1,820
Brighton Storm Soccer Club	Halls & Grounds	\$6,046	
Bugeido Karate	Halls & Grounds	\$1,820	\$2,940
Centacare Evolve Housing	Halls & Grounds	\$211	
Connected Beginnings Jordan River	Halls & Grounds	\$1,050	
Derwent United Soccer	Halls & Grounds		\$225
Dosa Soccer Club	Halls & Grounds	\$394	\$70
Down Syndrome Tasmania	Halls & Grounds		\$80
East Derwent Little Athletics	Halls & Grounds	\$5,015	\$5,015
GKR Karate	Halls & Grounds		\$1,134
Hippy Brighton	Halls & Grounds	\$35	
Hobart Cavy Club	Halls & Grounds	\$125	\$340
Hobart Gymnastics Academy	Halls & Grounds	\$350	\$350
Hobart United Soccer Club	Halls & Grounds	\$788	\$525
Local Government Association Tasmania	Halls & Grounds		\$210
Mackillop College	Halls & Grounds		\$700
Old Beach Community Playgroup	Halls & Grounds	\$1,820	\$2,940
Old Beach Cricket Club	Halls & Grounds	\$6,163	\$6,175
Old Beach Family Day Care Playgroup	Halls & Grounds	\$1,820	\$2,940
Old Beach Junior Cricket Club	Halls & Grounds	\$5,600	\$5,600
Old Beach Scouts	Halls & Grounds	\$4,550	\$7,600
Pete's Community Workshed	Halls & Grounds	\$6,393	\$9,026
Rabbit Breeders Association	Halls & Grounds	\$250	\$875
Ryukyu Karate	Halls & Grounds	\$2,048	\$6,615
Salvation Army (Communities for Children)	Halls & Grounds		\$200
Southern Poultry Club	Halls & Grounds	\$120	\$250
Southern Quarter Horse Association	Halls & Grounds	\$175	
St Paul's Primary School	Halls & Grounds	\$1,120	\$2,520
St Vincent De Paul	Halls & Grounds	\$2,160	\$7,800

GRANTS AND DONATIONS (CONTINUED)

GRANTS AND BENEFITS REGISTER SECTION 77 LOCAL GOVERNMENT ACT 1993		2020	2019
Tasmanian Boxing League Inc (Brighton)	Halls & Grounds		\$4,250
Tagari Lia Child and Family Centre	Halls & Grounds		\$195
Technobeat Dance Academy	Halls & Grounds	\$330	
Veteran Car Club	Halls & Grounds		\$125
Weily Park Rockers Cricket Association	Halls & Grounds	\$88	\$105
Workskills Inc	Halls & Grounds		\$525
Jordan River Learning Federation	Scholarship	\$6,000	\$6,000
Coppleman Ryan	Sporting Achiever	\$100	
Auchterlonie Adele	Sporting Achiever	\$100	
Howard Liam	Sporting Achiever	\$100	
Lapham Samuel	Sporting Achiever	\$100	
Ling Connor	Sporting Achiever		\$100
Ling Liam	Sporting Achiever		\$100
Brooks Crystal	Sporting Achiever		\$100
Smith Kayedel	Sporting Achiever		\$100
Johnson Maighn	Sporting Achiever		\$100
Brown Beau	Sporting Achiever		\$100
McCulloch Madison	Sporting Achiever		\$100
Whitehead Temperance	Sporting Achiever	\$100	
WTS – Bridgewater Anglers Association	WTS Entry	\$74	\$55
WTS – Bridgewater/Gagebrook Clean Up Group	WTS Entry	\$373	\$567
WTS – Dept of Justice (Community Corrections)	WTS Entry	\$264	\$351
WTS – Friends of the School Farm	WTS Entry	\$145	\$199
WTS – Jordan River Learning Federation	WTS Entry		\$458
WTS – Jordan River Services	WTS Entry	\$360	
WTS – St Vincent de Paul	WTS Entry	\$1,044	\$984
WTS – Uniting Church	WTS Entry	\$112	\$150
Financial Donations		93,419	
Donations In Kind		108,792	202,211
			371,428

Brighton Council

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Brighton
going places

