

Financial Report



Understanding the Financial Report

Introduction

Each year, individual councils are required to present a set of audited Financial Statements.

The Financial Statements are a public document that is included in council's Annual Report and presented at the Annual General Meeting of council.

What you will find in the Statements

The Financial Statements and notes to the report set out the financial performance, financial position and cash flows of Kentish Council for the financial year ended 30 June 2017.

The format of the Financial Statements complies with both the accounting and reporting requirements of Australian Accounting Standards and the *Local Government Act 1993*.

About the Primary Financial Statements

Statement of Comprehensive Income

A summary of Council's financial performance for the year, listing all income and expenditure.

Other comprehensive income records items such as asset revaluations, the share of profits of associates and the investment in the water corporation.

Statement of Financial Position

A snapshot of council's financial position, including the Assets and Liabilities as at 30 June 2017.

Statement of Changes in Equity

The overall change for the year (in dollars) of council's 'net wealth'.

Statement of Cash Flows

Indicates where council's cash came from and where it was expended.

About the Notes to the Financial Report

The Notes to the Financial Statement provide greater detail and additional information on the Primary Financial Statements.

Statement of Certification

The Statement of Certification must be signed by the General Manager to confirm the financial report presents fairly the financial position of Kentish Council as at 30 June 2017.

About the Auditors Report

Council's Financial Report is required to be audited in accordance with Australian Auditing Standards.

The Auditor provides an independent auditors report which gives an opinion on whether council's Financial Report presents fairly its financial position and performance.



Independent Auditor's Report

To the Councillors of Kentish Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Kentish Council (Council), which comprises the statement of financial position as at 30 June 2017 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the General Manager's statement.

In my opinion the accompanying financial report:

- (a) presents fairly, in all material respects, Council's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

Basis for Opinion

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

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

My audit responsibility does not extend to the budget figures included in the statement of comprehensive income, the asset renewal funding ratio disclosed in note 43, nor the Significant Business Activities disclosed in note 45 to the financial report and accordingly, I express no opinion on them.

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

Responsibilities of the General Manager for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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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 Council to cease to continue as a going concern.

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

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



Ric De Santi
Deputy Auditor-General
Delegate of the Auditor-General

Tasmanian Audit Office

28 September 2017
Hobart

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Certification of the Financial Report

The financial report presents fairly the financial position of the Kentish Council as at 30 June 2017, the results of its operations for the year then ended and the cash flows of the Council, in accordance with the *Local Government Act 1993* (as amended), Australian Accounting Standards, including Australian Accounting Interpretations, and other mandatory professional reporting requirements.



Gerald Monson
General Manager
B.Bus (Public Adm);
FLGMA

Date : 26 September 2017

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Statement of Comprehensive Income

For the Year Ended 30 June 2017

	Note	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
Income				
Rates and charges	5	5,021	5,015	4,974
Statutory fees and fines	6	196	247	231
User fees	7	217	101	205
Operating grants	8	9,133	6,611	1,917
Grants for renewal of assets	8	654	630	898
Reimbursements and contributions	11	298	213	310
Distributions - water corporation	19	138	129	123
Other income		548	525	508
Interest	9	161	189	198
Share of net profits/(losses) of associates	12/18	200	-	261
Capital grants received specifically for new or upgraded assets	8	187	441	93
Total income		16,753	14,101	9,718
Expenses				
Employee costs	13	2,810	2,682	2,681
Materials and services	14	5,920	5,026	3,592
Depreciation and amortisation	15	2,571	2,768	2,700
Finance costs	16	91	92	97
Other expenses	17	446	405	475
Net loss on disposal of property, infrastructure and plant	10	199	-	1,009
Total expenses		12,037	10,973	10,554
Net Result		4,716	3,128	(836)
Other comprehensive income				
Items that will not be reclassified to surplus or deficit				
Net asset revaluation increment/(decrement)	24	2,800	-	(34)
Share of other comprehensive income of associates accounted for by the equity method	18	(4)	-	61
		(2,796)	-	27
Items that may be reclassified subsequently to surplus or deficit				
Water corporation - fair value adjustment				
- Investment revaluation reserve increment	19	44	-	113
		44	-	113
Total other comprehensive income		2,840	-	140
Comprehensive result		7,556	3,128	(696)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

For the Year Ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Assets			
Current assets			
Cash and cash equivalents	21	7,884	7,565
Trade and other receivables	22	1,026	475
Inventories	23	13	9
Other assets	24	1,448	527
Total current assets		10,371	8,576
Non-current assets			
Investment in water corporation	19	6,814	6,770
Investments in associates	18	1,076	925
Other Investments	20	18	-
Property, infrastructure, plant and equipment	25	118,810	112,705
Total non-current assets		126,718	120,400
Total assets		137,089	128,976
Liabilities			
Current liabilities			
Trade and other payables	26	1,386	1,164
Trust funds and deposits	27	311	158
Provisions	28	350	380
Interest-bearing loans and borrowings	29	96	91
Loans – Accelerated Local Government Capital Program		120	-
Total current liabilities		2,263	1,793
Non-current liabilities			
Provisions	28	124	121
Interest-bearing loans and borrowings	29	1,219	1,315
Loans – Accelerated Local Government Capital Program	30	180	-
Total non-current liabilities		1,523	1,436
Total liabilities		3,786	3,229
Net Assets		133,303	125,747
Equity			
Accumulated surplus		38,836	34,120
Reserves	31	94,467	91,627
Total Equity		133,303	125,747

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the Year Ended 30 June 2017

	Note	Total 2017 \$'000	Accumulated Surplus 2017 \$'000	Asset Revaluation Reserve 2017 \$'000	Investment Revaluation Reserve 2017 \$'000
2017					
Balance at beginning of the financial year		125,747	34,120	91,029	598
Comprehensive Result		7,556	4,716	2,796	44
Balance at end of the financial year		133,303	38,836	93,825	642

		Total 2016 \$'000	Accumulated Surplus 2016 \$'000	Asset Revaluation Reserve 2016 \$'000	Investment Revaluation Reserve 2016 \$'000
2016					
Balance at beginning of the financial year		126,443	34,956	91,002	485
Comprehensive result		(696)	(836)	(27)	113
Balance at end of the financial year		125,747	34,120	91,029	598

The above statement of changes in equity should be read with the accompanying notes.

Statement of Cash Flows

For the Year Ended 30 June 2017

	Note	2017 Inflows/ (Outflows) \$'000	2016 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates		5,147	4,879
Statutory fees and fines		196	231
User charges and other fines		313	297
Grants		7,564	2,376
Reimbursements		272	743
Distributions from water corporation		138	123
Interest		165	186
Other receipts		1,676	998
Payments to suppliers		(6,945)	(3,752)
Payments to employees		(2,837)	(2,653)
Finance costs		(91)	(98)
Other payments		(446)	(475)
Net cash provided by operating activities	33	5,152	2,855
Cash flows from investing activities			
Grants received specifically for new or upgraded assets		187	93
Grants for renewal of assets		654	-
Dividend received from associate (Dulverton Waste Management Authority)		45	-
Payments for property, infrastructure, plant and equipment		(6,104)	(2,407)
Payments for Investment in Kentish Financial Services Ltd		(18)	-
Loans and advances to community organisations (repayments)		12	(33)
Proceeds from sale of property, infrastructure, plant and equipment		29	45
Net cash used in investing activities		(5,195)	(2,302)
Cash flows from financing activities			
Proceeds – Accelerated Local Government Capital Program Loans		300	-
Repayment of interest bearing loans and borrowings		(91)	(84)
Increase (decrease) in bonds and deposits (net)		153	4
Net cash used in financing activities		362	(80)
Net increase (decrease) in cash and cash equivalents		319	473
Cash and cash equivalents at the beginning of the financial year		7,565	7,092
Cash and cash equivalents at the end of the financial year	34	7,884	7,565
Financing arrangements	35		

The above statement of cash flows should be read with the accompanying notes.

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 1 Reporting Entity

The Kentish Council was established in 1907 and is a body corporate with perpetual succession and a common seal. The Council's main office is located at 69 High Street, Sheffield, Tasmania.

The purpose of the Council is to:

- provide for the 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.

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

Note 2 Basis of accounting

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

This financial report has been prepared under the historic cost convention, except where specifically stated in notes 18, 19, and 25.

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

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

Note 3 Use of Judgements and estimates

In the application of AASB standards management is required to make judgments, 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 judgments. 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 estimates are 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:

Fair Value of Property Plant & Equipment - Various assumptions and judgements are utilised in determining the fair value of Council's property, plant and equipment. These assumptions are discussed in note 25.

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 36.

Employee entitlements - Various assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in note 28.

Investment in water corporation - Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 19.

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 4 Functions/Activities of the Council

Revenue, expenditure and assets attributable to each function as categorised below:

	Grants \$'000	Rates \$'000	Other \$'000	Total Revenue \$'000	Total Expenditure \$'000	Surplus/ (Deficit) \$'000	Assets \$'000
Community & Youth Services							
2016-2017	42	-	497	539	(1,015)	(476)	-
2015-2016	9	-	473	482	(954)	(472)	-
Corporate							
2016-2017	2,231	4,245	363	6,839	(1,094)	5,745	18,436
2015-2016	758	4,225	391	5,374	(1,124)	4,250	16,446
Governance							
2016-2017	-	-	11	11	(447)	(458)	-
2015-2016	-	-	21	21	(372)	(351)	-
Regulatory							
2016-2017	-	-	227	227	(400)	(173)	-
2015-2016	-	-	237	237	(375)	(138)	-
Waste Management							
2016-2017	-	589	315	904	(605)	299	446
2015-2016	-	568	375	943	(562)	381	446
Roads, Streets, Bridges & Assets							
2016-2017	7,621	-	339	7,960	(7,726)	234	118,207
2015-2016	1,703	-	749	2,452	(6,544)	(4,092)	112,084
Environment & Health							
2016-2017	-	-	24	24	(108)	(84)	-
2015-2016	-	-	26	26	(97)	(71)	-
Recreation & Reserves							
2016-2017	80	-	4	84	(455)	(371)	-
2015-2016	-	-	2	2	(345)	(343)	-
Other not attributable							
2016-2017	-	187	-	187	(187)	-	-
2015-2016	-	181	-	181	(181)	-	-
Total							
2016-2017	9,974	5,021	1,758	16,753	(12,037)	4,716	137,090
2015-2016	2,470	4,974	2,274	9,718	(10,554)	(836)	128,976

Notes to the Financial Report

For the Year Ended 30 June 2017

Reconciliation of Assets from note 4 with Statement of Financial Position at 30 June:

	2017	2016
	\$'000	\$'000
Current assets	10,371	8,576
Non-current assets	126,718	120,400
	137,089	128,976

Community & Youth Services

Tourism and area promotion, economic development, community activities, community development, SES unit and youth services.

Corporate

Administrative staff, financial services, office costs, council chambers, general rates, information technology and contributions to Local Government Association of Tasmania and Cradle Coast Authority.

Governance

Elected members and executive support.

Regulatory Services

Animal control, By-law control, building control, land use planning.

Waste Management

Household garbage collection, waste transfer stations, household recycling and cost of deposit into Dulverton landfill.

Roads, streets, bridges and assets

Roads, streets, other paving assets, town sites, works depot and associated costs, bridges, stormwater, streetscape development and asset management.

Environment & Health

Environmental health, nuisances, public health, immunisations, places of assembly, food premises and weed management.

Recreation & Reserves

Recreation grounds, halls and other amenities.

Other notattributable

Fire Service Levy, items not fairly allocated to a particular function.

Notes to the Financial Report

For the Year Ended 30 June 2017

2017	2016
\$'000	\$'000

Note 5 Rates and charges

Council uses Assessed Annual Value (AAV) as the basis of valuation of all properties within the municipal district. The AAV of a property is its notional annual gross rental as determined by the Valuer-General's Office (VGO).

The AAV used to calculate general rates for 2016/17 was \$42.1 million (2015/16 \$42.1 million). The 2016/17 general rate in the AAV dollar was 5.860 cents (2015/16, 6.254 cents).

General rates	4,052	4,039
Garbage charge	589	568
Fire levy	187	181
Prepaid rates	193	186
Total rates and charges	5,021	4,974

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 July 2014, and the valuation was first applied in the rating year commencing 1 July 2015.

Rates received in advance in 2016/17 total \$193,000 and have been included as revenue for 2016/17. The amount of rates received in advance in 2015/16 was \$186,000 and was also included as revenue in 2015/16.

Accounting policy

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

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

Note 6 Statutory fees

Building fees	69	96
Town planning fees	53	59
Animal control	55	56
Health	19	20
Total statutory fees and fines	196	231

Accounting policy

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

Note 7 User fees

Rental	91	98
Other fees and charges	126	107
Total user fees	217	205

Accounting policy

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 2017

	2017 \$'000	2016 \$'000
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Note 8 Grants

Operating grants

Commonwealth Financial Assistance Grant - base grant	1,476	757
Commonwealth Financial Assistance Grant - untied roads grant	1,108	556
Commonwealth Financial Assistance Grant - advance payment	1,326	-
National Disaster Relief and Recovery Funding	5,143	439
Road safety	-	97
Railton Flood Mitigation Study	13	-
Family and children	3	2
National Reconciliation Week	5	-
Other - transport	59	66
Total operating grants	9,133	1,917

The Australian Commonwealth Government provides Financial Assistance Grants (FAG) to Council for general purpose use and the provision of local roads. In June 2017, Council received advance payment of an estimated 50% of its 2017/18 Financial Assistance Grants. In accordance with *AASB 1004 Contributions*, Council recognised these grants as revenue when it received the funds and obtained control. The impact on Council's operating result of the early receipt of these Financial Assistance Grants is summarised below.

Commonwealth FAGs relating to the financial year	2,584	2,590
Commonwealth FAGs included in operating result for the financial year	3,910	1,313
Increase / (decrease) in operating surplus due to early receipt of FAGs	1,326	(1,277)

Grants received specifically for renewal of assets

Commonwealth Government – roads to recovery for asset renewals	630	898
Goliath Park Playground	24	-
Total grants received specifically for new or upgraded assets	654	898

Capital grants received specifically for new or upgraded assets

Road safety	96	8
Commonwealth Government – roads to recovery for new/upgraded assets	-	71
Railton Skate Park	56	-
Commonwealth Safer Streets Program – Sheffield CCTV	35	-
Claude Road Hall Acoustic Panelling	-	5
Mural Park Entrance	-	9
Total grants received specifically for new or upgraded assets	187	93

Conditions on Grants

Grants recognised as revenue during the year that were obtained on the condition that they be expended in a specific manner that had not occurred at balance date were:

Mural Park Entrance	-	9
Commonwealth Safer Streets Program – Sheffield CCTV	15	-
	15	9

Notes to the Financial Report

For the Year Ended 30 June 2017

2017	2016
\$'000	\$'000

Note 8 Grants cont

Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:

Mural Park Entrance	9	-
	9	-

Accounting policy

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

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

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

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

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

Note 9 Interest

Interest	161	198
Total	161	198

Accounting policy

Interest is recognised progressively as it is earned.

Note 10 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

Disposal of surplus land		
Proceeds of sale	29	15
Carrying value of land sold	-	-
Total	29	15
Disposal of plant and infrastructure		
Proceeds of sale	-	30
Written down value of bridges destroyed by June 2016 floods	-	(818)
Written down value of plant and infrastructure assets disposed	(228)	(236)
Total	(228)	(1,024)
Net gain/(loss)	(199)	(1,009)

Accounting policy

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

Notes to the Financial Report

For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 11 Reimbursements and Contributions		
Contributions – open space	1	-
Labour hire revenue - Latrobe Council	187	152
Plant hire revenue – Latrobe Council	18	28
General reimbursements of operating costs	92	130
Total reimbursements and contributions	298	310

Accounting policy

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

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

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

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

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

Note 12 Share of Profit/Loss in Associates

Dulverton Regional Waste Management Authority	201	261
Total Share of Profit/Loss in Associates	201	261

Note 13 Employees costs

Wages and salaries	1,858	1,917
Workers compensation	35	36
Movement in provisions – annual leave and long service leave	(27)	(23)
Superannuation	173	179
Fringe benefits tax and payroll tax	98	100
Contract employment	704	529
Other employee related costs	25	22
Total employee costs	2,866	2,760
Less capitalised employee costs	(56)	(79)
Total employee costs expensed	2,810	2,681

Accounting policy

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

Notes to the Financial Report

For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 14 Materials and services		
Contractor payments	752	685
Building and infrastructure maintenance	752	727
Plant and equipment maintenance	306	225
Utilities	159	175
Consultancies & professional costs	190	173
Marketing & advertising	54	61
Software	73	81
Agency expenses	562	512
Insurance expenses	159	139
Office expenses	69	76
Flood repairs	2,730	735
Other expenses	114	3
Total materials and services	5,920	3,592

Accounting policy

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

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

Note 15 Depreciation and amortisation

<i>Property</i>		
Buildings	288	276
<i>Plant and Equipment</i>		
Plant, machinery and equipment	165	174
Computers, furniture and fittings	43	42
<i>Infrastructure</i>		
Roads	1,682	1,738
Bridges	213	290
Drainage	53	52
Other	127	128
Total depreciation and amortisation	2,571	2,700

Accounting policy

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

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

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

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 15 Depreciation and amortisation cont

2017	2016
\$'000	\$'000

Depreciation is recognised on a straight-line basis and reviewed each reporting period. The rate of depreciation reflects the consumption of the service potential of the asset.

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

Land	Years
land improvements	5 - 100
Buildings	
buildings	20 - 120
Plant and Equipment	
plant, machinery and equipment	2 - 30
fixtures, fittings and furniture	5 - 20
computers and telecommunications	3 - 5
Infrastructure	
Roads	
road surface - unsealed roads	4 - 10
road pavement - sub-base	200
road pavement - sealed basecourse	70 - 110
road surface - sealed roads	18 - 25
road kerb, channel	80
footpaths	80
Bridges	20 - 80
Stormwater	80
Other infrastructure	25 - 50

Note 16 Finance Costs

Interest - borrowings	91	97
Total	91	97

Note 17 Other expenses

Councillors' allowances and expenses	143	140
Subscriptions	84	89
Activity expenses	53	57
Audit fees	37	28
Bad debt expense	(1)	18
Impairment loss on rates debtors	(8)	8
Donations, sponsorships and grants	88	91
Other	50	44
Total other expenses	446	475

Accounting policy

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.

Notes to the Financial Report

For the Year Ended 30 June 2017

2017	2016
\$'000	\$'000

Note 18 Investment in associates

Investments in associates accounted for by the equity method are:

- Dulverton Regional Waste Management Authority	1,076	925
Total	925	925

Dulverton Regional Waste Management Authority

Council is a partner in the Dulverton Regional Waste Management Authority, a joint Authority established under the Local Government Act 1993. The primary activity of the Authority is to operate regional landfill site at Dulverton. Other partners in this Joint Authority are Devonport City, Central Coast and Latrobe Councils.

Council's ownership interest in the Authority at 30 June 2017 was 8.48% (2016: 8.48%). The proportion of voting power held in the Authority is 25%.

Council's share of equity

Council's share of accumulated surplus(deficit) at start of year	925	603
Share in reported surplus (deficit) after tax for year	200	261
Less dividend received	(45)	-
Share in Asset revaluation	(4)	61
Council's share of equity at end of year	1,076	925

The Authority's assets, liabilities and revenue for the relevant financial years were:

Total Assets	18,459	16,364
Total Liabilities	5,766	5,457
Revenue	10,291	9,124

Accounting policy

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

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 19 Investment in water corporation

	2017 \$'000	2016 \$'000
Opening balance	6,770	6,657
Fair value adjustment on investment	44	113
Total investment in water corporation	6,814	6,770
Distributions from water corporation		
Dividends	86	90
Guarantee fees	12	10
Income tax equivalents	40	23
Total distribution from water corporation	138	123

Accounting policy

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2017, Council held a 0.43% (2016: 0.43%) ownership interest in TasWater which is based on Council's equity proportion for voting purposes as set out in schedule 2 of TasWater's constitution. Any unrealised gains and losses are recognised through the Statement of Profit or Loss and Other Comprehensive Income to a financial assets available for sale Reserve each year (refer note 29).

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

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

Note 20 Other investments

Kentish Financial Services Ltd	18	-
Total other investments	18	-

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 21 Cash and cash equivalents

	2017 \$'000	2016 \$'000
Cash at bank and on hand	216	175
Term deposits and other investments	7,668	7,390
Total cash and cash equivalents	7,884	7,565

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:

Restricted by:

Unexpended grants - specific	15	9
Trust funds and deposits	311	158
Total Restricted Cash and Cash Equivalents	326	167
Total Unrestricted Cash and Cash Equivalents	7,558	7,398

Accounting policy

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 six months or less, net of outstanding bank overdrafts.

Note 22 Trade and other receivables

Current

Rates debtors	133	267
Less provision for impairment – rates debtors	-	(8)
Other debtors	752	60
Loans to Community Organisations	31	44
GST	110	112
Total	1,026	475

Accounting policy

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

Note 23 Inventories

Inventories	13	9
Total Inventories	13	9

Accounting policy

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

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

Note 24 Other assets

Current

Prepayments	43	27
Accrued income	1,405	500
Total	1,448	527

Notes to the Financial Report

For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
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Note 25 Property, infrastructure, plant and equipment

Property

Land

at fair value as at 30 June 2014

Total land

4,799	4,799
4,799	4,799

Land was revalued during the financial year. The valuation of land is at fair value, based on the latest land values issued by the Tasmanian Valuer General as at 30 June 2014.

Land Under Roads

at fair value as at 30 June 2015

Total land under roads

4,399	4,399
4,399	4,399

Land under roads was recognised for the first time in 2015. Land under roads is valued at fair value based on Council valuations at 30 June 2015 using average per square metre property value rates supplied by the Valuer- General.

Buildings

at fair value as at 1 July 2015

Less accumulated depreciation

Total buildings

22,865	22,683
9,873	9,585
12,992	13,098

Total Property

22,190	22,296
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The majority of buildings owned by Council are special purpose buildings which are valued at fair value, based on management assessment of depreciated replacement cost at 1 July 2014. Non-specialised buildings are at fair value, based on the latest values issued by the Tasmanian Valuer General as at 30 June 2014. The revaluation of Council's buildings was accounted for on a gross basis with current replacement cost and accumulated depreciation to date estimated based upon the proportion of the building's expected useful life that has expired.

Plant and Equipment

Plant, machinery and equipment

At cost

Less accumulated depreciation

2,775	2,701
1,683	1,518
1,092	1,183

Computers, furniture & fittings

At cost

Less accumulated depreciation

1,028	1,011
904	861
124	150

Total Plant and Equipment

1,216	1,333
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Notes to the Financial Report

For the Year Ended 30 June 2017

Note 25 Property, infrastructure, plant and equipment cont	2017	2016
	\$'000	\$'000

Infrastructure

Roads

at fair value as at 1 July 2013	115,057	110,286
Less accumulated depreciation	38,835	36,228
	76,222	74,058

Revalued by Council's engineer, effective from 1 July 2013, at depreciated current replacement cost (representing fair value) based upon independent assessment of asset condition by Molony Asset Management. Depreciated current replacement cost was calculated on a straight-line basis. This value has been adjusted to reflect the movement in the ABS Road and Bridge cost index from June 2013 to June 2017.

Bridges

at fair value as at 30 June 2014	17,501	13,297
Less accumulated depreciation	5,082	4,869
	12,419	8,428

Revalued by Council management, effective from 30 June 2014, at depreciated current replacement cost (representing fair value) based upon independent assessment of current replacement cost and useful lives by TasSpan Pty Ltd. Depreciated current replacement cost was calculated on a straight-line basis.

Stormwater

at fair value as at 30 June 2016	4,313	4,245
Less accumulated depreciation	1,774	1,721
	2,539	2,524

Stormwater assets were revalued by Council's engineer, effective from 30 June 2013, at depreciated current replacement cost (representing fair value). Depreciated current replacement cost was calculated on a straight-line basis. This value has been adjusted to reflect the movement in the Australian Bureau of Statistics Road and Bridge Construction Index from June 2013 to June 2016.

Infrastructure other

At cost	5,304	5,027
Less accumulated depreciation	1,113	986
Total infrastructure other	4,191	4,041

Infrastructure other includes streetscape, walking tracks and safety guardrails.

Total Infrastructure	95,371	89,051
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Notes to the Financial Report

For the Year Ended 30 June 2017

Note 25 Property, infrastructure, plant and equipment cont

	2017 \$'000	2016 \$'000
Works in Progress		
Land at cost	-	-
Buildings at cost	2	5
Plant & Equipment	20	-
Stormwater assets at cost	-	10
Roads and streets at cost	11	10
	33	25
TOTAL PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT	118,810	112,705

Accounting policy

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

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

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

The following classes of assets have been recognised. In 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	10
land	10
plant, machinery and equipment	5
fixtures, fittings and furniture	5
computers and telecommunications	5
leased plant and equipment	
Roads	10
road pavements and seals	10
road substructure	10
road formation and earthworks	10
road kerb, channel and minor culverts	10
road other	
Bridges	10
bridges deck	10
bridges substructure	10
bridges other	
Other Infrastructure	10
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
other infrastructure	10
Intangible assets	5

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 25 Property, infrastructure, plant and equipment cont

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
Land improvements	cost
Investment in water corporation	fair value

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

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

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

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 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.

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 25 Property, infrastructure, plant and equipment cont

2017	Gross Value						Accumulated Depreciation					
	Opening Balance	Transfers	Acquisition of assets	Disposals	Revaluation increments (decrements) (note 29)	Closing Balance	Opening Balance	Depreciation expense (note 15)	Disposals	Revaluation Increments (decrements)	Closing Balance	Written Down Value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	4,799	-	-	-	-	4,799	-	-	-	-	-	4,799
Land Under Roads	4,399	-	-	-	-	4,399	-	-	-	-	-	4,399
Buildings	22,683	-	182	-	-	22,865	9,585	288	-	-	9,873	12,992
<i>Plant and Equipment</i>												
Plant, machinery and equip.	2,701	-	74	-	-	2,775	1,518	165	-	-	1,683	1,092
Computers, furniture & fittings	1,011	-	17	-	-	1,028	861	43	-	-	904	124
Total plant and equipment	3,712	-	91	-	-	3,803	2,379	208	-	-	2,587	1,216
<i>Infrastructure</i>												
Roads & streets	110,286	-	1,274	(703)	4,200	115,057	36,228	1,682	(475)	1,400	38,835	76,222
Bridges	13,297	-	4,204	-	-	17,501	4,869	213	-	-	5,082	12,419
Stormwater	4,245	-	68	-	-	4,313	1,721	53	-	-	1,774	2,539
Infrastructure other	5,027	-	277	-	-	5,304	986	127	-	-	1,113	4,191
Total infrastructure	132,855	-	5,823	(703)	4,200	142,175	43,804	2,075	(475)	1,400	46,804	95,371
<i>Works in Progress</i>												
Land	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	5	(5)	2	-	-	2	-	-	-	-	-	2
Plant & equipment	-	-	20	-	-	20	-	-	-	-	-	20
Roads & streets	10	(10)	11	-	-	11	-	-	-	-	-	11
Infrastructure other	0	-	-	-	-	-	-	-	-	-	-	-
Stormwater	10	(10)	-	-	-	-	-	-	-	-	-	-
Total infrastructure	25	(25)	33	-	-	33	-	-	-	-	-	33
Total property, plant and equipment, infrastructure	168,473	(25)	6,129	(703)	4,200	178,074	55,768	2,571	(475)	1,400	59,264	118,810

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 25 Property, infrastructure, plant and equipment cont

2016	Gross Value						Accumulated Depreciation					
	Opening Balance	Transfers	Acquisition of assets	Disposals	Revaluation increments (decrements) (note 29)	Closing Balance	Opening Balance	Depreciation expense (note 15)	Disposals	Revaluation Increments (decrements)	Closing Balance	Written Down Value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	4,726		178	-	(105)	4,799	-	-	-	-	-	4,799
Land Under Roads	4,399		-	-	-	4,399	-	-	-	-	-	4,399
Buildings	22,336		347	-	-	22,683	9,309	276	-	-	9,585	13,098
Plant and Equipment												
Plant, machinery and equip.	2,668		100	(67)	-	2,701	1,395	174	(51)	-	1,518	1,183
Computers, furniture & fittings	974		58	(21)	-	1,011	827	42	(8)	-	861	150
Total plant and equipment	3,642		158	(88)	-	3,712	2,222	216	(59)	-	2,379	1,333
Infrastructure												
Roads & streets	109,337		1,414	(465)	-	110,286	34,747	1,738	(257)	-	36,228	74,058
Bridges	15,857		261	(2,821)	-	13,297	6,581	290	(2,002)	-	4,869	8,428
Stormwater	4,126		-	-	119	4,245	1,621	52	-	48	1,721	2,524
Infrastructure other	4,958		69	-	-	5,027	858	128	-	-	986	4,041
Total infrastructure	134,278		1,744	(3,286)	119	132,855	43,807	2,208	(2,259)	48	43,804	89,051
Works in Progress												
Land	6	(6)		-	-	-	-	-	-	-	-	-
Buildings	9	(9)	5	-	-	5	-	-	-	-	-	5
Roads & streets	-		10	-	-	10	-	-	-	-	-	10
Infrastructure other	-			-	-	-	-	-	-	-	-	-
Stormwater	6		4	-	-	10	-	-	-	-	-	10
Total infrastructure	21	(15)	19	-	-	25	-	-	-	-	-	25
Total property, plant and equipment, infrastructure	169,402	(15)	2,446	(3,374)	14	168,473	55,338	2,700	(2,318)	48	55,768	112,705

Notes to the Financial Report

For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 26 Trade and other payables		
Trade payables	1,272	1,053
Accrued expenses	114	111
Total trade and other payables	1,386	1,164
Note 27 Trust funds and deposits		
Trust deposits	35	33
Unclaimed funds – sale of property for rates	119	-
Other	157	125
Total trust funds and deposits	311	158
Note 28 Provisions		
(a) Employee benefits		
Current		
Annual leave	185	186
Long service leave	142	171
Oncosts	23	23
	350	380
Non-Current		
Long service leave	117	114
Oncosts	7	7
	124	121
Aggregate carrying amount of employee benefits:		
Current	327	357
Non-current	117	114
	444	471

Accounting policy

i) Short term obligations

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

ii) Other long term employee benefit obligations

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

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

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 28 Provisions cont

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

v) 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 2017

2017	2016
\$'000	\$'000

Note 29 Interest-bearing loans and borrowings

Current

Interest-bearing loans	96	91
	96	91

Non-current

Interest-bearing loans	1,219	1,315
Total	1,315	1,406

Note 30 Accelerated Local Government Capital Program Loans

Current

Accelerated Local Government Capital Program Loans	120	-
	120	-

Non-current

Accelerated Local Government Capital Program Loans	180	-
Total	300	-

The obligations for Council's borrowings are payable:

Not later than one year	216	91
Later than one year and not later than five years	635	426
Later than five years	764	889
Total	1,615	1,406

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 31 Reserves

a) Asset revaluation	Balance at beginning of reporting period	Increment (decrement)	Transfers from/(to) accumulated surplus	Balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000
2017				
Investment in associates	286	(4)	-	282
Infrastructure, land and buildings	90,743	2800	-	93,543
Total asset revaluation	91,029	2,796	-	93,825
2016				
Investment in associates	225	61	-	286
Infrastructure, land and buildings	90,777	(34)	-	90,743
Total asset revaluation	91,002	27	-	91,029

b) Investment Revaluation Reserve – water corporation	Balance at beginning of reporting period	Increment (decrement)	Transfer from/(to) accumulated surplus	Balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000
2017				
Water corporation	598	44	-	642
Total investment revaluation reserves	598	44	-	642
2016				
Water corporation	485	113	-	598
Total investment revaluation reserves	485	113	-	598

	2017 \$'000	2016 \$'000
Total Reserves	94,467	91,627

Note 32 Adjustments directly to equity

Movement in fair value valuation – water corporation	44	113
Revaluation of assets	2,796	27
	2,840	140

Notes to the Financial Report

For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 33 Reconciliation of cash flows from operating activities to surplus(deficit)		
Surplus/Deficit	4,716	(836)
Depreciation/amortisation	2,571	2,700
Loss on disposal of property, plant and equipment, infrastructure	199	1,009
Share of Associates Profit/Loss	(200)	(261)
Capital grants	(187)	(93)
Grants for renewal of assets	(654)	-
	<u>1,729</u>	<u>3,355</u>
<i>Change in assets and liabilities:</i>		
Decrease (Increase) in trade and other receivables	(563)	(148)
Decrease (Increase) in other assets	(925)	129
Increase (Decrease) in trade and other payables	222	341
Increase (Decrease) in other liabilities	-	-
Increase (Decrease) in employee provisions	(27)	14
	<u>(1,293)</u>	<u>336</u>
Net cash provided by/(used in) operating activities	<u>5,152</u>	<u>2,855</u>
Note 34 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (see note 21)	7,884	7,565
Note 35 Financing arrangements		
Bank overdraft	25	25
Unused facilities	<u>25</u>	<u>25</u>

Council has a corporate credit card with a \$50,000 limit. The balance is paid in full on a monthly basis.

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 36 Superannuation

Council makes superannuation contributions for one of its employees to the Quadrant Defined Benefits Fund (the Fund). The Fund was a sub fund of the Quadrant Superannuation Scheme (the Scheme) up to 30 November 2015. At this date the Quadrant Superannuation Scheme merged (via a Successor Fund Transfer) into the Tasplan Super and the Quadrant Defined Benefits Fund became a sub fund of Tasplan Super (Tasplan) from that date. The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by the 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 and accordingly no asset or liability is recognised in these accounts in respect of the scheme.

For the year ended 30 June 2017 Council contributed 9.5% of the relevant employee's gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, Council is required to meet its share of the deficiency.

Rice Warner Pty Ltd undertook the last actuarial review of the Fund at 30 June 2014. The review disclosed that at that time the net market value of assets available for funding member benefits was \$66,310,000, the value of vested benefits was \$57,475,000, the surplus over vested benefits was \$8,835,000, the value of total accrued benefits was \$58,093,000, and the number of members was 187.

The actuarial review concluded that, 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.

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 reporting period the amount of contributions paid to defined benefits schemes was \$4,000 (2015-16, \$3,000), and the amount paid to accumulation schemes was \$169,000 (2015-16, \$176,000).

During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$4,000, and the amount to be paid to accumulation schemes is \$189,000.

As at 30 June 2016 the Fund had 151 members and the total employer contributions and member contributions for the year ending 30 June 2016 were \$1,956,576 and \$284,779 respectively.

Council adopted reduced disclosure in relation to the Fund based on an assessment that the impact of non-disclosure is insignificant to users of the accounts. The assessment was based on the number of Council employees that are member of the Fund (one) and Council's contributions to the Fund (as noted above) in comparison to both the Fund's total members and contributions and Council's total employee numbers and superannuation contributions. In addition, the Fund is currently in surplus. If the Fund's position changes, the need for increased disclosure will be considered.

Note 37 Commitments

The Council had no material commitments at 30 June 2017 or as at 30 June 2016.

Note 38 Contingent liabilities and contingent assets

Contingent liabilities

The Council presently has no material contingent liabilities.

Guarantees for loans to other entities

The Council presently does not have any guarantees for loans to other entities.

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 39 Financial Instruments

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial			
Cash and cash equivalents	20	Cash on hand and at bank and money market call account are valued at face value.	On call deposits returned an average floating interest rate of 2.0% (2.7% in 2015/16). The weighted average interest rate at balance date was 2.0%.
		Interest is recognised as it accrues.	As at 30 June 2017 funds invested at fixed interest rates returned on average 2.57% (3% in 2015/16).
		Investment and bills are valued at cost.	Not applicable.
		Investments are held to maximise interest returns of surplus cash.	
		Interest revenues are recognised as they accrue.	
		Managed funds are measured at market value.	
Trade and other receivables			
Other debtors	21	Receivables are carried at amortised cost using the effective interest method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred.	General debtors are unsecured.
		Collectability of overdue accounts is assessed on an ongoing basis.	
Financial liabilities			
Trade and other payables	25	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.
Interest-bearing loans and borrowings	28	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 6.64% (6.64% in 2015/16).
		Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.	As at balance date, the Council had no finance leases.
Bank overdraft	33	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates and is repayable on demand.

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 39 Financial Instruments cont

(b) Interest Rate Risk

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

2017	Fixed interest maturing in:					
	Variable interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	4,453	3,431	-	-	-	7,884
Trade and other receivables	-	133	-	-	893	1,026
Other assets	-	-	-	-	1,423	1,423
Investment in water corporation	-	-	-	-	6,814	6,814
Total financial assets	4,453	3,564	-	-	9,130	17,147
Financial liabilities						
Trade and other payables	-	-	-	-	1,386	1,386
Trust funds and deposits	-	-	-	-	311	311
Interest-bearing loans and borrowings	-	216	635	764	-	1,615
Total financial liabilities	-	216	635	764	1,697	3,312
Net financial assets (liabilities)	4,453	3,348	(635)	(764)	7,433	13,835

2016	Fixed interest maturing in:					
	Variable interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	4,908	2,657	-	-	-	7,565
Trade and other receivables	-	259	-	-	216	475
Other assets	-	-	-	-	500	500
Investment in water corporation	-	-	-	-	6,770	6,770
Total financial assets	4,908	2,916	-	-	7,486	15,310
Financial liabilities						
Trade and other payables	-	-	-	-	1,164	1,164
Trust funds and deposits	-	-	-	-	158	158
Interest-bearing loans and borrowings	-	91	426	889	-	1,406
Total financial liabilities	-	91	426	889	1,322	2,728
Net financial assets (liabilities)	4,908	2,825	(426)	(889)	6,164	12,582

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 39 Financial Instruments cont

(c) Net Fair Values

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Financial assets				
Cash and cash equivalents	7,884	7,565	7,884	7,565
Trade and other receivables	1,026	475	1,026	475
Other assets	1,405	500	1,405	500
Investment water corporation	6,814	6,770	6,814	6,770
Total financial assets	17,129	15,310	17,129	15,310
Financial liabilities				
Trade and other payables	1,386	1,164	1,386	1,164
Trust funds and deposits	311	158	311	158
Interest-bearing loans and borrowings	1,315	1,406	1,315	1,406
Total financial liabilities	3,012	2,728	3,012	2,728

(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. 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 2017

Note 39 Financial Instruments cont

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 has exposure to credit risk on some financial assets included in our Statement of Financial Position. To help manage this risk:

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

Council generally trades with recognised, creditworthy third parties, and as such collateral is generally not requested, nor is it Council's policy to securitise its trade and other receivables.

It is Council's policy that some customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their credit rating, financial position, past experience and industry reputation.

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

We may also be subject to credit risk for transactions which are not included in the Statement of Financial Position, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 36.

Ageing of Trade and Other Receivables

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

	2017 \$'000	2016 \$'000
Current (not yet due)	723	150
Past due by up to 30 days	130	40
Past due between 31 and 180 days	123	238
Past due between 181 and 365 days	-	-
Past due by more than 1 year	50	47
Total Trade & Other Receivables	1,026	475

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 39 Financial Instruments cont

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 asset at all.

To help reduce these risks we:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

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 undiscounted gross payments including both principal and interest amounts.

2017	6 months or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	1,386	-	-	-	-	1,386
Trust funds and deposits	311	-	-	-	-	311
Interest-bearing loans and borrowings	91	91	182	546	1,002	1,912
Total financial liabilities	1,788	91	182	546	1,002	3,609

2016	6 months or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	1,164	-	-	-	-	1,164
Trust funds and deposits	158	-	-	-	-	158
Interest-bearing loans and borrowings	91	91	182	546	1,093	2,003
Total financial liabilities	1,413	91	182	546	1,093	3,325

(f) Sensitivity disclosure analysis

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

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 2.0%.

As at 30 June 2017, if interest rates had moved, as illustrated in the table below, profit and equity would have been affected as follows:

	Profit or loss		Equity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
+1% (100 basis points)	45	49	45	49
-1% (100 basis points)	(45)	(49)	(45)	(49)

Notes to the Financial Report

For the Year Ended 30 June 2017

2017	2016
\$'000	\$'000

Note 40 Auditors' Remuneration

Audit fee for audit of financial statements – Tasmanian Audit Office	27	25
Audit fee for all other services – Tasmanian Audit Office	10	3
	37	28

The audit fees above are those recognised on an accruals basis according to the timing of work done and invoices raised which may vary from year to year. The full audit fees relating to the financial statements for 2017 and 2016 irrespective of the timing of the work completed are as follows:

Audit fee for audit of financial statements – Tasmanian Audit Office	26	26
Audit fee for all other services – Tasmanian Audit Office	10	3
	36	29

Note 41 Events occurring after balance date

There are no subsequent events after 30 June 2017 that have had a material impact on the accounts.

Note 42 Related party transactions

(i) Responsible Persons

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

Councillors	Councillor Don Thwaites (Mayor November 2007 to current) Councillor Tim Wilson (Deputy Mayor November 2009 to current) Councillor Penny Lane (Councillor November 2007 to current) Councillor Annie Willock (Councillor November 2007 to current) Councillor Rodney Blenkhorn (Councillor November 2014 to current) Councillor Linda Cassidy (Councillor November 2014 to current) Councillor Kate Haberle (Councillor November 2014 to current) Councillor Terrence Hughes (Councillor November 2014 to current) Councillor Phillip Richards (Councillor November 2014 to current)
General Manager	Gerald Monson - April 2010 to current

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 42 Related Party Transactions cont

(ii) Councillor Remuneration

2017	Short term employee benefits		Post employment benefits			
	Allowances \$	Vehicles \$	Superannuation \$	Total Compensation AASB 124	Expenses \$	Total allowances and expenses section 72
Mayor	35,915	-	-	35,915	7,321	43,235
Deputy Mayor	20,682	-	-	20,682	1,482	22,164
Councillors	74,331	-	-	74,331	17,595	91,926
Total	130,927	-	-	130,927	26,398	157,325

2016	Short term employee benefits		Post employment benefits			
	Allowances \$	Vehicles \$	Superannuation \$	Total Compensation AASB 124	Expenses \$	Total allowances and expenses section 72
Mayor	35,118	-	-	35,118	3,592	38,710
Deputy Mayor	20,228	-	-	20,228	241	20,469
Councillors	72,737	-	-	72,737	4,331	77,068
Total	128,084	-	-	128,084	8,163	136,247

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 42 Related Party Transactions cont

(iii) Key Management Personnel Remuneration

2017		Short term employee benefits				Post employment benefits			Non-monetary Benefits ⁸ \$	Total \$
Remuneration Band	Number of Employees	Salary ¹ \$	Short-term incentive payments ² \$	Vehicles ³ \$	Other Allowances and Benefits ⁴ \$	Super-annuation ⁵ \$	Other Long-term Benefits ⁶ \$	Termination Benefits ⁷ \$		
\$100,001 - \$120,000	1	99,992	-	13,874	-	9,321	-	-	(5,479)	117,707
\$120,001 - \$140,000	2	202,698	-	41,883	-	19,197	-	-	(789)	262,989
Total		302,690	-	55,757	-	28,518	-	-	(6,269)	380,696

Less key management personnel services hired to Latrobe Council (est 0.5 employees)	(85,996)
Add key management personnel services hired from Latrobe Council (est 1.3 employees)	249,565
Net total cost of key management personnel 2017	544,286

2016		Short term employee benefits				Post employment benefits			Non-monetary Benefits ⁸ \$	Total \$
Remuneration Band	Number of Employees	Salary ¹ \$	Short-term incentive payments ² \$	Vehicles ³ \$	Other Allowances and Benefits ⁴ \$	Super-annuation ⁵ \$	Other Long-term Benefits ⁶ \$	Termination Benefits ⁷ \$		
\$100,001 - \$120,000	1	97,106	-	8,165	-	9,102	-	-	(5,618)	108,754
\$120,001 - \$140,000	2	193,273	-	39,617	-	18,361	-	-	11,991	263,242
Total		290,379	-	47,782	-	27,463	-	-	6,373	371,997

Less key management personnel services hired to Latrobe Council (est 0.5 employees)	(76,441)
Add key management personnel services hired from Latrobe Council (est 1.3 employees)	238,315
Net total cost of key management personnel 2016	533,871

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.

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

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

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

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

⁷ Termination benefits include all forms of benefit paid or accrued as a consequence of termination.

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 42 Related Party Transactions cont

⁸ Other non-monetary benefits include annual and long service leave movements and non-monetary benefits (such as housing, subsidised goods or services etc).

(iv) Remuneration Principles Councillors

Regulation 42(2) of the Local Government (General) Regulations 2015 (the Regulations) specifies the allowances payable to Councillors and Mayors and Deputy Mayors following the last review in 2008. The allowances payable from 1 November 2014 are set out in Schedule 4 of the Regulations.

Executives

Remuneration levels for key management personnel are set in accordance with market based salaries relative to the responsibilities and accountability of the position.

The employment terms and conditions of senior executives are contained either in Council's Enterprise Agreement or 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.

(v) Transactions with associates

Council's interests in associates are detailed in note 18.

The following transactions occurred with Dulverton Waste Management Authority:

Nature of the transaction	Amount of the transactions during the year	Outstanding balances, including commitments at year end	Terms and conditions	Provisions for doubtful debts related outstanding balances	The expense recognised during the period relating to bad or doubtful debts due from related parties
Waste disposal services ¹	\$320,000	Council owes \$25,000	30-day terms on invoices	-	-
National Taxation Equivalent Regime (NTER) receipts ²	\$108,000	Council recorded accrued revenue of \$22,000	As per Section 71 of the Government Business Enterprises Act 1995	-	-
Dividends ³	\$45,000	-	As determined by the Board of Dulverton Waste Management Authority	-	-

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 42 Related Party Transactions cont

¹ Council incurs gate fees for disposal of waste collected as part of its curbside waste collection services and disposal of waste transferred from its waste transfer stations. Amounts are payable monthly.

² As part owner of Dulverton Waste Management Authority, Council receives quarterly income tax equivalent payments from the authority.

³ As part owner of Dulverton Waste Management Authority, Council receives dividend payments from time to time as declared by the board of the authority.

(vi) Transactions with related parties

During the period Council entered into the following transactions with related parties.

Nature of the transaction	Amount of the transactions during the year	Outstanding balances, including commitments at year end	Terms and conditions	Provisions for doubtful debts related outstanding balances	The expense recognised during the period relating to bad or doubtful debts due from related parties
Costs relating to purchase of a small parcel of land by Council ¹	\$3,000	Council owes \$25,000	30-day terms on invoices	-	-
Agency accommodation booking receipts ²	\$12,000	Council recorded accrued revenue of \$22,000	As per Section 71 of the Government Business Enterprises Act 1995	-	-
Agency accommodation commissions deducted by Council ³	\$1,000	-	As determined by the Board of Dulverton Waste Management Authority	-	-
Agency accommodation – net payment to Owner ⁴	\$11,000	-	30-day terms	-	-

¹ Council purchased a small parcel of land adjacent to Mural Park in Sheffield from a related party of a Councillor. The Councillor was excluded from all discussions and negotiations regarding this transaction.

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 42 Related Party Transactions cont

² Council received accommodation booking receipts through the Kentish Visitor information Centre for a property owned by a related party of a Councillor. The terms and conditions of these bookings are the same as those generally applied to all similar accommodation bookings.

³ Council retained commissions on the above accommodation booking receipts through the Kentish Visitor information Centre on terms and conditions the same as those generally applied to all similar accommodation bookings.

⁴ Council paid the net proceeds of the above accommodation bookings (after deducting commission) on terms and conditions the same as those generally applied to all similar accommodation bookings.

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.

(vii) 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.

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 43 Management Indicators

The following management indicators have been prepared to comply with section 84(2A) of the Local Government Act 1993 and Local Government (Management Indicators) Order 2014. Commentary on these management indicators and Council's performance against benchmarks is included in Council's Annual Report. The calculation of the Underlying Result is in accordance with the Tasmanian Audit Office Guidance Paper as revised in June 2017.

Recurrent Income and Recurrent Expenses, two of the inputs to these management indicators, are not calculated in accordance with Australian Accounting Standards. The calculation of recurrent income and its reconciliation to the Statement of Comprehensive Income is as follows:

	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
Recurrent Income				
Total Income from Statement of Comprehensive Income	16,753	9,718	15,702	8,775
Less:				
National Disaster Relief grants received	(5,143)	(439)	(484)	(593)
Gain on disposal of surplus land	(29)	-	-	-
Grants Specifically for new/upgraded assets	(187)	(93)	(40)	(392)
Contributions Specifically for new/upgraded assets	-	-	(64)	-
Grants for renewal of assets	(654)	(898)	(339)	(375)
Roads	-	-	(4,399)	-
Grants received in advance - current year	(1,326)	-	(1,277)	-
Rates received in advance - current year	(193)	(186)	(168)	(149)
Add:				
Grants received in advance - prior year	-	1,277	-	1,294
Rates received in advance - prior year	186	168	149	149
Total Recurrent Income	9,407	9,547	9,080	8,709
Recurrent Expenses				
Total Expenses from Statement of Comprehensive Income	12,037	10,554	9,834	8,947
Less:				
Disaster relief and recovery expenditure	(2,730)	(735)	(653)	(707)
Loss on disposal of assets destroyed by flood	-	(818)	-	-
Total Recurrent Expenses	9,307	9,001	9,181	8,240
(a) Underlying surplus or deficit				
Recurrent income*	9,407	9,547	9,080	8,709
less recurrent expenditure	(9,307)	(9,001)	(9,181)	(8,240)
<i>Underlying surplus/deficit</i>	100	546	(101)	469
(b) Underlying surplus ratio				
<i>Underlying surplus or deficit</i>	100	546	(101)	469
Recurrent Income	9,407	9,547	9,080	8,709
<i>Underlying surplus ratio %</i>	1.1%	5.7%	-1.1%	5.4%
(c) Net financial assets/(liabilities)				
Liquid assets	10,328	8,549	7,930	6,664
less total liabilities	(3,786)	(3,229)	(2,971)	(2,718)
<i>Net financial assets/(liabilities)</i>	6,542	5,320	4,959	3,946
(d) Net financial assets/(liabilities) ratio				
<i>Net financial assets/(liabilities)</i>	6,542	5,320	4,959	3,946
Recurrent Income	9,407	9,547	9,080	8,709
<i>Net financial assets/(liabilities) ratio %</i>	69.5%	55.7%	54.6%	45.3%

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 43 Management Indicators cont

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.

	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
<i>Transport Infrastructure</i>				
<u>Depreciated replacement cost</u>	88,641	82,486	83,866	83,029
Current replacement cost	132,558	123,583	125,194	122,552
Asset consumption ratio %	66.9%	66.7%	67.0%	67.8%
<i>Buildings</i>				
<u>Depreciated replacement cost</u>	12,992	13,098	13,027	7,070
Current replacement cost	22,865	22,683	22,336	15,124
Asset consumption ratio %	56.8%	57.7%	58.3%	46.7%
<i>Stormwater</i>				
<u>Depreciated replacement cost</u>	2,539	2,524	2,505	2,551
Current replacement cost	4,313	4,245	4,126	4,120
Asset consumption ratio %	58.9%	59.5%	60.7%	61.9%

f) Asset renewal funding ratio

<i>Transport Infrastructure</i>			
<u>Projected capital funding outlays**</u>	14,224	17,254	17,212
Projected capital expenditure funding***	12,111	11,702	10,920
Asset renewal funding ratio	117.4%	147.4%	157.6%
<i>Buildings</i>			
<u>Projected capital funding outlays**</u>	102	208	146
Projected capital expenditure funding***	17	17	92
Asset renewal funding ratio	600.0%	1223.5%	158.7%
<i>Stormwater</i>			
<u>Projected capital funding outlays**</u>	7	7	22
Projected capital expenditure funding***	7	7	7
Asset renewal funding ratio	100.0%	100.0%	320.6%

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

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

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 43 Management Indicators cont

g) Asset sustainability ratio

	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
<u>Capex on replacement/renewal of existing assets</u>	5,611	1,580	2,627	1,980
<u>Annual depreciation expense</u>	2,571	2,700	2,674	2,659
Asset sustainability ratio %	218.2%	58.5%	98.2%	74.5%

Capital Expenditure Detail (based on cash flows) 2017	Capital Renewal Expenditure	Capital new/upgrade expenditure	Total Capital Expenditure
Asset Group	\$'000	\$'000	\$'000
Roads and Bridges	5,262	216	5,478
Stormwater Assets	59	-	59
Land	-	-	-
Buildings	129	51	180
Land Improvements	144	132	276
Office Furniture and Equipment	17	-	17
Plant and Equipment	-	94	94
Total	5,611	493	6,104

Capital Expenditure Detail (based on cash flows) 2016	Capital Renewal Expenditure	Capital new/upgrade expenditure	Total Capital Expenditure
Asset Group	\$'000	\$'000	\$'000
Roads and Bridges	1,399	240	1,639
Stormwater Assets	-	-	-
Land	-	178	178
Buildings	-	347	347
Land Improvements	45	41	86
Office Furniture and Equipment	50	8	58
Plant and Equipment	86	13	99
Total	1,580	827	2,407

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 44 Fair Value Measurements

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

- Investment in water corporation
- Property, infrastructure plant and equipment
 - Land
 - Land under roads
 - Buildings
 - Roads, including footpaths & cycleways
 - Bridges
 - Stormwater assets
 - Other infrastructure

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

(a) Fair Value Hierarchy

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

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

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

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

As at 30 June 2017	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Land	24	-	4,799	-	4,799
Land under roads	24	-	-	4,399	4,399
Buildings	24	-	463	12,529	12,992
Roads, including footpaths & cycleways	24	-	-	73,422	73,422
Bridges	24	-	-	12,419	12,419
Stormwater assets	24	-	-	2,539	2,539
		-	5,262	108,108	113,370
Non-recurring fair value measurements					
		-	-	-	-

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 44 Fair Value Measurements cont

As at 30 June 2016	Note	Level 1	Level 2	Level 3	Total
		\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements					
Land	24	-	4,799	-	4,799
Land under roads	24	-	-	4,399	4,399
Buildings	24	-	463	12,635	13,098
Roads, including footpaths & cycleways	24	-	-	74,058	74,058
Bridges	24	-	-	8,428	8,428
Stormwater assets	24	-	-	2,524	2,524
		-	5,262	102,044	107,306
Non-recurring fair value measurements					
		-	-	-	-

Transfers between levels of the hierarchy

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

(b) Highest and best use

All assets valued at fair value in this note are being used for their highest and best use.

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

Investment in water corporation

Refer to Note 19 for details of the valuation technique used to derive fair value.

Land

Land fair values were based on the latest land values issued by the Tasmanian Valuer General as at 30 June 2014.

Land under roads

Land under roads is based on Council valuations at 30 June 2015 using average per square metre property value rates supplied by the Valuer-General.

Buildings

The fair values of Council's special purpose buildings were determined by estimating the depreciated current replacement cost as at 1 July 2014 based on per square meter construction rates published in *Rawlinsons Handbook*. The fair value of non-special purpose buildings were determined by Council management based on the latest capital values issued by the Tasmanian Valuer General as at 1 July 2014.

Infrastructure assets

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

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

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks.

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 44 Fair Value Measurements cont

Infrastructure assets cont

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

The calculation of depreciated replacement cost (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. The table at (d) below summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

The methods for calculating CRC are described under individual asset categories below.

Roads, including footpaths & cycleways

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. Sealed roads are managed in segments according to changes in key characteristics such as road width or date of sealing. All road segments are then componentised into formation, sub-pavement, pavement and surface. Except for assessment of CRC of formation costs, Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes each segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC is based on the road area multiplied by a unit price; the unit price being an estimate of labour and material inputs, services costs, and overhead allocations. Council assumes that pavements are constructed to depths of 300mm (150mm sub-base plus 150mm base-course) for sealed roads and 200mm (100mm sub-base and 100mm wearing surface) for 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 Agreement (EA). Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years. Where similar projects have not been recently undertaken, unit costs of neighbouring Councils is considered where appropriate.

Bridges

A full valuation of bridges assets was undertaken by Council Management, effective 30 June 2014 at depreciated current replacement cost based upon independent assessment of current replacement cost and useful lives by TasSpan Pty Ltd. Depreciated current replacement cost was calculated on a straight-line basis. Each bridge is assessed individually and componentised into sub-assets representing the deck and sub-structure. The valuation is based on the material type used for construction and the deck and sub-structure area.

Stormwater Assets

A full valuation of drainage infrastructure was undertaken by Council's Engineer, effective 30 June 2013. Similar to roads, drainage assets are managed in segments; pits and pipes being the major components. This value has been adjusted to reflect the movement in the Australian Bureau of Statistics Road and Bridge Construction Index from June 2013 to June 2016.

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

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

Other Infrastructure

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

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 44 Fair Value Measurements cont

(d) Unobservable inputs and sensitivities

Asset / liability category*	Carrying amount (at fair value) \$'000	Key unobservable inputs *	Expected range of inputs	Description of how changes in inputs will affect the fair value
Roads and Streets	\$76,222	Useful life	Refer Note 1e	The higher the useful life the higher the fair value
Roads and Streets	\$73,422	Unit price per sq. metre		The higher the unit price the higher the fair value
Bridges	\$12,419	Useful life	Refer Note 1e	The higher the useful life the higher the fair value
Bridges	\$12,419	Unit price per sq. metre		The higher the unit price the higher the fair value
Stormwater Assets	\$2,539	Useful life	Refer Note 1e	The higher the useful life the higher the fair value
Stormwater Assets	\$2,539	Unit price per lineal metre		The higher the unit price the higher the fair value

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

(e) Changes in recurring level 3 fair value measurements

The changes in level 3 assets with recurring fair value measurements are detailed in note 25 (Property, infrastructure, plant and equipment). There have been no transfers between level 1, 2 or 3 measurements during the year.

(f) Valuation processes

Council's current policy for the valuation of property, infrastructure, plant and equipment, investment in water corporation and investment property (recurring fair value measurements) is set out in note 25.

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

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

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes (refer note 39).

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 39 equates to the carrying amount as the carrying amount approximates fair value (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).

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 45 Significant Business Activities

The operating capital and competitive neutrality costs of the Council's significant business activities are :-

	O'Neills Creek Campground	
	2016/17 \$'000	2015/16 \$'000
Total Revenue	\$ 2	\$ 1
Total Expenses	\$ 2	\$ 1
Total Capital Costs	\$ -	\$ -
Competitive Neutrality Costs	\$ -	\$ -

The Tasmanian Economic Regulator has deemed that the provision of overnight camping services at O'Neills Creek by Council constitutes a Significant Business Activity.

Note 46 Special Committees of Council

The Council has established a number of Special Committees under section 24 of the Local Government Act 1993 to manage Council facilities on behalf of Council. These Special Committees do not have separate legal identity to Council and their income, expenditure, assets and liabilities are included in Council's Statement of Comprehensive Income and Statement of Financial Position. In accordance with Section 84(2)(d) of the Local Government Act the following statement shows the revenue and expenditure of these special committees.

Special Committee	Opening Bank Balance	Revenue	Expenditure	Balance Sheet Transfer	Closing Bank Balance
Barrington Hall Committee	34,123	4,622	(4,270)	(14,150)	20,325
Beulah Hall Committee	12,249	1,435	(3,145)	350	10,889
Claude Road Hall Committee	8,430	11,287	(3,463)	2,468	18,722
Kentish Musuem	5,672	1,155	(7,011)	6,600	6,416
Railton Community Facilities Committee	-	980	(2,232)	24,349	23,097
Railton Kings Hall Committee	9,255	1,283	(1,768)	(8,770)	-
Railton Recreation Ground Committee	446	-	-	-	446
Railton Recreation Hall Committee	11,877	2	-	(11,879)	-
Railton Squash Committee	4,322	2,934	(6,262)	2,600	3,594
Sheffield Recreation Ground Committee	11,093	-	-	(11,093)	-
Tasmanian Regional Arts Kentish	6,361	34,358	(36,186)	1,350	5,883
Wilmot Hall Committee	22,599	4,122	(8,098)	1,850	20,473
Wilmot Recreation Ground Committee	6,973	-	(48)	1,850	8,775
Railton Neighbourhood Centre	1,217	3,665	(2,361)	925	3,446
	134,617	65,843	(74,844)	(3,550)	122,066

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 47 Other significant accounting policies and new accounting standards

(a) Taxation

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

Goods and services tax (GST)

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

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

(b) Impairment of assets

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

Notes to the Financial Report

For the Year Ended 30 June 2017

Note 47 Other significant accounting policies and new accounting standards cont

(f) Budget

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

(g) Adoption of new and amended accounting standards

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

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

Council has applied AASB 124 Related Party Disclosures for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. The standard further extends that required under the LGA 1993. This information is presented in Note 40.

ii) AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not for Profit Public Sector Entities (effective from 1 January 2016)

The amendment provides relief to not for profit public sector entities from certain disclosures about the fair value measurement of property, plant and equipment held for their current service potential rather than to generate net cash inflows that is categorised within Level 3 of the fair value hierarchy.

Adoption of this standard has had no material financial impact on Council's 2016/17 financial report.

(h) Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting period. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

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

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

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

- Grants received to construct non-financial assets controlled by Council will be recognised as a liability, and subsequently recognised progressively as revenue as Council satisfies its performance obligations under the grant. At present, such Grants are recognised as revenue upfront.
- Under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. At present, such grants are recognised as revenue upfront. When the new standard becomes effective, Council will evaluate all

grant agreements in place at that time to determine whether revenue from those grants could be deferred under the new requirements.

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

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