

2019/2020 Annual Report



Kentish Council

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WELCOME

The Kentish Council proudly presents the 2019/20 Annual Report to the Community.

The Annual Report highlights Council's performance against the 2019/20 Annual Plan and Budget.

The Annual Plan and Budget sets out 18 strategic objectives grouped under four categories:

1. Infrastructure;
2. Economic and Community Development;
3. Governance and Organisational Development; and
4. Planning and Development

against which Council's performance is measured.

Section 72 of the *Local Government Act 1993* requires all councils to prepare an Annual Report including prescribed content.

As well as meeting this statutory requirement, Council sees the Annual Report as a great opportunity to keep residents and stakeholders informed about its performance and future direction. The report demonstrates the breadth of Council's operations and identifies achievements and challenges during the 2019/20 financial year.

The Annual Report also provides a comprehensive and externally audited financial report.

Feedback

Feedback or questions relating to the annual report are welcome.

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Post: General Manager
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The Annual Report is available in a range of formats and can also be viewed electronically on Council's website www.kentish.tas.gov.au

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The Year in Review



Mayor and General Manager's Welcome

It is with much pleasure that we present this annual report in which, despite the impacts of COVID-19 on Council operations, we were one of a few Councils in Tasmania that finished with an underlying surplus for the year (\$385,000).

We take this opportunity to thank all Council employees for the manner in which we worked together to address the daily challenges that were forced upon us and the community by the outbreak of COVID-19. There was great angst and uncertainty within the community and in the Council office, however we supported each other and continued to provide the day-to-day services expected and required by our residents and visitors to the area.

The COVID-19 Incident Management Team did an outstanding job in keeping not only employees and the elected members notified of the day-to-day changes in restrictions being imposed, but also provided a very reliable source of information to the community through Council's Facebook page and website.

Work continued on planning and implementing several major projects, including the Wild Mersey Mountain Bike Trails, the Wilmot and Sheffield streetscapes and a new road access to the Lorinna community. Work also continued on preparation of the Kentish Local Provisions for the Tasmanian Planning Scheme.

Parks and Wildlife Tasmania opened the new Visitor Gateway precinct at Cradle Mountain which is a magnificent improvement on the previous facilities. Another potential economic development opportunity for Kentish is pumped hydro as part of the Battery of the Nation Project, with Council receiving updates during the year from Hydro Tasmania regarding potential pumped hydro development in Kentish.

Work also continued on the design of the Railton Flood Mitigation Project.

The Council's engagement with the communities was severely interrupted in the second part of the year with the COVID-19 restrictions. Several major events were also cancelled, however Steamfest and the Taste of the North West were an outstanding success and one of the last major events to be held in Tasmania prior to the COVID shutdowns.

The prudent financial management of the Council over many years placed the Council in a strong position to respond to the challenges encountered as a result of COVID-19. Council agreed to a zero rate increase for the 2020/21 financial year and also joined with other Councils across the State by adopting a Financial Hardship Policy where businesses could apply for up to a six month rebate of their rates and charges based on eligibility criteria.

Council continues to embed resource sharing with Latrobe Council into its operations through the implementation of a new IT system. The implementation has been challenging, particularly continuing to deliver business as usual services with a relatively small workforce. Thank you to staff for their ongoing support and commitment during this period of significant change.

A big thank you to all the volunteers and community organisations that help make the Kentish area such a wonderful place to live.

Finally, thank you to the Councillors who served the community of Kentish during the 2019/20 financial year. You can be proud of the achievements detailed in this report. The Council has functioned well despite the need to have online meetings. Councillors have worked well together over this period and have earned large scale support in the community.

Tim Wilson
Mayor

Gerald Monson
General Manager



Mayor Tim Wilson

Gerald Monson

Performance at a Glance

	Achievements	Challenges	Year Ahead
Infrastructure	<ul style="list-style-type: none"> Commenced Stage One of the Wilmot Streetscape Project. Upgraded and extended the Sheffield and Railton stormwater reticulation systems. Developed a Master Plan for future use of the Senior Citizens building. 	<ul style="list-style-type: none"> Council set a substantial works program for the year with most projects either being completed or well progressed. 	<ul style="list-style-type: none"> Construct the extension of Wilks Road into Lorinna. Implement Railton Flood Mitigation recommendations. Undertake Stage One improvements at the Wilmot Cemetery.
Economic and Community Development	<ul style="list-style-type: none"> Progressed actions identified in the Economic Development Strategy 2015-2020. Purchased land to enable the expansion of the Redwater Creek Railway site. 	<ul style="list-style-type: none"> Supporting local businesses and industry during and after the COVID-19 pandemic which caused a large number of businesses to temporarily close. 	<ul style="list-style-type: none"> Administer new Business Recovery Grants developed to assist businesses recover from the COVID-19 pandemic.
Governance and Organisational Development	<ul style="list-style-type: none"> Expanded resource-sharing with Latrobe Council to underpin all service delivery activities of Council. 	<ul style="list-style-type: none"> Implementation of common enterprise software across Kentish and Latrobe Council. 	<ul style="list-style-type: none"> Continue to align business processes across Kentish and Latrobe Councils so wherever possible there is a single way of doing things.
Regulatory and Development	<ul style="list-style-type: none"> Finalised the local planning provisions for the Tasmanian Planning Scheme. Promoted responsible dog ownership including compliance with the Dog Control Act 2000 and Council's Dog Management Policy. 	<ul style="list-style-type: none"> Increasing demand on resources as a result of non-compliance with building and planning requirements. Dangerous Dog legislation requires review to enable Council to proceed with confidence in declaring dogs dangerous as court outcomes are becoming unpredictable. 	<ul style="list-style-type: none"> Undertake action required to finalise the new State-wide Planning Scheme. Contribute towards the Dogs Home of Tasmania Critical Infrastructure Program.

Kentish Profile

The Kentish Municipality is located inland on the eastern North-West Coast of Tasmania bordering the municipal areas of Latrobe, Devonport City, Central Coast, Meander Valley, West Coast and Waratah-Wynyard councils.

Kentish is known as ‘Tasmania’s Outdoor Art Gallery’ for its beautiful countryside, majestic mountains and its three themed townships: Sheffield - Town of Murals, Railton - Town of Topiary and Wilmot - Valley of Views.

Kentish has a population of 6,324, comprised of 51% males and 49% females with a median age of 48 years.

Overall, 80% of Kentish residents were born in Australia.

The three biggest industry employers in Kentish are Accommodation (4.4%), Aged Care (3.7%) and Road Freight Transport (3.2%).

Median employee income for Kentish residents is \$51,740 per annum.

Source: Australian Bureau of Statistics 2016 – 2018.

Our History

Nathaniel Kentish was appointed as a contract surveyor in 1841 to survey areas on the North-West Coast of Tasmania and in August 1842 he discovered a large grassy plain which later went on to be known as ‘Kentish Plains’.

In the early years, Road Trusts were the main form of Local Government in Tasmania. In 1908 the five local road trusts of Kentish Plains, Barrington, Beulah, Wilmot and Sheffield merged to create the Kentish Council.



Our Localities

Kentish’s localities include Sheffield, Railton, South Spreyton, Acacia Hills, Barrington, Lower Barrington, Nook, Nowhere Else, Merseylea, Sunnyside, Stoodley, Beulah, Lower Beulah, Paradise, Claude Road, Gowrie Park, West Kentish, Roland, Staverton, Promised Land, Lower Wilmot, Wilmot, Erriba, Moina, Lorinna, Middlesex, Cethana and Cradle Mountain.

Fast Facts

Area	1,187 sq km
Road Distances	471 km
Sealed	273 km
Unsealed	198 km
Number of Bridges/ Major Culverts	104
Rateable Properties	3,684
Value of Properties (AAV)	\$45.66M
Number of Electors	4,558
Operating Expenditure	\$10.61M
Businesses	501
Visitors to Sheffield	130,957
Visitors to Cradle Mountain	209,682

A Year in Kentish

July 2019

Master Plan released for Sheffield Arts Centre.
Severe Weather Event – Bridle Track Road closed due to flooding.
School Holiday Program.

August 2019

Wild Mersey Business Forum.
Railton Community Meeting.
Street tree planting commenced in Sheffield.
Lions Music Hall.

September 2019

Development Application lodged for Stage 2 Wild Mersey.
Railton Flood Mitigation Project Community Drop-In Sessions.
Lower Barrington, Acacia Hills & South Spreyton Community Drop-In Sessions.
Wilmot Community Meeting.

October 2019

Wilmot wins the State Tidy Towns Awards.
Tasmanian Medieval Festival.
School Holiday Program.
Sheffield Community Meeting.

November 2019

Sheffield School Junior Cattle Handlers Show.
Triple Top Mountain Run.
Sheffield Community Hospice Forum.

December 2019

Kentish Council Annual General Meeting.
Christmas Celebrations in Wilmot, Sheffield and Railton.

January 2020

Australia Day Celebrations.
School Holiday Activities.
Staverton Road reconstruction works commenced.

February 2020

Railton Community Meeting.
Sheffield Community Meeting.
Judging of Wilmot in the National Tidy Towns Awards.

March 2020

Lower Barrington, Acacia Hills & South Spreyton Community Meeting.
Steam Fest.
Taste of the North-West.
Gowrie Park Rodeo.
COVID-19 Pandemic impacts Kentish, with all public events cancelled or postponed.
Council launches buy local campaign.

April 2020

Council wins planning tribunal hearing to proceed with Development Application for access into Lorinna.
Council Office and Visitor Information Centres closed to public access due to COVID-19.

May 2020

Council Office re-opens following closure due to COVID-19.
Gustav Weindorfer Memorial Event conducted online.
Construction of the final stage of the Wild Mersey commences.

June 2020

Council awards Tenders for the Sheffield & Wilmot Streetscape Upgrades.
Council adopts a Financial Hardship Policy as an outcome of COVID-19.
Sheffield Visitor Information Centre re-opens following closure due to COVID-19.

Activity Overview

Wild Mersey Mountain Bike Development

Kentish and Latrobe Councils have continued the development of a \$4.1M world-class mountain bike trail experience that links the towns of Latrobe, Railton and Sheffield.

Designed as an economic development activity for the region, once completed the Wild Mersey trail network will sit alongside Tasmania's premier trail networks and enhance Tasmania's growing reputation as a mountain bike destination.

Since construction began in mid-2018, over 35kms of trails have been completed in the Warrawee Reserve connecting through to Railton. Tasmania's biggest pump track was built at Goliath Park to encourage new riders to develop their skills.

Trailhead facilities incorporating toilets, showers and washdown bays have been constructed at both Goliath Park and Warrawee where riders will start their Wild Mersey experience. Construction of the Sheffield Trailhead commenced during April 2020 and will open in December 2020 when the Sheffield trails open.

During May 2020 Council awarded the contract for the remaining 60kms of trails to Trailscapes Pty Ltd. Trailscapes constructed 15kms of Stage 1 and will be building their way through the Badgers Range until the network is completed in August 2021.

Hopes Mill Corner Redevelopment

As an outcome of the 'Sheffield Refresh' Sheffield Township Enhancement Project Plan, it was recommended to give Hopes Mill Corner a makeover.

Works began at Hopes Mill Corner during May 2020 and will be completed by end of September 2020. The improvements will include new seating, new garden beds and plantings, new post and rail fencing, and five new mural structures.

Expansion of the Redwater Creek Railway site

As an outcome of the 'Sheffield Refresh' Sheffield Township Enhancement Project Plan, the Redwater Creek Site was further expanded with Council signing an agreement to purchase part of the land at the rear of 161 Main Street, Sheffield.



Wild Mersey Mountain Bike Trails

Tasmanian Planning Scheme

The Tasmanian Government is reforming the State's planning system and introducing a single planning scheme for the State – the Tasmanian Planning Scheme.

During the financial year, Council finalised the preparation of the draft local provisions schedule for Kentish. This includes the allocation of zones, agricultural land and natural asset mapping as well as site specific use and development standards or qualifications. Site specific use and development standards have largely been determined by the land use reviews previously undertaken that informed the development of strategic plans for all settlement areas.

The draft Kentish Local Provisions Schedule has been lodged with the Tasmanian Planning Commission for their consideration. Once the Commission deems it to be ready for public exhibition, Council will be directed to advertise it for 60 days, during which time representations can be lodged with Council. A public hearing will be held following that to allow all representors to be heard by the Commission.

Lorinna Access Update

A Development Application was lodged with Council to extend Wilks Road to Olivers Road in the previous financial year. The application was approved but the decision was appealed. A hearing with the Resource Management and Planning Appeal Tribunal occurred in the 2019/20 financial year and a permit was issued. It is intended to undertake works in the 2020/21 construction season.

Events

Mural Fest

The International Mural Fest competition unfortunately did not occur during Easter 2020 due to COVID-19 restrictions.

Steam Fest

Redwater Creek Heritage and Steam Society's 2020 Steamfest showcased the huge array of steam powered machines in Tasmania. The event, held over the March long weekend, is a major drawcard to Kentish with visitors coming from all around Australia to experience the wide variety of exhibits.

Taste of North-West

The annual Taste of the North-West was held on the March long weekend at King George V Park. Known for showcasing some of the North's best food and wine, the free entry event attracted a variety of producers who treated the large crowd to an exciting culinary experience accompanied by live music.

Kentish in Colour

Kentish Arts Commerce and Tourism was successful in obtaining \$34,500 grant funding from Tasmanian Community Fund for the purchase of lighting equipment for Kentish in Colour (formerly Sheffield in Colour). Unfortunately, Kentish in Colour was deferred until 2021 due to COVID-19 restrictions.

Tasmanian Medieval Festival

Held on 12th and 13^h October 2019, the Tasmanian Medieval Festival featured sword fighting, jousting, a birds of prey display and other medieval themed exhibitions. Organised by the Sovereign Military Order of the Knights Templar Tasmania, the event draws hundreds to the Kentish region each year.

Mental Health Week

Mental Health Week (MHW) is an annual national campaign to engage communities in activities that promote mental health and wellbeing and to increase understanding and reduce stigma about mental illness, and how it impacts on the lives of people in our community.

During 2020, Council partnered with Rural Health Tasmania, Kentish Regional Clinic and Kentish House to deliver a range of programs to showcase the creativity of our artists, promote healthy movement, mental wellbeing, suicide awareness, and raise awareness of mental health within our community.

Sheffield Christmas Tree

Council's Christmas Decorations Committee was formed in 2018, comprising three Councillors and a Community Representative. The Committee determined that Sheffield's Christmas decorations must be unique, striking and offer good value to the community over their life span.

After much deliberation, a four metre Pinewood Spruce Christmas Tree with warm white LED lights was purchased and displayed in Post Office Park during December 2019. This was complimented by traditional Christmas banners hung throughout the CBD.

Four Christmas events were held to celebrate the new decorations including Lighting of the Tree, Carols under the Tree, Santa Under the Tree and Christmas Eve Carols.



Council's Christmas Decorations Committee



Photos: Top L-R: Diana Butler, Jill Ridgeway and Mayor Tim Wilson.

Middle L-R: Diana Butler, Judy & John Hope and Mayor Tim Wilson.

Bottom L-R: Diana Butler, Gustav Weindorfer Memorial Committee Representatives and Mayor Tim Wilson.

Australia Day Celebrations

A crowd of almost 150 people turned out for the annual Kentish Australia Day Celebrations held at the Sheffield Town Hall.

Four individuals received a Local Hero Award for their contribution to the Kentish Community over many years. Awards were presented to Geneen Duff, Sally Petersen, and Jennifer Sargeant for their dedication to Sheffield Inc and the Kentish Mural Project; and Lyn Curr for her role as a dedicated volunteer with Claude Road Memorial Hall, SteamFest and many other organisations.

A Certificate of Appreciation was presented to Julian Bale for his commitment as the Kentish Mural Curator.

Volunteer recognition awards were presented to volunteers of the Railton Neighbourhood Centre, Railton Fire Brigade and Redwater Creek Steam and Heritage Society.

Community Event of the Year was awarded to the 2019 inaugural Gustav Weindorfer Memorial. The event celebrated the lives of Gustav and Kate Weindorfer and their work in opening Cradle Mountain.

Young Citizen of the Year was awarded to Kody Steers. Kody is a quiet achiever with national and international success in his chosen sport of woodchopping. Some of his achievements include Runner Up in the 2019 Stihl Timbersports Australian Championships, Winner at 2018 350mm Standing World Title New Zealand, a sixth straight win in 2018 as the Tasmanian 400mm Underhand Championship (equal to David Fosters record) and 2018 Woodchop Champion at the Royal Melbourne Show.

Senior Citizen of the Year was jointly awarded to John and Judy Hope. John and Judy are born and bred residents of Kentish with the Hope family establishing the original flour mill at Hope's Corner. John and Judy are both enthusiastic sports people and have embraced and supported many of the sports clubs in Kentish.

Citizen of the Year was awarded to Jill Ridgeway. Jill is the secretary of the Redwater Creek Heritage and Steam Society. Jill is a steam and miniature railway enthusiast and helps organise and participates in Steam Fest every year. Jill is also a dedicated member of the Claude Road Memorial Hall Committee and works at each market and event.

Capital Works Program

The largest projects completed as part of the Capital Works Program included:

- The reconstruction of Lower Beulah Road and stabilisation of an adjacent landslip which was subject to a 15 tonne load limit and was at risk of complete failure and loss.
- Reconstruction of a section of Nook Road to stabilise existing materials.
- The creation of a wide shared path on Victoria Street between Henry Street and Spring Street to provide a strategic link and the possibility for use by vehicles in times of emergency.

Youth Scholarship

Each year, Council provides a scholarship valued at \$1,500 to assist a Kentish student to further their studies by relocating from the municipality. The 2020 Youth Scholarship was awarded to Manisha Kernan who will study a Bachelor of Arts and Fine Arts at the University of Tasmania.

Youth Activities

School Holiday Program

The School Holiday Programs featured events such as the Family Movie Day on the Sheffield big screen, Funky Movement dance program, Soccer and Tball with Carly, Gardening with Kids, playgroups, cooking classes, mountain bike skill sessions, art workshops and many other activities.

Know Your Odds Skate, Scoot and BMX Competition

The annual Know Your Odds Kentish Scoot, Skate and BMX Competition was held at the Goliath Park Skate Park, Railton on 8 February 2020. The event drew a crowd of 40 spectators, with a further 20 young people taking part in the various competitions.

Planning Scheme Amendments

One planning scheme amendment was approved during the financial year. Amendment 01/19 incorporated the bushfire prone area overlay maps, prepared by Tasmania Fire Services, into the Kentish Interim Planning Scheme 2013. The amendment came into operation on 22 November 2019.

Western Wilds Project

Council secured \$14,800 from the Tasmanian Community Fund to build seven Information panels at specific points to promote Kentish as the 'Gateway to the Western Wilds'.



Kentish and Latrobe Council's winning entry at the Blooming Tasmania Flower and Garden Festival 2019.

Blooming Tasmania 2019

Kentish and Latrobe Council's Green Spaces Team won the Horticultural Award at the Blooming Tasmania Flower and Garden Festival 2019. The display represented the diversity of Kentish and Latrobe's flora from the coastal landscapes to the foothills of Mount Roland.

Community Road Safety Committee

In 2019, the Kentish and Latrobe Community Road Safety Committee produced the "My Daddy Works Here – Slow Down for Road Workers" vehicle decals. The decals were fixed to Council vehicles and made available free to the community. The purpose of the decals was to reinforce and personalise the safe driving message and promote awareness of road works speed limits and the safety of road workers.

Economic Development

Economic development activities conducted during the year included:

- Entry of Sheffield into Tassie's Top Tourism Town Awards.
- Rebranding the Sheffield Visitor Information Centre by updating the website and print collateral.
- Updating the Kentish Economic Development Strategy 2021 – 2025.
- Installation of signage to direct traffic on to Railton to promote the town's facilities including Wild Mersey.
- Engagement with Kentish Businesses via regular email communication, business networking events on a bi-monthly basis and establishment of an independent business Facebook networking group.



Sandra Rowden-Rich and Geoff Marsh with Wilmot's Keep Australia Beautiful Award.

Wilmot Tidy Towns Award

Wilmot was named the winner of the 2019 Tasmanian Keep Australia Beautiful Sustainable Communities Award at an award ceremony held in Otlands on 18 September 2019.

Wilmot received seven awards at the ceremony in the categories of Cultural and Heritage for the Weindorfer Memorial Committee and Wilmot Anzac Committee; Community Action and Partnership for the Willmot Memorial Hall Committee and Wilmot Craft Group; and Community Wellbeing for the Wilmot Indoor Bowls Club and Wilmot Memorial Hall Committee.

Wilmot will represent Tasmania at the Keep Australia Beautiful National Awards 2020.

COVID-19 and Relief Package

The financial and economic impacts of COVID-19 were evident in the Kentish community. Businesses were forced to adapt to an ever-changing environment in the last quarter of the 2019/20 financial year. In some cases, the changes forced businesses to temporarily close operations and employees to be stood down.

Financial Hardship Assistance Policy

Council developed a Financial Hardship Assistance Policy and implemented it during the COVID-19 pandemic in response to the economic impact on businesses and ratepayers. The policy allows for relief from rate payments for those encountering financial hardship. It is recognised that serious financial hardship can occur at any time, therefore the Policy addresses a range of circumstances

Kentish Council Covid-19 Recovery Action Plan

To assist in the recovery process, Council developed a COVID-19 Recovery Action Plan and formed a COVID-19 Recovery Action Committee. The Committee incorporates government and industry representatives. The Committee met on a fortnightly basis commencing on 22 June 2020. Council implemented the following recovery initiatives:

- Zero percent increase in rates, fees and charges for 2020/21.
- Rent relief for 6 months to community groups and organisations.
- Participation in the State Government's Local Government Loans Program to the value of \$5.1M to boost the economy through infrastructure development projects.
- Payment of creditor invoices within 14 days.
- Revision of Council procurement and existing service contracts to ensure, where possible, businesses are sourced in the following order: local municipality; neighbouring councils; North West region; and Tasmanian state without compromising value for money.
- Reduced Sheffield Visitor Information Centre accommodation and attraction booking commission by 50% (excluding Parks and Wildlife service accommodation) until 31/12/2020.
- Removed Sheffield Visitor Information Centre brochure advertising fee for businesses outside Kentish for 2020/21 financial year.
- Waive 50% of the Council component of the Development Application (DA), Building Application (BA) and Plumbing Application (PA) fees (excluding levies paid to third parties) for new or expanding business proposals (excluding subdivisions) up to a maximum amount of \$1,250 (i.e. \$2,500 fee) in 2020/21 and 2021/22.
- Waived the following Council permit fees in 2020/21 for businesses; food business, annual registration of private water supply, street dining, street vending and free-standing signs.
- Introduced new COVID-19 Recovery Grants for business and events – an additional \$15,000.
- Developed a buy local marketing campaign to encourage residents to shop locally in Kentish.

Sheffield Main Street Upgrade

Council commenced the Sheffield Main Street Upgrade Project during the financial year. The project aims to extend the streetscape works in the CBD eastward past Henry Street to Spring Street/Claude Road.

LANGE Design and HJM-TAS were engaged to undertake landscaping and civil design for the project.

Council awarded the contract to undertake the works to Treloar Transport. Works commenced mid July 2020 and are scheduled to be completed by mid-December. Latent ground conditions have impeded works progress somewhat however by encountering such conditions on the north side of the street have provided valuable intel once works transfer to the opposite side of the street.

Sheffield Arts Centre

Council appointed 6ty⁰ Architecture Surveying Engineering to work with the Sheffield Arts Centre Special Committee of Council to develop a detailed concept masterplan to redesign the Old Senior Citizens building into a facility that will meet the current and future needs of the Sheffield Arts Centre user groups.

Council agreed to take up \$800,000 as part of the Tasmania Government COVID-19 stimulus package for local government infrastructure, for a three-year interest free loan. The project includes a gallery space for the Working Art Space, a mural restoration area for Sheffield Inc and storage for Kentish Arts, Commerce and Tourism for their equipment to conduct the annual Mural Fest event and an L-shaped undercover area at the rear and carpark side of the building to allow for multiple uses including hosting the Mural Fest presentation and possible future market events. Council will contribute an additional \$70,000 to redevelop the carpark and install landscaping. Construction will commence in 2020/21.

Wilmot Main Street Upgrade

Council commenced the Wilmot Main Street Upgrade Project during the financial year. The project will revitalise the Main Street of Wilmot by undertaking practical road reserve improvements including fully asphalted road pavement and associated drainage improvements, border landscaping, delineated vehicle parking, and access improvements for both vehicles and pedestrians. This will benefit tourism opportunities to the village and surrounding environments.

The landscaping theme is designed to provide year-round beauty with minimal maintenance. Other community driven projects will improve the village aesthetics further by providing items of interest and historical significance.

This project has received commonwealth funding via the Community Development Grants Programme and is to be completed by June 2021.

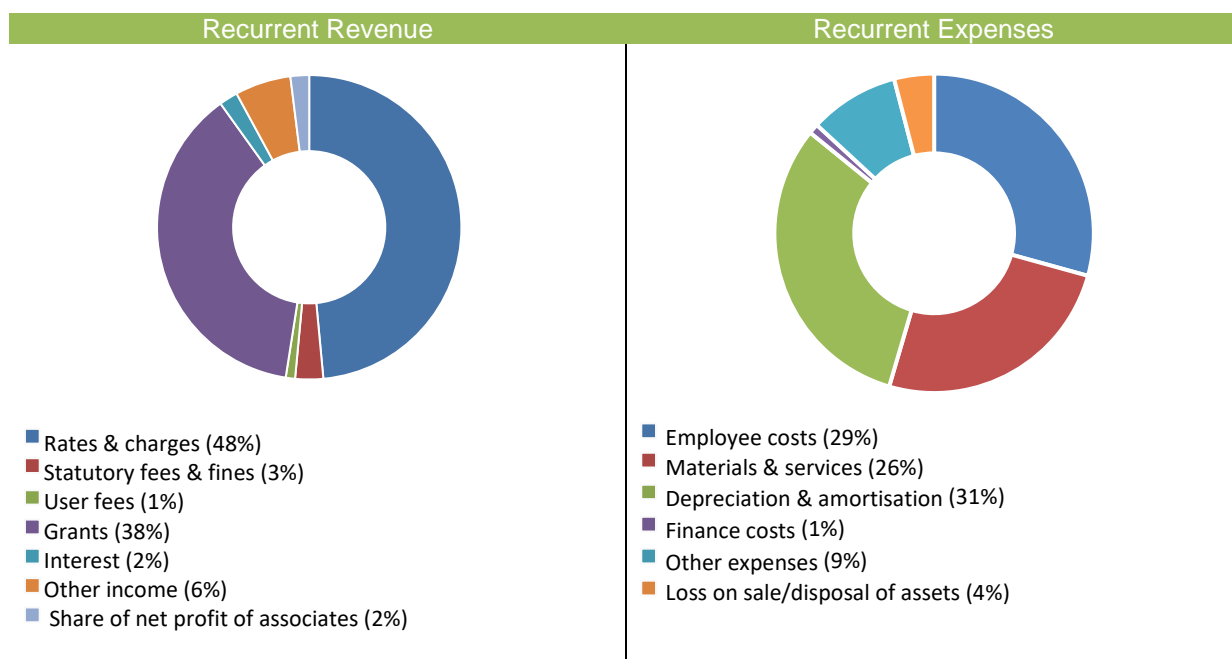
Council awarded a contract to undertake the project works to Hardings Hotmix. Works commenced in early July 2020 and are expected to be completed by late November.



Wilmot's School Crossing was renewed as part of the Wilmot Main Street Upgrade Project.

Financial Overview

REVENUE & EXPENDITURE SOURCES

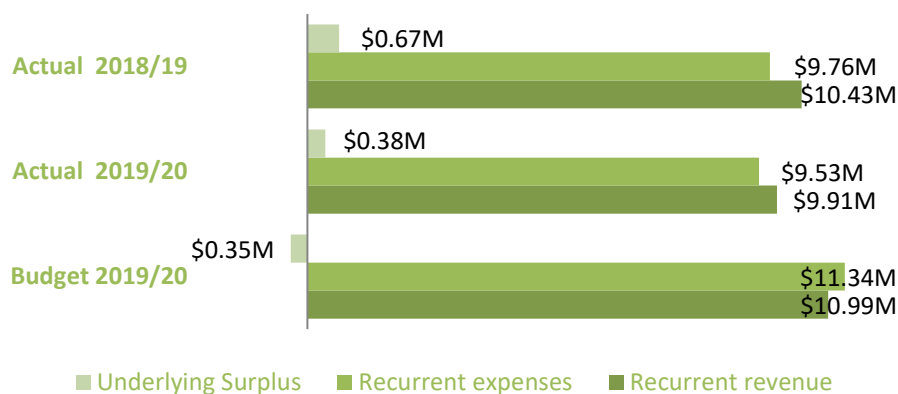


FINANCIAL RESULT COMPARED TO BUDGET



Council's underlying operating surplus was \$385,000

UNDERLYING RESULT



The calculation of Council's underlying result is shown at note 10.5 to the Financial Report

CAPITAL BUDGET VARIANCES EXPLANATION

Total Capital Expenditure

\$2.51m

less
than
budget



\$2.8m ↓ **Roads & Streets**

Expenditure below budget due to a number of projects being carried forward to 2020/21:

- Lorinna access
- Sheffield eastern town entry streetscape
- Wilmot streetscape.

\$389k ↓ **Plant, Equipment & Other**

Expenditure below budget due to the deferral of Phase 2 of the TechOne Implementation to 2020/21 and the carrying forward of a number of plant items.

\$171k ↑ **Bridges**

Additional spending for White Hawk Creek and Falls Creek bridges as approved by Council.

\$386k ↑ **Land Improvements**

Above budget expenditure is due to increased spending for the Wild Mersey Mountain Bike Trails. This was offset by additional grant funding.

MAJOR CAPITAL EXPENDITURE

\$733k Roads Resealing Program

\$616k Roads Re-sheeting Program

\$334k Falls Creek Bridge

\$234k Staverton Road Reconstruction

\$164k Sheffield Stormwater Extension

\$160k Railton Flood Mitigation

\$138k Sheffield Depot Upgrade

\$137k White Hawk Creek Bridge

\$124k Intersection Sealing

\$114k Wilmot Streetscape

Comparison of Income Statement to Original Budget

	Original Budget 2019/20 (\$,000)	Actual 2019/20 (\$,000)	\$ Variance (\$,000)	% Variance	Comments
Revenue					
Rates and charges	5,467	5,478	11	0%	Minor favourable budget variance.
Statutory fees and fines	307	336	29	10%	Favourable variance due to an increase in planning applications, animal registrations and land information certificates.
User fees	95	149	54	57%	Favourable budget variance mainly due to unbudgeted user fees relating to the use of Council buildings and facilities.
Grants - Operating	2,753	2,963	210	8%	Favourable budget variance due to increased Commonwealth Financial Assistance Grants for roads.
Interest	144	176	32	22%	Favourable budget variance mainly due to higher average cash balances than originally budgeted.
Other income	1,414	666	(748)	-53%	Unfavourable budget variance due to original budget including reimbursements from Latrobe Council for labour hire. With the new timesheet processes, this labour cost is allocated directly to Latrobe.
Investment revenue from Water Corporation	86	44	(42)	-49%	Unfavourable variance due to the pausing of TasWater dividends due to COVID-19.
Share of net profits/(losses) of associates	0	248	248	100%	Favourable budget variance due to conservative budgeting and higher than budgeted share of profit of Dulverton Waste Management Authority.
Grants specifically for new or upgraded assets	255	1,246	991	389%	Favourable budget variance due to additional unbudgeted Wild Mersey Mountain Bike Trail grants.
Grants for renewal of assets	468	187	(281)	-60%	Unfavourable budget variance due to Roads to Recovery project being carried forward to 2020/21.
Contributions-cash	0	25	25	100%	Unexpected open space contribution.
Total Revenue	10,987	11,518	531	5%	Overall favourable variance

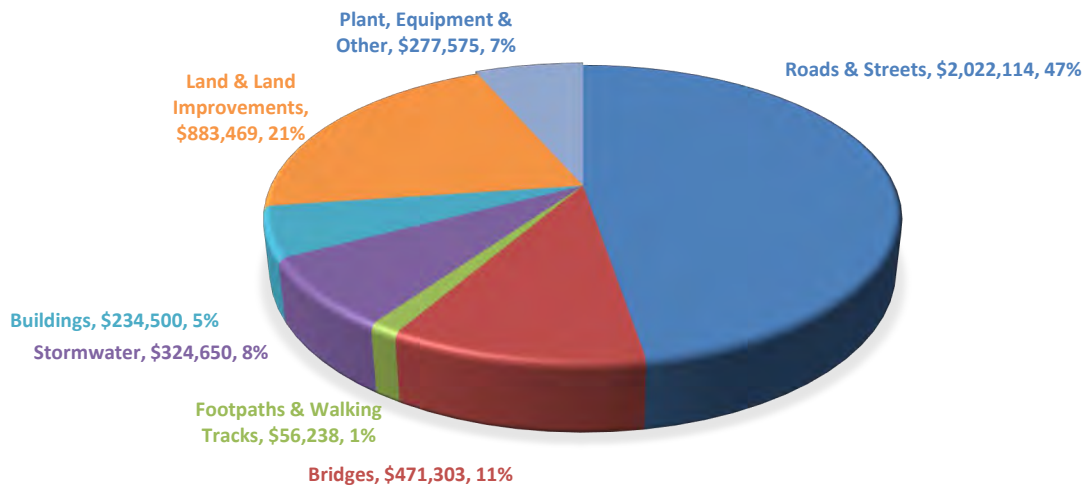
Comparison of Income Statement to Original Budget Continued

	Original Budget 2019/20 (\$,000)	Actual 2019/20 (\$,000)	\$ Variance (\$,000)	% Variance	Comments
Expenses					
Employee Costs	3,435	2,785	(650)	-19%	Favourable budget variance due to original budget including labour hire costs for Latrobe Council, this was offset by reimbursements income. With the new timesheet processes, this labour cost is allocated directly to Latrobe.
Materials and Services	3,658	2,467	(1,191)	-33%	Favourable variance due to a new method of calculating internal overheads. A significant portion of overheads is allocated to the capital program and therefore reducing the operational program. Also, due to reclassification of some expenditure from Materials and Services to Other Expenses away from the original budget.
Impairment of receivables	0	(8)	(8)	-100%	Favourable variance due to a decrease in the estimate for potentially uncollectable debts.
Depreciation and Amortisation	2,916	2,960	44	2%	Minor unfavourable variance due to a revaluation and review of useful life to a majority of Council's property, infrastructure, plant and equipment.
Finance Costs	79	73	(6)	-8%	Favourable budget variance.
Other Expenses	531	863	332	62%	Unfavourable budget variance mainly due to reclassification of some expenditure from Materials and Services to Other Expenses away from the original budget.
Net Loss on Disposal of property, infrastructure and plant	0	386	386	100%	Unbudgeted write off/disposals in Roads and Plant during year.
Total Expenses	10,619	9,526	(1,093)	-10%	Overall favourable variance
Net Surplus / (Deficit)	368	1,992	1,624	442%	Overall favourable variance

Comparison of Capital Expenditure to Budget

Capital Works Areas	Original Budget (\$,000)	Adjustment to Carry Forward (\$,000)	Q2 Budget Review (\$,000)	Adjusted Budget (\$,000)	2020 Capital Expenditure (\$,000)	Carry Forward to 2020/21 (\$,000)	Budget Variance (\$,000)
Roads & Streets	4,808	266	12	5,087	2,022	307	2,757
Bridges	300	0	0	300	471	0	(171)
Footpaths and Walking Tracks	150	0	0	150	56	100	(6)
Stormwater	305	(2)	0	303	325	65	(87)
Land & Buildings	528	7	22	557	234	309	14
Land Improvements	915	(119)	64	860	883	362	(386)
Plant, Equipment and Other	883	(1)	26	908	278	241	389
Total Capital Works	7,889	151	124	8,165	4,270	1,385	2,510
Represented by:							
Asset Renewal	3,523	234	0	3,758	2,514	285	927
New / Upgraded Assets	4,366	(83)	124	4,407	1,756	1,100	1,583
Total Capital Works	7,889	151	124	8,165	4,270	1,385	2,510

Capital Expenditure by Asset Type



Capital Expenditure – New and Existing Infrastructure

In measuring financial sustainability, it is important to distinguish between expenditure on new and upgraded assets and expenditure renewing existing assets. This distinction is graphically represented below: -



Management Indicators

The *Local Government (Management Indicators) Order 2014* (S.R. 2014, No. 36) prescribes and defines the financial and asset management sustainability indicators that councils must now report on in their annual financial statements. The calculation of these management indicators is outlined in Note 10.5 of the Annual Financial Report attached to this Annual Report.

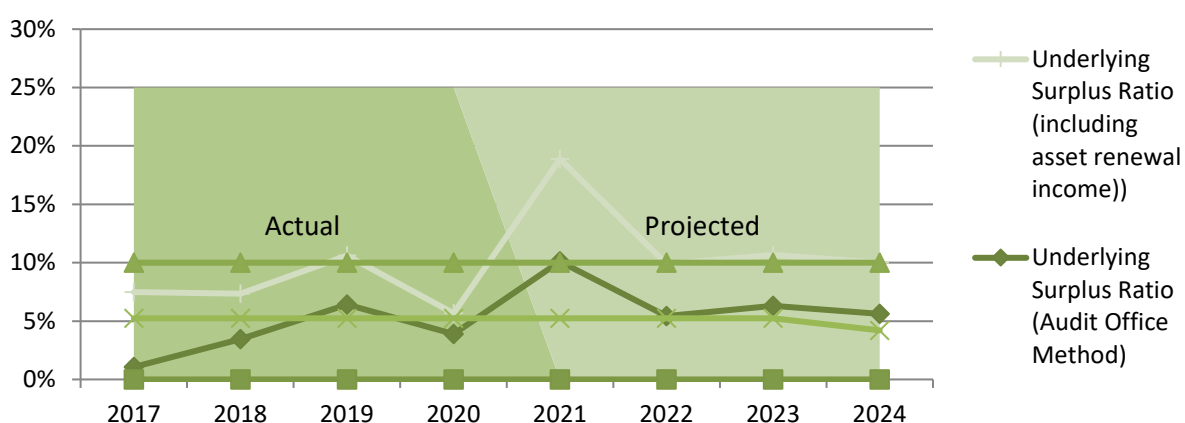
The following graphs and commentary show Council's performance against these indicators over the past four years and projected results over the next four years compared to suggested benchmark results.

Council does not agree with the Tasmanian Audit Office approach of excluding all income funding capital expenditure when calculating the underlying result to measure sustainability, but rather agrees with the approach taken by some other states that only exclude income received specifically to fund new or upgraded assets. To enable comparison with other Councils, the result under this alternative approach is also shown below.

Underlying Surplus Ratio

This ratio measures the percentage by which Council's 'controllable' income sources and 'operating' grants vary from day-to-day expenses (including depreciation). It serves as an overall measure of financial operating effectiveness.

	2017	2018	2019	2020	2021	2022	2023	2024	Average
Underlying Surplus Ratio (Audit Office Method)	1.1%	3.5%	6.4%	3.9%	10.1%	5.4%	6.3%	5.6%	5.2%
Underlying Surplus Ratio (including asset renewal income))	7.5%	7.4%	10.6%	5.7%	18.9%	9.9%	10.7%	10.0%	10.1%
To assess sustainability									
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Underlying Surplus (excluding income to fund new or upgraded assets)	100	353	669	385	977	513	604	541	518
Recurrent Income	9,407	10,193	10,430	9,911	9,671	9,436	9,585	9,630	9,783
Grants for renewal of assets	654	428	489	187	1,047	468	468	468	534



Sustainability should be assessed over a medium to long-term timeframe, so it is the average ratio that is the most relevant measure of Council's performance. On average, over the past four years, Council's results were well within the benchmark range and are projected to remain so over the next four years.

Net Financial Assets/(Liabilities) Ratio

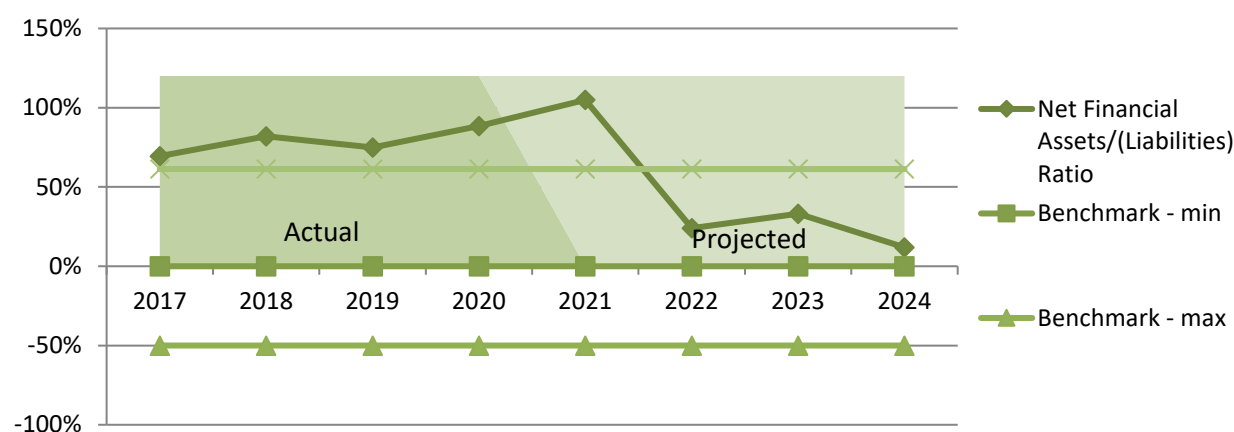
This ratio indicates Council's capacity to meet its financial obligations from its operating activities. Council's trend of maintaining positive ratios indicates that it has no net debt and that its ability to sustain additional debt is significant.

Council's ratio for this measure is well outside the benchmark range partially due to the majority of Council's debt being transferred to the new Water Corporation on 1 July 2009 and partially due to an apparent past aversion to debt. Council's current financial management strategy accepts debt as a legitimate funding source for new and upgraded assets. It is expected that Council will draw down loans in 2020/21 as can be seen in the below graph with the ratio decreasing but is expected to remain above the benchmark minimum moving forward.

	2017	2018	2019	2020	2021	2022	2023	2024	Average
Net Financial Assets/(Liabilities) Ratio	69.5%	82.0%	75.0%	88.5%	104.9%	24.1%	33.0%	11.9%	61.3%

To assess the level of debt held by Council

	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net Financial Assets/(Liabilities)	6,542	8,355	7,822	8,767	9,596	2,270	3,166	1,149	5,958
Recurrent Income	9,407	10,193	10,430	9,911	9,146	9,436	9,585	9,630	9,717

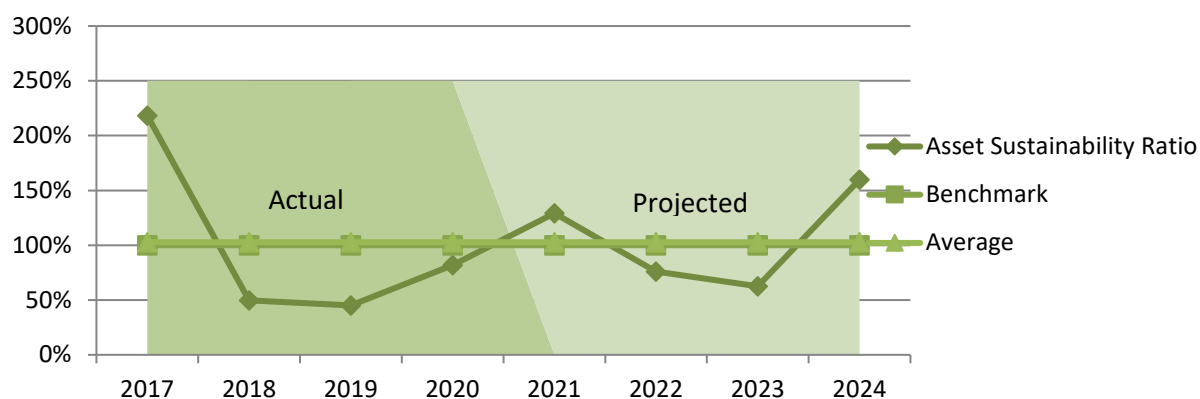


Asset Sustainability Ratio

To be consistent with the calculation method used by the Tasmanian Audit Office, the expenditure on renewals for calculation of this ratio is based on cash flows rather than on an accruals basis.

This ratio measures whether assets are being replaced at the rate they are wearing out. Council's projected average ratio of 103% for the 8 years ending in 2024 is slightly above the benchmark, however Council aims to match its asset renewal expenditure with actual asset renewal demand as identified by its asset management plans rather than the long-term average as indicated by this benchmark. It is expected that at some time in the future, Council's asset renewal expenditure will exceed the benchmark to compensate for the current below benchmark expenditure.

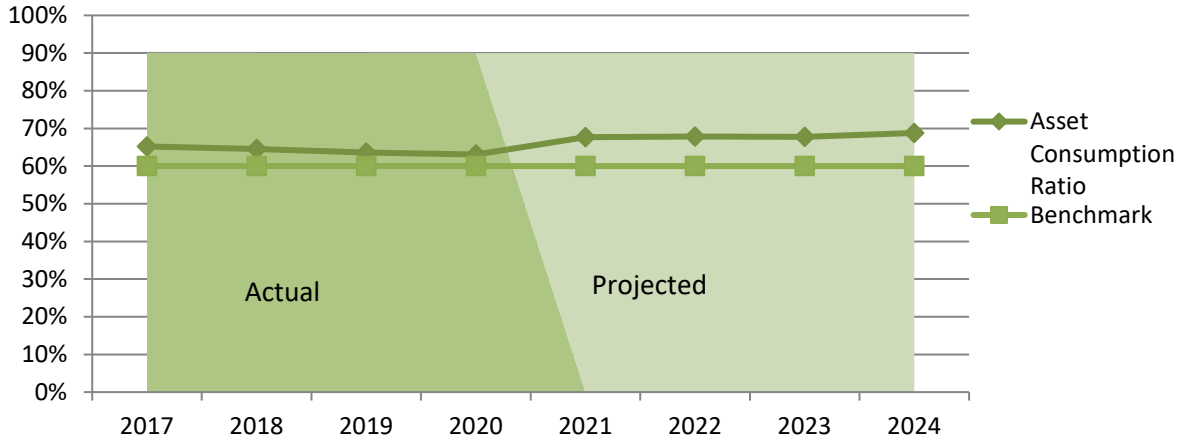
	2017	2018	2019	2020	2021	2022	2023	2024	Average
Asset Sustainability Ratio	218%	50%	45%	82%	129%	76%	62%	160%	103%
Indicates if assets are being renewed at the same rate as they are being consumed									
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure on renewal of existing assets	5,611	1,266	1,146	2,426	3,296	1,993	1,679	4,425	2,730
Depreciation Expense	2,571	2,547	2,543	2,960	2,555	2,623	2,688	2,771	2,657



Asset Consumption Ratio

This indicator shows the average proportion of 'as new' condition left in Council's infrastructure assets. When used in conjunction with the asset sustainability ratio, Council's asset consumption ratio indicates that, on average, the Council's infrastructure is only around 38% into its expected useful life, which explains why there may not currently be a high demand for asset renewals.

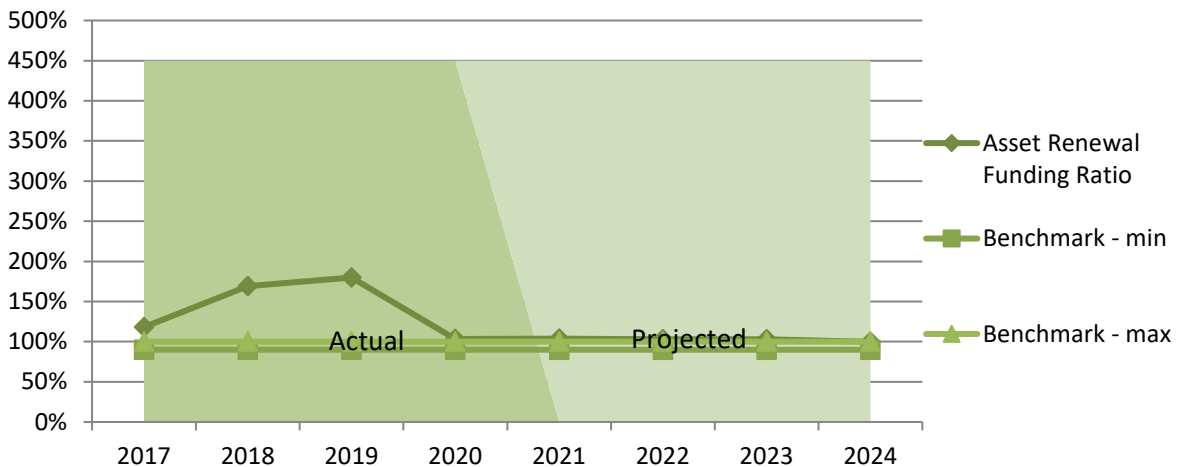
	2017	2018	2019	2020	2021	2022	2023	2024	Average
Asset Consumption Ratio	65%	65%	64%	63%	68%	68%	68%	69%	62%
Indicates the average portion of 'as new' condition left in assets									
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Depreciated replacement cost of assets	104,172	108,768	108,051	127,136	133,028	135,249	137,076	140,113	53,283
Current replacement cost of assets	159,736	168,505	169,824	201,582	196,626	199,476	202,313	203,695	86,608



Asset Renewal Funding Ratio

The current projected capital renewal outlays in Council’s Long-Term Financial Plan slightly exceed the projected expenditure demand as reflected by Council’s Asset Management Plans. The expenditure included in the Long-Term Financial Plan includes projects that were included in Council’s 10 Year Capital Works Program. Since the 10-year capital works program was included in updated asset management plans, the ratio has decreased to within the benchmark range.

	2017	2018	2019	2020	2021	2022	2023	2024	Average
Asset Renewal Funding Ratio	118%	169%	180%	103%	104%	103%	103%	100%	116%
Indicates financial capacity to continue to provide existing levels of asset-based service									
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net Present Value (NPV) of ten year projected capital renewal outlays	14,333	18,994	19,365	22,226	21,991	20,940	20,290	19,940	19,760
Net Present Value (NPV) of ten year projected capital renewal expenditure demand	12,135	11,222	10,764	21,488	21,230	20,343	19,673	19,975	17,104



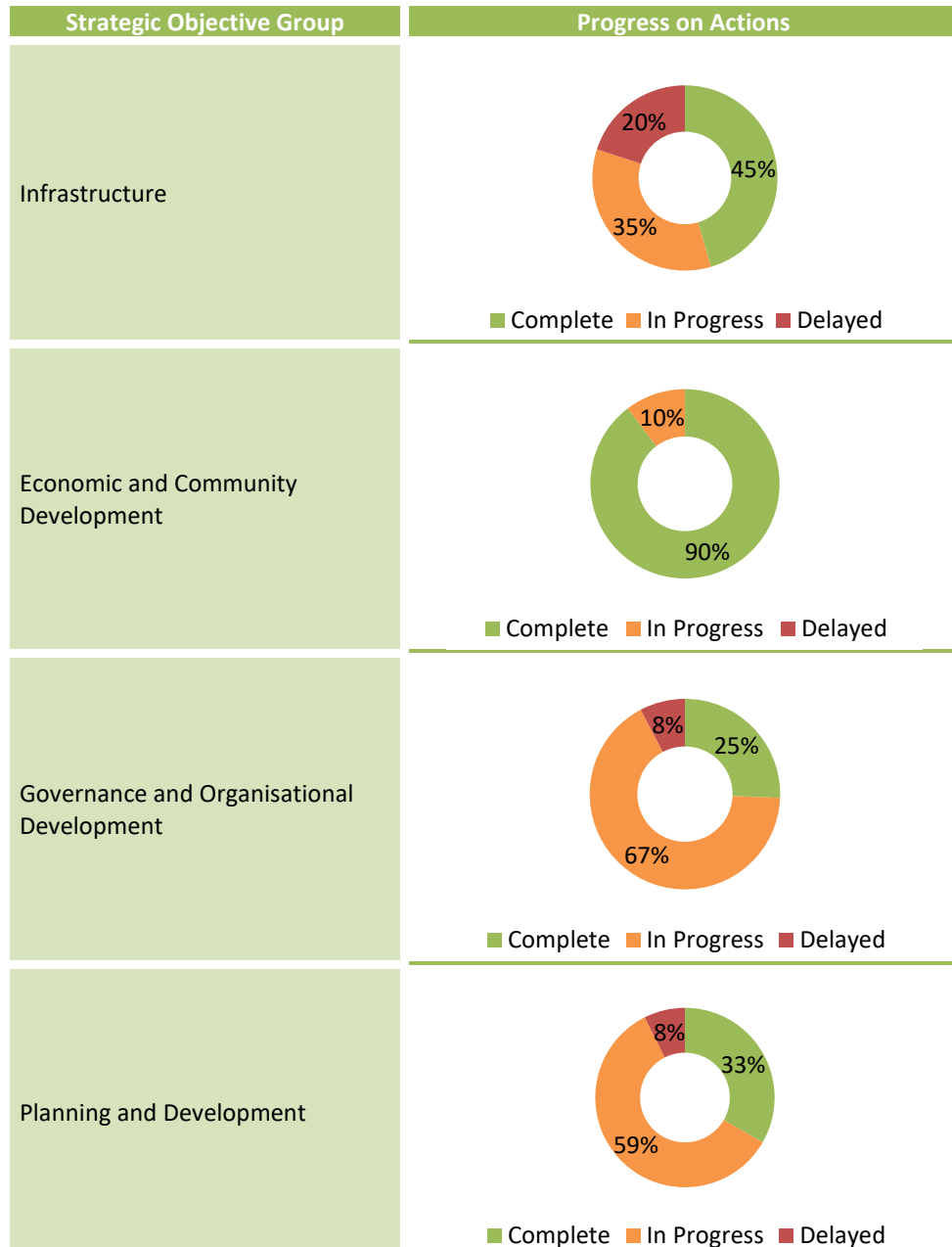
Our Performance



Overview of Performance

The table below provides an ‘at a glance’ overview of Council’s performance against the 2019/20 Annual Plan.

Council’s 2019/20 Annual Plan includes a number of key actions grouped according to the overall strategic objectives of Infrastructure, Economic and Community Development, Governance and Organisational Development and Planning and Development. Progress toward completing these actions is summarised in the chart below.





STRATEGIC OBJECTIVE # 1

INFRASTRUCTURE

“Our population growth is supported through public infrastructure, land use and development strategies that create a connected, sustainable and accessible community.”

ABOUT THIS OBJECTIVE:

This objective encompasses management of the road network, stormwater infrastructure, parks and gardens and Council owned buildings.

OUR SCORECARD:

The scorecard outlines the number of actions identified for the year and the status of these actions at 30 June 2020.

Total Actions	Complete	In Progress	Delayed
55	25	19	11

Objective 1.1 Roads

To provide an appropriate, safe and well-maintained road network that caters for all road users throughout the municipality.

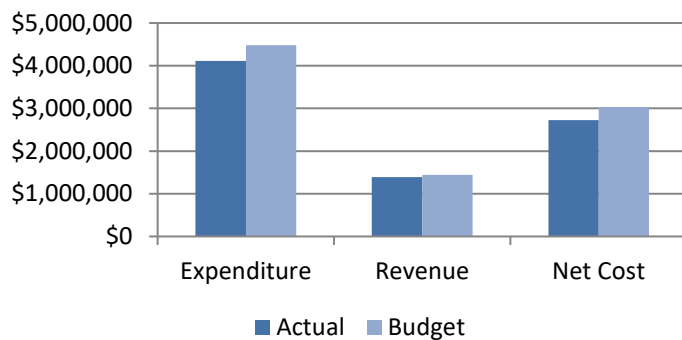
Performance against Annual Plan

Key: ✓ Completed ↑ In Progress ✘ Delayed

2019/20 Annual Plan Actions	Status
Engage independent expert consultants to inspect and report on the condition of the Kentish sealed road network.	✓
Renew Council owned road seal, footpath and kerb and channel in Main Street, Sheffield from Henry Street to Spring Street including enhancements identified in the Sheffield Township Enhancement Study.	↑
Continue to progress a solution regarding road access to Lorinna.	↑
Construct Stage One of the Wilmot Streetscape Project.	✓
Reconstruct priority sections of Staverton Road as Stage One of an on-going program.	✓
Implement safety improvements on Bridle Track Road with funds from the State Black Spot Program.	✓
Apply 150m hotmix surface overlay on a steep section of Camborne Drive near Gleadow Lane, Acacia Hills.	✓
Extend partially indented parking on the west side of High Street, Sheffield as proposed in the Sheffield Township Enhancement Study.	✘
Complete installation of local area traffic management measures in Roland Court, Sheffield.	✘
Complete annual sealed road re-seal program and annual unsealed road re-sheeting program.	✓
Seal 270m section of Old Paradise Road, Sheffield and upgrade drainage at sections of Old Paradise Road, Sheffield.	✓
Renew the Falls Creek Bridge on Narrawa Road, Wilmot and the White Hawk Creek Bridge on Hamptons Road, Sheffield.	✓
Construct a footpath south on Claude Road (formerly Spring Street) to provide improved pedestrian access to the growing industrial area.	↑
Construct a 1.8m wide dual-use path along Henry Street from Albert Street to Victoria Street, Sheffield.	✘
Review and rationalise the plant used across Kentish and Latrobe Council and replace plant as required.	↑
Progress the improvement plan of the Transport Services Asset Management Plan.	↑
Maintain a policy of free parking within the municipality.	✓
Incorporate shared pathways including for mobility scooters where feasible.	↑
Continue the Kentish and Latrobe Community Road Safety Committee.	✓
Review speed limits throughout the towns and villages as requested.	✓
Encourage landowners to maintain nature strips with assistance provided for elderly/disabled persons.	↑
Investigate the feasibility of Community Groups being able to maintain Council owned assets.	↑

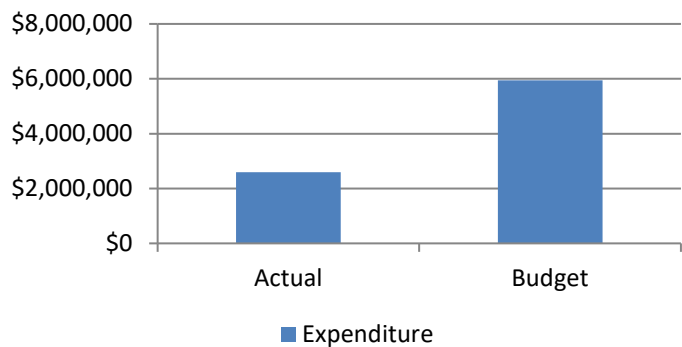
Performance against Budget

Road Network Management – Operating Budget



Operating expenditure was less than budget mainly due to the original budget including labour hire costs for Latrobe Council. With the new timesheet process, this labour cost is allocated directly to Latrobe.

Road Network Management – Capital Expenditure



Actual capital expenditure was lower than budget due mainly to the deferral of the Lorinna Road access and Sheffield eastern town entry streetscape projects to 2020/21.

Key Challenges

- Council set a substantial works program for the year with most projects either completed or well progressed. This is particularly pleasing given the number of changes in staff that occurred.
- Council's new corporate software system resulted in many hours of work transitioning assets from previous systems coupled with a new way of working, has been a very different and challenging change in terms of process and resourcing.

Plans for the next 12 months

- Construct the extension of Wilks Road into Lorinna.
- Reconstruct stages of Staverton Road.
- Construction of scoped works for Wilmot Streetscape Upgrade.

Objective 1.2 Stormwater

To develop and improve a system for stormwater reticulation and disposal.

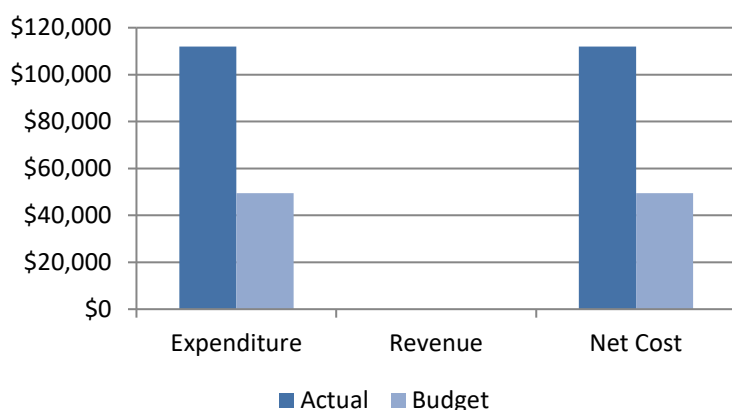
Performance against Annual Plan

Key: ✓ Completed ↑ In Progress ✗ Delayed

2019/20 Annual Plan Actions	Status
Continue to engage the State and Commonwealth Governments regarding funding for flood mitigation measures in Railton.	↑
Progress modelling, concept development and preliminary designs for Railton flood mitigation measures.	↑
Extend the stormwater system in Sheffield near the rear of the honey making shed in Main Street, Sheffield.	✓
Progress the improvement plan of the asset management plan for stormwater.	↑
Review stormwater asset management plan.	↑
Upgrade and extend the Sheffield and Railton stormwater reticulation systems in consultation with TasWater and agreed priorities.	✓
Develop a policy to improve the open drains and creeks in the Kentish municipality as opportunities present.	↑

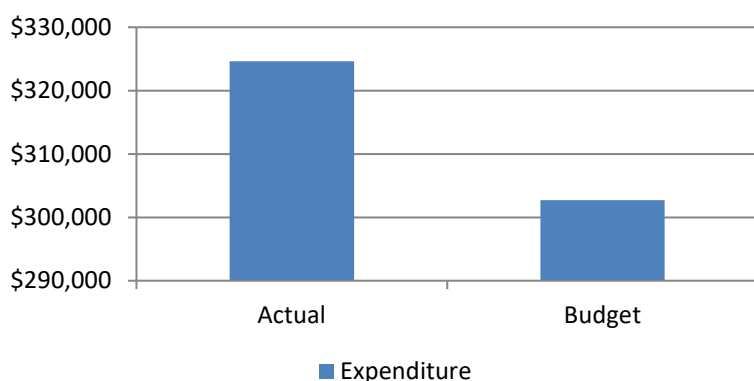
Performance against Budget

Stormwater Infrastructure Management – Operating Budget



Operating expenditure exceeded budget mainly due to the budget allocation for depreciation being included in roads.

Stormwater Infrastructure Management – Capital Expenditure



Actual capital expenditure was greater than original budget due mainly to expenditure for a project carried forward from 2018/19 not included in the budget review process.

Key Challenges

- Council has been working with design consultants on the Railton Flood Mitigation Project and with the SES to improved preparedness of the community. Projects of such magnitude take longer than first hoped.
- Council adopted the first iteration of a Stormwater System Management Plan for the urban areas. The plan identified many opportunities for additional resourcing and improvement over time.

Plans for the next 12 months

- Develop a stormwater model for Sheffield and Railton.
- Implement Railton Flood Mitigation Recommendations (Entura Report)
- Replace stormwater infrastructure at the corner of Albert and Henry Street, Sheffield.

Objective 1.3 Buildings

To ensure Council owned buildings and community facilities are maintained to a safe and functional standard and meet community needs.

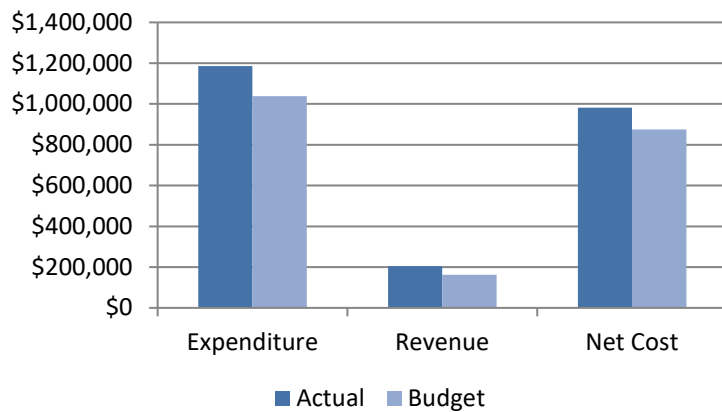
Performance against Annual Plan

Key: ✓ Completed ↑ In Progress ✗ Delayed

2019/20 Annual Plan Actions	Status
Construct the Wild Mersey Mountain Bike Trail trailhead facilities at the Sheffield Recreation Ground including toilets, showers and bike wash down.	↑
Refurbish the Sheffield Visitor Information Centre.	✗
Complete development of a Master Plan for future use of the Sheffield Senior Citizens Building, including an architectural design and concept plan and one-way traffic trial for Pioneer Crescent, Sheffield.	✓
Upgrade and modernise the Sheffield Council Depot Offices and Yard.	✓
Replace the roof and gutters at the Sheffield Child Care Centre building.	✓
Remove the side entrance shelter at the Sheffield Town Hall.	✓
Install air conditioning in the gymnasium building at Kentish Health Care Centre.	✓
Install seating and shelter at the Youth Space in King George V Park.	↑
Replace basketball hoops and backboards at the Railton Recreation Hall.	✗
Install floorcoverings at Railton Cricket Clubrooms.	✓
Install solar panels at Railton Bowls Club.	✓
Progress the improvement plan of the asset management plan for building and community facilities.	↑
Review the buildings and community facilities asset management plan.	✓
Consider the feasibility of using solar energy and installing LED lights for Council buildings.	✓

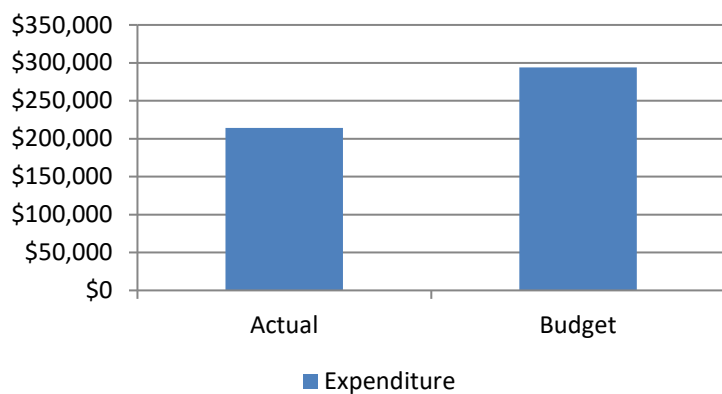
Performance against Budget

Building Management – Operating Budget



Operating expenditure exceeded budget mainly due to a change in the method used to allocate internal overhead costs to provide a better reflection of the full cost of the service provided.

Building Management – Capital Expenditure



Capital expenditure is less than budget due to the carrying forward of the Sheffield Visitor Information Centre Refurbishment and Sheffield Senior Citizens Building Master Plan to 2020/21.

Key Challenges

- COVID 19 has provided both challenges and opportunities in terms of building and facility upgrades and maintenance. The shutdown period has allowed for opportunities to bring forward maintenance and servicing of assets without the limitations of patronage, however this has been tempered by lack of availability of manpower and equipment due to the pandemic, as well as the additional workloads required to make the assets COVID 19 safe prior to reopening to the community.

Plans for the next 12 months

- Redevelopment of the Senior Citizens Building into the Sheffield Arts Centre.
- Extension to the rear of the Railton Neighbourhood Centre building and energy saving projects.
- Upgrades to the Sheffield Town Hall including wiring and heating.

Objective 1.4 Parks and Reserves

To maintain our parks and reserves to an appropriate standard to enhance lifestyle.

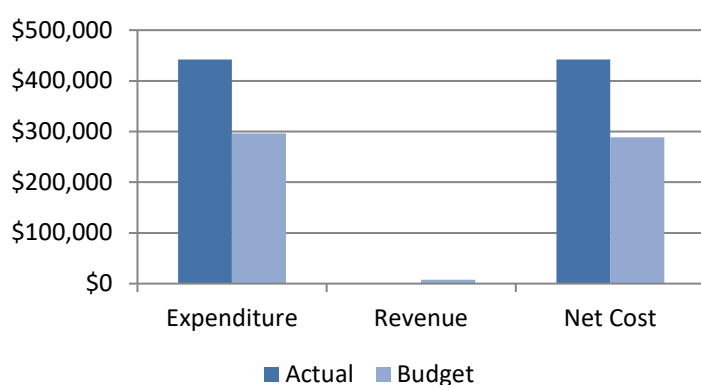
Performance against Annual Plan

Key: ✓ Completed ↑ In Progress ✗ Delayed

2019/20 Annual Plan Actions	Status
Begin the Kentish section of Stage Two of the Wild Mersey Mountain Bike Trails.	✓
Redevelop Hopes Mill Corner.	↑
Relocate and fence the Sheffield Bark Park near the Redwater Creek Tractor Pull area at the Sheffield Recreation Ground.	↑
Renovate the shelter and replace the old BBQ at Lake Barrington Park on the Wilmot side of Lake Barrington.	✗
Install a filtered water bottle refilling station at King George V Park to help eliminate single-use plastics at events in the park.	✗
Improve the amenity of Sheffield town entrances as proposed in the Sheffield Refresh report including streetscape trees, seats, tourism signage and town entry signage.	✗
Develop themed town entries at Wilmot.	✗
Implement agreed priority recommendations of the Kentish Park Master Plan.	✓
Implement agreed priority recommendations of the Sheffield Recreation Ground Precinct Master Plan.	↑
Implement agreed priority recommendations of the Lake Barrington Park (Wilmot) Master Plan.	✗
Implement agreed priority recommendations of the Goliath Park Master Plan.	✓
Prepare a maintenance and improvement plan for each of the four cemeteries.	✗

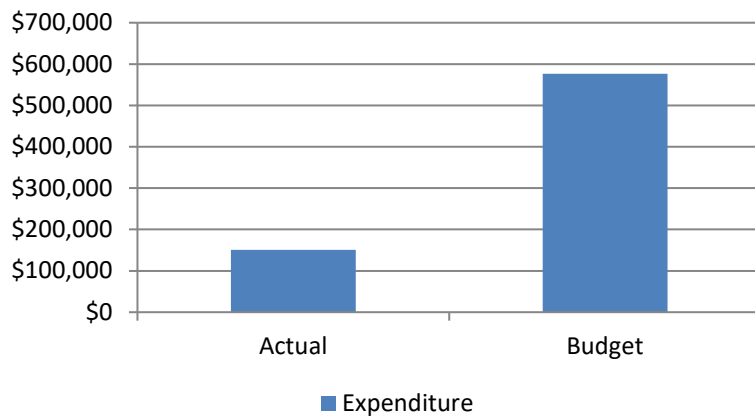
Performance against Budget

Parks and Reserves – Operating Budget



Operating expenditure exceeded budget mainly due to a change in the method used to allocate internal overhead costs to provide a better reflection of the full cost of the service provided.

Parks and Reserves – Capital Expenditure



Capital expenditure was less than budget mainly due to a number of projects being carried forward to 2020/21.

Key Challenges

- Stage 2 of the Wild Mersey Mountain Bike Trails Project was delayed in obtaining all the required approvals to commence construction.
- Improving the western entrance to Sheffield formed part of the Sheffield Main Street Upgrade Project which was delayed in obtaining all the required approvals to commence construction.

Plans for the next 12 months

- Undertake Stage One improvements at the Wilmot Cemetery.
- Install a shade structure at Goliath Park, Railton.
- Install playground equipment in the Sheffield Health Care Centre Park.

STRATEGIC OBJECTIVE # 2

ECONOMIC & COMMUNITY DEVELOPMENT

“A strong local economy improves local employment opportunities and provides a broader range of services, facilities and infrastructure to the benefit of both the business and residential sectors. The range and quality of community services and events offered within the area plays a key role in making the Kentish area a special place to live by fostering community pride and involvement.”

ABOUT THIS OBJECTIVE:

This objective encompasses economic development, tourism, culture, festivals and events and community facilities and services.

OUR SCORECARD:

The scorecard outlines the number of actions identified for the year and the status of these actions at 30 June 2020.

Total Actions	Complete	In Progress	Delayed
29	26	3	0

Objective 2.1 Business Development

To identify, promote and support economic development opportunities in the Kentish Council area.

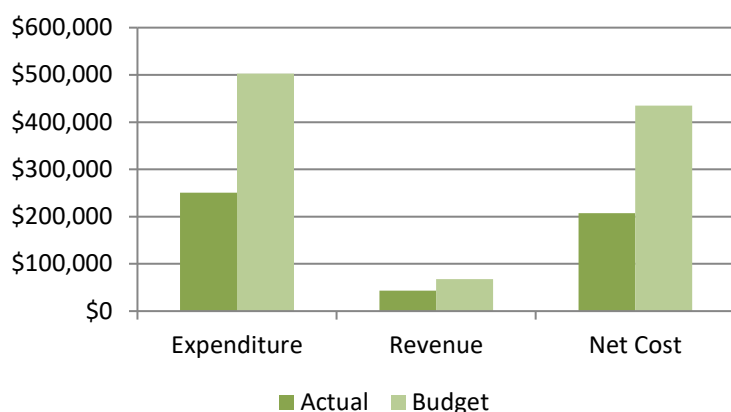
Performance against Annual Plan

Key: ✓ Completed ↑ In Progress ✗ Delayed

2019/20 Annual Plan Actions	Status
Advance individual actions identified in the Economic Development Strategy 2015-2020.	✓
Provide support to Cradle Coast Authority for the implementation of the Regional Futures Plan 2019 – 2022.	✓
Actively promote the municipality as an ideal location to conduct business and commerce.	✓
Support and assist potential and existing developers in identifying and managing opportunities for business growth and development.	✓
Support the diversification of industries within the municipality to reduce reliance on major industry.	✓
Attract and promote the advantages of living and investing in Kentish.	✓
Support pre-feasibility studies for major development opportunities.	✓
Ensure resources are available to source and secure grants.	✓
Support the actions recommended in the 'Mt Roland Developing a Destination' document.	✓
Consider options to encourage economic growth to the area ('can do' approach for development).	✓

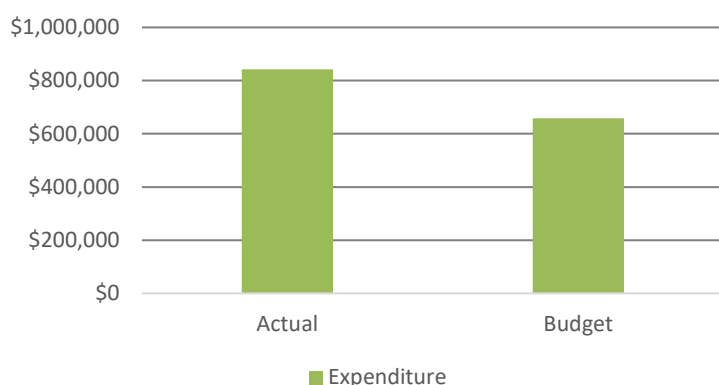
Performance against Budget

Economic Development – Operating Budget



Operating expenditure was less than budget due to the budget allocation of employee costs between Economic Development and Community Development. Savings here are offset by Community Development.

Economic Development – Capital Expenditure



Capital expenditure is above the original budget due to additional grants received for the Wild Mersey Mountain Bike Trails.

Key Challenges

- The Coronavirus Pandemic changed the landscape for businesses within Kentish, with the majority forced to close under a State Government Emergency Order. With accommodation and attractions closed and food businesses limited to providing takeaway meals, Council assisted by implementing a 'Buy Local Campaign' encouraging local residents to shop at local businesses.

Plans for the next 12 months

- Open new Business Recovery Grants developed to support businesses recover from the Coronavirus pandemic.
- Update the Kentish Economic Development Strategy.
- Undertake Stage 2 of the Wild Mersey Mountain Bike Trails.

Objective 2.2 Tourism

To promote, develop and support tourism.

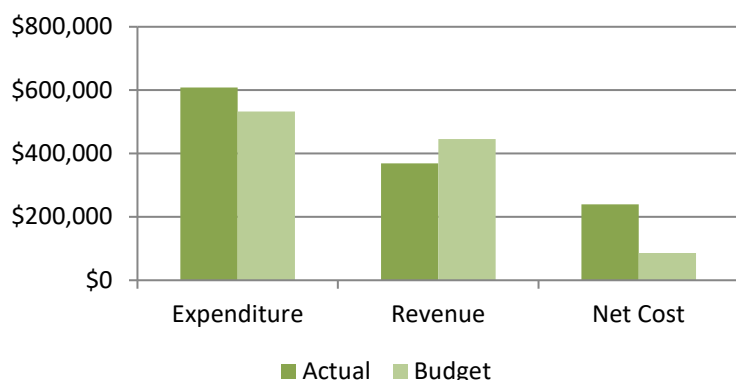
Performance against Annual Plan

Key: ✓ Completed ↑ In Progress ✗ Delayed

2019/20 Annual Plan Actions	Status
Purchase land to enable expansion of the Redwater Creek Railway site in Sheffield as proposed in the Sheffield Refresh Report.	✓
Work with the Cradle Coast Authority Regional Tourism Organisation to ensure effective visitor information services are provided to visitors to the region.	✓
Participate in Devonport-Cradle Country Marketing Group to market the Kentish-Devonport-Latrobe region as a holistic, exciting and diverse tourism destination.	✗
Work with Kentish tourism operators and organisations, plus state and regional tourism stakeholders, to develop a diverse and robust tourism industry.	✓
Lobby for state and federal financial assistance for a raised pedestrian causeway at the Wild Mersey Mountain Bike Trails in Kentish.	✓
Work in partnership with business operators and local tourism related groups to increase viability of Visitor Information services.	✓
Support projects that improve the attraction of towns and villages (landscaping, signage etc)	✓
Actively promote Kentish as a visitor destination.	✓
Connect local businesses to relevant information, product development and funding opportunities.	✓

Performance against Budget

Visitor Information Centre – Operating Budget



Operating expenditure exceeded budget mainly due to a change in the method used to allocate internal overhead costs to provide a better reflection of the full cost of the service provided. Operating revenue is down on budget due to the COVID-19 lockdowns decreasing booking commissions and merchandise sales.

Key Challenges

- The Devonport-Cradle Country Marketing Group was disbanded as it had demonstrated limited value in promoting and growing tourism in the Kentish Council area and the initial benefits proposed at the group's inception were no longer being realised.

Plans for the next 12 months

- Complete the implementation of the Western Wilds Interpretation Signage project.
- Implement interpretative mural signage within the Mural Park and Sheffield Visitor Information Centre precinct.

Objective 2.3 Culture, Festivals and Events

Working with the community, to facilitate and celebrate festivals, events and culture.

Performance against Annual Plan

Key: ✓ Completed ↑ In Progress ✗ Delayed

2019/20 Annual Plan Actions	Status
Continue to assist the development and promotion of various local community events.	✓
Continue to support Mural Fest and Kentish Arts Festival Events.	✗
Assist Kentish events to procure State and Federal Government funding.	✓
Work with relevant groups to increase awareness of local arts, history and culture.	✓
Maintain, foster, promote and continue to improve a calendar of events that encourages community involvement and increased visitor numbers.	✓
Support the Public Arts Committee Kentish (PACK) to approve or decline public art works in-line with relevant policy.	✓

Key Challenges

- The Coronavirus Pandemic meant that many events from mid-March were cancelled including Mural Fest and Kentish Arts Festival Events for 2020.

Plans for the next 12 months

- Assist the development and promotion of various local community events.
- Assist Kentish events to procure State and Federal funding.

Objective 2.4 Community Facilities/Services

To provide a range of quality community facilities and engage and empower our community to participate.

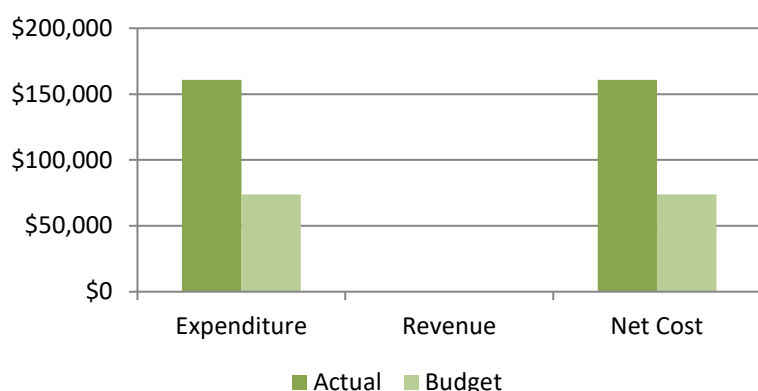
Performance against Annual Plan

Key: ✓ Completed ↑ In Progress ✗ Delayed

2019/20 Annual Plan Actions	Status
Continue to improve walkways and bikeways within the Council area.	✓
Encourage community management of local cemeteries.	✗
Support the Wilmot Museum.	✓
Encourage volunteers through the recognition and celebration of their valuable contribution.	✓

Performance against Budget

Youth Services – Operating Budget



Operating expenditure was more than budget due to the budget allocation of employee costs between Economic Development and Community Development. Increased employee costs are offset by savings by Economic Development. Another reason for the increased expenditure is due to a change in the method used to allocate internal overhead costs to provide a better reflection of the full cost of the service provided.

Key Challenges

- Maintaining a steady base of community volunteers to assist with the running of Council owned facilities was challenging. Volunteers move on from organisations for various reasons and the need to balance this with continuity of access to facilities is key.

Plans for the next 12 months

- Change the emphasis of the Community Grants to support assistance in the recovery of those affected by COVID-19.
- Consider an alternative water supply for the Wilmot Hall (windmill/bore).

STRATEGIC OBJECTIVE # 3

GOVERNANCE AND ORGANISATIONAL DEVELOPMENT

“High quality, professional governance and leadership, together with effective administration of Council resources, are essential to the success of Council.”

ABOUT THIS OBJECTIVE:

This objective encompasses advocacy and leadership, governance, financial management, employee development and risk management.

OUR SCORECARD:

The scorecard outlines the number of actions identified for the year and the status of these actions at 30 June 2020.

Total Actions	Complete	In Progress	Delayed
39	10	26	3

Objective 3.1 Advocacy and Leadership

To provide leadership for the community and advocate on its behalf to improve the economic, social and environmental wellbeing of the Kentish Council area.

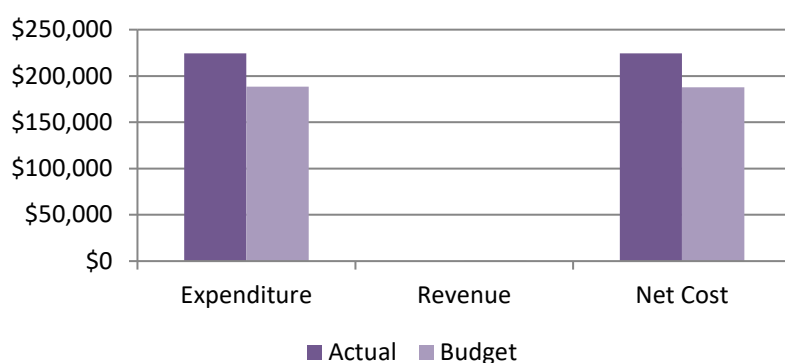
Performance against Annual Plan

Key: ✓ Completed ↑ In Progress ✗ Delayed

2019/20 Annual Plan Actions	Status
Participate in discussions with Latrobe Council, Devonport City Council, Central Coast Council and the Devonport Chamber of Commerce to support the attraction of a low-cost airline to the Devonport Airport.	✗
Work with the Federal Government and communications providers to attract funding under the Commonwealth Government's Mobile Black Spot Program.	↑
Engage with State, Regional and Local Government bodies.	↑
Develop and implement the Emergency Management Plan (includes Community Safety Plan).	✓
Support the retention and upgrading and increased flights to Devonport Airport.	✗
Support the rollout of the National Broadband Network to the Council area and improved phone and television coverage in rural areas.	↑
Advocate and promote the provision of a range of high quality education and life-long learning opportunities in the municipality including at Railton and Wilmot.	↑
Prepare and submit a list of Council and community projects to political parties as part of Federal and State Government election campaigns.	✓
Seek to expand the range of medical and family services available within the municipality.	↑
Hold regular meetings with major service providers within the Kentish area (health, police, schools, clubs etc).	↑

Performance against Budget

Elected Members – Operating Budget



Operating expenditure exceeded budget mainly due to a change in the method used to allocate internal overhead costs to provide a better reflection of the full cost of the service provided.

Key Challenges

- The response to COVID 19 become a priority over other initiatives including the impact on the Devonport Airport, holding regular meetings with major services providers and the community.
- The difficulties in gaining recognition of the poor communication coverage with the Council area.

Plans for the next 12 months

- Obtain Video Conferencing Equipment for the Council Chambers.
- Work with other organisations to lobby for public transport for Kentish.

Objective 3.2 Governance

To provide consistent, accountable, transparent and effective governance of the Council.

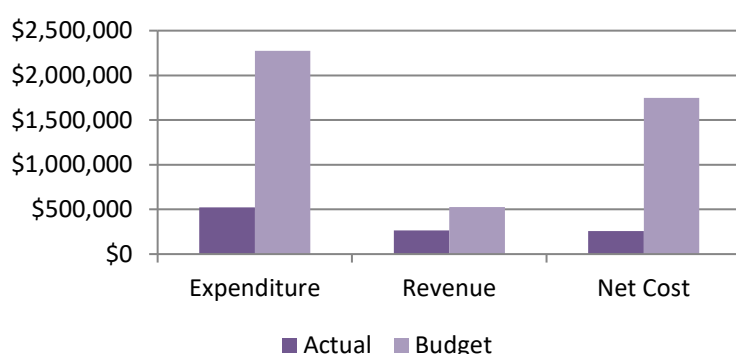
Performance against Annual Plan

Key: ✓ Completed ↑ In Progress ✗ Delayed

2019/20 Annual Plan Actions	Status
Continue to participate with North-West Councils in a detailed study of the potential opportunities for shared services between the councils.	↑
Expand and embed resource-sharing with Latrobe Council so that it underpins all of the service delivery activities of Council providing similar cost saving opportunities to amalgamation without compromising each Municipality's sense of place, individual community spirit and local voice.	↑
Promote the professional development of elected members.	↑
Promote awareness of Council's Code of Conduct to elected members.	↑
Participate in relevant state and regional initiatives and partnership agreements.	↑
Utilise the Annual Report and Annual General Meeting to promote achievements of the Council.	✓
Examine specific service delivery options between Council and other providers.	↑
Promote resource-sharing as an alternative to amalgamation with other councils with governance remaining in Sheffield.	↑
Communicate the Council's decisions, policies and activities and the reasons behind them, through the Council's website and standard publications.	↑
Provide regular public forums within the Council area to obtain local input into decision making.	↑

Performance against Budget

Executive Support – Operating Budget



Operating expenditure was much less than originally budgeted mainly because much of the costs originally budgeted to this cost centre are now allocated as internal overhead costs to the actual services provided to give a better reflection of the full cost of the service provided.

Key Challenges

- The response to COVID 19 become a priority over holding regular public forums towards the last quarter of the financial year.
- The implementation of the TechOne System required more resources than initially planned and delayed the continued embedding of resource-sharing with the Latrobe Council.

Plans for the next 12 months

- Continue to align business processes across Kentish and Latrobe Councils so wherever possible there is a single way of doing things that is common across both Councils to allow the most efficient sharing of services and resources across the Councils.

Objective 3.3 Financial Management

To secure the long-term financial viability of the municipality.

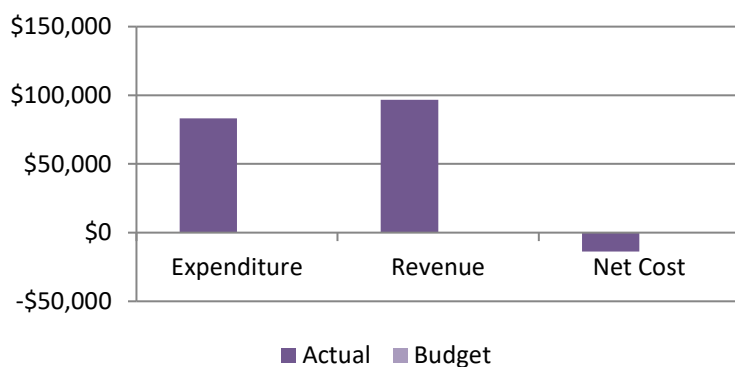
Performance against Annual Plan

Key: ✓ Completed ↑ In Progress ✗ Delayed

2019/20 Annual Plan Actions	Status
To achieve an underlying surplus over the medium to long-term.	✓
To maintain fair and equitable rating levels.	✓
Annually review financial strategy outlining how Council intends to meet the financial requirements of its Asset Management Plans and other strategic plans.	↑
Review the ten-year financial plan each year.	↑
Preserve and maintain an affordable level of service and Council viability through prudent financial management including additional income sources for Council.	✓
Align business processes across Kentish and Latrobe Councils so wherever possible there is a single way of doing things that is common across both Councils to allow the most efficient sharing of services and resources across the Councils.	↑
Implement common enterprise software with Latrobe Council.	✗
Replace PC printers and server in accordance with Council's Information Technology and Communications Strategy.	✓
Upgrade the Council website.	✓
Replace fleet vehicles.	↑

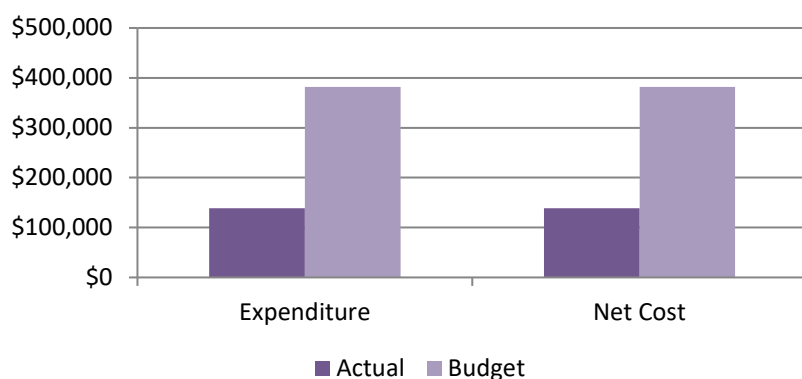
Performance against Budget

Finance and Administration – Operating Budget



Operating expenditure exceeded budget mainly due to a change in the method used to allocate internal overhead costs to provide a better reflection of the full cost of the service provided.

Finance and Administration – Capital Expenditure



Capital expenditure is below budget due to the deferral of Phase 2 of TechOne implementation to 2020/21.

Key Challenges

- The TechnologyOne system implementation required significant resources from the finance team and back-fill resource was not sufficient to meet all of the requirements of the implementation and meet all business as usual requirements and deadlines.
- Staff turnover was relatively high in the finance team during the year.

Plans for the next 12 months

- Continue the stage implementation of the One System project.
- Upgrade the Council's IT equipment including server and storage, back-ups, network infrastructure and software.

Objective 3.4 Employee Development

To develop skilled, experienced, motivated and accountable staff.

Performance against Annual Plan

Key: ✓ Completed ↑ In Progress ✗ Delayed

2019/20 Annual Plan Actions	Status
Provide and maintain adequate staff and resource levels to meet changing needs.	✓
Identify and provide appropriate training and encourage development of all employees.	↑
Develop and review staff policies.	↑
Retain an in-house skills base to overcome the issue of succession planning and skill shortages.	↑
Encourage commitment to Council's customer service charter.	✓
Continue to develop and implement Council's workforce development and succession plans.	↑
Complete a leadership development program for senior management and team leaders.	↑

Key Challenges

- Recruitment of staff for specialised positions has been difficult due to a small pool of qualified applicants and competition for the applicants from other organisations.

Plans for the next 12 months

- Continue development of workforce development and succession plans.
- Continue to develop a leadership development program for senior management and team leaders.

Objective 3.5 Risk Management

To be actively committed to risk management.

Performance against Annual Plan

Key: ✓ Completed ↑ In Progress ✗ Delayed

2019/20 Annual Plan Actions	Status
Maintain and improve Council's risk management systems and culture.	↑
Promote community awareness of risk management systems.	↑

Key Challenges

- COVID-19 presented Council with many challenges and risks to navigate. Council formed an Incident Management Team which coordinated the response, assessed the risks associated with the pandemic and implemented controls and mitigation measures.
- Council's Corporate Risk Register underwent a review and upgrades to meet best practice requirements. The review is ongoing and will include learnings from the COVID-19 pandemic.

Plans for the next 12 months

- Maintain and improve our risk management systems and culture.
- Promote community awareness of risk management systems.



STRATEGIC OBJECTIVE # 4

PLANNING AND BUILDING

“The Council will aim for long term planning and development that is guided by a balance between economic, social and environmental objectives.”

ABOUT THIS OBJECTIVE:

This objective encompasses planning and building services, environmental health services, natural resource management, waste management and animal control.

OUR SCORECARD:

The scorecard outlines the number of actions identified for the year and the status of these actions at 30 June 2020.

Total Actions	Complete	In Progress	Delayed
27	9	16	2

Objective 4.1 Planning and Building Services

To effectively manage land use planning and building issues.

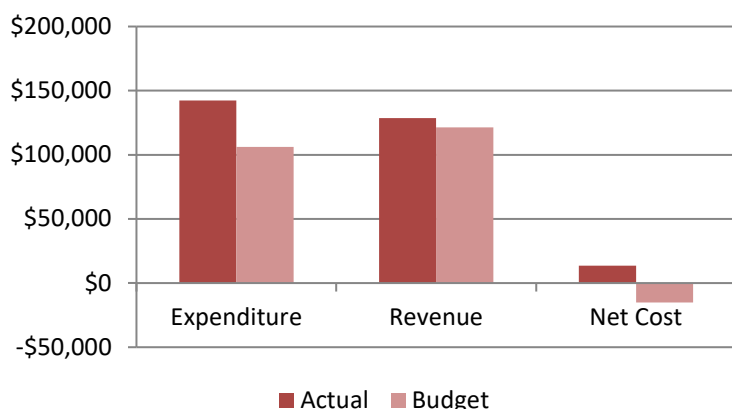
Performance against Annual Plan

Key: ✓ Completed ↑ In Progress ✗ Delayed

2019/20 Annual Plan Actions	Status
Develop Strategic Development Plans for key localities within Kentish.	↑
Finalise the local planning provisions for the Tasmanian Planning Scheme.	↑
To administer and update the Planning Scheme to manage development and land use.	↑
Enforce planning scheme and planning permit requirements.	↑
Meet Council's statutory building services.	↑
Maintain and protect important elements of natural, cultural and built heritage.	↑
Consider providing opportunities for rural lifestyle allotments.	↑
Undertake Strategic Planning Reviews for all towns and villages.	↑

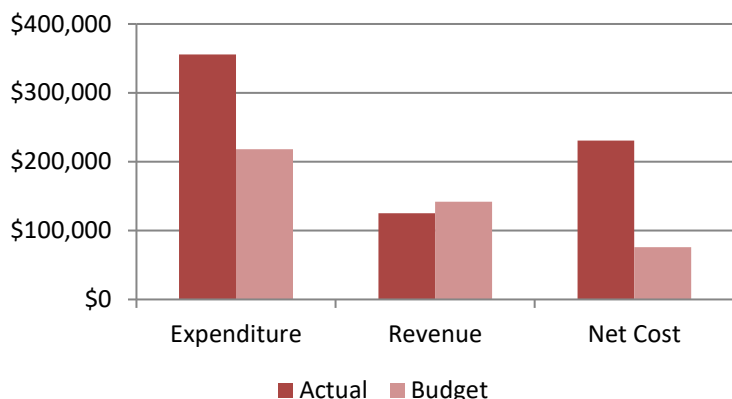
Performance against Budget

Building Control – Operating Budget



Operating expenditure exceeded budget mainly due to a change in the method used to allocate internal overhead costs to provide a better reflection of the full cost of the service provided.

Planning Services – Operating Budget



Operating expenditure exceeded budget mainly due to a change in the method used to allocate internal overhead costs to provide a better reflection of the full cost of the service provided.

Key Challenges

- The draft Kentish Local Provision Schedules to support the Tasmanian Planning Scheme were approved by Council for lodgement with the Tasmanian Planning Commission.
- Increasing demand on resources as a result of non-compliance for building and planning functions.

Plans for the next 12 months

- Undertake action required to finalise the new State-wide Planning Scheme.

Objective 4.2 Environmental Health Services

To promote and maintain public health standards.

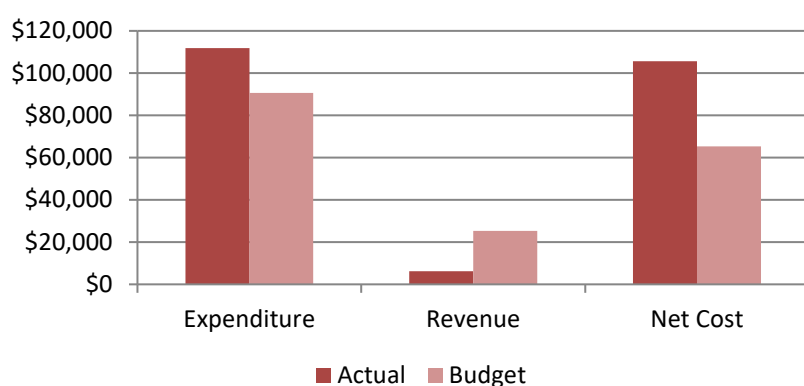
Performance against Annual Plan

Key: ✓ Completed ↑ In Progress ✘ Delayed

2019/20 Annual Plan Actions	Status
Prepare a Kentish Council Municipal Health Plan.	↑
Prepare a Kentish Council Municipal Health Report.	✘
Conduct inspection of food premises to ensure a high level of food safety.	✓
Undertake monitoring compliance, education and licensing to ensure public health and environmental standards are maintained.	✓
Undertake assessments of proposed on-site waste-water disposal systems and monitor existing systems to ensure compliance with environmental standards.	✓
Continue recreational water sampling program during the summer period.	✓
Actively promote awareness of the 'no smoking' requirements in specific public places and assist private operators of public facilities to understand and comply with the legislation.	↑
Work in partnership with other service providers to meet the health and wellbeing needs of the Kentish Community.	↑
Co-ordinate Municipal Immunisations.	✓

Performance against Budget

Environmental Health and Natural Resource Management – Operating Budget



Operating expenditure exceeded budget mainly due to a change in the method used to allocate internal overhead costs to provide a better reflection of the full cost of the service provided.

Key Challenges

- Awareness and education of the types of short-term food permits required for activities such as one-off events, markets and stalls.

Plans for the next 12 months

- Introduce online food safety training for food businesses.
- Promote healthy eating and lifestyle activities.

Objective 4.3 Natural Resource Management

To integrate natural resource management principles into Council's operational environment.

Performance against Annual Plan

Key: ✓ Completed ↑ In Progress ✗ Delayed

2019/20 Annual Plan Actions	Status
Support the activities of the Mount Roland Rivercare Group.	✓
Utilise the Cradle Coast NRM strategy to identify and develop projects of greatest priority for this Municipality.	✗
The Council will support and assist local NRM groups and the community to deliver approved projects.	↑

Key Challenges

- Securing funding for projects within the Natural Resource Management area is difficult, as there is very limited funding available.

Plans for the next 12 months

- Review the Council's Weed Management Plan.

Objective 4.4 Waste Management

To provide responsible waste management services.

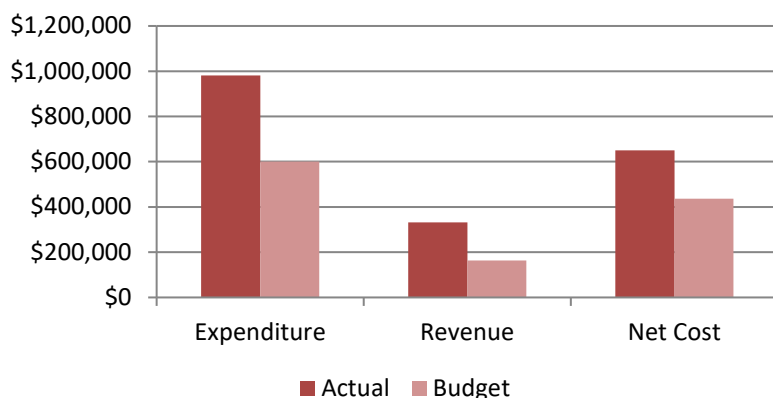
Performance against Annual Plan

Key: ✓ Completed ↑ In Progress ✗ Delayed

2019/20 Annual Plan Actions	Status
Review Waste Management services for the Municipality and implement strategy changes.	↑
Landscape and improve appearance of Council Transfer Stations.	↑
Consider in conjunction with North-West Coast councils the introduction of a Food Organics Green Organics (FOGO) roadside collection service.	↑

Performance against Budget

Waste Management – Operating Budget



Waste management revenue was higher than budget due to ongoing improved financial returns from Council's ownership interest in Dulverton Waste Management. Operating expenditure exceeded budget mainly due to a change in the method used to allocate internal overhead costs to provide a better reflection of the full cost of the service provided. In addition, contractor costs exceeded the original budget.

Key Challenges

- A long-term team member from the Sheffield Waste Transfer Station retired during the year.

Plans for the next 12 months

- Engage local schools in waste management/roadside litter management programs.

Objective 4.5 Animal Control and Regulatory Services

To encourage and recognise responsible animal ownership and provide a high level of compliance services.

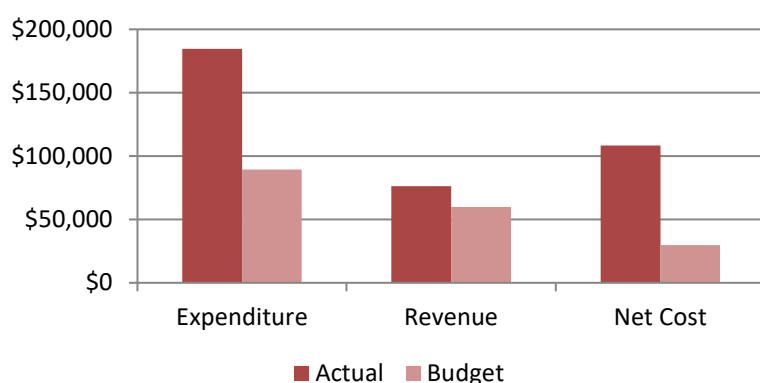
Performance against Annual Plan

Key: ✓ Completed ↑ In Progress ✗ Delayed

2019/20 Annual Plan Actions	Status
Promote responsible dog ownership including compliance with the <i>Dog Control Act 2000</i> and Council's Dog Management Policy.	✓
Promote responsible cat ownership and reduction of feral animals.	↑
Implement compliance requirements with regulations covering domestic animals and stray animals within the municipality.	✓
Identify fire risks within the municipality and issue Fire Abatement Notices when required.	✓

Performance against Budget

Animal Control & Other Regulatory Services – Operating Budget



Operating expenditure exceeded budget mainly due to other regulatory services being allocated to this cost centre in addition to the animal control costs budgeted. Operating costs were also higher due to the change in the method used to allocate internal overhead costs to provide a better reflection of the full cost of the service provided.

Key Challenges

- Complaints regarding Animal Control Officer entering their land being received from property owners during dog registration property checks even though Council have the authority under the *Dog Control Act 2000*.
- Dangerous dog legislation requires an urgent review to enable Council to proceed with confidence in declaring dogs dangerous (particularly those that are killing poultry), as court outcomes are becoming unpredictable and costly for Council.

Plans for the next 12 months

- Contribute \$10,000 towards the Dogs Home of Tasmania critical infrastructure program.

Governance



Corporate Governance

Good Governance

There are many definitions for what constitutes good governance. The Tasmanian Government's Department of Premier and Cabinet states:

"Good governance in local government involves managing many and complex responsibilities effectively and in the best interests of the community."

"It is achieved when the structures, activities and operations of local government are conducted in accordance with the principles of legal compliance, probity, transparency, accountability and respect for people (within council and for all other stakeholders). When a council practices good governance, public trust and confidence is maintained, and the reputation of local government is protected."

Role of Council

Local Government is the third tier of government consisting of democratically elected councils having the function and powers that Parliament considers necessary to govern each municipal area.

The Kentish Council is one of 29 Tasmanian councils that derive their roles, powers and functions from the *Local Government Act 1993*. Section 20 of the act sets out the following broad functions of councils:

- To provide for the health, safety and welfare of the community;
- To represent and promote the interests of the community; and
- To provide for the peace, order and good government of the municipal area.

The role of a council includes:

- Planning for and providing services, facilities and infrastructure for the community;
- Undertaking strategic land use planning for the municipal area;
- Making and enforcing by-laws;
- Raising revenue to enable council to perform its functions;
- Undertaking long term strategic financial and asset management planning; and

- Advocating proposals that are in the best interests of the community, now and in the future.

Kentish Council performs these functions by setting the strategic direction of the municipality, establishing and guiding policies, setting service delivery standards and monitoring the performance of the organisation.

Role of Councillors

Kentish Council's nine councillors are elected as representatives of all residents and ratepayers within the municipality. Section 28 of the Act sets out councillor's broad roles and functions.

The functions of individual councillors are to:

- Represent the community;
- Act in the best interests of the community;
- Facilitate communications with the community;
- Participate in the activities of council; and
- Undertake duties and responsibilities as authorised by council.

The functions of councillors acting collectively as the council are to:

- Develop and monitor the implementation of strategic plans and budgets;
- Determine and monitor the application of policies, plans and programs for:
 - The efficient and effective provision of services and facilities
 - The efficient and effective management of assets
 - The fair and equitable treatment of council employees;
- Facilitate and encourage the planning and development of the municipal area in the best interests of the community;
- Appoint and monitor the performance of the General Manager;
- Determine and review the council's resource allocation and expenditure activities; and
- Monitor the manner in which services are provided by the council.

Elected Representatives – Councillor Elections

Local Government elections were held in October 2018; on an all-in, all-out basis. Two new councillors were elected. The next elections will be held in October 2022.

Vision and Values

Council has established a vision and set of values which form the foundation of council and its planning for the future.

Our Vision

Our vision is that Kentish is known as a distinctive place where people want to live, for its caring community that celebrates the arts, diversity, the awesome natural environment and its vibrant local economy.

Our Values

These are the values that guide our choice and behaviour as we seek to implement our vision for the area.

As a community and as a council, we value our people by:

- Providing opportunities for all to be involved and participate in community events and activities.
- Ensuring that everyone is treated with respect and dignity.
- A willingness to consult, listen and respond to individual and group concerns.
- Effectively and consistently communicating information.
- Showing responsive leadership and representation of our community.
- Recognising and rewarding individuals, volunteers and Council staff for their skills and commitment to the Kentish community.
- Ensuring social inclusion for all and equal access and amenity for the disabled.

As a community and as a council, we value our environment by:

- Providing good and safe facilities and services.
- Maintaining our assets in good working order.
- Working with individuals and groups to protect and maintain the environment.
- Maintaining and protecting our cultural and built heritage.
- Protecting and managing our natural assets.
- Reducing Council's carbon footprint.
- Encouraging individuals and groups to become more carbon efficient.

As a community and as a council, we value our financial security by:

- Encouraging sustainable development for our people and our environment.
- Prudent spending of public monies and ensuring rates are not increased beyond that

required for service delivery, maintenance and creation of community infrastructure.

- Using effective thinking and learning which can lead to creative solutions.
- Having a good understanding of our assets and what it takes to maintain them.
- Managing our finances responsibly and carefully.
- Encouraging localised food production, transport and services.

Decision Making

Council decisions are made in one of two ways:

1. By resolution at council meetings and Special Committees of Council; or
2. By council officers delegated under authority.

Council decisions are guided by Council's risk management framework, policies, strategic plans and other plans developed through community consultation, asset management plans and Council's Long-Term Financial Plan.

Decisions made at council meetings are supported by advice from appropriately qualified council staff who prepare reports to Council in a standard format.

Most decisions of an operational nature have been delegated to officers through the General Manager. This system recognises the General Manager's responsibility under the Local Government Act in managing the day-to-day operations of the council.

The table below depicts the number of decisions made by Council at its monthly meetings.

No. of Meetings	Open Session Items	Closed Session Items	Total Items
12	160	70	230

Council Meetings

The Council held 12 ordinary meetings, and an annual general meeting during the financial year.

Ordinary council meetings were generally held on the third Tuesday of each month. The public were able to attend meetings until April 2020 when meeting attendance was restricted due to Covid-19. Copies of the meeting agendas and minutes were made available on Council's website.

Council held its Annual General Meeting on 10th December 2019.

21 Council forums were held where matters of a general and informal nature were considered.

Committees of Council

The *Local Government Act 1993* provides for the establishment of Special and Advisory Committees of Council. These committees may include councillors, council staff and other persons as deemed necessary. The Act also allows for Council, by Instrument of Delegation, to delegate functions, duties or powers to a special committee.

Kentish Council has 20 special committees including an Audit Panel, Strategic Planning (towns) Committee, Grants Committee, Economic Development Committee, Public Arts Committee and a number of committees formed to oversee the running of Council assets (e.g. hall committees).

Refer to pages 57 - 59 for councillor representation on various committees.

Audit Panel

The objective of the Audit Panel is to provide an accountability mechanism in relation to Council's financial, compliance, risk management and internal control activities. The panel reviews the Council's performance under section 85A of the *Local Government Act* and reports to the Council its conclusions and recommendations.

The Council's Audit Panel consisted of Mr Ben Coull as the independent Chairman, Cr Kate Haberle and Cr Steve Mawer.

The audit panel met four times during the year and work relevant to this annual report completed during that time included the following:

- Financial statements for 2018/19
- Annual Report for 2018/19
- Audit strategy
- Shared services
- Annual work plan
- Procurement in Local Government – Tasmanian Audit Office report
- Risk registers and key risk exposures
- Induction process
- COVID-19 and Business Continuity Planning
- Planning services processes and reporting
- Audit Panel Charter Review
- Accounting policies

- Budgeting and Long-term financial planning

Minutes and recommendations from the Panel were presented to the Council during the year.

Kentish/Latrobe Municipal Alliance Committee

The Kentish and Latrobe Municipal Alliance Committee identifies opportunities for sharing ideas and resources to improve the effectiveness and efficiency of service delivery by the two councils. The Committee consists of:

- Mayor Tim Wilson (Kentish)
- Deputy Mayor Don Thwaites (Kentish)
- Cr Penny Lane (Kentish)
- Mayor Peter Freshney (Latrobe)
- Deputy Mayor Graeme Brown (Latrobe)
- Cr Mike McLaren (Latrobe)
- General Manager, Gerald Monson

The Committee met four times during the 2019/20 financial year and made recommendations to the respective councils including:

- IT Resourcing be appointed as the IT Outsourced Vendor, for an initial 3 years with 2 options for an additional 2 years (3+2+2), subject to satisfactory contract negotiations.
- Council's General Manager be authorised to proceed with the proposed IT Resourcing outsource from both Councils, including:
 - Developing a Sourcing Migration Project Plan;
 - Developing a HR Management Plan;
 - Migrating to an outsourced managed IT service.
- That the Latrobe and Kentish Councils support and endorse the overall plant rationalisation and replacement model as a guide toward managing the combined plant portfolio cost effectively and in support of best practice operations.
- Contract out the Minor and Major patching and edging activities of the operation for a 6-12 month period to test the industry market.
 - Undertake another review in 6-12 months, with the consideration for either long term contracted services or placing an order for a new Hotmix Truck prior to June 2020 under the Kentish Council budget.
- An expression of interest for the provision of banking services be considered by both Councils.
- Review the Memorandum of Understanding – Embedding Shared Services – Kentish Council and Latrobe Council.

- A trail in the Badgers Range be named after the late Chris Frankcombe, recognising his contribution to the Wild Mersey Mountain Bike Project.
- Ci version of the Property and Rating Module in TechnologyOne system be implemented.
- Endorse the recommendations of a review of the bin waste and recycling collection operation across the Latrobe and Kentish Councils.
- Endorse the recommendations of a review of the facility and infrastructure cleaning operation across the Latrobe and Kentish Councils.
- A tender be awarded to Trailscapes Pty Ltd for the construction of mountain bike trails in the Badgers Range, and:
 - A Contract Manager be appointed to monitor risk, environmental management, work health and safety and progress against the project timeframe; and
 - An independent trail auditor be appointed to inspect the quality and standard of the trail build at the completion of each stage prior to the trail being placed on a maintenance period.

Business Planning Framework

The Strategic Plan

The Strategic Plan is the key document which guides the direction of the Council over a ten year period. The plan incorporates the following vision for Kentish:

“Kentish is known as a distinctive place where people want to live; for its caring community that celebrates the arts, diversity, the awesome natural environment and its vibrant local economy.”

The plan was produced following a comprehensive consultation process with the community, councillors and staff.

The plan comprises four key areas: Infrastructure, Economic and Community Development, Governance and Organisational Development and Planning and Development under which 18 objectives are identified as well as range of strategies to achieve the objectives.

A copy of the strategic plan is available from Council’s website.

The Annual Plan and Budget

The Annual Plan and Budget are developed using the strategic plan and work towards achieving the objectives set out in the strategic plan.

Title	Date
2019/20 Annual Plan & Budget	16 Jul 19
Rates and Charges Policy	16 Jul 19
Corporate Risk Register	20 Aug 19
Dust Seal Policy	19 Nov 19
Event Waste Policy	17 Dec 19
Customer Service Charter	17 Dec 19
Stormwater System Management Plan	21 Jan 20
Financial Hardship Policy	16 Jun 20
Councillor Allowances, Expenses & Provision of Facilities Policy (review)	16 Jun 20
Public Participation & Question Time – Council Meeting Policy (review)	16 Jun 20

The Annual Report

The Annual Report closes the loop in the process, reporting to the organisation and the community on each year’s achievements and financial results.

Other Plans, Strategies and Policies

The following plans, strategies and policies were reviewed or adopted by Council during 2019/20.

Asset Management

Council’s Asset Management Policy provides a framework to ensure that Council assets are effectively and efficiently managed whilst meeting community needs and expectations for current and future generations. Council’s asset management objective is to ensure adequate provision is made for the long-term replacement of major assets by:

- Meeting legislative requirements for asset management;
- Ensuring that Council’s services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment;
- Safeguarding Council assets by implementing appropriate asset management strategies and appropriate financial resources for those assets;
- Creating an environment where Council employees take an integral part in overall management of Council assets by creating and sustaining asset management awareness

throughout the organisation by training and development;

- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated;
- Demonstrating transparent and responsible asset management processes; and
- Striving for continual improvement in asset management practices and outcomes.

Council has an Asset Management Steering Group made up of:

- General Manager
- Infrastructure and Assets Manager
- Operations Manager
- Business Support Officer
- Customer and Business Services Manager.

This group meets regularly to oversee the development and ongoing improvement of Council's asset management strategy and asset management plans ensuring their integration into Council's strategic plan, annual plans and long-term financial plans.

Council has asset management plans in place covering the majority of its infrastructure assets. These asset management plans generally assume that the current levels of service will be maintained into the future and Council's Long-Term Financial Plan and fully funds the asset renewal requirements of the asset management plans. Based on current levels of expenditure Council's Operations Manager is in the process of rewriting the current levels of service across both the Latrobe and Kentish Councils to ensure the community and staff are presented with a consistent and accountable approach. Delivery of these services in the best and most efficient manner will then assist in determining the future resourcing priorities of the Operations Department.

Risk Management

Kentish Council recognises that risk management is an integral part of good management practice and is committed to establishing an organisational culture that ensures risk management is embedded in council activities and business processes.

Council reviewed its Risk Management Policy and Risk Management Framework during November 2015 to provide for the design, implementation, monitoring, review and continuous improvement of risk management. These documents are available on Council's website.

Fraud and Corruption Initiatives

Kentish Council is the custodian of significant public funds and assets and it is important that all stakeholders have assurance that adequate fraud protection controls are in place. Council is committed to acting in the best interest of the community and to upholding the principles of honesty, integrity and transparency, which are all key components of good governance. Council reviewed its Fraud and Corruption Control Policy and Fraud and Corruption Control Plan in November 2015. These documents are available on Council's website.

Council aims to prevent, deter and detect incidents of fraud and corruption by:

- raising awareness of the risk of fraud and corruption;
- taking necessary actions for its prevention;
- providing processes for the reporting and investigating of incidents; and
- protecting those who report suspected fraud or corruption incidents.

Code of Conduct Complaints

The Kentish Council Model Code of Conduct sets out the standards and behaviour expected of councillors with respect to all aspects of their role. There were no Code of Conduct complaints made against Councillors during the financial year.

Community Consultation

Community consultation is a vital part of Council's planning and decision-making process. It assists Council to understand community priorities and issues and ensures community involvement.

Council undertakes consultation through Special Committees, community surveys, submissions, public meetings and individual consultations. Opportunities for community consultation are promoted in the regular community publication, on Council's website and Facebook page, in local newspapers and by direct contact from Council.

Major community consultations undertaken in 2019-20 included:

- Twice yearly community forums in Sheffield, Wilmot, Railton and Acacia Hills/South Spreyton;
- Consultation for a range of important plans and projects including the Economic Development Strategy 2020-2025, Sheffield and Wilmot Streetscape Projects, Wild Mersey Mountain Bike Trails, Railton Flood Mitigation Project, Tree Planting Project and the Sheffield Arts Centre Concept Master Plan.

Our Councillors



Mayor Tim Wilson

Cr Wilson has served on Council since November 2007 and was elected as Mayor in October 2018.

Committee Membership: Barrington Hall Committee proxy, Sheffield Tree Committee, Cradle Coast Authority, Tas Water, Tandara Lodge Community Care Inc, Mt Roland Rivercare Catchment Inc, Wild Mersey Mountain Bike Trail Advisory Group, Mersey Emergency Management Group, Local Government Association of Tasmania, Municipal Alliance Committee, General Manager Review Committee.

M 0438 912 280

E mayorwilson@kentish.tas.gov.au



Deputy Mayor Don Thwaites

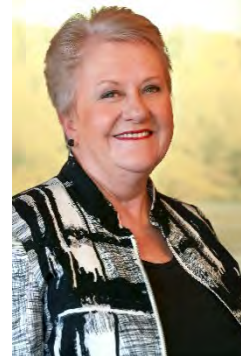
Cr Thwaites has served on Council since July 2003 and was elected as Deputy Mayor in October 2018.

Committee Membership: Sheffield Recreation Ground Committee, Beulah Hall Committee, Working Art Space Sheffield proxy, Public Arts Committee proxy, Kentish Health Care Centre, Sheffield Tree Committee proxy, Sheffield Art Centre Committee, TasWater proxy, Dulverton Regional Waste Management Authority, Cradle Coast Authority Regional Waste, Mt Roland Rivercare Catchment Inc, Wild Mersey Mountain Bike Trail Advisory Group proxy, Mersey Emergency Management Group, Local Government Association of Tasmania proxy, Municipal Alliance Committee, General Manager Review Committee, Cradle Coast Authority Regional Waste.

T 6491 1682

M 0458 343 059

E crthwaites@kentish.tas.gov.au



Cr Kate Haberle

Cr Haberle has served on Council since October 2014.

Committee Membership: Sheffield Museum Committee, Economic Development Committee, Audit Panel, Grants Committee proxy, Kentish Health Care Centre Committee, Kentish/Latrobe Road Safety Group proxy, Tandara Lodge Community Care, General Manager Review Committee, Christmas Decoration Committee.

T 6491 1149

M 0439 911 649

E crhaberle@kentish.tas.gov.au



Cr Penny Lane

Cr Lane has served on Council since November 2007.

Committee Membership:
Sheffield Recreation Ground
Committee proxy, Beulah Hall
Committee proxy, Claude Road
Hall Committee proxy,
Barrington Hall Committee,
Wilmot Hall Committee proxy,
Sheffield Museum Committee
proxy, Grants Committee,
Public Arts Committee,
Cement Australia Community
Liaison Group, Kentish/Latrobe
Road Safety Group, Sheffield
Inc, Kentish ACT, Wilmot
Tourist & Progress Association,
Municipal Alliance Committee,
Christmas Decorating
Committee.

T 6492 3176

E crlane@kentish.tas.gov.au



Cr Stephen Mawer

Cr Mawer was elected to Council in October 2018.

Committee Membership:
Economic Development
Committee, Lorinna Cemetery
Committee, Audit Panel.

T 0407 253 163

E crmawer@kentish.tas.gov.au



Cr Phillip Richards

Cr Richards has served on Council since October 2014.

Committee Membership:
Wilmot Recreation Ground
Committee, Wilmot Hall
Committee, Grants
Committee, Dulverton
Regional Waste Management
Authority.

M 0448 431 047

E crrichards@kentish.tas.gov.au



Cr Linda Cassidy

Cr Cassidy has served on Council since October 2014.

Committee Membership:
Railton Recreation Ground Committee proxy, Railton Squash Centre, Economic Development Committee, Grants Committee, Railton Neighbourhood Centre Committee proxy, Sheffield Art Centre Committee proxy, Sheffield Inc.

M 0417 241 315

E crcassidy@kentish.tas.gov.au



Cr Rodney Blenkhorn

Cr Blenkhorn has served on Council since October 2014.

Committee Membership:
Railton Recreation Ground Committee, Railton Squash Centre proxy, Economic Development Committee, Railton Neighbourhood Centre and Hall Committee, Cement Australia Community Liaison Group.

M 0448 338 992

E crblenkhorn@kentish.tas.gov.au



Cr Nicole Meijer

Cr Meijer was elected to Council in October 2018.

Committee Membership:
Claude Road Hall Committee, Sheffield Art Centre Committee, Wilmot Tourist and Progress Association, Christmas Decoration Committee, Sheffield Art Centre Committee.

M 0439 468 070

E crmeijer@kentish.tas.gov.au

Statement of Allowances and Expenses paid to Elected Members

Section 72(1)(cb) Local Government Act 1993

Council is required to reimburse Councillors for expenses incurred in the performance of duties. Council also has adopted a policy in relation to the reimbursement of expenses for Councillors. The policy serves to provide clear expectation in relation to out of pocket expenses and support for Councillors. It aims to ensure accountability and transparency in relation to expenses claimed by Councillors. The following table shows allowances and expenses paid to Councillors.

Councillor	Allowances (\$)	Per KM Travel Expense Reimbursement (\$)	Superannuation (\$)	Total Allowances (\$)	Expenses (\$)	Total Allowances and Expenses (\$)
Mayor Wilson	37,885	0	0	37,885	1,256	39,141
Deputy Mayor Thwaites	21,548	620	0	22,168	500	22,668
Cr Lane	10,825	566	0	11,391	500	11,325
Cr Haberle	10,825	494	0	11,319	638	11,463
Cr Cassidy	10,825	0	0	10,825	656	11,975
Cr Richards	10,825	0	0	10,825	656	11,989
Cr Blenkhorn	10,825	508	0	11,333	500	11,891
Cr Meijer	10,825	600	0	11,425	500	11,325
Cr Mawer	10,825	0	0	10,825	500	11,925
Total	135,205	2,788	0	137,996	5,708	143,704

In addition to the expenses listed above, each Councillor is provided with the use of a Council owned i-pad to enable the use of paperless agendas.

*Please note subsequent to finalisation of the Audited Financial Statements it was discovered that the Travel Expenses Reimbursements was not included, this has been adjusted appropriately for the Annual Report.

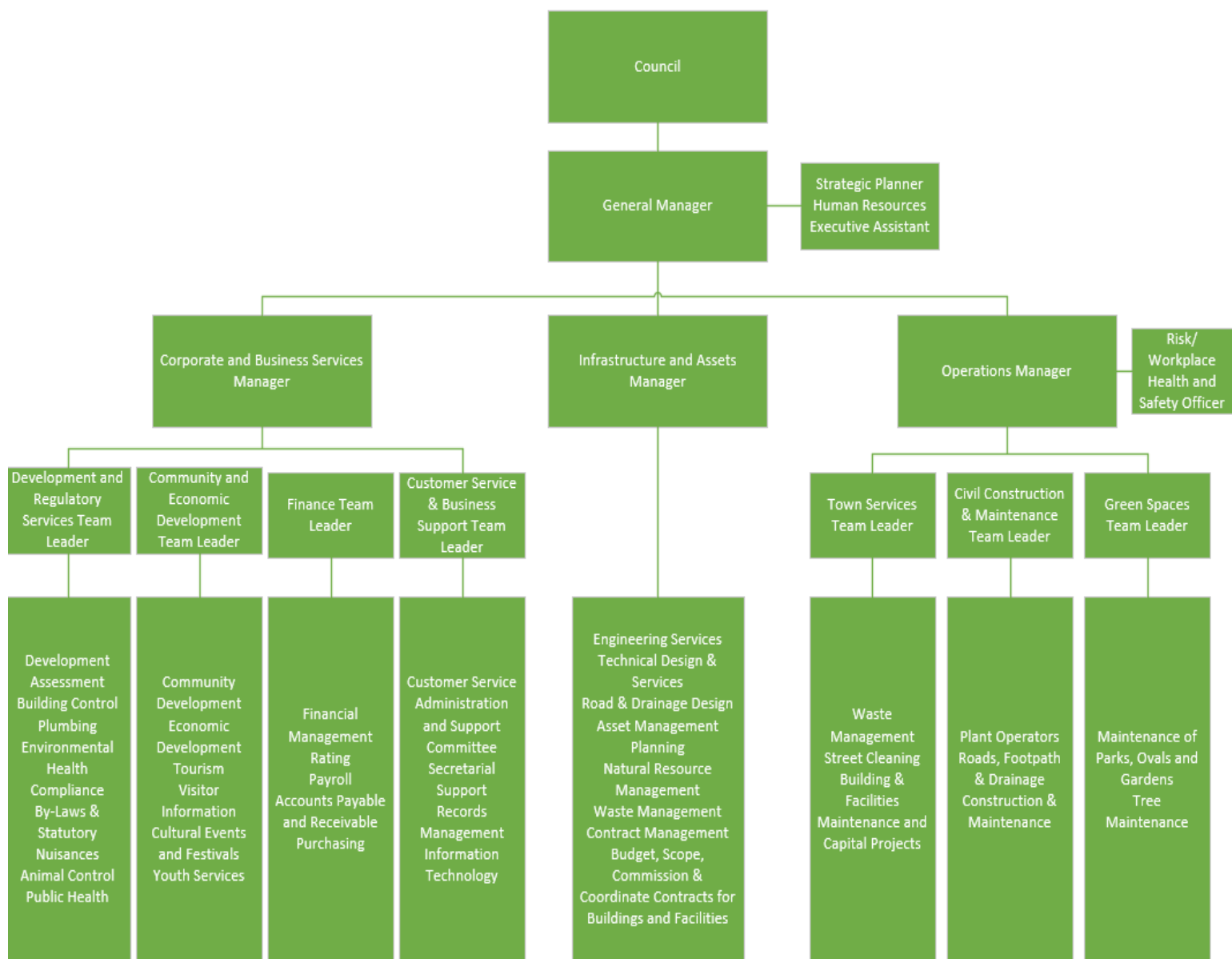
Councillor Attendance at Meetings

Date	Meeting	Cr Wilson	Cr Thwaites	Cr Lane	Cr Haberle	Cr Cassidy	Cr Richards	Cr Blenkhorn	Cr Meijer	Cr Mawer
16/07/2019	Ordinary	✓	✓	✓	X	✓	✓	✓	✓	✓
20/08/2019	Ordinary	✓	✓	✓	✓	✓	✓	✓	✓	✓
17/09/2019	Ordinary	✓	✓	✓	✓	✓	✓	✓	✓	✓
15/10/2019	Ordinary	✓	✓	✓	✓	✓	✓	✓	✓	✓
19/11/2019	Ordinary	✓	✓	✓	✓	✓	✓	✓	✓	✓
10/12/2019	AGM	✓	✓	✓	✓	✓	✓	✓	✓	✓
17/12/2019	Ordinary	✓	✓	✓	✓	✓	✓	✓	✓	✓
21/01/2020	Ordinary	✓	✓	✓	✓	✓	✓	✓	✓	✓
18/02/2020	Ordinary	✓	✓	✓	✓	✓	✓	✓	✓	X
17/03/2020	Ordinary	✓	✓	✓	✓	✓	✓	✓	✓	✓
21/04/2020	Ordinary	✓	✓	✓	✓	✓	✓	✓	✓	✓
19/05/2020	Ordinary	✓	✓	✓	✓	✓	✓	✓	✓	✓
16/06/2020	Ordinary	✓	✓	✓	✓	✓	✓	✓	✓	✓

Our Organisation

Organisation Structure

Council’s organisational structure consists of three departments – Operations, Infrastructure and Assets and Customer & Business Services. Each department is led by a manager who reports directly to the General Manager. The General Manager is directly accountable to the mayor and councillors. Positions are resource-shared with Latrobe Council.



Our Staff

Executive Management Team

Council’s Executive Management Team meets on a regular basis, is led by the General Manager and includes the department managers.

General Manager – Gerald Monson

Gerald was appointed to the position of General Manager in March 2010. His qualifications include a Bachelor of Business in Public Administration, FLGMA, JP. Areas of responsibility include organisation leadership, Council’s operational and service delivery performance and organisational support for elected members. This position is resource-shared with Latrobe Council.

Operations Manager – Jason Bellchambers

Jason was appointed to the position of Operations Manager in January 2018. His qualifications include a Bachelor of Engineering Technology. Areas of responsibility include the maintenance and renewal of Council Infrastructure including roads, bridges, drainage, parks, reserves and buildings. This position is resource-shared with Latrobe Council.

Infrastructure and Assets Manager – Jonathan Magor

Jonathan was appointed to the position of Engineering Services Manager in September 2011. His qualifications include a Bachelor of Technology (Engineering and Management). Areas of responsibility include emergency management, environmental and public health services, and Council Infrastructure including roads, bridges, drainage, parks, reserves and buildings. This position is resource-shared with Latrobe Council.

Remuneration of Senior Employees

Section 72(1)(cd) Local Government Act 1993
The Annual Report is to include a statement relating to the total remuneration paid to employees who hold a senior position within Council. Remuneration includes salary, contribution to superannuation, motor vehicle and other allowances.

Annual Remuneration	No. of Employees
\$120,001 - \$140,000	1
\$140,001 - \$160,000	1

Where senior employees are employed by Latrobe Council and hired to Kentish Council, they are not included in the above table, but are included in the equivalent table in the Latrobe Council Annual Report. These positions include the General Manager and Manager Assets and Infrastructure.

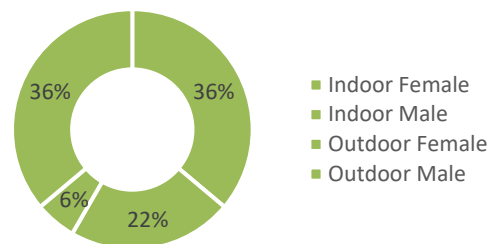
Full Time Equivalent Staff

	2020	2019
Full-Time Equivalent staff at 30 June	33.9	30.6

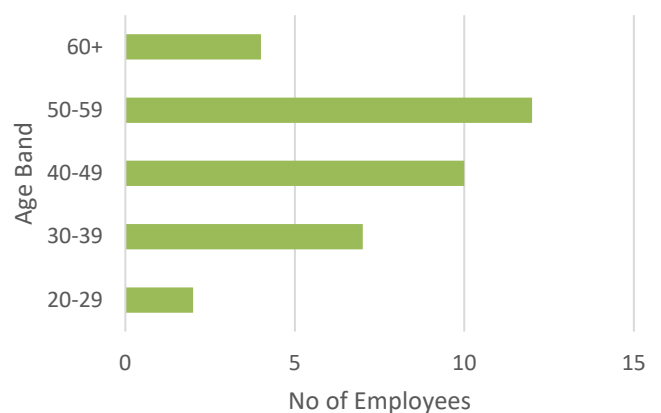
Employee Profile

As at 30 June 2020, Council employed 36 people in a diverse range of positions. The 36 positions comprise 28 full-time, 7 part-time and 1 casual. Fifteen positions are based outdoors, with 21 positions based indoor.

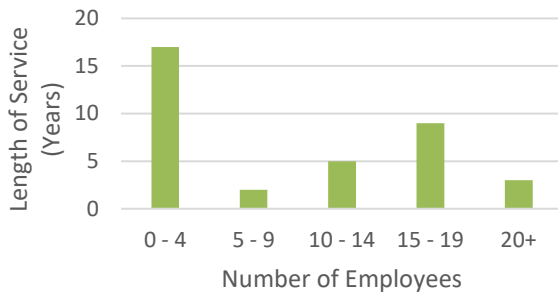
The overall gender profile of the workforce is 42% female and 58% male. The following graph provides a further breakdown.



The average age of the workforce is 48 years (compared with 48 years as at 30 June 2019). The following chart provides a further break-down by age band.



The average length of service is 8.5 years. The following chart provides a further break-down.



Enterprise Bargaining Agreement

Due to Covid-19 and at the request of Australian Services Union, negotiations for the new agreement were postponed until early 2021, with the intention to have an agreement finalised prior to June 2021.

Staff Changes and Recruitment

The following positions were recruited in the 2019-20 financial year:

- Visitor Information Centre Support Officers x2
- Trails Project Officer
- Economic and Tourism Development Officer
- Leading Hand – Civil Construction & Maintenance
- Civil and Construction & Maintenance Officer
- Team Leader – Civil Construction & Maintenance

Vacant positions are advertised in The Advocate newspaper, SEEK Website, as well as on the Council website and Facebook page.

Nine staff members left Council employment, two staff members left due to medical reasons, two casuals left for fulltime roles, one position was made redundant due to outsourcing and one retired during the 2019-20 financial year.

Employee Performance

All staff participate in an annual performance appraisal with their manager. This provides a formal opportunity to assess individual and team performance, identify achievements and discover where improvements are required.

A core component of performance management is development. The appraisal process allows staff to review recent and current performance and plan and identify future training requirements and development opportunities.

This year a new performance appraisal format was used, that triggers a review at the six-month mark, some issues were identified with the new format and further changes will be made prior to 2020/2021.

Training and Development

In 2019-20, a number of employees undertook training and professional development courses and attended conferences of benefit and relevance to their positions at Kentish Council. An indication of the types of training undertaken is as follows:

- Control Traffic
- Chain Saw
- Working under live wires
- First Aid
- Technology One Software
- Mental Health First Aid

Appreciating our People

Skilled, motivated and dedicated staff are critical to Council's success. Council strives to continually strengthen its culture that recognises, encourages and celebrates employees' achievements.

Staff Health and Wellbeing

Council is committed to providing a workplace that upholds the health and wellbeing of employees.

Council provides a wellbeing service through the use of CLS Counselling.

Council also provides staff with the opportunity to have a flu vaccination and a skin check on an annual basis.

Our Volunteers

Kentish Council values the wonderful contribution that volunteers make to the community. Volunteers provide valuable assistance and enrich the lives of the people and groups they are helping.

Council is fortunate to have volunteers assisting in a number of areas supporting its capacity to deliver a range of service and programs.

There are a number of ways that people can volunteer within Kentish including the Council managed activities described below.

Visitor Information Centre

The centre has seen upwards of 50,000 visitors through the door in addition to communicating with visitors through digital mediums, telephone and email enquiries and distributing printed collateral state-wide to promote the Kentish region. Our visitors are greeted by a team of 12 volunteers and 3 staff who provide assistance with trip planning, local knowledge and a dedicated booking desk. The retail space in the centre prioritises stocking locally produced items as another medium to promote local Kentish businesses where available. The team each month have also undertaken familiarisation trips, visiting local businesses and experiences throughout the North West region. Due to COVID-19 SVIC was closed for face-to-face contact from 30 March 2020 and reopened with reduced operating hours from 22 June 2020.

Special Committees of Council

Special Committees of Council are established by Council under the *Local Government Act 1993* to carry out specific functions on behalf of Council. These include the management of recreation centres and community halls, through to assessing proposals for new public art and considering new economic development opportunities for the municipality.

Council had 20 special committees during the financial year with over 75 volunteers from the community involved on these committees.

Workplace Health and Safety

Legislation

Kentish Council is currently governed by the *Workplace Health and Safety Act 2012*. The legislation aims to provide all workers in Australia with the same standard of health and safety protection regardless of the type or location of the work.

The WHS legislation provides a framework to protect the health, safety and welfare of all workers at work and of other people who might be affected by the work. The WHS legislation aims to:

- protect the health and safety of workers and other people by eliminating or minimising risks arising to business;
- ensure fair and effective representation, consultation and cooperation to address and resolve health and safety issues in the workplace;
- encourage unions and employer organisations to take a constructive role in improving work health and safety practices;
- assist businesses and workers to achieve a healthier and safer working environment;
- promote information, education and training on work health and safety;
- provide effective compliance and enforcement measures; and
- deliver continuous improvement and progressively higher standards of work health and safety.

Structure

To ensure an orderly risk-based approach to tasks identified, an Objectives and Targets Program was set to achieve improvements to risk management and work health and safety for workers, volunteers and the community. The Objectives and Targets Program will assist in meeting Council's legal requirements of protecting its workers and compliance to legislation.

Highlights

A number of initiatives were implemented and/or completed during the 2019-2020 year including:

- Reviewed and updated Safe Work Method Statements (SWMS) and Standard Operating Procedures (SOPs). Implemented COVID-19 additional safety controls and Personal Protective Equipment (PPE) requirements.
- Reviewed the worksite risk assessment procedure for the outdoor workforce.
- Conducted WHS focussed training. Training improves the capabilities of Council's workforce and ensures that staff skills and competencies are up to date with the latest techniques and technology to perform their tasks safely. Training included; TasNetworks working near live electrical equipment, traffic management, and first aid refresher courses.

Health and Safety Committee

Council has a Health and Safety Committee comprising three trained Health & Safety Representative (HSR), three management representatives and two other staff representatives.

Workplace Injuries

The total number of reported workplace injuries during 2019-20 were 4, with 1 injury becoming a Workers Compensation Claim.

Legislative Reporting

Section 72 of the *Local Government Act 1993* stipulates a range of matters which Council is required to report against within its Annual Report. This section of the Annual Report covers those legislative reporting obligations as well as a range of statistics which may be of interest to our stakeholders.

Joint Authorities

Section 30 (1) Local Government Act 1993
Kentish Council participates in two joint authorities; the Cradle Coast Authority and Dulverton Waste Management Authority. The following reports provide a summary of activities, budget and performance of the authorities during the 2019/2020 financial year.

Cradle Coast Authority (CCA)

It is my great pleasure to provide this report for a business that I am extremely proud to be a part of.

In 2019-20, Kentish Council's contribution was \$48,713. Total Member Council contributions totaled \$895,471 and a further \$5,424,525 was received as government grants.

Throughout 2019-20, our people – my staff, the Board, Committee Members and Representatives – put the major reforms of the previous financial year to good use and got on with the job. We have delivered valuable work across economic development, natural resource management and shared services, all of which will be detailed in our Annual Report later this year.

Employee numbers have remained roughly the same at around 17 FTEs, and we sure have an impressive team. CCA staff were among the first, if not the only part-time and full-time public sector employees in Tasmania to reduce their hours and their pay when COVID-19 occurred. Staff took this action to preserve cashflow, increasing the likelihood of us being able to keep the team together and achieve our objectives. It is a significant measure of their commitment to the organisation and to each other, and I am tremendously proud of them. Directors also showed great leadership during this difficult time, taking a voluntary reduction in their allowances.

The end of the financial year was marked by the formal adoption of our 2020-21 Annual Plan and Budget and the 2020-2025 Strategic Plan by the Representatives in May 2020. Prior to presenting

the budget to Councils, we reworked it to deliver a reduction in their contributions in light of the COVID-19 related pressures that were emerging at that time and which they will face for some time. Our Annual Plan and Strategic Plan clearly spell out what our owners have agreed that CCA should be working on, and anybody who is interested can monitor our progress on our website.

I would like to thank all of the Councillors and other people who continue to believe in the regional approach and I would like to acknowledge the encouragement and support provided by Mayor Wilson and General Manager Gerald Monson in particular. There is no doubt that together, we are on track towards making Cradle Coast Authority everything that it can and should be, for the sake of the one in five Tasmanians who call our corner of the island "home".

**Daryl Connelly MBus , Chief Executive Officer
Cradle Coast Authority**

Dulverton Waste Management

Despite the challenging environment in the 2019/20 Financial Year, Dulverton Waste Management (DWM) concluded another strong year operationally and financially. Income was substantially stronger than budget due to increases in some existing and some new waste stream revenues. Expenditure was slightly above budget in order to manage the additional waste received onsite.

Five year financial forecasts are now routinely provided to Owner Councils with each Annual Plan and Budget. The financial forecasts on an activity basis guide the business operations and detail future income, operational expenditure, capital investment, cash flow and likely dividends.

The Covid-19 pandemic had an enormous economic impact on many local businesses. However, due to the systems and processes that have been invested in, DWM were able to operate throughout the height of the virus with minimal disruption to operations. DWM continue to regularly review revenues and at this time it is believed that 2020/21 budget estimates remain appropriate and achievable. In response to the economic climate and associated challenges facing our Owners and region, DWM implemented a 0% increase to gate fees for 2020/21.

In April, in response to the Covid-19 pandemic, DWM suspended the procurement process for the Dulverton Organics Transformation (DOT) project.

The procurement has since recommenced, and Expressions of Interest are closed and Request for Tender (RFT) documentation has been issued to a number of parties. DWM will be reviewing RFT submissions, and Owners will be provided an updated timeline in the coming months.

Workplace Health and Safety (WHS) continues to be a key focus for the Board, management, staff and contractors. DWM consistently outperforms the WHS standard set by many larger organisations and remains active in avoiding complacency and continuing to advance all aspects of WHS.

As the primary waste management provider in the region, DWM continues to deliver waste expertise to the Cradle Coast Waste Management Group (CCWMSG) via staff with in-depth knowledge in landfill, organics recycling, kerbside recycling and other industry relevant activities. In 2019/20 DWM continued to manage the Recyclables Collection, Cardboard, Greenwaste, Paint, E-waste and Fluoro Tube/Globe Collection contracts within the region, and was able to complete another successful year of Recycling Bin Assessments which continues to provide valuable information about the region’s residential recycling behaviours.

Both DWM income and profit exceeded budget, and although not as high as previous financial years, DWM was able to deliver tax equivalents (or NTER - National Tax Equivalent Regime) that were greater than forecast, and delivered the budgeted dividend. Dividends to Owner Councils are forecast into the foreseeable future.

The total quantity of chargeable waste disposals managed by DWM was 96,416 tonnes. This is made up of 60,533 tonnes to landfill, and 35,884 tonnes to the DORF for recycling into compost (excluding approximately 3,534 tonnes of green-waste also accepted at the DORF.)

Mat Greskie
Chief Executive Officer

Complaints

Section 339F(5) Local Government Act 1993, Section 339 (F) – Customer Service Charter – complaints

In accordance with Council’s Customer Service Charter, a complaint must be in writing and is a dissatisfaction caused by:

- A Council product or service;
- Unsatisfactory conduct of a Council employee or agent; or
- A Council decision.

The number of complaints received in 2019/20 was 15 compared to 3 complaints in 2018/19. The increase is mainly due to improvements in recording processes.

Nature of Complaint	No. of Complaints
Product or service	7
Employee or agent	7
Council decision	1

Statement of Activities

Section 21, Section 72 (1) (ca) Local Government Act 1993

The Council has not resolved to exercise any powers or undertake any activities in accordance with Section 21 (Enterprise Powers) of the *Local Government Act 1993*.

Statement of Land Donated

Section 72(1)(da) and Section 177 Local Government Act 1993

No land was donated by the Council under Section 177 of the *Local Government Act 1993*.

Public Interest Disclosures

Public Interest Disclosure Act 2002

Council’s Guidelines for dealing with matters under the *Public Interest Disclosure Act 2002* are available for viewing on the council’s website at www.kentish.tas.gov.au or a copy can be made available by contacting the office.

There were no disclosures made to the Council during the year.

Integrity Commission

During the 2019-20 financial year, the Integrity Commission did not receive any complaints about Kentish Council.

Contracts for the Supply of Goods and Services

Regulation 29(1) Local Government (General) Regulations 2015 - requires Council to include prescribed information about contracts exceeding \$250,000 (ex GST).

Contractor/Supplier	Address	Description	Contract Period	Value (Ex GST)
Trailscapes	Mount Barker Road, Eagle on The Hill SA 5150	Wild Mersey Mountain Bike Trails Stage 2	Mar 2020 – Mar 2021	\$1,225,280
Treloar Transport Pty Ltd	7 Spring Street (Claude Rd), Sheffield 7306	Sheffield Main Street Streetscape	June 2020 – Jun 2021	\$905,912
Hardings Hotmix Pty Ltd	Industrial Drive, Ulverstone Tas 7315	Supply of Hotmix Asphalt – Road Reseal Program	Nov 2019 – Jun 2020	\$607,315
Hardings Hotmix Pty Ltd	Industrial Drive, Ulverstone Tas 7315	Wilmot Main Street Upgrade	Jun 2020 – Jun 2021	\$525,981
BridgePro Engineering Pty Ltd	21 Faulkner Drive, Latrobe TAS 7307	Falls Creek/Narrawa Road Bridge Replacement	Nov 2019 – June 2020	\$267,200
IT Resourcing	136 Bathurst Street, Launceston 7250	Information and Communications Technology Systems Management	Nov 2019 – Nov 2022	\$706,330

Regulation 29(2) Local Government (General) Regulations 2015 - requires Council to include prescribed information about non-application of the public tender process.

The IT Resourcing contract above was not the result of a public tender. At the council meeting on 17 September 2019, Council, by absolute majority, approved an exemption from running a public tender process for the procurement of sourced ICT Services as part of a Request for Proposal process in accordance with Tasmanian Local Government (General) Regulations 2015 Part 3 Section 27, Term (i) Exemption Clause (iii) being 'the unavailability of competitive or reliable tenderers'.

Because of demonstrably uncompetitive market circumstances for the portfolio of ICT services required, Council relied on Tasmanian Local Government (General) Regulations 2015 Part 3 Section 27, Term (i) Clause (iii) to be exempted from running a public tender process and instead relied on the outcome of a closed competitive Request for Proposal process inviting the four best qualified vendors followed by a Best and Final Offer ('BAFO') round to procure these services.

Regulation 29(3) Local Government (General) Regulations 2015 – requires Council to include prescribed information about contracts exceeding \$100,000 (ex GST) but less than \$250,000 (ex GST).

Contractor/Supplier	Address	Description	Contract Period	Value (Ex GST)
TasSpan Pty Ltd	27-28 Faulkner Drive, Latrobe TAS 7307	Whitehawk Creek/Hampsons Road Bridge Replacement	Nov 2019 – June 2020	\$135,000
Aurora Energy Pty Ltd	50 Elizabeth Street, Hobart TAS 7000	Street Lighting Contract	Jul 2019 – Jul 2022	\$181,418
Entura Pty Ltd	89 Cambridge Park Drive, Cambridge TAS 7001	Railton Flood Mitigation preliminary design	Sep 2019 - Sep 2020	\$222,200

Public Health Statement

Section 72(1)(ab) Local Government Act 1993

Section 72(1)(ab) of the *Local Government Act 1993* requires a statement of the Council's goals and objectives in relation to public health activities to be included in the Annual Report.

Council currently employs one full-time Environmental Health Officer. Council's Public Health and Environmental Health programs address a range of functions under the *Local Government Act 1993*, *Public Health Act 1997*, *Food Act 2003*, *Burial & Cremation Act 2002*, *Litter Act 2007* and *Environmental Management & Pollution Control Act 1994*. These functions include:

- Food Safety
- Disease Prevention and Control
- Public Health Education and Promotion
- Places of Assembly
- Public Health Risk Activities
- Immunisations
- Exhumations
- Public Health Emergency Management
- Air, Water and Solid Pollution
- Public Health Nuisances
- Recreational and Bathing Water Quality
- Cooling Towers and Warm Water Systems
- Unhealthy Premises
- On-Site Waste Disposal Systems

Operational statistics reflecting core environmental health activities undertaken include:

Activity	Total	Comments
Public Health Act 1997		
Mass Gatherings	4	Rowing facilities, events/festivals
Private water supplies licenses	41	Commercial businesses providing water from tanks, bores, etc
Drinking Water Cart licenses	2	Drinking water carters
Regulated systems	1	Includes cooling towers
Registered Health Risk Activity	1	Includes tattooing, acupuncture etc
Recreation waters - natural	3	Lake Barrington – Kentish Park, Wilmot Picnic Area and Rowing Course sampled during the summer months
Recreation waters – pools and spas	3	Two pools and one spa
Immunisations	96	Number of doses administered for the school-based immunisation clinic
Water complaints investigated	0	Water quality
Food Act 2003		
Registered food businesses	88	88 registered businesses. Additionally, 22 notifiable food businesses (not included)
Temporary food businesses	5	Events and one-off occasions
Prosecutions	0	
Infringement Notices	1	
Food complaints investigations	4	
Other		
Special plumbing permits	37	On-site waste-water disposal systems were approved for new installations and upgrades to septic tank systems, aerated wastewater treatment systems etc
Notifiable diseases	2	
Private Burials	1	1 approval (no burial yet)
Litter infringement notice	0	No litter infringement notices were issued.
Customer Requests	80	Various requests regarding noise, odour, fire hazards,

Grants, Assistance and Benefits Provided

Section 77 (2) Local Government Act 1993

Details of grants, assistance and benefits made by the Council during the 2019/2020 financial year are as follows:

GRANTS AND SPONSORSHIP		
Organisation	Purpose	Amount (\$)
Community Events		
Junior Cattle Handlers Show of Tasmania	Sheffield School Show	1,000
Kentish Axeman's Club	Gowrie Park Wood Chopping Carnival	250
Kentish Rodeo Association	Gowrie Park Rodeo	500
Redwater Creek Steam & Heritage Society	Steamfest	1,500
Kentish Garden Club Inc	Daffodil and Spring Flower Show	500
Taste of the North West Committee	Taste of the North West	1,500
Railton Community Progress Association	Railton Bike Show	300
Oss Foley Endurance Riders Inc	Oss Foley Endurance Ride	250
Knights Templar Tasmania	Medieval Festival	1500
Total		7,300
Organisation Funding		
Kentish Museum	Operational Costs	6,600
Wilmot Museum	Operational Costs	1,850
Mt Roland Rivercare	Operational Costs	6,000
Mt Roland Rivercare	Trust funds for future expenditure	4,000
Tandara Lodge	Mature Age Program	2,130
Total		20,580
Community Grants		
Roland Masonic Lodge	Kitchen floor upgrade & replace heating system	1,859.50
Kentish Men's Shed	Install dust extractor, shade sail & defib. flag	1,024.00
Individual	Equine Championships	100
Sheffield School	Presentation Day	100
Kentish House	Community Health Promotions	450
Kentish Garden Club	Hopes Mill Corner Maintenance	200
Kentish Lions Club	Christmas Activities	750
Individual	Youth Scholarship	1,250
Total		5,733.50
RATE REMISSIONS – COMMUNITY ORGANISATIONS		
Organisation	Amount (\$)	
Tashi Choling Dharma Foundation Inc.	1,008.60	
Railton Bowls Club	1,100.04	
Redwater Creek Steam & Heritage Society Inc.	1,537.37	
Sheffield Rifle Club	960.64	
Kentish Rodeo Association	1,076.72	
The Tasmanian Arboretum Inc	384.93	
Rowing Tasmania Inc	3,933.91	
The Hub Incorporated	1,692.53	
Lower Barrington Hall Committee	908.84	
Wilmot Tourist & Progress Association Inc	842.36	
Lorinna Residents & Ratepayers Association Inc	864.52	
Sheffield Golf Club	1,263.31	
Total	15,573.77	

General Reporting

Building Application

The number of building permits issued during 2019/20 was 74 compared to 84 the previous financial year. A breakdown of the types of building applications received during the 2019/20 year is provided below.

Application Type	No.
Dwelling	22
Dwelling additions/alterations	14
Outbuildings	20
Commercial/Industrial	9
Miscellaneous Structures	7
Demolition	2
Total	74
Substantial Compliance/Permit to Proceed	4

Development Applications

The number of development applications issued during 2019/20 was 102 compared to 81 the previous financial year. A breakdown of the types of development applications received during the 2019/20 year is provided below.

Application Type	No.
Dwellings and Dwelling Additions	
General Residential and Closed Residential Zone	6
Rural Living, Env Living, Village Zones	5
Natural Resource and Rural Resource Zone	0
Outbuildings (buildings incidental to a residence)	
General Residential	8
Rural Living, Env Living, Village Zones	33
Natural Resource and Rural Resource	0
Agricultural Sheds	6
Signage	0
Boundary Adjustment	2
Multiple Dwelling Development	2
Subdivision	5
Commercial Development/Tourism	23
Heritage Area Works	0
Industrial Development	4
Miscellaneous	8
Total Applications	102

Animal Control

Dog Registration: 2,384 dogs were registered in 2019/20.

Customer Requests: 165 customer requests were received including:

- 30 relating to barking dogs
- 21 dog attacks/threats to people
- 10 animals were reported lost
- 33 dogs at large
- 43 relating to straying livestock
- 23 stray dogs
- 5 nuisances

Of the 56 requests received regarding stray/at large dogs, 28 dogs were collected and impounded at the Devonport Dogs Home. 25 dogs were subsequently reclaimed by their owners.

One dog was declared dangerous during the year. Council issued 43 new kennel licences and 6 kennel licences were increased.

Waste Management

Waste: 312 large bins and 1,440 small bins comprise the collection service, which is undertaken for premises located in Railton, Sheffield, Acacia Hills, Barrington, Lower Barrington and South Spreyton plus households on route that have opted to use the service.

Recycling: All households with waste collection service are provided with 240L bins which are serviced once a fortnight. Near the end of the financial year, 1,752 bins were serviced fortnightly throughout the community.

Professional Service Providers:

Auditors: Tasmanian Auditor-General
Bankers: Commonwealth Bank of Australia
Insurance Brokers: JLT Risk Solutions
Valuers: Office of the Valuer-General
Legal: Tremayne Fay and Rheinberger

Use of Council Website and Social Media

Council website

	2018/19	2019/20
Hits	29,939	65,634
Unique Visits	14,665	14,992

Facebook

	2018/19	2019/20
Post Reach	324,196	362,258
New Likes	1,676	1,950

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 2020.

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 2019.

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 2020.



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 2020 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 statement of certification by the General Manager.

In my opinion the accompanying financial report:

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

Basis for Opinion

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

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

My audit responsibility does not extend to the budget figures included in the financial report, the asset renewal funding ratio disclosed in note 10.5 (f), nor the Significant Business Activities disclosed in note 10.4 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.

Key Audit Matters

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

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Valuation of property and infrastructure <i>Refer to notes 6.1 and 9.10</i>	
<p>Property and infrastructure as at 30 June 2020 includes land, land under roads, land improvements, buildings and material long-life infrastructure assets, such as roads, bridges and footpaths, and drainage, measured at fair value totalling \$138.37m.</p> <p>The fair values of these assets are based on market values or current replacement cost. Council undertakes formal revaluations on a regular basis to ensure valuations represent fair value.</p> <p>In 2019-20, Council revalued all assets carried at fair value. The valuations were determined by internal and external experts and are highly dependent upon a range of assumptions and estimated unit rates.</p>	<ul style="list-style-type: none"> • Assessing the scope, expertise and independence of experts involved in the valuation. • Assessing the appropriateness of the valuation methodology and the key assumptions used. • Testing, on a sample basis, the mathematical accuracy of the revaluation calculations. • Evaluating the adequacy of disclosures made in the financial report, including those regarding key assumptions used.

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.

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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 the 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, 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.

From the matters communicated with the General Manager, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a

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matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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

Tasmanian Audit Office

29 January 2021
Hobart

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KENTISH COUNCIL
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**Statement of Comprehensive Income
For the Year Ended 30 June 2020**

	Note	Budget 2020 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Income from continuing operations				
Recurrent income				
Rates and charges	2.1	5,467	5,478	5,335
Statutory fees and fines	2.2	307	336	304
User fees	2.3	95	149	164
Grants	2.4	2,753	2,963	2,715
Interest	2.6	144	176	259
Other income	2.7	1,500	666	1,265
Investment revenue from water corporation	2.9, 5.2	-	44	88
Share of net profits/(losses) of associates and joint ventures accounted for by the equity method	5.1	-	248	300
		10,265	10,060	10,430
Capital income				
Capital grants received specifically for new or upgraded assets	2.4	255	1,246	318
Capital grants received specifically for renewal of assets	2.4	468	187	489
Contributions - cash	2.5	-	25	-
		722	1,458	807
Total income from continuing operations		10,987	11,518	11,237
Expenses from continuing operations				
Employee costs	3.1	(3,435)	(2,785)	(3,253)
Materials and services	3.2	(3,658)	(2,467)	(2,943)
Impairment of receivables	3.3	-	8	(8)
Depreciation and amortisation	3.4	(2,916)	(2,960)	(2,542)
Finance costs	3.5	(79)	(73)	(80)
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	2.8	-	(386)	(68)
Other expenses	3.6	(531)	(863)	(874)
Total expenses from continuing operations		(10,619)	(9,526)	(9,768)
Result from continuing operations		368	1,992	1,469
Net result for the year		368	1,992	1,469
Other comprehensive income				
Items that will not be reclassified subsequently to net result				
Fair value adjustments on equity investment assets	9.1	-	(1,934)	1,091
Net asset revaluation increment/(decrement)	9.1	-	18,848	-
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	9.1	-	14	4
		-	-	-
Total Other Comprehensive Income		-	16,928	1,095
Total Comprehensive result		368	18,920	2,564

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

**Statement of Financial Position
As at 30 June 2020**

	Note	2020 \$'000	2019 \$'000
Assets			
Current assets			
Cash and cash equivalents	4.1	11,720	10,369
Trade and other receivables	4.2	654	540
Inventories	4.4	18	28
Other assets	4.5	99	154
Total current assets		12,491	11,091
Non-current assets			
Trade and other receivables	4.2	20	24
Investments	4.3	18	18
Investments in associates accounted for using the equity method	5.1	1,599	1,388
Investment in water corporation	5.2	6,061	7,995
Property, infrastructure, plant and equipment	6.1	141,012	121,667
Intangible assets	6.2	480	468
Total non-current assets		149,190	131,560
Total assets		161,681	142,651
Liabilities			
Current liabilities			
Trade and other payables	7.1	1,847	1,367
Trust funds and deposits	7.2	44	68
Provisions	7.3	544	598
Contract liabilities	7.4	222	-
Interest-bearing loans and borrowings	8.1	117	157
Total current liabilities		2,774	2,190
Non-current liabilities			
Provisions	7.3	2	12
Interest-bearing loans and borrowings	8.1	890	1,007
Total non-current liabilities		892	1,019
Total liabilities		3,666	3,209
Net Assets		158,017	139,442
Equity			
Accumulated surplus		43,974	42,209
Reserves	9.1	114,043	97,233
Total Equity		158,017	139,442

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

**Statement of Changes in Equity
For the Year Ended 30 June 2020**

	Note	Accumulated Surplus 2020 \$'000	Asset Revaluation Reserve 2020 \$'000	Fair Value Reserve 2020 \$'000	Total Equity 2020 \$'000
2020					
Balance at beginning of the financial year		42,209	95,412	1,821	139,442
Effect of changes in accounting policy for:					
Adjustment due to AASB 15 adoption	10.3(g)(i)	(227)	-	-	(227)
Adjustment due to AASB 16 adoption	10.3(g)(ii)	-	(118)	-	(118)
Restated opening balance		41,982	95,294	1,821	139,097
Net result for the year		1,992	-	-	1,992
Other Comprehensive Income:					
Fair Value adjustment on equity investment assets	5.2	-	-	(1,934)	(1,934)
Net asset revaluation increment/(decrement)	9.1	-	18,848	-	18,848
Share of other comprehensive income of associates & joint ventures accounted for by the equity method			14		14
Total comprehensive income		43,974	114,156	(113)	158,016
Transfers between reserves		-	-	-	-
Balance at end of the financial year		43,974	114,156	(113)	158,016
2019					
Balance at beginning of the financial year		40,740	95,408	730	136,878
Adjustment due to AASB 9 adoption		-	-	-	-
Adjustment on change in accounting policies		-	-	-	-
Restated opening balance		40,740	95,408	730	136,878
Net result for the year		1,469	-	-	1,469
Other Comprehensive Income:					
Fair Value adjustment on available for sale asset	5.2	-	-	1,091	1,091
Share of other comprehensive income of associates & joint ventures accounted for by the equity method		-	4	-	4
Balance at end of the financial year		42,209	95,412	1,821	139,442

The above statement should be read with the accompanying notes.

**Statement of Cash Flows
For the Year Ended 30 June 2020**

	Note	2020 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates		5,477	5,308
Statutory fees and fines		336	304
User charges and other fines		370	347
Grants		2,963	2,715
Interest Received		229	165
Investment revenue from water corporation	2.9	44	88
Other receipts		668	242
Dividends received from associate		51	65
Net GST refund/(payment)		534	-
Payments to suppliers		(2,824)	(2,227)
Payments to employees		(2,864)	(2,996)
Finance costs Paid		(73)	(80)
Other payments		(863)	(678)
Net cash provided by (used in) operating activities	9.2	4,049	3,253
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(3,966)	(4,390)
Payments for intangibles		(56)	-
Proceeds from sale of property, infrastructure, plant and equipment		48	7
Capital grants		1,433	807
Capital contributions		25	-
Loans and advances to community organisations		-	3
Net cash provided by (used in) investing activities		(2,516)	(3,573)
Cash flows from financing activities			
Payments from trust funds and deposits	9.3	(24)	(7)
Repayment of interest bearing loans and borrowings	9.3	(157)	(237)
Net cash provided by (used in) financing activities		(181)	(244)
Net increase (decrease) in cash and cash equivalents		1,351	(564)
Cash and cash equivalents at the beginning of the financial year		10,369	10,933
Cash and cash equivalents at the end of the financial year	9.4	11,720	10,369
Restrictions on cash assets	4.1		
Financing arrangements	9.5		

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

Note 1 Overview

1.1 Reporting entity

- (a) The Kentish Council was established in 1907 and is a body corporate with perpetual succession and a common seal. Council's main office is located at 69 High Street Sheffield Tasmania.
- (b) The purpose of the Council is to:
- provide for health, safety and welfare of the community;
 - to represent and promote the interests of the community;
 - provide for the peace, order and good government in the municipality.

1.2 Basis of accounting

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

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

All amounts are presented in Australian dollars and unless stated, have been rounded to the nearest thousand dollars. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 4.3, 4.4, 5.2, 6.1, 7.3 and 8.1.

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.

Special Committees of Management have been included in this financial report. All transactions for these committees have been incorporated. Details of committees included in this financial report are detailed in note 10.2.

1.3 Use of judgements and estimates

Judgements and Assumptions

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

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

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

Employee entitlements

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

Defined benefit superannuation fund obligations

Actuarial assumptions are utilised in the determination of Council's defined benefit superannuation fund obligations. These assumptions are discussed in note 9.6.

Fair value of property, infrastructure, plant & equipment

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

Investment in water corporation

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 5.2.

1.4 Functions/Activities of the Council

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

	Grants \$'000	Other \$'000	Total Revenue \$'000	Total Expenditure \$'000	Surplus/ (Deficit) \$'000	Assets \$'000
Governance and administration						
2019 - 2020	1,570	7,548	9,118	(3,275)	5,843	19,189
2018 - 2019	1,545	5,691	7,236	(766)	6,470	19,747
Roads, streets and bridges						-
2019 - 2020	1,676	716	2,392	(4,986)	(2,594)	116,498
2018 - 2019	1,659	204	1,863	(4,698)	(2,835)	97,815
Stormwater/ Drainage						
2019 - 2020	(5)	-	(5)	(112)	(117)	3,104
2018 - 2019	20	-	20	(59)	(39)	2,475
Waste management						
2019 - 2020	-	981	981	(982)	(1)	1,599
2018 - 2019	-	714	714	(832)	(118)	1,391
Environmental health/ environmental management						
2019 - 2020	-	6	6	(159)	(153)	-
2018 - 2019	-	32	32	(128)	(96)	-
Development and regulatory services						
2019 - 2020	-	699	699	(1,293)	(594)	-
2018 - 2019	-	330	330	(594)	(264)	-
Buildings and community amenities						
2019 - 2020	-	205	205	(1,186)	(981)	13,454
2018 - 2019	79	189	268	(1,235)	(967)	13,607
Economic and community development						
2019 - 2020	1,155	37	1,192	(508)	684	13
2018 - 2019	219	549	768	(1,144)	(376)	18
Parks and reserves						
2019 - 2020	-	-	-	(304)	(304)	7,894
2018 - 2019	-	6	6	(299)	(293)	6,545
Operations						
2019 - 2020	-	443	443	(235)	208	995
2018 - 2019	-	-	-	(13)	(13)	1,053
Total						
2019 - 2020	4,396	10,635	15,031	(13,040)	1,991	162,746
2018 - 2019	3,522	7,715	11,237	(9,768)	1,469	142,651

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

	2020	2019
Current assets	12,491	11,091
Non-current assets	149,190	131,560
	161,681	142,651

(c) Governance and administration

Operation and maintenance of council chambers, administration offices, and councillors.

Roads, streets and bridges

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

Stormwater/ Drainage

Operation and maintenance of open or deep drainage systems in urban areas, including the lining of piping of creeks but excludes drainage associated with road works.

Waste management

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

Environmental health/environmental management

Environmental Health includes disease control, food surveillance, public-use building standards, health education and promotion, water quality, workplace safety and cemeteries.

Environmental management includes strategies and programs for the protection of the environment and regulations of activities affecting the environment.

Development and regulatory services

Administration of the town planning scheme, subdivisions and urban and rural renewal programs, building permit authority operations, animal control and other regulatory services

Building and community amenities

Operation and maintenance of buildings owned or operated by Council.

Economic and community development

Economic development, visitor information, youth services, community engagement, community grants, cultural events and festivals.

Parks and reserves

Operation and maintenance of public parks and reserves.

Operations

Unallocated operations/ works depot and management costs

	2020	2019
	\$'000	\$'000
Note 2 Revenue		
Note 2.1 Rates and charges		
Council uses Assessed Annual Value (AAV) valuation to calculate the rates applied on 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 2019-2020 was \$53.3 million (2018-2019 \$44.8million). The 2019-2020 rate in the dollar of assessed annual value was 5.831 cents (2018-2019, 5.727 cents).		
Residential	731	792
Rural residential	1,748	1,416
Commercial	381	383
Community services	100	118
Industrial	161	144
Mining	6	6
Recreation	15	15
Primary production	1,268	1,181
Vacant	208	208
Supplementary rates and rate adjustments	14	25
Fire Levy	214	204
Garbage charge	649	621
Rates and charges in advance	-	233
Add interest on late payments	5	11
Less discount for early payment	(22)	(22)
Total rates and charges	5,478	5,335

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. Since that time Council has applied adjustment factors provided by the Office of the Valuer General every two years.

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

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

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

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

Rates and charges income

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

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

	2020	2019
	\$'000	\$'000
Note 2.2 Statutory fees and fines		
Animal control	69	48
Building fees	134	146
Health fees and fines	1	20
Land information certificates	47	28
Town planning fees	85	62
Total statutory fees and fines	336	304

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

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

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

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

Statutory fee and fine income

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

Note 2.3 User fees		
Rental/ hire - halls & buildings	48	57
Rent	92	101
Other fees and hire charges	9	6
Total user fees	149	164

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

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

Rental income is recognised as revenue when the payment is due. Rental payments received in advance are recognised as payable until they are due.

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

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

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

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

2020
\$'000

2019
\$'000

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

User fee income

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

Rental Income

Rental income is recognised as revenue when the payment is due or the payment received. Rental payments received in advance are recognised as a prepayment until they are due.

Operating leases as lessor

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

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

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

Note 2.4 Grants

Grants were received in respect of the following:

Summary of grants

Federally funded grants	3,984	3,364
State funded grants	412	158
Total	<u>4,396</u>	<u>3,522</u>

Grants - recurrent

Commonwealth Government Financial Assistance Grants - general purpose	1,570	1,545
Commonwealth Government Financial Assistance Grants - roads	1,336	1,111
Heavy Vehicle Motor Tax	59	59
Natural Disaster Recovery Grant-Over claim	(28)	-
Youth and Community	2	-
State Fire Safety Grant	2	-
Economic development	22	-
Total recurrent grants	<u>2,963</u>	<u>2,715</u>

2020
\$'000

2019
\$'000

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

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

The performance obligations are varied based on the agreement, but include completion of infrastructure upgrade projects.

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

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

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

Accounting policy under AASB 1004 - applicable for 2019 comparative

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

Grant income - recurrent and capital

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

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.

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

The Australian Commonwealth Government provides untied Financial Assistance Grants to Council for general purpose use and the provision of local roads.

In both years the Commonwealth has made early payment of the first two quarterly instalments for the following year. The early receipt of instalments resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2019-2020 by \$1,493,214 (2018-2019, \$1,346,315). This has impacted the Statement of Comprehensive Income resulting in the Surplus/(deficit) being higher by the same amount.

Capital grants received specifically for new or upgraded assets

Economic development grants	1,131	219
Stormwater grants	(5)	20
Road safety	120	-
Sport & recreation facilities	-	79
Total capital grants specifically for new or upgraded assets	<u>1,246</u>	<u>318</u>

Capital grants received specifically renewal of assets

Roads to Recovery	187	489
Total capital grants specifically for renewal of assets	<u>187</u>	<u>489</u>

Total capital grants

	<u>1,433</u>	<u>807</u>
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Conditions on grants

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

Unexpended at the close of the previous reporting period	-
Less: expended during the current period from revenues recognised in previous reporting periods	-
Unexpended at the close of this reporting period	<u>-</u>
Net increase (decrease) in non-reciprocal grant revenues for the year:	<u>-</u>

	2020	2019
	\$'000	\$'000
Note 2.5 Contributions		
(a) Cash		
Open space contributions	25	-

Accounting policy under AASB 15 - applicable from 1 July 2019

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

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

Accounting policy under AASB 1004 - applicable for 2019 comparative

Contribution income

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

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

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

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

Note 2.6 Interest

Interest on cash and cash equivalents	176	259
Total	176	259

Accounting policy

Interest income

Interest is recognised progressively as it is earned.

	2020	2019
	\$'000	\$'000
Note 2.7 Other income		
Commission income	334	336
Labour hire to Latrobe Council - inside staff	6	414
Operations labour and plant hire to Latrobe Council	-	185
Sundry resource sharing reimbursements from Latrobe Council	-	13
Property outgoings reimbursed	43	37
Sundry refunds and reimbursements	9	12
Collection fees reimbursed	-	5
Donations received	5	-
Retail sales	43	55
Tax equivalents - Dulverton Waste Management	104	120
Transfer station - scrap metal sales	-	15
Sundry income	122	73
Total other income	666	1,265

Accounting policy

Commission income

Commissions are recognised as revenue when the service to which the commission relates has been provided. Commissions received in advance are recognised as a prepayment until they are due.

Dulverton tax equivalents

Dulverton income tax equivalent revenue is recognised when Council's right to receive payment is established and it can be reliably measured.

Note 2.8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment.

Proceeds of sale	48	7
Write down value of assets disposed	(434)	(75)
Total	(386)	(68)

Accounting policy

Gains and losses on asset disposals

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

Note 2.9 Investment revenue from water corporation

Dividend revenue received	44	44
Tax equivalent received	-	32
Guarantee fee received	-	12
Total investment revenue from water corporation	44	88

Accounting policy

Investment revenue

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

	2020	2019
	\$'000	\$'000
Note 3 Expenses		
Note 3.1 Employee costs		
Wages and salaries	2,402	2,206
Annual leave and long service leave	149	55
Superannuation	204	196
Fringe benefits tax	(5)	39
Payroll Tax	-	81
Training	5	3
Professional development	1	3
Protective clothing	6	14
Workers compensation insurance	76	50
Contract employee costs	197	800
Other employment related expenses	4	28
Total employee costs	3,039	3,475
Less capitalised wages	254	222
Net wages	2,785	3,253

Accounting policy

Employee costs

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

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

Kentish Council and Latrobe Council have a formal resource sharing agreement. The labour hire cost of Latrobe employees resource shared with Kentish Council is shown as contract employee costs above.

Note 3.2 Materials and services		
General materials	198	136
Road maintenance materials	121	245
Infrastructure maintenance materials	13	36
Consumables	33	3
Contracts - buildings & facilities maintenance	599	119
Contracts - other	437	77
Dog pound costs	6	-
Fuel	100	103
Fleet maintenance	165	138
Repairs & maintenance	12	637
Minor equipment purchases	36	19
Property holding costs	39	5
Property maintenance costs	100	27
Communications costs	42	36
Marketing and Advertising	63	66
Legal costs	31	29
Levies, Licences etc	92	56
Consultants	67	198
General expenses	471	482
IT maintenance	66	143
Waste management contracts	251	498
Internal Cost Allocation	(719)	(299)
Miscellaneous contracts	244	189
Total materials and services	2,467	2,943

2020
\$'000

2019
\$'000

Accounting policy
Materials and services expense
Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.
Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Note 3.3 Impairment of receivables

Sundry debtors	(8)	8
Total impairment of receivables	(8)	8

Accounting policy
Impairment expense
Expenses are recognised when Council has determined there to be an increase in the credit risk of a financial asset since initial recognition. Councils policy and events giving rise to impairment losses are disclosed in note 4.2.

Note 3.4 Depreciation and amortisation

<i>Property</i>		
Land improvements	79	46
Buildings	351	261
<i>Plant and Equipment</i>		
Plant and Equipment	139	150
Computers, furniture and fittings	39	49
<i>Infrastructure</i>		
Roads, bridges and footpaths	2,251	1,982
Drainage	57	54
<i>Intangible assets</i>		
Intangible assets	44	-
Total	2,960	2,542

	2020 \$'000	2019 \$'000
Accounting policy		
Depreciation and amortisation expense		
Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.		
Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation and amortisation rates and methods are reviewed annually.		
Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and remaining values and a separate depreciation rate is determined for each component.		
Land, heritage, artwork and road earthwork assets are not depreciated on the basis that they are assessed as not having a limited useful life. Straight line depreciation is charged based on the residual useful life as determined each year.		
Major depreciation and amortisation periods used are listed below and are consistent with the prior year unless stated:		
	2020 Years	2019 Years
Land improvements	5-100	5-100
Buildings		
buildings	20-120	20-120
building improvements	20-120	20-120
Leasehold improvements		
leasehold building improvements	20-120	20-120
Plant and Equipment		
plant, machinery and equipment	5-20	2-30
fixtures, fittings and furniture	2-20	5-20
computers and telecommunications	3-5	3-5
Roads		
road surface - unsealed roads	3-7	4-10
road pavement - sub-base	138-204	200
road pavement - sealed basecourse	69-102	70-110
road surface - sealed roads	12-30	18-25
road kerb and channel	80	80
Bridges		
bridges deck	20-80	20-80
Other Infrastructure	25-50	25-50
footpaths and cycleways	20-80	80
drainage	50-80	80
Intangible assets		
Software configuration	10	10

	2020	2019
	\$'000	\$'000
Note 3.5 Finance costs		
Interest - Borrowings	73	80
Interest - Lease Liabilities	-	-
Total	<u>73</u>	<u>80</u>

Accounting policy

Finance expense

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

Finance costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised. No borrowing costs were capitalised during the period.

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

Note 3.6 Other expenses		
External auditors' remuneration (Tasmanian Audit Office)	51	35
Audit panel costs	1	-
Councillors' allowances	140	132
Councillors' expenses	7	13
Councillors training expenses	5	20
Bad Debts	3	-
Bank Fees	27	20
Election and electoral role expenses	3	-
Electricity & Gas	57	125
Fire levies	214	204
Insurance	161	142
Contributions to community organisations and events	76	65
Registrations and licenses	2	3
Subscriptions	86	88
Land tax	30	27
Total	<u>863</u>	<u>874</u>

Accounting policy

Other expenses

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

	2020	2019
	\$'000	\$'000
Note 4 Current Assets		
Note 4.1 Cash and cash equivalents		
Cash on hand	2	2
Cash at bank	323	2,002
Special Committee bank accounts	127	142
Trust bank accounts	4	4
Money market call account	1,405	410
Term Deposits	9,859	7,809
Total cash and cash equivalents	11,720	10,369

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

i) Trust funds and deposits (note 7.2)	44	68
ii) Grants received in advance (note 2.4)	1,493	1,346
Restricted funds	1,537	1,414
Total unrestricted cash and cash equivalents	10,183	8,955

Accounting policy

Cash and cash equivalents

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

Restricted funds

- i) Includes refundable building, contract and other refundable amounts held in trust by Council for completion of specific purposes.
- ii) Represents grant funding received in advance until specific performance obligations required under funding arrangements are completed.

Note 4.2 Trade and other receivables

Current

Rates debtors	127	131
Other debtors	93	417
Less provision for expected credit loss	-	(8)
Resource sharing debtor - Latrobe Council	338	-
Net GST receivable / (payable)	96	-
Total	654	540

Non-current

Loans and advances to community organisations	20	24
Total	20	24
Total trade and other receivables	674	564

Reconciliation of movement in expected credit loss

Carrying amount at 1 July	8	-
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase / (decrease) in provision recognised in profit or loss	(8)	8
Carrying amount at 30 June	-	8

For ageing analysis of the financial assets, refer to note 9.9

2020
\$'000

2019
\$'000

Accounting policy	
Trade and other receivables	
Accounting policy	
Trade receivables that do not contain a significant financing component are measured at amortised cost, which represents their transaction value. Impairment is recognised on an expected credit loss (ECL) basis. When determining whether the credit risk has increased significantly since initial recognition, and when estimating the ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience, an informed credit assessment and forward-looking information. Council has established a provision matrix to facilitate the impairment assessment.	
For rate debtors, Council takes the view that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rate debtors, Council uses the presumptions that assets more than 30 days past due have a significant increase in credit risk and those more than 90 days will likely be in default. Council writes off receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.	

Note 4.3 Investments

Non-current

Investment - Community Bank	18	18
Total	18	18

Accounting policy	
Financial assets	
Council's investment in the Sheffield and Railton Community Bank is classified and measured at fair value through profit or loss.	

Note 4.4 Inventories

Inventories held for distribution	5	10
Inventories held for sale	13	18
Total	18	28

Accounting policy	
Inventories	
Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Other inventories are measured at the lower of cost and net realisable value.	
Where inventories are acquired at no cost, or for nominal consideration, the cost shall be the current replacement cost as at the date of acquisition.	

Note 4.5 Other assets

Current

Prepayments	58	60
Accrued income	41	94
Total	99	154

* Accrued income only includes items that are reciprocal in nature.

	2020 \$'000	2019 \$'000
Note 5 Investments		
Note 5.1 Investment in associates		
Investments in associates accounted for by the equity method are:		
- Dulverton Regional Waste Management Authority	1,599	1,388
Total	1,599	1,388
Dulverton Regional Waste Management Authority		
<i>Background</i>		
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 2020 was 8.48% (2019: 8.48%). The proportion of voting power held in the Authority is 25%.		
<i>Council's share of accumulated surplus(deficit)</i>		
Council's share of accumulated surplus(deficit) at start of year	1,010	757
Reported surplus(deficit) for year	224	318
Distributions for the year	(51)	(65)
Council's share of accumulated surplus(deficit) at end of year	1,183	1,010
<i>Council's share of reserves</i>		
Council's share of reserves at start of year	310	306
Transfers (to) from reserves	14	4
Council's share of reserves at end of year	324	310
<i>Movement in carrying value of specific investment</i>		
Carrying value of investment at start of year	1,388	1,149
Share of profit/(loss) after tax	224	318
Share of asset revaluation	14	4
Distributions received	(51)	(65)
Prior year adjustments	24	(18)
Carrying value of investment at end of year	1,599	1,388
<i>Council's share of expenditure commitments</i>		
Operating commitments	-	2
Capital commitments	-	60
	-	62
Council's share of contingent liabilities and contingent assets	103	101

Accounting policy

Accounting for investments in associates

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

Note 5.2 Investment in water corporation

Opening balance	7,995	6,904
Fair Value adjustments on equity investment assets	(1,934)	1,091
Total investment in water corporation	6,061	7,995

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

Accounting policy

Equity Investment

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

Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2020, Council holds 0.42% ownership interest in TasWater which is based on Schedule 2 of the Corporation's Constitution.

Note 6 Non-current assets	2020	2019
Note 6.1 Property, infrastructure, plant and equipment	\$'000	\$'000
Summary		
at cost	5,624	7,788
Less accumulated depreciation	(2,987)	(3,537)
	<u>2,637</u>	<u>4,251</u>
at fair value as at 30 June	213,411	179,189
Less accumulated depreciation	(75,036)	(61,773)
	<u>138,375</u>	<u>117,416</u>
Total	<u>141,012</u>	<u>121,667</u>
Property		
Land		
at fair value as at 30 June	5,153	4,966
	<u>5,153</u>	<u>4,966</u>
Land under roads		
at fair value as at 30 June	4,495	4,399
	<u>4,495</u>	<u>4,399</u>
Land improvements		
at fair value as at 30 June	2,181	1,893
Less accumulated depreciation	(590)	(651)
	<u>1,591</u>	<u>1,242</u>
Total Land	<u>11,239</u>	<u>10,607</u>
Buildings		
at fair value as at 30 June	28,179	23,875
Less accumulated depreciation	(14,813)	(10,325)
	<u>13,366</u>	<u>13,550</u>
Total Buildings	<u>13,366</u>	<u>13,550</u>
Total Property	<u>24,605</u>	<u>24,157</u>
Plant and Equipment		
Plant, machinery and equipment		
at cost	2,914	2,716
Less accumulated depreciation	(1,954)	(1,892)
	<u>960</u>	<u>824</u>
Fixtures, fittings and furniture		
at cost	1,157	1,154
Less accumulated depreciation	(1,033)	(994)
	<u>124</u>	<u>160</u>
Total Plant and Equipment	<u>1,084</u>	<u>984</u>
Infrastructure		
Roads, Bridges and Footpaths		
at fair value as at 30 June	168,461	141,630
Less accumulated depreciation	(57,598)	(49,568)
	<u>110,863</u>	<u>92,062</u>
Drainage		
at fair value as at 30 June	4,942	4,319
Less accumulated depreciation	(2,035)	(1,880)
	<u>2,907</u>	<u>2,439</u>
Total Infrastructure	<u>113,770</u>	<u>94,501</u>

Works in progress		
Land at cost	2	110
Land improvements at cost	1,031	227
Buildings at cost	87	48
Plant and equipment at cost	34	229
Fixtures, fittings and furniture at cost	14	2
Roads, bridges and footpaths at cost	188	1,343
Drainage at cost	197	37
Other	-	29
Total Works in progress	1,553	2,025
	<hr/>	<hr/>
Total property, infrastructure, plant and equipment	141,012	121,667

Note 6.1 Property, infrastructure, plant and equipment (cont.)

Reconciliation of property, infrastructure, plant and equipment

2020	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 9.1)	Depreciation and amortisation (note 3.4)	Written down value of disposals	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property							
Land	4,966	-	305	-	-	(118)	5,153
Land under roads	4,399	-	96	-	-	-	4,495
Land improvements	1,242	-	370	(79)	-	57	1,590
Total land	10,607	-	771	(79)	-	(61)	11,238
Total buildings	13,550	-	(103)	(351)	-	271	13,367
Total property	24,157	-	668	(430)	-	210	24,605
Plant and Equipment							
Plant, machinery and equipment	824	-	-	(150)	(15)	301	960
Computers, furniture and fittings	160	-	-	(39)	-	3	124
Total plant and equipment	984	-	-	(189)	(15)	304	1,084
Infrastructure							
Roads, bridges and footpaths	92,062	-	18,028	(2,266)	(393)	3,433	110,864
Drainage	2,439	-	150	(57)	-	376	2,908
Total infrastructure	94,501	-	18,178	(2,323)	(393)	3,809	113,772
Works in progress							
Land at cost	110	26	-	-	-	(134)	2
Land improvements at cost	227	832	-	-	-	(28)	1,031
Buildings at cost	48	276	-	-	-	(237)	87
Plant and equipment at cost	229	156	-	-	-	(351)	34
Fixtures, furniture and fittings at cost	2	14	-	-	-	(2)	14
Roads, bridges and footpaths at cost	1,343	2,427	-	-	-	(3,583)	187
Drainage at cost	37	237	-	-	-	(77)	197
Other	29	-	-	-	-	(29)	-
Total works in progress	2,025	3,968	-	-	-	(4,441)	1,552
Total property, infrastructure, plant and equipment	121,667	3,968	18,848	(2,942)	(408)	(118) *	141,013

*The balance of transfers out of property, infrastructure, plant and equipment assets of \$118,000 represents the balance of leased land with nominal or "peppercorn" rentals offset against the opening balance of asset revaluation reserves on adoption of AASB 16 Leases. Also see notes 9.1 and 10.3(g)(ii).

Note 6.1 Property, infrastructure, plant and equipment (cont.)

Reconciliation of property, infrastructure, plant and equipment

2019	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 9.1)	Depreciation and amortisation (note 3.4)	Written down value of disposals	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property							
Land	4,799	-	-	-	-	166	4,965
Land under roads	4,399	-	-	-	-	-	4,399
Land improvements	873	-	-	(46)	-	416	1,243
Total land	10,071	-	-	(46)	-	582	10,607
Total buildings	12,745	-	-	(261)	-	1,067	13,551
Total property	22,816	-	-	(307)	-	1,649	24,158
Plant and Equipment							
Plant, machinery and equipment	950	-	-	(150)	-	25	825
Computers and telecommunications	180	-	-	(49)	-	29	160
Total plant and equipment	1,130	-	-	(199)	-	54	985
Infrastructure							
Roads, bridges & footpaths	93,537	-	-	(1,982)	(75)	583	92,063
Drainage	2,486	-	-	(54)	-	6	2,438
Total infrastructure	96,023	-	-	(2,036)	(75)	589	94,501
Works in progress							
Land at cost	-	276	-	-	-	(166)	110
Land improvements at cost	40	607	-	-	-	(420)	227
Buildings at cost	50	1,052	-	-	-	(1,054)	48
Plant and equipment at cost	90	233	-	-	-	(94)	229
Fixtures, fittings and furniture at cost	-	24	-	-	-	(22)	2
Roads, bridges and footpaths at cost	104	1,670	-	-	-	(431)	1,343
Drainage at cost	-	38	-	-	-	(2)	36
Other	112	20	-	-	-	(103)	29
Total works in progress	396	3,920	-	-	-	(2,292)	2,024
Total property, infrastructure, plant and equipment	120,365	3,920	-	(2,542)	(75)	-	121,668

Due to rounding, numbers presented in the above table do not add up precisely to other totals provided elsewhere in this document.

Note 6.1 Property, infrastructure, plant and equipment (cont.)

Accounting policy	
Recognition and measurement of assets	
Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.	
Property, plant and equipment and infrastructure received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.	
Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.	
The following classes of assets have been recognised. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:	
	Threshold \$'000
Land	
Land	10
Land under roads	10
Land improvements	10
Buildings	
Buildings	10
Building improvements	10
Leasehold building improvements	10
Heritage buildings	10
Plant and Equipment	
Plant, machinery and equipment	5
Fixtures, fittings and furniture	5
Computers and telecommunications	5
Leased plant and equipment	5
Roads	
Road pavements and seals	10
Road substructure	10
Road formation and earthworks	10
Road kerb, channel and minor culverts	10
Road other	10
Bridges	
Bridges deck	10
Bridges substructure	10
Bridges other	10
Other Infrastructure	
Footpaths and cycleways	10
Drainage	10
Recreational, leisure and community facilities	10
Waste management	10
Parks, open space and streetscapes	10
Off street car parks	10
Other infrastructure	10

Note 6.1 Property, infrastructure, plant and equipment (cont.)

Revaluation

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

Land and land under roads	fair value
Land improvements	cost
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
Investment in water corporation	fair value

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

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

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

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

Impairment of assets

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

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

Land under roads

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

	2020	2019
	\$'000	\$'000
Note 6.2 Intangible assets		
Software configuration	480	468
Total intangible assets	<u>480</u>	<u>468</u>
Reconciliation of intangible assets		
Gross carrying amount		
Balance at 1 July	468	-
Additions	56	468
Balance at 30 June	<u>524</u>	<u>468</u>
Accumulated amortisation and impairment		
Balance at 1 July	-	-
Amortisation expense	(44)	-
Balance at 30 June	<u>(44)</u>	<u>-</u>
Net book value at 30 June	<u>480</u>	<u>468</u>

Accounting policy

Intangible assets

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

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

Software configuration 10 years

Note 7 Current liabilities

Note 7.1 Trade and other payables

Trade payables	267	335
Accrued expenses	542	879
Resource sharing payables - Latrobe Council	888	-
Payments received in advance	150	138
Net GST payable / (receivable)	-	15
Total trade and other payables	<u>1,847</u>	<u>1,367</u>

Accounting policy

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received. General Creditors are unsecured, not subject to interest charges and are normally settled within 60 days of invoice receipt.

For ageing analysis of trade and other payables, refer to note 9.9

Note 7.2 Trust funds and deposits

Refundable bonds and deposits	44	68
Total trust funds and deposits	<u>44</u>	<u>68</u>

Bonds are lodged by developers pending satisfactory hand-over of public infrastructure constructed by the developer at which time they are repaid to the developer or retained to fund costs to remedy any defects.

Note 7.3 Provisions	2020			2019
	Annual leave	Long service leave	Other Leave	Total
	\$ '000	\$ '000	\$ '000	\$ '000
2020				
Balance at beginning of the financial year	292	273	45	610
Additional provisions	109	9	154	272
Amounts used	(140)	(27)	(169)	(336)
Balance at the end of the financial year	262	254	30	546
Current	262	252	30	544
Non-current	-	2	-	2
Total	262	254	30	546
2019				
Balance at beginning of the financial year	200	221	30	451
Additional provisions	135	148	28	311
Amounts used	(43)	(96)	(13)	(152)
Balance at the end of the financial year	292	273	45	610
Current	292	261	45	598
Non-current	-	12	-	12
Total	292	273	45	610
			2020	2019
(iii) Employee Numbers			34	31

Accounting policy

Employee benefits

i) Short term obligations

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

ii) Other long term employee benefit obligations

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

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

iii) Sick leave

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

iv) Defined benefit plans

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

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

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.

	2020 \$'000	2019 \$'000
Note 7.4 Contract Liabilities		
Current		
Rates and charges in advance	222	-

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

Council recognised the following contact liabilities with customers:

i) Rates and charges in advance represents amounts received by Council prior to the commencement of the rating or charging period. Revenue is recognised by Council at the beginning of the rating or charge period to which the advance payment relates.

Note 8 Non-current

Note 8.1 Loans and borrowings

Current

Accelerated Local Government Capital Program	-	47
Commonwealth Bank	117	110
	<u>117</u>	<u>157</u>

Non-current

Commonwealth Bank	890	1,007
	<u>890</u>	<u>1,007</u>
Total	<u>1,007</u>	<u>1,164</u>

Borrowings

The maturity profile for Council's borrowings is:

Not later than one year	117	157
Later than one year and not later than five years	554	519
Later than five years	336	488
Total	<u>1,007</u>	<u>1,164</u>

Accounting policy

Interest bearing liabilities

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

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

Note		Balance at beginning of reporting year	Opening adjustment	Increment	(Decrement)	Balance at end of reporting year
Note		\$'000		\$'000	\$'000	\$'000
9	Other financial information					
9.1	Reserves					
	(a) Asset revaluation reserve					
	2020					
	Associate - Dulverton Waste Management Authority (note 5.1)	310	-	14	-	324
	Infrastructure, land and buildings	95,102	(118)	18,848	-	114,895
	Total asset revaluation reserve	95,412	(118)	18,862	-	114,156
	2019					
	Associate - Dulverton Waste Management Authority (note 5.1)	306	-	4	-	310
	Infrastructure, land and buildings	95,102	-	-	-	95,102
	Total asset revaluation reserve	95,408	-	4	-	95,412

Council has offset \$118,000 of leased land with nominal or "peppercorn" rentals against the opening balance of asset revaluation reserves on adoption of AASB 16 Leases. Also see notes 6.1 and 10.3(g)(ii).

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

(b) Fair value reserve

2020

Equity Investment assets

Investment in water corporation	1,821	-	-	(1,934)	(113)
Total fair value reserve	1,821	-	-	(1,934)	(113)

2019

Equity Investment assets

Investment in water corporation	731	-	1,091	-	1,821
Total fair value reserve	731	-	1,091	-	1,821

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

	2020	2019
	\$'000	\$'000
Total Reserves	114,043	97,233

Note 9.2 Reconciliation of cash flows from operating activities to surplus (deficit)

Result from continuing operations	1,992	1,469
Depreciation/amortisation	2,960	2,543
(Profit)/loss on disposal of property, infrastructure, plant and equipment	386	68
Capital grants	(1,433)	(807)
Capital contributions	(25)	-
Share of Associates Profit/ Loss	(197)	(235)
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	(110)	(98)
Decrease/(increase) in other assets	55	(40)
Decrease/(increase) in inventories	10	-
Increase/(decrease) in trade and other payables	480	201
Increase/(decrease) in provisions	(64)	151
Increase/(decrease) in other liabilities	(5)	-
Net cash provided by/(used in) operating activities	4,049	3,253

Note 9.3 Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.

	Trust funds, interest- bearing loans and borrowings
	\$'000
Balance as at 1 July 2019	1,232
Cash repayments	(181)
Balance as at 30 June 2020	<u>1,051</u>
Balance as at 1 July 2018	1,476
Cash repayments	(244)
Balance as at 30 June 2019	<u>1,232</u>

	2020	2019
	\$'000	\$'000
Note 9.4 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (see note 4.1)	11,720	10,369
Total reconciliation of cash and cash equivalents	<u>11,720</u>	<u>10,369</u>
Note 9.5 Financing arrangements		
Bank overdraft	25	25
Unused facilities	<u>25</u>	<u>25</u>

Note 9.6 Superannuation

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

For the year ended 30 June 2020 the Council contributed 0.0% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

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

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

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

The actuarial review concluded that:

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

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

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

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

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

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

- The 2017 actuarial review used the "aggregate" funding method. This is a standard actuarial funding method. The results from this method were tested by projecting future fund assets and liabilities for a range of future assumed investment returns. The funding method used is consistent with the method used at the previous actuarial review in 2014.

Under the aggregate funding method of financing the benefits, the stability of the Councils' contributions over time depends on how closely the Fund's actual experience matches the expected experience. If the actual experience differs from that expected, the Councils' contribution rate may need to be adjusted accordingly to ensure the Fund remains on course towards financing members' benefits.

- In terms of Rule 27.4 of the Tasplan Trust Deed (Trust Deed), there is a risk that employers within the Fund may incur an additional liability when an Employer ceases to participate in the Fund at a time when the assets of the Fund are less than members' vested benefits. Each member of the Fund who is an employee of the Employer who is ceasing to Participate is required to be provided with a benefit at least equal to their vested benefit in terms of Rule 27.4 (b) (A). However, there is no provision in the Trust Deed requiring an employer to make contributions other than its regular contributions up to the date of cessation of contributions. This issue can be resolved by the Trustee seeking an Actuarial Certificate in terms of Rule 26.5 identifying a deficit and the Trustee determining in terms of Rule 26.3(c) that the particular employer should make the payment required to make good any shortfall before the cessation of participation is approved.

- The application of Fund assets on Tasplan being wound-up is set out in Rule 41.4. This Rule provides that expenses and taxation liabilities should have first call on the available assets. Additional assets will initially be applied for the benefit of the then remaining members and/or their Dependants in such manner as the Trustee considers equitable and appropriate in accordance with the Applicable Requirements (broadly, superannuation and taxation legislative requirements and other requirements as determined by the regulators).

The Trust Deed does not contemplate the Fund withdrawing from Tasplan. However it is likely that Rule 27.4 would be applied in this case (as detailed above).

- The Fund is a defined benefit Fund.
- The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. Thus the Fund is not able to prepare standard AASB119 defined benefit reporting.
- During the reporting period the amount of contributions paid to defined benefits schemes was \$3,692 (2018-19, \$4,000), and the amount paid to accumulation schemes was \$200,657 (2018-19, \$196,321).
- 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 \$204,000.
- As reported above, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2017. Moderate investment returns, since that date, make it quite probable that this is still the position. The financial position of the Fund will be fully investigated at the actuarial review as at 30 June 2020.
- An analysis of the assets and vested benefits of sub-funds participating in the Scheme, prepared by Rice Warner Pty Ltd as at 30 June 2019, showed that the Fund had assets of \$56.64 million and members' Vested Benefits were \$47.32 million. These amounts represented 0.6% and 0.5% respectively of the corresponding total amounts for Tasplan.
- As at 30 June 2019 the fund had 107 members and the total employer contributions and member contributions for the year ending 30 June 2019 were \$1,000,322 and \$221,484 respectively.

Fund	2020 \$'000	2019 \$'000
Defined benefits fund		
Employer contributions	4	-
Accumulation funds		
Employer contributions	201	196

	2020	2019
	\$'000	\$'000
Note 9.7 Commitments		
Capital Expenditure Commitments		
Buildings	152	229
Plant and equipment	-	173
Roads	4,004	2,673
Drainage	-	105
Intangibles	392	72
Land Improvements	2,414	401
Total Capital expenditure commitments	6,962	3,653
Operating commitments estimated for the next 12 months		
Contractual commitments at end of financial year but not recognised in the financial report are as follows:		
Garbage collection, disposal and recycling	497	531
Information systems and Technology	129	124
Total contractual commitments	626	655
Note 9.8 Contingent liabilities and contingent assets		
Contingent liabilities		
The Council presently has no significant contingent liabilities.		
Guarantees for loans to other entities		
The Council does not have any guarantees for loans to other entities.		
Contingent assets		
The Council does not have any significant contingent assets.		

Note 9.9 Financial Instruments

(a) Interest Rate Risk

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

2020

		Fixed interest maturing in:					Total \$'000
		Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	
		\$'000	\$'000	\$'000	\$'000	\$'000	
Financial assets							
Cash and cash equivalents	1.02%	1,861	9,859	-	-	-	11,720
Investments	0.00%	-	-	-	-	18	18
Trade and other receivables	8.10%	-	127	-	-	547	674
Investment in water corporation		-	-	-	-	6,061	6,061
Total financial assets		1,861	9,986	-	-	6,626	18,473
Financial liabilities							
Trade and other payables	0.00%	-	-	-	-	1,847	1,847
Trust funds and deposits	0.00%	-	-	-	-	44	44
Interest-bearing loans and borrowings	6.64%	-	117	890	-	-	1,007
Total financial liabilities		-	117	890	-	1,891	2,898
Net financial assets (liabilities)		1,861	9,869	(890)	-	4,735	15,575

2019

		Fixed interest maturing in:					Total \$'000
		Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	
		\$'000	\$'000	\$'000	\$'000	\$'000	
Financial assets							
Cash and cash equivalents	2.89%	2,560	7,809	-	-	-	10,369
Investments	0.00%	-	-	-	-	18	18
Trade and other receivables	8.72%	-	131	-	-	433	564
Investment in water corporation		-	-	-	-	7,995	7,995
Total financial assets		2,560	7,940	-	-	8,446	18,946
Financial liabilities							
Trade and other payables	0.00%	-	-	-	-	1,367	1,367
Trust funds and deposits	0.00%	-	-	-	-	68	68
Interest-bearing loans and borrowings	6.64%	-	157	1,007	-	-	1,164
Total financial liabilities		-	157	1,007	-	1,435	2,599
Net financial assets (liabilities)		2,560	7,783	(1,007)	-	7,011	16,347

Note 9.9 Financial Instruments (cont.)

(b) Fair Value

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

Financial Instruments	Total carrying amount as per Statement of Financial Position		Aggregate Net Fair Value	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	11,720	10,369	11,720	10,369
Other financial assets	18	18	18	18
Trade and other receivables	674	564	674	564
Investment in water corporation	6,061	7,995	6,061	7,995
<i>Total financial assets</i>	<u>18,473</u>	<u>18,946</u>	<u>18,473</u>	<u>18,946</u>
<i>Financial liabilities</i>				
Trade and other payables	1,847	1,367	1,847	1,367
Trust funds and deposits	44	68	44	68
Interest-bearing loans and borrowings	1,007	1,164	1,007	1,164
<i>Total financial liabilities</i>	<u>2,898</u>	<u>2,599</u>	<u>2,898</u>	<u>2,599</u>

(c) 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.

(d) Risks and mitigation

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

Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

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

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

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

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

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

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

Credit risk

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

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

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

Council may also be subject to credit risk for transactions which are not included in the Statement of Financial Position, such as when Council provides a guarantee for another party. Details of our contingent liabilities are disclosed in note 9.8.

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

	Financial Institutions	Government agencies	Other	Total
2020				
Cash and cash equivalents	11,718	-	2	11,720
Trade and other receivables	-	-	674	674
Investments and other financial assets	-	-	18	18
Total contractual financial assets	11,718	-	694	12,412
2019				
Cash and cash equivalents	10,367	-	2	10,369
Trade and other receivables	-	-	564	564
Investments and other financial assets	-	-	18	18
Total contractual financial assets	10,367	-	584	10,951

Ageing of Trade and Other Receivables

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

	2020 \$'000	2019 \$'000
Current (not yet due)	455	160
Past due by up to 30 days	3	-
Past due between 31 and 180 days	19	21
Past due between 181 and 365 days	104	88
Past due by more than 1 year	93	295
Total Trade & Other Receivables	674	564

Ageing of individually impaired Trade and Other Receivables

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

	2020 \$'000	2019 \$'000
Past due by more than 1 year	-	8
Total Trade & Other Receivables	-	8

Liquidity risk

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

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

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 instruments;
- 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 Council's Financial Liabilities.

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

2020	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and other payables	1,847	-	-	-	-	1,847	1,847
Trust funds and deposits	44	-	-	-	-	44	44
Interest-bearing loans and borrowings	59	59	139	416	336	1,007	1,007
Total financial liabilities	1,949	59	139	416	336	2,898	2,898

2019	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and other payables	1,367	-	-	-	-	1,367	1,367
Trust funds and deposits	68	-	-	-	-	68	68
Interest-bearing loans and borrowings	79	79	130	389	488	1,164	1,164
Total financial liabilities	1,514	79	130	389	488	2,599	2,599

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 1% and -2% in market interest rates.

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

		Interest rate risk			
		-2%		1%	
		-200 basis points		+100 basis points	
2020	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets:					
Cash and cash equivalents	11,720	(234)	(234)	117	117
Trade and other receivables	674	(13)	(13)	7	7
Financial liabilities:					
Interest-bearing loans and borrowings	1,007	(20)	(20)	10	10

		Interest rate risk			
		-1%		1%	
		-100 basis points		+100 basis points	
2019	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets:					
Cash and cash equivalents	10,369	(104)	(104)	104	104
Trade and other receivables	564	(6)	(6)	6	6
Financial liabilities:					
Interest-bearing loans and borrowings	1,164	(12)	(12)	12	12

Note 9.10 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, land improvements
 - Buildings
 - Roads, bridges and footpaths
 - Drainage

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 2020.

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

As at 30 June 2020

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Investment in water corporation	5.2	-	-	6,061	6,061
Land	6.1	-	5,153	-	5,153
Land under roads	6.1	-	-	4,495	4,495
Land improvements	6.1	-	-	1,591	1,591
Buildings	6.1	-	369	12,997	13,366
Roads, bridges, footpaths & cycleways	6.1	-	-	110,863	110,863
Drainage	6.1	-	-	2,907	2,907
		-	5,522	138,914	144,436

As at 30 June 2019

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Investment in water corporation	5.2	-	-	7,995	7,995
Land	6.1	-	4,966	-	4,966
Land under roads	6.1	-	-	4,399	4,399
Land improvements	6.1	-	-	1,242	1,242
Buildings	6.1	-	463	13,087	13,550
Roads, bridges, footpaths & cycleways	6.1	-	-	92,062	92,062
Drainage	6.1	-	-	2,439	2,439
		-	5,429	121,224	126,653

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 5.2 for details of valuation techniques used to derive fair values.

Land

Land fair values were revalued in 2020 by Council Engineering Officers. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current planning provisions. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

Land held for sale

Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification. The fair value of the land was determined using the approach described in the preceding paragraph.

Land under roads

Land under roads values are based on Council valuations at 1 July 2019 using average per square metre property value rates supplied by the Valuer-General.

Land improvements

A revaluation of land improvement assets was undertaken by Council Engineering Officers effective 1 July 2019. The valuations are based on standard replacement rates determined by known purchase and installation costs for each type of land improvement.

Buildings

Building assets were revalued in 2020 by Council Engineering Officers.

Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant input into this valuation approach was price per square metre.

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

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of residual value and useful life that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). These other inputs are not significant to the overall valuation.

Infrastructure assets

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

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.

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 3.4.

The calculation of CRC 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

A full revaluation of road assets was undertaken by Council Engineering Officers effective 1 July 2019. 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 a minimum 300mm (150mm sub-base plus 150mm base-course). 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 Engineering Officers effective 1 July 2019 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.

Drainage

A full valuation of drainage infrastructure was undertaken by Council's Engineer, effective 1 July 2019. Similar to roads, drainage assets are managed in segments; pits and pipes being the major components.

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

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

Other Infrastructure

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

(d) **Unobservable inputs and sensitivities**

Asset / liability category*	Carrying amount (at fair value)	Key unobservable inputs *	Expected range of inputs	Description of how changes in inputs will affect the fair value
Investment in Water Corporation	\$6,061	Refer to note 5.2 for a description of the valuation basis.		

*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 6 (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, (recurring fair value measurements) is set out in note 6.1 and 5.2.

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.

The fair value of borrowings disclosed in note 8.1 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).

Note 9.11

Events occurring after balance date

(a)

There were no subsequent events that have impacted the financial position and results of operations of Council as at and for the year ended 30 June 2020.

Note 10 Other matters

Note 10.1 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 Tim Wilson (Mayor November 2018 to current, Deputy Mayor November 2009 to October 2018)
Councillor Don Thwaites (Deputy Mayor November 2018 to current, Mayor November 2007 to October 2018)
Councillor Penny Lane (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 Phillip Richards (Councillor November 2014 to current)
Councillor Steve Mawer (Councillor November 2018 to current)
Councillor Nicole Meijer (Councillor November 2018 to current)

General Manager Gerald Monson - April 2010 to current

(ii) Councillor Remuneration

Position	Period	Short term benefits			Expenses ²	Total allowances and expenses section 72
		Allowances	Vehicles ¹	Total Compensation AASB 124		
		\$	\$	\$		
Mayor	Full Year	37,885	-	37,885	1,256	39,141
Deputy Mayor	Full Year	21,548	-	21,548	500	22,048
Councillors	Full Year	75,773	-	75,773	3,951	79,724
Total		135,205	-	135,205	5,708	140,913

Position	Period	Short term benefits			Expenses ²	Total allowances and expenses section 72
		Allowances	Vehicles ¹	Total Compensation AASB 124		
		\$	\$	\$		
Mayor	Full Year	30,749	-	30,749	2,348	33,097
Deputy Mayor	Full Year	27,571	-	27,571	2,717	30,288
Councillors	Full Year	73,855	-	73,855	13,032	86,887
Total		132,175	-	132,175	18,097	150,272

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

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

(iii) Key Management Personnel Remuneration

2020	Number of employees	Short term employee benefits				Post employment benefits			Total
		Salary ¹	Short-term Incentive Payments ²	Vehicles ³	Other Allowances and Benefits ⁴	Super-annuation ⁵	Termination Benefits ⁶	Non-monetary Benefits ⁷	
Remuneration band									
\$120,001 - \$140,000	1	114,620	-	13,540	-	10,839	-	(17,242)	121,756
\$140,001 - \$160,000	1	123,688	-	13,355	-	10,762	-	(6,279)	141,527
Total		238,307	-	26,895	-	21,601	-	(23,521)	263,283

Less key management personnel hired to Latrobe Council (est 1.1 FTE)	(144,806)
Add key management personnel services hired from Latrobe Council (est 0.9 FTE)	196,447
Net total cost of key management personnel 2020	314,925

2019	Number of employees	Short term employee benefits				Post employment benefits			Total
		Salary ¹	Short-term Incentive Payments ²	Vehicles ³	Other Allowances and Benefits ⁴	Super-annuation ⁵	Termination Benefits ⁶	Non-monetary Benefits ⁷	
Remuneration band									
\$280,001-\$300,000	1	224,594	-	19,700	-	21,160	-	15,632	281,086
Total		224,594	-	19,700	-	21,160	-	15,632	281,086

Less key management personnel hired to Latrobe Council (est 1.1 FTE)	(154,957)
Add key management personnel services hired from Latrobe Council (est 1.5 FTE)	230,501
Net total cost of key management personnel 2019	356,630

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

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

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

⁴ Other allowances and 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 Termination benefits include all forms of benefit paid or accrued as a consequence of termination.

⁷ Non-monetary benefits include annual and long service leave movements and non-monetary benefits (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 subsidiaries, associates and joint ventures**

Council's interests in, associates is detailed in note 5.1

Transactions with associates

<i>Nature of the transaction</i>	<i>Amount of the transactions during the year</i>	<i>Outstanding balances, including commitments at year end</i>	<i>Terms and conditions</i>	<i>Provisions for doubtful debts related outstanding balances</i>	<i>The expense recognised during the period relating to bad or doubtful debts due from</i>
<i>Waste disposal services¹</i>	\$388,709	-	<i>30-day terms on invoices</i>	-	-
<i>National Taxation Equivalent Regime (NTER) receipts²</i>	\$103,534	-	<i>As per section 71 of the Government Business Enterprises Act 1995</i>	-	-
<i>Dividends³</i>	\$50,880	-	<i>As determined by the Board of Dulverton Waste management Authority</i>	-	-

¹ Council incurs gate fees for disposal of waste collected as part of its kerbside 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.

(iv) Transactions with related parties

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

Note	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
1	Agency Accommodation bookings	\$8,620	\$0	Payment received on bookings	\$0	\$0
2	Agency Accommodation commissions deducted by Council	\$1,293	\$0	Council Approved fees & charged	\$0	\$0
3	Agency Accommodation - net payment to Owner	\$7,327	\$0	30 - day Terms	\$0	\$0
4	Sheffield General repair and vehicle maintenance	\$5,433	\$0	7- day Terms	\$0	\$0
5	Caltex Gas Refill , fuel and oil	\$320	\$0	30 - day Terms	\$0	\$0

¹ Council received accommodation bookings 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 generally applied to all accommodation bookings.

² 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.

³ Council paid the net proceeds of the above accommodation bookings (after deducting commission) on terms and conditions the same as those generally applied to similar accommodation bookings.

⁴ Sheffield Mechanical and Tyre is generally used for care service and repairs, towing of abandoned vehicles identified by the council and general repairs to vehicles and trailers and is owned by a Councillor and their spouse.

⁵ Caltex Sheffield for the purchase of daily consumables that including gas, fuel and oil and is owned by a Councillor.

(v) Loans and guarantees to/from related parties

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the council to a related party are nil.

(vi) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party are nil.

(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
- Dog registration
- Use of Council's swimming pool

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.

Note 10.2 Special committees and other activities

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.

2020

Special Committee	Opening	Revenue	Expenditure	Balance	Closing
	Bank			Sheet	Bank
	Balance			Transfers	Balance
Barrington Hall Committee	24,451	3,789	8,232	1,850	21,858
Beulah Hall Committee	10,570	1,066	1,426	1,850	12,060
Claude Road Hall Committee	20,717	17,008	19,747	2,075	20,053
Kentish Museum	7,934	37	5,578	6,600	8,994
Railton Community Facilities Committee	25,275	1,857	5,912	5,550	26,770
Railton Recreation Ground Committee	2,899	14	1,258	1,850	3,504
Railton Squash Committee	-	-	-	-	-
WASS - Commonwealth	9,711	12,544	24,105	1,850	-
WASS -Bendigo	-	2,997	10,362	-	7,365
Wilmot Memorial Hall Committee	24,216	3,473	4,649	1,851	24,891
Wilmot Rec Ground Committee	12,475	2,500	4,097	1,850	12,728
Railton Neighbourhood Centre	4,801	3,519	9,016	4,618	3,921
	143,049	48,803	94,382	29,944	127,413

2019

Special Committee	Opening	Revenue	Expenditure	Balance	Closing
	Bank			Sheet	Bank
	Balance			Transfers	Balance
Barrington Hall Committee	22,100	3,177	2,676	1,850	24,451
Beulah Hall Committee	10,619	851	2,751	1,850	10,570
Claude Road Hall Committee	13,548	9,827	4,708	2,050	20,717
Kentish Museum	7,194	842	6,701	6,600	7,935
Railton Community Facilities Committee	16,920	9,273	4,918	-	21,275
Railton Recreation Ground Committee	2,296	12	1,259	1,850	2,898
Railton Squash Committee	5,378	1,100	2,476	-	4,002
TRAK	7,823	33,431	33,393	1,850	9,711
Wilmot Memorial Hall Committee	22,399	2,617	2,651	1,850	24,215
Wilmot Recreation Ground Committee	10,625	1,850	-	-	12,475
Railton Neighbourhood Centre	3,278	4,862	7,191	3,850	4,800
	122,181	67,841	68,724	21,750	143,047

Note 10.3 Other significant accounting policies and pending accounting standards

(a) Taxation

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

Goods and services tax (GST)

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

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

(b) Impairment of non-financial assets

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

(c) Allocation between current and non-current

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

(d) Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate. In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

(e) Contingent assets, contingent liabilities and commitments

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

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

(f) Budget

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

(g) Adoption of new and amended accounting standards

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

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

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

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

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

Note 10.3 Other significant accounting policies and pending accounting standards (continued)

(g) Adoption of new and amended accounting standards (continued)

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

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

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

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

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

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

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

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

The tables below highlight the impact of adopting AASB 15 and AASB 1058 on the Statement of Comprehensive income and Statement of Financial Position. There was no material impact on Council's Statement of Cash Flows.

Statement of Comprehensive Income (Extract)	Reference	Note	Amounts under AASB 118 & 1004	Adjustment	Amounts under AASB 15 & 1058
			\$'000	\$'000	\$'000
Recurrent income					
Rates and charges	2.1	1	5,335	(227)	5,108
Statement of Financial Position (Extract)	Reference	Note	Amounts under AASB 118 & 1004	Adjustment	Amounts under AASB 15 & 1058
			\$'000	\$'000	\$'000
Current liabilities					
Contract Liabilities	7.4	1	-	227	227
Equity					
Accumulated surplus			42,209	(227)	41,982

1 Prepaid rates received prior to the beginning of a rating period, are now held as a financial liability until the commencement of statutory rating period at which point Council recognises rate income.

Note 10.3 Other significant accounting policies and pending accounting standards (continued)

(g) Adoption of new and amended accounting standards (continued)

(ii) AASB 16 Leases

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

Council has applied this standard from 1 July 2019 using a retrospective approach (partial) with cumulative catch-up. This does not require Council to restate comparative figures, but does require the presentation of both qualitative and quantitative disclosures for affected items, along with a corresponding adjustment to the opening balance of Accumulated surpluses for transitional effects of re-measurement.

a) Impact of the new definition of a lease

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

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

b) Impact of lessee accounting

i) Former operating leases

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

Applying AASB 16, for all leases, Council:

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

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

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

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

ii) Former finance leases

AASB 16 requires that Council recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by AASB 117. This change did have a material effect on the Council's financial statements

Note 10.3 Other significant accounting policies and pending accounting standards (continued)

(g) Adoption of new and amended accounting standards (continued)

(ii) AASB 16 Leases (continued)

iii) Lessor accounting

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

Council has offset \$118,000 of leased land with nominal or "peppercorn" rentals against the opening balance of asset revaluation reserves on adoption of AASB 16 Leases. Also see notes 6.1 and 9.1.

(h) Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

(i) AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Correction, applicable to annual reporting periods beginning on or after 1 January 2022.

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

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Council does not anticipate the occurrence of a sale or contribution of assets with its associate therefore no Impact is anticipated.

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

Note 10.4 Significant Business Activities

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

	O'Neill's Creek Overnight Camping	
	2019	2020
<i>Revenue</i>		
User Charges	1,711	2,625
Total Revenue	1,711	2,625
<i>Expenditure</i>		
<i>Direct</i>		
Employee Costs	31	393
Materials and Contacts	863	2,349
Total Expenses	894	2,742
<i>Notional cost of free services received</i>		
<i>Capital Costs</i>		
Depreciation and amortisation	108	330
Opportunity cost of capital	388	441
Total Capital Costs	496	771
<i>Competitive neutrality adjustments</i>		
Rates and land tax	69	69
	69	69
<i>Calculated Surplus/(Deficit)</i>	640	(516)
Tax Equivalent rate	30%	30%
Taxation equivalent	192	(155)
Competitive neutrality costs	261	(86)

Accounting policy

Significant business activities

Council is required to report the operating, capital and competitive neutrality costs in respect of each significant business activity undertaken by the Council. Council's disclosure is reconciled above. Council has determined, based upon materiality that the activities defined above are considered significant business activities. Competitive neutrality costs include notional costs i.e. income tax equivalent, rates and loan guarantees. In preparing the information disclosed in relation to significant business activities, the following assumptions have been applied:

The income tax rate is 30%

The return on capital is 2.5%

Note	10.5 Management indicators	Benchmark	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
(a)	Underlying surplus or deficit					
	Net result for the year		1,992	1,469	1,904	4,716
	Less non-operating income					
	National disaster relief grants received		(2)	-	(238)	(5,143)
	Gain on disposal of surplus land		-	-	(19)	(29)
	Grants specifically for new/ upgraded assets		(1,246)	(318)	(907)	(187)
	Grants for renewal of assets		(187)	(489)	(428)	(654)
	Grants received in advance - current year		(1,493)	(1,346)	(1,384)	(1,326)
	Rates received in advance - current year		-	(233)	(202)	(193)
	Capital contributions - cash		(25)	-	-	-
	Grants received in advance - prior year		1,346	1,384	1,326	-
	Rates received in advance - prior year		-	202	193	186
	Add non-operational expenses					
	Disaster relief and recovery expenditure		-	-	108	2,730
	Loss on disposal of assets destroyed in floods		-	-	-	-
	Underlying surplus/deficit		385	669	353	100

The intent of the underlying result is to show the outcome of a council's normal or usual day to day operations.

(b)	Underlying surplus ratio					
	<u>Underlying surplus or deficit</u>		385	669	353	100
	Recurrent income*		9911	10430	10193	9,407
	Underlying surplus ratio %	0%	4%	6%	3%	1%

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

Council's underlying surplus ratio trend is above the benchmark ratio of 0%. This indicates that Council is generating recurrent income in excess of that needed to fund recurrent expenditure.

(c)	Net financial liabilities					
	Liquid assets less		12,433	11,031	11,447	10,328
	total liabilities		(3,666)	(3,209)	(3,092)	(3,786)
	Net financial liabilities	0	8,767	7,822	8,355	6,542

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

(d)	Net financial liabilities ratio					
	<u>Net financial liabilities</u>		8,767	7,822	8,355	6,542
	Recurrent income*		9,911	10,430	10,193	9,407
	Net financial liabilities ratio %	0% - (50%)	88%	75%	82%	70%

This ratio indicates the net financial obligations of Council compared to its recurrent income. As the trend of the ratio is higher than the 0% benchmark the ratio indicates that Council is generating more than sufficient funds to meet total liabilities.

(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.

<i>Transport Infrastructure</i>						
	<u>Depreciated replacement cost</u>		110,863	92,062	93,537	88,641
	Current replacement cost		168,461	141,630	141,309	132,558
	Asset consumption ratio %		66%	65%	66%	67%
<i>Buildings</i>						
	<u>Depreciated replacement cost</u>		13,366	13,550	12,745	12,992
	Current replacement cost		28,179	23,875	22,884	22,865
	Asset consumption ratio %		47%	57%	56%	57%
<i>Drainage</i>						
	<u>Depreciated replacement cost</u>		2,907	2,439	2,486	2,539
	Current replacement cost		4,942	4,319	4,312	4,313
	Asset consumption ratio %		59%	56%	58%	59%

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

Note 10.5 Management indicators (cont.)	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
(f) Asset renewal funding ratio				
An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.				
<i>Transport Infrastructure</i>				
Projected capital funding outlays**	21,392	19,341	18,970	14,224
Projected capital expenditure funding***	21,464	10,740	11,198	12,111
Asset renewal funding ratio %	90-100%	100%	180%	169%
<i>Buildings</i>				
Projected capital funding outlays**	489	17	17	102
Projected capital expenditure funding***	17	17	17	17
Asset renewal funding ratio %	90-100%	2876%	100%	100%
<i>Drainage</i>				
Projected capital funding outlays**	345	7	7	7
Projected capital expenditure funding***	7	7	7	7
Asset renewal funding ratio %	90-100%	4929%	100%	100%

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

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

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

Where the ratio is above the benchmark of 90-100% it indicates that Council is intending to expend more capital expenditure than is indicated as required within the long term strategic asset plan.

(g) Asset sustainability ratio

Capex on replacement/renewal of existing assets	2,426	1,146	1,266	5,611
Annual depreciation expense	2,960	2,543	2,547	2,571
Asset sustainability ratio %	100%	82%	45%	50%

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

Where the ratio is less than the 100% benchmark it indicates that council is not expending sufficient funds to replace existing assets as measured by the depreciation expense.

	Capital renewal expenditure \$'000	Capital new /upgrade expenditure \$'000	Total Capital Expenditure \$'000
2020			
Roads and Bridges	2,255	167	2,422
Stormwater Assets	-	237	237
Buildings	9	249	258
Land	-	26	26
Land Improvements	6	825	831
Office Furniture and Equipment	14	-	14
Plant and Equipment	90	66	156
Intangibles	52	4	56
Other	-	-	-
Total	2,426	1,574	4,000
2019			
Roads and Bridges	899	904	1,804
Stormwater Assets	37	-	37
Buildings	15	1,050	1,065
Land	-	276	276
Land Improvements	-	515	515
Office Furniture and Equipment	8	2	10
Plant and Equipment	167	18	185
Intangibles	-	468	468
Other	20	9	29
Total	1,146	3,243	4,389

Management Certification of the Financial Report

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

- Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board
- the *Local Government Act 1993*

I believe that, in all material respects, the financial statements present a view which is consistent with my understanding of Council's financial position as at 30 June 2020 and the results of its operations and cash flows for the year then ended.

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

The completed Financial Statements Preparation and Submission Checklist is enclosed.

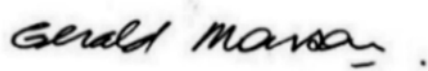


Andrew Cock
Team Leader Finance

Date: 15/01/2021

Certification of the Financial Report

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



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

Date : 15/01/2021