



ANNUAL REPORT

2017 - 2018



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Front Cover Photo: Latrobe ©
Neil Hargreaves

Feedback

Feedback or questions relating to the annual report are welcome. Contact us via phone or email.

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ABOUT THIS ANNUAL REPORT



The Latrobe Council is pleased to present its annual report for 2017/2018

Audience for this Report

This report is intended to provide open, accurate and transparent information to a broad range of stakeholders, including our residents and rate payers, local businesses, non-government organisations, our partners and other government departments and agencies.

It also aims to fulfil Council's statutory responsibilities under the Local Government Act 1993 and other legislation.

Aims of this Report

This report outlines how Council is meeting the strategic objectives identified and prioritised in its strategic plan *Our Place, Our Plan* which was developed through consultation with the community. It is this framework that guides Council's decision making, particularly on the provision of major infrastructure and services within the community.

The report details the extent of Council's operations and services delivered to the community throughout the financial year. It also details how Council is governed and managed; it introduces our Councillors and staffing structures

and provides detailed information on the financial performance of Council.

How to use this Annual Report

This annual report begins with an overview detailing Council highlights of the financial year, set-backs and its challenges.

The report looks at *Our Council* including a municipality profile and information on our councillors. We review *Our People* - who make up our Council, their responsibilities and general staffing information. We assess *Our Performance* in relation to community engagement, planning and accountability and the strategic plan.

Corporate Governance is reviewed detailing governance management and statutory information and finally the *Financial Reports* that include detailed statements that fulfil Councils statutory requirements.

Throughout this report we have included a number of tables and graphs to present information as well as useful and informative facts to provide a snapshot of our council and our local community.



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

Our Vision

Council's vision is for the Latrobe Council area to be known as a friendly and welcoming community which is recognised for:

- The high quality of life that is enjoyed by our residents and visitors within an attractive built environment including the historic township of Latrobe.
- The preservation of the rural character and rich soils of the area which have secured the rural economy as an essential part of the wider economic base.
- The uniquely beautiful natural environment including the serene and picturesque seaside settlement areas of Port Sorell which are responsibly managed and safeguarded for future generations.
- The well-managed, responsive and adaptive local government which provides strong, visionary and consultative leadership.

Our Values

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

Leadership – Council is committed to provide the highest standard of community leadership and performance.

Community participation – Council encourages community participation and values the contribution made by each person.

Lifestyle and Environment – Council is committed to provide, encourage and promote the area's natural and developed attributes to enhance the quality of life within the community.

Employee Management – Council values the contribution of its team and is committed to the ongoing well-being and development of its employees.

Asset Management – Council is committed to the effective and efficient management of its physical assets.

Regional Co-operation – Council advocates regional co-operation.



Wild Mersey Funding Announcement

Our Achievements

Wild Mersey Mountain Bike Development

Kentish and Latrobe Councils have partnered to be able to deliver a \$4.1M world-class mountain bike experience that links the towns of Latrobe, Railton and Sheffield. The project will comprise two stages.

In 2017/18 the two Councils commissioned further environmental studies required by Parks & Wildlife Service and Sustainable Timbers Tasmania to be able to finalise the required permits and land agreements to build trails over land they manage.

The following funding has been secured for Stage 1.

Stage 1 funding

Kentish	\$ 260,000 (Goliath Park Trailhead) - secured
Latrobe	\$ 240,000 (Mersey Crossing) - secured
Federal	\$ 300,000 - secured
Federal	\$ 800,000 - secured

State	\$ 600,000 - secured
In-kind	\$ 222,050 - secured
Total	\$2,422,050

The construction for Stage 1 will be completed in two sections. Approximately 30km of trails will be built in the first section which will consist of the majority of Warrawee Trails, a dual direction linking trail from Warrawee to Railton and beginner trails on Cement Australia land near Goliath Park in Railton. The tender for the first section was advertised in June 2018. Construction will commence early in the new financial year.

The second section of Stage 1 will consist of approximately 40km of trails built on the eastern side of the Badgers Range in the vicinity of Kimberleys Lookout that will link Railton and Sheffield.

Stage 2 will construct approximately 30km of Trails which will complete the trails in the Badgers Range and link Railton back to Warrawee over Bonneys Tier.

The Councils are still seeking a further \$900,000 of funding to complete stage 2.

Stage 2 funding

Kentish	\$ 100,000 (2019/20) - secured
Latrobe	\$ 100,000 (2019/20) - secured
State	\$ 600,000 - secured
Federal	\$ 900,000 - unsecured
Total	\$1,700,000

Total Project Budget \$4,122,050.

Australia Day Awards



Each year, Latrobe Council invites the community to think about who has made a significant contribution to the Latrobe Municipality and nominate that resident or organisation for recognition in its annual Australia Day Awards.

There are three categories open for nomination - Citizen of the Year; Young Citizen of the Year where nominees must be aged from 14 to 30 years and Community Event of the Year.

The Community Event of the Year Award was awarded to the Port Sorell Defence Memorial Committee for the official Opening of the Port Sorell Defence Memorial on 18 March 2017. Before 400 residents and media, the Port Sorell Defence Memorial Committee coordinated a poignant event that provides a central focal place for the Port Sorell community for commemoration of those that have served our country in times of conflict and peace-keeping endeavours. The Port Sorell Defence Memorial Committee comprised of Rod Bramich (Chairman), Mary Buchanan (secretary), Bertram "Snow" Thomas (historian); Brent Armistead (Latrobe High School Principal)

and Peter Freshney (Mayor, Latrobe Council) along with support from Council.

The award for the Young Citizen of the Year went to Mr Edward Lancaster of Port Sorell. The qualities sought in this category are based on the impact of contribution, the level of excellence and time committed to their pursuits; all qualities that Edward possesses.

Edward was recognised for his dedication and involvement with the Latrobe Basketball Club where, along with playing in three age groups (U18, U22 and seniors), he coaches the U10 boys and girls teams, assists with school holiday programs, weekly U8's skills sessions and community coaching at other venues. Edward also referees, does bench duty, door duty, fundraising and generally helps around the club.

His sporting ability is also reflected in participation in National Track and Field and Cross-Country Championships.

Edward is also a former student leader at Latrobe High School and is a current member on the Latrobe Youth Council.

Nominations for the Citizen of the Year Award are commonly of very high quality and reflective of the impact of the person's contribution; how long they have been involved in the community and the level of excellence demonstrated in their chosen field.

This year the award was presented to Mrs Rosina Morris also known as Joy.

Mrs Morris has lived her life in the Latrobe/Wesley Vale district and is an inspiration to all.

Living independently in her Latrobe unit, Joy still drives her own car, regularly plays the Wesley Vale Church organ and takes an active interest in life.

Music has been an integral part of Joy's life, a talent and love she has willingly shared with the wider community. The family had a strong connection to their local Church, and Church music became part of Joy's life as an eight year old.

Participating in Eisteddfods and exams, Joy gained her Associate of Music with Trinity College,

London, and Associate of Australia in 1942/43, and at 16 became the local music teacher.

Joy was the relief bus driver for Wesley Vale students for nearly 20 years and a competent dressmaker and cook.

She became involved as a Church organist, all things musical with the CWA and Choral Society, gave organ recitals and joined the War Widows' Association and Mersey Hospital Auxiliary.

When the CWA choir was wound up, Joy began a small group of 7 singers, known as the Joy Belles. Joy still organises the programmes they sing, weekly rehearsals at her place around her Pa's piano, and the places they sing at, for example Rubicon Gove aged care facility, Strathdevon, Orana and the Laughter Club in Ulverstone, and is always ready for a musical challenge.

Community Connections

One of the key features of a community is its inclusiveness and willingness to share and contribute to the greater good. To feel connected in a community is special but not always easy to achieve. One first needs to know what's going on and how to link into opportunities. That can sometimes be difficult, especially if you don't know how to connect with a group/service or where you might fit in.

To break down perceived barriers to inclusion, particularly for new residents, Latrobe Council in collaboration with the Rotary Club of Latrobe and Lions Club of Latrobe, hosted "Community Connections" in the Latrobe Memorial Hall from 2.00pm - 8.00pm on 31 May.

Every community group throughout the Latrobe Municipality was invited to participate and personal invitations were forwarded to over 1,000 residents that had bought property in the Latrobe Municipality within the last three years.

In an informal setting, groups were invited to set up a space and chat to attendees about their activities.

A booklet was provided to attendees on their departure to reinforce what they had learnt and

provide them with contact information should they wish to pursue an engagement with any of the groups and services provided.



Rotarian Malcolm Calvert, Rotarian David Jones, Mayor Peter Freshney and Lion Kae Campbell © Michelle Dutton

Resource Sharing Progress

Latrobe and Kentish Councils, guided by their Municipal Alliance Committee, continue to embed resource-sharing as the key service delivery model across the two councils. During the 2017/18 financial year the following progress was made:

- Adoption of a new common indoor staff structure, with transition to the new structure to continue during 2018/19
- Engagement of Technology One Ltd to implement a common IT system across the two councils
- Improved ways of working for Council's operations crews including fortnight-by-day plans to reduce reactive work and rationalisation of plant usage across the two councils
- Mapping selected processes to enable design of improved common business processes across the two councils
- Agreement on general principles for the allocation of resource-shared costs across the two councils
- Agreement to share Planning, Environmental Health and Building services with West Coast Council under a formal arrangement.

Our Challenges

Port Sorell Waste Transfer Station - Rehabilitation

The Latrobe Council has been working on a development plan for Port Sorell, Hawley Beach and Shearwater for a number of years.

The plan includes a proposal to rehabilitate the Waste Transfer Station on the corner of Alexander Street and Hawk Hill Road and convert all or part of it into a recreation zone with walking and cycling tracks.

Before it was a Waste Transfer Station, the site was the local tip accepting household garbage and industrial waste from 1973 until 1995.

To make sure the site is safe for the new community uses, Council engaged environmental consultants to do preliminary tests to better understand what contamination was on the site, how or where it could move offsite, and provide expert rehabilitation advice.

From late 2017 to May 2018, tests were taken looking for potential tip contaminants in surface water, bore water, sediment and air. Samples were taken at the Waste Transfer Station, in the creek running through the site and downstream, in bore water downhill of the site (golf course) and from the creek outlet at Freers Beach.

A range of contaminants were found, similar to what would be expected of an old tip. Landfill water - known as leachate – may be able to move offsite in drains, creeks and underground, and

containing this water and improving its quality will be a key part of the rehabilitation project.

Some tests found traces of hazardous materials you may have heard about elsewhere - such as PFAS, metals and dioxins. The presence of PFAS in leachate and sediment is not uncommon in Australian landfills as they were used in household products including non-stick surfaces and fabric cleaners for many years.

The low levels detected in our preliminary tests are not cause for alarm and they will be monitored to understand any changes at the site.

Most old tips generate landfill gas when plant matter and food waste breaks down. The preliminary tests did find gas but not above the guideline levels outside of the site.

Minimising the escape of landfill gas from the site will be another key part of the rehabilitation project.

Council, with advice from the Environmental Protection Authority (EPA), will continue to monitor the site and surrounding locations during the rehabilitation project.

The next stage of the rehabilitation project is known as a 'Detailed Site Investigation'. This stage will use the preliminary test results to guide what to look for (and where) and to plan the best method, equipment and time needed for the site rehabilitation to be completed.

Detailed assessments will take place at the Waste Transfer Station, along the creek and at the golf course.

This next stage may take between 9 - 11 months, depending on what additional information is discovered while undertaking the work.

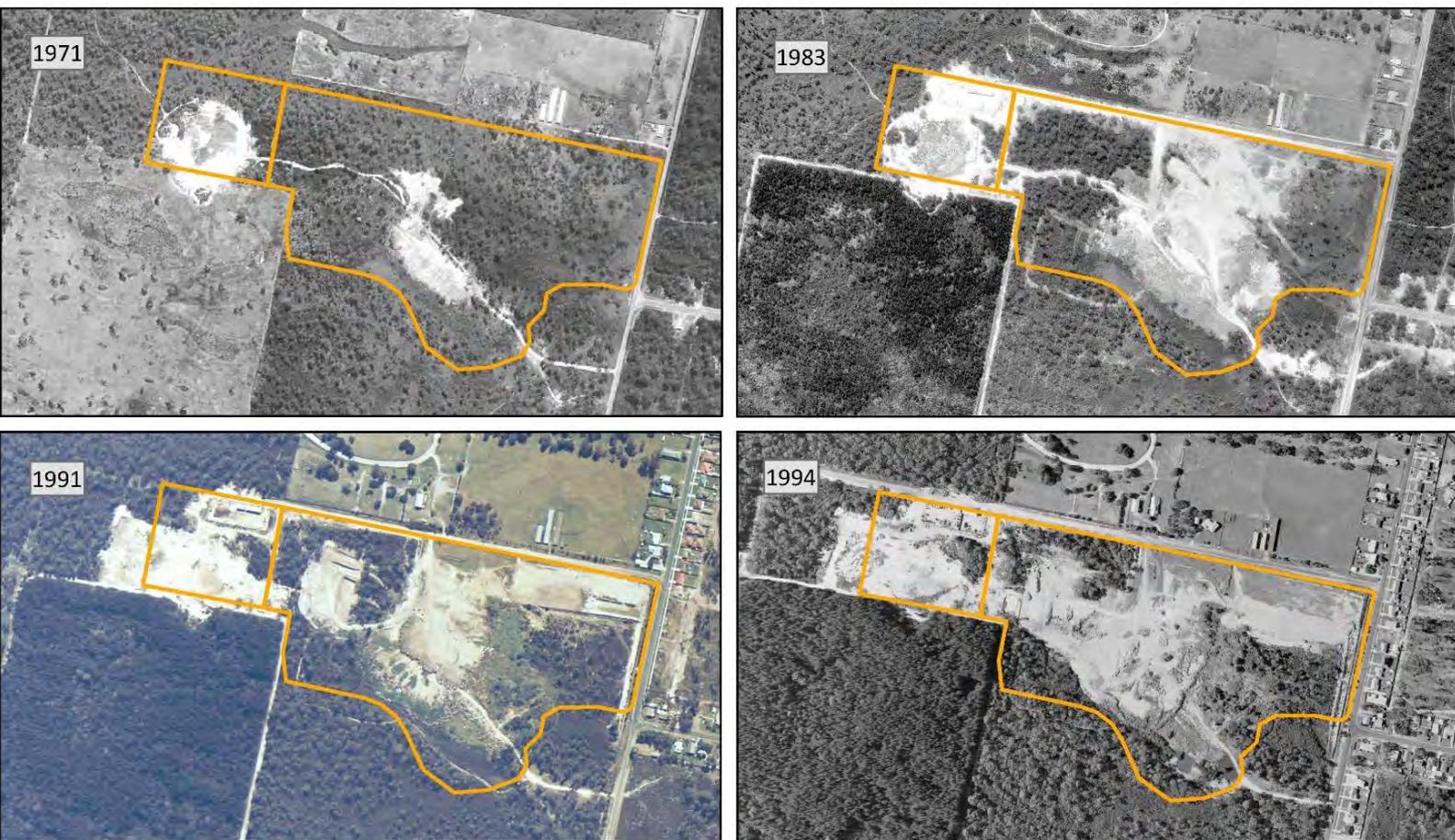
Shared Services

In December 2017, Council considered the recommendations of a report prepared for Cradle Coast Authority by Third Horizon regarding regional and sub regional shared services and particularly the recommendation that Cradle Coast Councils establish a new shared services entity.

There is great concern at the approach recommended by Third Horizon which would

concentrate the resources in fewer entities which will leave smaller councils such as Kentish and Latrobe, denuded of people. Small councils multi-task their staff and stripping out the support functions to go in to a separate entity, may mean the loss of front end service delivery capacity.

Council advised the Cradle Coast Authority that Council's priority in relation to both financial and staff resources, is to complete the embedding shared services program it has with the Kentish Council. Council is prepared to share knowledge it has learnt from the Kentish and Latrobe Councils shared services project with other councils on the north west coast who wish to pursue the Third Horizon's report recommendations.



 <p>Legend  Landfill Cadastral Parcels</p> <p>0 50 100 200 300 400 Meters</p>	<p>Project: Port Sorell Former Landfill Preliminary Site Investigation</p>	<p>Client: IPD Consulting</p>	<p>SITE SETTING: HISTORICAL AERIAL PHOTOGRAPHS</p>	
	<p>FIGURE 2</p>			<p>Date: 01 December 2017 Drawn: NJ Checked: AR</p>



THE YEAR IN REVIEW



*Mayor
Peter Freshney*

A message from the Mayor

As in past years much has been achieved in terms of project delivery and financial management but in this financial year's report, I believe the focus should be on our staff, that is, those who so diligently support and implement Council's strategic direction and have such a positive impact on our community's residents on a daily basis.

Much has changed for our staff but in reality, very few community members would have been aware of the significant change and the associated impact it has had on our team.

There have been significant changes in personnel due to career choices, retirements, ill health, and unfortunate deaths. As with most changes, come opportunities and we have had a significant influx of new staff who have each brought knowledge, experience and skills that will prove to be beneficial to our community both now and in the longer term.

Kentish and Latrobe Councils now have one shared workforce and management structure and the Municipal Alliance has and will continue to deliver, significant cost savings in service delivery along with an improved capacity to retain and recruit Local Government professionals across all spectrums.

I join with my fellow elected members in thanking all staff members for their contribution to Council's performance and by extension, our community, during the past year and particularly those whose journey has taken a different direction.

I would genuinely like to acknowledge the commitment and sacrifice many staff members have made over the past twelve months and at the same time acknowledge that the transition to a new structure has caused much angst and concern as we have worked through that process.

I am absolutely confident our two Councils will be stronger and more viable as a result of this significant change and likewise, I am confident that our ratepayers will be the beneficiaries in the medium to longer term.

Our new management team face significant challenges going forward but with the support and guidance of our re-appointed General Manager, Gerald Monson, I am reassured that they and their staff can deliver outcomes never before considered possible from any Local Government resource sharing model anywhere in Tasmania, nor for that matter, across the nation.

In terms of our Council's financial performance, I am again pleased to report an underlying surplus of \$595,000 much of which has resulted from the continued growth in both residential and commercial development across the municipality and the associated increase in our rate base. We have maintained a stringent focus on financial management and service delivery and I expect that Council will deliver similar outcomes in both criteria over the coming years.

In terms of project delivery, 2017/18 has seen progress on a number of important long-term projects including the Wild Mersey mountain bike trails, minimisation of flood risk in Latrobe, review of the Port Sorell Strategic Plan and development of a Latrobe Town Centre Enhancement plan. Flood repairs following the June 2016 floods were finalised during the year including repairs to Twiss Street and Shale Road.

Our significant capital works projects undertaken during the year included stormwater improvement projects such as piping open drains between Laura and Bradshaw Streets and construction of a retaining wall along Kings Creek near Kings Park as well as expansion of the car park off Lewis Street behind the Council Chambers and relocation and revitalisation of the Latrobe Visitor Information Centre, now situated off George Street behind the Latrobe Memorial Hall.

Another significant capital project, and one which has been well received by the community, is the new playground installed at Bosworth Park in Latrobe as part of the ongoing development of Bosworth Park as guided by the Latrobe Township and Environs Strategic Plan and the Latrobe Recreation Area Development Plan.

I would like to take this opportunity to acknowledge and sincerely thank my fellow elected members for their support and commitment throughout the

year. This Council has worked consistently and diligently with a shared passion for our community and an underlying commitment and determination to make a positive difference for those we are elected to serve.

In closing, I would again like to express Council's sincere appreciation for all the work undertaken by volunteers and community organisations throughout the municipality. Their combined contribution has a significant impact on the social fabric of our community and we are grateful for all they undertaken on our behalf. The Latrobe municipality is much the better for their contribution.



Peter Freshney
MAYOR

A message from the General Manager



General Manager
Gerald Monson

It is with great pride that I report on the activities of the Latrobe Council over the last twelve month period.

I take this opportunity to thank all Council employees for the manner in which they have responded to the challenges of embedding of the shared services program. The Latrobe and Kentish Councils outdoor workforce now operate as one and significant achievements were made through the year to combine the indoor workforce. At the completion of the shared services initiative the two Councils will operate as one organisation with two elected Councils representing the interests of their communities. This is a unique situation for Australia and is aimed to obtain the economies of scale benefits of amalgamation whilst retaining local representation which is so valued by the community.

The Council area continues to be one of the fastest growing regions in the state with significant population growth at both Port Sorell and Latrobe. While this has some advantages it also comes with significant challenges to ensure adequate infrastructure is available to meet the needs of a growing population.

Council is also faced with the challenge of meeting compliance requirements which continue to increase, community expectations which continue to rise and revenue restraint. The Council has “lost” approximately \$500,000 in dividend payments since the transfer of water and sewerage from Council’s responsibility approximately 10 years ago.

Two major initiatives of the Latrobe and Kentish Councils progressed over the last twelve months

have been the decision to implement a new technology system to assist with the financial operation and management of the two Councils and the continued progression of the Wild Mersey Mountain Bike (MTB) Project. The Wild Mersey MTB tracks have potential to attract thousands of visitors to the area and stimulate further economic growth.

I am pleased to advise that Council continues to be in a sound financial position and finishes the year with an underlying operating surplus of \$595,000.

The continued prudent financial management will be a necessity for many years as Council faces significant challenges with rehabilitation of the former Port Sorell tip site, improved waste management infrastructure and upgraded stormwater systems to meet the increasing population.

Council is very fortunate to have loyal and dedicated employees and I acknowledge their efforts and thank them for their passion and commitment to serve their community. This has not wavered despite the many challenges we have faced as shared services has been progressed.

I strongly believe that the continued implementation of the shared services program is imperative to set Council up to be financially viable and sustainable into the future.

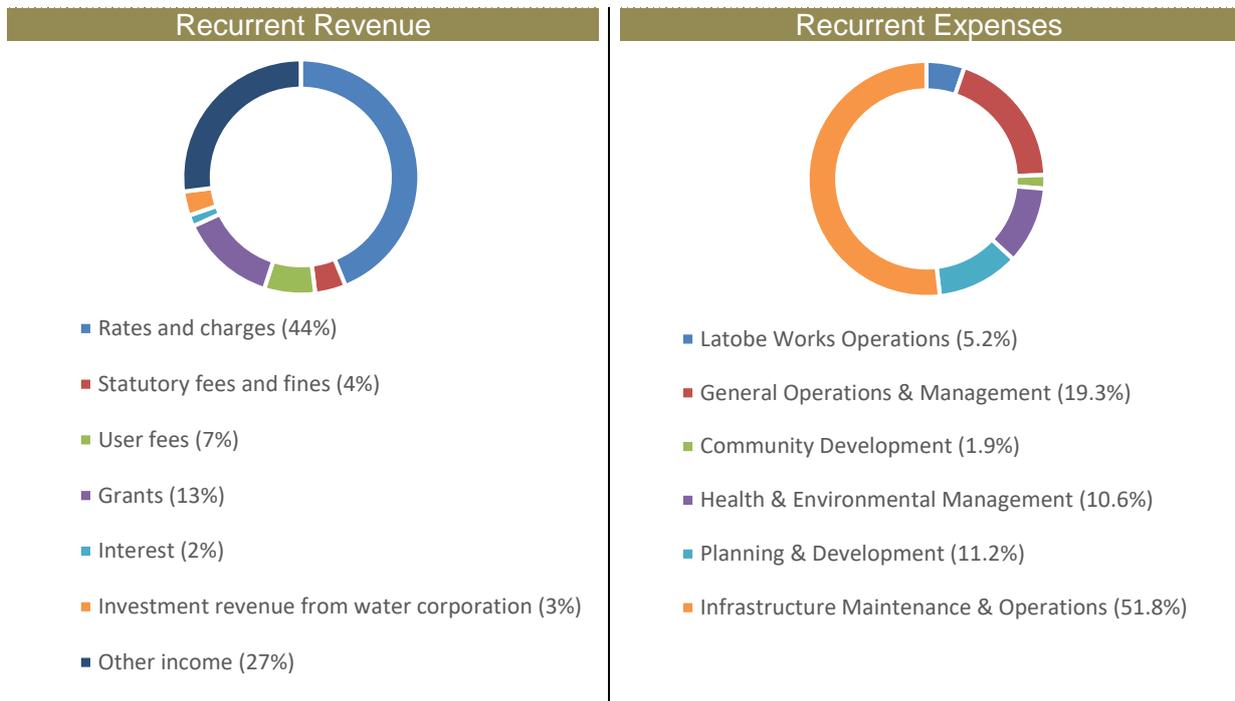
Once again, I believe the Mayor, Councillors and everyone working for the Council can be proud of the achievements detailed in this report, particularly given the very difficult year that we have all been through.

A handwritten signature in black ink that reads "Gerald Monson". The signature is written in a cursive, slightly slanted style.

Gerald Monson
GENERAL MANAGER
FLGMA; B.Bus (Pub Admin) JP

Financial Overview

REVENUE & EXPENDITURE SOURCES



FINANCIAL RESULT COMPARED TO BUDGET



Council's underlying operating surplus was \$595,210 after adjustments for capital grants received specifically for new or upgraded assets, non-recurring or once off items including funds received under the national disaster relief and recovery arrangements.

UNDERLYING RESULT

	Actual 2017/18 \$'000	Budget 2017/18 \$'000	Actual 2016/17 \$'000
Recurrent revenue	13,365	12,174	12,227
Recurrent expenditure	12,769	11,673	11,712
Underlying Surplus	596	501	515

The calculation of Council's underlying result is shown at note 52 to the Financial Report.

Comparison of Income Statement to Original Budget

	Actual 2017/2018	Original Budget 2017/2018	\$Variance	% Variance	Comments
Income					
Rates and charges	7,208,229	7,131,450	76,779	1.08%	Favourable variance due to supplementary rates from new properties.
Statutory fees and fines	690,444	501,300	189,144	37.73%	Favourable variance due to increased activity.
User fees	1,144,094	1,241,030	-96,936	-7.81%	Unfavourable variance due to reduced revenues for Camp Banksia, Latrobe Recreation Ground, Lewis Street property, Visitor Information Centre
Grants	1,573,650	765,670	807,980	105.53%	Favourable variance mainly due to \$789,796 of the 2018/2019 Commonwealth FAG funds being received in advance.
Interest	255,617	175,500	80,117	45.65%	Favourable variance due to higher cash balances due to higher, reimbursement income, capital grants received and the advance payment of FAG funds as well as reduced payments for property, infrastructure, plant and equipment (the capital program).
Other Income	2,056,643	1,088,480	968,163	88.95%	Favourable variance mainly due to additional reimbursement income.
Investment revenue from water corporation	548,718	570,000	-21,282	-3.73%	Minor favourable variance only.
Capital grants received specifically for new or upgraded assets	583,934	503,930	80,004	15.88%	Favourable variance due to the grant received for the Perkins Park upgrade.
Contributions - cash	67,676	2,100	65,576	3122.65%	Favourable variance due mainly to higher road development contributions and contributions for the Port Sorell Defence Memorial.
Contributions – non-monetary assets	2,302,294	750,000	1,552,294	206.97%	Favourable variance due to the take up (at no cost) of sub divisional assets being greater than anticipated.

	Actual 2017/2018	Original Budget 2017/2018	\$Variance	% Variance	Comments
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-107,690	0	-107,690	100.00%	Unfavourable variance mainly due to the disposal of road assets that have been replaced.
Share of net profits/(losses) of associates and joint ventures accounted for by the equity method	116,639	158,720	-42,081	-26.51%	Unfavourable variance due to the share of profit from Dulverton Waste Management Authority being less than anticipated.
Total revenue	16,440,247	12,888,180	3,552,067	27.56%	Overall favourable variance

	Actual 2017/2018	Original Budget 2017/2018	\$Variance	% Variance	Comments
Expenses					
Employee benefits	3,713,560	3,595,830	117,730	3.27%	Unfavourable variance due to the higher cost of accruals for annual leave and long service leave reflecting that less leave was taken than anticipated, higher workers compensation insurance premium and higher wages costs for private works undertaken but note that private works wages costs are recovered and included in reimbursement income.
Materials and services	4,256,363	4,039,450	216,913	5.37%	Unfavourable variance due to expenditure on approved variations for consultants, waste disposal and collection, IT maintenance contract and private works materials (however private works materials are recovered, refer to reimbursement income).
Impairment of debts	-42,530	0	-42,530	100.00%	Favourable variance due to reducing the provision for debts which may not be recovered.
Depreciation and amortisation	3,438,834	2,698,060	740,774	27.46%	Unfavourable variance due to increased depreciation based on the revaluation of infrastructure assets.
Finance costs	10,686	22,020	-11,334	-51.47%	Minor unfavourable variance.

	Actual 2017/2018	Original Budget 2017/2018	\$Variance	% Variance	Comments
Other Expenses	1,392,399	1,317,760	74,639	5.66%	Unfavourable variance due to building levy and training levy expenditure (but refer to increased statutory fees and charges revenue above), increased usage of materials stocks and contributions to projects coordinated through the Cradle Coast Authority.
Total expenses	12,769,311	11,673,120	1,096,191	9.39%	Overall unfavourable variance

Comparison of Capital Expenditure to Budget

Capital Works Areas	Actual Expenditure	Original Budget	Revised Budget Amendments	Final Budget	Carried Forward to 2018/2019	Budget Variance
Roads, bridges & street infrastructure	1,308,257	1,919,694	58,658	1,978,352	422,079	248,016
Stormwater & drainage	730,222	887,000	22,000	909,000	194,001	(15,223)
Land	16,484	-	-	-	-	(16,484)
Buildings	455,671	553,099	64,199)	488,900	124,169	(90,940)
Land improvements	471,316	633,501	718,098	1,351,599	870,696	9,587
Plant, equipment & other	648,270	1,006,500	63,505	1,070,005	483,278	(61,543)
Total Capital Works	3,630,220	4,999,794	798,062	5,797,856	2,094,222	73,414
Represented by:						
Asset renewal	1,177,790	2,618,832	418,015	3,036,848	1,131,405	727,653
New/upgraded assets	2,452,430	2,380,962	380,047	2,761,008	962,818	(654,240)
Total Capital Works	3,630,220	4,999,794	798,062	5,797,856	2,094,222	73,414

CAPITAL BUDGET VARIANCES EXPLANATION

Total Capital Expenditure

\$73,414

1.27%
less
than
budget



Installation of Verti Block Wall at Kings Creek

CAPITAL BUDGET VARIANCES EXPLANATION (Cont.)

\$248 ↓
thousand Roads,
bridges &
streets

Significant favourable variances were generated for the Shale Road Reconstruction, Parkers Ford Road delineation, Wilmot Street to Breteeca Cl to Alexander Street footpath works, Joyce Street/Taroona to Sankey Street, kerb & channel works. Works may need to continue, on some of these projects in 2018/2019.

\$15 ↑
thousand Stormwater

Pipe open drain Laura and Bradshaw Streets and Kings Creek retaining wall generated unfavourable variances which was partially offset by favourable variances on the Shearwater Park stormwater outfall. It is likely that works may need to continue, on some of these projects in 2018/2019.

\$81 ↑
thousand Buildings
Land
Improvements

Unfavourable variances were generated on projects for the Latrobe recreation ground, switchboard replacement, fencing and replacement hot water system and the Port Sorell Tennis Club reroofing project. The EPU upgrade project was also over spent due to increasing the scope from 3 units to 5.

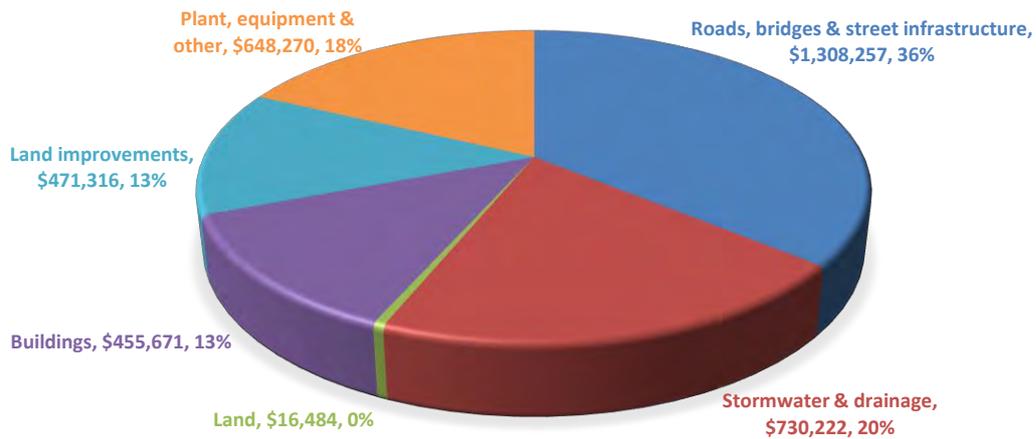
\$62 ↑
thousand Plant Equipment
Other

The unfavourable variance relates mainly to the cyclical replacement of IT hardware. There were some minor variances on the trade in of some plant items.



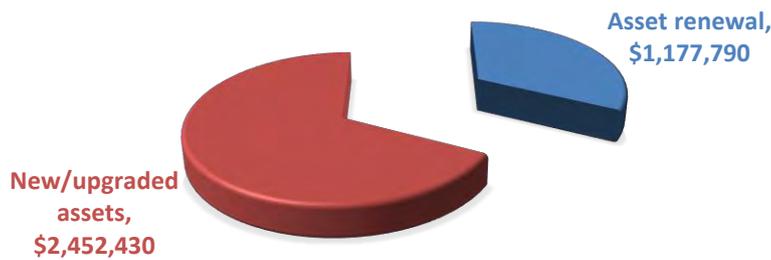
Laura St to Bradshaw St Latrobe stormwater drain upgrade

Capital Expenditure by Asset Class

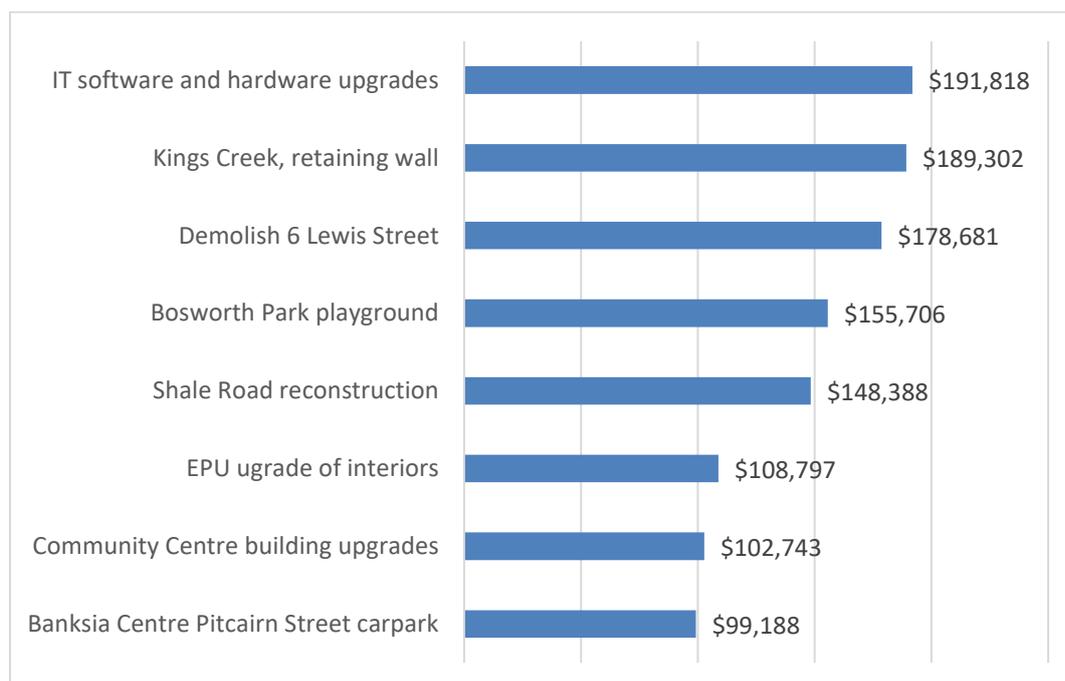


In measuring financial sustainability, it is important to distinguish between expenditure on new and upgraded assets and expenditure on existing assets. This distinction is graphically represented below;

Capital Expenditure by New and Existing Infrastructure



MAJOR CAPITAL EXPENDITURE



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 52 of the Annual Financial Report included in this Annual Report.

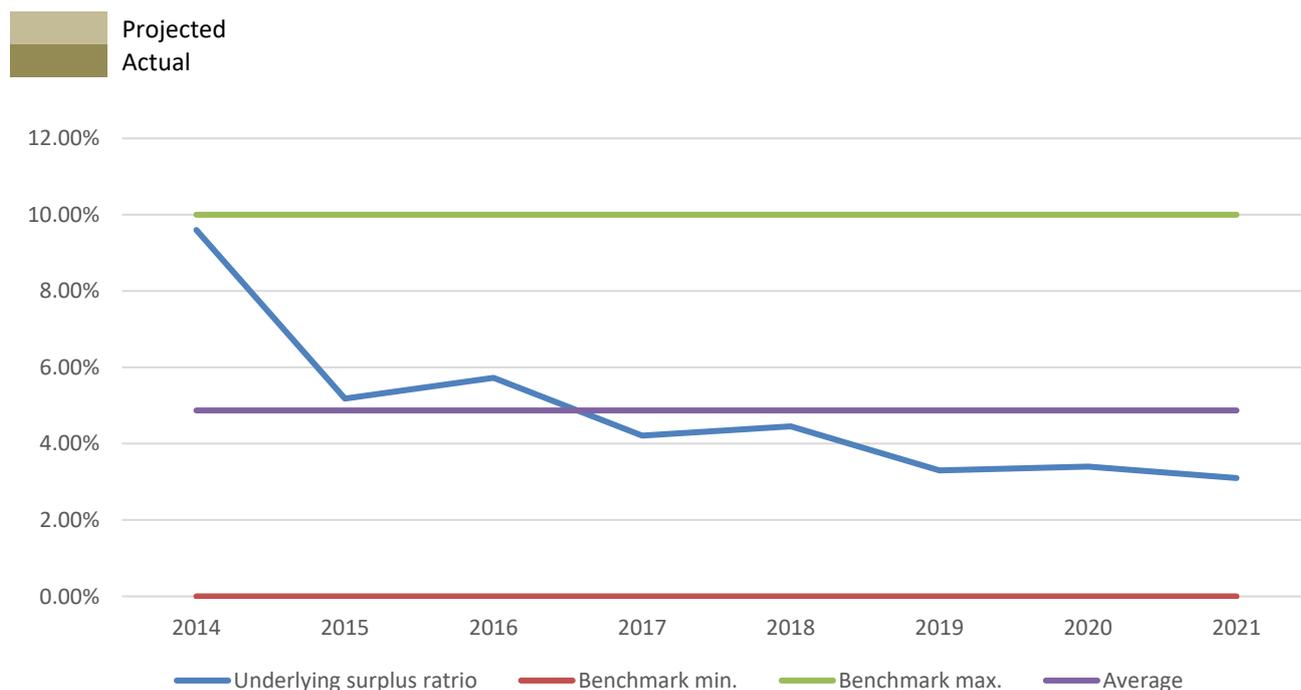
The following graphs and commentary show Council's performance against these indicators over the past four years compared to suggested benchmark results.

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.

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 within the benchmark range however the projected results over the next three years are trending downwards and towards the lower end of the benchmark range.

	2014	2015	2016	2017	2018	2019	2020	2021	Av.
Underlying surplus ratio	9.60%	5.18%	5.73%	4.21%	4.45%	3.30%	3.40%	3.10%	4.87%
Benchmark min.	0	0	0	0	0	0	0	0	0
Benchmark max.	10%	10%	10%	10%	10%	10%	10%	10%	10%
Average	4.87%	4.87%	4.87%	4.87%	4.87%	4.87%	4.87%	4.87%	4.87%
To assess sustainability									
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Underlying surplus (excluding income to fund new or upgraded assets)	1,103	595	666	515	595	409	415	381	585
Recurrent Income	11,485	11,486	11,628	12,227	13,365	12,253	12,379	12,456	12,160



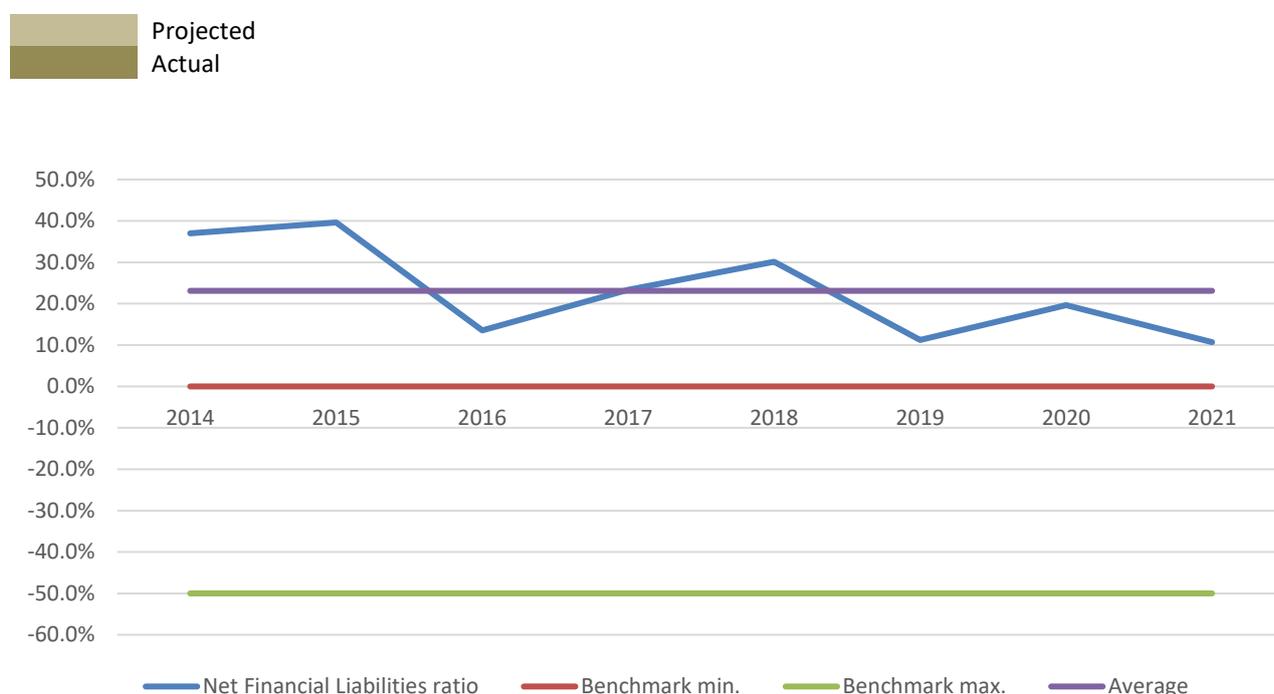
Management Indicators

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, however while Council holds cash reserves it is expected that these cash reserves will be used in preference to debt to meet future capital requirements.

	2014	2015	2016	2017	2018	2019	2020	2021	Av.
Net Financial Liabilities ratio	37.0%	39.6%	13.5%	23.3%	30.1%	11.2%	19.6%	10.7%	23.1%
Benchmark - min	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Benchmark - max	-50.0%	-50.0%	-50.0%	-50.0%	-50.0%	-50.0%	-50.0%	-50.0%	-50.0%
Average	23.1%	23.1%	23.1%	23.1%	23.1%	23.1%	23.1%	23.1%	23.1%
To assess the level of debt held by Council									
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net Financial Assets (Liabilities)	4,252	4,550	1,575	2,850	4,027	1,372	2,431	1,327	2,798
Recurrent Income	11,485	11,486	11,628	12,227	13,365	12,253	12,379	12,456	12,160

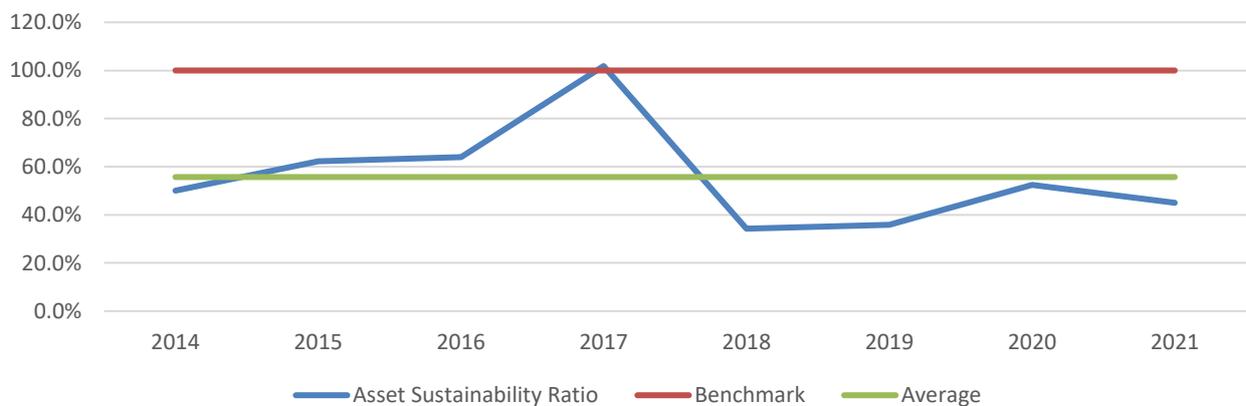


Asset Sustainability Ratio

This ratio measures whether assets are being replaced at the rate they are wearing out. Council’s projected average ratio of 55.7% for the 8 years ending in 2021 is below 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.

	2014	2015	2016	2017	2018	2019	2020	2021	Av.
Asset Sustainability Ratio	50.0%	62.2%	64.0%	101.8%	34.2%	35.9%	52.4%	45.0%	55.7%
Benchmark	100%	100%	100%	100%	100%	100%	100%	100%	100%
Average	56%	56%	56%	56%	56%	56%	56%	56%	56%
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	1,252	1,774	1,696	3,022	1,178	1,002	1,480	1,278	1,585
Depreciation expense	2,503	2,850	2,651	2,967	3,439	2,793	2,823	2,843	2,859

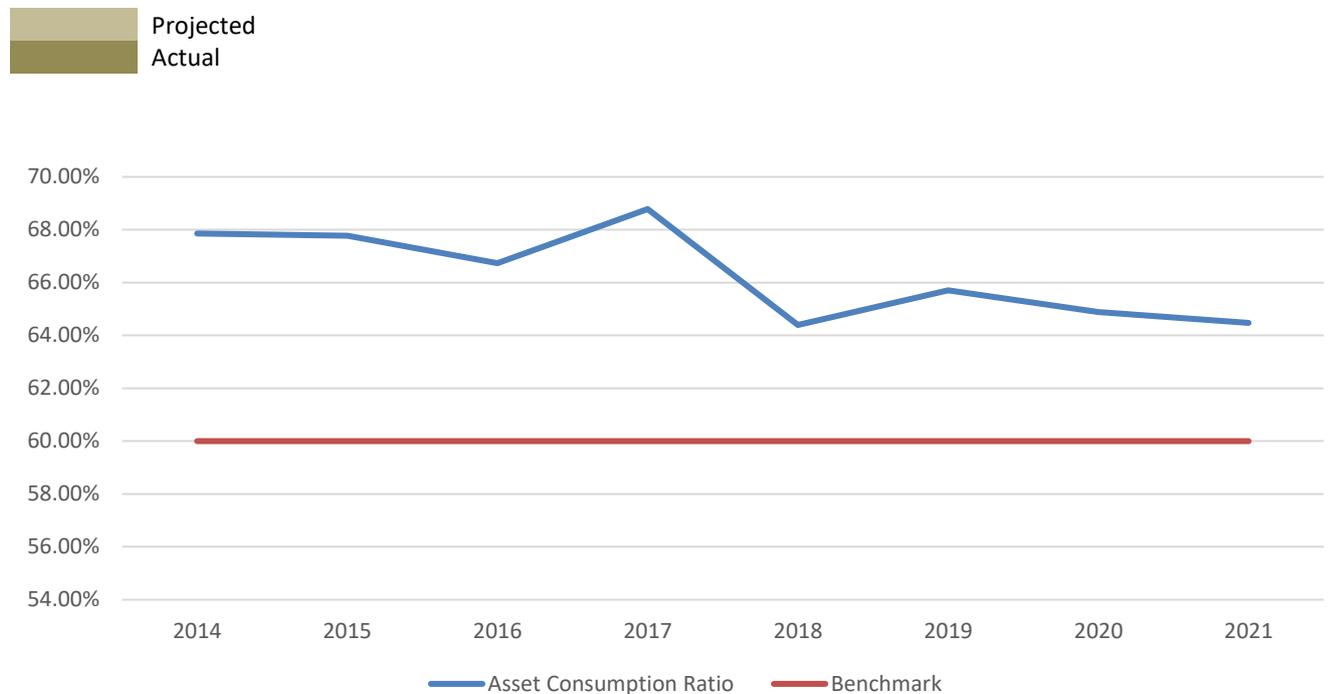
Projected
Actual



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 34% into its expected useful life which explains why there may not currently be a high demand for asset renewals.

	2014	2015	2016	2017	2018	2019	2020	2021	Av.
Asset Consumption Ratio	67.86%	67.77%	66.73%	68.78%	64.40%	65.7%	64.9%	64.5%	66.3%
Benchmark	60%	60%	60%	60%	60%	60%	60%	60%	60%
Indicates the average proportion of as new condition left in assets									
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Depreciated replacement cost of assets	113,407	116,650	120,888	130,354	132,984	120,262	120,537	122,958	122,255
Current replacement cost of assets	167,120	172,123	181,158	189,521	206,511	183,018	185,779	190,714	184,493

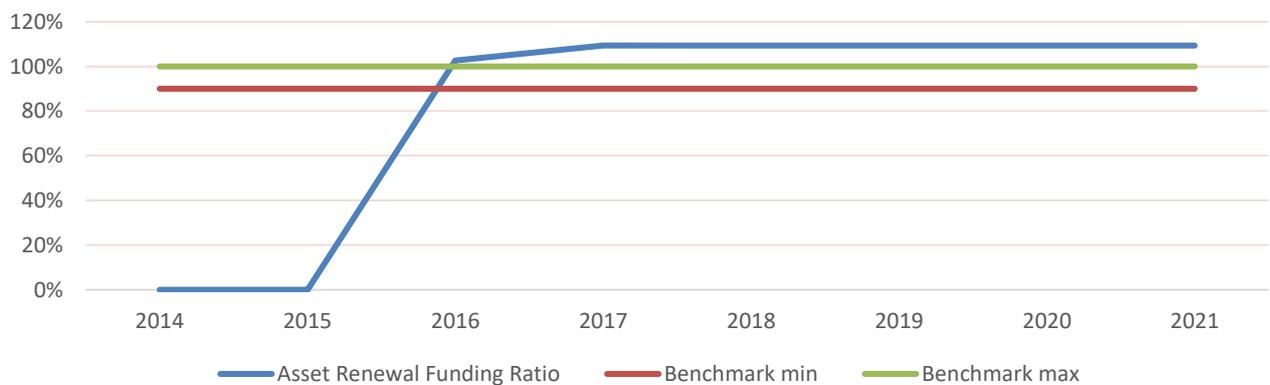


Asset Renewal Funding Ratio

Asset management plans for each of Council's major asset classes were completed during 2014/15 allowing the Asset Renewal Funding Ratio to be calculated from that time. The current projected capital renewal outlays in Council's Long-Term Financial Plan exceed the projected expenditure demand as reflected by Council's Asset Management Plans.

	2014	2015	2016	2017	2018	2019	2020	2021	Av.
Asset Renewal Funding Ratio	0%	0%	102.6%	109.3%	109.4%	109.4%	109.4%	109.4%	n/a
Benchmark min	90%	90%	90%	90%	90%	90%	90%	90%	90%
Benchmark max	100%	100%	100%	100%	100%	100%	100%	100%	100%
Indicates financial capacity to continue to provide existing levels of asset-based services									
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net Present Value of ten year projected capital renewal outlays	n/a	n/a	9,425	10,044	10,045	10,045	10,045	10,045	n/a
Net Present value of ten year projected capital renewal expenditure demand	n/a	n/a	9,187	9,187	9,186	9,186	9,186	9,186	n/a

Projected
 Actual



2018

Calendar of Events

July	August	September	October	November	December
Tasmanian Boxing Championships	Chocolate Winterfest, Latrobe	Apex Fashion Awards	Port Sorell Spring Fair	Truly Tasmanian Craft Exhibition and Sale	Latrobe Lions Christmas Parade and Carols in Kings Park
Council approved 2016/2017 budget		Tasmanian Band Championships	Australian Masters Games	Latrobe Businesses on Parade	Port Sorell Lions Carols
		NWFL Grand Final	Antiques and Collectables Expo (Lions)		SCAT Latrobe Boxing Day Carnival
					PSSLSC Market by the Beach
January	February	March	April	May	June
PSSLSC Market by the Beach	PSSLSC Nipper Carnival	Sassafras Heritage Farming Weekend	MG Car Club Rally	Community Connections	Latrobe Bulb Sale
Penguin Island Swim	Latrobe Flower and Vegetable Show (CWA)	Eats and Beats	Targa Tasmania Lunch Stop	Shearwater Mulled Wine in May	Council approved 2017/2018 budget
Henley-on-Mersey	Van Diemen Antiques & Collectable Expo	RAW Mental Health First Aid	ANZAC Day - Latrobe and Port Sorell		
Latrobe Liliium Show	Latrobe Speedway – Australian Title Event	Tasmanian Symphony Orchestra			
	Concert in the Vines				



OUR COUNCIL



Municipality Profile

Our municipality

The Latrobe Municipality covers an area of 600.5 square kilometres at the eastern end of the North West Coast of Tasmania. The Council area includes the towns/localities of Latrobe, Tarleton, Wesley Vale, Moriarty, Northdown, Port Sorell, Shearwater, Hawley Beach, Squeaking Point, Thirlstane, Harford, Sassafras and Merseylea.

No of electors	7,975
No. of rateable properties	6,165
Length of sealed roads (km)	228
Length of unsealed roads (km)	60
No. of bridges	35

Our Population

As at 30 June 2017, the Australian Bureau of Statistics estimated population of the municipal area was 10,940 up from 10,738 at 30 June 2016. Population data is based on the latest census which was held in 2016. Latrobe was one of the fastest-growing Tasmanian local government areas in 2015-16, with a population growth rate of 1.9% and a five-year annual average growth rate of 1.1%. The population grew at an estimated average of 2.0% per year over the ten years to 30 June 2016.

Our History and Heritage

Latrobe township is named after Charles Joseph La Trobe who in 1846 was lieutenant-governor of Van

Diemen's Land (Tasmania). In 1851 he then became the first governor of Victoria. Latrobe boasts the country's oldest continuously playing brass band (established in 1872), the famous Latrobe Bicycle Race Club Wheel Race which has been held for over 100 years and it is also the birthplace of competitive wood chopping.

Port Sorell is located on the Rubicon River. It was established in the early 1820's and named after Lieutenant-Governor William Sorell who arrived in Hobart Town in 1817. Originally developed as a fishing and sealing port by the Van Dieman's Company, it was the oldest European settlement on Tasmania's north coast and, by the 1840's it had grown to be the largest town on the coast. It declined with the development of Devonport and most of its early history was wiped out by bushfires.

Today during the summer period the population of the picturesque area doubles with visitors taking advantage of swimming, fishing and boating.

The rich farmland in Sassafras, Wesley Vale and Moriarty provide poppies, fruit and vegetables and livestock for both the local and overseas market.

Our municipality includes the Warrawee Reserve and Narawntapu National Park, a home to many types of Tasmanian wildlife in its native habitat.

Our Councillors

As leaders in the community, Councillors acknowledge the importance of high standards of behaviour in maintaining good governance. Good governance supports each councillor's primary goal of acting in the best interest of the community.



Mayor Peter Freshney

Term of Office: 2011 – 2018



Deputy Mayor Rick Rockliff AM

Term of Office: 1987 – 2018



Councillor Graeme Brown AFSM

Term of Office: 2014 – 2018

Committee Membership:

- ❖ Cradle Coast Authority Representatives Group
- ❖ General Manager's Evaluation Group
- ❖ Port Sorell Advisory Committee
- ❖ Banksia Facilities Management Committee
- ❖ Municipal Alliances Committee
- ❖ Mersey Regional Emergency Management Committee
- ❖ LGAT Annual and General Meeting Representative
- ❖ Tasmanian Water and Sewage Corporate Representative
- ❖ Latrobe High School Liaison Officer

M: 0417 287 006

E: mayorfreshney@latrobe.tas.gov.au

Committee Membership:

- ❖ Australia Day Awards Committee
- ❖ Latrobe Audit Panel Member
- ❖ Community Development Grants Committee
- ❖ General Manager's Evaluation Committee
- ❖ Henley on Mersey Committee
- ❖ Bells Parade Development Committee
- ❖ Latrobe Sport and Recreation Management Committee
- ❖ LGAT Annual and General Meeting Representative
- ❖ Municipal Alliances Committee
- ❖ Port Sorell Performing Arts Development Hub
- ❖ Sassafras Primary School Liaison Officer

Committee Membership:

- ❖ Axeman's Hall of Fame Management Committee
- ❖ Pardoe Fire Committee
- ❖ Latrobe Cemetery Committee
- ❖ Latrobe and Districts Youth Centre Committee
- ❖ St Patrick's School Liaison Officer

M: 0417 598 116

E: crbrown@latrobe.tas.gov.au



Councillor Dayna Dennison

Term of Office: 2010 – 2018

Committee Membership:

- ❖ Port Sorell Advisory Committee
- ❖ Ports Sorell Men’s Shed Liaison
- ❖ Port Sorell History Group Liaison
- ❖ Port Sorell Memorial Hall Controlling Authority
- ❖ Australia Day Awards Committee
- ❖ Port Sorell Primary School Liaison Officer



Councillor Michael McLaren

Term of Office: 1999 – 2002 & 2003 – 2018

Committee Membership:

- ❖ Aged Persons Unit Advisory Committee
- ❖ Australia Day Awards Committee
- ❖ Community Development Grants Committee
- ❖ Dulverton Regional Waste Management Authority Representative Committee
- ❖ General Manager’s Evaluation Committee
- ❖ Latrobe National Trust
- ❖ Latrobe Neighbourhood Watch
- ❖ Axeman’s Hall of Fame Management Committee
- ❖ Municipal Alliances Committee
- ❖ Rubicon Coast and Landcare Group

T: 03 6426 2777
E: crmclaren@latrobe.tas.gov.au



Councillor John Perkins

Term of Office: 1991 – 1994, 1995 - 1999 & 2002 – 2018

Committee Membership:

- ❖ Port Sorell Caravan Park Management Committee
- ❖ Community Development Grants Committee
- ❖ Cement Australia Community Consultation Committee
- ❖ Latrobe Primary School Liaison Officer



Councillor Garry Sims
Term of Office: 1994 – 2018



Councillor Gerrad Wicks
Term of Office: 2014 – 2018



Councillor Lesley Young AO
Term of Office: 2009 – 2018

Committee Membership:

- ❖ Aged Persons Unit Advisory Committee
- ❖ Australia Day Awards Committee
- ❖ Community Development Grants Committee
- ❖ Moriarty Hall Committee
- ❖ Banksia Facilities Management Committee
- ❖ Port Sorell Performing Arts Development Hub
- ❖ Andrews Creek Primary School Liaison Officer

M: 0419 139 053
E: crsims@latrobe.tas.gov.au

Committee Membership:

- ❖ Port Sorell Caravan Park Management Committee
- ❖ Latrobe Sport and Recreation Committee
- ❖ Latrobe Cemetery Committee
- ❖ Kings Park Working Group
- ❖ Cement Australia Community Consultation Committee

M: 0488 325 590
E: crwicks@latrobe.tas.gov.au

Committee Membership:

- ❖ Port Sorell University of the Third Age Liaison
- ❖ Community Development Grants Committee
- ❖ Latrobe and Districts Youth Centre Committee
- ❖ Kentish and Latrobe Road Safety Partnership Committee
- ❖ Banksia Facilities Management Committee
- ❖ Kings Park Working Group
- ❖ Latrobe Audit Panel Member
- ❖ Geneva School Liaison Officer

M: 0419 326 250
E: cryoung@latrobe.tas.gov.au



OUR PEOPLE

Our Staff

Senior Leadership Team

The General Manager, together with four service managers deliver high level leadership to the organisation.

General Manager – Gerald Monson

Areas of responsibility include; Organisation leadership, council's operational and service delivery performance, community development, tourism/economic development and organisational support for elected members. This position is resource-shared with Kentish Council.

Corporate Services Manager – Jan Febey

Areas of responsibility include; Finance, rates, information technology, records management, risk management coordination and customer service.

Engineering Services Manager – Jonathan Magor

Areas of responsibility include; Emergency Management, environmental and public health services, animal control and council infrastructure including roads, bridges, drainage, parks, reserves and buildings. This position is resource-shared with Kentish Council.

Operations Manager – Jason Bellchambers

Areas of responsibility include; Maintenance and renewal of council infrastructure including roads, bridges, drainage, parks, reserves and buildings. This position is resource-shared with Kentish Council.

Planning and Building Services Manager – Sharon Holland

Areas of responsibility include; Management of Council's statutory and strategic planning services

and building and plumbing control. This position is resource-shared with Kentish Council.

Remuneration of Senior Employees

Section 72 (1) (cd), 72 (4) & 72 (5) Local Government Act 1993

Annual Remuneration	No. of Employees
\$120,000 - \$140,000	1
\$140,000 - \$160,000	2
\$220,000 - \$240,000	1

Total annual remuneration is defined as the total of the:

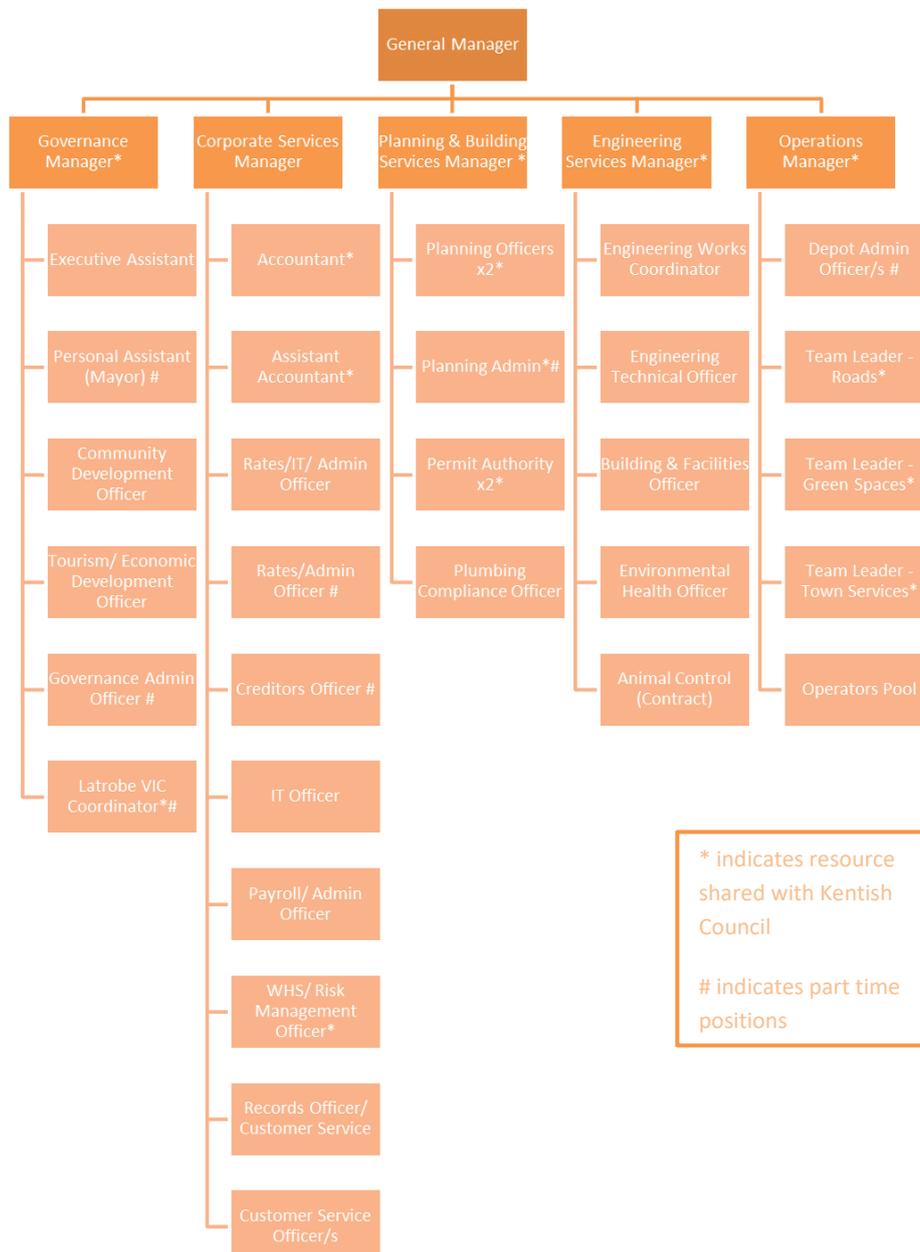
- base salary payable to the employee
- amount of employer superannuation contributions to the employee's contribution
- gross value for the use of a fully-maintained motor vehicle provided to the employee
- value of any other allowances or benefits paid or payable to, or provided for, the benefit of the employee.

Kentish Council reimburses Latrobe Council for an appropriate portion of the cost of Latrobe senior employees who also provide management services to Kentish Council. Where senior employees are employed by Kentish Council and hired to Latrobe Council, they are not included in the above table, but are included in the equivalent table in the Kentish Council Annual Report.

Former Organisation Structure

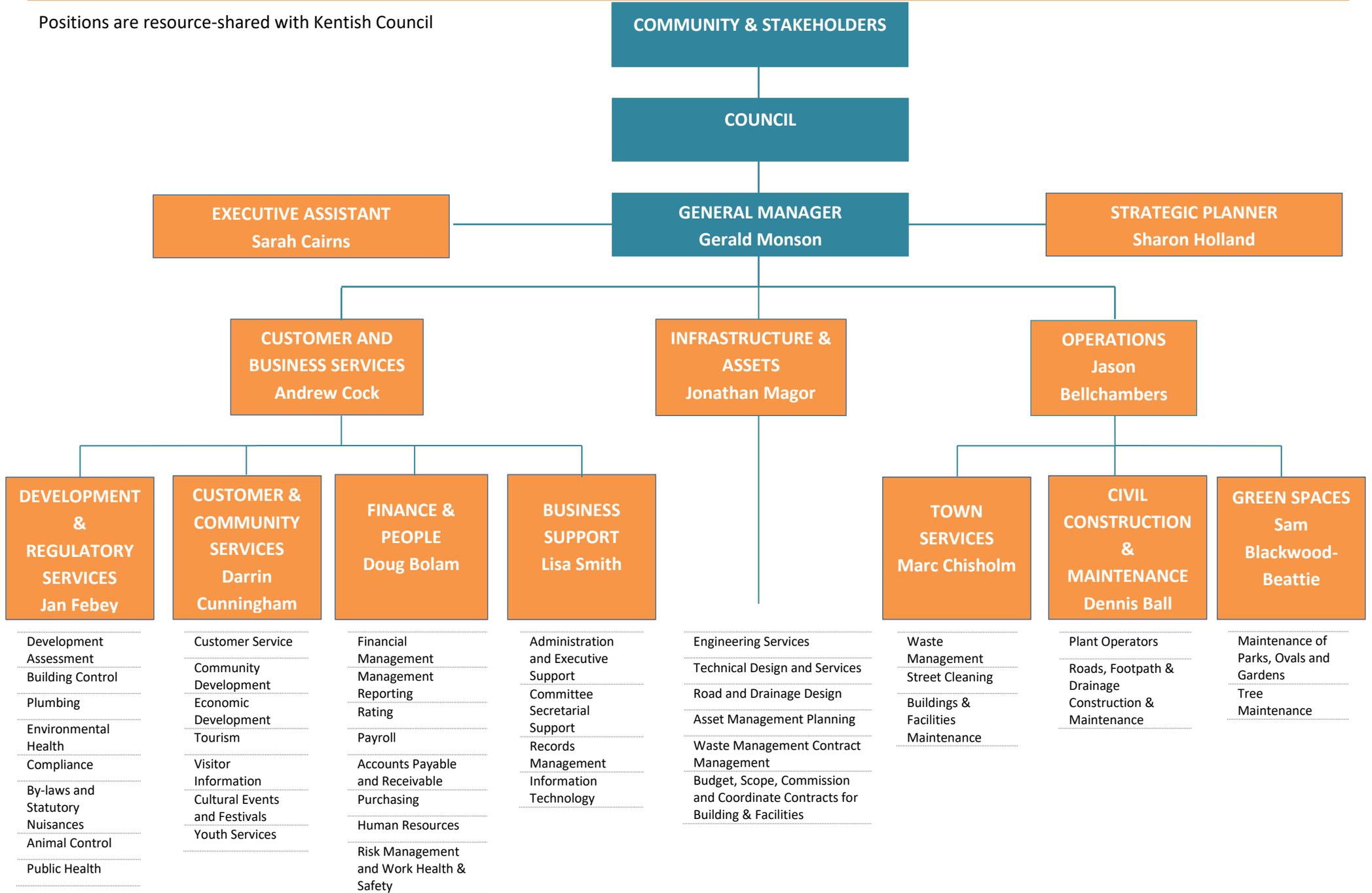
Council's organisation structure was reviewed during 2017/18 and after significant consultation with elected members and staff, a new structure was agreed upon to deliver efficient, effective and continually improving services across both Latrobe and Kentish Councils in a customer focussed way.

Latrobe Council's new 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. Transition to this new structure began in June 2018 and will continue during 2018/19.



New Organisation Structure – Effective From June 2018

Positions are resource-shared with Kentish Council



DEVELOPMENT & REGULATORY SERVICES
Jan Febey

- Development Assessment
- Building Control
- Plumbing
- Environmental Health
- Compliance
- By-laws and Statutory Nuisances
- Animal Control
- Public Health

CUSTOMER & COMMUNITY SERVICES
Darrin Cunningham

- Customer Service
- Community Development
- Economic Development
- Tourism
- Visitor Information
- Cultural Events and Festivals
- Youth Services

FINANCE & PEOPLE
Doug Bolam

- Financial Management
- Management Reporting
- Rating
- Payroll
- Accounts Payable and Receivable
- Purchasing
- Human Resources
- Risk Management and Work Health & Safety

BUSINESS SUPPORT
Lisa Smith

- Administration and Executive Support
- Committee Secretarial Support
- Records Management
- Information Technology

INFRASTRUCTURE & ASSETS
Jonathan Magor

- Engineering Services
- Technical Design and Services
- Road and Drainage Design
- Asset Management Planning
- Waste Management Contract Management
- Budget, Scope, Commission and Coordinate Contracts for Building & Facilities

TOWN SERVICES
Marc Chisholm

- Waste Management
- Street Cleaning
- Buildings & Facilities Maintenance

OPERATIONS
Jason Bellchambers

CIVIL CONSTRUCTION & MAINTENANCE
Dennis Ball

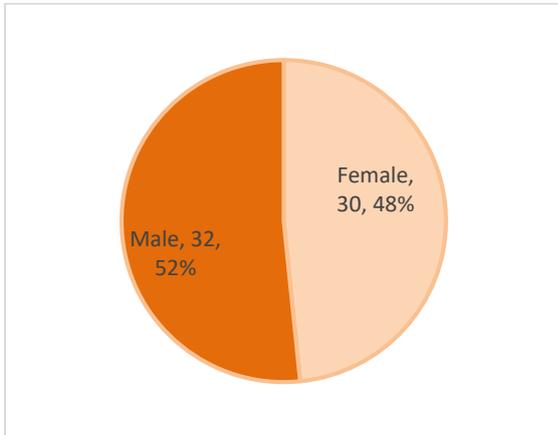
- Plant Operators
- Roads, Footpath & Drainage Construction & Maintenance

GREEN SPACES
Sam Blackwood-Beattie

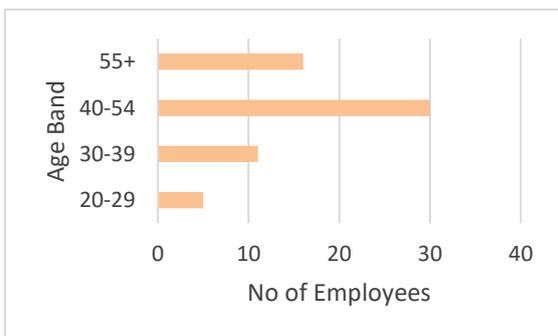
- Maintenance of Parks, Ovals and Gardens
- Tree Maintenance

Council is committed to ensuring staff are well supported, highly skilled and professional to deliver quality services.

Percentage of Employees by Gender



Percentage of Employees by Age



Professional Development

Council staff have undertaken various training sessions and attended professional development forums throughout the year. Council is also an advocate for supporting staff in obtaining and upgrading qualifications. In 2017-18, a number of employees undertook training and professional development courses and attended conferences of benefit and relevance to their positions at Latrobe Council.

Flexible Family Work Arrangements

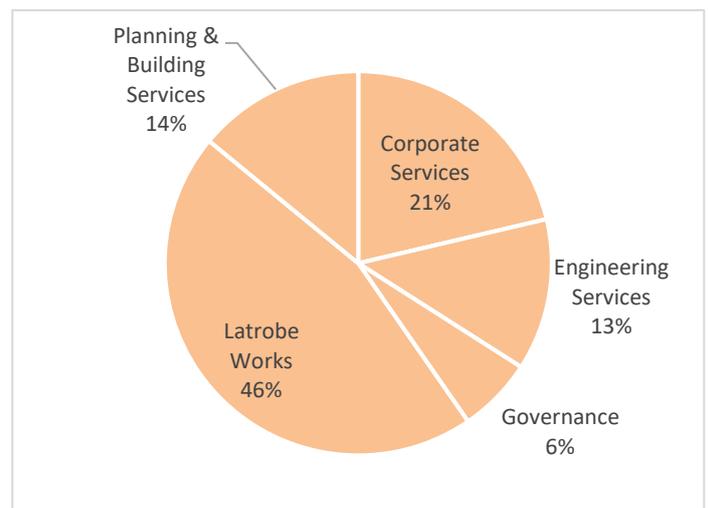
Council is committed to best practice by fostering flexibility to achieve a better balance between work and family responsibilities for all employees. Some examples of family friendly workplace initiatives of Council include:

- offering an employee assistance program
- accessing annual leave in single or part day periods
- taking time off in lieu of overtime payments
- working additional hours to make up for time taken off
- rostered day off system
- working part-time or creating part-time work opportunities
- job share arrangements.

Full Time Equivalent Employees

	2017/2018	2016/2017
Latrobe Employees	54.3	52.5
Labour Hire Adjustments	-2.8	-2.0
Net Latrobe Labour	51.5	50.5

Percentage of Employees (FTEs) by Department



Our Volunteers

Latrobe Council values the wonderful contribution that volunteers make in our 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 Latrobe including the council managed activities described below.

Visitor Information Centre

Our team of 20 volunteers have embraced and adapted to a number of significant changes whilst continuing to provide excellent service and local expertise to our visitors over the last 12 months. Our new location at 21 George Street has given us greater support from council, a better integration into our wider community and the opportunity to participate in business and community events. Our volunteers have shown initiative and passion for the community through their participation as ambassadors at the 'Eats n Beats' pop up festival and the community connections event as well as planning new events for the community through the launch of their new centre and exhibition launches in conjunction with Rubicon River Arts. Our volunteers provide the welcoming face to Latrobe and their knowledge helps to bring Latrobe to life for our visitors.

Latrobe Landcare and Rubicon Coast & Landcare

In the urban areas of Latrobe, the small but dedicated Latrobe Landcare Group have proactively developed and continue to maintain Pig Island within the Bells Parade Precinct. The June 2016 floods caused significant damage to the island, with the Hedditch family that make up the backbone of Latrobe Landcare, working with Council to rehabilitate the site and maintain its diversity for many interests.

Similarly, Rubicon Coast and Landcare (RCLC) Inc are proactive in the Port Sorell area, specifically the Aubrey Luck Reserve, North Freers Beach Reserve and foreshore space. Their works align to approved vegetation plans and while frustrated with foreshore vandalism to plantings, their tenacity bears through. RCLC Inc also work proactively with Cradle Coast Natural Resource Management and students of Port Sorell Primary School to generate awareness and support of their activities.

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. Council have a number of special committees that assist with the management of many of the municipality facilities, including the Latrobe and Districts Youth Centre, Banksia Centre, Camp Banksia and Port Sorell Memorial Hall through to considering new economic development opportunities for the municipality. A number of community members volunteer their time to the Committees.



OUR PERFORMANCE

Community Consultation

Community conversations continue to be at the heart of Council's operations and are a driving factor of our success and performance.

Community Engagement

In considering appropriate issues and opportunities for Council the potential impact on those we serve is always at the forefront of our decision making.

Council is committed to developing strong links with its community through local conversations. To ensure Council engage with as many people as possible it holds community meetings, administers various committees made up of local community members, clubs and organisations and offers, attends and participates in local events.

Council encourages feedback and views this as an opportunity to improve our practices, efficiency and service delivery. Council also produces a bi-monthly newsletter which is delivered to every household in the municipality. This is used to promote the activities within the municipality, achievements of local volunteer organisations and

to provide regular opportunity for them to report to the community on activities within their group/club. A weekly Mayor's Message in the local newspaper also provides another avenue for Council decisions to be communicated to residents.

Council also has a strong social media presence with an informative website and Facebook page.

Advocating for our Community

An important role of Council is to advocate on behalf of its community to improve the economic, social and environmental wellbeing of the municipality. This is done at Federal, State, Regional and Local levels through participating in various forums and meetings.

Council submitted information on priority projects for the Municipality prior to the Federal Government election and to State Government representatives as it met with various Ministers throughout the year.

Council is also a member of the Local Government Association of Tasmania, Cradle Coast Authority and Dulverton Regional Landfill Authority.

How do we engage with our community?

Tools used by Council to engage with the community and encourage participation include:

Method	Description
Council's website www.latrobe.tas.gov.au	News updates, events, community consultation and major publications are uploaded to Council's website for the community to access.
Media releases	Regular media releases are written and distributed to local newspapers, radio stations and relevant community groups and included in the weekly <i>Coast to Coast</i> section of The Advocate and can be found on our website.
Advertisements	Council advertises community engagement activities in the local newspaper.
Newsletters	Council produces <i>Council Coast and Country News and Views</i> bi-monthly.
Community noticeboards	Council has a number of Community Noticeboards distributed around the municipality providing information for residents and visitors.
Community meetings/forums	Formal community meetings are held.
Social media	Council has a Facebook page.
Consultation with existing groups	Small meetings are held with affected community groups.
Community surveys	Survey provided to community members for feedback.



Planning and Accountability

It is important that Council has detailed plans in place to guide its decision making to achieve strategic and operational outcomes.

Council has a number of strategies, plans and policies in place that it reviews on a regular basis to ensure it is progressing forward and achieving goals. This also ensures accountability for Council, its councillors, managers and staff.

Statutory Requirements

The Local Government Act requires councils to prepare the following planning and reporting documents:

- A strategic plan
- A long-term financial management plan
- A long-term strategic asset management plan
- A budget for each financial year
- An annual report in respect of each financial year.

Our Strategic Plan

Our strategic plan *'Our Place, Our Plan'* articulates the direction of the municipality.

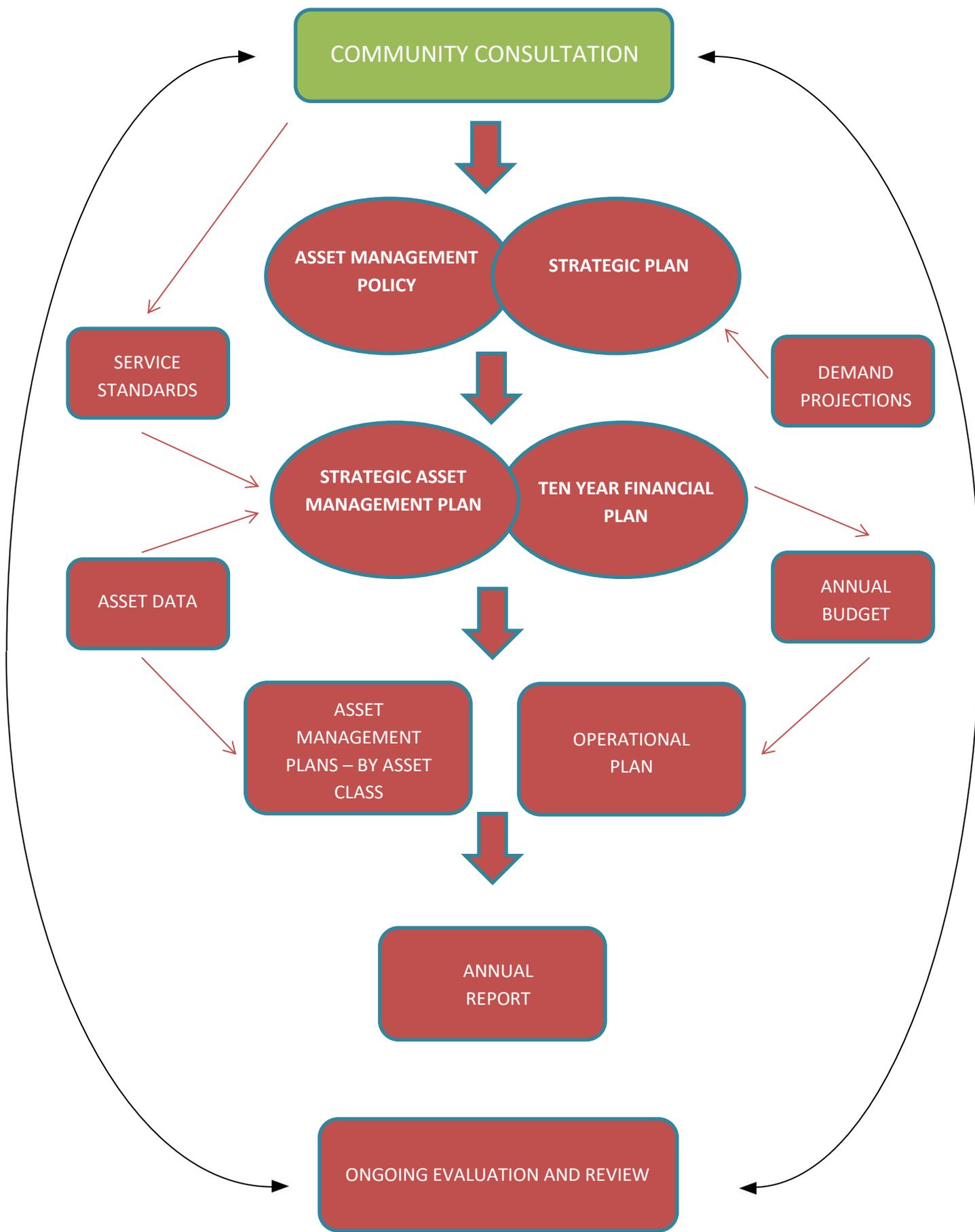
This framework highlights a diverse range of local issues that focus on key strategic initiatives and target dates. *'Our Place, Our Plan'* is inextricably linked with the Council's Annual Plan and budget and is regularly evaluated and revised.

How we measure our progress

Information in the following section provides details of our achievements and challenges in delivering the planned activities, programs and projects for the 2017/18 financial year, as well as our plans for the future ahead.

Council's Planning Process

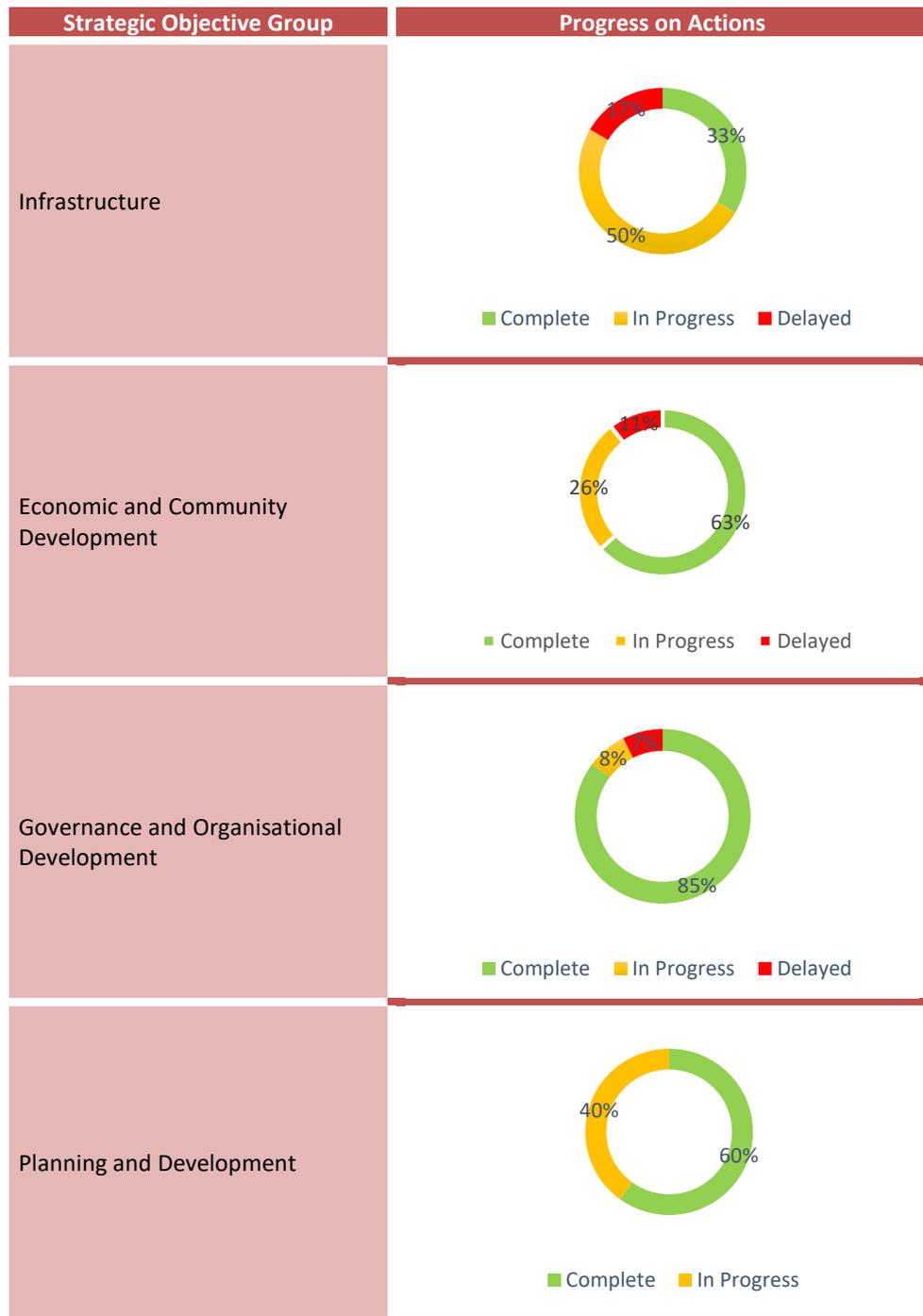
The following diagram shows the relationship between the key planning and reporting documents that make up the planning and accountability framework for local government. It also shows that there are opportunities for community and stakeholder input and feedback at each stage of the planning and reporting cycle.



OVERVIEW OF PERFORMANCE

The table below provides an ‘at a glance’ overview of Council’s performance against the 2017/18 Annual Plan.

Council’s 2017/18 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.

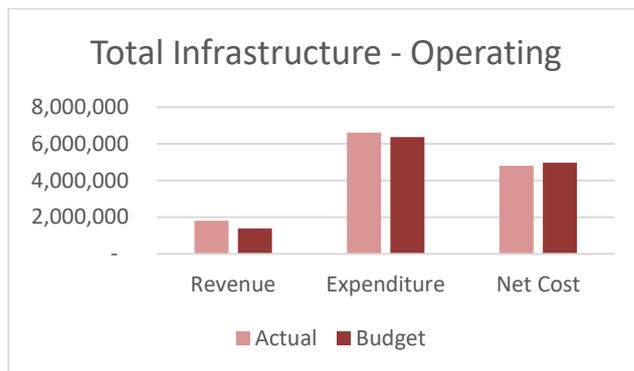


STRATEGIC OBJECTIVE ONE: Infrastructure

About this Objective

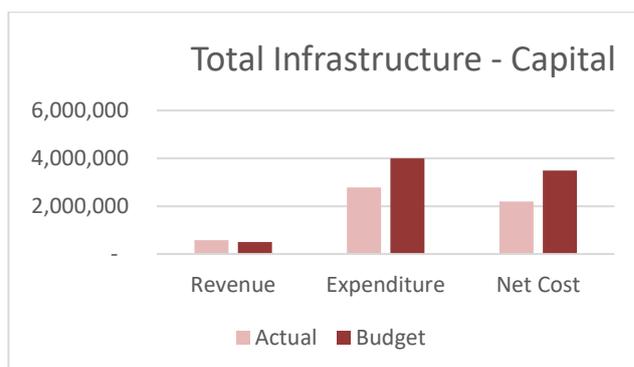
Our population growth is supported through public infrastructure, land use and development strategies that create a connected, sustainable and accessible community.

Performance against Budget



Financial Assistance funds for 2018/2019 were received in advance.

Depreciation expense for infrastructure assets was higher than budget estimates due to the revaluation of assets and changes to useful lives.

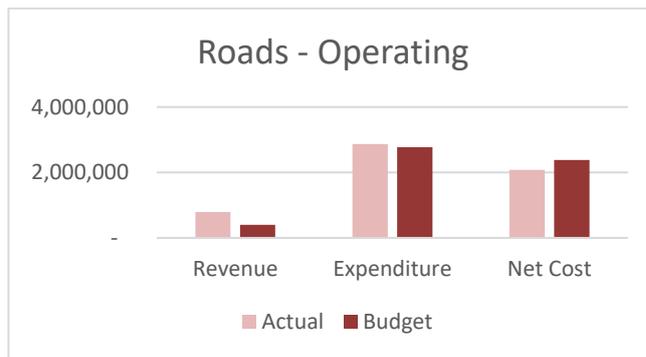


Significant capital expenditure variances are explained in the sections below for each classification of infrastructure spending.

ROADS

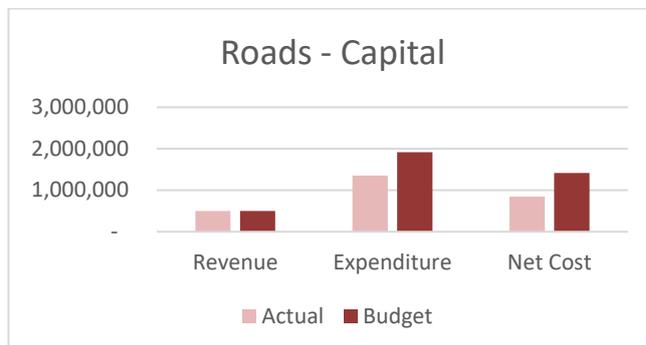
Objective To provide an appropriate, safe and well-maintained road network throughout the municipality

Performance against Budget



Financial Assistance funds for 2018/2019 were received in advance.

Depreciation expense for infrastructure assets was higher than budget estimates due to the revaluation of assets and changes to useful lives.



Significant capital expenditure savings were generated for materials and contracts required for projects, Victor Street/Kings Creek Bridge, Lewis/Benny/Hamilton Street kerb and channel and Shale Road Flood damage. In addition, significant labour cost savings were generated for the Lewis/Benny/Hamilton Street kerb and channel project. Victor Street – Replace kings Creek Bridge project is now part of the Latrobe Flood Mitigation Project and the Lewis/Benny/Hamilton Street kerb and channel project has been carried forward.

Performance against Strategic Plan

Completed ✓ In Progress > Delayed ✗

Strategy	Performance Measure	Result
Implement the Transport Services Asset Management Plan adopted in January 2012	Demonstrate responsible management of transport assets	✓
Lobby Governments for the continued upgrade of Port Sorell Main Road	Road upgraded	✗

Strategy	Performance Measure	Result
Prepare a traffic management plan for Gilbert Street (including heavy vehicle usage)	Plan endorsed	>
Provision of further off-street car parking areas adjacent to commercial districts	Car parking developed	X
Maintain a policy of free parking within the Municipality	Free parking	✓
Lobby Governments to assist with providing an improved access off National Highway to Council Depot	Access Improved	>
Incorporate shared pathways including for mobility scooters where feasible	Shared pathways constructed	✓
Participate in State Government DIER initiatives including the Community Road Safety Partnership Kentish Latrobe (CRSP-KLa) and Latrobe Traffic Committee meetings	Road safety initiatives implemented	>

Initiative	Comments	Result
Further integrate the sharing of equipment and other resources into the normal operating practices of Kentish and Latrobe Council workforces	Ongoing	>
Assess applications received from the National Heavy Vehicle Regulator with the aim to reduce heavy vehicle movements on Council roads without jeopardising public safety or asset life	Ongoing but up to date.	✓
Bridge replacement – Victor Street over Kings Creek, Latrobe	On hold due to flood study implications.	X
Construct kerb & channel – Joyce Street, Hawley Beach (Taroona to Sankey)	Nearing completion.	>
Demolish 6 Lewis Street, Latrobe and extend Council Chambers capark	Complete	✓

Additional Initiatives

- Provided input and feedback in relation to State Government upgrades to the Gilbert Street junction and the Bass highway near Wattle Hill.
- Participated in a Department of State Growth workshop to consider long term access from the Bass Highway into Latrobe.

Key Challenges

- Consider feedback and possible changes to traffic management in and around the Alexander Street / Poyston Drive area.
- An ongoing and increasing expectation to manage poor driver behaviour rather than infrastructure.

Projects Carried Forward

- Kerb installations in and around the Hamilton St, Lewis St and Benny St are of Latrobe commenced during the 2017/18 financial year and are continuing into the 2018/19 financial year.

Plans for the next 12 months

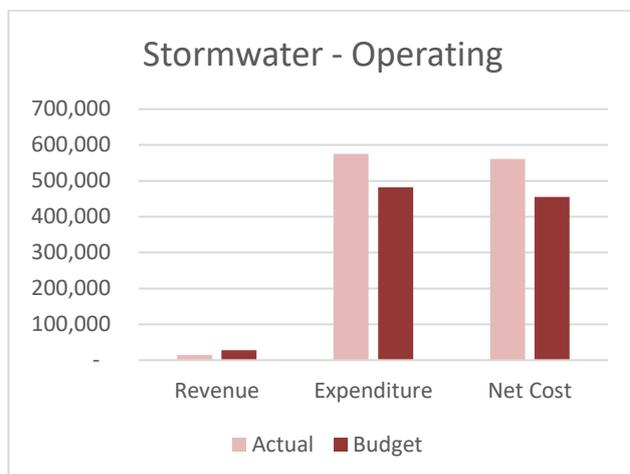
- Further integrate the sharing of equipment and other resources into the normal operating practices of Kentish and Latrobe Council workforces.
- Prepare a design plan for the future installation of a roundabout at the junction of Hamilton St and Gilbert St in Latrobe and consideration of possible changes along Alexander St.



STORMWATER

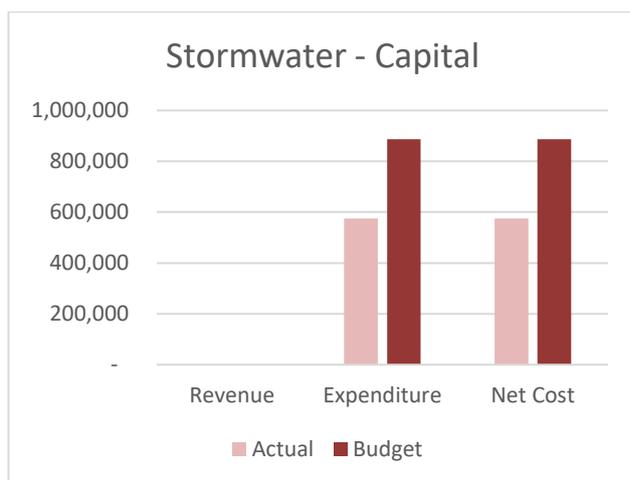
Objective To develop and improve system for stormwater reticulation and disposal

Performance against budget



Revenue is slightly lower as a flood mitigation grant has not been received however reimbursement income is higher.

Expenditure is higher than budget estimates due to additional expenditure on flood mitigation advice, creek cleaning flood mitigation works, and the cost of stormwater assets written off because they were replaced.



Projects carried forward including, Shearwater Boulevard subsoil drainage project and Port Sorell Golf Club drainage improvements.

Performance against Strategic Plan

Completed ✓ In Progress > Delayed ✗

Strategy	Performance Measure	Result
Implement the actions from the Stormwater Management Strategy for the Port Sorell Area	Recommendations implemented	>
Upgrade and extend the Latrobe stormwater reticulation system in consultation with TasWater and agreed priority areas	System improved	>

Strategy	Performance Measure	Result
Develop a policy to improve the open drains and creeks in the Latrobe Township as opportunities present	Policy adopted	X

Initiative	Comments	Result
Continue to develop a stormwater model for Latrobe township	Continuing	>
Use the stormwater model developed for Port Sorell to inform decisions in relation to development, future budgeting and operational tasks	Continuing to be used	>
Port Sorell Golf Club drainage improvements	Meetings held with representatives and budget allocation made of 2018/19	>
Kings Creek – Construct retaining walls Kings Park to Sheean Walk	Completed. Additional sections identified.	✓
Shearwater Park – Stormwater outfall	Reassessed and only minor works undertaken.	✓

Additional Initiatives

- The Latrobe flood study was progressed with consultants and report received during 2017/18. Option D identified as preferred. Option D consists of flood barriers up to 2.0m high along Kobie Lane, behind houses at 20-42 Gilbert Street and downstream the Mersey River Bridge including along Gilbert Street and River Road; enlargement of Victor Street Bridge opening and provision of water impermeable handrails; flood barriers up to approximately 1.0m high along the left and right Kings Creek banks upstream of Victor Street to Kings Park; Kings Creek embankment stabilisation and flow enhancement from Sheehan Walk to Gilbert Street; and several emergency spillways and/or fuse plugs along the Kings Creek levee and Kobie Lane levee.
- Continued to ensure the inclusion of on-site detention storage at development sites with large impervious areas located in the upper end of the catchment.

Key Challenges

- Changing expectations.
- Rate of development.
- Stormwater modelling.

Projects Carried Forward

- Port Sorell golf course outfall duplication. Pipes on order and discussions held with those impacted by the project.
- Shearwater Boulevard subsoil drainage.

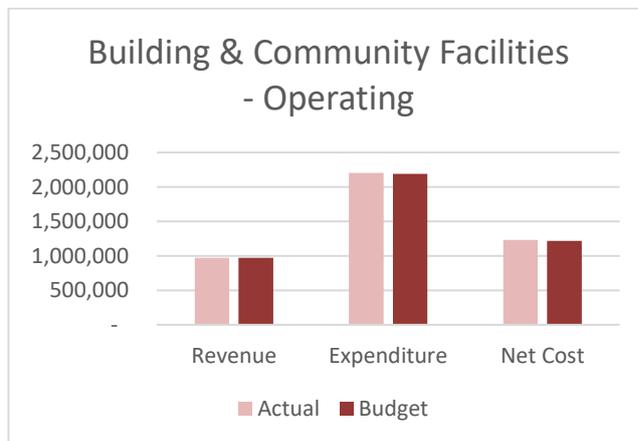
Plans for the next 12 months

- Finalise the stormwater model for Latrobe township.
- Continue to use the stormwater model developed for Port Sorell to inform decisions in relation to development, future budgeting and operational tasks.

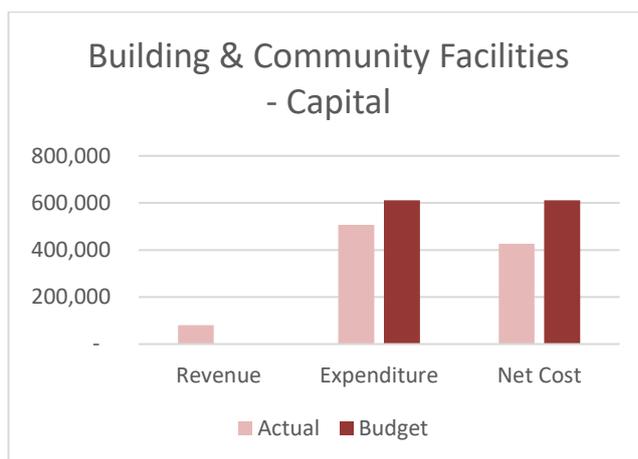
BUILDINGS AND COMMUNITY FACILITIES

Objective To ensure Council owned building are maintained to a safe and functional standard and meet community needs

Performance against budget



Revenue and expenditure are both closely aligned to budget estimates with no major variances.



Projects carried forward including Latrobe Recreation Ground electrical wiring, Perkins Park lighting and drainage, Axeman's Hall of Fame Museum Refurbishment.

Performance against Strategic Plan

Completed ✓ In Progress > Delayed ✗

Strategy	Performance Measure	Result
Review the Building Services Asset Management Plan – June, 2017	Review completed bi-annually	>
Secure ownership of the Camp Banksia site	Ownership secured	✓

Initiative	Comments	Result
A commissioned report "Camp Banksia-Future Direction" reviewing issues and opportunities associated with Camp Banksia and the site on which it is situated will be considered by Council. The report will inform Council's long term decision making for the site.	Report completed and currently open for public comment. Meeting to be held in Port Sorell to discuss the outcomes of the report	>
Actively manage Council facilities including maximising usage at a justifiable cost to Council and a fair cost to users.	Buildings asset management plan reviewed and a number of facility management plans updated.	✓
Axemans Hall of Fame band room conversion	Project cancelled after acoustic engineer's report indicated it would be too cost prohibitive to guarantee noise separation.	✗
Axemans Hall of Fame revitalisation of museum	Stage 1 (rear state room) completed. Stage 2 (legends room and entrance) in progress	>
Regional Arts and Community Centre building upgrades	Revitalised gallery and Arts Hub completed with funding assistance from the Tasmania Community Fund. Included the transfer of operations of the Latrobe Visitors Information Centre	✓
Faulkner Drive leasehold improvements	Building refurbishment completed	✓

Additional Initiatives

- Latrobe Recreation Area Development Plan revised to incorporate upsurge of female participation rates in cricket and football.
- Port Sorell Caravan Park strategic plan.
- Bosworth Park playground construction.

Key Challenges

- Providing suitable and cost-effective facilities to meet the needs of the community.
- Maintaining facilities to agreed levels of service and affordable hire rates.

Projects Carried Forward

- Axemans Hall of Fame Museum Stage 2 & 3
- Axemans Hall of Fame gardening and lighting (on hold awaiting outcome of flood study).

Plans for the next 12 months

- Consider a commissioned report "Camp Banksia-Future Direction" reviewing issues and opportunities associated with Camp Banksia and the site on which it is situated will be considered by Council. The report will inform Council's long-term decision making for the site.

- Replace external cladding of grandstands at Latrobe Recreation Ground.
- Perkins Park drainage and lighting upgrade.
- Design a multipurpose sporting facility at Perkins Park.
- Port Sorell Caravan Park facility upgrades.



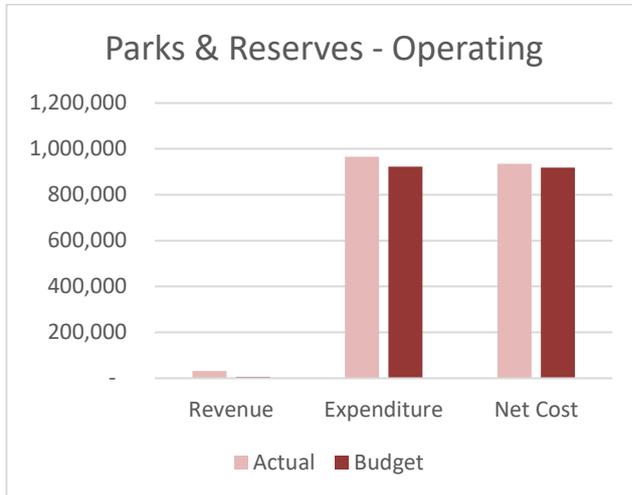
Axemens Hall of Fame revitalisation of museum



PARKS AND RESERVES

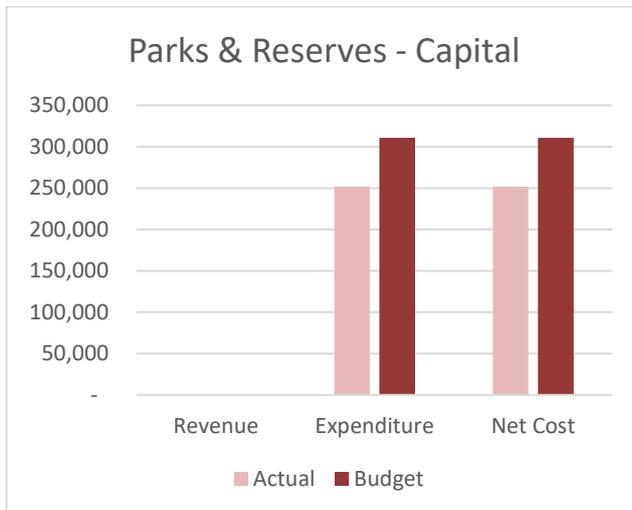
Objective To maintain our parks and reserves to an appropriate standard to enhance lifestyle

Performance against Budget



Revenue is higher than budget estimates due to contributions received for the Port Sorell Defence Memorial.

Expenditure is higher than budget estimates mainly due to a higher depreciation expense.



The significant reduction in capital expenditure relates to the carry forward of the Wild Mersey Mountain Bike Development.



Bosworth Park playground during construction

Performance against Strategic Plan

Completed ✓ In Progress > Delayed ✗

Strategy	Performance Measure	Result
Review the Parks and Reserves – Land Improvements Asset Management Plan	Review completed bi-annually	>
Finalise the Kings Park Redevelopment Plan	Plan approved	>
Continue implementation of the Bells Parade Development Plan	Plan implemented	>
Review the Shearwater Park Development Plan 2010	Plan reviewed and projects completed	>
Review the Latrobe Recreation Area Development Plan 2011	Plan reviewed and projects completed	✓

Initiative	Comments	Result
Develop precinct plans and implement a full park service to reduce site attendance, improve service delivery and the park user experience.	In Progress with new Operations Department structure, new Parks and Reserves team Leader and new Operations Manager.	>
Bosworth Park playground construction.	Playground complete. Parking and fencing to be completed.	>
Latrobe Cemetery retaining wall on the corner of Percival & Gilbert Streets.	Wall complete and top of wall planted out.	✓

Key Challenges

- Transitioning from the 'old' way of working to providing a full park service and the equipment and programming necessary to do this in an efficient way.
- New staff into this area have a steep learning curve.

Projects Carried Forward

- The carpark and fencing at the Bosworth Park playground were carried forward into 2018/19.
- Completion of internal revitalisation and garden works at the Australian Axemans Hall of fame.

Plans for the next 12 months

- Review service level documents, giving consideration to precinct plans and extending the scope of work undertaken when on site.
- Progress priorities identified through the review of the Latrobe Recreation Area Development Plan 2011.
- Progress the construction of BBQ facilities near the playground in Shearwater Park in conjunction with service groups.

STRATEGIC OBJECTIVE TWO: Economic and Community Development

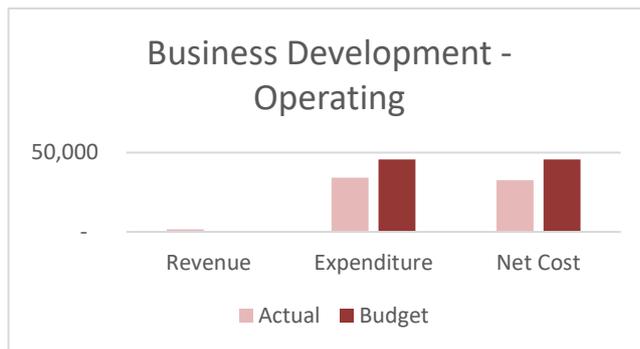
About this Objective

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 Latrobe area a special place to live by fostering community pride and involvement.

BUSINESS DEVELOPMENT

Objective To identify, promote and support economic development opportunities in the Latrobe Council area

Performance against budget



Expenditure is less than budget estimates due to land tax, legal fees and labour hire for Kentish employees engaged in economic development for Latrobe Council being less than anticipated.

Performance against Strategic Plan

Strategy	Performance Measure	Result
Actively promote the Municipality as an ideal location to conduct business and commerce	Increased business numbers	Completed ✓
Support and assist potential and existing developers in identifying and managing opportunities for business growth and development	Support provided	Completed ✓
Support the diversification of industries within the municipality to reduce reliance on major industry	Support provided	Completed ✓
Prepare an economic development plan.	Plan prepared	Completed ✓
Prepare an economic profile of the Latrobe Council area	Profile prepared	In Progress >

Strategy	Performance Measure	Result
Encourage the 'Wesley Vale Paper Mill Site' as a Light Industrial Hub	Industrial Hub established	✓

Initiative	Comments	Result
Provide support to newly established Latrobe Business Network Group and Shearwater Village Business Group.		✓

Additional Initiatives

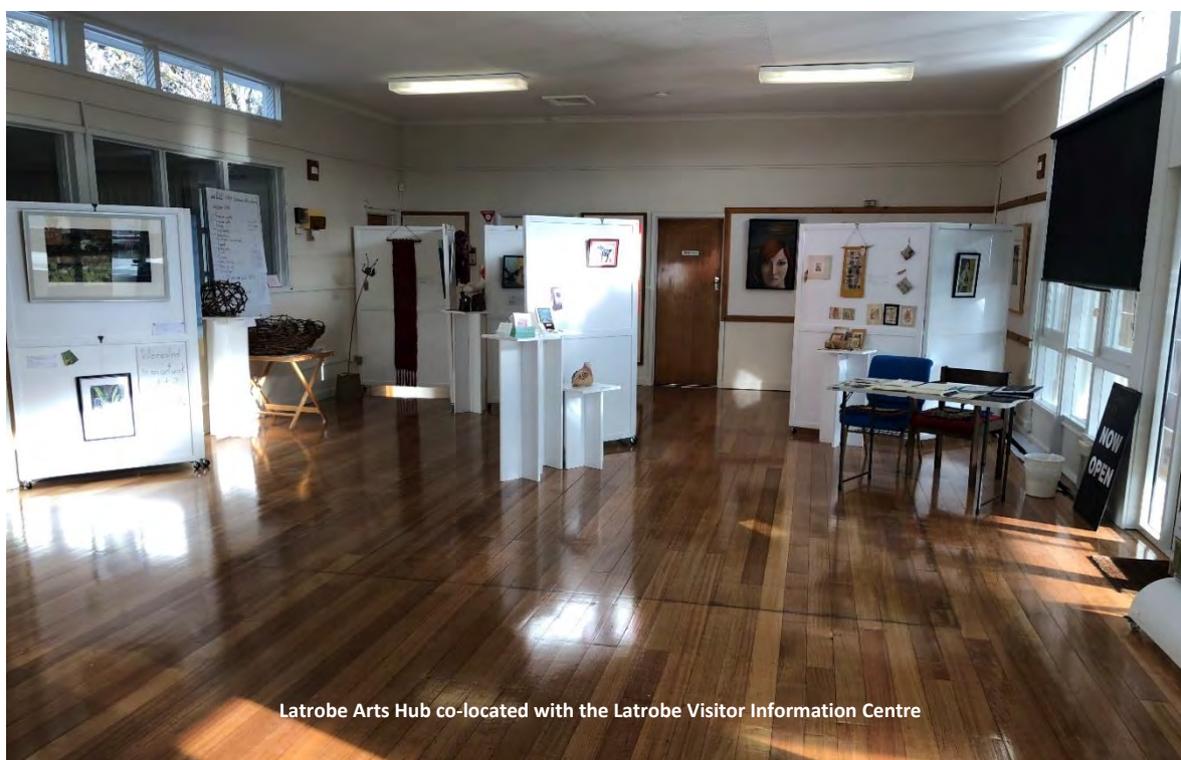
- Latrobe Municipality hosted a wide range of the events in the biennial Australian Masters Games held across North West Tasmania in October 2017.
- Support for the establishment of the Latrobe Arts Hub at the rear of the Memorial Hall.
- Support for the bid for the Qantas pilot training centre to be situated at Devonport Airport.

Key Challenges

- Lack of timely communication from Masters Games organisers to Council regarding information requirements impacted staff time considerably.
- Extra studies required before approval of the Wild Mersey Mountain Bike Trail could be given, lengthened the process.

Plans for the next 12 months

- Work with local businesses and organisations, plus state and regional stakeholders, to develop a diverse and robust local economy.
- Completion of economic profile for Latrobe Municipality.
- Development of website and marketing plan for Wild Mersey mountain bike trails.

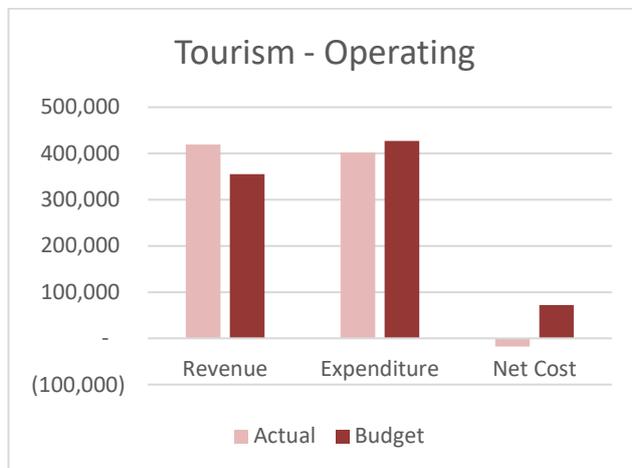


Latrobe Arts Hub co-located with the Latrobe Visitor Information Centre

TOURISM

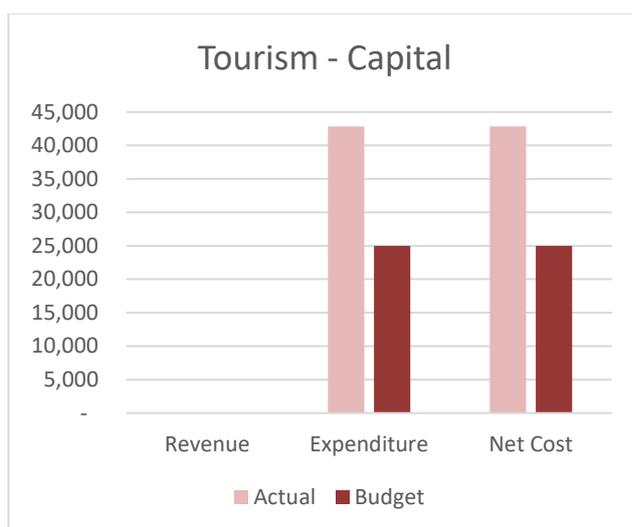
Objective To promote, develop and support tourism

Performance against Budget



Revenue is higher due to Port Sorell Caravan Park fees being higher than expected when the original budget estimates were prepared.

Expenditure was less due to lower than budget estimate spending on Port Sorell Caravan Park repairs and maintenance, marketing and promotion and VIC stock purchases, this was partially offset by higher spending on consultancy advice for the PSCP.



Additional expenditure required on the Port Sorell Caravan Park extension project and the Port Sorell Caravan Park power and water project.

Performance against Strategic Plan

Completed ✓ In Progress > Delayed ✗

Strategy	Performance Measure	Result
Actively participate on the Cradle Coast Authority Regional Tourism Association	Regular Participation	✓
Work in partnership with business operators to increase viability of Visitor Information services	Improved viability	✓
Review visitor information needs at Port Sorell including development of Council owned property at Port Sorell Main Road.	Review completed	✗
Review overnight self-contained camping areas within the Council area	Review completed	✗

Initiative	Comments	Result
Review of visitor information services to determine an alternative suitable location.		✓
Work with Latrobe tourism operators and organisations, plus state and regional tourism stakeholders, to develop a diverse and robust tourism industry through product development, industry development, marketing and lobbying.		✓
Wild Mersey Mountain Bike Development – implementation of the master plan for mountain bike trails in Warrawee Reserve including the construction of a flying fox over the Mersey River.		✓

Additional Initiatives

- ‘This is Cradle Country’ promotion and marketing campaign via direct advertising at Launceston and Hobart airports, on The Spirit of Tasmania and at Port of Melbourne and through a brochure (with map) also available at these places and at Visitor Information Centres statewide.
- Establishment of the new Latrobe Visitor Information Centre in same building as Latrobe Arts Hub.
- Wild Mersey Mountain Bike Trail branding and facebook page established.
- Latrobe Municipality Destination Action Plan (DAP) workshop process and finalisation.

Key Challenges

- Completion of Latrobe DAP delayed due to businesses’ commitments.
- Delays to committed funding of the Wild Mersey Mountain Bike Trails.

Projects Carried Forward

- Establishment of Implementation Leadership Group for the Latrobe Municipality Destination Action Plan.

Plans for the next 12 months

- Work with Latrobe tourism operators and organisations, plus state and regional tourism stakeholders, to develop a diverse and robust tourism industry through product development, industry development, marketing and lobbying.
- Support for, and cooperation with, the Implementation Leadership Group around identified objectives in the Latrobe Municipality DAP.
- Work with the Cradle Coast Authority on the establishment of a new trail/touring route for the North West in line with the Great Eastern Drive and Western Wilds journeys.
- Promote and market the Wild Mersey Mountain Bike trails.

CULTURE, FESTIVALS AND EVENTS

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

Performance against Annual Budget



Revenue was higher than budget estimates due to a grant received from the Department of Premier & Cabinet and Chocolate Winterfest revenue also being higher.

Expenditure is less than budget estimates due to materials and contracts for ANZAC Day and The Arts Competition and overhead allocations being less than budget estimates.

Performance against Strategic Plan

Completed ✓ In Progress > Delayed ✗

Strategy	Performance Measure	Result
Work with relevant groups to increase awareness of local arts, history and culture	Increased awareness and participation	>
Maintain, foster, promote and continue to improve a calendar of events that encourages community involvement and increased visitor numbers concentrating on Chocolate Winterfest, Henley on Mersey and Port Sorell Regatta	Increased participation	>

Initiative	Comments	Result
Market by the Beach	The Port Sorell Regatta was transferred to the Port Sorell Surf Life Saving Club some years ago and has since been wound up totally and replaced with the popular Market by the Beach activity, held over 4 weeks from December to January. Council provided seed funding for the Markets which achieved self-sustainability in the 2017-18 season.	✓ Council continues to be involved in the event approval phase only.
Contribution towards Australian Masters Games held on the north west coast in October, 2017.	A successful event was held with Latrobe Council providing significant funding to the overall event in return for inclusion of local venues. The Latrobe Croquet Club, Banksia Centre and shooting facilities at Sassafra were all involved.	✓
Support for ANZAC Day celebrations.	Support continues for the Latrobe and Port Sorell Dawn Services. Latrobe Council	✓

Initiative	Comments	Result
	coordinates the mid-morning Citizens Commemorative Service in Latrobe.	
Support the organisation and promotion of Henley-on-Mersey event held on Australia Day.	This event continues to be a partnership between the Lions Club of Latrobe, Rotary Club of Latrobe and Latrobe Council. Council's Community Development Officer supports with promotion and coordinating Council's regulatory event compliance approval. Latrobe's Operations team support with traffic management implementation and labour assistance on the day. Greens Spaces are heavily involved with site preparation prior to this event	✓
Continue to support Latrobe businesses in the development of Chocolate Winterfest, Latrobe as a major event for the Latrobe municipality.	This is a major event on the Tasmanian calendar, not just for Latrobe, providing a significant economic boost to local retailers. Events continue to evolve with some dropping off and others coming on board. Council's role is to promote the overarching festival with event coordinators responsible for their own promotion and staging under the umbrella of Chocolate Winterfest, Latrobe.	✓

Additional Initiatives

- Supported the inaugural staging of Shearwater Mulled Wine in May. This event received seed funding through Council's Arts, Culture and Festivals Sponsorship and was significantly guided through the event management process by Council's Community Development Officer.
- The inaugural Eats and Beats event, coordinated by the Latrobe Business Network, was supported by Council with advice and ensuring relevant regulatory compliance.

Key Challenges

- Latrobe businesses involvement in coordinating events is solely related to Eats and Beats (March) and Latrobe Businesses on Parade (November). Involvement with Chocolate Winterfest, Latrobe, while acknowledged as a festival that draws in significant income to retailers, remains an ongoing challenge with the perception that local business will benefit regardless. There is greater uptake on activity provision by community groups and non-retailers.

Plans for the next 12 months

- Ongoing support for ANZAC Day, Henley-on-Mersey and Chocolate Winterfest, Latrobe.
- Provide ongoing coordination of Council's event approval process for external events on Council land.

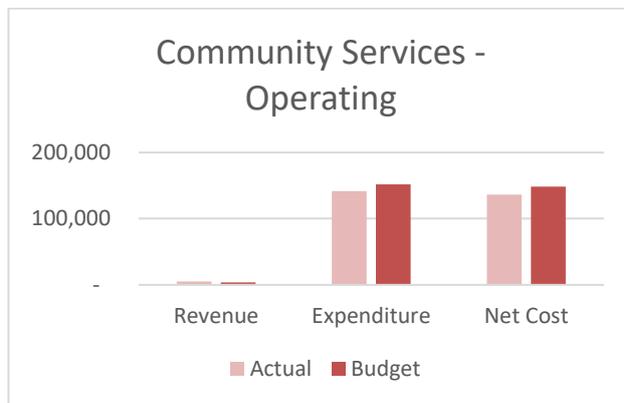


Market by the Beach Event © Joanne Coates

COMMUNITY FACILITIES/ SERVICES

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

Performance against Budget



Expenditure is less than budget estimates mainly due to materials expenditure for the Youth Worker services being less than estimated.

Performance against Strategic Plan

Completed ✓ In Progress > Delayed ✗

Strategy	Performance Measure	Result
Continue to improve community facilities at Port Sorell to meet needs of increased population	Facilities improved	>
Continue to improve walkways and bikeways within the Council area	Walkways and bikeways improved	>
Encourage Volunteers through the recognition and celebration of their valuable contribution	Volunteerism promoted and recognised	✓
Establishment of a Youth Council	Youth Council established	✓

Initiative	Comments	Result
Support the activities of the newly formed Youth Council.		>

Additional Initiatives

- Coordinate participation on the Tasmanian Local Government Youth Conference.
- Coordinate Y11-12 Bursary.

Key Challenges

- There has been a significant decline on the Latrobe Youth Council due to the workload of the age group that comprises of its membership and relocations for further study outside the Latrobe Municipality. This was always going to be an issue which was hopefully countered by the extension of the aged group from 25 to 30.

Plans for the next 12 months

- Liaise with community art group and Latrobe Operations with incorporation of artistic values in footpath construction in key locations i.e. Port Sorell foreshore.
- Guide and support the Latrobe Youth Council in activities relating to their Terms of Reference.
- Award Y11-12 Bursary.
- Encourage participation in the Tasmanian Local Government Youth Conference.



STRATEGIC OBJECTIVE THREE: Governance and Organisational Development

About this Objective

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

ADVOCACY AND LEADERSHIP

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

Performance against Strategic Plan

Completed ✓ In Progress > Delayed ✗

Strategy	Performance Measure	Result
Engage with State, Regional and Local Government bodies	Relationships established	✓
Develop and implement the Emergency Management Plan	Plan implemented	✓
Support the retention and upgrading of the Mersey Regional Hospital	Hospital retained and upgraded	✓
Support the retention, upgrading and increased flights to Devonport Airport	Airport retained and flights increased	✓
Support the extension of reticulated gas to Latrobe and Port Sorell	Gas extended	✗
Support the rollout of the National Broadband Network to the Council area	Broadband network rollout completed	✓
Advocate and promote the provision of a range of high quality education and life-long learning opportunities in the municipality	Quality education provided	✓
Prepare and submit a list of Council and Community projects to Political parties as part of Federal and State Government election campaigns	Priority list submitted for each election	✓
Lobby Governments to upgrade the Devonport to Launceston section of the Bass Highway	Highway upgraded	✗
Seek to expand the range of medical and family services available within the municipality	Expanded services maintained	✓

Additional Initiatives

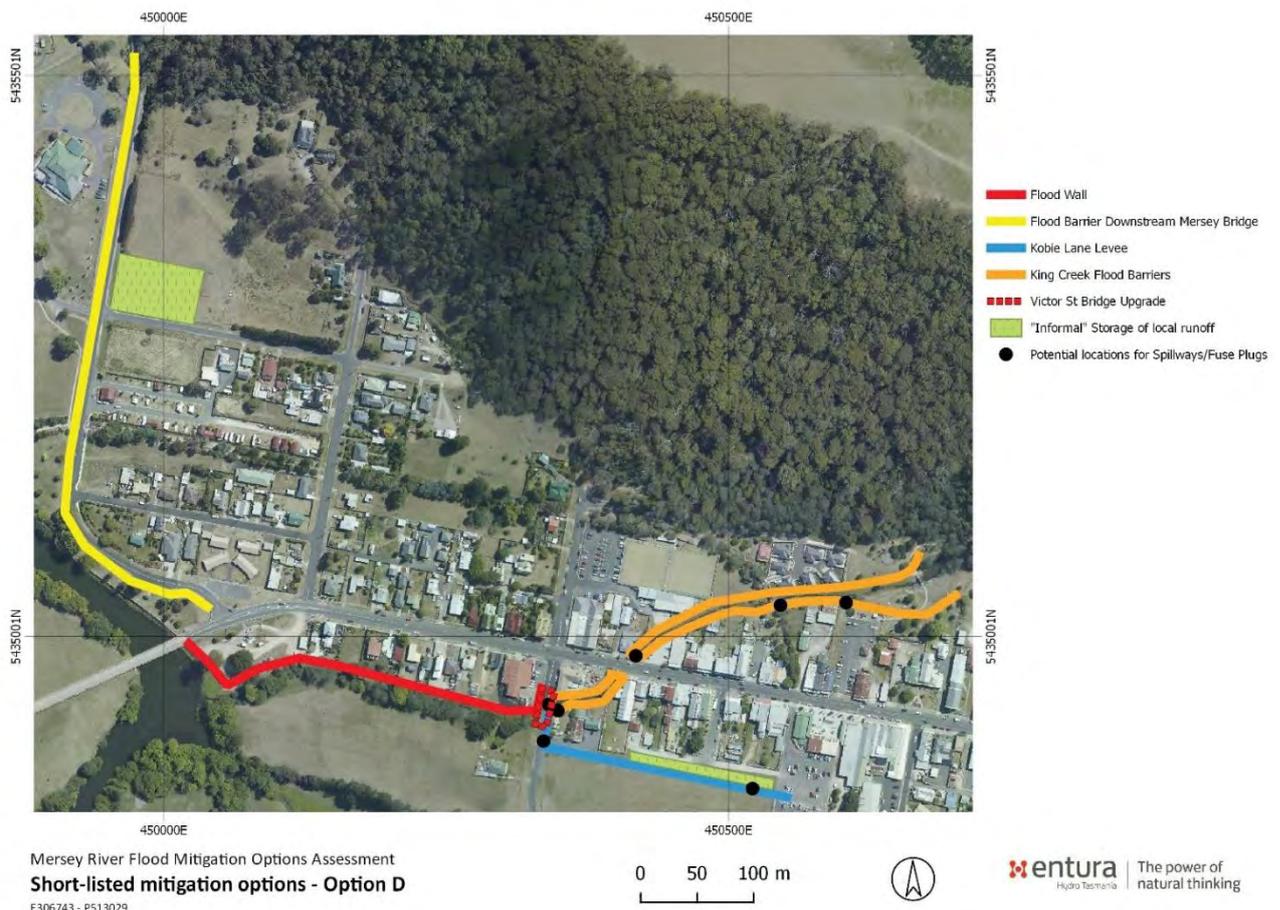
- Council concentrated significant advocacy efforts towards obtaining funding for flood mitigation in Latrobe. After the end of the financial year, Council subsequently received commitments from the Federal Government of \$3.4 million and \$1 million from the State Government towards proposed works to minimise flood risks for Latrobe.
- During the year, Council also undertook the following advocacy activities:
 - Wrote to the State Minister for Health regarding closure of Child Health Clinics in the townships of Latrobe and Port Sorell
 - Wrote to the Premier seeking consideration of funding for Performing Arts facilities and infrastructure at Port Sorell's Banksia Centre (March 2018)
 - Wrote to the Minister for Primary Industries and Water (on behalf of the Mersey Leven Emergency Management Group) expressing concern in relation to Fruit Fly issues (April and June 2018)
 - Wrote to the Deputy Premier Rockliff and Senator Richard Colbeck seeking financial support to flood protect Latrobe as identified through the "*Minimising Flood Risk in Latrobe*" report prepared for Council by Entura – Hydro Tasmania (June 2018).

Key Challenges

- Rehabilitation of former landfill sites is a State-wide issue and is particularly an issue for Port Sorell with the former landfill site close to newly developed commercial and residential areas. Ongoing testing together with rehabilitation treatments will be expensive and it now appears that Council's current financial provision for landfill rehabilitation of \$3.3 million may not be adequate.

Plans for the next 12 months

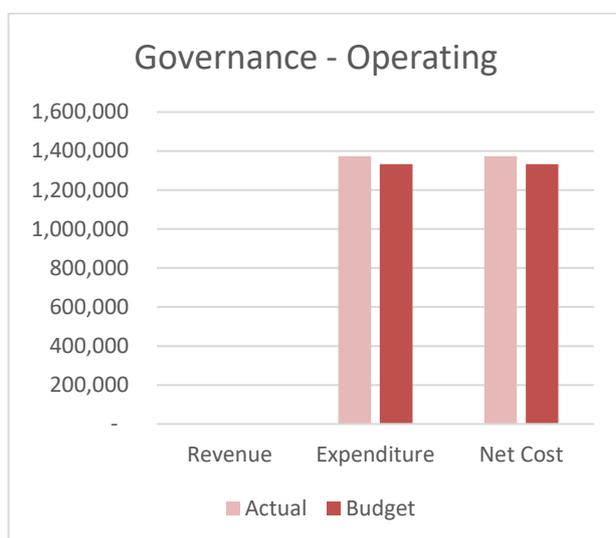
- Council will seek assistance from the State Government to fund testing and rehabilitation of the former Port Sorell Landfill site.



GOVERNANCE

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

Performance against Budget



Expenditure is slightly over budget mainly due to payments made to the Cradle Coast Authority for projects coordinated by them and expenditure on consultants.

Performance against Strategic Plan

Completed ✓ In Progress > Delayed ✗

Strategy	Performance Measure	Result
Promote the professional development of elected members	Training provided	✓
Promote awareness of Council's Code of Conduct to elected members	Code of Conduct complaints limited	✓
Participate in relevant State and regional initiatives and partnership agreements	Council participation	✓
Utilise the Annual Report and Annual General Meeting to promote achievements of the council	Achievements promoted	✓
Examine specific service delivery options between Council and other providers	Options examined	✓
Promote resource sharing as an alternative to amalgamation with other Councils	Resource sharing implemented where appropriate	✓
Communicate the Council's decisions, policies and activities and the reasons behind them, through the Council's website and publications	Decisions and activities communicated	✓

Initiative	Comments	Result
Continue to participate with North West Councils in a detailed study of the potential opportunities for shared services between the Councils	Participated mainly by sharing information. Priority has been given to further developing the current resource-sharing arrangements with Kentish Council	>
Expand and embed resource sharing with Kentish Council so that it underpins all of the service delivery activities of Council to maximise cost saving opportunities	Sharing of operations staff, plant and common processes increased following restructure of operations workforce. Inside staff restructure complete and work on common systems and processes has begun.	>
Implement common enterprise software with Kentish Council • Stage 1 – Upgrade IT software • Stage 2 – IT software integration and implementation	Engaged Technology One to implement a common IT system across Latrobe and Kentish Councils. Begun process of planning implementation of cloud hosted web-based IT solution.	>
Implement Common Document management system	Upgraded Kentish Council document management system and migrated to the cloud as a common system for Latrobe and Kentish Councils. Training in and improvement of common document management system is ongoing.	>
Replace desktops, monitors and laptops	Equipment replaced	✓
Replace photocopiers	Equipment replaced	✓

Key Challenges

- To continue to engage with the community and ensure the services provided by Council meet the needs of the community and are provided efficiently and cost-effectively.

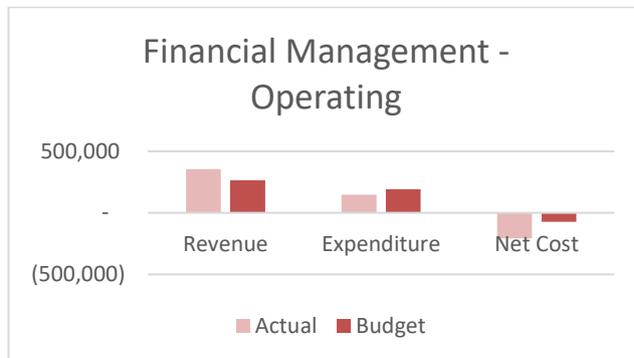
Plans for the next 12 months

- Continue to consider opportunities for resource sharing and shared services arrangements with North West Councils.
- Continue to expand and embed resource sharing with Kentish 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.
- 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.

FINANCIAL MANAGEMENT

Objective To secure the long term financial viability of the municipality

Performance against Budget



Revenue is greater than budget estimates due to additional interest received.

Expenditure is less than budget estimates mainly due to the allowance for debts not expected to be collected being less than was required.

Performance against Strategic Plan

Completed ✓ In Progress > Delayed ✗

Strategy	Performance Measure	Result
To achieve an underlying surplus over the medium to long term	Underlying surplus achieved	✓
To maintain fair and equitable rating levels	Benchmark to other councils	✓
Develop and annually review a financial strategy outlining how Council intends to meet the financial requirements of its Asset Management Plans and other strategic plans	Strategy developed and reviewed	✓
Review the ten-year financial plan each year	Plan reviewed	✓

Key Challenges

- In addition to maintaining the current stock of community assets, there are, a number of significant projects in the pipeline for Council to consider funding options for, such as rehabilitation of the former landfill site at the Port Sorell Waste Transfer Station site, and participation in the Coastal Pathways Project.
- As always, the challenge for Council will be to determine which proposed project for new and upgraded assets can be accommodated within Council's long term financial plan while still meeting Council's financial management objectives including an underlying surplus and fair and equitable rating levels as mentioned above.

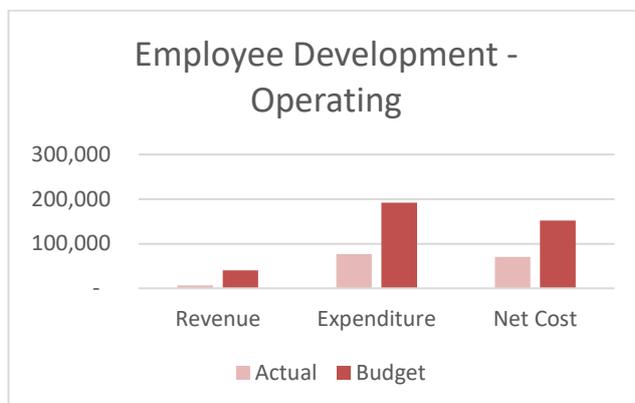
Plans for the next 12 months

- Continue to align Council's long term financial plan with its asset management plans.

EMPLOYEE DEVELOPMENT

Objective To develop skilled, experienced, motivated and accountable staff

Performance against Budget



Revenue is less than budget due to reimbursements for staff recruitment costs being less than budget estimates.

Expenditure is less than budget due to reduced employee benefits costs for the human resources officers position and reduced human resources consultancy costs.

Performance against Strategic Plan

Completed ✓ In Progress > Delayed ✗

Strategy	Performance Measure	Result
Provide and maintain adequate staff and resource levels to meet changing needs	Organisation structure that reflects the strategic plan	✓
Identify and provide appropriate training and encourage development of all employees	Training plan completed	>
Develop and review staff policies	Policies reviewed	>
Retain an in-house skills base to overcome the issue of succession planning and skill shortages	Council's functions not compromised	✓
Encourage commitment to Council's customer service charter	Number of customer complaints	✓

Initiative	Comments	Result
Employ a resource shared Human Resources Officer on 50/50 basis with Kentish Council	Human Resource Officer was appointed but since resigned to pursue other opportunities. Council is currently recruiting a replacement HR professional.	>
Develop and begin implementation of a workforce development plan	Developed plan and progressed implementation including leadership capability assessment and development of draft succession planning framework	>

Initiative	Comments	Result
Complete a leadership development program for senior management	Initial leadership development program completed including skills to lead change, identify current culture and develop a cultural development plan	>
Employ a resource shared Human Resources Officer on 50/50 basis with Kentish Council	Human Resource Officer was appointed but since resigned to pursue other opportunities. Council is currently recruiting a replacement HR professional.	>

Key Challenges

- A restructure of Council's inside staff began in the 2017/18 financial year and was finalised early in the 2018/19 financial year. The process involved extensive consultation with staff with the aim of a common staff structure for Latrobe and Kentish Councils to support the Councils' objective to be customer centric organisations with a high percentage of customer enquiries dealt with on a once-and-done basis.

Plans for the next 12 months

- Develop, document and train staff in improved common business processes in line with the new staff structure and with a new IT system shared with Kentish Council.
- Employ a Strategic Planner as part of the implementation of the new organisational structure.
- Continue implementation of workforce development and succession plans.
- Continue leadership development program for senior management and team leaders.



Manager Infrastructure & Assets
Jonathan Magor

General Manager
Gerald Monson

Manager Customer & Business Services
Andrew Cock

Manager Operations
Jason Bellchambers

RISK MANAGEMENT

Objective To be actively committed to risk management

Activities



Revenue and expenditure are closely aligned to budget estimates with only minimal variance.

Performance against Strategic Plan

Completed ✓ In Progress > Delayed ✗

Strategy	Performance Measure	Result
Maintain and improve our risk management systems and culture	Compliance with relevant legislation and number of claims made.	✓

Initiative	Comments	Result
Replacement of SES 4x4 vehicle	Mersey SES to progress during 2018/19 after securing additional funding.	✗

Additional Initiatives

- Implemented online e-learning workplace health and safety training for staff.
- Initiated a regular WHS and wellness newsletter to staff.
- For a second straight year, Council won the Best Tasmanian Regional Council Campaigner Award, one of the 13 National Betty Awards which recognise commitment to the National Asbestos Awareness Month Campaign.

Key Challenges

- Continuing to engage Councils operations workforce in the use of safe work methods for high risk works.

Plans for the next 12 months

- Development and monitoring of Council's Risk Management Plan.
- Implement actions identified within 2018/19 Work Health and Safety Priority Plan.
- Test and refine Council's Business Continuity Plan.

STRATEGIC OBJECTIVE FOUR: Planning and Development

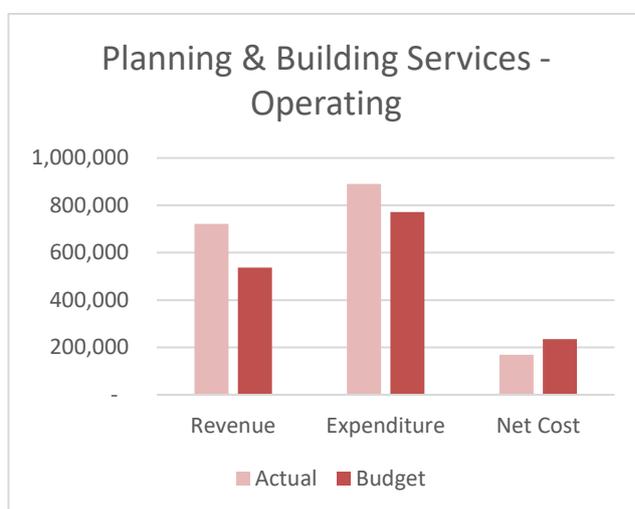
About this Objective

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

PLANNING AND BUILDING SERVICES

Objective To effectively manage land use planning and building

Performance against Budget



Revenue is higher due to planning, building and plumbing fees and charges being higher based on activity in addition labour hire fees charged for employees providing services to Kentish and West Coast Council are higher than the original budget estimates.

Expenditure is greater than budget due to building levy and building training levy being higher based on increased building activity and employee benefits costs being greater than estimated.

Performance against Strategic Plan

Completed ✓ In Progress > Delayed ✗

Strategy	Performance Measure	Result
To administer and update the Planning Scheme to manage development and land use	Preparation of the local planning provisions for the Tasmanian Planning Scheme	>
Enforce planning scheme and planning permit requirements	Monitoring of Compliance in accordance with the <i>Land Use Planning and Approvals Act 1993</i>	✓
Implement, where considered appropriate, the Port Sorell and Environs Strategic Plan 2008 including planning scheme amendments and vegetation management controls	Port Sorell and Environs Strategic Plan 2008 implemented for relevant properties and planning scheme amendments	✓

Strategy	Performance Measure	Result
Continue to promote community awareness of the Latrobe Heritage precinct	Provision of information to affected property owners and developers when required	✓
Meet Council's statutory building services requirements	Permits and certificates issued in a timely manner. Record keeping maintained as per statutory requirements Monitoring of compliance in accordance with the <i>Building Act 2016</i>	✓

Initiative	Comments	Result
Finalise the review of the Port Sorell Strategic Plan.		>
Finalise Latrobe Town Centre Enhancement Project.	Awaiting the flood study report, which will inform the outcomes of this project	✗
Develop a proposal for a bypass around the Latrobe industrial area (\$50,000)	Ongoing discussions with Department of State Growth in regard to their plans for the area Project brief prepared to initiate the project.	✗

Additional Initiatives

- Council also provides a planning service to West Coast Council.

Key Challenges

- Staff resources when unexpected leave is required (e.g. personal leave).
- Changes to the building and plumbing approval process following the Building Act 2016 coming into operation on 01 January 2017.
- Participation in the preparation of the local planning provisions for the Tasmanian Planning Scheme.

Projects Carried Forward

- Finalise the review of the Port Sorell Strategic Plan.
- Finalise Latrobe Town Centre Enhancement Project.

Plans for the next 12 months

- Undertake Latrobe Light Industrial Land Study.
- Finalise the local planning provisions for the Tasmania Planning Scheme.
- Assess the impact of the flood study report on the operation and future development of the Latrobe Town Centre.
- Development of an outline development plan for the Latrobe Industrial Estate.

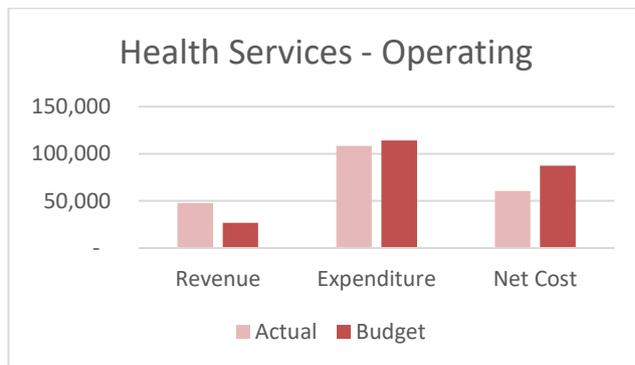
Building Statistics -	2016/17 No.	2017/18 No.	2016/17 Cost	2017/18 Cost
Dwelling Class 1	87	108	26,330,362	32,327,025
Dwelling Extensions	23	31	1,609,124	2,155,300
Outbuildings	52	48	2,803,009	1,685,065
Commercial/Industrial	15	19	5,736,300	21,426,741
Demolition		2		
Substantial compliance	10	5	131,490	187,000
Total Buildings	187	213	\$36,610,285	\$57,781,131

Development Application Statistics – 1/7/2017 – 30/6/2018	
Application Type	Total No. 220 (2015/16 – 205)
Houses:	
• General Residential Zone	71
• Rural Living/Environmental Living Zone	9
• Natural Resource Zone/Rural Resource Zone	8
Outbuildings (Buildings incidental to a Residence):	
• General Residential Zone (increase in statutory floor area)	38
• Rural Living/Environmental Living Zone	18
• Natural Resource Zone	7
Agricultural Sheds – Rural Resource Zone (floor area 100m ² plus)	4
Signage	1
Boundary Adjustments	1
Multiple Dwelling Development	15 (67 Units)
Subdivisions	16 (107 lots)
Commercial developments	10
Heritage Area works	-
Industrial development	1
Miscellaneous	16
Planning Scheme amendments	2
Visitor accommodation	3
Total:	220
Reduced Building Setbacks	69

HEALTH SERVICES

Objective To promote and maintain public health standards

Performance against budget



Revenue is higher due to the statutory fees being higher than the original budget estimates, based on activity.

Expenditure is less than budget estimates as employee benefits costs and labour hire for hired in services are less than estimated.

Performance against Strategic Plan

Completed ✓ In Progress > Delayed ✗

Strategy	Performance Measure	Result
Prepare a Latrobe Council Health Plan each year	Plan implemented & reviewed	✓
Promote healthy eating and lifestyle activities	Promotion provided	✓
Conduct inspection of food premises to ensure a high level of food safety	Inspections conducted	✓
Undertake compliance, education and licencing to ensure public health and environmental standards are maintained	Environmental standards maintained	✓
Undertake assessments of proposed on-site waste water disposal systems and monitor existing systems to ensure compliance with environmental standards	Environmental standards met	✓
Continue recreational water sampling program during the summer period	Samples tested	✓
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	"No Smoking" requirements adhered to	>

Plans for the next 12 months

- Offer Food Safety training courses to all food businesses, charitable and temporary organisations.
- Inspect food businesses for compliance at events such as Chocolate Winterfest and Henley on Mersey.

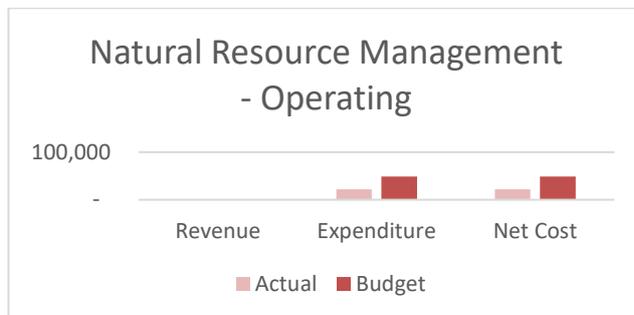


Medical students from UTas Rural Clinical School discussing environmental health with Council's EHO, Glenys Nicholls while visiting Latrobe as part of their rural week program in May 2018

NATURAL RESOURCE MANAGEMENT

Objective To integrate NRM principles into Council’s operational environment

Performance against Budget



Expenditure is less than budget due to reduced expenditure on materials for Landcare and NRM projects.

Performance against Strategic Plan

Completed ✓ In Progress > Delayed ✗

Strategy	Performance Measure	Result
Utilise the Cradle Coast NRM strategy to identify and develop projects of greatest priority for this Municipality	Projects identified and developed	>
The Council will support and assist local NRM groups and the community to deliver approved projects	Projects delivered	✓
Review the: Point Sorell to Squeaking Point Foreshore Management Plan; Municipal Weed Strategy; Rubicon, Pitcairn and Aub Luck Reserve Management Plans and other approved plans	Plans reviewed	>
Lobby Governments to prepare a Port Sorell Foreshore/Rubicon Estuary Management Plan	Plan prepared	>
Work with government and relevant agencies in relation to environmental flows, health and biodiversity of the Mersey River	Healthy river system	>

Initiative	Comments	Result
Rice grass spraying in the Rubicon Estuary and Muddy Creek area will be undertaken utilising grant funding of \$18,000 from Cradle Coast NRM and \$10,000 Council contribution.	A substantial proportion of these works was completed during 2017/18, however continual poor weather conditions and tides during the spray period resulted in the need to program completion in late 2018.	>

Additional Initiatives

- During 2017/18 Council agreed to provide on-ground support and equipment for the Rubicon Coast and Landcare group for the ongoing maintenance of vegetation along the Hawley Foreshore.

Key Challenges

- Foreshore vegetation continues to be a challenge with many differing views on its value. Dealing with illegal removal of vegetation and the expectations of nearby residents continues to be an issue for Council.
- Council is finding difficulty having the State Government take responsibility for Rice Grass in the Rubicon Estuary.

Projects Carried Forward

- Rice grass spraying in the Rubicon Estuary and Muddy Creek was undertaken in 2017/18 utilising grant funding of \$18,000 from Cradle Coast NRM and \$10,000 Council contribution. Balance of funds will be spent during 2018/19.

Plans for the next 12 months

- Continue to work with and support Latrobe Landcare and Rubicon Coast and Landcare in their valuable works.

WASTE MANAGEMENT

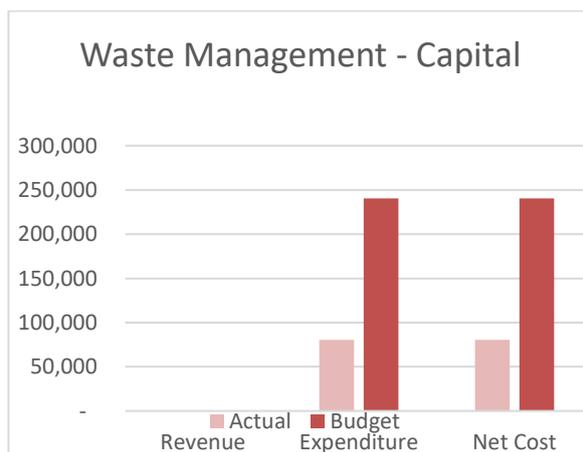
Objective To provide responsible waste management services

Performance against Budget



Waste management revenue is greater than original budget estimates as fees from the Port Sorell Waste Transfer Station are greater.

Expenditure is greater than original budget estimates due to fees for the Spreyton Waste Transfer Station, kerbside recycling and the garbage collection service being greater than estimated.



Port Sorell Landfill Site-Preliminary investigation costs have not yet been fully expended and have been carried forward.

Performance against Strategic Plan

Completed ✓ In Progress > Delayed ✗

Strategy	Performance Measure	Result
Review Waste Management services for the Municipality and implement strategy changes	Review completed	>
Develop and implement a plan for the rehabilitation and future usage of the Port Sorell landfill site	Plan completed and rehabilitation commenced	>
Identify future land use opportunities for Bosworth Park, Latrobe (previous landfill site)	Land use opportunities identified	>

Initiative	Comments	Result
Port Sorell Landfill site rehabilitation	Council is working with the EPA as regulators and has engaged consultants to assist in rehabilitating the site for the future uses identified and endorsed by Council in 2015	>

Key Challenges

- Working through the complex issues to rehabilitate the former landfill site at the corner of Hawk Hill Road and Alexander Street. The project will ultimately take more than 5 years to deliver at a cost greater than \$5m.
- The NW coast proposal for the kerbside collection of Food Organics and Garden Organics (FOGO) did not progress. This will have an implication on the community's expectation to retain a future green waste facility at Port Sorell and other waste services.

Projects Carried Forward

- Port Sorell Waste Transfer Station, Landfill site remediation – preliminary costs.

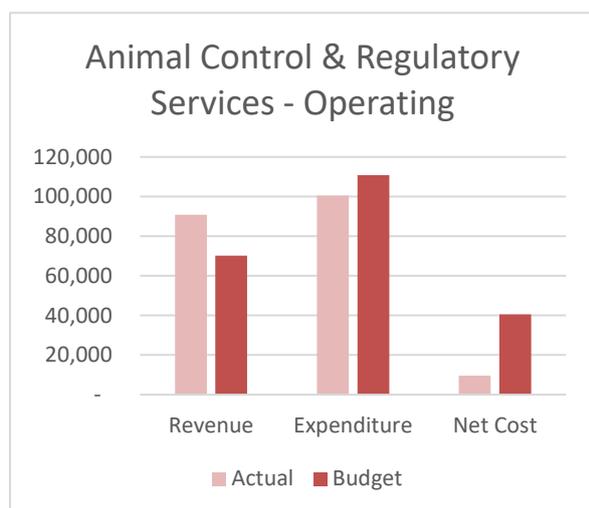
Plans for the next 12 months

- Continue working with EPA, consultants and residents on the remediation and future development and use of the former Port Sorell landfill site.
- Commence reviewing and renewing contracts for kerbside waste collection.

ANIMAL CONTROL AND REGULATORY SERVICES

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

Performance against Budget



Revenue is greater than budget estimates due to animal control fines and penalties being greater than estimated.

Expenditure is less than original budget estimates as costs for contracted services were less than estimated.

Performance against Strategic Plan

Completed ✓ In Progress > Delayed ✗

Strategy	Performance Measure	Result
Promote responsible dog ownership including compliance with the Dog Control Act 2000 and Council's Dog Management Policy	Compliance with Legislation and Council Policy	✓
Promote responsible cat ownership including registration of cats under Council's Cat Management By-Law	Cats voluntarily registered	✓
Implement compliance requirements with regulations covering domestic animals and stray animals within the municipality	Compliance with requirements	✓
Identify fire risks within the municipality and issue Fire Abatement Notices where required	Risks identified and Abatement Notices issued	✓

Initiative	Comments	Result
Council's Dog Management Policy will be reviewed.	Currently undergoing review	>

Additional Initiatives

- Dog information signs were reviewed and replaced as required along the Port Sorell foreshore.

Key Challenges

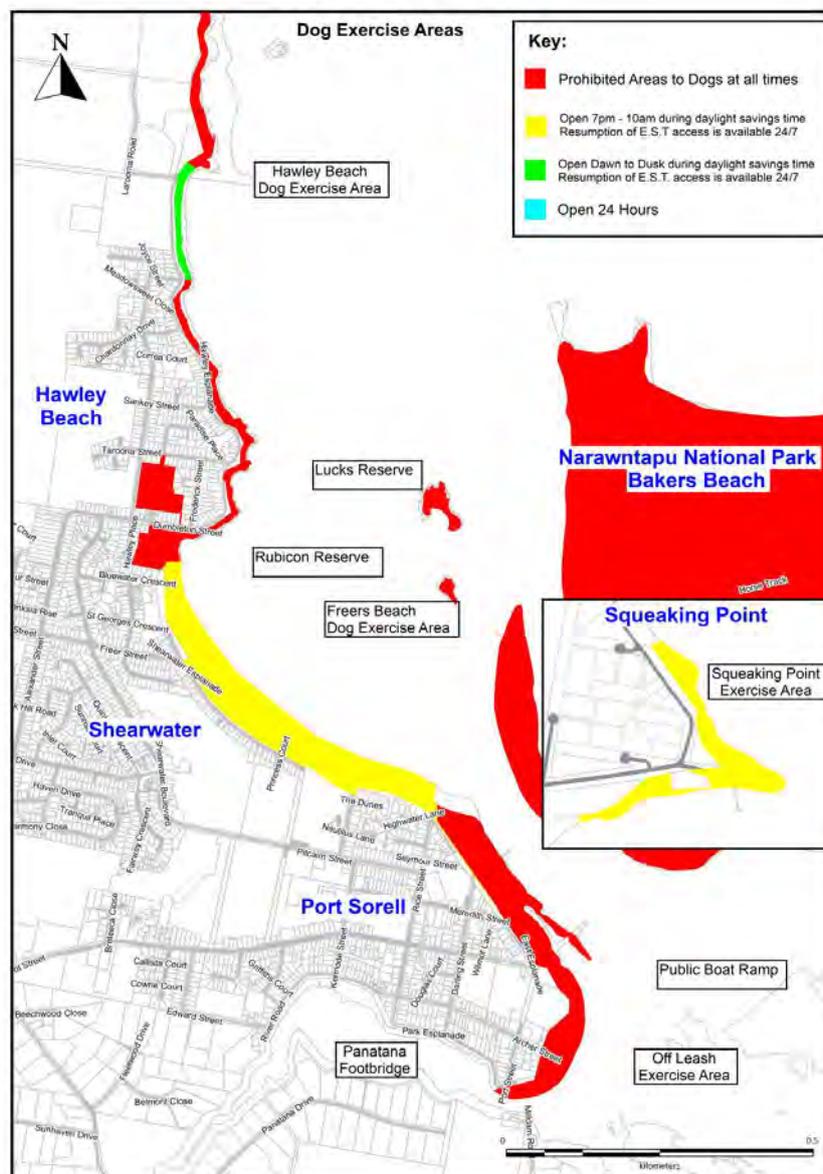
- Public education in relation to responsible dog ownership.

Plans for the next 12 months

- Finalise review of Dog Management Policy and review dog control signage.

Animal Control Statistics	2016/17	2017/18
Dogs registered	2422	2526
Dogs impounded	106	65
Infringements issued	159	158
Kennel licences issued	76 (57 renewed & 19 new)	78 (65 renewed & 13 new)
Cats registered	52	52

Fire Abatement Notices Issued	2016/17	2017/18
	44	47



The Year Ahead

At a meeting held on 12th June, 2018 Council approved its Annual Estimates for the financial year ending 30th June, 2019.

Section 71 of the Local Government Act, 1993 requires Council to prepare and approve an Annual Plan for the subsequent financial year, which shall:

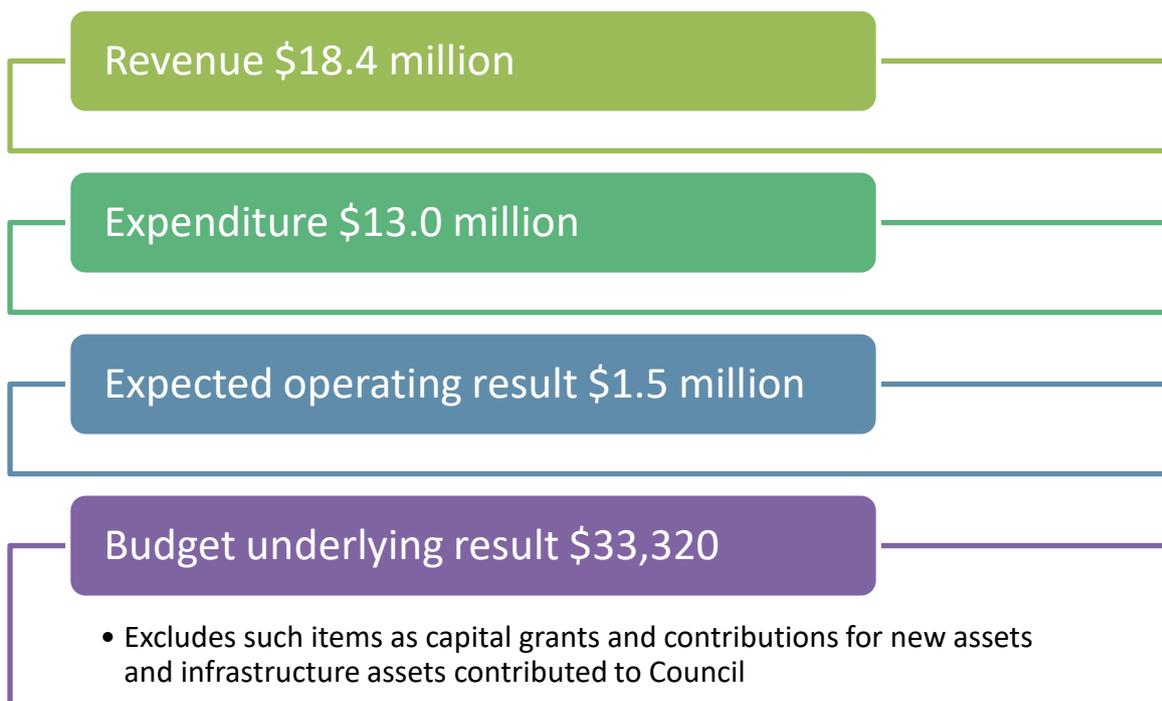
- a) be consistent with the Strategic Plan,
- b) include a statement of the manner in which the Council will meet the goals and objectives of the Strategic Plan,
- c) include a summary of the estimates adopted under Section 82, and

- d) include a summary of the major strategies to be used in relation to its public health goals and objectives.

A copy of the Annual Plan and Budget Report is available from the Council customer service desk or on Council's website, www.latrobe.tas.gov.au.

This budget was developed through a rigorous process of consultation and review and Council endorses it as financially responsible.

Council's Operating Budget for 2018/2019



2018/19 Capital Works Program

\$5.145 million

\$2.09m relates to projects carried forward from 2017/18

Roads, Bridges & Footpaths

\$1.7 million – includes road reseals \$400,000, Hamilton Street kerb & channel \$330,000, Kermode Street kerb & channel \$115,000, Victor Street/Kings Street bridge \$248,000.

Stormwater

\$614,000 – includes, Kings Street bridge retaining wall \$350,000, port Sorell Golf Club drainage improvements \$125,000, Shearwater Boulevard subsoil drainage \$69,000.

Buildings

\$1,336,908 – includes Perkins park lighting and drainage, Hamilton Street units construction \$152,500, Elderly Persons Units interior refurbishments \$100,000, Latrobe Recreation Ground main grandstand refurbishment \$100,000.

Land Improvements

\$532,628 – includes Wild Mersey Mountain Bike development \$489,628, Bells parade footpath and garden bed improvements \$23,000, Shearwater Park seats, picnic tables and BBQ.



CORPORATE GOVERNANCE

Council ensures its business is conducted in a transparent, accountable, sustainable and efficient way.

Latrobe Council was established in 1993 under the provision of the Local Government Act 1993 and was formerly the Municipality of Latrobe, which was established in 1907.

The Act sets out the purpose and charter of Council and defines its powers and functions.

Council

Latrobe Council comprises nine Councillors. The term of office of elected members is four years. Elections for mayor and deputy mayor are also held every four years. Elections are conducted by a full postal ballot and voting is not compulsory.

Role of Council

Section 20 of the Local Government Act 1993 describes the functions and powers of councils to;

- Provide for the health, safety and welfare of the community
- Represent and promote the interests of the community
- Provide for the peace, order and good government of the municipal area

In performing its functions, a council is to consult, involve and be accountable to the community.

Council has a responsibility to;

- Plan for and provide services, facilities and infrastructure for the community
- Undertake long term strategic asset and financial management planning
- Undertake strategic land using planning for the area

Role of Councillors

Section 28 of the Local Government Act 1993 sets out the following functions of a councillor;

- To represent the community
- To act in the best interests of the community
- To facilitate communication by the council with the community
- To participate in the activities of the council
- To undertake duties and responsibilities as authorised by the council

The councillors acting collectively as a council have the following functions;

- To develop and monitor the implementation of strategic plans and budgets

- To 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; and
- The fair and equitable treatment of employees of council
- To facilitate and encourage planning and development of the municipal area in the best interests of the community
- To appoint and monitor the performance of the general manager
- To determine and review the council’s resource allocation and expenditure activities
- To monitor the manner in which services are provided by the council.

Council meetings

Council meetings are held on a monthly basis – generally on the second Monday of each month. Council meetings are open to the public (except where an item is considered to be of a confidential nature in accordance with the Local Government (Meeting Procedures) Regulations 2015). Copies of meeting agendas, supporting documentation and minutes of Council’s open meeting are made available on Council’s website, from the Council office or at the meeting.

Members of the public have the opportunity for input into Council decision making through avenues such as public question time at open Council meetings, community consultation and engagement and tabling of petitions.

Audit Panel

The objective of the Audit Panel is to review the council’s performance under Section 85A of the Local Government Act, 1993 and report to the council its conclusions and recommendations.

Audit Panel Members	
Mr Ben Coull	Chairman & independent member
Cr Lesley Young	Non-independent member
Cr Rick Rockliff	Non-independent member
Cr Mike McLaren	Non-independent member, proxy

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

- Pecuniary interest’s policy.
- Compliance with AASB124 Related Party Disclosures expected in 2016/2017 accounts.
- 2017/2018 Audit panel annual work plan
- Review of unaudited financial statements for June 2017
- Cradle Coast Shared Services Review
- Auditor General’s report to Parliament’
- Audit Panel performance
- Risk management framework and risk monitoring
- Business continuity and disaster recovery plan
- Port Sorell landfill site costs of rehabilitation
- Tas Audit Office audit findings 2016/2017
- Audit panel annual report
- Shared services program Kentish/Latrobe
- 2018/2019 Tas Audit Office - Audit Strategy
- IT security
- Accounting standards impending changes
- 2018/2019 budget
- New audit panel guidelines

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

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

The Committee met five times during the 2017/18 financial year and made recommendations to the respective councils regarding:

- Calling for tenders for the proposed new ICT System.
- Appointing a Program Director to implement the organisational change.
- Progressing the general principles and objectives of the allocation of resource/shared costs as proposed by Kentish Council's Manager Corporate Services, for an initial 12 month trial period.
- Reallocation of \$40,000 from the Human Resources position included in the 2017/18 budgets to fund LKS Quaero Pty Ltd working with Council employees to establish the new Customer Front End and the Business Support teams.
- Continue to support the Wild Mersey Mountain Bike Development.
- Support the proposal to share Planning, Environmental Health and Building services with West Coast Council under a formal arrangement.
- Endorse the actions of the General Manager and ICT Team in recommending

Technology One to supply a new ICT system for both Councils.

- Engage Mr Wayne Chellis, the former Works Manager of the Northern Midlands Council to work with Latrobe and Kentish Council's Operations Manager, Mr Jason Bellchambers, to undertake a review of the plant and equipment owned and operated by the two Councils and make recommendations to both Councils on the rationalisation of plant and upgrade of plant and equipment moving forward.
- The General Manager organising appropriate leadership training for the management team to assist with the transition process into the new ways of working under the new organisational structure.
- That extra resources will be required on a temporary basis to assist with preparation of the Latrobe and Kentish Council's budgets and end of year processes.
- What extra resources may be required to continue to move the Wild Mersey Mountain Bike Development project forward considering current staff resources available and the amount of workload given the restructure and the new IT system.
- Appointing a representative to the Cradle Coast Waste Management Group following the resignation of the previous representative.
- Authorising the General Manager to employ additional staff, if required, to enable the implementation of the new software system and the significant changes underway with the new organisational structure.
- The appointments to the leadership roles under the new structure and the transition period as the leadership team progress to their new positions as some flexibility was required given the

embedding shared resources project, including the new IT system, and the requirement to finalise budgets by the end of June 2018.

- The opportunity to use LKS Quaero Pty Ltd to assist with issues associated with the implementation of the new ICT system.
- The placement of Council's logo on plant and equipment.

A review of the slashing program that was undertaken during the spring/summer season.

Code of Conduct

In April 2016, the Local Government Amendment (Code of Conduct) Act 2015 (Amendment Act) came into effect. The Act was amended to provide a new Local Government code of conduct framework for Tasmanian Councillors. This was developed in consultation with local government to provide a more rigorous, efficient and

streamlined process for the making and determination of code of conduct complaints.

At the May 2016 Council meeting, Councillors adopted the Latrobe Council Model Code of Conduct. This Code of Conduct sets out the standards and behaviour expected of the councillors of the Latrobe Council, with respect to all aspects of their role. Councillors therefore agree to conduct themselves in accordance with the standards of behaviour set out in the Code of Conduct.

This Code of Conduct incorporates the Model Code of Conduct made by Order of the Minister responsible for local government. There were no Code of Conduct complaints made against Councillors during the financial year.

Councillors' Allowances

Section 72 (1) (cb)

Councillors' allowances \$ 152,875

Councillor attendance at Council meetings and Special Council meetings during 2017–18:

Councillors	Council Meeting	Council Workshop	Total Attended
	Total No. of Meetings	Total No. of Workshops	
	15	35	
Cr Peter Freshney (Mayor)	14	33	47
Cr Rick Rockliff (Deputy Mayor)	12	28	40
Cr Graeme Brown	11	29	40
Cr Dayna Dennison	9	24	33
Cr Mike McLaren	15	35	50
Cr John Perkins	11	27	38
Cr Garry Sims	15	30	45
Cr Gerrad Wicks	14	32	46
Cr Lesley Young	11	30	41

Risk Management

Latrobe 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 Framework during November 2016 to provide for the design, implementation, monitoring, review and continuous improvement of risk management.

Fraud and Corruption Initiatives

Latrobe 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 the key components of good governance. Council reviewed its Fraud and Corruption Control Policy and Fraud and Corruption Control Plan in November, 2015.

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.

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 asset management plans in place covering the majority of its infrastructure assets. The asset management plans generally assume that the current levels of service will be maintained into the future and Council's Long Term Financial Plan, fully funds the asset renewal requirements of the asset management plans. The key challenge for Council is to engage with the community to determine future service level expectations and to advise the community on the level of service that is affordable over the long term.

Statutory Information

The following information is provided in accordance with legislative and other requirements applying to Council.

Statement of Activities

Section 21 & Section 72 (1) (ca)

The Council has not resolved to exercise any powers or undertake any activities using enterprise powers with Section 21 of the Local Government Act 1993.

Joint Authorities

Section 30 (1)

The Latrobe Council participates in two joint authorities; the Cradle Coast Authority and Dulverton Regional Waste Management Authority. The following reports provide a summary of activities, budget and performance of the Authorities in 2017/2018.

Cradle Coast Authority

Cradle Coast Authority (CCA) was established by the nine Cradle Coast Councils to develop a vibrant, capable and resilient region through effective collective action. CCA, through its economic development, tourism and NRM teams, is making the region an ever-better place to live, learn, visit and invest.

In 2017/18, Latrobe Council invested \$69,123 into CCA which in turn has been matched by co-investments of \$783,221 from local government - for regional and economic development; \$317,500 from State Government - for the development of the region's visitor economy; and \$1,740,987 from the Commonwealth and State Governments - for natural resource management. The CCA has also been able to secure \$277,000 in additional Government grants for the region and more than \$50M in Government investment.

A highlight for 2017/18 was the Australian Masters Games that attracted more than 5,000 visitors to sporting and community events across the region. More than 1,000 community volunteers received

accredited training from UTAs that will be a legacy for future events. The Games brought more than \$8M in direct economic benefit to the region along with the invaluable benefit of showcasing the Cradle Coast to many new interstate and international visitors.

Regional economic development activities in 2017/18 built on CCA's engagement and consultation with the region's businesses and industry to understand the barriers and opportunities to growing the Cradle Coast economy. With an \$80,000 co-investment from the Australian Government, CCA in partnership with the Regional Australia Institute, embarked on a detailed review of the current and emerging opportunities. The project involved meetings and discussions with council leaders, business and industry representatives, education and healthcare sectors. The project is nearing completion and will identify actions to prepare the region and its people to respond to and prepare for the new business and community needs.

A continuous community pathway joining Latrobe through to Wynyard is now very close to a reality. CCA, with assistance from Councils, managed a detailed engineering investigation that addressed outstanding issues that prevented further Government financial assistance. As a result, both the Federal Coalition and Labor parties have committed an additional \$4.8M for completing sections of the pathway between Sulphur Creek and Latrobe.

In May, CCA secured an additional \$30M in Australian Government funding for the Cradle Mountain Master Plan bringing the total public investment in the project to more than \$75M. CCA, along with Kentish Council, continues to contribute to the cross-government heads of agency steering group to bring the project to fruition as quickly as possible given its importance to growing the region's visitor economy.

The visitor economy is an increasingly significant contributor to the region's prosperity representing around 5% of the regional economic activity

including more than 3,800 jobs. The visitor economy supports traditional business within accommodation and hospitality but also more broadly services that support visitors including retail, health and automotive service business. During 2017-18, CCA launched a new digital marketing strategy that is engaging with potential visitors to the region in novel and exciting ways. A number of CCA's digital campaigns have been picked up by Tourism Tasmania and Tourism Australia extending the region's reach to larger audiences and markets.

CCA has invested \$2.3M in natural resource management (NRM) within the region during 2017-18. CCA's NRM team has supported our productive landscapes with crop demonstration trials and an agri-business lead initiative, Soil First, aimed at conserving and protecting the region's precious soils as assets underwriting Cradle Coast's agricultural productivity. Flood recovery support and assistance continued in the Mersey and Flowerdale River catchments with riparian revegetation and site remediation. A Discovery Ranger Program delivered 25 community and school sessions engaging 1,088 people at 12 locations with environmental messages on marine debris, shorebirds and invasive weeds. Maintaining our region's environmental resources is increasingly important for our visitors and the Cradle Coast's increasingly recognised brand. Another successful Macquarie Harbour clean-up was conducted with support from industry, community and government.

In May 2018, Councils approved amendments to CCA's Rules providing for the appointment of two mayors and a general manager to the Board. In addition, to improve the alignment and delivery of NRM and tourism functions to the region, the Chairs of the NRM and Tourism Committee will also join the Board.

In August 2017, a new Corporate Plan was approved which provides the CCA with a clear and focused suite of activities to address current and emerging issues and gaps that have been barriers to the betterment of the region's economic and social prosperity.

Looking forward, CCA will engage with our business and industry to find ways to help them do what they do better. We will help our educational institutions to ensure our young people develop the skills they need for the current and emerging employment opportunities. CCA will work with business in the visitor economy to ensure our guests have the best experiences and reasons to return. We will be ensuring that our productive and natural landscapes will remain internationally significant and support the Cradle Coast brand of clean, green and pure.

Brett Smith

CEO Cradle Coast Authority

Dulverton Regional Waste Management Authority

2017/18 was another great year all round for DWM.

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

A complete set of financial reports and Key Performance Indicators (KPIs) are provided to Owner Representatives quarterly and to Directors each month, which provide Owners, Board and management with confidence of DWM's ongoing financial health.

Workplace Health and Safety (WHS) continues to be a major focus for the Board, Management, Staff and Contractors. Directors commenced a program of site safety inspections during the 2012/13 financial year which continues today.

DWM continues to exceed the WHS standard set by many larger organisations, however, DWM will not become complacent and will continue to advance all aspects of WHS.

With the stability that robust systems for WHS, environment, finance, business, risk management and records management bring, Owner Representatives, Board and staff have been able to

focus on business growth and development. Growth in revenues has resulted.

A new landfill cell was constructed and is anticipated to commence accepting waste early in summer 2018.

As the primary waste management provider in the region, DWM continues to provide waste expertise to the Cradle Coast Waste Management Group (CCWMSG). Knowledge in landfill, organics recycling, kerbside recycling and other industry relevant activities allows DWM's services to be provided for the greater benefit of the region.

The 2017/18 Financial Year concluded far stronger than budgeted. The result was influenced by a number of waste stream revenues which were the result of considerable effort by the whole DWM team.

Both income and profit exceeded budget. DWM was able to fund all 2017/18 capital works from its own funds. It should be noted that the forecast in the five year financial plan is to avoid further borrowing other than for land acquisition, major plant replacement and landfill cell construction.

The total quantity of chargeable waste disposals managed by DWM was 91,464 tonnes made up of 61,184 tonnes to landfill and 30,280 tonnes to the Dulverton Organics Recycling Facility (DORF) for recycling into compost (excluding approximately 5,698 tonnes of green-waste also accepted at the DORF.)

Pleasingly the amount of tax equivalents (or NTER - National Tax Equivalent Regime) paid and payable to the Owner Councils relating to the 2017/18 financial year, plus Dividends paid, increased on previous years. Dividends to Owner Councils are forecast into the foreseeable future.

Mat Greskie
Chief Executive Officer

GST Dispute Statement

Local Government Act 1993 -Section 72A

Council reports no disputes with the Australian Taxation Office during the financial year relating to compliance with GST law.

Statement of Land Donated

Local Government Act 1993 - Section 72 (1) (da) & Section 177

No land was donated by the Council under Section 177 of the Act.

Customer Service Charter – Complaints

Local Government Act 1993 - Section 339 (F)

The number of written complaints (in accordance with the definition in Council's Customer Service Charter) received in 2017/2018 was three, with one complaint in relation to animal control processes, one relating to the cleanliness of a Council facility and one relating to a Council decision/staff member behaviour.

Public Interest Disclosures Act 2002

Section 86

A copy of Council's Public Interest Disclosures Procedures is available for inspection at the Customer Service desk during office hours or from Council's website. Council reports that no disclosures were made during 2017/2018.

Professional Service Providers

Auditor	Tasmanian Audit Office
Banking Services	Commonwealth Bank of Australia
Insurance Broker	Aon Risk Services Australia Limited
Valuer	Officer of the Valuer General
Legal	Tremayne Fay and Rheinberger

Public Health Statement

Section 72 (1) (ab)

Public Health Statement 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.

Under the Public Health Act 1997 and the Food Act 2003 Council is required to perform licensing, inspection and monitoring services to ensure compliance with legislation and associated

standards and guidelines in order to protect the community.

Council is committed to promote and maintain public health standards. It has one full time Environmental Health Officer to provide environmental management and protection that will meet public expectation for community health.

Types of Activities/ Premises	No.	Inspection Number	Comments
Public Health Act 1997			
Notifiable Disease	4	-	Suspected Salmonella spp.
Places of Assembly - Permanent	5		Events held with 1000 more people attending for 2 hours or more
Health Risk Activity (Premises)	1	1	There is one identified and registered public health risk business in Latrobe Municipality, which is a tattooist
Regulated Systems	2		Includes cooling towers
Private Water Supplies	7		Registered private water suppliers (two are exempt)
Recreational Waters – natural	7	112	Sampling sites include Mersey River (end of Shale Road), Mersey River (Bells Parade), Squeaking Point, Panatana Rivulet, Port Sorell Pontoon, Freer Beach Shearwater and Hawley Beach.
Recreational Waters – pools and spas	6	82	Testing completed monthly.
Immunisation	457	-	Number of immunisations administered at Geneva Christian College and Latrobe High School. Numbers up due to addition of Meningococcal W for grades 10,11,& 12
Nuisance Complaints	77		Complaints ranged from roosters crowing, backyard burning, noisy parties and builders working outside regulated timeframes.
Food Act 2003			
Registered Food Business	118	110	Annual licences
Temporary Food Business	31		Events and special occasions
Food Safety Training	81		Number of participants who undertook Council's Food Safe Training courses
Other			
Fire abatements	47	49	Abatements sent to property owners for long grass and over grown vegetation
Assessment of On-site waste water systems	23	11	Systems assessed
Latrobe Recovery Management Plan	0		

Grants and Benefits Provided

Section 77 (2)

Recipient	Reason	Amount \$
Boxing Equipment	Community Development Grant	1,818
Latrobe Landcare - materials for fairy grotto project	Community Development Grant	250
Danny Heald	Community Development Grant	717
Andrews Creek Primary School	Annual book award	40
Geneva Christian College	Annual book award	40
Latrobe High School	Annual book award	40
Latrobe Primary School	Annual book award	40
Port Sorell Primary School	Annual book award	40
Sassafras Primary School	Annual book award	40
St Patrick's Primary School	Annual book award	40
Latrobe Federal Band	Annual contribution	10,293
Latrobe Museum	Annual contribution	2,500
Sassafras Community Hall Association Inc	Annual contribution	2,000
Devonport 4WD Club Incorporated	Community Development Grant	1,309
Don College - Education Scholarship 11/12	Community Development Grant	456
HMAS Armidale Commemorative Service	Community Development Grant	1,548
Latrobe Federal Band	Community Development Grant	293
Latrobe Basketball Association Inc.	Community Development Grant	554
Latrobe Business on Parade	Community Development Grant	1,960
Latrobe Fire Brigade Social Club	Community Development Grant	1,900
Lions Club of Latrobe	Community Development Grant	1,122
NW Pistol Club Tas Inc	Community Development Grant	1,263
Port Sorell Men's Shed	Community Development Grant	300
Port Sorell Surf Club	Community Development Grant	1,901
Rubicon Sea Scouts	Community Development Grant	1,350
Shearwater Village Business Group	Community Development Grant	874
National Youth Soccer Championships	Community Development Grant	100
Landcare	Community Development Grant	2,500
Tasmanian Women In Agriculture Inc.	Community Development Grant	1,000

Recipient	Reason	Amount \$
Latrobe Bicycle Racing Committee	Contribution to sporting event	120
Latrobe High Athletics	Donation	200
St Vincent De Paul Society	Donation - Winter Appeal	1,000
Firefighting Championships	Donation firefighting competition	1,000
Volunteer Firefighters Competition	Donation firefighting competition	150
University of Tasmania	North West Bursary	3,000
Morse & Menzie	Rate remission	500
Port Sorell Surf Lifesaving Club	Rate remission	1,092
Wesley Vale Football Club	Rate remission	1,014
Thirlstane Golf Club Inc.	Rate remission	2,288
Port Sorell Bowls Club	Rate remission	1,235
Latrobe Bowling Club	Rate remission	1,638
Jetty leaseholder remissions x 14	Rate remission	1,911
Latrobe Speedway Pty Ltd	Sponsorship	250
The Tasmanian Arboretum Inc	Sponsorship	250
The University of the Third Age	The University of the Third Age	2,500
Total		54,436

Tendering and Contracting

Section 72 (1) (e) Local Government Act 1993 and Local Government (General) Regulations 2015

For the purposes of section 72 (1) (e) of the Act, a council is to report the following in its annual report in relation to any contract, for the supply or provision of goods or services valued at or exceeding \$100,000 (excluding GST) but less than \$250,000, and valued at or exceeding \$250,000, that is entered into, or extended, in the financial year to which the annual report relates.

Contractor/Supplier	Address	Description	Contract Period	Value
Caltas Pty Ltd	PO Box 127, Quoiba TAS 7310	Fuel purchases	July 2017 - June 2018	\$109,408.87
Walters Contracting	PO Box 257, Deloraine Tas 7304	Road base materials	July 2017 - June 2018	\$162,563.72
Hardings Hotmix Pty Ltd	PO Box 709, Ulverstone Tas 7315	Supply of hotmix asphalt	July 2017 - June 2018	\$313,893.36
BridgePro Engineering Pty Ltd	PO Box 3253, Ulverstone TAS 7315	Engineering advice and civil construction services.	July 2017 - June 2018	\$626,031.70
Venarchie	PO Box 395, Mowbray Heights TAS 7248	Supply of road construction materials	November 2017 - December 2017	\$276,416.26

Contractor/Supplier	Address	Description	Contract Period	Value
ATM Civil Construction	PO Box 385, Latrobe TAS 7307	Engineering advice and civil construction services.	July 2017 - June 2018	\$140,276.33
LKS Quaero Pty Ltd	Level 26, 1-7 Bligh Street, Sydney NSW 2000	Supply of management, human resources and financial services	July 2017 - June 2018	\$166,300.26
J J Richards & Sons Pty Ltd		Collection of waste	July 2017 - June 2018	\$181,756.15
Technology One Limited	Level 11, 540 Wickham Street, Fortitude Valley QLD 4006.	Supply and maintenance of software and software implementation services.	September 2018 - September 2023	\$949,873.00 ⁱ

ⁱ The Technology One limited contract amount listed above is for supply and implementation of software to both Latrobe and Kentish Councils. Under a separate agreement, \$474,936.50 will be recovered from Kentish Council over the term of the Technology One contract.

FINANCIAL STATEMENTS



Understanding Council's Financial Statements

Introduction

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

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 Latrobe Council for the financial year ended 30 June 2018.

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 the share of profits of associates and the investment in the water corporation.

Statement of Financial Position

A snapshot of Council's Financial Position, including the Assets and Liabilities as at 30 June 2017.

Statement of Changes in Equity

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

Statement of Cash Flows

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

About the Notes to the Financial Report

The Notes of 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 Latrobe Council as at 30 June 2018.

About the Auditors Report

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

The Auditor provides an independent auditor's report which gives an opinion on whether Council's financial report present fairly its financial position and performance.

Who uses the Financial Statements?

The Financial Statements are a public document that is presented at the Annual General Meeting of the Council.

In accordance with s84 of the *Local Government Act 1993* the Financial Statements must be presented to the Auditor General and must be included in Council's Annual Report.



Independent Auditor's Report

To the Councillors of Latrobe Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Latrobe Council (Council), which comprises the statement of financial position as at 30 June 2018 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 2018 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* (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 52, nor the Significant Business Activities disclosed in note 51 to the financial report and accordingly, I express no opinion on them.

...1 of 3

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the General Manager for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

...2 of 3

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

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



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

Tasmanian Audit Office

5 October 2018
Hobart

...3 of 3

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Statement of Certification

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

- Australian Accounting Standards
- 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 the Latrobe Council's financial position as at 30 June 2018, the results of its operations and its cash flows for the year then ended.



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

Date : 1st October 2018

Latrobe Council
Financial Report
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Management Certification of the Financial Report

Statement of Comprehensive Income
For the Year Ended 30 June 2018

	Note	Budget 2018 \$	Actual 2018 \$	Actual 2017 \$
Income				
Recurrent income				
Rates and charges	5	7,131,450	7,208,229	6,929,961
Statutory fees and fines	6	501,300	690,444	574,963
User fees	7	1,241,030	1,144,094	988,748
Grants	8	765,670	1,573,650	2,254,629
Interest	10	175,500	255,617	223,735
Other Income	11	1,028,850	2,056,643	1,796,443
Investment revenue from water corporation	13,21	570,000	548,718	587,223
		<u>11,413,800</u>	<u>13,477,394</u>	<u>13,355,702</u>
Capital income				
Capital grants received specifically for new or upgraded assets	8	503,930	583,934	889,390
Contributions - cash	9	2,100	67,676	98,432
Contributions - non monetary assets	9	750,000	2,302,294	139,313
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	12	-	(107,690)	(189,769)
State Government asset transfers	12	-	-	1,494,790
Share of net profits/(losses) of associates and joint ventures accounted for by the equity method	20	218,350	116,639	253,109
		<u>1,474,380</u>	<u>2,962,852</u>	<u>2,685,265</u>
Total Income		<u>12,888,180</u>	<u>16,440,247</u>	<u>16,040,967</u>
Expenses				
Employee benefits	14	3,595,830	3,713,560	3,550,764
Materials and services	15	4,039,450	4,256,363	4,005,587
Impairment of debts	16	-	(42,530)	43,873
Depreciation and amortisation	17	2,698,060	3,438,834	2,967,148
Finance costs	18	22,020	10,686	3,614
Other Expenses	19	1,317,760	1,392,399	1,279,956
Total expenses		<u>11,673,120</u>	<u>12,769,311</u>	<u>11,850,941</u>
Net result for the year		<u>1,215,060</u>	<u>3,670,936</u>	<u>4,190,026</u>
Other Comprehensive Income				
Items that will not be reclassified to surplus or deficit				
Net Asset revaluation increment/ (decrement)	35	3,215,609	853,741	8,678,014
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	20		18,466	7,455
		<u>3,215,609</u>	<u>872,207</u>	<u>8,685,469</u>
Items that may be reclassified to surplus or deficit				
Financial assets available for sale reserve				
— Fair Value adjustment on Available for Sale Assets	35	-	390,872	196,285
		<u>-</u>	<u>390,872</u>	<u>196,285</u>
Total Other Comprehensive Income		<u>3,215,609</u>	<u>1,263,079</u>	<u>8,881,754</u>
Comprehensive Result		<u>4,430,669</u>	<u>4,934,015</u>	<u>13,071,780</u>

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

Statement of Financial Position
As at 30 June 2018

	Note	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	22	9,833,790	8,975,297
Trade and other receivables	23	618,188	308,770
Financial assets	24	6,167	6,167
Inventories	25	109,645	124,335
Other assets	27	551,124	214,648
Total current assets		11,118,914	9,629,217
Non-current assets			
Financial assets	24	3,083	9,250
Investment in associates accounted for using the equity method	20	1,563,110	1,428,006
Investment in water corporation	21	30,506,686	30,115,814
Property, plant and equipment and infrastructure	28	174,782,772	171,661,826
Total non-current assets		206,855,651	203,214,896
Total assets		217,974,565	212,844,113
Liabilities			
Current liabilities			
Trade and other payables	31	1,167,399	789,376
Trust funds and deposits	32	571,563	507,834
Provisions	33	1,213,589	1,185,775
Interest-bearing loans and borrowings	34	-	553,614
Total current liabilities		2,952,551	3,036,599
Non-current liabilities			
Trust funds and deposits	32	495,881	540,248
Provisions	33	3,230,863	3,156,012
Interest-bearing loans and borrowings	34	250,000	-
Total non-current liabilities		3,976,744	3,696,260
Total Liabilities		6,929,295	6,732,859
Net Assets		211,045,269	206,111,254
Equity			
Accumulated Surplus		108,070,006	104,399,070
Reserves	35	102,975,263	101,712,184
Total Equity		\$ 211,045,269	\$ 206,111,254

Statement of Changes in Equity
For the Year Ended 30 June 2018

	Note	Total 2018 \$	Surplus Surplus 2018 \$	Asset Revaluation Reserve 2018 \$	Fair Value Reserve 2018 \$	Other Reserves 2018 \$
2018						
Balance at the Beginning of the Financial Year		206,111,254	104,399,070	98,047,144	3,480,776	184,264
Adjustment due to compliance with revised accounting standard						
Adjustment on change in accounting policy						
Surplus / (deficit) for the year		3,670,936	3,670,936	-	-	-
Other Comprehensive Income:						
Fair value adjustments for financial assets at fair value						
Financial assets available for sale reserve						
— Fair Value adjustment on Available for Sale Assets	21	390,872	-	-	390,872	-
Net asset revaluation increment/(decrement)	35	853,741	-	853,741	-	-
Actuarial gain/loss on defined benefits plans						
Share of other comprehensive income of associates & joint ventures accounted for by the equity method		18,466	-	-	-	18,466
Transfers between reserves						
Balance at the end of the financial year		211,045,269	108,070,006	98,900,885	3,871,648	202,730
2017						
Balance at beginning of the financial year		193,039,474	100,209,044	89,369,130	3,284,491	176,809
Adjustment due to compliance with revised accounting standard						
Adjustment on change in accounting policy						
Surplus / (deficit) for the year		4,190,026	4,190,026	-	-	-
Other Comprehensive Income:						
Fair value adjustments for financial assets at fair value						
Financial assets available for sale reserve						
— Fair Value adjustment on Available for Sale Assets	21	196,285	-	-	196,285	-
Net asset revaluation increment/(decrement)	35	8,678,014	-	8,678,014	-	-
Actuarial gain/loss on defined benefits plans						
Share of other comprehensive income of associates & joint ventures accounted for by the equity method		7,455	-	-	-	7,455
Transfers between reserves						
Balance at the end of the financial year		206,111,254	104,399,070	98,047,144	3,480,776	184,264

The above statement should be read with the accompanying notes.

Statement of Cash Flows
For the Year Ended 30 June 2018

	Note	2018 Inflows/ (Outflows) \$	2017 Inflows/ (Outflows) \$
Cash flows from operating activities			
Rates		7,213,648	6,877,775
Statutory fees and fines		690,444	574,963
User charges and other fines		1,007,951	1,171,881
Grants		1,573,650	2,254,629
Developer contributions		12,149	18,038
Reimbursements		1,044,104	517,984
Interest		203,531	232,630
Investment revenue from water corporation		548,718	573,000
Other receipts		691,355	1,228,105
Net GST refund/payment		491,078	(185,062)
Payments to suppliers		(4,658,657)	(4,038,919)
Payments to employees		(3,580,476)	(3,527,961)
Finance costs		(10,686)	-
Other payments		(1,420,885)	(1,371,954)
Net cash provided by (used in) operating activities	36	<u>3,805,925</u>	<u>4,325,108</u>
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(3,630,220)	(4,167,293)
Proceeds from sale of property, infrastructure, plant and equipment		118,786	135,415
Capital grants		583,934	889,390
Contributions		67,676	98,432
Repayment of loans and advances from community organisations		6,167	6,166
Net cash provided by (used in) investing activities		<u>(2,853,657)</u>	<u>(3,037,890)</u>
Cash flows from financing activities			
Trust funds and deposits	36A	209,839	180,791
Proceeds from interest bearing loans and borrowings	36A	250,000	550,000
Repayment of interest bearing loans and borrowings		(553,614)	(276,267)
Net cash provided by (used in) financing activities		<u>(93,775)</u>	<u>454,524</u>
Net increase (decrease) in cash and cash equivalents		<u>858,493</u>	<u>1,741,742</u>
Cash and cash equivalents at the beginning of the financial year		<u>8,975,297</u>	<u>7,233,555</u>
Cash and cash equivalents at the end of the financial year	37	<u><u>9,833,790</u></u>	<u><u>8,975,297</u></u>
Financing arrangements	38		
Restrictions on cash assets	22		
Non-cash financing and investing activities	39		

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

Note 1 Reporting Entity

- a) The Latrobe Council (Council) was established in 1993 and was formerly the Municipality of Latrobe which was established in 1907. The Council is a body corporate with perpetual succession and a common seal. Council's main office is situated at 170 Gilbert Street, Latrobe.
- b) The purpose of the Council is
- 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.

Note 2 Basis of accounting

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

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 dollar.

This financial report has been prepared under the historic cost convention, except where specifically stated in notes 21,24,26,28,29,33,34 and 50(d).

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

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

Note 3 Use of Judgements and estimates

Judgements and Assumptions

In the application of AASB standards management 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 estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

Employee entitlements

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in note 33.

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 40.

Fair value of property, plant & equipment

Assumptions and judgements are utilised in determining the fair value of Council's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in note 28.

Investment in water corporation

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 21.

Landfill / Tip Rehabilitation

Assumptions and judgements are utilised in determining the provision for rehabilitation of the former landfill site at Port Sorell are discussed in note 33b.

Note 4 Functions / Activities of Council

(a) Revenues, expenses & assets attributable to each function as categorised in (c) below:

Function	Revenue			Total Revenue \$	Total Expenditure \$	Surplus/ (Deficit) \$	Assets \$
	Grants \$	Rates \$	Other \$				
Infrastructure							
Roads							
2017 - 2018	1,252,318	-	44,673	1,296,991	2,867,837	(1,570,847)	107,528,133
2016 - 2017	1,868,666	-	(412,046)	1,456,620	2,914,162	(1,457,542)	105,193,518
Stormwater & drainage							
2017 - 2018	-	-	14,663	14,663	575,384	(560,721)	19,089,268
2016 - 2017	40,000	-	44,204	84,204	422,420	(338,216)	18,565,261
Buildings							
2017 - 2018	80,000	-	973,149	1,053,149	2,205,734	(1,152,585)	26,924,334
2016 - 2017	-	-	3,212,068	3,212,068	2,121,331	1,090,737	26,185,253
Parks & Reserves							
2017 - 2018	-	-	31,959	31,959	966,488	(934,529)	16,311,224
2016 - 2017	59,800	-	90,250	150,050	966,061	(816,011)	16,099,440
Total Infrastructure							
2017 - 2018	1,332,318	-	1,064,444	2,396,762	6,615,443	(4,218,681)	169,852,959
2016 - 2017	1,968,466	-	2,934,476	4,902,942	6,423,974	(1,521,032)	166,043,472
Planning & Development							
2017 - 2018	-	-	1,191,226	1,191,226	1,434,732	(243,506)	1,609,645
2016 - 2017	-	-	995,805	995,805	1,204,298	(208,493)	1,565,459
Health & Environmental Mgt							
2017 - 2018	-	844,400	136,119	980,519	1,356,932	(376,414)	1,935,097
2016 - 2017	18,000	820,987	142,796	981,783	1,425,177	(443,394)	1,881,978
Community Development							
2017 - 2018	-	-	39,096	39,096	237,975	(198,879)	222,644
2016 - 2017	-	-	32,223	32,223	259,598	(227,375)	216,532
Organisational Development							
2017 - 2018	825,266	6,363,829	4,258,615	11,379,145	2,462,023	8,917,123	43,249,131
2016 - 2017	1,157,552	6,108,973	1,739,929	9,006,454	2,435,187	6,571,267	42,061,918
Latrobe Works Management							
2017 - 2018	-	-	453,499	453,499	662,206	(208,707)	1,105,090
2016 - 2017	-	-	121,760	121,760	102,707	19,053	1,074,754
Total							
2017 - 2018	2,157,584	7,208,229	7,142,999	16,440,247	12,769,311	3,670,936	217,974,565
2016 - 2017	3,144,018	6,929,960	5,966,989	16,040,967	11,850,941	4,190,026	212,844,113

(b) Reconciliation of Assets from note 4 (a) with Statement of Financial Position as at 30 June:

	2018	2017
Current Assets	11,118,914	9,629,217
Non-Current Assets	206,855,651	203,214,896
	<u>217,974,565</u>	<u>212,844,113</u>

(c) Components of functions/activities

Roads

Construction and maintenance of roads, streets, bridges, footpaths, kerb and channel , parking facilities and street lighting.

Stormwater and drainage

Construction and maintenance of adequate storm water system.

Buildings

Construction and maintenance of Council owned buildings and community facilities.

Parks and Reserves

Provision of foreshore, bush land and urban parks and reserves, including cemetery.

Planning and Development

To facilitate sustainable economic development and planning within the municipal area which includes tourism, business development, building and planning services, by-laws and animal control.

Health and Environmental Management

Provision of health services, natural resource management and waste management.

Community Development

Provision of emergency services, fire protection and community participation including cultural festivals and events.

Organisational Development

Operation and maintenance of the Council Chambers, support services for elected members, governance, executive management, financial management and employee development.

Latrobe Works Department

Management and administration of the outside workforce.

		2018		2017
Note		\$		\$
	5 Rates and charges			
	Council uses Assessed Annual Value (AAV) as the basis of valuation of all properties within the municipal district. The AAV of a property is its notional annual gross rental as determined by the Valuer-General's Office (VGO).			
	The AAV used to calculate general rates for 2017-18 was \$94.8 million (2016-17 \$89.6 million). The 2017-18 general rate in the AAV dollar was 6.190 cents (2016-17, 6.365 cents).			
	Rates levied	6,878,997		6,584,569
	Supplementary rates and rate adjustments	91,746		144,492
	Rates and charges in advance	237,486		200,900
		<u>7,208,229</u>		<u>6,929,961</u>

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

Rates received in advance in 2017-18 total \$237,486 and have been included as revenue for 2017-18. The amount of rates received in advance in 2016-17 was \$200,900 and was also included as revenue in 2016-17.

Accounting policy

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

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

	6 Statutory fees and fines			
	Animal control fees and infringements	62,090		58,373
	Planning fees and charges	155,705		138,842
	Land information certificates	100,751		101,305
	Building permits and levies	338,410		256,892
	Health licences	32,937		17,401
	Drainage connection fees	550		2,150
	Total statutory fees and fines	<u>690,444</u>		<u>574,963</u>

Accounting policy

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

		2018 \$	2017 \$
Note	7 User fees		
	Planning services fees	13,712	7,950
	Building services fees	2,490	3,810
	Private Works (includes recharges to Kentish Council)	229,439	86,355
	Camp Banksia fees	311,744	313,482
	Banksia Centre fees	30,063	22,807
	Port Sorell Caravan Park fees	416,824	410,777
	Waste transfer station fees	36,688	32,787
	Other fees and charges	103,133	110,779
	Total user fees	<u>1,144,094</u>	<u>988,748</u>
	Accounting policy		
	User fee income		
	Fee income is recognised as revenue when the service has been provided, or the payment is received, whichever first occurs.		
Note	8 Grants		
	Grants were received in respect of the following:		
	Summary of grants		
	Federally funded grants	2,077,584	3,109,038
	State funded grants	80,000	16,981
	Others	-	18,000
	Total	<u>2,157,584</u>	<u>3,144,019</u>
	Grants - Recurrent		
	Commonwealth Government Financial Assistance Grants - general purpose	417,812	733,349
	Commonwealth Government Financial Assistance Grants - roads	348,383	680,731
	Commonwealth Government Financial Assistance Grants - bridges	17,659	37,136
	Commonwealth Government Financial Assistance Grants - advance payment	789,796	745,413
	Commonwealth Government - flood mitigation	-	40,000
	Cradle Coast NRM - ricegrass control	-	18,000
	Total recurrent grants	<u>1,573,650</u>	<u>2,254,629</u>
	The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2017-18 the Commonwealth made early payment of the two quarterly instalments for the following year. In accordance with AASB1004 Contributions, Council recognises these grants as revenue when it receives the funds and obtains control. The early receipt of instalments resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2017-18 by \$44,383.		
	Commonwealth Government Financial Assistance Grants relating to the financial year	1,529,267	1,451,216
	Commonwealth Government Financial Assistance Grants included in operating result for the financial year.	<u>1,573,650</u>	<u>2,196,629</u>
	Increase/(Decrease) in operating surplus due to early receipt of Commonwealth Government Financial Assistance Grants	<u>44,383</u>	<u>745,413</u>
	Capital grants received specifically for new or upgraded assets		
	Commonwealth Government - Roads to Recovery	443,934	512,609
	Commonwealth Government - Black spot program	60,000	250,000
	Commonwealth Government - Banksia Centre	-	50,000
	Commonwealth Government - Bells Parade playground equipment	-	14,800
	Commonwealth Government - Bosworth Park playground equipment	-	45,000
	State Government - bridge barrier rail	-	16,981
	State Government - Latrobe Recreation Ground	80,000	-
	Total capital grants	<u>583,934</u>	<u>889,390</u>

Note		2018 \$	2017 \$
	8 Grants (cont.)		
	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	85,000	-
	Less: expended during the current period from revenues recognised in previous reporting periods	85,000	-
		<u>-</u>	<u>-</u>
	Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions		
	Commonwealth Government - flood mitigation	-	40,000
	Commonwealth Government - Bosworth Park playground equipment	-	45,000
	State Government - Latrobe Recreation Ground	69,588	
		<u>69,588</u>	<u>85,000</u>
	Unexpended at the close of this reporting period	<u>69,588</u>	<u>85,000</u>
	Net increase (decrease) in non-reciprocal grant revenues for the year:	<u>(15,412)</u>	<u>85,000</u>

Accounting policy

Grant income - operating 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.

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

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

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

		2018 \$	2017 \$
Note 9	Contributions		
	(a) Cash		
	Roads	16,650	8,900
	Land improvements	20,403	83,282
	Other	<u>30,622</u>	<u>6,250</u>
	Total	<u>67,676</u>	<u>98,432</u>
	(b) Non-monetary assets		
	Land under roads	-	-
	Roads (including footpaths, kerb and channel)	1,235,888	74,122
	Stormwater and drainage	<u>1,066,406</u>	<u>65,191</u>
	Total	<u>2,302,294</u>	<u>139,313</u>
	Total contributions	<u>2,369,969</u>	<u>237,745</u>

Accounting policy

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	10 Interest		
	Interest on cash and cash equivalents	<u>255,617</u>	<u>223,735</u>
	Total	<u>255,617</u>	<u>223,735</u>

Accounting policy

Interest is recognised progressively as it is earned.

		2018 \$	2017 \$
Note	11 Other income		
	Rental and lease income	9,730	16,089
	Rental income - Elderly Persons Units	390,450	369,759
	Amortisation of Elderly Persons Units tenancy bonds	170,880	128,220
	Income tax equivalents - Dulverton Waste Management Authority	127,531	142,847
	Insurance recovery	-	-
	National Disaster Relief and Recovery Funding	77,439	447,028
	Reimbursements	1,044,104	517,984
	Developer contributions	12,149	18,038
	Other	224,359	156,478
	Total Other Revenue	<u>2,056,643</u>	<u>1,796,443</u>

Accounting Policy

Rental income

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

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.

Where leases are commercial agreements, and properties leased are predominantly used for leasing to third parties, Council records lease revenue on an accruals basis and records the associated properties as investment property in accordance with AASB 140. These properties are recognised at fair value. These leases may include incentives which have not been recognised in the statement of financial position, on the basis the amounts are unlikely to be material and could be reliably measured at balance date.

Note	12 i) Net gain/(loss) on disposal of property, plant and equipment and infrastructure		
	Land		
	Proceeds of sale	-	-
	Write down value of assets disposed	-	-
	Net Gain/(Loss) on Disposal of Land	<u>-</u>	<u>-</u>
	Property, plant and equipment and infrastructure		
	Proceeds of sale	118,786	135,415
	Write down value of assets disposed	(226,476)	(325,184)
	Net Gain/(Loss) on Disposal of Plant and Infrastructure	<u>(107,690)</u>	<u>(189,769)</u>
	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	<u>(107,690)</u>	<u>(189,769)</u>

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.

	2018 \$	2017 \$
Note		
12 Net gain/(loss) on disposal of property, plant and equipment and infrastructure (cont.)		
ii) State Government asset transfers		
Transfers from State Government		
Land - Camp Banksia	-	1,600,000
Land improvements - Camp Banksia	-	204,963
Buildings - Camp Banksia	-	1,266,797
	<u>-</u>	<u>3,071,759</u>
Transfers to State Government		
Land - Camp Boomerang	-	(825,000)
Buildings - Camp Boomerang	-	(396,390)
Road assets constructed - roundabout on Gilbert Street, Latrobe.	-	(355,580)
	<u>-</u>	<u>(1,576,970)</u>
Net gain/(loss) on State Government transfers	<u>-</u>	<u>1,494,790</u>

In 2016/2017 Latrobe Council and the State government agreed to exchange land situated at Port Sorell. Crown land known as Camp Banksia was exchanged for Council land known as Camp Boomerang. The difference in value was the State Governments contribution to Council's redevelopment of Camp Banksia, including the construction of the Port Sorell Community Centre. Council constructed a roundabout on Gilbert Street, Latrobe to improve traffic flows on Gilbert Street and facilitate diversion of traffic to Victor and Cotton Streets. Gilbert Street is a State Road under the State Road hierarchy as it is the main road servicing the town. No agreements of this nature were made during the 2017/2018 financial year.

Note		
13 Investment revenue from water corporation		
Dividend revenue received	367,438	371,620
Tax equivalent received	155,028	166,386
Guarantee fee received	26,252	49,217
Total investment revenue from water corporation	<u>548,718</u>	<u>587,223</u>

Accounting policy

Investment revenue

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

		2018 \$	2017 \$
Note	14 Employee benefits		
	Wages and salaries	2,645,085	2,606,901
	Annual leave and long service leave	630,712	550,644
	Superannuation	301,652	292,624
	Payroll tax	149,484	134,426
	Other employee costs	118,393	129,023
		<u>3,845,325</u>	<u>3,713,618</u>
	Less amounts capitalised	(131,766)	(162,854)
	Total employee benefits	<u>3,713,560</u>	<u>3,550,764</u>

Accounting policy

Employee benefits

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

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

Note	15 Materials and services		
	Animal services contract	56,888	64,555
	Building and amenities maintenance	210,998	226,544
	Consultants	319,551	199,220
	Fuel purchases	101,999	109,990
	Garbage collection contract	162,892	123,615
	General insurance	98,765	145,446
	Kerbside recycling contract	260,369	261,952
	Legal expenses	4,772	3,152
	Maintenance contract - IT services	196,209	86,501
	Other power charges	123,916	173,268
	Other waste management contracts	53,195	289,561
	Plant maintenance	89,741	84,067
	Rental expenses relating to operating leases	31,301	40,743
	Road and street maintenance	605,783	488,283
	Spreyton Waste Transfer Station contract	254,941	237,202
	Street lighting - power charge	148,839	184,418
	Swimming Pool management contract	66,950	68,166
	Telephone (including mobiles)	49,726	23,673
	Water and waste water charges	192,873	185,540
	Labour hire	102,426	42,468
	Repair storm/flood damage	2,426	98,372
	Assets expensed (Non - Council assets constructed)	-	59,458
	Advertising	37,331	26,577
	Creek cleaning	35,273	1,774
	Food ingredients	39,649	47,744
	General maintenance	70,127	32,613
	Grounds maintenance	37,566	41,754
	Minor equipment purchases	30,038	31,142
	Minor operating expenses	114,699	129,779
	Mowing and lawn care	83,006	69,518
	Office cleaning	20,149	17,671
	Permit authority labour	18,832	-
	Stormwater pipe maintenance	52,031	5,963
	Playground maintenance	11,206	11,320
	Postage	28,249	25,264
	Private works stormwater	38,131	1,074
	Security	17,623	16,907
	Seminars & conferences	20,205	14,718
	Street cleaning	28,436	20,865
	Tree maintenance	38,588	29,763
	Other materials and services	400,666	284,948
	Total materials and services	<u>4,256,363</u>	<u>4,005,587</u>

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.

		2018 \$	2017 \$
Note	16 Impairment of receivables		
	Rates debtors	(14,531)	4,747
	Other debtors	(27,999)	39,126
	Total impairment of receivables	<u>(42,530)</u>	<u>43,873</u>
	Accounting policy		
	Impairment expense		
	Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a		
	An impairment expense is recognised when there is objective evidence that amounts owed to Council are not probable of collection		
Note	17 Depreciation and amortisation		
	<i>Property</i>		
	Land improvements	233,242	155,097
	Buildings	721,866	726,347
	<i>Plant and Equipment</i>		
	Plant, machinery and equipment	184,730	223,906
	Minor plant	28,746	26,790
	Fixtures, fittings and furniture	21,205	19,413
	<i>Infrastructure</i>		
	Roads	1,588,029	1,160,417
	Bridges	145,817	148,598
	Footpaths and cycleways	167,586	155,488
	Drainage	305,128	321,879
	Off street car parks	42,484	29,213
	Total depreciation and amortisation	<u>3,438,834</u>	<u>2,967,148</u>
	Accounting policy		
	Depreciation and amortisation expense		
	Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.		
	Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.		
	Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual 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.		
	Capitalised road earthworks are not depreciated on the basis that they are treated consistently with land which is not a depreciable asset.		
	The non-depreciation of road earthwork assets shall be reviewed at least at the end of each reporting period, to ensure that the accounting policy applied to particular earthwork assets reflects the most recent assessment of the useful lives of the assets, having regard to factors such as asset usage, physical deterioration and technical and commercial obsolescence.		

		2018	2017
		\$	\$
	Accounting policy		
Note	17 Depreciation and amortisation expense (cont.)		
	Straight line depreciation is charged based on the residual useful life as determined each year. Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:		
	Asset Class	Useful Life	Residual
	<i>Property</i>		
	Land Improvements	5-100 years	nil
	Buildings	20-120 years	nil
	<i>Plant and Equipment</i>		
	Plant, machinery and equipment	5-20 years	nil to 50%
	Minor Plant	5-20 years	nil
	Fixtures, fitting and furniture	2-20 years	nil
	<i>Roads</i>		
	Road Pavement - sub-base	200 years	nil
	Road Pavement - sealed base course	70 to 110 years	nil
	Road Seal	18 to 30 years	nil
	Unsealed Road - wearing course	3 to 7 years	nil
	Kerb and Channel	80 years	nil
	<i>Bridges</i>		
	Bridges - concrete	80 years	nil
	Bridges - timber	20 years	nil
	<i>Other Infrastructure</i>		
	Footpaths and cycleways - concrete or paved	80 years	nil
	Footpaths and cycleways - sealed or gravel	20 to 30 years	nil
	Footpaths and cycleways - paved	50 years	nil
	Drainage	80 years	nil
	Off street car parks (as per Road Pavement and Road Seal above)		
Note	18 Finance Costs		
	Interest - Borrowings	<u>10,686</u>	<u>3,614</u>
	Total Borrowing Costs	<u>10,686</u>	<u>3,614</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 expensed as incurred using the effective interest method. Borrowing costs include interest on bank overdrafts, interest on borrowings, unwinding of discounts, and finance lease charges.		

Note		2018 \$	2017 \$
	19 Other expenses		
	External auditors' remuneration	31,650	28,690
	Bank fees	27,275	29,075
	Building levy reimbursements	160,031	90,425
	Community grants	46,460	50,111
	Councillors allowances	153,075	149,678
	Cradle Coast Authority	111,920	84,298
	Election expenses	5,042	4,837
	Fire Commission contribution	372,023	357,750
	Fringe benefits tax	34,693	25,834
	Land tax	98,353	103,015
	LGAT Levy	44,833	43,823
	Rates early payment discount	45,145	43,636
	Rate remissions	45,787	41,106
	Registration of motor vehicles	27,403	26,106
	Property valuation costs	34,900	47,706
	Other	153,809	153,866
	Total other expenses	<u>1,392,399</u>	<u>1,279,956</u>

Accounting policy

Other expenses

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

Note		2018 \$	2017 \$
	20 Investment in associates		
	Investments in associates accounted for by the equity method are:		
	- Dulverton Regional Waste Management Authority	<u>1,563,110</u>	<u>1,428,006</u>
	Total	<u>1,563,110</u>	<u>1,428,006</u>

Dulverton Regional Waste Management Authority

Council is a partner in the Dulverton Regional Waste Management Authority, a Joint Authority established under the Local Council's ownership interest in the Authority at 30 June 2018 was 11.25% (2017: 11.25%). The proportion of voting power held in the Authority is 25% (2017: 25%).

Council's share of accumulated surplus/(deficit)

Council's share of accumulated surplus/(deficit) at start of year	1,243,743	1,050,259
Reported surplus/(deficit) for year	244,170	253,109
Transfers (to) from reserves	-	-
Distributions for the year	<u>(127,531)</u>	<u>(59,625)</u>
Council's share of accumulated surplus/(deficit) at end of year	<u>1,360,382</u>	<u>1,243,743</u>

Council's share of reserves

Council's share of reserves at start of year	184,264	176,809
Transfers (to) from reserves	<u>18,466</u>	<u>7,455</u>
Council's share of reserves at end of year	<u>202,730</u>	<u>184,264</u>

Note		2018 \$	2017 \$
	20 Investment in associates (cont.)		
	<i>Movement in carrying value of specific investment</i>		
	Carrying value of investment at start of year	1,428,006	1,227,067
	Share of surplus(deficit) for year	244,170	253,109
	Share of asset revaluation	18,466	7,455
	Distributions received	<u>(127,531)</u>	<u>(59,625)</u>
	Carrying value of investment at end of year	<u>1,563,110</u>	<u>1,428,006</u>
	The Authority's assets, liabilities and revenue for the relevant financial years were:		
	Revenue	10,796,830	10,290,552
	Total Assets	23,542,940	18,459,116
	Total Liabilities	9,959,525	5,765,736

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	21 Investment in Water Corporation		
	Opening Balance	30,115,814	29,919,528
	Fair Value adjustments on Available-for-Sale Assets	<u>390,872</u>	<u>196,286</u>
	Total investment in water corporation	<u>30,506,686</u>	<u>30,115,814</u>

Council has derived returns from the water corporation as disclosed at note 13.

Accounting policy

Investment assets

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2018, Council held a 1.9% (2017: 1.9%) ownership interest in TasWater which is based on Schedule 2 of the Corporation's Constitution which reflects the council's voting rights. Any unrealised gains and losses are recognised through the Statement of Comprehensive Income to a Financial assets available for sale Reserve each year (refer note 35).

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

Note		2018 \$	2017 \$
	22 Cash and Cash Equivalents		
	Cash on hand	1,855	1,085
	Cash at bank	2,581,891	2,467,816
	Term deposits	<u>7,250,044</u>	<u>6,506,396</u>
	Total cash and cash equivalents	<u>9,833,790</u>	<u>8,975,297</u>
	Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:		
	Trust funds and deposits (note 32)	1,067,444	1,048,082
	Conditions on grants (note 8)	(15,412)	85,000
	Leave provisions (note 33)	1,123,992	1,021,327
	Landfill rehabilitation provision (note 33)	<u>3,320,460</u>	<u>3,320,460</u>
	Total restricted cash and cash equivalents	<u>5,480,878</u>	<u>5,490,019</u>
	Total unrestricted cash and cash equivalents	<u>4,352,912</u>	<u>3,485,278</u>

Accounting policy

Cash and cash equivalents

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

	23 Trade and other receivables		
	<i>Current</i>		
	Rates debtors	158,284	178,234
	Provision for impairment - Rates debtors	<u>(95,509)</u>	<u>(110,040)</u>
		62,775	68,194
	Other debtors	510,440	237,822
	Provision for impairment - Other debtors	(11,127)	(39,126)
	Net GST Credits/(Payables)	<u>56,100</u>	<u>41,880</u>
	Total	<u>618,188</u>	<u>308,770</u>
	Total trade and other receivables	<u>618,188</u>	<u>308,770</u>

Accounting policy

Trade and other receivables

Receivables are carried at amortised cost using the effective interest rate method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred. A provision for impairment on rates is generally not established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold.

		2018 \$	2017 \$
Note	24 Financial Assets		
	Current		
	Loans and advances to community organisations	6,167	6,167
		<u>6,167</u>	<u>6,167</u>
	Non-current		
	Loans and advances to community organisations	3,083	9,250
		<u>3,083</u>	<u>9,250</u>
	Accounting policy		
	Financial assets		
	Council investments are limited to deposits with financial institutions and investment arrangements accepted, guaranteed or issued by or for the Commonwealth, State or prescribed financial institution.		
	Council's investment policy prohibits any investment carried out for speculative purposes, including but not limited to:		
	• Derivative based instruments;		
	• Principal only investments or securities that provide potentially nil or negative cash flow; and		
	• Stand-alone securities issued that have underlying futures, options, forwards contracts and swaps of any kind.		
	Council's policy also prohibits the use of leveraging (borrowing to invest) of an investment.		
Note	25 Inventories		
	Inventories held for distribution	109,645	124,335
	Total Inventories	<u>109,645</u>	<u>124,335</u>
	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	26 Assets held for sale		
	Accounting policy		
	Assets held for sale		
	A non-current asset held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and is not subject to depreciation. Non-current assets, disposal groups and related liabilities are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.		
	This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.		
	In 2016/2017 vacant industrial land at Lot 15 Burgess Drive was reclassified from "Assets held for sale" to "Land" as it was not highly probable that the asset would be sold within the next twelve months.		
Note	27 Other Assets		
	Current		
	Prepayments	156,665	40,247
	Accrued income	394,459	174,401
	Total	<u>551,124</u>	<u>214,648</u>

Note		2018 \$	2017 \$
28	Property, plant and equipment and infrastructure		
	<i>Summary</i>		
	at cost	5,777,776	4,300,235
	Less accumulated depreciation	<u>2,166,815</u>	<u>2,102,471</u>
		<u>3,610,961</u>	<u>2,197,764</u>
	at fair value as at 30 June	244,699,584	239,696,688
	Less accumulated depreciation	<u>73,527,773</u>	<u>70,232,626</u>
		<u>171,171,811</u>	<u>169,464,062</u>
	Total	<u>174,782,772</u>	<u>171,661,826</u>
	<i>Property</i>		
	Land		
	at fair value as at 30 June	<u>18,443,290</u>	<u>18,431,608</u>
		<u>18,443,290</u>	<u>18,431,608</u>
	Land under roads		
	at fair value at 30 June	<u>19,744,865</u>	<u>19,737,384</u>
		<u>19,744,865</u>	<u>19,737,384</u>
	Land improvements		
	at fair value at 30 June	7,400,620	7,110,309
	Less accumulated depreciation	<u>3,119,226</u>	<u>2,885,984</u>
		<u>4,281,394</u>	<u>4,224,325</u>
	Total Land	<u>42,469,549</u>	<u>42,393,317</u>
	Buildings		
	at fair value as at 30 June	43,644,471	43,340,721
	Less accumulated depreciation	<u>19,498,390</u>	<u>18,776,523</u>
		<u>24,146,081</u>	<u>24,564,198</u>
	Total Property	<u>66,615,630</u>	<u>66,957,515</u>
	<i>Plant and Equipment</i>		
	Plant, machinery and equipment		
	at cost	3,497,116	3,468,913
	Less accumulated depreciation	<u>1,627,743</u>	<u>1,584,604</u>
		<u>1,869,373</u>	<u>1,884,309</u>
	Fixtures, fittings and furniture		
	at cost	767,432	612,804
	Less accumulated depreciation	<u>539,072</u>	<u>517,867</u>
		<u>228,360</u>	<u>94,937</u>
	Total Plant and Equipment	<u>2,097,733</u>	<u>1,979,246</u>

Property, plant and equipment and infrastructure (cont.)	2018	2017
	\$	\$
<i>Infrastructure</i>		
<i>Roads</i>		
at fair value as at 30 June	102,505,347	101,100,489
Less accumulated depreciation	<u>35,088,276</u>	<u>33,653,223</u>
	<u>67,417,071</u>	<u>67,447,266</u>
<i>Bridges</i>		
at fair value as at 30 June	10,316,829	10,316,828
Less accumulated depreciation	<u>4,271,734</u>	<u>4,125,916</u>
	<u>6,045,095</u>	<u>6,190,912</u>
<i>Footpaths and cycleways</i>		
at fair value as at 30 June	12,410,816	12,006,378
Less accumulated depreciation	<u>3,180,435</u>	<u>3,015,683</u>
	<u>9,230,381</u>	<u>8,990,695</u>
<i>Stormwater and drainage</i>		
at fair value as at 30 June	28,124,096	25,734,814
Less accumulated depreciation	<u>7,799,739</u>	<u>7,224,111</u>
	<u>20,324,357</u>	<u>18,510,703</u>
<i>Off street carparks</i>		
at fair value as at 30 June	2,109,250	1,918,157
Less accumulated depreciation	<u>569,973</u>	<u>551,186</u>
	<u>1,539,277</u>	<u>1,366,971</u>
<i>Total Infrastructure</i>	<u>104,556,181</u>	<u>102,506,547</u>
<i>Works in progress</i>		
land improvements	207,992	26,987
buildings	351,784	40,032
roads	401,919	93,060
stormwater and drainage	533,731	50,545
footpaths and cycleways	9,288	7,586
off street car parks	8,514	309
<i>Total Works in progress</i>	<u>1,513,228</u>	<u>218,518</u>
<i>Total property, plant and equipment and infrastructure</i>	<u>174,782,772</u>	<u>171,661,826</u>

Note 28 Property, plant and equipment and infrastructure (cont.)

Reconciliation of property, plant and equipment and infrastructure

2018	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 35)	Depreciation and amortisation (note 17)	Written down value of disposals	Impairment losses recognised in profit or loss (a)	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property</i>								
land	18,431,608	9,003	-	-	-	-	2,679	18,443,290
land under roads	19,737,384	7,481	-	-	-	-	-	19,744,865
land improvements	4,224,325	266,336	-	(233,242)	-	-	23,975	4,281,394
less land held for resale	-	-	-	-	-	-	-	-
Total land	42,393,316	282,820	-	(233,242)	-	-	26,654	42,469,548
buildings	24,564,198	303,108	-	(721,866)	-	-	641	24,146,081
Total property	66,957,515	585,928	-	(955,108)	-	-	27,295	66,615,630
<i>Plant and Equipment</i>								
plant, machinery and equipment	1,743,531	324,040	-	(184,730)	(135,272)	-	-	1,747,569
minor plant	140,778	9,772	-	(28,746)	-	-	-	121,804
fixtures, fittings and furniture	94,937	154,628	-	(21,205)	-	-	-	228,360
Total plant and equipment	1,979,246	488,440	-	(234,681)	(135,272)	-	-	2,097,733
<i>Infrastructure</i>								
roads	67,447,266	1,532,884	-	(1,588,029)	(36,385)	-	61,336	67,417,071
bridges	6,190,912	-	-	(145,817)	-	-	-	6,045,095
footpaths and cycleways	8,990,695	407,271	-	(167,586)	-	-	-	9,230,381
stormwater and drainage	18,510,703	1,311,620	853,743	(305,128)	(48,403)	-	1,822	20,324,357
off street car parks	1,366,970	220,899	-	(42,484)	(6,416)	-	309	1,539,278
Total infrastructure	102,506,547	3,472,674	853,743	(2,249,045)	(91,204)	-	63,467	104,556,181
<i>Works in progress</i>								
land	2,679	-	-	-	-	-	(2,679)	-
land improvements	24,308	204,980	-	-	-	-	(23,975)	205,313
buildings	40,032	312,393	-	-	-	-	(641)	351,784
roads	93,060	372,875	-	-	-	-	(61,336)	404,599
footpaths and cycleways	7,586	1,702	-	-	-	-	-	9,288
stormwater and drainage	50,545	485,008	-	-	-	-	(1,822)	533,731
off street car parks	309	8,514	-	-	-	-	(309)	8,514
Total works in progress	218,518	1,385,472	-	-	-	-	(90,762)	1,513,228
Total property, plant and equipment, infrastructure	171,661,826	5,932,514	853,743	(3,438,834)	(226,476)	-	-	174,782,772

Note 28 Property, plant and equipment, infrastructure (cont.)

Reconciliation of property, plant and equipment and infrastructure

2017	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 35)	Depreciation and amortisation (note 17)	Written down value of disposals	Impairment losses recognised in profit or loss (a)	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property</i>								
land	17,484,624	1,771,984	-	-	(825,000)	-	-	18,431,608
land under roads	19,737,384	-	-	-	-	-	-	19,737,384
land improvements	2,554,719	641,912	1,174,047	(155,097)	-	-	8,743	4,224,325
less land held for resale	(210,000)	-	-	-	-	-	210,000	-
Total land	39,566,727	2,413,896	1,174,047	(155,097)	(825,000)	-	218,743	42,393,316
buildings	23,801,283	1,910,742	(28,811)	(726,347)	(396,390)	-	3,720	24,564,198
Total property	63,368,010	4,324,638	1,145,236	(881,444)	(1,221,390)	-	222,464	66,957,515
<i>Plant and Equipment</i>								
plant, machinery and equipment	1,742,533	353,314	-	(223,906)	(128,410)	-	-	1,743,531
minor plant	133,744	33,824	-	(26,790)	-	-	-	140,778
fixtures, fittings and furniture	92,743	21,607	-	(19,413)	-	-	-	94,937
Total plant and equipment	1,969,020	408,746	-	(270,109)	(128,410)	-	-	1,979,246
<i>Infrastructure</i>								
roads	61,429,664	1,692,502	5,361,861	(1,160,417)	(173,636)	-	297,293	67,447,266
bridges	5,613,745	-	725,765	(148,598)	-	-	-	6,190,912
footpaths and cycleways	7,961,158	143,033	1,020,719	(155,488)	-	-	21,273	8,990,695
stormwater and drainage	18,568,821	283,908	-	(321,879)	(23,137)	-	2,991	18,510,703
off street car parks	958,560	13,191	424,432	(29,213)	-	-	-	1,366,970
Total infrastructure	94,531,948	2,132,634	7,532,778	(1,815,595)	(196,774)	-	321,556	102,506,547
<i>Works in progress</i>								
land	-	-	-	-	-	-	(8,743)	26,987
land improvements	11,755	23,975	-	-	-	-	(8,743)	26,987
buildings	3,720	40,032	-	-	-	-	(3,720)	40,032
roads	297,902	92,450	-	-	-	-	(297,293)	93,060
footpaths and cycleways	28,859	-	-	-	-	-	(21,273)	7,586
stormwater and drainage	53,536	-	-	-	-	-	(2,991)	50,545
off street car parks	-	309	-	-	-	-	-	309
Total works in progress	395,772	156,766	-	-	-	-	(334,020)	218,518
Total property, plant and equipment, infrastructure	160,264,750	7,022,784	8,678,014	(2,967,148)	(1,546,574)	-	210,000	171,661,826

Note 28 Property, plant and equipment, infrastructure (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 \$
Land	
land	Nil
land under roads	Nil
land improvements	1,000
Buildings	
buildings	5,000
Plant and Equipment	
plant, machinery and equipment	5,000
minor equipment	1,000
fixtures, fittings and furniture	1,000
Roads	
road pavements and seals	Nil
road substructure	Nil
road formation and earthworks	Nil
road kerb, channel and minor culverts	Nil
other road assets	Nil
Bridges	
bridges deck	Nil
bridges substructure	Nil
Other Infrastructure	
footpaths and cycleways	Nil
stormwater and drainage	Nil
off street car parks	Nil

Revaluation

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

Land	fair value
Plant and machinery	cost
Furniture, fittings and office equipment	cost
Stormwater and drainage infrastructure	fair value
Roads and streets infrastructure	fair value
Bridges	fair value
Buildings	fair value

Note 28 Property, plant and equipment, infrastructure (cont.)

Accounting policy (cont.)

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

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

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

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

Impairment 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.

	2018 \$	2017 \$
Note 29 Investment property		
Council property that generates rental income is held to provide a social service or for strategic purposes rather than to earn rental income or for capital appreciation. As these properties do not meet the definition of investment property under AASB 140 they are accounted for under AASB 116 property, plant and equipment.		
Accounting policy		
Investment Property		
Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to Council. Subsequent to initial recognition at cost, investment property is carried at fair value, which is reviewed annually by Council Engineering staff. Changes to fair value are recorded in the Statement of Comprehensive Income in the period that they arise. Rental income from the leasing of investment properties is recognised in the Statement of Comprehensive Income on a straight line basis over the lease term.		
Investments, other than investments in associates and property, are measured at cost.		
Note 30 Intangible assets		
Council did not have any material intangible assets as at 30 June 2018.		
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.		
Note 31 Trade and other payables		
Trade payables	301,370	243,800
Accrued Expenses	777,119	490,771
Accrued Payroll Expenses	85,224	54,805
Other payables	3,686	-
Total trade and other payables	<u>1,167,399</u>	<u>789,376</u>
Note 32 Trust funds and deposits		
Current		
Bonds/Security Deposits	446,996	354,737
Revenue in Advance	-	19,598
Tenancy Bonds - Elderly Persons Units	124,567	133,499
	<u>571,563</u>	<u>507,834</u>
Non-Current		
Tenancy Bonds - Elderly Persons Units	<u>495,881</u>	<u>540,248</u>
Total trust funds and deposits	<u>1,067,444</u>	<u>1,048,082</u>
Accounting policy		
Tender deposits		
Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited.		

Note	33 Provisions						Total
		Annual Leave	Long Service Leave	Other Payroll	Landfill Restoration	Other	
	2018						
	Balance at beginning of the financial year	454,608	495,427	58,520	3,320,460	12,772	4,341,787
	Additional provisions	295,840	226,550	9,741	-	77,952	610,083
	Amounts used	(289,175)	(145,296)	-	-	(72,947)	(507,418)
	Balance at the end of the financial year	461,273	576,681	68,261	3,320,460	17,777	4,444,452
	2017						
	Balance at beginning of the financial year	428,430	500,055	56,798	3,320,460	12,620	4,318,363
	Additional provisions	211,879	93,926	1,722	-	73,099	380,626
	Amounts used	(185,701)	(98,554)	-	-	(72,947)	(357,202)
	Balance at the end of the financial year	454,608	495,427	58,520	3,320,460	12,772	4,341,787
	(a) Employee benefits					2018	2017
	(i) Current					\$	\$
	Time in Lieu					17,777	12,772
	Annual Leave					461,273	454,608
	Long Service Leave					438,778	440,330
	Other Payroll Provisions					68,261	50,565
	(ii) Non-current					986,089	958,275
	Non-Current Provisions						
	Long Service Leave					137,903	55,097
	Other Payroll Provisions					-	7,955
						137,903	63,052
	Total employee provisions					1,123,992	1,021,327

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.

Accounting policy

Employee benefits (cont.)

iv) *Defined benefit plans*

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

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

v) *Defined contribution plans*

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

(b) Land fill restoration

Under Environmental Management and Pollution Control Act 1994 Council is obligated to restore the former Port Sorell landfill site to a particular standard. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard based on independent specialist advice. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs. Council has made further disclosures regarding the rehabilitation provision at Note 43.

Council does not expect to receive reimbursement from a third party.

	2018	2017
(i) Current		
Landfill Restoration	227,500	227,500
(ii) Non-current		
Landfill Restoration	<u>3,092,960</u>	<u>3,092,960</u>
Total	<u>3,320,460</u>	<u>3,320,460</u>

	2018 \$	2017 \$
Note 34 Interest-bearing loans and borrowings		
<i>Current</i>		
Borrowings - secured	-	553,614
	-	553,614
<i>Non-Current</i>		
Borrowings - secured	250,000	-
	250,000	-
Total	250,000	553,614

Borrowings

The maturity profile for Council's borrowings is:

Not later than one year	-	553,614
Later than one year and not later than five years	250,000	-
Total	250,000	553,614

Council has a \$25,000 overdraft facility which is reviewed annually. The overdraft facility has not been used. Council has a Corporate Credit Card with an \$20,000 limit. The balance is paid in full on a monthly basis.

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 Profit or Loss and Other Comprehensive Income over the period of the liability using the effective interest method.

Leases

i) Finance leases as lessee

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to Council where it is likely that Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter.

ii) Operating leases as lessee

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

Council leases several parcels of Crown land under lease agreements with the State Government. These leases, in general, do not reflect commercial arrangements, are long-term and have minimal lease payments. Crown land is recognised as an asset in the Statement of Financial Position and carried at fair value when Council establishes that (i) it has control over the land and (ii) it will derive economic benefits from it.

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

iii) Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

Note		2018 \$	2017 \$
35	Reserves		
	Summary - Balances		
	Asset Revaluation Reserve	98,900,884	98,047,144
	Investment Revaluation Reserve - Associates	202,730	184,264
	Investment Revaluation Reserve - Water Corporation	3,871,648	3,480,776
	Total Asset Revaluation Reserve	<u>102,975,263</u>	<u>101,712,184</u>

	Balance at beginning of reporting year \$	Increment \$	(Decrement) \$	Balance at end of reporting year \$
(a) Asset revaluation reserve 2018				
Property				
Land under roads	14,168,425	-	-	14,168,425
Land Improvements	1,503,898	-	-	1,503,898
Buildings	12,446,875	-	-	12,446,875
Fixtures, fittings and furniture	3,569	-	-	3,569
	<u>28,122,767</u>	-	-	<u>28,122,767</u>
Infrastructure				
Roads	48,830,832	-	-	48,830,832
Bridges	4,573,307	-	-	4,573,307
Footpaths and cycleways	4,584,586	-	-	4,584,586
Stormwater and drainage	11,221,937	853,741	-	12,075,678
Off street carparks	713,714	-	-	713,714
	<u>69,924,376</u>	<u>853,741</u>	-	<u>70,778,117</u>
Total asset revaluation reserve	<u>98,047,143</u>	<u>853,741</u>	-	<u>98,900,884</u>
2017				
Property				
Land	14,168,425	-	-	14,168,425
Land under roads	-	-	-	-
Land Improvements	329,851	1,174,047	-	1,503,898
Buildings	12,475,686	-	(28,811)	12,446,875
Fixtures, fittings and furniture	3,569	-	-	3,569
	<u>26,977,531</u>	<u>1,174,047</u>	<u>(28,811)</u>	<u>28,122,767</u>
Infrastructure				
Roads	43,468,971	5,361,861	-	48,830,832
Bridges	3,847,542	725,765	-	4,573,307
Footpaths and cycleways	3,563,867	1,020,719	-	4,584,586
Stormwater and drainage	11,221,937	-	-	11,221,937
Off street carparks	289,282	424,432	-	713,714
	<u>62,391,599</u>	<u>7,532,778</u>	-	<u>69,924,376</u>
Total asset revaluation reserve	<u>89,369,130</u>	<u>8,706,825</u>	<u>(28,811)</u>	<u>98,047,144</u>

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

Note 35 Reserves (cont.)

	Balance at beginning of reporting year \$	Increment \$	(Decrement) \$	Balance at end of reporting year \$
<i>(b) Fair value reserve</i>				
2018				
Available-for-sale assets				
Investment in water corporation	3,480,776	390,872	-	3,871,648
Total fair value reserve	<u>3,480,776</u>	<u>390,872</u>	<u>-</u>	<u>3,871,648</u>
2017				
Available-for-sale assets				
Investment in water corporation	3,284,491	196,285	-	3,480,776
Total fair value reserve	<u>3,284,491</u>	<u>196,285</u>	<u>-</u>	<u>3,480,776</u>

The available-for-sale financial asset reserve was established to capture the fair value movements in Council's Water Corporation investment.

(c) Other reserves

2018				
Share in Reserves - Dulverton Regional Waste Management Authority	184,264	18,466	-	202,730
Total Investment Revaluation Reserve	<u>184,264</u>	<u>18,466</u>	<u>-</u>	<u>202,730</u>
2017				
Share in Reserves - Dulverton Regional Waste Management Authority	176,809	7,455	-	184,264
Total Investment Revaluation Reserve	<u>176,809</u>	<u>7,455</u>	<u>-</u>	<u>184,264</u>

	2018 \$	2017 \$
Note 36 Reconciliation of cash flows from operating activities to surplus (deficit)		
Result from continuing operations	3,670,936	4,190,026
Depreciation / amortisation	3,438,834	2,967,148
Elderly Persons Unit Income	(170,880)	(128,220)
Share of Profit of Associates	(116,639)	(193,484)
Capital grants received specifically for new or upgraded assets	(583,934)	(889,390)
Contributions - cash	(67,676)	(98,432)
Contributions - non monetary	(2,302,294)	(139,313)
(Profit)/loss on disposal of property, plant and equipment, infrastructure	107,690	189,769
State Government asset transfers	-	(1,494,790)
	<u>305,102</u>	<u>213,288</u>
<i>Changes in Assets and Liabilities</i>		
Decrease/(increase) in trade and other receivables	(295,197)	(62,590)
Decrease/(increase) in other assets	(350,696)	37,771
Decrease/(increase) in inventories	14,690	11,106
Increase/(decrease) in trade and other payables	378,023	(96,136)
Increase/(decrease) in provisions	102,665	23,424
Increase/(decrease) in other liabilities	(19,598)	8,219
	<u>(170,113)</u>	<u>(78,206)</u>
Net cash provided by/(used in) operating activities	<u>3,805,925</u>	<u>4,325,108</u>
Note 36A Reconciliation of liabilities arising from financing activities		
	Interest bearing loans and borrowings	
Changes from financing cash flows		
Balance as at 1 July 2017	553,614	
Cash received	250,000	
Cash repayments	(553,614)	
Balance as at 30 June 2018	<u>250,000</u>	
	Tenancy Bonds	
Balance as at 1 July 2017	673,747	
New deposits received	117,581	
Refunds and write offs	(178,042)	
Donor fee income amortisation	(7,162)	
Balance as at 30 June 2018	<u>620,448</u>	
Current liability	124,567	
Non current liability	<u>495,881</u>	
	<u>620,448</u>	
	Bonds/Security Deposits	
Balance as at 1 July 2017	354,737	
Receipts	200,286	
Payments	(108,027)	
Balance as at 30 June 2018	<u>446,996</u>	
Note 37 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (see note 22)	<u>9,833,790</u>	<u>8,975,297</u>
Total reconciliation of cash and cash equivalents	<u>9,833,790</u>	<u>8,975,297</u>
Note 38 Financing arrangements		
Bank overdraft	25,000	25,000
Credit cards	20,000	20,000
Used facilities	-	-
Unused facilities	<u>45,000</u>	<u>45,000</u>
Council has a \$25,000 overdraft facility which is reviewed annually. The overdraft facility has not been used. Council has a Corporate Credit Card with an \$20,000 limit. The balance is paid in full on a monthly basis.		
Note 39 Non-cash financing and investing activities		
Council does not currently have any non-cash financing or investing activities.		

Note 40 Superannuation

Council makes superannuation contributions for four 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 2018 Council contributed 9.5% of the relevant employee's gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, Council is required to meet its share of the deficiency.

Rice Warner Pty Ltd undertook the last actuarial review of the Fund at 30 June 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.

The Actuary recommended that in future the Council contribute 9.5% of salaries in 2017/18 and 0% from 1 July 2018 to 30 June 2021.

The Actuary will continue to undertake a brief review of the financial position the Fund at the end of each financial year to confirm that the 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 \$35,010 (2016-17, \$47,574), and the amount paid to accumulation schemes was \$323,007 (2016-17, \$245,049).

During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$35,885, and the amount to be paid to accumulation schemes is \$331,082.

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

	2018 \$	2017 \$
Note 41 Commitments		
<i>Capital Expenditure Commitments</i>		
Software development and implementation	328,524	-
Total Capital expenditure commitments	<u>328,524</u>	<u>-</u>
<i>Contractual commitments</i>		
Contractual commitments at end of financial year but not recognised in the financial report are as follows:		
Domestic Garbage Collection	138,000	-
Recycling Collection & Processing Cradle Coast Authority	422,620	431,922
LGAT	140,322	140,322
IT Services	44,833	44,833
Total contractual commitments	<u>569,733</u>	<u>94,238</u>
	<u>1,315,507</u>	<u>711,314</u>
Note 42 Operating leases		
(a) Operating lease commitments		
Council as lessee		
Lease of Computers, IT equipment, photocopiers and printers		
At the reporting date, Council had the following obligations under non-cancellable operating leases for the lease of equipment for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	1,589	17,530
Later than one year and not later than five years	794	-
	<u>2,383</u>	<u>17,530</u>
(b) Operating lease receivables		
Council as lessor		
Lease of commercial premises		
Future minimum rentals receivable under non-cancellable operating leases are as follows:		
Not later than one year	18,100	18,100
Later than one year and not later than five years	20,300	41,100
	<u>38,400</u>	<u>59,200</u>
Note 43 Contingent liabilities and contingent assets		
Contingent liabilities		
Council is currently considering options and costs for the rehabilitation of the former Port Sorell landfill site in Alexander Street, Shearwater. A rehabilitation provision was previously established and currently totals \$3,320,460. From the recent work undertaken, Council believes that the current rehabilitation provision will not be sufficient. Although the actual amount cannot be measured accurately at this time it is estimated that the provision may need to increase to an amount between \$6,000,000 and \$12,000,000.		
Guarantees for loans to other entities		
Council presently does not have any guarantees for loans to other entities.		
Contingent assets		
Council is unaware of any contingent assets.		

Note 44 Financial Instruments

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	22	Cash on hand and at bank and money market call accounts are valued at face value. Interest is recognised as it accrues. Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue.	On call deposits returned an average floating interest rate of 2.32% (2.03% in 2016-17). Funds returned fixed interest rates of between 2.77% (3.15% in 2016-17), and 2.50% (2.50% in 2016-17) net of fees.
Trade and other receivables			
Other debtors	23	Receivables are carried at amortised cost using the effective interest method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured.
Available for sale financial assets			
Investment in Water Corporation	21	The investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date.	Investment in TasWater provided return of 1.72% (1.95% in 2016-17) excluding unrealised gains/losses
Financial Liabilities			
Trade and other payables	31	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest-bearing loans and borrowings	34	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables. Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 3.14% (2.60% in 2016-17). As at balance date, the Council had no finance leases.
Bank overdraft	22	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates and is repayable on demand.

Note 44 Financial Instruments (cont.)
(b) Interest Rate Risk

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

2018

	Floating interest rate \$	Fixed interest maturing in: 1 year or less \$	Over 1 to 5 years \$	More than 5 years \$	Non-interest bearing \$	Total \$
<i>Financial assets</i>						
Cash and cash equivalents	2,581,891	7,250,044	-	-	1,855	9,833,790
Trade and other receivables	-	-	-	-	618,188	618,188
Investment in water corporation	-	-	-	-	30,506,686	30,506,686
Total financial assets	2,581,891	7,250,044	-	-	31,126,729	40,958,664
<i>Financial liabilities</i>						
Trade and other payables	-	-	-	-	1,167,399	1,167,399
Trust funds and deposits	-	-	-	-	1,067,444	1,067,444
Interest-bearing loans and borrowings	-	-	250,000	-	-	250,000
Total financial liabilities	-	-	250,000	-	2,234,843	2,484,843
Net financial assets (liabilities)	2,581,891	7,250,044	(250,000)	-	28,891,886	38,473,821

2017

	Floating interest rate \$	Fixed interest maturing in: 1 year or less \$	Over 1 to 5 years \$	More than 5 years \$	Non-interest bearing \$	Total \$
<i>Financial assets</i>						
Cash and cash equivalents	2,467,816	6,506,396	-	-	1,085	8,975,297
Other financial assets	-	-	-	-	-	-
Trade and other receivables	-	-	-	-	308,770	308,770
Investment in water corporation	-	-	-	-	30,115,814	30,115,814
Total financial assets	2,467,816	6,506,396	-	-	30,425,669	39,399,881
<i>Financial liabilities</i>						
Trade and other payables	-	-	-	-	789,376	789,376
Trust funds and deposits	-	-	-	-	1,048,082	1,048,082
Interest-bearing loans and borrowings	-	553,614	-	-	-	553,614
Total financial liabilities	-	553,614	-	-	1,837,458	2,391,072
Net financial assets (liabilities)	2,467,816	5,952,782	-	-	28,588,211	37,008,809

Note 44 Financial Instruments (cont.)

(c) Fair Value

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2018 \$	2017 \$	2018 \$	2017 \$
<i>Financial assets</i>				
Cash and cash equivalents	9,833,790	8,975,297	9,833,790	8,975,297
Trade and other receivables	618,188	308,770	618,188	308,770
Investment in water corporation	30,506,686	30,115,814	30,506,686	30,115,814
Total financial assets	40,958,664	39,399,881	40,958,664	39,399,881
<i>Financial liabilities</i>				
Trade and other payables	1,167,399	789,376	1,167,399	789,376
Trust funds and deposits	1,067,444	1,048,082	1,067,444	1,048,082
Interest-bearing loans and borrowings	250,000	553,614	250,000	553,614
Total financial liabilities	2,484,843	2,391,072	2,484,843	2,391,072

(d) Credit Risk

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

(e) Risks and mitigation

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

Market risk

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

Interest rate risk

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

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

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

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

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.

Note 44 Financial Instruments (cont.)

Credit risk

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

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our Investment policy.

Credit risk arises from Council's financial assets, which comprise cash and cash equivalents, and trade and other receivables. Council's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable 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 balances 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 43.

Movement in Provisions for Impairment of Trade and Other Receivables	2018 \$	2017 \$
Balance at the beginning of the year	149,166	105,293
New Provisions recognised during the year	- 42,530	43,873
Amounts already provided for and written off as uncollectible	-	-
Amounts provided for but recovered during the year	-	-
Balance at end of year	<u>106,636</u>	<u>149,166</u>

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:

	2018 \$	2017 \$
Current (not yet due)	376,357	172,829
Past due by up to 30 days	73,326	12,088
Past due between 31 and 180 days	14,887	9,516
Past due between 181 and 365 days	165,204	2,799
Past due by more than 1 year	38,951	111,538
Total Trade & Other Receivables	<u>668,725</u>	<u>308,770</u>

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

	2018 \$	2017 \$
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	106,636	149,166
Total Trade & Other Receivables	<u>106,636</u>	<u>149,166</u>

A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired.

All rates receivable are in excess of 90 days. Generally, allowance for impairment loss is only recognised where it is considered unlikely that the unpaid rates will be recovered when the property is next sold.

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 Financial Liabilities.

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

2018	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	1,167,399					1,167,399	1,167,399
Trust funds and deposits	571,563		495,881			1,067,444	1,067,444
Interest-bearing loans and borrowings	-	-	-	250,000	-	250,000	250,000
Total financial liabilities	1,738,962	-	495,881	250,000	-	2,484,843	2,484,843

2017	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	847,896					847,896	847,896
Trust funds and deposits	488,236		540,248			1,028,484	1,028,484
Interest-bearing loans and borrowings	-	553,614	-	-	-	553,614	553,614
Total financial liabilities	1,336,132	553,614	540,248	-	-	2,429,994	2,429,994

(f) Sensitivity disclosure analysis

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

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 1.5%.

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			
		-1%		+1%	
		-100 basis points		+100 basis points	
2018	\$	Profit \$	Equity \$	Profit \$	Equity \$
Financial assets:					
Cash and cash equivalents	9,833,790	(98,338)	(98,338)	98,338	98,338
Trade and other receivables	618,188	-	-	-	-
Financial liabilities:					
Interest-bearing loans and borrowings	250,000	2,500	2,500	(2,500)	(2,500)

		Interest rate risk			
		-1%		+1%	
		-100 basis points		+100 basis points	
2017	\$	Profit \$	Equity \$	Profit \$	Equity \$
Financial assets:					
Cash and cash equivalents	8,975,297	(89,753)	(89,753)	89,753	89,753
Trade and other receivables	308,770	-	-	-	-
Financial liabilities:					
Interest-bearing loans and borrowings	553,614	5,536	5,536	(5,536)	(5,536)

Note 45 Fair Value Measurements

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

- Property, infrastructure plant and equipment
 - Land
 - Buildings, including footpaths & cycleways
 - Roads
 - Bridges
 - Other infrastructure

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

Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as assets held for sale. These comprise subdivided land as disclosed in note 26. A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading 'Land held for sale'.

(a) Fair Value Hierarchy

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

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

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

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

2018		Note	Level 1	Level 2	Level 3	Total
			\$	\$	\$	\$
Recurring fair value measurements			-	-	30,506,686	30,506,686
Investment in Water Corporation	21		-	-	-	18,443,290
Land	28		-	18,443,290	-	19,744,865
Land under roads	28		-	-	19,744,865	4,281,394
Land improvements	28		-	-	4,281,394	24,146,081
Buildings	28		-	-	24,146,081	76,647,452
Roads, including footpaths & cycleways	28		-	-	76,647,452	6,045,095
Bridges	28		-	-	6,045,095	20,324,357
Drainage	28		-	-	20,324,357	1,539,277
Off street car parks	28		-	-	1,539,277	183,235,207
			-	18,443,290	183,235,207	201,678,497

2017		Note	Level 1	Level 2	Level 3	Total
			\$	\$	\$	\$
Recurring fair value measurements			-	-	30,115,814	30,115,814
Investment in Water Corporation	21		-	-	-	18,431,608
Land	28		-	18,431,608	-	19,737,384
Land under roads	28		-	-	19,737,384	3,900,802
Land improvements	28		-	-	3,900,802	24,564,199
Buildings	28		-	-	24,564,199	75,820,888
Roads, including footpaths & cycleways	28		-	-	75,820,888	6,190,913
Bridges	28		-	-	6,190,913	18,510,703
Drainage	28		-	-	18,510,703	1,366,972
Off street car parks	28		-	-	1,366,972	180,207,675
			-	18,431,608	180,207,675	198,639,283

Note 45

Fair Value Measurements (cont.)

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 21 for details of the valuation technique used to derive fair value.

Land

Land fair values were determined by the Tasmanian Valuer General effective 1 July 2015. 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 is based on council valuations at 30 June 2016 using average per square metre property value rates supplied by the Valuer General.

Buildings

Building assets were revalued in 2016 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.

Where Council buildings are of a specialist nature (eg heritage buildings) and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential. The gross current values have been derived from reference to market data for recent projects and costing guides.

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

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

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on the assumption 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 28.

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

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads and collector / commercial or residential roads. Urban roads are managed in segments according to the typical street block, while rural 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 seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC is based on the road area multiplied by a unit price: the unit price being an estimate of labour and material inputs, services costs, and overhead allocations. Council assumes that pavements are constructed to depths of: 400mm (200mm sub-base plus 200mm base-course) for urban collector / commercial roads: 350mm (150mm sub-base and 200mm base course) for rural collector / commercial roads: 300mm (150mm sub-base and 150mm base course) for urban residential and rural residential roads: and 200mm (100mm sub-base and 100mm wearing surface) for unsealed roads. For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and labour wage rates are based on Council's Enterprise Bargaining Agreement (EBA). Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years.

Note 45 Fair Value Measurements (cont.)

Bridges

A full valuation of bridges assets was undertaken by independent valuers, TasSpan, effective 30 June 2017. Each bridge is assessed individually and componentised into sub-assets representing the deck and sub-structure. The valuation is based on the material type used for construction and the deck and sub-structure area.

Stormwater and drainage

The unit rates used to calculate current replacement costs for stormwater assets were indexed from their June 2014 values by the Australian bridge and road construction index as at March 2018. This resulted in an increase of 4.59% to unit replacement rates. Similar to roads, stormwater and 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.

Off street car parks

Off street car parks are 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	30,506,686		Refer Note 21	
Land under roads	19,744,865	Unit price per square meter	Refer Note 28	The higher the unit price the higher the fair value.
Land improvements	4,281,394	Unit price per square meter	Refer Note 28	The higher the unit price the higher the fair value.
Buildings	24,146,081	Unit price per square meter	Refer Note 28	The higher the unit price the higher the fair value.
Roads, including footpaths & cycleways	76,647,452	Unit price per square meter	Refer Note 28	The higher the unit price the higher the fair value.
Bridges	6,045,095	Unit price per square meter	Refer Note 28	The higher the unit price the higher the fair value.
Drainage	20,324,357	Unit price per square meter	Refer Note 28	The higher the unit price the higher the fair value.
Off street car parks	1,539,277	Unit price per square meter	Refer Note 28	The higher the unit price the higher the fair value.

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

(e) Changes in recurring level 3 fair value measurements

The changes in level 3 assets with recurring fair value measurements are detailed in note 28 (Property, infrastructure, plant and equipment). Investment in water corporation, which is classified as level 3 has been separately disclosed in note 21.

(f) Valuation processes

Council's current policy for the valuation of property, infrastructure, plant and equipment (recurring fair value measurements) is set out in notes 21, 28 and 29 respectively.

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

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

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes (refer note 44).

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 44 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 46 Events occurring after balance date
(a) There are no subsequent events after 30 June 2018 that have had a material impact on the accounts.

Note 47 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 Peter Freshnev - Mayor (2011 - current) Councillor Rick Rockliff - Deputy Mayor (1987 - current) Councillor Graeme Brown (2014 - current) Councillor Dayna Dennison (2010 - current) Councillor Mike McLaren (1999-2002 and 2003 - current) Councillor John Perkins (1991-1994, 1995-1999, 2002 - current) Councillor Garry Sims (1994 - current) Councillor Gerrad Wicks (2014 - current) Councillor Lesley Young (2009 - current)
General Manager	Gerald Monson (July 2007 - current)

(ii) Councillor Remuneration

2018	Short term employee benefits		Post employment benefits	Total Compensation AASB 124	Expenses	Total allowances and expenses section 72
	Allowances	Vehicles ²	Superannuation ¹			
	\$	\$	\$	\$	\$	\$
Mayor	42,953			42,953	-	42,953
Deputy Mayor	24,019			24,019	-	24,019
Councillors	85,904			85,904	-	85,904
Total	152,875			152,875	-	152,875

2017	Short term employee benefits		Post employment benefits	Total Compensation AASB 124	Expenses	Total allowances and expenses section 72
	Allowances	Vehicles ²	Super-annuation ¹			
	\$	\$	\$	\$	\$	\$
Mayor	42,055			42,055	98	42,153
Deputy Mayor	23,516			23,516	61	23,577
Councillors	84,107			84,107	366	84,473
Total	149,678			149,678	525	150,203

¹ Superannuation means the contribution to the superannuation fund of the individual.

² 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).

(iii) Key Management Personnel Remuneration

2018	Remuneration band	Number of employees	Short term employee benefits				Post employment benefits			Non-monetary Benefits ¹	Total
			Salary ¹	Short-term Incentive Payments ²	Vehicles ³	Other Allowances and Benefits ⁴	Super-annuation ⁵	Other Long-term Benefits ⁶	Termination Benefits ⁷		
			\$	\$	\$	\$	\$	\$	\$	\$	
	\$120 001 - \$140 000	1	109,183	-	3,074	-	10,288	-	-	8,880	131,425
	\$140 001 - \$160 000	2	234,877	-	28,410	-	25,546	-	-	26,480	315,313
	\$220 001 - \$240 000	1	184,347	-	16,264	-	22,932	-	-	(437)	223,105
Total		4	528,406	-	47,748	-	58,766	-	-	34,924	669,843

Key Management Personnel Remuneration (Cont...)

Less key management personnel services hired to Kentish Council (est 1.5 employees)	(210,024)
Add key management personnel services hired from Kentish Council (est 0.5 employees)	50,808
Net total cost of key management personnel 2018	<u>510,627</u>

2017	Number of employees	Short term employee benefits				Post employment benefits			Non-monetary Benefits ⁸	Total
		Salary ¹	Short-term Incentive Payments ²	Vehicles ³	Other Allowances and Benefits ⁴	Super-annuation ⁵	Other Long-term Benefits ⁶	Termination Benefits ⁷		
		\$	\$	\$	\$	\$	\$	\$		
\$120 001 - \$140 000	1	106,259	-	-	-	10,010	-	-	17,377	133,646
\$140 001 - \$160 000	2	229,836	-	28,611	-	25,002	-	-	7,772	291,222
\$220 001 - \$240 000	1	180,339	-	16,881	-	22,431	-	-	6,160	225,811
Total	4	516,435	-	45,492	-	57,442	-	-	31,309	650,678

Less key management personnel services hired to Kentish Council (est 1.3 employees)	+
Add key management personnel services hired from Kentish Council (est 0.5 employees)	85,996
Net total cost of key management personnel 2017	<u>#VALUE!</u>

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

² Short term incentive payments are non-recurrent payments which depend on achieving specified performance goals within specified timeframes.

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

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

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

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

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

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

(iv) Remuneration Principles

Councillors

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

Executives

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

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

The performance of each senior executive, including the General Manager, is reviewed annually which includes a review of their remuneration package.

- (v) Transactions with associates
Council's interests in associates are detailed in note 20.

The following transactions occurred with Dulverton Waste Management Authority:

Nature of the transaction	Amount of the transactions during the year	Outstanding balances, including commitments at year end	Terms and conditions	Provisions for doubtful debts related outstanding balances	The expense recognised during the period relating to bad or doubtful debts due from related parties
Waste disposal services ¹	\$629,608	Council owes \$39,261	30-day terms on invoices	-	-
National Taxation Equivalent Regime ²	\$95,659	Council recorded accrued revenue of \$31,872	As per Section 71 of the Government Business Enterprises Act 1995	-	-
Dividends ³	\$109,125	-	As determined by the Board of Dulverton Waste Management Authority	-	-

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

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

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

- (vi) Transactions with related parties
During the period Council entered into the following transactions with related parties.

Nature of the transaction	Amount of the transactions during the year	Outstanding balances, including commitments at year end	Terms and conditions	Provisions for doubtful debts related outstanding balances	The expense recognised during the period relating to bad or doubtful debts due from related parties
Costs relating to purchase of property by Council	-	-		-	-
Commercial Lease and reimbursement of utilities	\$26,208	\$3,838	30-day terms on invoices	-	-
Cost relating to purchase of accommodation	-	-	Payment due on receipt of invoice	-	-

¹ Council leased a commercial premises to a related party of a Key Management Person during 2016-17. The terms and conditions under the lease agreement were based on normal rates for such leases and payments were due and payable under normal payment terms.

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

- (vii) Transactions with related parties that have not been disclosed
Most of the entities and people that are related parties of council live and operate within the municipality. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of rates on a primary residence
- Dog registration
- 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 48 Special committees and other activities
Special committees of Council include Axeman's Hall of Fame Management Committee, Camp Banksia Management Committee, Banksia Centre Management Committee, Bells Parade Development Committee, Elderly Persons Units Advisory Committee, Latrobe Cemetery Committee, Latrobe and Districts Youth Centre Management Committee, Latrobe Sport and Recreation Management Committee, Moriarty Hall Committee, Port Sorell Hall Committee and Port Sorell Advisory Committee. Joint Authorities council is involved with include the Cradle Coast Authority and the Dulverton Regional Waste Management Authority. Latrobe Council is a member of the Mersey Regional Emergency Management Committee.

Note 49 Correction of prior period errors
Council revalued land improvements and road assets in 2016/17. This process has resulted in more precise information in both the geographic information system (GIS) and asset register.
As a result, a number of road and land improvements assets have been identified as not being valued correctly in that the accumulated depreciation used to process the revaluation adjustment was over stated with resulting corrections being made in the 2017/18 financial year.

The 30 June 2017 comparatives have been restated below to reflect the following changes:

Land Improvements overstated depreciation	323,523
Roads assets overstated depreciation	617,066
Total	940,589

Statement of Comprehensive Income (Extract)

	Note	2017	Correction of Error	Restated 2017
Net asset revaluation increment/(decrement)	35	7,737,425	940,589	8,678,014
Total comprehensive result		12,131,191	940,589	13,071,780

Statement of Financial Position as at 30 June 2016 (Extract)

	Note	2017	Correction of Error	Restated 2017
Non-current assets				
Property, plant, equipment and infrastructure	28	170,721,237	940,589	171,661,826
Total non-current assets		170,721,237	940,589	171,661,826
Total assets		211,903,524	940,589	212,844,113
Net assets		205,170,665	940,589	206,111,254
Equity				
Reserves	35	97,106,555	940,589	98,047,144
Total Equity		205,170,665	940,589	206,111,254

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

Note	Other significant accounting policies and pending accounting standards
(a)	<p>Taxation Council is exempt from all forms of taxation except Fringe Benefits Tax, Payroll Tax and the Goods and Services Tax.</p> <p><i>Goods and services tax (GST)</i> 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.</p> <p>Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.</p>
(b)	<p>Impairment of assets At each reporting date, Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset. For non-cash generating assets of Council such as roads, drains, public buildings and the like, value in use is represented by the deprival value of the asset approximated by its written down replacement cost.</p>
(c)	<p>Allocation between current and non-current In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being Council's operational cycle, or if Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.</p>
(d)	<p>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.</p>
(e)	<p>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.</p> <p>Commitments are not recognised in the Statement of Financial Position. Commitments are disclosed at their nominal value inclusive of the GST payable.</p>
(f)	<p>Budget The estimated revenue and expense amounts in the Statement of Comprehensive Income represent original budget amounts and are not audited.</p>

- (g) Adoption of new and amended accounting standards
- (i) In the current year, Council has adopted all of the new and revised Standards and Interpretations issued by **AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to** Amendments to AASB 107 require additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities. Council has not included a reconciliation of liabilities arising from financing activities as there are nil to report..
- (h) Pending Accounting Standards
Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.
- (i) *AASB 9 Financial Instruments*
This standard is applicable to annual reporting periods beginning on or after 1 January 2018.
- This standard replaces the existing standard, AASB139: *Financial Instruments: Recognition and Measurement*, and revises classification, measurement and disclosure of financial assets and liabilities. It reduces the number of categories for financial assets and simplifies the measurement choices, including the removal of impairment testing of assets measured at fair value. Classification of financial assets is determined by an entities business model for holding the particular asset and its contractual cash flows.
- The amortised cost model is available for debt assets meeting both a business model and cash flow
When adopted, the standard requires Council to reclassify all financial assets. This includes Council's
The standard also introduces a new impairment model that requires impairment provisions to be based on
There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the
accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.
Council will apply the standard from 1 July 2018 using a retrospective approach with cumulative catch-up. This does not require Council to restate comparative figures, but will require a reconciliation of changes in classification of financial assets and financial liabilities.
- (ii) *AASB 15 Revenue from Contracts with Customers*
The standard is applicable to annual reporting periods beginning on or after 1 January 2019.
- 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
Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

- Depending on the respective contractual terms, the new requirements of AASB 15 may result in a change to the timing of revenue from sales of goods and services such that some revenue may need to be deferred as a liability to a later reporting period to the extent that Council has received cash, but has not met its associated performance obligations, (a promise to transfer a good or service).
- Grants received to construct non-financial assets controlled by Council will be recognised as a liability, and subsequently recognised progressively as revenue as Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.
- Other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific.
- Grants that are not enforceable and/or not sufficiently specific, will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants for which there are no sufficiently specific performance obligations, for example the Commonwealth Financial Assistance Grants. These grants are will continue being recognised as revenue upfront assuming no change to the current grant arrangements.

For Council there will be a significant effect in the treatment of all grants with sufficiently specific performance obligations, but where the conditions have yet to be fulfilled at year end. Council currently presents unexpended grant income received in note 8. Council's assessment is that the majority of the amounts received unexpended for the year, \$69,588, will be deferred as a liability under AASB15 and progressively recorded as income as performance obligations are fulfilled.

Council will apply the standard from 1 July 2019 using a retrospective approach with cumulative catch-up with an adjustment to Accumulated surpluses for the difference in accounting treatment on initial adoption.

(iii) AASB 1058 *Income of Not-for-Profit Entities*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019.

AASB 1058 supersedes all the income recognition requirements relating to councils, 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.

Where the asset acquired is leased at a "Peppercorn" rate, Council is required to recognise the leased asset at its fair value, the remaining lease liability and the balance as income. These leased right-of-use assets have not previously been recognised.

AASB 1058 also encompasses non-contractual statutory income such as rates, taxes and fines. Council currently recognises 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, will now be recognised as a financial liability until the commencement of that rating period. The impact to Council will be that revenue recognised when received from *Rates and charges in advance* as disclosed in note 2.1, will now be recorded as a liability, with revenue deferred until the commencement of the applicable rating period.

AASB 1058 requires the recognition of Volunteer services where they would have been purchased if not donated and the fair value of those services can be reliably measured. Council has assessed these requirements and determined that they cannot be reliably measured.

Council will apply the standard from 1 July 2019 using a retrospective approach with cumulative catch-up with an adjustment to Accumulated surpluses for the difference in accounting treatment on initial adoption.

(iv) AASB 16 *Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019.

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

AASB 16 will result in most of Council's operating leases being brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low-value assets which may remain off the balance sheet. Council's existing lease commitments are disclosed in Note 42.

The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term, and increases in lease payments. A corresponding right to use assets will be recognised, which will be amortised over the term of the lease. Rent expense will no longer be shown. The profit and loss impact of the leases will be through amortisation and interest charges. Council's current operating lease expenditure is shown at Note 42. In the Statement of Cash Flows lease payments will be shown as cash flows from financing activities instead of operating activities.

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.

Council will apply the standard from 1 July 2019 using a retrospective approach with cumulative catch-up with an adjustment to Accumulated surpluses for the difference in accounting treatment on initial adoption. At the time of preparing these financial statements one finance lease for the lease of a photocopier was identified. A right of use asset and matching liability will be required to be recognised for the lease as on assessment it will not meet the exemption requirements. As the lease expires in May 2020 and the remaining lease payments as at 30 June 2018 were only \$2383.38, the impact of applying the standard will be minimal. Council has several operating lease receivables. Lease receipts for these are recognised as income on a straight line basis, therefore no change in accounting treatment for these leases is expected.

(v) AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, AASB 2015-10 *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB10 and AASB12* and AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

This standard is applicable to annual reporting periods beginning on or after 1 January 2022.

The amendments address an acknowledged 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.

AASB 2017-5 defers the effective date of AASB 2014-10 to 1 January 2022

Note 51 Significant Business Activities

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

	Port Sorell Caravan Park		Camp Banksia	
	2018	2017	2018	2017
	\$	\$	\$	\$
<i>Revenue</i>				
User fees	416,824	410,777	311,744	313,482
Grants	-	-	-	-
Contributions - cash	-	-	-	-
Interest	1,734	1,552	-	-
Other income	-	8,914	3,019	1,615
Total Revenue	418,558	421,243	314,764	315,097
<i>Expenditure</i>				
<i>Direct</i>				
Employee benefits	10,832	4,906	186,894	176,291
Materials and services	216,143	320,193	133,962	118,913
Other expenses	10,423	13,797	4,225	5,957
<i>Indirect</i>				
Engineering & Administration	19,454	26,487	23,697	21,742
Total Expenses	256,852	365,383	348,778	322,903
<i>Notional cost of free services received</i>				
<i>Capital Costs</i>				
Depreciation and amortisation	34,169	26,779	63,069	48,976
Opportunity cost of capital	37,515	34,423	146,867	75,520
Total Capital Costs	71,684	61,202	209,936	124,496
<i>Competitive neutrality adjustments</i>				
Rates and land tax	3,347	3,281	3,099	3,056
Loan guarantee fees	-	-	-	-
<i>Calculated Surplus/(Deficit)</i>	86,676	(8,623)	(247,049)	(135,358)
Tax Equivalent rate	30%	30%	30%	30%
Taxation equivalent	26,003	-	-	-
Competitive neutrality costs	29,350	3,281	3,099	3,056

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 equivalent rate is 30%
- The return on capital is 2.5%

Note	52	Management indicators	2018 \$	2017 \$	2016 \$	2015 \$
		Recurrent Income				
		Total Income	16,440,247	16,040,967	13,293,532	31,987,189
		Less:				
		Capital grants received specifically for new or upgraded assets	(583,934)	(889,390)	(634,237)	(765,467)
		Contributions - cash	(67,676)	(98,432)	-	-
		Contributions - non monetary assets	(2,302,294)	(139,313)	(1,977,977)	-
		Recognition of land under roads pre 1/7/2008	-	-	-	(19,037,351)
		State government asset transfers	-	(1,494,790)	-	-
		Gain on disposal of surplus land	-	-	-	-
		National disaster relief and recovery funding	(77,439)	(447,028)	-	-
		Grants received in advance - current year	(789,796)	(745,413)	-	(698,282)
		Add:				
		Grants received in advance - prior year	745,413	-	698,282	-
		Loss on disposal of assets destroyed by floods	-	-	248,701	-
			<u>13,364,522</u>	<u>12,226,601</u>	<u>11,628,301</u>	<u>11,486,089</u>
		Recurrent Expenditure				
		Total expenses	12,769,311	11,850,941	13,924,260	10,891,125
		Less:				
		Landfill rehabilitation provision	-	-	(2,694,475)	-
		Disaster relief and recovery expenditure	-	(79,562)	(133,924)	-
		Assets expensed (Non - Council assets constructed)	-	(59,458)	(133,588)	-
			<u>12,769,311</u>	<u>11,711,921</u>	<u>10,962,273</u>	<u>10,891,125</u>
(a)		Underlying surplus or deficit				
		Recurrent income less	13,364,522	12,226,601	11,628,301	11,486,089
		Recurrent expenditure	<u>12,769,311</u>	<u>11,711,921</u>	<u>10,962,273</u>	<u>10,891,125</u>
		Underlying surplus/(deficit)	<u>595,210</u>	<u>514,680</u>	<u>666,028</u>	<u>594,964</u>
		The intent of the underlying result is to show the outcome of a council's normal or usual day to day operations.				
(b)		Underlying surplus ratio				
		Underlying surplus or deficit	595,210	514,680	666,028	594,964
		Recurrent income*	<u>13,364,522</u>	<u>12,226,601</u>	<u>11,628,301</u>	<u>11,486,089</u>
		Underlying surplus ratio %	4%	4%	6%	5%
		This ratio serves as an overall measure of financial operating effectiveness.				
(c)		Net financial liabilities				
		Liquid assets less	10,956,082	9,582,803	8,046,347	8,101,904
		total liabilities	<u>6,929,295</u>	<u>6,732,859</u>	<u>6,471,048</u>	<u>3,551,855</u>
		Net financial liabilities	<u>4,026,787</u>	<u>2,849,944</u>	<u>1,575,299</u>	<u>4,550,049</u>
		This measure shows whether Council's total liabilities can be met by its liquid assets. An excess of total liabilities over liquid assets means that, if all liabilities fell due at once, additional revenue would be needed to fund the shortfall.				
(d)		Net financial liabilities ratio				
		Net financial liabilities	<u>4,026,787</u>	<u>2,849,944</u>	<u>1,575,299</u>	<u>4,550,049</u>
		Recurrent income*	<u>13,364,522</u>	<u>12,226,601</u>	<u>11,628,301</u>	<u>11,486,089</u>
		Net financial liabilities ratio %	30%	23%	14%	40%
		This ratio indicates the net financial obligations of Council compared to its recurrent income.				

Note	52	Management indicators (cont.)	2018	2017	2016	2015
(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>				
		Depreciated replacement cost	84,231,824	83,995,844	75,963,124	73,946,122
		Current replacement cost	114,931,426	113,335,475	109,834,678	105,477,720
		Asset consumption ratio %	73%	74%	69%	71%
		<i>Buildings</i>				
		Depreciated replacement cost	24,146,081	24,564,198	23,801,283	22,127,546
		Current replacement cost	43,644,471	43,340,721	40,678,639	36,992,092
		Asset consumption ratio %	55%	57%	59%	60%
		<i>Stormwater and drainage</i>				
		Depreciated replacement cost	20,324,357	18,510,703	18,568,821	17,957,591
		Current replacement cost	28,124,096	25,734,814	25,486,237	24,574,914
		Asset consumption ratio %	72%	72%	73%	73%

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

(f)		Asset renewal funding ratio				
		An asset renewal funding ratio has been calculated in relation to each asset class for which council has adopted an asset management plan.				
		<i>Transport Infrastructure</i>				
		Projected capital funding outlays**	9,442,050	8,248,000	8,509,000	9,019,000
		Projected capital expenditure funding***	8,125,000	8,125,000	8,125,860	8,125,860
		Asset renewal funding ratio %	116%	102%	105%	111%
		<i>Buildings</i>				
		Projected capital funding outlays**	429,300	911,000	533,000	1,076,000
		Projected capital expenditure funding***	751,000	751,000	751,000	751,000
		Asset renewal funding ratio %	57%	121%	71%	143%
		<i>Stormwater and drainage</i>				
		Projected capital funding outlays**	1,006,500	333,000	158,000	183,000
		Projected capital expenditure funding***	168,000	168,000	168,000	168,000
		Asset renewal funding ratio %	599%	198%	94%	109%
		<i>Parks & Reserves</i>				
		Projected capital funding outlays**	2,004,000	552,000		
		Projected capital expenditure funding***	142,000	142,000		
		Asset renewal funding ratio %	1411%	389%		

** 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.

Management indicators (cont.)

2018

2017

2016

2015

(q) Asset sustainability ratio

Capex on replacement/renewal of existing assets	<u>1,177,790</u>	<u>3,021,631</u>	<u>1,696,467</u>	<u>1,773,775</u>
Annual depreciation expense	3,438,834	2,967,148	2,650,778	2,850,063
Asset sustainability ratio %	34%	102%	64%	62%

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

Capital Expenditure Detail

2018	Capital renewal expenditure \$	Capital new /upgrade expenditure \$	Total Capital Expenditure \$
Roads and Bridges	573,412	682,988	1,256,400
Stormwater and drainage	0	668,040	668,040
Buildings	49,727	535,725	585,452
Land Improvements	341,863	6,633	348,497
Plant, Equipment and Other	<u>212,787</u>	<u>559,045</u>	<u>771,832</u>
Total	<u>1,177,790</u>	<u>2,452,430</u>	<u>3,630,220</u>
2017	Capital renewal expenditure \$	Capital new /upgrade expenditure \$	Total Capital Expenditure \$
Roads and Bridges	1,634,817	580,218	2,215,035
Stormwater and drainage	66,532	30,647	97,179
Buildings	716,511	-	716,511
Land Improvements	142,227	296,147	438,374
Plant, Equipment and Other	<u>461,544</u>	<u>25,712</u>	<u>487,255</u>
Total	<u>3,021,631</u>	<u>932,724</u>	<u>3,954,354</u>