

## COUNCIL MEETING - 26 OCTOBER 2020 ATTACHMENTS

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**DEVONPORT CITY COUNCIL**

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1 October 2020

Mr Graeme Nevin  
145 Percy Street  
DEVONPORT TAS 7310

Via email: [graeme.nevin@bigpond.com](mailto:graeme.nevin@bigpond.com)

Dear Mr Nevin

**RESPONSE TO QUESTIONS RAISED MONDAY 28 SEPTEMBER 2020**

I write in response to your three questions without notice, taken on notice at the Council Meeting on Monday, 28 September 2020 as outlined below.

- Q1** With regard to Council's code of conduct part 2, did the Mayor declare to Council any conflict of interest or otherwise satisfy the requirements of part 2, before discussing or answering my question in agenda item 3.2.3?
- Q2** With regard to Council's code of conduct part 7.2, and part 8.1 were the views of all councillors sought or listened to by the Mayor regarding the proposed answers to my questions before the Mayor answered them?
- Q3** Given the response ( in the first person) to my questions and part 8.4 of Council's code of conduct, does council agree that my questions have not yet been answered by Council as a whole, and will now be answered?

**Response**

I refer to the above questions and your questions without notice to Council's meeting on 24 August 2020.

The Mayor responded to your August questions by advising she does not intend to make any further comment on the matter to which you refer. Your questions were without notice and the response was provided without discussion with Councillors.

Your questions have since been discussed with Councillors and I can confirm that Council maintains the same view, in that the matter has been appropriately dealt with and Council does not intend to make any further comment.

Yours sincerely

Matthew Atkins  
GENERAL MANAGER

*The City with Spirit*

16<sup>th</sup> October 2020

Devonport City Council  
137 Rooke Street  
**DEVONPORT TAS 7310**

Malcolm Gardam  
4 Beaumont Drive  
**MIANDETTA TAS 7310**  
(Mobile No: 0417 355 813)

**ATTENTION: MR. MATTHEW ATKINS – GENERAL MANAGER (MAYOR & COUNCILLORS)**

**RE: GOVERNANCE QUESTIONS ON NOTICE**

Dear Sir,

The following are submitted as questions on notice to the Ordinary Meeting of Council scheduled for Monday 26<sup>th</sup> October 2020.

**Current Commercial Lease Policy**

**Q1.** The previously operable Community, Childcare and **Commercial Lease** Policy (since split into separate Community and Commercial policies) contained the following provisions relating to all leases:

**Validation of Lease Agreement**

Council land and/or buildings shall only be occupied pursuant to a formal signed lease.

Failure to validate the lease agreement by signature may result in the discontinuation of lease negotiations with the tenant.

Once lease terms have been finalised, Council reserves the right to commence rental charges even if the agreement remains unsigned.

If the lease remains unsigned for a period of more than 30 days, 90 days notice to vacate the premises (building and/or land) may be given to the tenant who currently occupies the premises.

With reference to “*Validation of Lease Agreement*” above, why have these requirements been omitted from the recently adopted Commercial Lease Policy, or more importantly reworded as non-contradictory requirements covering this commercial aspect not been included in the new policy?

**Q2.** The recently adopted Commercial Lease Policy contains an attachment titled “*Commercial Lease Checklist (mandatory clauses)*” and the following are asked as separate questions requiring separate answers:

**a)** With reference to “*Terms of Lease – Commercial leases will be subject to full commercial terms and relevant guidelines and legislation. Any deviation from standard commercial leasing arrangement will be subject to specific consideration in lease reports to Council.*”; will Council please explain what “*full commercial terms*” actually means in practice and what are the “*relevant guidelines*”?

- b) With reference to *“Terms of Lease – Commercial leases will be subject to full commercial terms and relevant guidelines and legislation. Any deviation from standard commercial leasing arrangement will be subject to specific consideration in lease reports to Council.”*; in practice, does this mean a report in advance of a proposed commercial lease arrangement for approval by Council at a formal meeting?
- c) With reference to *“Length of Lease – Maximum term for a commercial lease shall be ten years, but must be of a sufficient period of tenure to allow tenant reasonable opportunity to establish the business.”* it is difficult to see this as a mandatory clause in an agreement and little more than promotion as to being a caring landlord; BUT, why is there no consideration in this reference checklist as to the term of the lease being of sufficient duration for Council to justify in specific instances, such as with Providore Place tenants, a return on hundreds of thousands of dollars of ratepayer funds expended on tenant-specific requirements and costly “fitouts” plant and equipment benefiting the tenant?
- d) With reference to *“Default and/or breach – Clauses relating to default or breach must be included. This clause will generally relate to non-payment of rent; failure to comply with clauses deemed to be essential terms (including, but not limited to failure to pay outgoings; failure to maintain premises; failure to comply with notices); the tenant becoming bankrupt or entering into liquidation(company only)”* which clearly states no more than what any competent Commercial Manager would insist upon; I ask, is this a belated inclusion of just one particular Providore Place lease clause referred to by the Auditor General as *“the head lease, primarily drafted by P+I, appeared to be missing a number of standard clauses.”*?

#### **Responses to previous questions on notice**

- Q3.** While it is acknowledged the Mayor acts as spokesperson of council in relation to council policy and decisions, do all Councillors support the Mayor’s August responses to about 10 ratepayer questions, relating to the adverse Code of Conduct findings against the Mayor, and that those responses made at the time of responding satisfied the Code of Conduct decision making criteria; as being with an “open mind”, “solely on merit”, “impartial” and “not prejudged” when offering a standard response like *“.....I do not intend to make any further comment or take any further action”*?

#### **Waterfront Park Elevated Walkway**

- Q4.** Council previously advised that the Waterfront Park Elevated Walkway may be connected to the hotel to provide direct access if requested by the developer; accordingly, has such a request been made and if so will that be incorporated into the design?
- Q5.** If direct access between the Elevated Walkway and the hotel is to be incorporated into the design then who will pay for all associated costs including subsequent design and construction costs at this late stage in construction?

**Council COVID-19 financial relief initiatives**

- Q6.** Has Council granted a reduction in rent payable by its commercial tenants and if so what percentage reduction has been applied?
- Q7.** If so, does this apply to all of Council's commercial tenants or just Providore Place?
- Q8.** Without disclosing actual details, how many Council rate relief application forms/requests has Council:
- a) received; and
  - b) actually granted relief to:
    - i. Devonport businesses (not occupying Council properties); and
    - ii. Devonport residents?
- Q9.** What has been the total cost to Council of the COVID-19 relief granted to businesses applying for relief between 1/3/20 and 30/9/20?
- Q10.** What is the total cost to Council of COVID-19 rent relief granted to businesses occupying Council owned property?
- Q11.** During the current calendar year has Council considered or granted rent free periods of:  
(a) 6 months; (b) 12 months or (c) 18 months to an existing or proposed commercial tenant regarding a Council owned property?

Please acknowledge receipt and ensure inclusion in full in the October meeting Agenda.

Yours sincerely,

Malcolm Gardam

CC: Mayor & Councillors

QoN RBV 26 Oct 2020 re Hydrotherapy Pool sent / 17 Oct 2020

ROBERT B. VELLACOTT - FINANCIAL RATEPAYER  
11 COCKER PLACE  
DEVONPORT 7310

GENERAL MANAGER MAYOR AND COUNCILLORS  
DEVONPORT CITY COUNCIL  
PARANAPLE CENTRE  
ROOKE STREET  
DEVONPORT 7310

QUESTIONS ON NOTICE FOR THE DEVONPORT CITY COUNCIL ORDINARY MEETING  
26<sup>TH</sup> OCTOBER 2020

Subject – Devonport Aquatic Centre

**Question 1.**- Please inform as to whether or not a hydrotherapy pool, compliant with medical rehabilitation standards, was considered and planned to be included within the enclosed area of the aquatic centre?

**Q2.** If a conforming hydrotherapy pool was considered and the plans submitted to obtain funds for the aquatic centre from the State and Federal Government included a conforming hydrotherapy pool:

then -

a) what was the reason for not including a hydrotherapy pool ?

and

b) who instigated that a hydrotherapy pool **not** be included in the final construction ?

Please include all of the above and responses as appropriate in the Agenda and Minutes for the DCC meeting for 26<sup>TH</sup> October 2020

*R. B. Vellacott -*

Robert. B. Vellacott - 17<sup>th</sup> Oct. 2020

Questions on Notice. Council Meeting 26 Oct. from Christopher Mills .52 Caroline St East Devonport.

Fire Hazard

Q.1

To obtain Planning Approval in 2018, the Developer of Merseyview Court... the boundary of which is 3 metres from my home, was required to present to this Council a report from an Approved Bushfire Hazard Practitioner. . The appropriate Certification was issued with the Chief Fire Officer's requirements (Fire Service Act TAS 1979) that included the requirement at Section 1.14 of the Certificate that:

*"Timber, woodchip and flammable mulches cannot be used...."*

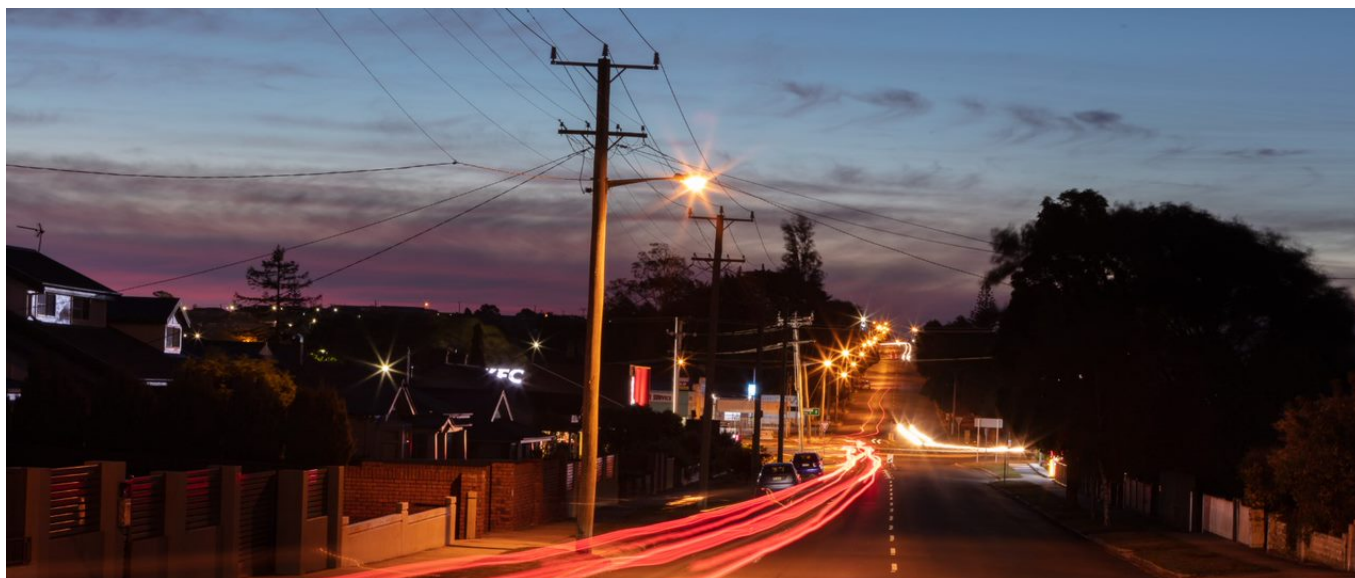
Was this Administration aware of this requirement when the Parks & Reserves team spread 800m<sup>2</sup> of inflammable woodchips next to my home and inside the northern boundary of Merseyview Court?

Q.2

Did the General Manager disclose to the Elected Members, *before* they voted unanimously to endorse the spreading of 800m<sup>2</sup> of inflammable woodchips next to my home (Minutes: Council Meeting 28 Sept)..... that data provided by the Dept. of Premier & Cabinet ( Tasmanian Government) confirms that my home ( and others) is in a "Bush Fire Impact Area – Risk Present". Such an area is defined by the Tas. Government as: "*A bushfire impact area may be subject to bushfire impacts such as smoke and embers*"

Q. 3

Was the above information suppressed by the General Manager when seeking the endorsement of the 9 Elected Members and the 6 Council Officers at that Meeting, that the woodchips and flammable shrubs will NOT be replaced with cropped grass and plants of low flammability as recommended by Tas Fire?



## PUBLIC LIGHTING STRATEGY 2021-26

**Draft - October 2020**





*Cover image: Kelly Slater, 2019*

<b>Next Date of Review:</b>	TBA
<b>Document Controller:</b>	Infrastructure and Works Manager
<b>Document Reviewer:</b>	Infrastructure and Works Manager
<b>Date Adopted by Council:</b>	TBA
<b>Resolution Number:</b>	TBA





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## 1 Executive Summary

Council adopted a Public Lighting Strategy in 2015 and has delivered on actions to achieve the objective of that Strategy.

The updated Public Lighting Strategy 2021-26 has been prepared to further contribute to the completion of objectives and achievement of goals outlined in Council's Strategic Plan 2009-2030.

Council provides around 3,500 lights to roads, car parks and open space which cost \$760,000 per year to operate and maintain. The key challenges faced are:

- "Living lightly", i.e. reducing our environmental footprint
- Managing the cost of public lighting
- Determining and providing the right level of service

The objectives of the Public Lighting Strategy 2021-26 are reflective of the challenges faced by Council when providing public lighting for the community.

- 1. Public lighting is environmentally sustainable**
- 2. Public lighting is financially sustainable**
- 3. Public lighting meets the needs of the community**

The Action Plan proposes the activities, timing and resources required to achieve the above objectives and defines the indicators of progress against the objectives.

## 2 Introduction:

The updated Public Lighting Strategy 2021-26 has been prepared to further contribute to the completion of objectives and achievement of goals outlined in Council's Strategic Plan 2009-2030.

Public lighting is a service provided by Council on road, paths, car parks and public open spaces. Council provides around 3,500 lights to roads, car parks and open space which cost \$760,000 to operate and maintain.

The scope of the Public Lighting Strategy 2021-26 includes lights to road, paths, car parks and public open spaces but excludes lighting of Council buildings, lighting to sports fields, temporary lighting for events and the proposed sound and light show in the Waterfront Park.

The Strategy examines the current status of public lighting in Devonport and the challenges likely to be faced in the next five years. Objectives are defined and an action plan is detailed to deliver those objectives.

### 3 Strategic and Legislative Context:

Council has adopted a vision for the future in the Devonport City Council Strategic Plan 2009-2030:

"Devonport will be a thriving and welcoming regional City, living lightly by river and sea."

The Strategic Plan sets goals and outcomes to be achieved over the life of the plan. The goals set out where the organisation wants to be by 2030. The outcomes and underpinning strategies are the steps needed to get there. Goals and strategies relating to public lighting are shown in Table 1.

Goal No.	Goal	Strategy No.	Strategy	Public Lighting Strategy 2021-2026 Context
1	Living lightly on the environment	1.1.1	Lead and actively promote the adoption of practices that support the sustainable use of energy and other natural resources by Council, businesses and the community	Technology and other innovations offer opportunities to deliver this strategy
		1.1.2	Investigate innovative ways of accessing alternative power sources including renewable energy	Public lighting is a considerable part of Council's energy use.
		1.4.3	Lead and actively promote emissions minimisation	Public lighting is a considerable part of Council's energy use.
2	Building a Unique City	2.3.2	Provide and maintain roads, bridges, paths and car parks to appropriate standards	Lighting provided to transport areas should be appropriate for the intended use of that area
		2.3.5	Provide and maintain sustainable parks, gardens and open spaces to appropriate standards	Lighting provided to parks areas should be appropriate for the intended use of that area
3	Growing a vibrant economy	3.3.1	Improve the City's physical access and connectivity focusing on linkages to and from key access points	Lighting can assist in the delivery of this strategy
4	Building quality of life	4.1.3	Promote passive recreational usage including walking, bike paths, trails, parks and playspaces	Lighting these areas increases the opportunity for use
5	Practicing excellence in governance	5.4.1	Provide timely, efficient, consistent services which are aligned with and meet customer needs	Request for lighting should be assessed and actioned consistently and with acceptable timeframes

		5.5.2	Ensure comprehensive financial planning and reporting to guarantee sustainability and meet or exceed financial targets	Budgets should include adequate allocations for current and future provision of public lighting
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Table 1: Strategic &amp; Legislative Context

There are other Council Strategies that the Public Lighting Strategy 2021-26 relates to:

- Asset Management Strategy
- Bike Riding Strategy 2015-2020
- Environment Strategy 2019-2024
- Open Space Strategy
- Pedestrian Strategy 2016-2021
- Road Network Strategy 2016

In alignment with the Strategic Plan and some of the above Strategies, Council joined the Cities Power Partnership in August 2020 (Min 20/62 refers). This partnership requires Council to make a number of pledges in areas including renewable energy and energy efficiency. It is likely that public lighting will be strongly represented in the pledges to be made.

The following documents have also been referenced during development of the Public Lighting Strategy 2021-26:

- AS/NZS 1158 Australian Standard – Lighting for roads and public spaces
- IPWEA Practice Note 11 – Street Lighting – Towards more sustainable street lighting

## 4 Current Context:

### 4.1 Level of service

Council provides public lighting to a range of areas including

- Urban roads
- Some car parks
- Some rural road intersections
- Some public open spaces and paths within those open spaces
- Around some Council owned or operated buildings

Note that lighting to some sports fields and events is provided but is outside the scope of this strategy.

The provision of public lighting to these areas has developed over time on an as-needs basis. The considerations made by Council when assessing the need for lighting and the required level of lighting are shown in table 2 below.

Area	Considerations for provision of lighting
Urban roads	Traffic volume, availability of power poles
Car parks	Night-time usage,
Rural road intersection	Traffic volume, road safety record
Public open spaces	Night-time usage
Public open spaces - paths	Night-time usage
Buildings	Night-time usage, need for security

Table 2: Public lighting considerations

This approach has contributed to lighting levels that are in many cases less than what is required by AS/NZS 1158. This was confirmed by desktop study in 2013 found that around half of all urban roads are lit to a lower level than what is required by AS/NZS 1158. Little work has been done since that study to improve compliance levels other than reactive upgrades or additions.

Council's public lighting service has increased over time, mainly through the provision of lighting to new subdivisions and through provision of lighting to recreational areas such as the Victoria Parade foreshore and the East Devonport fitness equipment. This long term increase is likely to continue.

### 4.2 Asset inventory and procurement model

#### 4.2.1 Unmetered supply

Most public lighting is provided through an agreement with Aurora Energy, who supply and maintain the light and supply energy to the light. The energy is not metered and so costs are incurred on a flat rate per year by light type. The agreement with Aurora Energy expires on June 30<sup>th</sup>, 2022.

Unmetered public lights are usually mounted to Aurora owned poles, which also support power lines. Aurora maintains these poles. However, where no Aurora owned poles are available, private poles are installed which are Council assets.

As of July 2020, Council lighting inventory consisted of 3,306 public lights on an unmetered supply. 510 are on private poles.





Figure 1 – Unmetered Lights on Aurora Energy Poles



Figure 2 – Unmetered Lights on DCC Poles

#### 4.2.2 Metered supply

Other public lights are on a metered supply. In most cases, these are at facilities where a meter already exists. In other situations, it is when Council has chosen lights and pole types outside Aurora Energy's standard list. Examples of this are on the Victoria Parade foreshore, Stewart Street, Rooke Street Mall and the Mersey Bluff precinct.

Under this arrangement, Council is responsible for the inspection and maintenance of all lighting infrastructure including lights, poles and underground cables. Energy costs are determined from the meter reading and paid to the energy retailer. Currently Aurora is the energy retailer for all metered public lights, under various agreements and tariffs. Council has 210 lights on metered supply in the inventory.

#### 4.2.3 Off grid

There are 15 lights that are not connected to the energy grid. Council has full responsibility for inspection and maintenance of the lights, poles and all related components of these assets.

### 4.3 Technology

#### 4.3.1 Light types

For many years, public lighting was provided through mercury vapor and sodium vapor globes. Gradually technology has improved to more efficient and safer light types, with compact fluorescent lights being introduced and then superseded by LED lights.

Aurora Energy introduced LED lights as an option for unmetered lights in 2016 and have gradually expanded the range of LED products they install. Since around 2018 LED lights have been the standard for new and replacement lights. As of July 2020, 45% of Council's unmetered lights are LEDs. This is expected to continue to increase over the next 5 years.

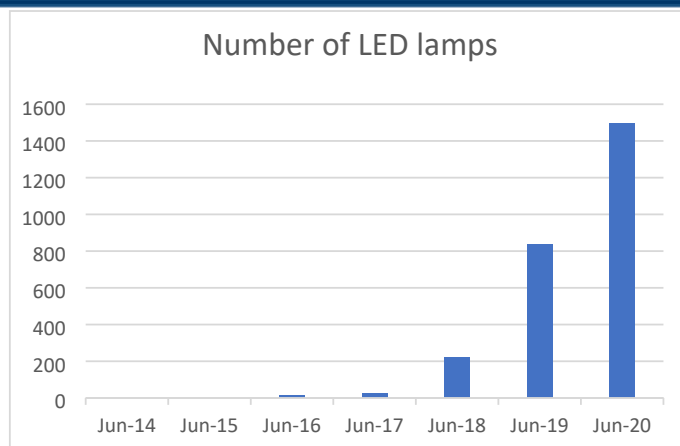


Figure 3: LED Lights on unmetered supply

#### 4.3.2 Smart lighting

Smart lighting refers to lighting that has automated controls to allow variation in the light provided that can occur based on conditions such as natural lighting levels or occupancy of the area. It allows lighting to be provided as a service more aligned with needs of the public and reduces lighting that is not required. Smart lighting systems can also be effective data collectors for Council as asset utilisation patterns can be better understood from the data obtained.

Council's public lighting does not currently use smart lighting systems. Most lights operate use a photoelectric (PE) cell to measure ambient light and turn on when it gets too dark. However, there is no ability to adjust the threshold and the lights operate at a fixed level regardless of whether the area is being used.

#### 4.4 Environmental

Due to the energy supply agreements, accurate information on energy consumption is unavailable, so indicative data is used. This data suggests that the transition to LED lights has reduced Council's energy use for public lighting. As most lights are on an unmetered supply, it is difficult to quantify energy saving but using average watts per lamp as an indicator suggests a 35% reduction from 2014 to 2020, as shown in Figure 4. It is expected this trend will continue with the ongoing transition to LED lights.

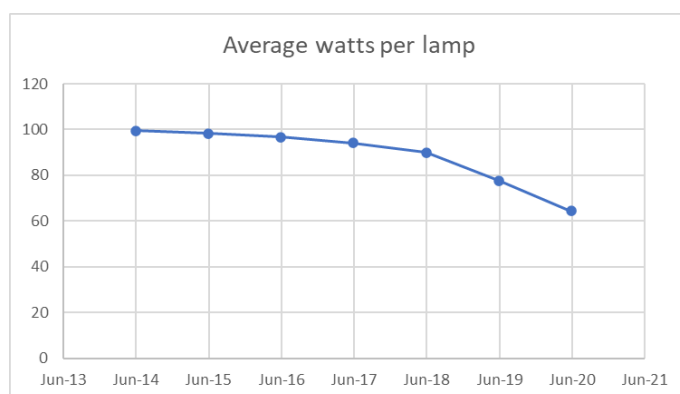


Figure 4: Average watts per lamp – unmetered supply

The transition away from mercury vapour lights has also reduced the environmental hazards associated with storage and disposal of products that contain mercury.

Like energy consumption data, there is no accurate data available of the source of the energy consumed. It is assumed that a significant portion of this energy is sourced from renewable sources, but no baseline data is available to measure long term improvement.

Council's recent membership of the Cities Power Partnership may drive a requirement to source a higher percentage of energy from renewable sources and higher percentage of LED lights.

#### **4.5 Cost**

The provision of public lighting is a considerable cost to Council and one that is essentially fixed from year to year, as large reductions in the number of lights, the hours of lighting per day or the cost of energy are not feasible. In 2019-20, Council's lighting budget was \$760,000 for lighting of roads, parks, car parks and other public areas. The annual cost is not projected to change significantly over the life of this Strategy as efficiency gains are offset by an increase in lights. However, fluctuations in the retail energy market may impact Council in future.

#### **4.6 Safety**

##### **4.6.1 Public Safety**

Public areas frequently used at night warrant the provision of lighting, providing a safe environment and promoting high utilisation of Council's assets.

AS1158 includes provision for a higher level of lighting to be provided in locations where it is deemed there is an increased risk of crime. White light from LED lights has been shown to enhance the capability of CCTV cameras, creating an additional deterrent as well as an enforcement tool. It should be noted however, that public lighting is not intended as a replacement for security lighting of private commercial and residential areas.

##### **4.6.2 Road Safety**

Lighting of roads provides a control measure against road crashes at night. In 2014, Council identified 21 road intersections and links with a history of night-time crashes and have progressively been implementing upgrades where practical.

Aligning with State and National road safety strategies requires Council to continue to make the road network safer. The targeted provision of new or upgraded lighting is one method to achieve this. LED's are likely to offer significant safety benefits for drivers, pedestrian, and other road users<sup>1</sup>

#### **4.7 Community expectation**

Council has been receiving requests for well-lit public spaces in recent years. In response to a public campaign, the Coastal Pathway on Victoria Parade was lit, with lighting now extending to Mersey Bluff, aligning the service provided with community expectation. Market Square and the Waterfront Park are high profile public spaces with extensive lighting provided. Recognising the upfront and ongoing costs of lighting projects and the opportunity cost of those projects is important.

During the COVID-19 restrictions, the use of recreational paths surged, prompting requests for extensions to path lighting. However, the willingness of the community to pay for expected services is tested. As the long-term economic impacts on Council become clearer, ongoing communication and consultation with the community on local priorities and the cost of services is important.

It is understood that the community expects lighting to be provided to the urban road network, although there is likely to be low level of understanding of the details of lighting levels and standards. The requests received for road lighting are generally for a new single light or changes to one light and if legitimate, can usually be accommodated within available budgets.

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<sup>1</sup> IPWEA Practice Note 11, 2014

## 5 Strategy Development:

The Public Lighting Strategy 2021-26 builds on the platform created by the previous Public Lighting Strategy, adopted by Council in 2015 and responds to the changes that have occurred in the area since then.

Through understanding the current context, three main challenges for Council can be identified:

### 5.1 Environment

Climate change is a global focus and public lighting is a significant and visible component of Council's energy consumption.

Council's membership of the Cities Power Partnership increases the focus on reducing energy consumption and accessing renewable energy sources.

### 5.2 Cost

The cost of providing public lighting to the community is significant and subject to both operational decisions and external factors.

The need to manage the cost of public lighting has increased in the economic conditions created by the COVID-19 pandemic.

### 5.3 Level of Service

Providing a public lighting service that contributes to the community expectation of road safety, public safety, and access to recreational facilities at night is a challenge. Balancing the demand for these services with cost and environmental sustainability measures

## 6 Purpose and Objectives:

The purpose of the Public Lighting Strategy 2021-26 is to inform Council's direction and priorities for public lighting during the period.

The objectives of the Strategy are reflective of the challenges faced by Council when providing public lighting for the community.

- 1. Public lighting is environmentally sustainable**
- 2. Public lighting is financially sustainable**
- 3. Public lighting meets the needs of the community**

## 7 Implementation:

Implementation of the Strategy will ensure that the objectives are met through the allocation of resources for identified target and recurring activities and expenses

### 7.1 Objective 1: Public lighting is environmentally sustainable

This objective strongly aligns with Council's Strategic Plan and requires Council to embrace new and emerging technology to reduce energy consumption, utilise renewable energy and to identify and eliminate any over servicing.

### 7.2 Objective 2: Public lighting is financially sustainable

This objective ensures that public lighting can be effectively delivered within the constraints of Council's Long Term Financial Plan. It is related to Objective 1 as there is a strong link between energy consumption and cost. However, to achieve this objective Council also needs to ensure it is receiving value for money for energy and public lighting services as well as managing the assets and services efficiently.

### 7.3 Objective 3: Public lighting meets the needs of the community

This objective ensures that the community has the required input into the level of service that Council provides and are aware and accepting of the cost of public lighting.

There is potential for this objective to conflict with objectives 1 and 2, so new or upgraded lighting will need to be carefully planned and occur within the constraints of future capital and operating budgets. These budgets are fundamentally linked to the willingness of the community to pay for the services, so the process to understand the community needs has the potential to be complex, iterative, and influenced by significant external factors.

Details of the process to implement the Strategy are shown in the Action Plan and the end of this document.

## **8 Monitoring, Evaluation and Review:**

A report will be tabled to Council annually to demonstrate progress against the action plan activities.

## **9 Appendices:**

nil

## Action Plan Public Lighting Strategy 2021-26

No	Action:	Year Planned					Priority: H,M,L	Resources: A-OPEX F-OPEX F-CAPEX	Targets	Responsible Department	
		2021-22	2022-23	2023-24	2024-25	2025-26					
	Objective 1: Public lighting is environmentally sustainable										
1.1	Improve energy efficiency of public lighting						H	A-OPEX	Achieve year on year improvement for energy efficiency of public lighting (measured by average W/lamp)	Infrastructure Works	and
1.2	Seek opportunities to source energy for public lighting from renewable sources						M	A-OPEX	Achieve year on year increase in % energy for public lighting from renewable sources	Infrastructure Works	and
	Objective 2: Public lighting is financially sustainable										
2.1	Public lighting costs are sustainable						H	A-OPEX	Public lighting costs increases are at or below CPI increase each year	Infrastructure Works	and
2.2	Public lighting services are cost competitive						H	A-OPEX	Participate in regional or state-wide procurement processes	Infrastructure Works	and
2.3	External funding opportunities are pursued						H	External	Grant opportunities are explored and submissions are made	City Growth	
	Objective 3: Public lighting meets the needs of the community										
3.1	Engage with the community to understand the expectations for public lighting						M	A-OPEX	Consultation undertaken and analysed for preparation of service levels	Infrastructure Works, Communications	and
3.2	Implement provision of lighting, including lighting levels into documented service levels						M	A-OPEX	Asset hierarchies in major asset classes define what public lighting is to be provided. Maintenance service levels are defined for lighting across major asset classes	Infrastructure Works	and
3.3	Audits are undertaken against defined service levels						M	A-OPEX	Audits are undertaken and 'gaps' are included in future budgets	Infrastructure Works	and
3.4	Progress with introduction of smart lighting						M	A-OPEX	Business case prepared for a smart lighting project. Project included in works program if feasible	Infrastructure Works	and
3.5	Lighting contributes to a safe road network						M	A-OPEX	Fatal and Serious night time crashes decrease year on year	Infrastructure Works	and




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**PARTNERSHIP AGREEMENT  
BETWEEN  
RANT ART AND  
DEVONPORT CITY COUNCIL**

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**1.0 PURPOSE**

This Partnership Agreement establishes a set of requirements in relation to funding assistance between the Devonport City Council (the Council) and RANT Arts (RANT).

This agreement pertains specifically to the waiving of rent for the premises at 45-47 Stewart Street Devonport (the Premises). However, this agreement does not act/supersede as a lease agreement and all conditions as stated in the lease agreement between RANT and Council are unaffected by this agreement.

RANT is not impeded from applying to Council's Financial Assistance Scheme for project-based activity.

**2.0 PERIOD**

This agreement is for a period of ONE (1) year from the date of signing and is to be reviewed after (12) months with the aim of negotiation ongoing commercial lease terms for Premises, satisfactory to both Council and RANT.

**3.0 RELATIONSHIP TO DEVONPORT CITY COUNCIL STRATEGIC PLAN 2009-2030 RELEVANT PRIORITIES**

This agreement assists Council meet several aims of its Strategic Plan, by providing RANT with a facility to administrate arts and culture services.

Relative Strategic Plan Priorities include:

**Strategy 4.2 A Vibrant City is created through the provision of cultural activities, events and facilities:**

- 4.2.1 Acknowledge, preserve and celebrate local art, culture and heritage
- 4.2.2 Cultural facilities and programs are well planned and promoted to increase accessibility and sustainability

**Strategy 4.5 Education and learning is accessible and responsive:**

- 4.5.1 Support the provision of facilities and services that encourage lifelong learning, literacy and meet the information needs of the community

**Strategy 4.7 An engaged community promotes and values diversity and equity:**

- 4.7.2 Encourage opportunities for active participation in community life
- 4.7.4 Advocate for and provide access to quality services, facilities, information and activities that celebrate and promote diversity and harmony which supports engagement, participation and inclusivity

**Strategy 4.8 Young people are recognised and valued allowing them to reach their full potential:**

- 4.8.1 Promote programs that encourage youth participation, engagement in decision making, development and leadership
- 4.8.2 Provide, promote and advocate for appropriate and accessible services, information, facilities, activities and spaces for young people



- 4.8.3 Assist in the development, promotion and celebration of young people

**Strategy 5.2 Promote active and purposeful community engagement and participation:**

- 5.2.1 Encourage community participation initiatives that supports two-way communication and consultation which results in increased engagement

#### **4.0 RANT ARTS OVERVIEW**

RANT Arts is a not-for-profit peak arts organisation, that act as a creative producer, facilitator, administrator and advocate for the arts. Key priorities for RANT include regional arts, youth arts and health, and disability and wellbeing in the arts.

RANT administers the Federal Regional Arts Fund (RAF) in Tasmania.

Focused upon building the capacity of Tasmanian artists, arts workers, organisations and communities, RANT provides a wide array of support services, programs and projects.

RANT programming includes a state-wide focus, however much of RANT's programming is designed to create opportunities for people living outside of the greater Hobart area.

Programming associated with or presented by RANT is designed to stimulate benefits such as: audience growth, engagement and satisfaction; creative and cultural development; community participation rates; and delivering innovative cultural experiences.

RANT seeks to prioritise opportunities, access, awareness, support and leadership in the arts sector and within regional communities by focusing upon quality art engagement, activities and outcomes.

#### **5.0 THE SPACE: 45-47 STEWART STREET DEVONPORT**

The Premises, 45-47 Stewart Street, was the former location of the Devonport Regional Gallery, and therefore has an established history as an arts venue. Furthermore, the Premises is adjacent to Rooke Lane, the location for the one-day arts festival, Reclaim the Lane.

The building, originally a Baptist Church, was built in 1904. In 1969 the church moved to other premises, and the building became the location for the Devonport Library until 1983, when it then became the designated site of the Devonport Gallery and Arts Centre.

In October 2018 the Gallery moved into new premises and is now part of the paranapple arts centre in Rooke Street.

**Condition:**

RANT's must not allow any activity in the premises that could potentially lead to the damage of the wall mural installed on the building's apse; Philip Wolfhagen, *the first elevation*, 1993.

Any damage to the mural caused by activity authorised by RANT, will require RANT to cover the expense of restoration or conservation.

#### **6.0 BENEFITS**

This agreement has the potential to result in a range of benefits to Devonport, including, but not limited to:

- 6.1 Raise the profile of Devonport as a cultural and arts active city.
- 6.2 Provide a location to support and empower local arts and cultural activators.
- 6.3 Provide a premise for community capacity building activity and workshops.



- 6.4 Result in innovative projects focussed on community engagement and participation.
- 6.5 Provide pathways, partnerships and communication channels for artists and young people in the region.
- 6.6 Cultivation of new arts and cultural opportunities in the region.
- 6.7 Deliver stable and ongoing support for artists and creatives across all career stages.

## **7.0 STATEMENT OF RESPONSIBILITIES**

### **7.1 The Devonport City Council will:**

- 7.1.1 Assist in the promotion of RANT and their services through Council's communication mediums.
- 7.1.2 Actively engage RANT in relevant major projects and strategic planning activities of Council.
- 7.1.3 Agree to financial assistance, in the form of rent waived for 45-47 Stewart Street for a period of 12-months from the date of this agreement.

### **7.2 RANT will within the 12-months from the date of this agreement:**

- 7.2.1 Aim to deliver services which directly align with the Benefits as detailed in this agreement.
- 7.2.2 Deliver Reclaim the Lane festival or similar.
- 7.2.3 Present to Council a concept for a future festival model for Devonport.
- 7.2.4 Provide opportunities for artistic development in the City.
- 7.2.5 Assist young people engage with the creative industries.
- 7.2.6 Facilitate community capacity development and engagement activities within the Premises by way of workshops, events, exhibitions and performances.
- 7.2.7 Provide relevant data to support Council's strategic planning and policies.
- 7.2.8 Include Council's branding in relevant promotional material.
- 7.2.9 Abide by the terms and conditions of the lease.
- 7.2.10 Provide an annual report to Council of activities undertaken in relation to the agreement and a financial statement.

## **8.0 OBLIGATIONS OF THE PARTIES**

That Council and RANT agree to:

- 8.1 Relate to the other party in a manner that is coordinated and consistent.
- 8.2 Ensure that specific contracts, arrangements, policies and plans entered into or carried out by the parties are consistent with the Agreement.
- 8.3 Subject to privacy legislation and policies, share relevant data and information to inform strategic planning and service delivery.
- 8.4 Develop processes to promote a common understanding of mutual priority needs.
- 8.5 Engage in timely, cooperative and meaningful consultation and negotiation regarding the formulation of policies, plans and activities which affect this Agreement.

## **9.0 PERFORMANCE INDICATORS AND ASSESSMENT**

The following indicators will assist in measuring the effectiveness of this agreement.

Indicator	Requirement	Required
1 Deliver Reclaim the Lane festival (or similar)	N/A	12- Months
2 Deliver community capacity building and engagement activities in the premises, reporting on the number of events held, type and participation levels	50 Events/Workshops or 750 Participants	12-Months
3 Continue to administer the Regional Arts Fund	Secure Agreement to Deliver the RAF	12-Months
4 Provide individual support of young people and emerging artists in the region, reporting on the number of engagements and age demographics, demonstrated by number of emails, phone calls and face-to-face meetings with individuals	250 Engagements	12-Months
5 Present Council with a conceptual festival model for Devonport	N/A	12-Months
6 Provide qualitative evidence on positive impact on residents	N/A	12-Months

## 10.0 KEY MILESTONES

Description	Provided By	Target Date
Annual Report including Financial Statements	RANT Arts	30 June 2021
Review of Lease and Partnership Agreement	Council	12-Months

## 11.0 PRINCIPLES, MANAGING DIFFERENCE, EVALUATION AND REVIEW

This Agreement is based upon a relationship between the parties emphasising cooperation and commitment to the following principles:

- 11.1 Understanding and respect for each party's mandates and responsibilities.
- 11.2 Each party is responsible for maintaining control of their own affairs.
- 11.3 Subject to relevant legislation and policies the transparency of financial relations between the Council and RANT Arts to enhance decision- making.
- 11.4 The fostering of opportunities to work collaboratively.
- 11.5 Shared focus on ensuring the ongoing sustainability of the operations of RANT Arts and 45-47 Stewart Street as an arts space.
- 11.6 Transparent and timely communication and consultation.
- 11.7 Understand that engagement and partnership between residents, community organisations and government is essential to improve quality of life for Devonport's residents.

The parties agree to work constructively to honour the terms of the Agreement.

The parties agree that in the event of a party stating that one or more undertakings in the Agreement is not being fulfilled that the parties will use best endeavours to ensure that the undertaking is satisfied or that an alternative solution is agreed.

If the RANT otherwise fail to comply with the terms of the Agreement after having been given 30 day's notice to rectify then the Council may terminate this Agreement.

RANT may terminate this Agreement at any time providing Council with reasoning and 30 day's notice. If the Agreement is terminated the RANT will forgo the rent waiver and either vacate the Premises or pay the required commercial rent.

The parties agree to monitor the implementation of the Agreement and evaluate its effectiveness on an annual basis; however, the Agreement can be amended with the agreement of both parties at any time.

Two-way feedback and monitoring will be through a Director of RANT Arts and Council's Convention and Arts Centre Director.

## 12.0 SIGNATORIES OF THE PARTIES

Executed as an agreement on the \_\_\_\_\_ day of \_\_\_\_\_ 2020

\_\_\_\_\_  
RANT Arts Director

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

Witnessed By: \_\_\_\_\_ Name: \_\_\_\_\_

\_\_\_\_\_  
Matthew Atkins

**General Manager**

**Devonport City Council**

\_\_\_\_\_  
Date

Witnessed By: \_\_\_\_\_ Name: \_\_\_\_\_

DATED \_\_\_\_\_ 2020

**DEVONPORT CITY COUNCIL**

**TO**

**RANT Arts (RANT)**

**LEASE**

**BY THIS LEASE** made the                      day of                      2020

**BETWEEN:**

1. **DEVONPORT CITY COUNCIL** of 137 Rooke Street, Devonport in Tasmania (ABN 47 611 446 016) ("the Landlord" which term where the context permits includes the Landlord's successors, administrators and assigns and the Landlord's agent)

AND

2. **RANT ARTS (RANT)** of PO Box 8113, Trevallyn, in Tasmania (ABN 91 628 604 357) ("the Tenant"), which term where the context permits includes the Tenant's successors, administrators and permitted assigns).

**IT IS WITNESSED:**

1. The Landlord lets and the Tenant takes the premises (including the Landlord's fixtures and fittings) described in the First Schedule ("the premises" which term where the context permits includes any part of the premises) to hold the premises to the Tenant for the period of one year ("the term") in line with the duration of the Partnership Agreement ("the agreement") between the Landlord and the Tenant.

2. **THE TENANT** covenants with the Landlord:

**(a) Charges**

To pay all charges in respect of electricity, telephone, licences, water service and usage and all other outgoings, including the waste management charge municipal rates and land tax arising in respect of the tenant's use of the premises.

**(b) Premises Maintenance**

Maintenance of the building and premises will be in accordance with the property's Building Maintenance Schedule provided in the Second Schedule.

**(c) Adjoining Property**

Whilst the Landlord owns, leases or occupies adjoining property, to permit the Landlord (or the occupiers of that adjoining property) with all necessary workmen and appliances at all reasonable times to enter the premises to execute repairs or alterations on that adjoining property and the Landlord shall make good all damage (including loss caused by disruption) occasioned to the Tenant by such entry.

**(d) Insurance**

- (i) The Landlord will provide cover for the building and the Tenant will provide cover for contents, goods and chattels owned by the Tenant;
- (ii) To insure all of the improvements on the property whether they are fixtures, fittings or otherwise;
- (iii) To indemnify and keep indemnified the Landlord against any loss or damage to the Landlord arising from any inadequacy of insurance under clause 3(b) provided that the Landlord has insured for the amount determined pursuant to subclause (ii);
- (iv) During the term to insure against public risk for a minimum of twenty million dollars at least to cover all matters normally covered by public risk insurance policies including cover against damage caused to the premises by the Tenant's workmen, invitees, licensees, agents and employees;

In respect of all insurance policies which the Tenant is required to maintain, to:

- (v) insure in the name of the parties and such other persons as the Landlord reasonably requires for their respective interests; and
- (vi) produce either a certificate as to currency or the policies and receipt for premia to the Landlord within seven days of the Landlord's written notice to that effect to the Tenant.

**(e) Inspection and Repairs**

- (i) To permit the Landlord with or without workmen and others at all reasonable times to enter and inspect the condition of the premises;
- (ii) So far as the Tenant is liable to do so, without delay to do all repairs and works ("the repairs") which the Lease requires the Tenant to do and which the Landlord by written notice requires to be done. If within fourteen days after receipt of such notice the Tenant does not proceed diligently with the repairs the Landlord may enter the premises and do the repairs at the Tenant's cost.

**(f) Restriction to Permitted Use**

Not without the Landlord's prior written consent (which consent shall not be unreasonably withheld), to carry on, in or on the premises any trade, business, profession or activity other than that of facility to administer arts and cultural services ("the permitted use" which term shall include any use to which the required consents have been given).

**(g) Conduct of Permitted Use**

Subject to any Statute, Regulation, By-law, or Planning Scheme to the contrary, to use the premises (or make the premises available for use) for the permitted use at and during all normal times similar premises in Tasmania are available for use.

**(h) Other Restrictions**

Not to do any act matter or thing in or on the premises which may:

- (i) be or become a nuisance annoyance or damage to the Landlord or the occupiers of other property in the neighbourhood; or
- (ii) cause a higher fire insurance premium to be paid in respect of the premises or which may void any policy of such insurance.

**(i) Compliance with Statutes etc**

To comply with all the requirements of all Statutes, Regulations, Planning Schemes, Interim Orders and By-laws in relation to the Tenant's use of the premises and not to do any act, matter or thing which may become a breach of any Statute, Regulation, Planning Scheme, Interim Order or By-law.

**(j) Assignment etc**

Not to mortgage, charge, assign, underlet or part with the possession of the premises (or declare a trust with respect to the Tenant's interest in the premises) without the Landlord's prior written consent, which consent shall not be unreasonably withheld in the case of a responsible and financially sound proposed assignee or subtenant but the Landlord may impose reasonable conditions on such consent.

**(k) Signs**

Not to exhibit on the exterior walls of any building on the premises or any part of the open grounds of the premises visible from outside the premises any advertisement or advertising media (other than of similar size, location and type

as is displayed or exhibited at the commencement of this Lease) without the Landlord's prior written consent.

Electoral signage is not permitted to be affixed to any Landlord owned or controlled land or buildings, in accordance with Devonport City Council's Electoral Signage Policy.

**(l) Arrears to carry interest**

If any payments due by the Tenant to the Landlord are thirty days or more in arrears (without prejudice to any other rights which the Landlord may have) to pay to the Landlord interest at the rate equal to the highest rate of interest charged from time to time by the Landlord's bank, on overdraft loans of less than one hundred thousand dollars on all moneys due under this Lease by the Tenant to the Landlord from the date on which such moneys are due and payable until the date of payment.

**(m) Consents**

To give to the Landlord all information which the Landlord reasonably requires before granting or refusing any consent which the Tenant is required to obtain from the Landlord and to pay all legal costs and other expenses reasonably incurred by the Landlord in making all reasonable enquiries in granting or refusing consent.

**(n) Not to Permit Defaults**

Not to allow, permit or suffer to be done any act, matter or thing which the Tenant has agreed in this Lease not to do.

**(o) Indemnity**

To indemnify and keep indemnified the Landlord from and against all:

- (i) loss or damage to the premises or any property or articles on or in the premises or any property or articles on or in the premises caused by the negligence of the Tenant or any employee, agent, contractor, customer or visitor of the Tenant and (without limiting this indemnity) in particular by the negligent or careless misuse, waste or abuse of water or electricity;
- (ii) damages, moneys, costs, charges, expenses, actions, claims and demands which may be sustained, suffered, recovered or made against the Landlord for any injury sustained by any person when using, entering or being near the premises where such injury arises as the result of the negligence of, or



the creation of some dangerous thing or state of affairs by, the Tenant or any employee, agent, contractor, customer or visitor of the Tenant and whether or not the existence of such dangerous thing or state of affairs was known or ought to have been known to the Landlord;

- (iii) costs, claims or demands which may arise by reason of any breach by the Tenant of any of the Tenant's agreements.

**(p) Emergency Evacuation**

To comply with emergency evacuation procedures and ensure that appropriate delegates are aware of and enforce, emergency procedures.

**(q) On Termination**

At the expiration or earlier termination of the term or any extended term:

- i) at the Landlord's request and at the Tenant's expense to remove all advertisement signs and notices which have been painted or displayed on or fixed to the premises and to make good any damage or disfigurement caused to the premises by such removal;
- ii) to peaceably surrender and yield up to the Landlord the premises together with any additions to the premises in the same state of repair and condition as the Tenant is liable to maintain the premises under the provisions of this Lease.

**3. THE LANDLORD covenants with the Tenant:**

**(a) Peaceful Enjoyment**

If the Tenant pays the rent and performs and observes the agreements and conditions on the Tenant's part to be performed and observed the Tenant shall peaceably hold and enjoy the premises during the term without any lawful interruption or disturbance from or by the Landlord or any person rightfully claiming through under or in trust for the Landlord.

**(b) Insurance**

To insure against fire, storm, tempest, flood, earthquake, explosion and other usual risks and keep insured the premises in the joint names of the parties for their respective interests but the Landlord may in addition insure in the name of such other person as the Landlord reasonably requires.

**(c) Removal of Tenant's Fixtures**

To permit the Tenant during or at the end of the term to remove and take away from the premises for the Tenant's own use and benefit (provided that the Tenant repairs any damage to the premises caused by such removal) the fixtures (including buildings and other structures) articles and things which the Tenant now has or at any time during the term attaches places or sets up in or on the premises and whether or not falling within the legal category of trade or Tenant's fixtures or to sell all or any of such fixtures articles and things to any succeeding or incoming Tenant.

**(d) No Unreasonable Refusal**

Where this Lease provides that the Tenant shall not do any act or thing without the Landlord's consent (which consent shall not be unreasonably refused), not to unreasonably refuse such consent nor to impose unreasonable conditions on such consent.

**(e) Access for New Services Through Non Leased Areas**

To permit the Tenant, at the Tenant's cost in all things and in accordance with such reasonable conditions as the Council shall impose and in such location or locations as the Landlord shall require, to install, construct or affix on, in or through the balance of the Landlord's premises and to or from the premises such new or additional electric wiring, telephone lines, gas pipes, water pipes, drains or sewers as the Tenant reasonably requires for the conduct of any aspect of the permitted use.

**(f) Access to Repair Services Through Non Leased Areas**

To permit the Tenant and the Tenant's workmen, contractors and agents access to the balance of the Landlord's premises for the purpose of inspecting, repairing, maintaining, renewing or replacing any electrical wiring or appliances, telephone lines, gas pipes, water pipes, drains or sewers as at any time serve the premises.

**(g) Option to renew**

At the expiration of the term, a new lease agreement may be entered into on commercial lease terms that is to the satisfaction of both the Landlord and the Tenant.

**4. IT IS MUTUALLY AGREED****(a) Default**

If and whenever the Tenant:

- (i) is in arrears for thirty days in payment of any part of the rent or the reviewed rent (whether or not any formal or legal demands has been made);
- (ii) assigns or underlets or parts with the possession of the premises except as permitted by this Lease;
- (iii) fails or neglects to perform or observe any of the terms of this Lease;
- (iv) suffers any execution to be levied against the goods or property on the premises;
- (v) commits any act of bankruptcy;
- (vi) if the Tenant is a corporation, enters into liquidation voluntarily or otherwise (except for the purposes of amalgamation or reconstruction); or
- (vii) a receiver is appointed of all or any of the Tenant's property;

then it shall be lawful for the Landlord or the Landlord's agent to enter on the premises or any part of the premises in the name of the whole and the Tenant's tenancy shall then absolutely terminate but without prejudice to any right of action or remedy of the Landlord in respect of any breach of any of the terms of this Lease.

**(b) Damages on Default**

- (i) If the Tenant's conduct (whether acts or omissions) constitutes a repudiation of this Lease (or of the Tenant's obligations under this Lease) or constitutes a breach of any lease covenants, the Tenant covenants to compensate the Landlord for the loss or damage suffered by reason of the repudiation or breach;
- (ii) The Landlord shall be entitled to recover damages against the Tenant in respect of repudiation or breach of covenant for the damage suffered by the Landlord during the entire term of this Lease;
- (iii) The Landlord's entitlement to recover damages shall not be affected or limited if the:
  - (1) Tenant abandons or vacates the premises;
  - (2) Landlord elects to re-enter or terminate this Lease;
  - (3) Landlord accepts the Tenant's repudiation; or
  - (4) parties' conduct shall constitute a surrender by operation of law.

- (iv) The Landlord shall be entitled to institute legal proceedings claiming damages against the Tenant in respect of the entire term, including the periods before and after the Tenant has vacated the premises and before and after the abandonment, termination, repudiation, acceptance of repudiation or surrender by operation of law referred to in subclause (iii), whether the proceedings are instituted either before or after such conduct.
- (v) If the Tenant vacates the premises, whether with or without the Landlord's consent, the Landlord shall be obliged to take reasonable steps to mitigate the damage and to endeavour to lease the premises at a reasonable rent and on reasonable terms. The Landlord's entitlement to damages shall be assessed on the basis that the Landlord should have observed the obligation to mitigate damages contained in this subclause. The Landlord's conduct taken in pursuance of the duty to mitigate damages shall not by itself constitute acceptance of the Tenant's breach or repudiation or a surrender by operation of law.

**(c) State of Repair**

Nothing in this Lease shall require the Landlord to put or keep the premises in a better standard of repair or condition than the premises were in at the commencement of the Tenant's occupation of the premises.

**(d) Non Waiver**

Any time or other indulgence granted by the Landlord to the Tenant, any failure of the Landlord to exercise in any respect any rights provided by this Lease or any acceptance by the Landlord of any rent payment shall not be deemed to be a waiver of any such rights.

**(e) Arbitration**

Any dispute arising in respect of this Lease may be referred to arbitration and where this Lease provides that any dispute shall be referred to arbitration the dispute shall be referred to the award of a single arbitrator if the parties can agree on one and otherwise to two arbitrators one to be appointed by each party and in either case in accordance with the provisions of the *Commercial Arbitration Act 2011*.

**(f) Notices**

Any notice to be given under this Lease shall be sufficiently given to the Tenant, if signed by the General Manager or Deputy General Manager or the Landlord's solicitor and left addressed to the Tenant on the premises or posted to the Tenant at the premises and be sufficiently given to the Landlord if signed by the Tenant or the Tenant's solicitor and addressed to the Landlord and left or forwarded by post to the Council Chambers in Devonport. A notice sent by post shall be deemed to be given at the time when in due course of post it would be delivered at the address to which it is sent.

**THE FIRST SCHEDULE**

**ALL THAT** part of the property at 45-47 Stewart Street, Devonport and being shown as outlined in red on the attached plan (Attachment 1) and which is generally referred to as the former Devonport Regional Gallery.

**THE SECOND SCHEDULE****BUILDING MAINTENANCE SCHEDULE**

**Lessee: RANT Arts (RANT)**

**Property Address: 45-47 Stewart Street Devonport**

ITEM	TENANT RESPONSIBILITY	LANDLORD RESPONSIBILITY
Utilities – power, phone, gas, water & sewerage etc	Pay for use and 100% of service charges (excluding water and sewerage service/fixed charge)	No responsibility
Rates, waste management fee and land tax	Responsible for 100% of charges proportional to the leased area	Responsible for 100% of charges proportional to the leased area
Insurance	Provide cover for all structures goods and chattels belonging to the Tenant. Additional insurance may be sought by Tenant (noting Landlord's insurance excess level)	Provide cover for buildings and goods and chattels owned by the Landlord (Please note that Landlord's Building Insurance Policy has an excess of \$2,500)
Vandalism	Report damage to Landlord assets to Landlord. Responsibility for repair and replacement due to vandalism to Tenant owned property and assets (if damage is less than Landlord's Building Insurance excess)	Insurance claim repairs to be assessed (if damages are in excess of Landlord's Building Insurance Policy excess). Repair and make good as necessary damage to Landlord assets
Food handling areas and equipment	Keep in a clean and hygienic state. Comply with food premises licencing requirements	No responsibility
Hygiene	Keep amenity areas in a clean and hygienic state	No responsibility
Furniture and Fittings	Full responsibility	No responsibility
Heaters and fans	Full responsibility	No responsibility
Curtains and blinds	Full responsibility	No responsibility
Floor surfaces and coverings	Full responsibility	No responsibility
Ceilings	Report damage. General cleaning, painting, repairs and maintenance	Major repairs and/or replacement due to age or structure fault
Internal doors (including cupboard doors and door furniture)	Full responsibility	No responsibility
Electrical wiring	General maintenance and repairs	Major repairs and/or replacement due to age or structure fault
Electrical fittings (including power points, light switches)	Full responsibility	No responsibility

ITEM	TENANT RESPONSIBILITY	LANDLORD RESPONSIBILITY
Fire extinguishers	Report when discharged or damaged. Responsibility for repair or replacement due to misuse or damage by tenant	Full responsibility (other than misuse or damage caused by Tenant), including servicing
Glass	Keep clean and replace when breakage occurs	Repairs or replacement due to age or structure fault
Window frames and fittings (Screens – fly or security, winders)	General maintenance and repair	Repair or replacement due to age or structure fault
Keys and locks	General maintenance of locks. Responsible for keys issued and cost of replacement, if required	Repairs to locks due to age or structure fault. Responsible for key control
Light globes and fittings	Full responsibility	No responsibility
General plumbing and fittings (including taps and toilets)	Full responsibility	No responsibility
Plumbing and fixtures, including gas and electric hot water cylinders	Full responsibility	No responsibility
Plumbing waste pipes	Keep clear at all times. General maintenance and repairs	Repairs and maintenance due to age or structure fault
Painting	Full responsibility for internal painting	Responsible for external painting
Walls	Responsible for general maintenance of walls	Repairs or replacement due to structure fault
Roofs	General maintenance and repairs including cleaning of gutters	Repairs due to age or structure fault
Switchboard	Keep neat and tidy and clear from obstruction. Report any damage	Responsible for wiring from switchboard/building to power pole
Building alterations	No works to be undertaken without Council approval/permits	Major items may be considered in budget
Access roads and paths	To keep clear and well maintained	Repairs and maintenance as required
Signage	No signage to be erected without Council permission/approval. Responsible for maintenance and safety of signage erected by tenant, including those affixed to boundary and ground fences	Consider application to erect signage. No responsibility for maintenance of tenant signage
Culverts and drains	To keep clear and well maintained	Repair or replacement due to age or structure fault
Security Alarms (where applicable)	Responsibility for call out costs associated with failure to arm or disarm security systems correctly	Responsible for security patrol, monitoring and alarm
Fire testing including emergency exit lighting	Report any identified issues	Full responsibility

ITEM	TENANT RESPONSIBILITY	LANDLORD RESPONSIBILITY
Electrical testing & tagging	Responsible for testing and tagging of Tenant owned items	Responsible for testing and tagging of Landlord owned items
Fixtures and fittings added after agreement signed and before expiration of term	Responsibility of the tenant until the expiration of the term, and as agreed to by both parties	No responsibility
Perimeter fencing	No responsibility	Full responsibility
Grassed areas, gardens and garden beds	Keep clean and tidy, weed free and regularly mowed	No responsibility
Pest control	Full responsibility	No responsibility



**IN WITNESS** the parties have this day set their hands and seals.

**THE COMMON SEAL** of the DEVONPORT )  
CITY COUNCIL was affixed on )  
2020 )

.....  
General Manager

.....  
Mayor

**SIGNED** by the said )  
 ) .....  
RANT Arts Director

In the presence of:

WITNESS:

Signature: .....

Full Name: .....

Address: .....

Occupation: .....

## ATTACHMENT 1 – 45-47 STEWART STREET



CURRENT & PREVIOUS MINUTES RESOLUTIONS - OCTOBER 2020					
Meeting Date	Res No.	Item	Status	Assignees	Action Taken
27/07/2020	20/31	Planting of Trees - Notice of Motion - Cr Lynn Laycock	Completed	Community Services Manager	Meeting held with representatives of Rotary Club of Devonport North.
27/07/2020	20/34	Local Roads and Community Infrastructure Program	In progress	Infrastructure & Works Manager	8/12 projects approved. Remaining 4 have been submitted and are awaiting approval.
27/07/2020	20/38	Electric Vehicle Charging Infrastructure - Location and Operation	Completed	Executive Officer	Agreement with EHT signed 14 September 2020
24/08/2020	20/58	Parking Spaces - Notice of Motion - Cr Alison Jarman	Completed	Infrastructure & Works Manager	Work complete
24/08/2020	20/69	Expressions of Interest - Vacant space at Devonport Recreation Centre	Completed	Community Services Manager	Negotiations being undertaken with Devonport Judo Club for lease.
24/08/2020	20/66	Devonport Surf Life Saving Club - Kiosk proposal	In progress	Governance Officer	10/09/2020 Governance Officer - Notified Surf Club of decision. Draft licence agreement will be provided to Club for their review and comment.
28/09/2020	20/87	Incorporation of Section of Crown Land into Road Corridor - Bluff Access Road	Completed	Governance Officer	Process Commenced
28/09/2020	20/88	Tender Report Contract CT0271 Mersey Bluff Traffic Improvements	Completed	Infrastructure & Works Manager	Item deferred to workshop
28/09/2020	20/89	Disposal of Land 116-122 Stony Rise Road	In progress	Governance Officer	Commenced process for the disposal of public land in accordance with S178 of the Local Government Act 1993 .
28/09/2020	20/90	Openness and Transparency Initiatives	Completed	Executive Coordinator	Policies adopted and available on the website
28/09/2020	20/91	Cradle Coast Waste Management Group Terms of Reference	Completed	Executive Officer	Matt Greskie, Dulverton, advised of resolution
28/09/2020	20/92	COVID-19 Response - Development Stimulus Program	Completed	Executive Manager City Growth	EOI process has commenced, with Agent appoint EOI process underway.
28/09/2020	20/93	Amendment To 2020/21 Fees & Charges Schedule	Completed	Executive Manager City Growth	Fees and Charges schedule has been updated with the adopted amendments.

Capital Works Income & Expenditure Report September 2020												
	Funding 2020/21				Expenditure 2020/21			Balance	Performance Measures			
	Annual Budget	Additional Funds Carried forward & adjustments	Total Budget Available	External Funding	Actual	Commitments	Total Expenditure	Remaining Funds	Works Start	Works Completion	% Budget	Comments
	\$	\$	\$	\$	\$	\$	\$	\$	Month	Month	Spent	
Summary												
Open Space & Recreation	588,000	-	773,000	653,000	608,799	1,179,124	1,787,923	(1,069,923)				
Buildings & Facilities	120,000	-	120,000	120,000	183,148	145,470	328,618	(208,618)				
Transport	4,831,000	176,733	5,007,733	1,804,122	225,200	1,989,624	2,214,824	2,616,176				
Stormwater	1,196,000	-	1,196,000	-	85,480	9,421	94,901	1,101,099				
Living City	8,000,000	-	8,000,000	-	601,830	171	602,002	7,397,998				
Plant & Fleet	479,000	-	479,000	-	137,044	42,096	179,140	299,860				
Other Equipment	345,000	63,000	408,000	63,000	86,318	123,821	210,139	197,861				
Total Capital Works	15,559,000	239,733	15,983,733	2,640,122	1,927,819	3,489,729	5,417,547	10,334,453				
Open Space & Recreation												
CP0150 Maidstone Park - Replace Ground Lighting		-	-		2,008	182,175	184,183	(184,183)	Sep-20	Dec-20		Construction underway
CP0154 Dog Exercise Park - Dog Agility Equipmen		-	-		991	-	991	(991)	Complete	Complete		July expenditure was overheads only
CP0168 Victoria Parade and Mersey Bluff - park		-	-		182	-	182	(182)	Complete	Complete		July expenditure was overheads only
CP0170 Signage Strategy Actions		-	-		161	542	703	(703)	Complete	Complete		
CP0175 Mersey Bluff - inclusive playground		-	-		1,691	41,591	43,282	(43,282)	Sep-20	Oct-20		Construction underway
CP0176 Mersey Bluff - bin compound		-	-		40	-	40	(40)	TBA	TBA		to be included with CT0271 and CT0288
CP0180 Bluff Beach - accessible ramp		-	-		7,241	-	7,241	(7,241)	TBA	TBA		
CP0181 Mersey Bluff Caravan Park – accessible amenities		-	-		-	18,364	18,364	(18,364)		Oct-20		Construction underway
CP0182 Mersey Vale Memorial Park - signage upgrade		-	-		2,655	8,537	11,192	(11,192)	Oct-20	Nov-20		
CP0183 Mersey Vale Memorial Garden - ash interment columns		-	-		79	-	79	(79)	Complete	Complete		July expenditure was overheads only
CP0184 Don River Rail Trail - construction		-	-		1,865	-	1,865	(1,865)	Apr-21	May-21		
CP0185 Waterfront Construction		-	-		569,865	628,926	1,198,791	(1,198,791)	Dec-19	Sep-21		
CP0186 Giraldestone Park - ground lighting		-	-		1,008	247,088	248,096	(248,096)	Oct-20	Dec-20		Construction pending
CP0188 Don Reserve Pedestrian Rail Crossing upgrades	35,000	-	35,000		4,161	-	4,161	30,839	Sep-20	Nov-20	11.9%	Construction underway
CP0189 Bluff Headland - Handrail Replacement and extension	45,000	-	45,000	45,000	1,238	25,240	26,477	18,523	Sep-20	Sep-20	58.8%	Construction underway
CP0190 Seat Replacements - William Street (Fourways)	20,000	-	20,000		-	-	-	20,000	TBA	TBA	0.0%	
CP0191 Netball courts resurfacing and drainage - West end	40,000	-	40,000	40,000	289	-	289	39,711	Dec-20	Feb-21	0.7%	Design underway
CP0192 Aquatic Centre / Don Reserve -playground renewal/ relocation	90,000	-	90,000	90,000	-	-	-	90,000	TBA	TBA	0.0%	
CP0193 Kiah Place - Playground equipment renewal	78,000	-	78,000	78,000	124	-	124	77,876	TBA	TBA	0.2%	
CP0194 Path renewal Don Reserve – Nicholls St to James St	140,000	-	140,000	140,000	12,452	1,847	14,299	125,701	Sep-20	Nov-20	10.2%	Construction underway
CP0195 Installation of Public Recycling Bins	30,000	-	30,000		-	-	-	30,000	TBA	TBA	0.0%	Additional \$8,560 secured
CP0196 Highfield Park new BBQ Shelter	75,000	-	75,000	75,000	165	-	165	74,835	TBA	TBA	0.2%	
CP0197 Mersey Vale Cemetery - ash interment columns for Memorial Garden	35,000	-	35,000		480	16,755	17,234	17,766	TBA	TBA	49.2%	Columns ordered
CP0199 Path Renewal Don Reserve - Nicholls to P		-	130,000	130,000	2,106	8,061	10,166	119,834	Oct-20	Nov-20		Construction pending
CP0200 Mary Binks Wetlands path upgrade - stage 2		-	55,000	55,000					TBA	TBA		
Seat replacements - Valley Road		-	-	55,000					TBA	TBA		
		-	-		-	-	-	-				
Total Open Space & Recreation	588,000	185,000	773,000	653,000	608,799	1,179,124	1,787,923	(1,069,923)			231.3%	

	Funding 2020/21				Expenditure 2020/21			Balance	Performance Measures			
	Annual Budget	Additional Funds Carried forward & adjustments	Total Budget Available	External Funding	Actual	Commitments	Total Expenditure	Remaining Funds	Works Start	Works Completion	% Budget	Comments
	\$	\$	\$	\$	\$	\$	\$	\$	Month	Month	Spent	
<b>Buildings &amp; Facilities</b>												
CB0095	Works Depot - Covered plant storage shed	-	-		147	-	147	(147)	Complete	Complete		July expenditure was overheads only
CB0096	Miandetta Park - New toilet block	-	-		5,974	-	5,974	(5,974)	Complete	Complete		
CB0097	Meercroft Park - facilities upgrade	-	-		149,175	134,236	283,411	(283,411)		Feb-21		Construction underway - C'fwd budget to be allocated
CB0098	Devonport Football Club - new change rooms	-	-		23,155	-	23,155	(23,155)	Nov-20	May-21		Design underway - C'fwd budget to be allocated
CB0099	East Devonport Football Club - new change rooms	-	-		1,735	7,816	9,551	(9,551)	Nov-20	May-21		Construction pending
CB0100	CB0100 WTS E Waste Shelter	-	-		1,685	3,418	5,103	(5,103)	Oct-20	Oct-20		Construction pending
CB0101	Maidstone ticket box renewal	25,000	-	25,000	-	-	-	25,000	TBA	TBA	0.0%	
CB0102	Horsehead Creek - New toilet block & link path	95,000	-	95,000	1,277	-	1,277	93,723	TBA	TBA	1.3%	Design underway
	PAC Theatre Door upgrade	-	-	14,000	-	-	-	-				
		-	-		-	-	-	-				
<b>Total Facilities</b>												
	<b>120,000</b>	<b>-</b>	<b>120,000</b>	<b>120,000</b>	<b>183,148</b>	<b>145,470</b>	<b>328,618</b>	<b>(208,618)</b>			<b>273.8%</b>	
<b>Transport</b>												
CT0169	Formby Road & Best Street intersection safety improvements	-	-		-	36,364	36,364	(36,364)				Work scheduled after completion of waterfront hotel
CT0247	Street light provision	-	-		224	-	224	(224)	TBA	TBA		
CT0259	Parking infrastructure renewal	-	-		666	865	1,531	(1,531)	TBA	TBA		New machines on order
CT0260	Victory Avenue kerb renewal	-	-		75	-	75	(75)				
CT0263	Oldaker Street footpath renewal - west of Rooke, south side	-	-		2,365	1,350	3,715	(3,715)	Complete	Complete		
CT0264	Victoria Street Renewal - Northern End	-	-		75	-	75	(75)				Carry forward not required
CT0265	Holyman Street renewal	-	-		75	-	75	(75)				Carry forward not required
CT0270	Northern Rooke Street renewal	-	-		-	-	-	-				Construction Underway
CT0271	Mersey Bluff Precinct – traffic, pedestrian, and parking improvements – stage 2	-	-		20,689	5,668	26,358	(26,358)	TBA	TBA		Deferred at Council
CT0272	Coastal Pathway contribution - part 1	-	-		116,509	250,973	367,482	(367,482)		Dec-21		Construction Underway
CT0274	Electric Vehicle Charging Station	50,000	-	50,000	199	-	199	49,801	TBA	TBA	0.4%	Construction pending
CT0275	CT0275 State Vehicle Entry Point	500,000	-	500,000	31,688	-	31,688	468,312	TBA	TBA	6.3%	
CT0277	Reseal Program 2020-2021	700,000	-	700,000	3,816	662,416	666,232	33,768	Aug-20	Dec-20	95.2%	Construction Underway
CT0278	Devonport Road Renewal Stage 1	1,100,000	-	1,100,000	15,772	14,553	30,325	1,069,675	TBA	TBA	2.8%	Design underway
CT0279	Bridge Road Pavement Renewal - Stage 1	374,000	-	374,000	16,709	5,169	21,878	352,122	Jan-21	Mar-21	5.8%	Tender advertised
CT0280	Wright Street Renewal - Tarleton to John	400,000	-	400,000	5,856	5,568	11,425	388,575	TBA	TBA	2.9%	Tender advertised
CT0281	Street light provision	25,000	-	25,000	224	-	224	24,776	TBA	TBA	0.9%	
CT0282	Melrose Road - Morris Road intersection improvements	75,000	-	75,000	-	476	476	74,524	TBA	TBA	0.6%	
CT0283	Steele and Percy Street Intersection Improvements	70,000	-	70,000	5,421	476	5,898	64,102	Oct-20	Nov-20	8.4%	Cosntruction pending
CT0284	Mersey Main Road safety improvements - Spreyton Primary School	104,000	-	104,000	3,357	1,900	5,257	98,743	Jan-21	Feb-21	5.1%	Design underway
CT0285	Mersey Main Road safety improvements - Maidstone Park	68,000	-	68,000	193	-	193	67,807	Jan-21	Feb-21	0.3%	Design underway
CT0286	Don Road, Lovett Street and Sorell Street safety improvements	40,000	-	40,000	403	-	403	39,597	Dec-21	Feb-21	1.0%	
CT0287	Transport minor works	25,000	-	25,000	-	3,845	3,845	21,155	TBA	TBA	15.4%	
CT0288	Mersey Bluff Precinct – traffic, pedestrian, and parking improvements – stage 3	300,000	-	300,000	661	-	661	299,339	Oct-20	Mar-21	0.2%	Tender advertised for first work package
CT0289	Coastal Pathway contribution - part 2	1,000,000	-	1,000,000	-	1,000,000	1,000,000	-		Dec-21	100.0%	
CT0290	Greenway Avenue Traffic Calming	-	-	82,733								
CT0291	Ronald Street new footpath - Oldaker to Parker	-	-	44,000								
CT0292	Pioneer Park - improved access from Thomas Street	-	-	50,000								
CT0293	Foreshore Path Link - Drew Street	-	-	25,000							0.0%	
<b>Total Transport</b>												
	<b>4,831,000</b>	<b>176,733</b>	<b>5,007,733</b>	<b>1,804,122</b>	<b>225,200</b>	<b>1,989,624</b>	<b>2,214,824</b>	<b>2,616,176</b>			<b>44.2%</b>	

	Funding 2020/21				Expenditure 2020/21			Balance	Performance Measures			
	Annual Budget	Additional Funds Carried forward & adjustments	Total Budget Available	External Funding	Actual	Commitments	Total Expenditure	Remaining Funds	Works Start	Works Completion	% Budget	Comments
	\$	\$	\$	\$	\$	\$	\$	\$	Month	Month	Spent	
<b>Stormwater</b>												
CS0081 John Stormwater Catchment Stage 1		-	-		149	-	149	(149)	TBA	TBA		Scope to be assessed after Sports Master Plan
CS0085 Oldaker (East) stormwater catchment upgrade – stage 1		-	-		873	-	873	(873)				Construction underway
CS0091 Minor Stormwater Works	60,000	-	60,000		18,699	3,620	22,319	37,681	Jun-20	Jul-21	37.2%	Construction underway
CS0092 Stormwater outfall risk management	25,000	-	25,000		-	-	-	25,000	TBA	TBA	0.0%	
CS0093 Hiller and Smith stormwater improvements	25,000	-	25,000		1,506	-	1,506	23,495	TBA	TBA	6.0%	Design underway
CS0094 Stormwater improvements 200 Steele St	58,000	-	58,000		58,786	5,325	64,111	(6,111)		Sep-20	110.5%	Construction underway
CS0095 298 Bellamy road stormwater culvert	18,000	-	18,000		395	-	395	17,605	TBA	TBA	2.2%	Design underway
CS0096 Oldaker (East) Catchment upgrade - stage 2	550,000	-	550,000		4,812	-	4,812	545,188	Jan-21	Mar-21	0.9%	Design underway
CS0097 Church street stormwater improvements	350,000	-	350,000		-	-	-	350,000	Mar-21	Jun-21	0.0%	
CS0098 Pit replacements	50,000	-	50,000		-	-	-	50,000	TBA	TBA	0.0%	
CS0099 Pipe renewal - 23 Steele St	60,000	-	60,000		261	476	737	59,263	TBA	TBA	1.2%	
	-	-	-		-	-	-	-				
<b>Total Stormwater</b>	<b>1,196,000</b>	<b>-</b>	<b>1,196,000</b>	<b>-</b>	<b>85,480</b>	<b>9,421</b>	<b>94,901</b>	<b>1,101,099</b>			<b>7.9%</b>	
<b>Plant &amp; Fleet</b>												
CF0025 Fleet replacement program 19/20		-	-		136,995	42,096	179,091	(179,091)				
CF0027 Non-Hire Plant Replacement Plan 19/20 (including disposal proceeds)		-	-		49	-	49	(49)				July expenditure was overheads only (task 4112)
CF0028 Fleet replacement program 20/21	85,000	-	85,000		-	-	-	85,000			0.0%	
CF0029 Hire Plant Replacement Plan 20/21 (including disposal proceeds)	394,000	-	394,000		-	-	-	394,000			0.0%	
	-	-	-		-	-	-	-				
	-	-	-		-	-	-	-				
<b>Total Plant &amp; Fleet</b>	<b>479,000</b>	<b>-</b>	<b>479,000</b>	<b>-</b>	<b>137,044</b>	<b>42,096</b>	<b>179,140</b>	<b>299,860</b>			<b>37.4%</b>	
<b>Other Equipment</b>												
	-	-	-		-	-	-	-				
<b>Total Other Equipment</b>	<b>345,000</b>	<b>63,000</b>	<b>408,000</b>	<b>63,000</b>	<b>86,318</b>	<b>123,821</b>	<b>210,139</b>	<b>197,861</b>			<b>51.5%</b>	
<b>TOTAL CAPITAL EXPENDITURE - EXCLUDING LIVING CITY</b>	<b>7,559,000</b>	<b>424,733</b>	<b>7,983,733</b>	<b>2,640,122</b>	<b>1,325,988</b>	<b>3,489,557</b>	<b>4,815,546</b>	<b>2,936,454</b>			<b>60.3%</b>	
<b>Living City</b>												
	-	-	-		-	-	-	-				
<b>Total Living City</b>	<b>8,000,000</b>	<b>-</b>	<b>8,000,000</b>	<b>-</b>	<b>601,830</b>	<b>171</b>	<b>602,002</b>	<b>7,397,998</b>			<b>7.5%</b>	
	-	-	-		-	-	-	-				
<b>TOTAL CAPITAL EXPENDITURE - INCLUDING LIVING CITY</b>	<b>15,559,000</b>	<b>424,733</b>	<b>15,983,733</b>	<b>2,640,122</b>	<b>1,927,819</b>	<b>3,489,729</b>	<b>5,417,547</b>	<b>10,334,453</b>			<b>33.9%</b>	

**Devonport City Council**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended 30 June 2020**



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## Statement of Comprehensive Income

		Budget 2020 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
	Note			
<b>Income from continuing operations</b>				
<b>Recurrent income</b>				
Rates and service charges	4	28,642	28,907	27,976
Fees and charges	5	5,681	5,460	5,852
Grants	6	2,644	2,372	2,586
Contributions - cash	7	36	24	19
Investment revenue from TasWater	8	1,089	546	1,018
Other investment revenue	9	1,219	852	1,063
Share of profit of associates accounted for by the equity method	23	372	1,146	1,539
Other income	10	1,139	1,137	1,105
<b>Total recurrent income</b>		<b>40,822</b>	<b>40,444</b>	<b>41,158</b>
<b>Capital items</b>				
Capital grants received specifically for new or upgraded assets	6	4,057	2,505	1,504
Contributions - non-monetary assets	7	0	8	510
Net loss on the disposal of property, infrastructure, plant and equipment	16	(304)	(626)	(819)
Capital works completed on assets not owned by Council	17	0	(93)	0
Derecognition of assets	18	0	(1,320)	(2,885)
<b>Total capital items</b>		<b>3,753</b>	<b>474</b>	<b>(1,690)</b>
<b>Total income from continuing operations</b>		<b>44,575</b>	<b>40,918</b>	<b>39,468</b>
<b>Expenses from continuing operations</b>				
Employee benefits	11	12,332	12,506	11,964
Materials and services	12	15,541	15,232	15,395
Depreciation and amortisation	13	9,750	10,624	9,574
Finance costs	14	1,731	2,054	3,611
Other expenses	15	995	1,339	1,202
<b>Total expenses from continuing operations</b>		<b>40,349</b>	<b>41,755</b>	<b>41,746</b>
<b>Result from continuing operations</b>		<b>4,226</b>	<b>(837)</b>	<b>(2,278)</b>
<b>Net result for the year</b>		<b>4,226</b>	<b>(837)</b>	<b>(2,278)</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to surplus or deficit</b>				
Fair value adjustments on equity investment assets	22	0	(23,239)	12,683
Net asset revaluation increment / (decrement) - Council	33	0	33,537	2,017
Net asset revaluation increment / (decrement) - Associates	23	0	72	21
<b>Total other comprehensive income</b>		<b>0</b>	<b>10,370</b>	<b>14,721</b>
<b>Total comprehensive result</b>		<b>4,226</b>	<b>9,533</b>	<b>12,443</b>

## Statement of Financial Position as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	19	13,730	15,966
Trade and other receivables	20	2,358	7,578
Other assets	21	200	306
Available for sale assets	24.1	513	1,337
<b>Total current assets</b>		<b>16,801</b>	<b>25,187</b>
<b>Non-Current Assets</b>			
Trade and other receivables	20	364	24
Other assets	21	0	268
Investment in TasWater	22	76,789	100,028
Investments in associates	23	8,191	7,234
Property, infrastructure, plant and equipment	24	513,904	477,943
Right-of-use assets	25	812	0
Capital work in progress	26	9,895	4,311
<b>Total non-current assets</b>		<b>609,955</b>	<b>589,808</b>
<b>TOTAL ASSETS</b>		<b>626,756</b>	<b>614,995</b>
<b>Current Liabilities</b>			
Trade and other payables	27	3,099	2,379
Interest bearing liabilities	28	1,804	1,804
Provisions	30	2,244	2,309
Lease liabilities	31	52	0
Contract liabilities	32	2,206	0
<b>Total current liabilities</b>		<b>9,405</b>	<b>6,492</b>
<b>Non-Current Liabilities</b>			
Interest bearing liabilities	28	48,213	50,017
Other Financial Liabilities	29	2,882	2,499
Provisions	30	325	350
Lease liabilities	31	761	0
<b>Total non-current liabilities</b>		<b>52,181</b>	<b>52,866</b>
<b>TOTAL LIABILITIES</b>		<b>61,586</b>	<b>59,358</b>
<b>NET ASSETS</b>		<b>565,170</b>	<b>555,637</b>
<b>Equity</b>			
Asset revaluation reserve - Council	33	352,395	318,858
Asset revaluation reserve - Associates	33	1,661	1,589
Other reserves	34	392	23,631
Accumulated surplus	33	210,722	211,559
<b>TOTAL EQUITY</b>		<b>565,170</b>	<b>555,637</b>

# DEVONPORT CITY COUNCIL

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### Statement of Changes in Equity

2020					
	Asset Revaluation Reserve - Council Note 33 (i) \$'000	Asset Revaluation Reserve - Associate Note 33 (ii) \$'000	Accumulated Surplus Note 33 (iii) \$'000	Other Reserves Note 34 \$'000	Total \$'000
Balance at beginning of year	318,858	1,589	211,559	23,631	555,637
Net result for the year	0	0	(837)	0	(837)
Other comprehensive income	33,537	72	0	(23,239)	10,370
Balance at end of year	352,395	1,661	210,722	392	565,170

2019					
	Asset Revaluation Reserve - Council Note 33 (i) \$'000	Asset Revaluation Reserve - Associate Note 33 (ii) \$'000	Accumulated Surplus Note 33 (iii) \$'000	Other Reserves Note 34 \$'000	Total \$'000
Balance at beginning of year	316,841	1,568	213,837	10,948	543,194
Net result for the year	0	0	(2,278)	0	(2,278)
Other comprehensive income	2,017	21	0	12,683	14,721
Balance at end of year	318,858	1,589	211,559	23,631	555,637

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

## Statement of Cash Flows

	Note	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities :</b>			
Rates and other user charges		33,454	33,463
Net GST refund/(payment)		1,215	2,958
Interest received		366	428
Contributions - cash		24	19
Government grants and subsidies		2,464	2,586
Other receipts		1,132	441
Payments to suppliers and employees		(29,648)	(29,967)
Other payments		(875)	(1,326)
<b>Net cash flows provided by operating activities</b>	39	<b>8,132</b>	<b>8,602</b>
<b>Cash flows from investing activities :</b>			
Payments for non current assets		(13,662)	(21,406)
Proceeds from sale of non current assets		1,514	3,299
Capital grants		4,219	1,504
Investment revenue from Taswater		546	1,727
Dividend from Associate		261	335
Other investments		642	513
Finance costs paid		(1,671)	(1,716)
Loans to community organisations		(361)	4
<b>Net cash used in investing activities</b>		<b>(8,512)</b>	<b>(15,740)</b>
<b>Cash Flows from financing activities :</b>			
Proceeds from borrowings		0	7,661
Repayment of lease liabilities (principal repayments)		(52)	0
Repayment of borrowings		(1,804)	(999)
<b>Net cash provided by financing activities</b>		<b>(1,856)</b>	<b>6,662</b>
Net increase / (decrease) in cash and cash equivalents		(2,236)	(476)
Cash and cash equivalents at beginning of the financial year		15,966	16,442
<b>Cash and cash equivalents at end of the financial year</b>	19	<b>13,730</b>	<b>15,966</b>

## Reporting Entity

- (a) The Devonport City Council was established in 1908 and is a body corporate with perpetual succession and a common seal. Council's main office is located at 137 Rooke Street, Devonport.
- (b) The purpose of the Council is to:
- provide for health, safety and welfare of the community;
  - represent and promote the interests of the community;
  - provide for the peace, order and good government in the municipality.

## 1 Statement of accounting policies

### (a) Basis of accounting

These financial statements are a general purpose financial report that consists of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and accompanying notes. The general purpose financial report complies with Australian Accounting Standards and the *Local Government Act 1993 (LGA 1993) (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.

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

This financial report has been prepared on an accrual and going concern basis. This financial report has been prepared under the historical cost convention, except where specifically stated.

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

All entities controlled by Council that have material assets or liabilities, such as special committees of management, and material subsidiaries or joint ventures, have been included in this financial report. Where relevant, all transactions between these entities and Council have been eliminated in full.

### (b) Judgements and assumptions

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

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

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

#### *Employee entitlements*

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in Note 31.

#### *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 35.

#### *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 1(g) and Notes 24 and 45.

#### *Investment in water corporation*

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in Note 22.

## 1 Statement of accounting policies (continued)

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

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

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

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

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

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

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.

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 and will continue to be recognised as revenue upfront assuming no change to the current grant arrangements.

Council currently presents unexpended grant income received in note 6.

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.

#### (ii) 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, similar to income recognition in relation to performance obligations under AASB 15 as discussed above.

Council has elected not to recognise 'Peppercorn Leases' at 30 June 2020. The assessment undertaken considered the whether Council could identify the asset subject to the lease, the application of control over the asset, the consideration paid for the lease, the term of the lease, the value of the leased asset and the application of an exemption.

## 1 Statement of accounting policies (continued)

AASB 1058 also encompasses non-contractual statutory income such as rates, taxes and fines. Under AASB 1058, income is recognised when the taxable event has occurred. There will be no change to the way Council currently accounts for prepaid rates as Council currently defers revenue from prepaid rates until the commencement of the applicable rating period and recognises prepaid rates as a financial liability, in line with the pending accounting standard.

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. It is estimated that the value of volunteer services is \$140,000 per annum, however they have not been recognised as they would not have been purchased if they had not been donated.

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 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.

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

AASB 16 has resulted in most of Council's operating leases being brought onto the statement of financial position. There are limited exceptions relating to peppercorn leases, short-term leases and low-value assets which are disclosed in notes 28 and 31.

The calculation of the lease liability has taken into account appropriate discount rates, assumptions about the lease term, and increases in lease payments. A corresponding right to use assets has been recognised, which has been amortised over the term of the lease. Rent expense is no longer shown. The profit and loss impact of the leases has been through amortisation and interest charges. Council's current operating lease expenditure is shown at Notes 13 and 14. In the Statement of Cash Flows lease payments have been shown as cash flows from financing activities instead of operating activities.

#### a) Impact of the new definition of a lease

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

#### b) Impact of lessee accounting

##### *i) Former operating leases*

AASB 16 changes how Council accounts for leases previously classified as operating leases under AASB 17

Applying AASB 16, for all leases, Council:

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

## 1 Statement of accounting policies (continued)

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

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

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

### ii) Former finance leases

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

### iii) Lessor accounting

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

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

### Transition

On transition to AASB 16, Council recognised additional right-of-use assets and additional lease liabilities, recognising the difference in Accumulated surpluses. The impact on transition is summarised below.

1 July 2019	Note	\$'000
Right-of-use assets	25	865
Lease liabilities	31	(865)
Accumulated surpluses		-

As a lessee, the weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on the date of initial application was 1%. Leases accounted for under AASB 16 relate to 3 parcels of land leased from Crown Land previously disclosed as Rental Expense.

Operating lease commitments disclosed as at 30 June 2019	-
Crown leases previously disclosed as Rental Expense, calculated with reference to the term of the lease, annual repayments and annual discount rate of 1%	865
Finance lease liabilities recognised as at 30 June 2019	865
<b>Lease liability recognised as at 1 July 2019</b>	<b>865</b>



## 1 Statement of accounting policies (continued)

### (d) Pending Accounting Standards

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

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

These amendments address and acknowledge inconsistency between the requirements of AASB 10 and those in AASB 128 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

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

Council's investment in Dulverton Regional Waste Management Authority (DRWMA) is classified as an investment in an associate. As Council does not anticipate making a sale or contribution of assets to DRWMA the amendments to this standard are not expected to have any impact.

All other Australian accounting standards and interpretations with future effective dates are not applicable to Council's activities.

### (e) 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 12 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.

### (f) Taxation

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

#### *Goods and Services Tax (GST)*

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

Cash flows are presented in the Statement of Cash Flows on a net basis.

### (g) Impairment of non-financial assets

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

### (h) Rounding

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

## 2 Functions / activities

### (a) Council's functions and activities

Revenue, expenses and assets have been attributed to the following functions :

Programs	Revenue		Expenses	Surplus/(deficit) for Year	Assets
	Grants	Other			
	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000
Corporate	2,221	27,531	9,822	19,930	67,703
Community, Cultural & Recreation	173	1,397	8,219	(6,649)	24,462
Parking	0	2,410	2,024	386	22,269
Economic Development	0	57	781	(724)	11,651
Roads	2,350	(361)	7,409	(5,420)	137,566
Stormwater	0	(507)	2,144	(2,651)	85,156
Waste Management	0	4,685	4,747	(62)	2,528
Parks & Gardens	133	89	4,617	(4,395)	183,681
Buildings	0	(72)	360	(432)	87,333
Infrastructure Administration	0	124	80	44	4,297
Regulatory Services	0	688	1,552	(864)	110
<b>TOTAL</b>	<b>4,877</b>	<b>36,041</b>	<b>41,755</b>	<b>(837)</b>	<b>626,756</b>

#### 2019 Restated

Programs	Revenue		Expenses	Surplus/(deficit) for Year	Assets
	Grants	Other			
	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000
Corporate	2,479	28,655	9,386	21,748	113,048
Community, Cultural & Recreation	114	1,055	7,433	(6,264)	5,353
Parking	0	2,283	1,927	356	22,452
Economic Development	1,000	(1,766)	2,551	(3,317)	62,713
Roads	450	(327)	7,398	(7,275)	134,060
Stormwater	0	(70)	2,164	(2,234)	78,079
Waste Management	0	4,364	4,132	232	1,563
Parks & Gardens	47	370	4,607	(4,190)	162,296
Buildings	0	0	368	(368)	32,181
Infrastructure Administration	0	120	393	(273)	3,163
Regulatory Services	0	694	1,387	(693)	87
<b>TOTAL</b>	<b>4,090</b>	<b>35,378</b>	<b>41,746</b>	<b>(2,278)</b>	<b>614,995</b>

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

	2020 \$'000	2019 \$'000
Current assets	16,801	25,187
Non-current assets	609,955	589,808
	<b>626,756</b>	<b>614,995</b>

## 2 Functions / activities

### (c) - Council's programs and activities

The activities relating to the Programs in Note 2 (a) are as follows

#### **CORPORATE**

##### ***This Program includes the following activities***

Executive Management  
Receptions & Functions  
Communication  
Emergency Management  
Corporate Services  
Governance  
Property Management  
Customer Services  
Records Management  
Elected Members Support  
Human Resource Management  
Payroll Services  
Information Technology  
Accounting & Finance  
Corporate Revenue

#### **COMMUNITY, CULTURAL AND RECREATION**

##### ***This Program includes the following activities***

Community Development  
Community Financial Assistance  
paranaple Arts Centre  
paranaple Convention Centre  
Recreational Development  
Devonport Aquatic Centre  
Devonport Recreation Centre  
East Devonport Recreation Centre  
Marketing & Events  
Bass Strait Maritime Centre  
Home Hill

#### **ECONOMIC DEVELOPMENT**

##### ***This Program includes the following activities***

LIVING CITY Project  
Economic Development

#### **PARKING**

Parking

#### **ROADS**

##### ***This Program includes the following activities***

Roads Maintenance

#### **STORMWATER**

##### ***This Program includes the following activities***

Stormwater Maintenance

#### **WASTE MANAGEMENT**

##### ***This Program includes the following activities***

Waste Management Operations

#### **PARKS & GARDENS**

##### ***This Program includes the following activities***

Parks & Open Space Maintenance  
Cemetery Operations

#### **BUILDINGS**

##### ***This Program includes the following activities***

Building Maintenance

#### **INFRASTRUCTURE ADMINISTRATION**

##### ***This Program includes the following activities***

Project Management  
Engineering Services  
Plant Services

#### **REGULATORY SERVICES**

##### ***This Program includes the following activities***

Town Planning & Development  
Building Surveying Services  
Plumbing Assessment & Inspections  
Environmental Health Services  
Animal Control  
Emergency Management

### 3 Significant business activities

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

		2020		
		Parking	Waste Management	paranaple Arts Centre and Convention Centre*
		\$'000	\$'000	\$'000
<b>Operating Statement</b>				
<b>Revenue</b>				
Fees and charges		1,467	4,597	630
Other		575	88	75
Grants and contributions		0	0	92
<b>Total revenue</b>		<b>2,042</b>	<b>4,685</b>	<b>797</b>
<b>Expenses - Direct</b>				
Employee costs		278	605	1,155
Materials and services		818	4,087	1,271
Levies and taxes		265	3	62
<b>Total expenses (before depreciation)</b>		<b>1,361</b>	<b>4,695</b>	<b>2,488</b>
<b>Capital costs</b>				
Depreciation expense		324	52	1,064
Opportunity cost of capital	3.39%	758	69	683
(Gain) / loss on sale of non-current assets		(367)	0	0
		<b>715</b>	<b>121</b>	<b>1,747</b>
<b>Calculated surplus / (deficit)</b>		<b>(34)</b>	<b>(131)</b>	<b>(3,438)</b>
<b>Income Tax Equivalent Rate 30%</b>				
Income tax equivalent		0	0	0
<b>Total fully attributed costs</b>		<b>2,076</b>	<b>4,816</b>	<b>4,235</b>

### 3 Significant business activities (cont.)

#### Operating Statement

##### Revenue

Fees and charges

Other

Grants and contributions

##### Total revenue

##### Expenses - Direct

Employee costs

Materials and services

Levies and taxes

##### Total expenses (before depreciation)

##### Capital costs

Depreciation expense

Opportunity cost of capital

(Gain) / loss on sale of non-current assets

##### Calculated surplus / (deficit)

##### Income Tax Equivalent Rate 30%

Income tax equivalent

##### Total fully attributed costs

2019			
Parking	Waste Management	paranaple Arts Centre and Convention Centre	
\$'000	\$'000	\$'000	
1,852	4,273	468	
693	91	89	
0	0	86	
<b>2,545</b>	<b>4,364</b>	<b>643</b>	
331	448	1,173	
725	3,628	1,118	
178	3	36	
<b>1,233</b>	<b>4,079</b>	<b>2,326</b>	
350	53	411	
740	52	569	
263	0	171	
<b>1,353</b>	<b>105</b>	<b>1,151</b>	
(41)	181	(2,834)	
0	54	0	
<b>2,586</b>	<b>4,238</b>	<b>3,477</b>	

#### Accounting policy

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 Parking, Waste Management, the paranaple Art Centre and the paranaple Convention Centre 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 opportunity cost of capital is calculated at 3.39% (2018/19 3.37%) of assets; and
- income tax equivalents are calculated using the company tax rate

#### 4 Rates and service charges

Council uses Assessed Annual Value (AAV) as the basis of valuation, for rating purposes, of all properties within the municipal area. AAV is an assessment of the indicative rental value of a property for a 12 month period or a 4% minimum of capital value, at a specific date and in accordance with legislation. The Valuer-General determines the AAV under the *Valuation of Land Act 2001*.

	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
General rates	21,902	21,347
Penalty income from overdue rates and charges	93	110
Waste management rates & charges	3,939	3,703
Fire Service Levy	2,973	2,816
	<hr/>	<hr/>
Total rates and service charges	<b>28,907</b>	<b>27,976</b>

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

##### **Accounting Policy under AASB 15 and AASB 1058 - applicable from 1 July 2019**

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

##### **Accounting Policy under AASB 118 and AASB 1004 - applicable for 2019 comparative**

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

	2020 \$'000	2019 \$'000
<b>5 Fees and charges</b>		
Admission charges	96	94
Animal registrations	90	89
Cemetery fees	194	227
Certificate charges	183	184
Development fees	400	422
Equipment hire fees	39	20
Facility hire	337	337
Fines	388	490
Licences	72	72
Parking fees	1,467	1,852
Property leases & rental	955	1,084
Sales of goods	581	411
Waste management fees	658	570
<b>Total fees and charges</b>	<b>5,460</b>	<b>5,852</b>

Refer to Note 43 for the aging analysis of contractual receivables.

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

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

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

**Accounting Policy applicable for 2019 comparative**

**Fees and fines**

Fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs. A provision for impairment is recognised when collection in full is no longer likely. Aged infringement debtors are forwarded to the Monetary Penalties Enforcement Service for collection on Council's behalf, and recorded as an expense at that time. Any amounts recovered by the Monetary Penalties Enforcement Service are recorded as income when received.

**Property leases and rentals**

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

**Operating leases as lessor**

Council leases properties at market rental values and, usually where tenants are not for profit entities such as community or sporting organisation, at subsidised or peppercorn rentals as part of its community support objectives.

All lease revenue is recorded on an accruals basis for the actual rental receivable. Subsidies and incentives are not quantified or separately recorded.

All leased properties are recognised at fair value (refer to note 24).

**Sale of goods**

Sale of goods are recognised as revenue when the product or service has been provided.

## 6 Grants

	2020 \$'000	2019 \$'000
<b>Grants - Recurrent</b>		
Commonwealth Government Financial Assistance Grants - General Purpose	1,021	1,138
Commonwealth Government Financial Assistance Grants - Roads	1,098	1,284
State Government - Grant to demolish Maternity Hospital building		0
Arts	92	80
Community projects	82	27
Roads	79	57
<b>Total recurrent grants</b>	<b>2,372</b>	<b>2,586</b>
<b>Capital grants received specifically for new or upgraded assets</b>		
Roads to Recovery	507	222
Black Spot Program	1,198	137
Community Projects	133	7
State Government - Road Projects	232	91
State Government - Bus Stop Infrastructure	430	0
Electric Vehicle Charging Station	5	0
Urban Renewal - 'LIVING CITY' Project	0	1,000
Parks & Open Spaces	0	47
<b>Total capital grants</b>	<b>2,505</b>	<b>1,504</b>
<b>Total grants</b>	<b>4,877</b>	<b>4,090</b>

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

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

The performance obligations are varied based on the agreement, but include improvements to existing infrastructure to cater for additional female sporting participants under the 'Level the Playing Field' funding initiative, construction of bus shelters, arts programs and community events.

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

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



	2020 \$'000	2019 \$'000
<b>6 Grants (continued)</b>		
<b>Conditions on grants</b>		
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:		
<b>Unexpended at the close of the previous reporting period</b>	<b>1,229</b>	<b>1,075</b>
Less: expended during the current period from revenues recognised in previous reporting periods		
Financial Assistance Grants	(1,229)	(1,075)
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions		
Financial Assistance Grants	1,089	1,229
Plus: amounts recognised as a Contract Liability as per note 32		
Infrastructure	1,734	
Community & Cultural	49	
<b>Unexpended at the close of this reporting period</b>	<b>2,872</b>	<b>1,229</b>
<b>Net increase (decrease) in non-reciprocal grant revenues for the year:</b>	<b>1,643</b>	<b>154</b>

#### Accounting Policy under AASB 1004 - applicable for 2019 comparative

The Australian Commonwealth Government provides untied Financial Assistance Grants to Council for general purposes use and the provision of local roads. Previously in accordance with AASB 1004: *Contributions*, Council recognised these grants as revenue when it received the funds and obtained control.

#### Grant income - recurrent and capital

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

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

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

	2020 \$'000	2019 \$'000
<b>7 Contributions</b>		
<b>Cash</b>		
Training contributions	18	0
Sundry	6	24
Developer Contribution	0	(5)
<b>Total</b>	<b>24</b>	<b>19</b>
<b>Non- monetary assets</b>		
Parks and Open Space	0	199
Roads	0	179
Stormwater	8	127
Cultural & Heritage	0	5
<b>Total</b>	<b>8</b>	<b>510</b>

#### Accounting Policy under AASB 15 - applicable from 1 July 2019

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

#### Accounting Policy under AASB 1004 - applicable for 2019 comparative

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.

	2020 \$'000	2019 \$'000
<b>8 Investment revenue from TasWater</b>		
Dividend revenue	458	573
Tax equivalent	88	372
Guarantee fee	0	73
<b>Total investment revenue from TasWater</b>	<b>546</b>	<b>1,018</b>

**Accounting Policy**

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

**9 Other investment revenue**

Interest received from investments	321	449
Dulverton tax equivalent	531	614
<b>Total other investment revenue</b>	<b>852</b>	<b>1,063</b>

**Accounting Policy**

Interest is recognised progressively as it is earned.

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

**10 Other income**

Commission	176	186
Recoverables	409	404
Miscellaneous	552	515
<b>Total Other revenue</b>	<b>1,137</b>	<b>1,105</b>

Other income is recognised progressively as it is earned.

Income treated as other income includes recovered utility charges and insurance claim refunds.

	2020 \$'000	2019 \$'000
<b>11 Employee benefits</b>		
Total wages and salaries	9,580	8,964
Annual and long service leave entitlements	1,106	1,164
Superannuation (Note 35)	1,279	1,198
Workers compensation and payroll tax	889	854
	<u>12,854</u>	<u>12,180</u>
Other employee related expenses	<u>160</u>	<u>130</u>
	13,014	12,310
Less amounts capitalised	<u>(508)</u>	<u>(346)</u>
	<u><b>12,506</b></u>	<u><b>11,964</b></u>

**Accounting Policy**

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

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

**12 Materials and services**

Advertising, printing & other office costs	198	269
Computer services and maintenance	686	737
Consultants	208	563
Contractors	5,511	5,768
General - services & materials	1,393	1,310
Low-value leases	89	0
Insurance	325	299
Levies & taxes	3,824	3,519
Memberships - organisations	285	293
Plant expenses	591	619
Professional services	216	110
Telephone & postage services	157	210
Utilities	<u>1,749</u>	<u>1,698</u>
	<u><b>15,232</b></u>	<u><b>15,395</b></u>

**Accounting Policy**

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

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

	2020 \$'000	2019 \$'000
<b>13 Depreciation</b>		
<i>Infrastructure</i>		
Parks and open space	742	698
Buildings	2,975	2,293
Plant	574	562
Furniture and fittings	708	350
Roads	4,200	4,355
Stormwater	1,358	1,302
Cultural and heritage	14	14
	<u>10,571</u>	<u>9,574</u>
<i>Right-of-use assets</i>		
Right-of-use assets	<u>53</u>	<u>0</u>
<b>Total depreciation and amortisation</b>	<b><u>10,624</u></b>	<b><u>9,574</u></b>

#### Accounting Policy

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

Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives in a manner which reflects consumption of the service potential embodied in those assets. Right-of-use assets are amortised over the lease term. Estimates of remaining useful lives and residual values are made on a regular basis and depreciation rates and methods are reviewed annually.

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

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

Straight line depreciation is charged based on the residual useful life as determined each year. Major depreciation and amortisation periods used are listed below and are consistent with the prior year unless otherwise stated:

	Basis of Depreciation	Useful Life
Land	Not depreciated	Unlimited life
Parks and Open Space	Straight line	2 - 100 years
Buildings	Straight line	20 - 135 years
Plant	Straight line	2 - 50 years
Furniture and Fittings	Straight line	1 - 50 years
Roads	Straight line	15 - 100 years
Stormwater	Straight line	15 - 100 years
Cultural and Heritage	Majority not depreciated	5 years - Unlimited life
Right-of-use assets	Straight line	Term of lease

	2020 \$'000	2019 \$'000
<b>14 Finance costs</b>		
Borrowing fees and charges	0	75
Interest - borrowings	1,663	1,641
Interest - lease liabilities	8	0
Market Value Movement in Interest Rate Swaps	383	1,895
	<b>2,054</b>	<b>3,611</b>

**Accounting Policy**

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

Finance costs are expensed as incurred using the effective interest method. Council has entered into interest rate swaps to protect it from adverse changes in interest rates over time. Council is recognising the movements in the swaps through the Statement of Comprehensive Income.

**15 Other expenses**

General expenses	423	245
Bank fees	73	86
Bad and doubtful debts	242	212
Councillors' remuneration	270	260
Grants and community benefits	331	399
	<b>1,339</b>	<b>1,202</b>

Audit fees are included in general expenses. Audit fees including travel expenses paid or payable to the Tasmanian Audit Office to audit the financial statements for 2019/20 total \$45,720 (2018/19: \$53,533). Other audit services performed were the audits relating to the grant acquittal for Roads to Recovery funding 2019/20: \$1,550 (2018/19: \$1,250).

Councillors' remuneration represents allowances payable in accordance with Section 340A of the *Local Government Act 1993*, Regulation 42 of the *Local Government (General) Regulations 2005* and Council's "Payment of Councillor Allowances, Expenses and Provision of Facilities Policy".

**Accounting Policy**

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

	2020 \$'000	2019 \$'000
<b>16 Net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>		
Proceeds from sale	1,514	22,685
Written down value of assets disposed	<u>(2,140)</u>	<u>(23,504)</u>
	<b><u>(626)</u></b>	<b><u>(819)</u></b>

For more information on net gain / (loss on disposal) see Note 24.

#### Accounting Policy

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

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

#### 17 Capital works completed on assets not owned by Council

Capital works on assets not owned by Council	<u>(93)</u>	<u>0</u>
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During the year Council carried out construction works on State Government road assets, including traffic signals on the corner of Formby Road and Best Street.

#### 18 Derecognition of assets

Derecognition of Infrastructure assets	<u>(1,320)</u>	<u>(2,885)</u>
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Council derecognised two parcels of Crown land relating to the Mersey Bluff Caravan Park and the Abel Tasman Caravan Park on 1 July, 2019. Council had recognised the land as assets in accordance with AASB 116 as it was determined that Council enjoyed the economic benefits of ownership and Council had control over the land without having direct ownership. Council has entered into long term leases with the Crown in relation to these parcels of land. From 1 July, 2019, the assets have been restated as Right-of-use assets in accordance with AASB16.

To enable the waterfront stage of the LIVING CITY Masterplan to progress, in 2018/19 Council demolished the building located at 20-26 Best St. and decommissioned the adjacent carpark, resulting in a loss on derecognition of \$2.9M.

	2020 \$'000	2019 \$'000
<b>19 Cash and cash equivalents</b>		
Cash at bank and on hand	1,507	1,565
Investments	12,223	14,401
	<b>13,730</b>	<b>15,966</b>
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:		
- Grants received in advance (Note 6)	(2,872)	(1,229)
- Leave provisions (Note 30)	(2,569)	(2,660)
- Trust funds and deposits (Note 38)	(163)	(141)
<b>Restricted Funds</b>	<b>(5,604)</b>	<b>(4,030)</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>8,126</b>	<b>11,936</b>

**Accounting Policy**

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

**Restricted funds**

- i) includes refundable deposits held in trust by Council for completion of specific purposes
- ii) represents grant funding received in advance until specific performance obligations required under funding arrangements are completed.



	2020 \$'000	2019 \$'000
<b>20 Trade and other receivables</b>		
<b>(i) Current receivables</b>		
Rates	602	93
Infringement debtors	68	69
Sundry debtors	1,294	6,923
Planning & health debtors	42	18
Provision for expected credit loss	(55)	(128)
Net GST receivable	90	156
Loans and advances	25	4
Accrued revenue	292	443
<b>Total current receivables</b>	<b>2,358</b>	<b>7,578</b>
<b>(ii) Non-current receivables</b>		
Loans and advances	364	24
<b>Total non-current receivables</b>	<b>364</b>	<b>24</b>
<b>Reconciliation of movement in expected credit loss</b>		
<b>Carrying amount at 1 July</b>	128	
Increase/(decrease) in provision recognised in profit or loss	(67)	
<b>Carrying amount at 30 June</b>	<b>61</b>	
<b>Reconciliation of movement in expected credit loss</b>		
<b>Carrying amount at 30 June 2018 under AASB 139</b>		0
Increase/(decrease) in provision recognised in profit or loss		128
<b>Carrying amount at 30 June</b>		<b>128</b>

**Accounting Policy**

Trade receivables that do not contain a significant financing component are measured at amortised cost, which represents their transaction value. Impairment is recognised on an expected credit loss (ECL) basis. When determining whether the credit risk has increased significantly since initial recognition, and when estimating the ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience, an informed credit assessment and forward-looking information. Council receives a report of Sundry Debtor balances in excess of \$200 that have been outstanding for longer than 90 days at 30 June. For rates debtors, Council takes the view that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. Council maintains a Sundry Debtor Management Policy which outlines the approach to debtor collection and management.

<b>2020</b>	<b>2019</b>
<b>\$'000</b>	<b>\$'000</b>

**20 Trade and other receivables (continued)****Sundry Debtors at 30 June 2019**

The paranple Centre was constructed under a development agreement with the State Government. The building has been strata titled into 3 Lots, of which the State Government owns Lot 1 and a share of the associated common areas. As part of the consideration for Lot 1, the former Library situated at 19-23 Oldaker Street was transferred to Council. Council recognised the value of the land and buildings at the Valuer Generals adjusted capital value of \$6.36M. As the title had not yet transferred, Council included this amount at 30 June 2019 as a Sundry Debtor.

Rates paid in advance at 30 June 2019 totalled \$431,651 and have been offset against Rates debtors shown above. Rates paid in advance are shown as a Contract Liability at Note 32 at 30 June 2020.

	<b>2020 \$'000</b>	<b>2019 \$'000</b>
<b>21 Other assets</b>		
<b>(ii) Current assets</b>		
Prepayments	200	226
Leasehold incentives	0	80
	<b>200</b>	<b>306</b>
<b>(ii) Non-current assets</b>		
Leasehold incentives	0	268
<b>Total non-current other assets</b>	<b>0</b>	<b>268</b>
<b>Total other assets</b>	<b>200</b>	<b>574</b>

**Accounting Policy**

Prepayments are expenses paid in advance. The portion of the expense not consumed in the accounting period is treated as a current asset.

Direct costs incurred in obtaining a lease such as leasehold incentives are accounted for as an asset and recognised as an expense over the lease term on the same basis as the lease income.

	2020 \$'000	2019 \$'000
<b>22 Investment in TasWater</b>		
Opening Balance	100,028	87,345
Fair Value adjustments on available-for-sale assets	0	0
Fair value adjustments on equity investment assets	(23,239)	12,683
<b>Total investment in TasWater</b>	<b>76,789</b>	<b>100,028</b>

Council has derived returns from TasWater as disclosed at Note 8.

#### Accounting Policy

As Council's investment in TasWater is held for long-term strategic purposes, Council has elected under AASB 9: *Financial Instruments* to irrevocably classify this equity investment as designated as fair value through other comprehensive income. Subsequent changes in fair value on designated investments in equity instruments are recognised in other comprehensive income (for fair value reserve, refer Note 34) and not reclassified through the profit or loss when derecognised. Dividends associated with the equity investments are recognised in profit and loss when the right of payment has been established and it can be reliably measured. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2020, Council holds a 5.32% ownership interest in TasWater (2019, 5.38%) which is based on Schedule 2 of the Corporation's Constitution which reflects the Council's voting rights.

	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
<b>23 Investments in associates</b>		
Investments in associates accounted for by the equity method are as follows:		
Dulverton Regional Waste Management Authority	<u><b>8,191</b></u>	<u><b>7,234</b></u>

**Dulverton Regional Waste Management Authority**

Dulverton Regional Waste Management Authority is a Joint Authority established under the *Local Government Act 1993* (as amended). Further information is provided in Note 40.

Council's ownership interest in the Authority at 30 June 2020 was 43.45% (43.45% in 2019).

**Reconciliation**

Reconciliation of the carrying amount at the beginning and end of the current and previous period is set out below:

Authority's profit/(loss) before tax	3,488	4,884
Add: Prior year adjustment		
Less: Authority's tax expense	<u>(847)</u>	<u>(1,343)</u>
Authority's profit/(loss) after tax	<u>2,641</u>	<u>3,541</u>
Council's equity interest	43.45%	43.45%
Share of profit after tax	<u><b>1,146</b></u>	<u><b>1,539</b></u>

	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
<b>23 Investments in associates (continued)</b>		
<b>Movement in carrying value of investment</b>		
Carrying value of investment at start of year	7,234	6,009
Share of profit after tax	1,146	1,539
Dividend received	(261)	(335)
Share of asset revaluation	72	21
<b>Carrying value of investment at end of year</b>	<b>8,191</b>	<b>7,234</b>

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

Total Assets	34,948	29,810
Total Liabilities	16,097	13,160
Revenue	11,451	12,693

The investment value in Dulverton Regional Waste Management Authority recognised in the 2020 financial year is based on draft financial results, as provided to Council for inclusion in its financial report. Any final adjustments will be recognised by Council in the 2021 financial year.

#### **Accounting Policy**

Council's investment in associates is accounted for by the equity method as Council has the ability to influence rather than control the operations of the entity. 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 entity. Council's share of the financial result of the entity is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

	2020 \$'000	2019 \$'000
<b>24 Property, infrastructure, plant and equipment</b>		
<b>Summary</b>		
at cost	15,042	13,828
Less: Accumulated depreciation	(8,132)	(7,552)
	<b>6,910</b>	<b>6,276</b>
at fair value as at 30 June	809,075	755,299
Less: Accumulated depreciation	(302,081)	(283,632)
	<b>506,994</b>	<b>471,667</b>
<b>Total</b>	<b>513,904</b>	<b>477,943</b>
<b>(a) (i) Land</b>		
at fair value	<b>166,664</b>	<b>147,090</b>
Freehold land is comprised of the following :		
Parks, Reserves & General land	71,492	63,096
Other land (including under infrastructure)	95,172	83,994
	<b>166,664</b>	<b>147,090</b>
<b>(ii) Parks and open space</b>		
at fair value	27,549	25,547
Less : Accumulated depreciation on improvements	(11,595)	(10,537)
	<b>15,954</b>	<b>15,010</b>
<b>(iii) Buildings</b>		
at fair value	147,561	140,257
Less: Accumulated depreciation	(48,744)	(45,640)
	<b>98,817</b>	<b>94,617</b>
<b>(iv) Plant</b>		
at cost	8,095	7,626
Less: Accumulated depreciation	(4,453)	(4,566)
	<b>3,642</b>	<b>3,060</b>
<b>(v) Furniture and fittings</b>		
at cost	6,947	6,202
Less: Accumulated depreciation	(3,679)	(2,986)
	<b>3,268</b>	<b>3,216</b>
<b>(vi) Total cultural and heritage assets</b>		
at fair value	5,212	5,535
Less: Accumulated depreciation	(195)	(182)
	<b>5,017</b>	<b>5,353</b>

	2020 \$'000	2019 \$'000
<b>24 Property, infrastructure, plant and equipment (continued)</b>		
<b>(vii) Total infrastructure assets</b>		
at fair value	462,089	436,870
Less: Accumulated depreciation	<u>(241,547)</u>	<u>(227,273)</u>
	<b><u>220,542</u></b>	<b><u>209,597</u></b>
<b>Infrastructure assets comprise:</b>		
Roads	135,405	131,910
Stormwater	<u>85,137</u>	<u>77,687</u>
	<b><u>220,542</u></b>	<b><u>209,597</u></b>
<b>Total net value of non current assets</b>	<b><u>513,904</u></b>	<b><u>477,943</u></b>

Information relating to the determination of Fair Value for each relevant asset class is included at Note 45.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2020

### 24 Property, plant and equipment (continued)

Reconciliation of property, infrastructure, plant and equipment										
Note Ref.	Land	Parks and Open Space	Buildings	Plant	Furniture and Fittings	Roads*	Stormwater	Cultural and Heritage	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>										
<b>Asset values</b>										
Carrying Amount at Beginning of Reporting Period	147,090	25,547	140,257	7,626	6,202	298,966	137,904	5,535	769,127	
Additions at Cost	1,047	1,131	5,700	1,284	189	4,753	1,521	0	15,625	
Contributed assets at valuation	0	0	0	0	0	0	8	0	8	
Disposals	(2,164)	83	(1,953)	(816)	556	(2,376)	(867)	0	(7,537)	
Revaluations in period	20,155	790	3,269	0	0	7,638	14,543	(324)	46,071	
Available for sale assets	(195)	0	(2,145)	0	(25)	0	0	0	(2,365)	
Available for sale assets prior year	1,019	0	2,145	0	25	0	0	0	3,189	
Rounding	(2)	(2)	2	1	0	(1)	0	1	(1)	
Internal transfers & adjustments	(286)	0	286	0	0	0	0	0	0	
Total asset value	166,664	27,549	147,561	8,095	6,947	308,980	153,109	5,212	824,117	
<b>Accumulated depreciation</b>										
Opening balance	0	10,537	45,640	4,566	2,986	167,056	60,217	182	291,184	
Depreciation provided in period	0	742	2,975	574	708	4,200	1,358	14	10,571	
Written off on disposals	0	(34)	(935)	(688)	(17)	(1,970)	(433)	0	(4,077)	
Adjustment on asset revaluation	0	353	1,063	0	0	4,289	6,829	0	12,534	
Available for sale assets	0	0	(1,827)	0	(24)	0	0	0	(1,851)	
Available for sale assets prior year	0	0	1,827	0	24	0	0	0	1,851	
Rounding	0	(3)	1	1	2	0	1	(1)	1	
Internal transfers	0	0	0	0	0	0	0	0	0	
Carrying Amount at End of Reporting Period	0	11,595	48,744	4,453	3,679	173,575	67,972	195	310,213	
Total written down value 30 June 2020	166,664	15,954	98,817	3,642	3,268	135,405	85,137	5,017	513,904	

\* Roads asset class includes Bridge assets with a total asset value of \$4,057,923 and a written down value of \$1,783,333 at 30 June 2020.



# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2020

### 24 Property, plant and equipment (continued)

Reconciliation of property, infrastructure, plant and equipment										
2019										
Note Ref.	Land \$'000	Parks and Open Space \$'000	Buildings \$'000	Plant \$'000	Furniture and Fittings \$'000	Roads \$'000	Stormwater \$'000	Cultural and Heritage \$'000	Total \$'000	
<b>Asset values</b>										
	148,933	23,346	106,218	7,526	4,725	296,051	133,378	5,289	725,466	
	10	1,612	55,406	295	2,652	5,728	1,169	15	66,887	
	0	199	0	0	0	179	127	5	510	
17.19	(2,020)	(246)	(24,928)	(195)	(1,083)	(3,303)	(492)	0	(32,267)	
	0	633	3,156	0	0	300	3,722	226	8,037	
	(1,019)	0	(2,145)	0	(25)	0	0	0	(3,189)	
	1,186	3	2,450	0	33	11	0	0	3,683	
	0	0	100	0	(100)	0	0	0	0	
	<b>147,090</b>	<b>25,547</b>	<b>140,257</b>	<b>7,626</b>	<b>6,202</b>	<b>298,966</b>	<b>137,904</b>	<b>5,535</b>	<b>769,127</b>	
<b>Accumulated depreciation</b>										
	0	9,657	44,229	4,582	3,538	162,370	57,489	168	282,033	
14	0	9,657	44,229	4,582	3,538	162,370	57,489	168	282,033	
17.19	0	698	2,293	562	350	4,355	1,302	14	9,574	
	0	(102)	(2,036)	(578)	(784)	(2,162)	(216)	0	(5,878)	
	0	283	1,619	0	0	2,476	1,642	0	6,020	
	0	0	(1,827)	0	(24)	0	0	0	(1,851)	
	0	1	1,269	0	11	5	0	0	1,286	
	0	0	93	0	(105)	12	0	0	0	
	<b>0</b>	<b>10,537</b>	<b>45,640</b>	<b>4,566</b>	<b>2,986</b>	<b>167,056</b>	<b>60,217</b>	<b>182</b>	<b>291,184</b>	
	<b>147,090</b>	<b>15,010</b>	<b>94,617</b>	<b>3,060</b>	<b>3,216</b>	<b>131,910</b>	<b>77,687</b>	<b>5,353</b>	<b>477,943</b>	
Carrying Amount at End of Reporting Period										
Total written down value 30 June 2019										

## 24 Property, infrastructure, plant and equipment (continued)

### Accounting Policy

#### Acquisition and Recognition

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

Assets acquired as part of the LIVING CITY project have been accounted for under AASB 116 *Property, Plant and Equipment* and not AASB 140 *Investment Property*. AASB 140 allows not for profit organisations to account for assets purchased for strategic purposes under AASB 116.

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

The asset capitalisation threshold adopted by Council varies by class, as detailed below. Assets valued at less than the specified threshold are charged to the Statement of Profit or Loss and Other Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

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

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	NA
Parks and Open Space	2,000
Buildings	5,000
Plant	1,000
Furniture and Fittings	1,000
Cultural and Heritage	NA
Infrastructure Assets	
- Roads	5,000
- Stormwater	2,000

## 24 Property, infrastructure, plant and equipment (continued)

### Revaluation

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

Land	fair value
Parks and Open Space	fair value
Buildings	fair value
Plant	cost
Furniture and Fittings	cost
Cultural and Heritage	fair value
Roads	fair value
Stormwater	fair value

Subsequent to the initial recognition of assets, non-current physical assets, other than plant, equipment and office furniture, 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.

### Recognition and measurement of assets

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 45.

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 reserve 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.

	2020 \$'000	2019 \$'000
<b>24.1 Assets held for sale</b>		
<b>Assets held for sale</b>		
Internal transfer from Land	195	1,019
Internal transfer from Buildings	317	317
Internal transfer from Furniture & Fittings	1	1
Internal transfer from Parks & Open Spaces		0
Internal transfer from Roads		0
	<u>513</u>	<u>1,337</u>
<b>Impairment adjustment</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b><u>513</u></b>	<b><u>1,337</u></b>

Council is in the process of selling the following property:

- The former location of the Visitor Information Centre at 92 Formby Road is surplus to Council's needs and Council has determined that it will sell the property. It has been placed with real estate agents and is expected to be sold within one year. The land is valued at the lower of carrying value and fair value less cost to sell.

#### Accounting policy

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.

## 25 Right-of-use assets

Right-of-use assets	Property
<b>Gross carrying amount</b>	
Balance at 1 July 2019	0
Adoption of AASB 16	865
Balance at 30 June 2020	<u>865</u>
<b>Accumulated amortisation</b>	
Balance at 1 July 2019	0
Adoption of AASB 16	
Amortisation	53
Balance at 30 June 2020	<u>53</u>
<b>Net book value at 30 June 2020</b>	<b><u>812</u></b>

**25 Right-of-use assets (continued)****Accounting policy****Leases - Council as Lessee - applicable from 1 July 2019**

In contracts where Council is a lessee, Council recognises a right-of-use asset and a lease liability at the commencement date of the lease, unless the short-term or low-value exemption is applied. Refer to note 31 for details on accounting policy of lease liability.

A right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made before the commencement date (reduced by lease incentives received), plus initial direct costs incurred in obtaining the lease and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

All right-of-use assets are measured as described in the accounting policy for property, infrastructure, plant and equipment in Note 24. Also, Council applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the aforesaid note.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that Council expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

	2020 \$'000	2019 \$'000
<b>26 Capital work in progress - at cost</b>		
Parks and Open Space	1,063	196
Buildings	167	254
LIVING CITY Project	5,830	1,216
Plant	46	25
Furniture and Fittings	609	78
Roads	2,161	2,150
Stormwater	19	392
	<u>9,895</u>	<u>4,311</u>

**Accounting Policy**

Capital work in progress is accounted for at cost until projects are completed.

**27 Trade and other payables**

Trade creditors & accruals	2,868	2,054
Income in advance	68	184
Trust funds	163	141
<b>Total trade and other payables</b>	<u>3,099</u>	<u>2,379</u>

**Accounting policy**

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. Due to the impact of COVID-19, Council has agreed to pay creditors within 14 days of invoice receipt to assist local businesses with cash flow during this emergency period. Further information on Trust Funds are disclosed in Note 38.

	2020 \$'000	2019 \$'000
<b>28 Interest bearing liabilities</b>		
<b>Current</b>		
Borrowings - secured	<u>1,804</u>	<u>1,804</u>
<b>Non-current</b>		
Borrowings - secured	<u>48,213</u>	<u>50,017</u>
	<b><u>50,017</u></b>	<b><u>51,821</u></b>
<b>Loan Movements</b>		
Opening balance	51,821	45,159
Loans raised	0	7,661
Repayments	<u>(1,804)</u>	<u>(999)</u>
Book value at period end	<b><u>50,017</u></b>	<b><u>51,821</u></b>
<b>The maturity profile for Council's borrowings is:</b>		
Not later than one year	1,804	1,804
Later than one year and not later than five years	48,213	7,216
Later than five years	<u>0</u>	<u>42,801</u>
	<b><u>50,017</u></b>	<b><u>51,821</u></b>

Construction of the paranapple Centre was completed in 2018/19 and subsequently the construction loan was finalised and a principal and interest type loan was established. Council's loans are secured by a floating charge over rates income and a mortgage over properties within the LIVING CITY development.

**28 Interest bearing liabilities (continued)****Accounting Policy**

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 Comprehensive Income over the period of the liability using the effective interest method.

**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.

<b>29 Other Financial Liabilities</b>	<b>2020 \$'000</b>	<b>2019 \$'000</b>
Derivative Financial Instruments	<u>2,882</u>	<u>2,499</u>

**Accounting Policy**

Council has entered into interest rate swaps to protect it from adverse changes in interest rates over time. Council is recognising the movements in the swaps through the Statement of Comprehensive Income. Details of the fair value of the swaps are included in Note 45. The movement is driven by a reduction in interest rates. The impact on expenses is disclosed at Note 14.

	2020 \$'000	2019 \$'000
<b>30 Provisions</b>		
<b>Current</b>		
<b>Employee entitlements:</b>		
Annual leave and other leave	1,096	1,072
Long service leave	1,148	1,237
	<b>2,244</b>	<b>2,309</b>
<b>Non-current</b>		
<b>Employee entitlements:</b>		
Long service leave	325	350
	<b>325</b>	<b>350</b>
<b>Total provisions</b>	<b>2,569</b>	<b>2,659</b>

Included in the above employee entitlements balances is an allowance for on costs amounting to \$178,444 (2019: \$184,756 )

As at 30 June 2020, Devonport City Council had 146 full time equivalent employees (143 for 2019)

#### Accounting Policy

##### Short term employee benefit obligations

Liabilities for wages and salaries, rostered days off, annual leave and long service 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, including appropriate on costs such as workers compensation and payroll costs. The liabilities for annual leave and long service leave are recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

##### 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.

##### 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.



	2020 \$'000	2019 \$'000
<b>31 Lease liabilities</b>		
<b>Lease liability</b>	<b>813</b>	<b>0</b>
Current	52	0
Non current	761	0

Lease liabilities are secured by the related underlying assets. Future minimum lease payments are as follows:

As at 30 June 2020	Minimum lease payments due						Total \$'000
	Within 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-4 years \$'000	4-5 years \$'000	more than 5 years \$'000	
Lease payments	59	33	33	33	33	732	923
Finance charges	7	7	7	7	7	75	110
Net present value	52	26	26	26	26	657	813

#### Accounting policy under AASB 16 - Applicable from 1 July 2019

##### Leases - Council as Lessee

The lease liability is measured at the present value of outstanding payments that are not paid at balance date, discounted by using the rate implicit in the lease/incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

##### Short term leases and leases of low-value assets

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases i.e., leases of low-value assets when the value of the leased asset when new is \$10,000 or less. Council recognises the lease payments associated with these leases as expense on a straight-line basis over the lease of the term.

	2020 \$'000	2019 \$'000
<b>32 Contract liabilities</b>		
<b>Current</b>		
Rates and charges in advance	400	0
Grants received in advance	1,806	0
	<b>2,206</b>	<b>0</b>
<b>Non-current</b>		
Grants received in advance	0	0
<b>Total contract liabilities</b>	<b>2,206</b>	<b>0</b>

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

Council recognised the following contact liabilities with customers:

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

ii) Grants received in advance includes funding for the construction of improvements to existing sporting facilities to accommodate the increased number of female participants. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue.

iii) Upfront payments of funding are recognised as a contract liability until performance obligations in accordance with AASB 15 are satisfied and recognition criteria are met.

**33 Capital and revenue reserves****(i) Asset revaluation reserve - Council**

Movements in the asset revaluation reserve were as follows:

Balance at the beginning of year	318,858	316,841
Increment / (decrement) to capital non-current assets at end of period to reflect a change in current fair value:		
Land	20,155	0
Parks & Open Space	437	350
Buildings	2,206	1,537
Roads	3,349	(2,176)
Stormwater	7,714	2,080
Cultural & Heritage	(324)	226
	<b>33,537</b>	<b>2,017</b>
Balance at end of year	<b>352,395</b>	<b>318,858</b>

**(ii) Asset revaluation reserve - Associate**

Movements in the Asset Revaluation Reserve - Associate were as follows:

Balance at the beginning of year	1,589	1,568
Share of asset revaluation movement - Associate (Note 23)	72	21
Balance at end of year	<b>1,661</b>	<b>1,589</b>

	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
<b>33 Capital and revenue reserves (continued)</b>		
<b>(iii) Accumulated surplus</b>		
Movements in the Accumulated surplus as follows:		
Balance at beginning of year	211,559	213,837
Surplus / (Deficit)	<u>(837)</u>	<u>(2,278)</u>
Adjustment for rounding		
Balance at end of year	<u><b>210,722</b></u>	<u><b>211,559</b></u>

**Accounting Policy****Asset revaluation reserve**

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

Council's fair value adjustment on equity investment assets represents the share in the equity movement of Dulverton Waste Management.

**Accumulated surplus**

This represents that part of the Council's net wealth which would not be required to meet immediate requirements or to meet specific future needs. The balance on this account at the end of each financial year shows the amount available to be offset against expenditure in the following year or, if a deficit, the additional amount of revenue needed to be raised in the following year.

**34 Other reserves****(a) Fair value reserve****Equity Investment assets**

Balance B/Fwd	23,631	10,948
Fair value adjustment on equity investment assets	<u>(23,239)</u>	<u>12,683</u>
<b>Balance as at 30 June</b>	<u><b>392</b></u>	<u><b>23,631</b></u>

**Accounting Policy**

Council has to designate its investment in TasWater as an equity investment at fair value through other comprehensive income. Subsequent changes in fair value are reflected in the reserve and will not be reclassified through the profit or loss when derecognised. Equity Investment assets within the Fair value reserve were previously classified as 'Available for sale assets'.

### 35 Superannuation

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

For the year ended 30 June 2020 the Council contributed 0% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

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

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

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

The actuarial review concluded that:

1. 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.
2. 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.
3. Based on the assumptions used, and assuming the Employer contributes at the levels described below, the value of the assets is expected to continue to be adequate to meet the value of the liabilities of the Fund in respect of vested benefits at all times during the period up to 30 June 2017.

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

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

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

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

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

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

### 35 Superannuation (continued)

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 Dependents 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 \$0 (2018-19, \$0), and the amount paid to accumulation schemes was (2018-19, \$1,279,469).

During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$0, and the amount expected to be paid to accumulation schemes is \$1,277,962.

As reported above, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2017. Moderate investment returns, since that date, make it quite probable that this is still the position. The financial position of the Fund will be fully investigated at the actuarial review as at 30 June 2020.

An analysis of the assets and vested benefits of sub-funds participating in the Scheme, prepared by Rice Warner Pty Ltd as at 30 June 2019, showed that the Fund had assets of \$56.64 million and members' Vested Benefits were \$47.32 million. These amounts represented 0.6% and 0.5% respectively of the corresponding total amounts for Tasplan.

As at 30 June 2019 the fund had 107 members and the total employer contributions and member contributions for the year ending 30 June 2019 were \$1,000,322 and \$221,484 respectively.

	2020 \$'000	2019 \$'000
<b>35 Superannuation (continued)</b>		
Employer contributions to:		
Defined Benefits Fund	0	0
Accumulation Schemes	1,279	1,198
	<u>1,279</u>	<u>1,198</u>

**36 Commitments**

Expenditure contracted as at 30 June, but not recognised in the financial report as liabilities.  
This note is for information only.

Purchase commitments for material supplies & equipment	<u>13,397</u>	<u>1,956</u>
Commitments are payable as follows :		
Not later than 1 year	8,576	1,956
Later than 1 year but not later than 2 years	<u>4,821</u>	<u>0</u>
<b>Total commitments</b>	<u>13,397</u>	<u>1,956</u>

**Accounting Policy**

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

**37 Contingent liabilities**

There are no known claims pending against Council which would exceed current insurance arrangements held at 30 June 2020.

**Accounting Policy**

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.

**38 Trust funds**

<b>Trust deposits</b>	<u>163</u>	<u>141</u>
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Council performs only a custodial role in respect of these monies, and because the monies cannot be used for Council purposes, they are not brought to account in these financial statements as income. Trust monies are invested with a financial institution in an appropriate interest-earning account. The deposits are bearing floating interest rates of 0.65% as at June 30 2020 (2019: 1.65%).

**Accounting Policy**

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited.

	2020 \$'000	2019 \$'000
<b>39 Reconciliation of cash flows from operating activities to surplus / (deficit)</b>		
Surplus / (deficit)	(837)	(2,278)
Depreciation and amortisation	10,571	9,574
Depreciation of right-of-use assets	53	0
Non-cash donations subsidies and contributions	(8)	(510)
Share of profit in associate	(885)	(1,204)
Net (gain) / loss on disposal of assets	626	819
Derecognition of assets	1,320	2,885
Market value movement in fair value swaps	383	1,895
Investing activity		
Capital grants and contributions	(2,505)	(1,504)
Investment revenue from Taswater	(546)	(1,727)
Dividend from Associate	(261)	(335)
Other investments	(642)	(513)
Finance costs paid	1,671	1,716
	<u>9,777</u>	<u>11,095</u>
Changes in operating assets and liabilities :		
(Increase) / decrease in receivables	(1,260)	(89)
(Increase) / decrease in other assets	374	(410)
Increase / (decrease) in payables	168	164
Increase / (decrease) in employee provisions	(90)	120
	<u>(808)</u>	<u>(215)</u>
<b>Net cash inflow from operating activities</b>	<b><u>8,132</u></b>	<b><u>8,602</u></b>

**39.1 Reconciliation of liabilities arising from financing activities**

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

**Interest-bearing loans and borrowings**

<b>Opening Balance</b>	51,821	45,159
Other movements		
Transfers to / (from) other Government entity		
Changes from financing cash flows:		
Cash Received	0	7,661
Cash Repayments	(1,804)	(999)
<b>Closing Balance</b>	<b><u>50,017</u></b>	<b><u>51,821</u></b>

**2020**  
**\$'000**

**2019**  
**\$'000**

#### 40 Joint Authorities

##### (i) **Dulverton Regional Waste Management Authority**

The Council is a partner in the Dulverton Regional Waste Management Joint Authority established under the *Local Government Act 1993* (as amended).

Other partners in the Dulverton Regional Waste Management Joint Authority are the Central Coast, Latrobe, and Kentish Councils.

The primary activity of the Authority is to operate a regional landfill site at Dulverton.  
As at 30 June 2020 the ownership share for Devonport was 43.45%.

Value of ownership share

**8,191**

**7,234**

##### (ii) **Cradle Coast Authority**

The Council is a subscribing member of the Cradle Coast Joint Authority together with Burnie City, Central Coast, Circular Head, Kentish Council, King Island, Latrobe, Waratah-Wynyard and West Coast Councils. No capital subscription is contemplated and operating costs will be provided out of current income by all subscribing Councils.

#### 41 Controlling Authority transactions

	<b>2020</b>		<b>2019</b>	
	<b>Income \$'000</b>	<b>Expenditure \$'000</b>	<b>Income \$'000</b>	<b>Expenditure \$'000</b>
Maidstone Park Management Controlling Authority	9	18	11	6
<b>Total</b>	<b>9</b>	<b>18</b>	<b>11</b>	<b>6</b>

Council have created Strategic Special Committees and Special Interest Groups to advise on specific areas of interest. These Committees and Groups do not hold assets and liabilities in their own right, they operate in an advisory capacity only.



## 42 Related party transactions

### (i) Responsible Persons

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

#### Councillors

A. Rockliff (Mayor)  
A. Jarman (Deputy Mayor)  
L. Laycock  
L. Perry  
G. Ennis  
L. Murphy  
S. Milbourne  
P. Hollister  
J. Alexiou

General Manager  
Deputy General Manager  
Executive Manager Corporate Services  
Executive Manager People and Finance  
Executive Manager City Growth

P. West (6/01/2014 to 25/10/2019), M. Atkins (From 23/12/2019)  
M. Atkins (To 22/12/2019), J. Griffith (From 14/02/2020)  
J. Griffith (To 13/02/2020)  
K. Peebles  
M. Skirving (From 30/03/2020)

### (ii) Councillor Remuneration

2020	Short term employee benefits				
	Allowances	Vehicles <sup>2</sup>	Total Compensation AASB 124	Expenses <sup>3</sup>	Total allowances and expenses section 72
	\$	\$		\$	\$
Mayor	71,470	6,339	77,809	3,615	81,424
Deputy Mayor	40,286		40,286	2,933	43,219
Councillor	158,287		158,287	20,533	178,820
<b>Total</b>	<b>270,043</b>	<b>6,339</b>	<b>276,382</b>	<b>27,081</b>	<b>303,463</b>

2019	Short term employee benefits				
	Allowances	Vehicles <sup>2</sup>	Total Compensation AASB 124	Expenses <sup>3</sup>	Total allowances and expenses section 72
	\$	\$		\$	\$
Mayor	77,298	6,326	83,624	3,835	87,459
Deputy Mayor	38,914		38,914	3,379	42,293
Councillor	143,890		143,890	30,598	174,488
<b>Total</b>	<b>260,103</b>	<b>6,326</b>	<b>266,429</b>	<b>37,812</b>	<b>304,241</b>

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

2. The amount relates to the taxable value of the vehicle for the FBT year.

3. Section 72(1)(c) of the Local Government Act 1993 requires the disclosure of expenses paid to Councillors. The expenses include a notional parking benefit of \$1,810 per permit per annum

**(iii) Key Management Personnel Remuneration**

2020	Short term employee benefits			Post employment benefits			Non - monetary benefits <sup>7</sup>	Total
	Salary <sup>1</sup>	Vehicles <sup>2</sup>	Other Allowances and Benefits <sup>3</sup>	Super-annuation <sup>4</sup>	Other long term benefits <sup>5</sup>	Termination benefits <sup>6</sup>		
	\$	\$	\$	\$	\$	\$	\$	\$
K.Peebles	97,044	936		23,830			8,217	130,027
M.Skirving	28,846	230		3,606			-	32,682
J.Griffith	159,000	2,442		19,875			16,581	197,898
M.Atkins	221,517	16,125	1,071	24,524			24,003	287,240
P.West	39,528	7,932	317	24,897	37,734	174,026	(145,293)	139,141
<b>Total</b>	<b>545,935</b>	<b>27,665</b>	<b>1,388</b>	<b>96,732</b>	<b>37,734</b>	<b>174,026</b>	<b>(96,492)</b>	<b>786,988</b>

2019	Short term employee benefits			Post employment benefits			Non - monetary benefits <sup>7</sup>	Total
	Salary <sup>1</sup>	Vehicles <sup>2</sup>	Other Allowances and Benefits <sup>3</sup>	Super-annuation <sup>4</sup>	Other long term benefits <sup>5</sup>	Termination benefits <sup>6</sup>		
	\$	\$	\$	\$	\$	\$	\$	\$
K.Peebles	91,840	617	-	23,180	-	-	2,733	118,370
J.Griffith	140,000	2,427	-	18,500	-	-	8,074	169,001
M.Atkins	186,391	9,936	1,159	23,299	-	-	3,093	223,877
P.West	244,098	10,982	875	30,238	-	-	9,990	296,183
<b>Total</b>	<b>662,329</b>	<b>23,962</b>	<b>2,034</b>	<b>95,217</b>	<b>-</b>	<b>-</b>	<b>23,888</b>	<b>807,431</b>

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

2. Benefit equates to the taxable value of the provision of a motor vehicle including personal use as per the fringe benefits tax calculation for the FBT year and the market value of parking provided.

3. 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.

4. Superannuation means the contribution to the superannuation fund of the individual and salary sacrificed amounts.

5. Other long term benefits equals the long service leave paid in the period.

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

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

**42 Related party transactions (continued)****(iv) Remuneration Principles****Councillor**

The Councillors receive an allowance from Council in accordance with S340A of the Local Government Act 1993. Regulation 42(2) of the Local Government (General) Regulations 2005 specifies the amount payable to mayors, deputy mayors and Councillors.

**Executives**

Remuneration levels for key management personnel are set with regard to current market expectations considering the qualifications, skills and experience required for each role.

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

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

**(v) Transactions with associates**

Council's interests in associates is detailed in note 23.

The following transactions occurred with Dulverton Regional Waste Management Authority (DRWMA). All transactions were subject to normal terms and conditions:

	2020	2019
Commercial office space supplied by Council (subject to lease)	\$ 16,981	\$ 16,782
Special purpose grant received	\$ 9,089	\$ -
Utilities and other sundry reimbursements	\$ 1,446	\$ 1,955
Parking	\$ 3,420	\$ 3,400
Dividend Received	\$ 260,700	\$ 334,565
Cost of transfer of waste to the regional facility maintained by DRWMA	\$ 2,438,637	\$ 2,368,151

At 30 June 2020 Council owed DRWMA \$205,145 for the provision of services at standard commercial terms (2019: \$179,899). Amounts are on an accruals basis and are inclusive of GST.

**(vi) Transactions with related parties**

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

**2020**

Nature of the transaction	Amount	Outstanding balance at year end	Terms and conditions
Utility costs for tenanted property*	\$ 15,183	\$ 12,236	Normal trading terms.

**2019**

Nature of the transaction	Amount	Outstanding balance at year end	Terms and conditions
Removalist Services**	\$ 8,800	\$ 0	Normal trading terms.

\*Council rents a property to a company related to a KMP. The utility charges were paid by Council and on-charged to the tenant on normal trading terms.

\*\*Council used the services of a Removalist company which has a member of Council's KMP as a director. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms.

**42 Related party transactions (continued)****(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 municipal area. 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 or commercial property
- dog registration
- use of Council's recreation facilities

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

**43 Financial instruments****(a) Accounting policy, terms and conditions**

Recognised financial Instruments	Note	Accounting Policy	Terms and conditions				
<b>Financial assets</b>							
Cash and cash equivalents	19	Cash on hand and at bank and short term deposit accounts are valued at face value.  Interest is recognised as it accrues.	Cash and deposits returned interest at rates between 1.00% and 2.00% (1.00% and 2.75% in 2018/2019). The weighted average interest rate at balance date was 1.85% (2.54% in 2017/2018).				
Receivables	20	Receivables are carried at face value. 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. Credit terms are based on 30 days. Overdue payments are lodged with a collection agency as and when deemed necessary.				
<b>Financial liabilities</b>							
Payables	27	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 relevant trading terms.				
Interest bearing loans	28	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables. The interest calculation also reflects the finance cost impact of the Interest Rate Swaps to represent Council's total cost of holding interest bearing loans.	Borrowings are secured by way of mortgages over the general rates of the Council and the underlying value of the infrastructure for which the borrowings were obtained. The weighted average interest rate on borrowings is 3.39% (3.37% in 2018/2019).				
Other financial liabilities	29	Interest rate swaps are recognised at the mark to market or fair value amount as determined by a third party. The movement in fair value is recognised as part of finance costs.	The interest rate swaps represent fixed interest charges varying between 2.09% and 2.92% (2.09% and 2.92% in 2018/2019). Terms range between 3 years and 7 years.				
Bank Overdraft	19	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. The average interest rate on available overdraft was 6.83% (8.21% in 2018/2019).				
		Available Bank Overdraft Facility at year-end	<table><tr><th>2020</th><th>2019</th></tr><tr><td>\$ 100,000</td><td>\$ 100,000</td></tr></table>	2020	2019	\$ 100,000	\$ 100,000
2020	2019						
\$ 100,000	\$ 100,000						
		Utilised Bank Overdraft Facility at year-end	<table><tr><th>2020</th><th>2019</th></tr><tr><td>\$ 0</td><td>\$ 0</td></tr></table>	2020	2019	\$ 0	\$ 0
2020	2019						
\$ 0	\$ 0						
Corporate credit cards		Credit card balances are recognised at the principal amount. Interest is charged as an expense as it accrues.	The credit card facility is secured by a mortgage over Council's general rates. The balance is paid in full on a monthly basis.				
		Available Credit Card Facility at year-end	<table><tr><th>2020</th><th>2019</th></tr><tr><td>\$ 70,000</td><td>\$ 70,000</td></tr></table>	2020	2019	\$ 70,000	\$ 70,000
2020	2019						
\$ 70,000	\$ 70,000						
		Utilised Credit Card Facility at year-end	<table><tr><th>2020</th><th>2019</th></tr><tr><td>\$ 21,790</td><td>\$ 15,670</td></tr></table>	2020	2019	\$ 21,790	\$ 15,670
2020	2019						
\$ 21,790	\$ 15,670						

**43 Financial Instruments (continued)****(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:

2020	Floating interest rate \$'000	Fixed Interest maturing in:			Non-interest bearing \$'000	Total \$'000
		1 year or less \$'000	Between 1 and 5 years \$'000	More than 5 years \$'000		
<b>Financial assets</b>						
Cash and cash equivalents	13,730	0	0	0	0	13,730
Receivables	0	25	122	242	2,298	2,687
Investment in Water Corporation	0	0		0	76,789	76,789
	13,730	25	122	242	79,087	93,206
<b>Financial liabilities</b>						
Payables	0	0	0	0	2,868	2,868
Other financial liabilities	2,882	0	0	0	0	2,882
Interest bearing liabilities	0	1,804	48,213	0	0	50,017
	2,882	1,804	48,213	0	2,868	55,767
<b>Net financial assets / (liabilities)</b>	10,848	(1,779)	(48,091)	242	76,219	37,439

2019	Floating interest rate \$'000	Fixed Interest maturing in:			Non-interest bearing \$'000	Total \$'000
		1 year or less \$'000	Between 1 and 5 years \$'000	More than 5 years \$'000		
<b>Financial assets</b>						
Cash and cash equivalents	1,966	14,000	0	0	0	15,966
Receivables	0	4	24	0	7,417	7,445
Investment in Water Corporation	0	0		0	100,028	100,028
	1,966	14,004	24	0	107,445	123,439
<b>Financial liabilities</b>						
Payables	0	0	0	0	2,053	2,053
Other financial liabilities	2,499	0	0	0	0	2,499
Interest bearing liabilities	0	1,804	7,216	42,801	0	51,821
	2,499	1,804	7,216	42,801	2,053	56,373
<b>Net financial assets / (liabilities)</b>	(533)	12,200	(7,192)	(42,801)	105,392	67,066

Council has entered into interest rate swaps to protect it from adverse changes in interest rates over time. Council is recognising the movements in the swaps through the Statement of Profit and Loss and Other Comprehensive Income. Council has not elected to apply hedge accounting to the transactions as per AASB 9 *Financial Instruments*. Six swaps are in place at 30 June 2020;

Amount	Date (effective)	Term (Years)	Interest Rate	Line Fee & Margin
\$5,000,000	31/10/2016	5	2.09%	0.96%
\$5,500,000	31/10/2016	7	2.26%	0.96%
\$5,000,000	31/10/2017	7	2.41%	0.96%
\$10,000,000	2/01/2018	3	2.47%	0.96%
\$10,000,000	2/01/2018	5	2.73%	0.96%
\$10,000,000	2/01/2018	7	2.92%	0.96%

As at 30 June 2020 the fixed interest rate on the swaps exceeded the variable rate with the following impact on the market value of the total swaps:

Amount	Date (effective)	Term (Years)	Interest Rate	Impact of Swap
\$5,000,000	31/10/2016	5	2.09%	125,674
\$5,500,000	31/10/2016	7	2.26%	361,206
\$5,000,000	31/10/2017	7	2.41%	444,543
\$10,000,000	2/01/2018	3	2.47%	137,032
\$10,000,000	2/01/2018	5	2.73%	643,971
\$10,000,000	2/01/2018	7	2.92%	1,169,580
<b>Total</b>				<b>2,882,006</b>

**43 Financial instruments (continued)****(c) Net fair values**

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

Financial Instruments

	Total carrying amount as per Statement of Financial Position		Aggregate net fair value	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	13,730	15,966	13,730	15,966
Receivables	2,632	7,446	2,632	7,446
Investment in Water Corporation	76,789	100,028	76,789	100,028
<b>Total financial assets</b>	<b>93,151</b>	<b>123,440</b>	<b>93,151</b>	<b>123,440</b>
<b>Financial liabilities</b>				
Payables	2,868	2,054	2,868	2,054
Other Financial Liabilities	2,882	2,499	2,882	2,499
Interest-bearing loans and borrowings	50,017	51,821	50,017	51,821
<b>Total financial liabilities</b>	<b>55,767</b>	<b>56,374</b>	<b>55,767</b>	<b>56,374</b>

**(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 Council's main financial instruments and the policies for minimising these risks are detailed below.

**Market risk**

Market risk is the risk that the fair value or future cash flows of Council's 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 Council 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 are used. Non derivative interest bearing assets are predominantly short term liquid assets. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes it to fair value interest rate risk.

Council's loan borrowings are sourced from major Australian banks. Overdrafts are arranged with major Australian banks. Council manages interest rate risk on its net debt portfolio by:

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

Council manages the interest rate exposure on its debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Treasury and Finance.

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

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1993* (as amended). Council manages 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.

### 43 Financial instruments (continued)

#### (e) Risks and mitigation (continued)

##### Credit risk

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

- a policy for establishing credit limits for the entities we deal with;
- required collateral where appropriate; and
- only invest surplus funds with financial institutions which have a recognised credit rating specified in its 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, credit worthy third parties, and as such collateral is generally not requested, nor is it Council's policy to securitise its trade and other receivables.

It is Council's policy that some customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their credit rating, financial position, past experience and industry reputation. In addition, receivable balance are monitored on an ongoing basis with the result that Council's exposure to bad debts is not significant.

Council may also be subject to credit risk for transactions which are not included in the Statement of Financial Position, such as when Council provide a guarantee for another party. Details of contingent liabilities are disclosed in note 37.

##### Ageing of Trade and Other Receivables

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

	2020 \$'000	2019 \$'000
Current (less than 1 year)	2,503	7,256
Past due by over 1 year	46	84
Past due by over 2 years	27	28
Past due by over 3 years	6	19
Past due by over 4 years	50	58
Total Trade & Other Receivables	<u>2,632</u>	<u>7,445</u>



**43 Financial instruments (continued)****(e) Risks and mitigation (continued)****Ageing of individually impaired Trade and Other Receivables**

At balance date, impaired debtor amounts identified totalled \$55,000 (\$128,333 2018/19). A provision has been raised against debtors at year end of \$55,000 (\$128,333 2018/19). All long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

**Liquidity risk**

Liquidity risk includes the risk that, as a result of Council's operational liquidity requirements:

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

To help reduce these risks Council:

- 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.

**(e) Risks and mitigation (continued)**

The table below lists the contractual maturities for financial liabilities.

These amounts represent undiscounted gross payments including both principal and interest amounts.

<b>2020</b>		<b>6 mths or less \$'000</b>	<b>6-12 months \$'000</b>	<b>1-2 years \$'000</b>	<b>2-5 years \$'000</b>	<b>&gt;5 years \$'000</b>	<b>Contracted Cash Flow \$'000</b>	<b>Carrying Amount \$'000</b>
Payables		2,868	0	0	0	0	2,868	2,868
Other financial liabilities		0	137	126	2,619	0	2,882	2,882
Interest bearing liabilities		902	902	48,213	0	0	50,017	50,017
<b>Total financial liabilities</b>		<b>3,770</b>	<b>1,039</b>	<b>48,339</b>	<b>2,619</b>	<b>0</b>	<b>55,767</b>	<b>55,767</b>

<b>2019</b>		<b>6 mths or less \$'000</b>	<b>6-12 months \$'000</b>	<b>1-2 years \$'000</b>	<b>2-5 years \$'000</b>	<b>&gt;5 years \$'000</b>	<b>Contracted Cash Flow \$'000</b>	<b>Carrying Amount \$'000</b>
Payables		2,054	0	0	0	0	2,054	2,054
Other financial liabilities		0	0	0	322	282	604	2,499
Interest bearing liabilities		1,470	1,460	2,888	8,428	60,145	74,391	51,821
<b>Total financial liabilities</b>		<b>3,524</b>	<b>1,460</b>	<b>2,888</b>	<b>8,750</b>	<b>60,427</b>	<b>77,049</b>	<b>56,374</b>

**43 Financial instruments (continued)****(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)

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.

<b>2020</b>		<b>Interest Rate Risk</b>				
		<b>-1%</b>		<b>+1%</b>		
		<b>-100 basis points</b>		<b>+100 basis points</b>		
	<b>2020 \$'000</b>	<b>Profit \$'000</b>	<b>Equity \$'000</b>	<b>Profit \$'000</b>	<b>Equity \$'000</b>	
<b>Financial assets:</b>						
Cash and cash equivalents	13,730	(137)	(137)	137	137	
Receivables	389	0	0	4	4	
<b>Financial liabilities:</b>						
Other financial liabilities	2,882	(29)	(29)	29	29	
Interest bearing liabilities	50,017	500	500	(500)	(500)	

<b>2019</b>		<b>Interest Rate Risk</b>				
		<b>-1%</b>		<b>+1%</b>		
		<b>-100 basis points</b>		<b>+100 basis points</b>		
	<b>2019 \$'000</b>	<b>Profit \$'000</b>	<b>Equity \$'000</b>	<b>Profit \$'000</b>	<b>Equity \$'000</b>	
<b>Financial assets:</b>						
Cash and cash equivalents	15,966	(160)	(160)	160	160	
Receivables	28	0	0	0	0	
<b>Financial liabilities:</b>						
Other financial liabilities	2,499	(25)	(25)	25	25	
Interest bearing liabilities	51,821	518	518	(518)	(518)	

**43 Financial instruments (continued)****(g) Fair Value Hierarchy**

The table below analyses financial instruments carried at fair value by valuation method.

The different levels have been defined as follows:

- Level 1      quoted prices (unadjusted) in active markets for identical assets or liabilities  
 Level 2      inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)  
 Level 3      inputs for the asset or liability that are not based on observable market data

<b>30 June 2020</b>
Investment equity asset
Derivative financial liabilities

Level 1	Level 3	Total
0	76,789	76,789
0	2,882	2,882

<b>30 June 2019</b>
Investment equity asset
Derivative financial liabilities

Level 1	Level 3	Total
0	100,028	100,028
0	2,499	2,499

There were no transfers between Level 1 and Level 2 during the period.

**Reconciliation of Level 3 fair value movements:**

**Opening Balance**  
 Fair Value adjustments on Available-for-Sale Assets  
 Fair value adjustments on equity investment assets

**Closing Balance**

2020 \$'000	2019 \$'000
100,028	87,345
0	0
(23,239)	12,683
<b>76,789</b>	<b>100,028</b>

**44 Management indicators**

	Benchmark	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
<b>(a) Underlying surplus or deficit</b>					
Recurrent income* less		40,584	41,004	40,542	39,773
Recurrent expenditure**		42,381	42,565	39,034	38,548
Underlying surplus/(deficit)	0	<b>(1,797)</b>	<b>(1,561)</b>	<b>1,508</b>	<b>1,225</b>

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

Council has reported an underlying deficit for the 2020 year, which is below the benchmark of a breakeven result. In response to COVID-19, Council took steps to provide assistance to the Devonport community. This assistance package included waiving parking fees for a number of months, waiving penalties for late payment of the final rates instalment due in April 2020, waiving winter sports ground charges for user groups and providing rental relief for commercial tenants in accordance with the State Government guidelines. These measures had an impact on the result for 2020. In addition to these measures, TasWater advised that it would not pay a final dividend to owner Councils for 2020 which alone resulted in a loss of revenue of \$546,000.

\* Recurrent income excludes income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature. The total excludes the prepaid 2020/21 Financial Assistance Grant of \$1,089,000 received in June 2020 and includes the prepaid 2019/20 Financial Assistance Grant of \$1,229,000 received in June 2019.

\*\* Recurrent expenditure includes loss on disposal of property, plant & equipment of \$626,000 and additional depreciation on a number of buildings constructed as part of LIVING CITY Stage 1.

**(b) Underlying surplus ratio**

<u>Underlying surplus or deficit</u>		(1,797)	(1,561)	1,508	1,225
Recurrent income		40,584	41,004	40,542	39,773
Underlying surplus ratio	0%	<b>-4.43%</b>	<b>-3.81%</b>	<b>3.72%</b>	<b>3.08%</b>

This ratio serves as an overall measure of financial operating effectiveness

The ratio reflects Council's goal to break-even and is reasonably consistent with the benchmark for the period reported.

**(c) Net financial liabilities**

Liquid assets less		16,088	23,544	17,571	17,535
total liabilities*		61,586	59,358	54,168	26,819
Net financial liabilities	0	<b>(45,498)</b>	<b>(35,814)</b>	<b>(36,597)</b>	<b>(9,284)</b>

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.

Property purchases and construction in relation to the LIVING CITY project have been funded by borrowings.

At 30 June 2020 the balance of these loans totalled \$42,154,026 (2018 \$43,596,705).

<b>44 Management indicators (continued)</b>	<b>Benchmark</b>	<b>2020 \$'000</b>	<b>2019 \$'000</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<b>(d) Net financial liabilities ratio</b>					
<u>Net financial liabilities</u>		(45,498)	(35,814)	(36,597)	(9,284)
Recurrent income*	<b>0% - ( 50%)</b>	40,584	41,004	40,542	39,773
Net financial liabilities ratio %		<b>(112.11%)</b>	<b>(87.34%)</b>	<b>(90.27%)</b>	<b>(23.34%)</b>

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

The result over the reported period is outside the benchmark, and reflects the higher level of borrowings in recent years in relation to the LIVING CITY project. As stated above, Council actively manage debt levels and repayment schedules through the Long Term Financial Plan.

**(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>Parks and open space</i>					
<u>Depreciated replacement cost</u>		15,954	13,671	13,671	14,620
Gross replacement cost		27,549	23,301	23,301	23,806
Asset consumption ratio %	<b>40-60%</b>	<b>58%</b>	<b>59%</b>	<b>59%</b>	<b>61%</b>
<i>Buildings</i>					
<u>Depreciated replacement cost</u>		98,817	61,989	61,989	50,526
Gross replacement cost		147,561	106,218	106,218	93,320
Asset consumption ratio %	<b>40-60%</b>	<b>67%</b>	<b>58%</b>	<b>58%</b>	<b>54%</b>
<i>Roads</i>					
<u>Depreciated replacement cost</u>		135,405	133,816	133,816	129,021
Gross replacement cost		308,980	296,226	296,226	285,192
Asset consumption ratio %	<b>40-60%</b>	<b>44%</b>	<b>45%</b>	<b>45%</b>	<b>45%</b>
<i>Stormwater</i>					
<u>Depreciated replacement cost</u>		85,137	74,346	74,346	69,622
Gross replacement cost		153,109	131,116	131,116	117,962
Asset consumption ratio %	<b>40-60%</b>	<b>56%</b>	<b>57%</b>	<b>57%</b>	<b>59%</b>

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

Council have set a benchmark for this ratio of between 40% and 60% in the Long Term Financial Plan. The result for all categories is within this range, however a result closer to 60% suggests that Council has sufficient service capacity remaining in these asset classes.

44 Management indicators (continued)		Benchmark	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
(f) Asset renewal funding ratio						
An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.						
<i>Parks and open space</i>						
<u>Projected capital funding outlays**</u>			2,361	2,361	2,776	3,677
Projected capital expenditure funding***			9,871	9,871	9,401	8,508
Asset renewal funding ratio %	90-100%		24%	24%	30%	43%
<i>Buildings</i>						
<u>Projected capital funding outlays**</u>			9,218	9,218	8,480	7,989
Projected capital expenditure funding***			4,700	4,700	4,700	4,700
Asset renewal funding ratio %	90-100%		196%	196%	180%	170%
<i>Roads</i>						
<u>Projected capital funding outlays**</u>			35,225	35,225	34,669	35,544
Projected capital expenditure funding***			36,916	36,916	36,283	34,351
Asset renewal funding ratio %	90-100%		95%	95%	96%	103%
<i>Stormwater</i>						
<u>Projected capital funding outlays**</u>			7,778	7,778	6,681	5,955
Projected capital expenditure funding***			313	313	315	235
Asset renewal funding ratio %	90-100%		2485%	2485%	2121%	2534%

Council are continuing to renew stormwater assets at a greater rate than required in the Asset Management Plans.

\*\* Projected capital funding outlays per the 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, by comparing the budgeted renewal expenditure to the projected capital expenditure requirements in the Asset Management Plans. This ratio should be considered over a longer period of time, at least 10 years to assess if Council is adequately funding the renewal of its assets. Council adopted a Financial Management Strategy in June 2019 which included a Long Term Financial Plan to 30 June 2029. That Plan included data that demonstrated Council has, on average over the 10 year life of the Plan, provided funding to renew assets in accordance with the Asset Management Plans.

The Asset Management Plans were prepared in 2011 and are currently being updated. Since 2011, Council staff have reviewed and extended the lives of Road and Stormwater assets. A progressive condition assessment for all asset classes is currently underway and this information will be reflected in the updated Asset Management Plans.

This ratio is not subject to audit.

<b>44 Management indicators (continued)</b>	<b>Benchmark</b>	<b>2020 \$'000</b>	<b>2019 \$'000</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<b>(g) Asset sustainability ratio</b>					
<u>Capex on replacement/renewal of existing assets</u>		7,135	4,014	5,026	5,581
Annual depreciation expense		10,624	9,574	8,427	8,393
Asset sustainability ratio %	<b>60-100%</b>	<b>67%</b>	<b>42%</b>	<b>60%</b>	<b>66%</b>

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

Council has experienced a period of investment in new assets and this is reflected in the result for this indicator in the period reported. Council will continue to monitor its performance through the Long Term Financial Plan and manage assets in accordance with the Asset Management Plans.

	Capital renewal expenditure	Capital new expenditure	Total Capital Expenditure Cash Flow
By Asset Class:			
Land	0	0	0
Parks and Open Space*	1,247	4,133	5,380
Buildings*	179	229	408
Plant	1,301	0	1,301
Furniture and Fittings	396	288	684
Roads	3,836	1,681	5,517
Stormwater	176	196	372
<b>Total</b>	<b>7,135</b>	<b>6,527</b>	<b>13,662</b>

\* The categories above includes \$3,146,171 in relation to LIVING CITY.

## 45 Fair Value Measurements

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

- Investment in water corporation
- Property, infrastructure, plant and equipment
  - Land
  - Buildings
  - Roads, including footpaths and cycleways
  - Stormwater
  - Parks & open space
  - Cultural & heritage

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 assets are disclosed in note 24.1. A description of the valuation techniques and the inputs used to determine the fair value these assets is included below under the heading 'Assets held for sale'.

Council measures other financial liabilities at fair value on a recurring basis.

### (a) Fair Value Hierarchy

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

Level 1	Unadjusted quoted prices in active market 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 measured and recognised at fair value at 30 June 2020.

The fair value 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 of similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

#### As at 30 June 2020

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>					
Investment in water corporation	22	0	0	76,789	76,789
Land	24	0	166,664	0	166,664
Buildings	24	0	51,747	47,070	98,817
Roads, including footpaths and cycleways	24	0	0	135,405	135,405
Stormwater	24	0	0	85,137	85,137
Parks & open space	24	0	0	15,954	15,954
Cultural and heritage	24	0	5,017	0	5,017
Other financial liabilities	29	(2,882)	0	0	(2,882)
		(2,882)	223,428	360,355	580,901
<b>Non - recurring fair value measurements</b>					
Assets held for sale	24.1	513	0	0	513
		513	0	0	513
<b>Total fair value measurements</b>		(2,369)	223,428	360,355	581,414



**45 Fair Value Measurements (cont.)****As at 30 June 2019**

	<b>Note</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Recurring fair value measurements</b>					
Investment in water corporation	22	0	0	100,028	100,028
Land	24	0	145,903	0	145,903
Buildings	24	0	74,112	19,325	93,437
Roads, including footpaths and cycleways	24	0	0	131,904	131,904
Stormwater	24	0	0	77,687	77,687
Parks & open space	24	0	0	15,008	15,008
Cultural and heritage	24	0	5,121	0	5,121
Other financial liabilities	29	(2,499)	0	0	(2,499)
		(2,499)	225,136	343,952	566,589
<b>Non - recurring fair value measurements</b>					
Assets held for sale	24.1	1,336	0	0	1,336
		1,336	0	0	1,336

**Transfers between levels of the hierarchy**

Council's policy is to recognise transfers in and out of the fair value hierarchy levels at the end of the reporting period.

**(b) Highest and best use**

In accordance with AASB 13, all assets are valued at their highest and best use.

**(c) Valuation techniques and significant inputs used to derive fair values****Investment in water corporation**

Refer to note 22 and 45 for detail of valuation techniques used to derive fair values.

**Land**

Land fair values were determined by the office of the Valuer General during the year ended 30 June 2015 and revalued at 30 June 2020 using the adjustment factor provided by the Office of the Valuer-General. Land Under Roads was required to be revalued at 30 June 2020 and therefore in Accordance with AASB 116, the entire asset class was revalued. 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 under roads**

All land under roads is calculated based on the applicable land area recorded by Council and the land values provided by the Valuer General in 2020. The most significant input into this valuation approach is price per square metre.

Land under roads has been categorised as either urban residential land or rural land in accordance with Council data. The relevant square metre rates have then been applied to the land area.

## 45 Fair Value Measurements (cont.)

### Buildings

Where there is a market for Council building assets, fair value has been determined by applying the statutory values assigned by the office of the Valuer General during the year ended 30 June 2015 and subsequent adjustment factors. 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 is price per square metre. These buildings have been classified as level 2 in the Table above.

Council completed construction of the parnaple centre, Providore Place and market square and the CBD car park in 2019. Given the recent construction, fair value for these assets has been determined to be indexed construction cost. Following completion of the parnaple centre, the sale of level 1 of the building to the State government was completed. The sale price agreed did not differ materially from the construction cost of the assets disposed of. As the construction costs have been indexed at 30 June 2020 and the useful lives attributed to the assets are based on unobservable estimates, the buildings have been classified as level 2 in the Table.

Where Council buildings are of a specialist nature (e.g. public amenities) 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. Construction costs applicable to these assets have been indexed using appropriate independent construction indexes. These buildings have been classified as level 3 in the Table above.

In determining the level of accumulated depreciation, significant building assets have been disaggregated into components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component.

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of useful life that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3.

Buildings subject to indexation, were indexed at 30 June 2020 by 2.5%. This rate represents a 5 year average of a number of construction indexes for both Tasmania and Australia and with reference to the Council Cost index as determined by LGAT each year. This rate has been determined after acknowledging the uncertainty of the impact of COVID-19 on the Australian and Tasmanian economy. All other buildings were indexed in 2019 using the adjustment factor issued by the office of the Valuer-General.

### Infrastructure assets

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

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 GRC of an asset or asset component were generally based on a "Brownfield" assumption meaning that the GRC was determined as the cost of replacement with a new asset excluding 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. Depreciation is applied on a straight line basis. Estimated useful lives are disclosed in Note 14.

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.

## 45 Fair Value Measurements (continued)

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

### Roads, including footpaths & cycleways

A full valuation of road infrastructure was undertaken by Council staff effective 30 June 2019. Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. Urban and rural roads are generally managed in segments from intersection to intersection. All road segments are then componentised into formation, pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. Pavements constructed post 1993 have longer asset lives as they require more stringent quality assurance on material selection and pavement design.

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 uses known pavement thickness for most assets and applies a 350mm default when unknown. For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and labour wage rates are based on Council's Enterprise Agreement (EA). Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years. Road assets were indexed by 2.5% at 30 June 2020.

### Stormwater

A full valuation of stormwater infrastructure was undertaken by Council staff effective 30 June 2020. Similar to roads, drainage assets are managed in segments; pits and pipes being the major components.

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

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 (including pipe diameter) as well as the depth the pipe is laid.

### Parks & Open Space

A full valuation of parks & open space was undertaken by Council staff effective 30 June 2018. The asset class is reviewed between valuations and indexed as required. Parks & Open Space assets were indexed by 2.5% at 30 June 2020.

### Cultural & Heritage

The valuation of Council's art collection was determined by D. Bett, an independent art valuer, as at 4 November 2011. The art collection is indexed annually using the rates determined by the independent valuer. This asset class also includes the sailing vessel, *Julie Burgess* that was revalued by an independent valuer during the year. The remainder of the Bass Strait Maritime collection and public art assets were not revalued during the year as the amount is considered immaterial.

**45 Fair Value Measurements (continued)****Other financial liabilities**

Refer to note 45 for detail of valuation techniques used to derive fair values.

**Assets held for sale**

Assets classified as held for sale during the reporting period were valued at the lower of carrying amount or fair value less costs to sell at the time of reclassification. Market value was used to determine fair value.

**(e) Changes in fair value measurements**

The changes in assets and liabilities with recurring fair value measurements are detailed in Note 24 and 43. Transfers between level 1, 2 or 3 measurements that relate to non - recurring fair value measurements are detailed in the table below.

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>					
Land	24	0	(195)	0	(195)
Buildings	24	0	(318)	0	(318)
		0	(513)	0	(513)
<b>Non - recurring fair value measurements</b>					
Assets held for sale	24.1	513	0	0	513
		513	0	0	513
		513	(513)	0	0

**(f) Valuation processes**

Council's valuation policies and procedures are determined by the Asset Management Team which includes the City Engineer and Executive Manager People & Finance. Policies are then reviewed by the Senior Management Group before referral to the Executive Leadership Team. They are reviewed every 2 years or sooner to reflect changes in accounting treatment. Revaluation Guidelines are prepared each year and reviewed by the Asset Management Team. The Guidelines are referred to the Audit Panel for review and comment and ultimately to Council.

Council's current policies for the valuation of property, infrastructure, plant and equipment and investment in water corporation are set out in Note 22 and 24.

**(g) Assets and liabilities which are 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 45)

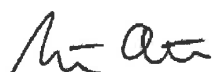
The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (level 2).

## DEVONPORT CITY COUNCIL

### Notes to the Financial Report For the year ended 30 June 2020

#### Certification of the Financial Report

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



Matthew Atkins  
**GENERAL MANAGER**

Dated: 29 September 2020.



## **Independent Auditor's Report**

### **To the Aldermen of Devonport City Council**

### **Report on the Audit of the Financial Report**

#### **Opinion**

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

In my opinion the accompanying financial report:

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

#### **Basis for Opinion**

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

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

My audit responsibility does not extend to the budget figures included in the financial report, the asset renewal funding ratio disclosed in Note 44, nor the Significant Business Activities disclosed in Note 3 to the financial report and accordingly, I express no opinion on them.

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

### Key Audit Matters

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

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
<b>Property and infrastructure</b> <i>Refer to notes 13, 24, 26 and 45</i>	
<p>Property and infrastructure at 30 June 2020 includes land, buildings, parks and open space, cultural and heritage assets and infrastructure assets, totalling \$495.02m. The fair values of these assets are based on market value or current replacement cost. Council undertakes formal revaluations on a regular basis to ensure valuations represent fair value. Indexation is applied to fair values between formal valuations.</p> <p>In 2019-20, Council revalued stormwater infrastructure assets based on current replacement cost valuations determined by internal experts and indexed all other asset classes. These valuations are highly dependent upon a range of assumptions and estimated unit rates.</p> <p>The calculation of depreciation requires estimation of asset useful lives, which involves a high degree of subjectivity. Changes in assumptions and depreciation policies can significantly impact the depreciation charged.</p> <p>Capital expenditure in 2019-20 totalled \$21.22m on a number of significant programs to upgrade and maintain assets. Capital projects can contain a combination of enhancement and maintenance activity which are not distinct and therefore the allocation of costs between capital and operating expenditure is inherently judgemental.</p>	<ul style="list-style-type: none"> <li>Assessing the scope, expertise and independence of experts involved in the valuations.</li> <li>Assessing the appropriateness of the valuation methodology and the key assumptions used.</li> <li>Evaluating indexation applied to assets between formal valuations.</li> <li>Testing, on a sample basis, the mathematical accuracy of the valuation model's calculations.</li> <li>Evaluating management's assessment of asset useful lives.</li> <li>Performing substantive analytical procedures on depreciation expenses.</li> <li>Testing, on a sample basis, significant expenditure on maintenance and capital works to corroborate appropriate treatment.</li> <li>Testing, on a sample basis, capital work-in-progress to ensure that active projects will result in usable assets and that assets commissioned are transferred in a timely manner.</li> </ul>

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- 
- Evaluating the adequacy of disclosures made in the financial report, including those regarding key assumptions used.
- 

### **Responsibilities of the General Manager for the Financial Report**

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

In preparing the financial report, the General Manager is responsible for assessing Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council is to be dissolved by an Act of Parliament or the Aldermen 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

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evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Council to cease to continue as a going concern.

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

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

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



Ric De Santi  
**Deputy Auditor-General Financial Audit Services**  
**Delegate of the Auditor-General**

**Tasmanian Audit Office**

30 September 2020  
Hobart