



*The City with Spirit*

Annual Report 2014



## Professional Service Providers

Auditors

Tasmanian Auditor-General

Bankers

Commonwealth Bank of Australia

Insurance Brokers - 1 July 2014

Jardine Lloyd Thompson

1 July 2013

Marsh

Valuers

Office of Valuer General

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# Devonport Profile

The City of Devonport is ideally located on the Mersey River in the heart of the beautiful North West Coast of Tasmania. This unique location opens up the City to the river, ocean and mountain views, and a lifestyle enjoyed by its 25,628 residents.

Devonport offers a safe and pristine environment, friendly and welcoming people and plenty of opportunities. Devonport is the major sea gateway to Tasmania and its thriving port is the home for the two passenger ferries, *Spirit of Tasmania I and II*. These ferries connect Devonport with Melbourne, offering daily sailings. Devonport airport is the third largest in Tasmania, with frequently scheduled daily services to Melbourne's Tullamarine Airport.

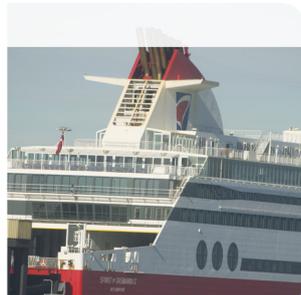
Devonport is particularly well known for its reserves and recreational facilities. From the kilometres of walking and cycling tracks, beautiful beaches, a river suitable for a number of water sports, great fishing and numerous parklands, the City encourages an active and family friendly lifestyle.

Cultural facilities include the Devonport Regional Gallery, which has a collection of Tasmanian art works, ceramics, prints and photographs; the Bass Strait Maritime Centre, with a collection relating to early shipping activities; and the Devonport Entertainment and Convention Centre, which is the premier entertainment facility on the North West Coast.

Although the municipal area is small in size for Tasmania, at only 114 square kilometres, it is the centre for a rich agricultural district which produces a significant amount of Tasmania's vegetable crops (beans, onions, peas, potatoes etc), as well as cereals, oil poppies, pyrethrum and other crops. Dairy production and processing is also significant.

Secondary industries includes processing of agricultural products, which represent a large share of total Australian production. The region also produces cement of which large tonnages are exported through the Devonport port.

*Devonport - The City with Spirit*





## Council Profile

**Devonport Profile:** The Devonport City Council is established under the provisions of the *Local Government Act 1993* and is a body corporate with perpetual succession.

During the year Council was made up of twelve elected Aldermen. Elections for Aldermen were previously held every two years with six Aldermen retiring at each election. In 2013 those Aldermen who were elected in 2009 had their terms extended to October 2014, with those elected in 2011 having their term of office reduced by one year. As a result, in October 2014 there will be a full spill of Aldermen positions with all those elected being appointed for a new four year term. Going forward, the State Government has determined that local government elections in Tasmania will be based on an "all-in all-out" basis.

Council was subjected to a Local Government Board Review in 2012, at its request, which recommended that the number of elected Aldermen for Devonport City be reduced from the current twelve to nine – following approval by the Minister for Local Government and changes to the *Act*, this change will coincide with the election in October 2014.

The Mayor and Deputy Mayor are also elected directly by the electors of Devonport and will from 2014 serve in those positions for a period of four years.

**Decision Making:** From 1 July 2014 Council has introduced a Section 23 Committee arrangement to assist in its decision making processes. The Section 23 Committees now in operation are:

- Planning Authority;
- Governance and Finance;
- Infrastructure and Works; and
- Community Services.

The Planning Authority Committee meets on an as required basis and has been provided with conditional delegations to approve planning applications. The Governance and Finance and Community Services Committees meet bi-monthly, with the Infrastructure and Works Committee currently meeting monthly.

Council and committee meetings are open to the public (except where an item is considered to be of a confidential nature in accordance with the *Local Government (Meeting Procedures) Regulations 2005*). Meeting schedules are advertised in the Advocate Newspaper, on Council's website and at the Council offices.





## Mission-Vision-Values

*Devonport City Council is committed to excellence in leadership and service.*

Devonport is a **strong, thriving and welcoming regional City**. It is a great place to live, work and play.

We **value the past, care for the present, embracing the future**. We have been shaped by a rich cultural heritage and enthusiastically embrace present challenges and future opportunities.

We **engage with the world**. We have an outward focus and send quality products and experiences to the world. We welcome all peoples to share our beautiful City and all it offers.

We **live lightly by river and sea** and value our natural environment of clean rivers, waterways, beaches, rich agricultural land and coastal landscapes so future generations can also enjoy this special place.

We will work together respectfully and responsibly, leading with vision and integrity. We value:

- **Leadership** - We will embrace a culture of equity and leadership founded on respect, professionalism and integrity, to ensure we make strategic decisions today for tomorrow
- **Customer Satisfaction** - We will strive to consistently engage and communicate with our internal and external customers to meet desired outcomes
- **Our People** - We will respectfully work together by recognising each other's talents, skills, experience and knowledge
- **Continuous Improvement & Innovation** - We will continually evaluate current practices and changing needs to foster an adaptive and innovative environment
- **Results & Accountability** - We will be results focused and take pride in our successes and efforts and be accountable for our actions



## Mayor's Message

It is a pleasure to present the Annual Plan Report for 2013/14 and highlight the progress made on key strategies that work towards building a community we belong to and choose to live in.

This year has been an extremely busy year, and demonstrated Council's capacity to undertake and deliver significant infrastructure projects such as the newly established Splash Devonport Aquatic and Leisure Centre. Splash is already delivering benefits to its increasing membership base, the broader public and regional patrons utilising the centre. The project signifies the capability of Council and its staff to undertake projects of regional significance and deliver outstanding results.

A large infrastructure capital works program was delivered this past year, and I congratulate the hard work of all the team involved. Works undertaken include numerous road reconstructions, and a focus on improving car parking facilities with the installation of new parking machines and signage.

Facility planning and improvements has been a key driver this year, with planning for a new memorial garden at the Mersey Vale Memorial Cemetery, relocation of the Devonport City Art Collection to its new purpose built storage facility, and the Bass Strait Maritime Centre operating for its first twelve months.

Council's commitment to delivering efficient services continued, with the roll out of the 'Devonport Energy Efficiency Program' across facilities, to reduce the energy usage by 15% by 2015 with anticipated annual savings of \$150,000 in electricity costs. Stretching the rates dollar further was also achieved via a review of contractors delivering services for Council; this all helps to keep the cost of delivering services and facilities down.

Feedback via the public is of a high level when it comes to Council customer service, and it's great to hear so many customers happy with the diverse range of services delivered, including our cheery garbage collection staff and parking attendants. The fact is, here at Council we receive the most positive feedback about these services and of course the well-attended events which are delivered on an annual basis. Keep the feedback coming, it helps Council and staff to continue to improve and be the best we can be.

Over 100 active skilled and dedicated volunteers joined forces with Council over the past year to deliver quality services, facilities and events. On behalf of Aldermen and Council staff I extend a warm thank you to these people who give so generously of their time and energy.

It cannot be understated the work and achievements of the Aldermen over the past twelve months, who through a shared vision and united approach have made some of the bravest and most ambitious decisions for this Council, City and Community. The LIVING CITY Project promises to address some very critical issues facing the community, including the high unemployment rate, loss of industry and decline in retail. However with a great deal of hope and importantly evidence, this Council has commenced designing the future for our City and our children over the next 20 – 50 years.

Finally a well-earned pat on the back to all Council staff, those behind the scenes and at the coal face. It certainly makes me proud to work alongside highly dedicated professionals who bring their talents and skills to work daily in service to our community.

Ald. Steve Martin  
MAYOR - CITY OF DEVONPORT



## General Manager's Report

After just over six months in the role of General Manager with Devonport City Council it is my pleasure to provide some comments for this year's Annual Report.

Although I was a late starter and came in half way through the year, on reflection it is clear the main focus for Council and the community has been the further progression of a number of initiatives, including the opening of Splash Devonport Aquatic and Leisure Centre and the development of the ambitious LIVING CITY Project. At the outset I acknowledge the hard work and dedication that Matthew Atkins provided to Council for the first six months in the role of Acting General Manager, following the departure of former General Manager, Ian McCallum.

Recently Council launched the LIVING CITY Master Plan, the culmination of four year's work. This work has been informed by extensive community input and consultation. Council believes the Master Plan captures the essence of the majority views expressed through the consultation process but as always with this type of planning there was a need to balance competing priorities and to some extent accept compromises.

Council is extremely confident that it now has a Master Plan that is achievable and something that will prove to be a strong economic and social boost to the greater North West Region. The support the Tasmanian Government has made to the Project with its agreement to transfer the land which currently houses the LINC and Magistrates Court, and then redevelop these valued community assets as part of LIVING CITY, ensures that this Project can, and will proceed. The hard work is now ahead of us as we move into the detailed planning phase.



Following my commencement in the role of General Manager I undertook a review of the staffing framework which will operate at Council as we move forward. The focus of the changes announced towards the end of May 2014 was around the delivery of coordinated and professional services to the community which are not only logical but also easily understood.

The realignment of a number of functions and processes which enable Council to maximise its resources, both financial and human, have now been implemented. In my view it was vitally important when rolling out these changes that they weren't just seen as "another restructure" but were based on logic and a clear understanding as to why they were being implemented.

I deliberately took my time to get an understanding of how Devonport Council operated, then sat back and reflected on how best to take the organisation forward. Perhaps one of the most important aspects of the change process was that all Aldermen and staff were provided with an opportunity to provide input and it was the valuable information I gained which assisted and guided the outcome of the changes implemented. Change from the inside out - not top-down was the most important aspect of the process.

Key themes which continue to guide the change includes building a positive workplace culture, a greater focus on our customers (internal and external) and increased collaboration across all areas. Taking a more holistic approach to the organisation which is more inclusive and empowering for all.



Considerable gains have been made in relation to the implementation of the new organisational structure however these will not be evident as part of this Annual Report as most of the change did not commence until 1 July 2014.

As part of its budget in 2013, Council committed to a \$17.1M capital works program. During the year Council completed \$13.3M of works and also purchased property at 20-26 Best Street, Devonport for \$4.2M.



The Annual Report provides comments in relation to the financial management of Council and the results achieved for the year in review. It is pleasing to note that an unqualified audit opinion was received from the Tasmanian Audit Office.

Council's finances are also overseen by its appointed Audit Panel which is made up of three independent members and two Aldermen. The Audit Panel met four times during the year and provided general oversight and recommendations to Council in relation to financial management matters.

This Annual Report highlights the achievements of Council in meeting its objectives, activities and performance indicators against those outlined in the Annual Plan adopted in June 2013. There have been many successes during the past 12 months, too many to highlight and summarise here, so please continue reading the Annual Report with the confidence that the Council is continually reviewing how we do things to ensure that we best meet the needs of the Devonport community into the future.

As an outsider coming in, I have been impressed with the level of commitment and dedication that the staff of Devonport Council exhibit every day. Whilst there is always more to be done, and many quick to point out any shortcomings, the Devonport area is positioned well to harness future opportunities for the benefit of the community, environment and local economy. Council staff are to be congratulated for the effort they display every day in ensuring that the services delivered to the community are done so in a timely and professional manner.

I would like to take this opportunity to thank the Aldermen for their support and encouragement since I commenced in my role earlier in the year. I look forward to continuing to build a strong and respectful working relationship with Aldermen, staff and the community in the future.



Paul West  
GENERAL MANAGER



## The Council



**L-R:** Ald Warren Squibb, Ald Leon Perry, Ald Justine Keay, Ald Graham Kent (Deputy Mayor), Ald Peter Hollister, Ald Lynn Laycock, Ald Steve Martin (Mayor), Ald Alison Jarman, Ald Brian Cole, Ald Annette Rockliff, Ald Grant Goodwin, Ald Bill Wilson.

## Snapshot of decisions from Council in 2013/14 include:

- Adoption of the revised Devonport City Council Open Space Strategy (July 2013)
- Adoption of the Volunteer Strategy 2013-2017 (October 2013)
- Adoption of the Devonport Parking By-Law 2013 (November 2013)
- Adoption of the Environmental Sustainability Strategy 2013-2016 (December 2013)
- Adoption of the East Devonport Community Plan 2014-2019 (February 2014)
- Adoption of the revised Strategic Plan 2009-2030 (April 2014)
- Adoption of the Council Committee Policy, which saw the introduction of four Section 23 Committees – Planning Authority; Infrastructure & Works; Governance & Finance; and Community Services (April 2014)
- Adoption of the Public Lighting Strategy (May 2014)
- Adoption of the 2014/15 Annual Plan and setting of Rates and Charges (June 2014)



## Aldermen Attendance Statement

	ORDINARY MEETINGS	SPECIAL MEETINGS & AGM	WORKSHOP SESSIONS	PLANNING AUTHORITY COMMITTEE (effective from 7/4/2014)
<b>TOTAL NO. MEETINGS</b>	12	5	29	5
Ald Cole	9	3	16	N/A
Ald Goodwin	11	4	26	4
Ald Hollister	12	5	28	5
Ald Jarman	10	4	24	N/A
Ald Keay	10	5	25	N/A
Ald Kent	10	5	24	5
Ald Laycock	10	4	23	N/A
Ald Martin	11	5	27	4
Ald Perry	10	4	26	N/A
Ald Rockliff	11	5	28	N/A
Ald Squibb	11	5	25	N/A (Proxy)
Ald Wilson	10	5	24	5

## Aldermen Expenses Statement

Section 72 (cb) of the *Local Government Act 1993* requires that a statement of the total allowances and expenses paid to the Mayor, Deputy Mayor and Councillors be included in the Annual Report. During the 2013/14 financial year, Council paid a total of \$338,492 in allowances and expenses for the Aldermen. Aldermen were provided with an iPad, for which all costs were funded by Council. A fully maintained motor vehicle is provided to the Mayor for use on Council related business. The cost of this vehicle is shown in the 'Mileage Column'.

Aldermen	Mayoral Allowance	Deputy Mayoral Allowance	Alderman Allowance	Aldermen Expenses							TOTAL
				Mileage R/ments	iPads	Conference/ Professional Devp't Attendance	Accom & Meal Expenses	Meeting Expenses	Phone	Other	
Mayor Martin	48,952		19,882	11,004	416	2,456	5,072	437	639	380	<b>\$89,238</b>
Deputy Mayor Kent		15,156	19,882		416	681					<b>\$36,135</b>
Ald Cole			19,882		416						<b>\$20,298</b>
Ald Goodwin			19,882		416	1,731					<b>\$22,029</b>
Ald Hollister			19,882		418	5,536	1,246			139	<b>\$27,221</b>
Ald Jarman			19,882		416	449					<b>\$20,747</b>
Ald Keay			19,882		416						<b>\$20,298</b>
Ald Laycock			19,882		416						<b>\$20,298</b>
Ald Perry			19,882	464	416	558					<b>\$21,320</b>
Ald Rockliff			19,882		416						<b>\$20,298</b>
Ald Squibb			19,882		416						<b>\$20,298</b>
Ald Wilson			19,882		430						<b>\$20,312</b>
<b>TOTAL</b>	<b>\$48,952</b>	<b>\$15,156</b>	<b>\$238,584</b>	<b>\$11,468</b>	<b>\$5,008</b>	<b>\$11,411</b>	<b>\$6,318</b>	<b>\$437</b>	<b>\$639</b>	<b>\$519</b>	<b>\$338,492</b>



# Community Representation

## Shareholdings in Corporations

TasWater  
Ald Goodwin, Proxy – Ald Wilson

## Joint Authorities

Dulverton Regional Waste Management Authority  
General Manager, Ald Hollister, Proxy - Ald Rockliff  
Tasmania's West North West Councils Joint Authority  
(Trading as Cradle Coast Authority)  
Ald Martin & Goodwin, Proxy – Ald Keay

## Single Authorities

Devonport Maritime & Heritage Authority (wound up  
16 /6/2014)  
Ald Kent & Laycock

## Controlling Authorities & Board Membership

Fenton Villas Management Controlling Authority  
Ald Hollister & Rockliff  
Maidstone Park Management Controlling Authority  
Ald Martin & Rockliff  
Melrose Memorial Hall Controlling Authority  
No elected representatives at this point  
Tasmanian Arboretum Inc  
Ald Rockliff

## Special Committees & Working Groups of Council

Audit Panel Special Committee  
Ald Kent & Goodwin  
Building Families Special Committee  
Ald Martin, Keay & Rockliff  
Cement Australia Railton Community Consultation  
Committee  
Ald Goodwin  
Cemetery Master Plan Working Group  
Ald Cole, Keay & Wilson  
Closing the Gap Regional Partnership Initiative  
Special Committee  
Ald Rockliff & Goodwin  
Community Safety Liaison Group  
Ald Laycock, Jarman, Martin & Keay  
Devonport District Aquatic Facility Working Group  
Ald Jarman, Hollister, Keay, Perry & Wilson  
Devonport City Focus Group  
Ald Martin, Laycock & Jarman  
Devonport Eastern Shore Special Committee  
Ald Laycock & Goodwin  
Devonport Entertainment and Convention Centre  
Committee  
Ald Martin, Jarman & Rockliff  
Devonport Oval Advisory Special Committee  
Ald Laycock, Squibb & Perry

Devonport Recreation Centre Special Committee  
Ald Perry & Keay

Devonport Regional Gallery Advisory Special  
Committee  
Ald Cole, Hollister & Jarman , Proxy - Ald Rockliff

Devonport Sister City Special Committee  
Ald Rockliff & Hollister

Don River Railway  
Ald Kent, Goodwin, Jarman & Laycock

East Devonport Recreation & Convention Centre  
Special Committee  
Ald Hollister & Kent

Financial Assistance to Community Organisations  
Working Group  
Ald Martin, Kent, Keay & Goodwin

General Manager's Performance Review Committee  
Ald Martin, Kent, Laycock, Keay, Rockliff & Goodwin

Home Hill Strategic Plan Redevelopment Special  
Committee  
Ald Martin, Laycock, Rockliff & Hollister

Imaginarium Science Centre Special Committee  
Ald Goodwin & Keay

Mayor's Charitable Trust Fund  
Ald Martin, Kent & Laycock

Meercroft Park Advisory Special Committee  
Ald Cole & Rockliff

Mersey Bluff Working Group  
Ald Kent, Squibb, Perry & Cole

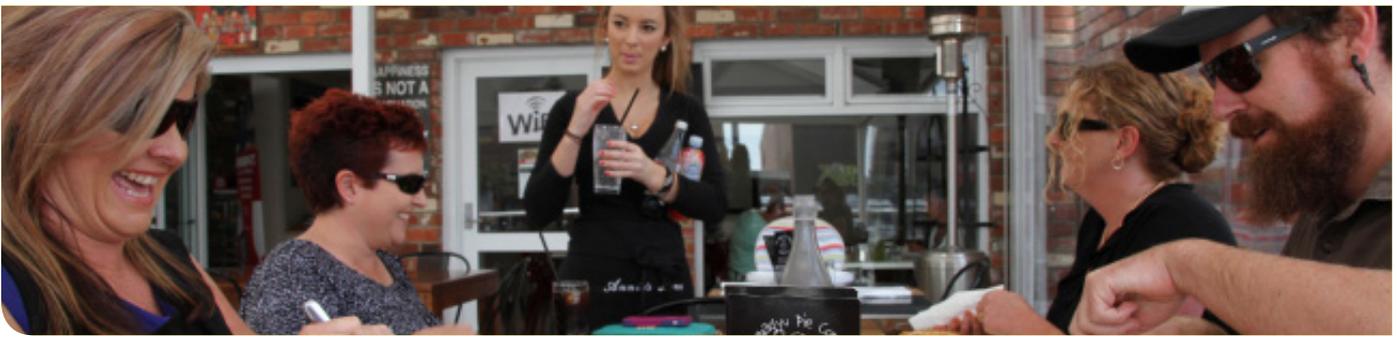
Mersey Leven Emergency Management Committee  
Ald Martin

Special Assistance Assessment Working Group  
Ald Martin, Kent, Laycock, Perry & Keay

Public Art Advisory Committee  
Ald Keay, Laycock & Jarman

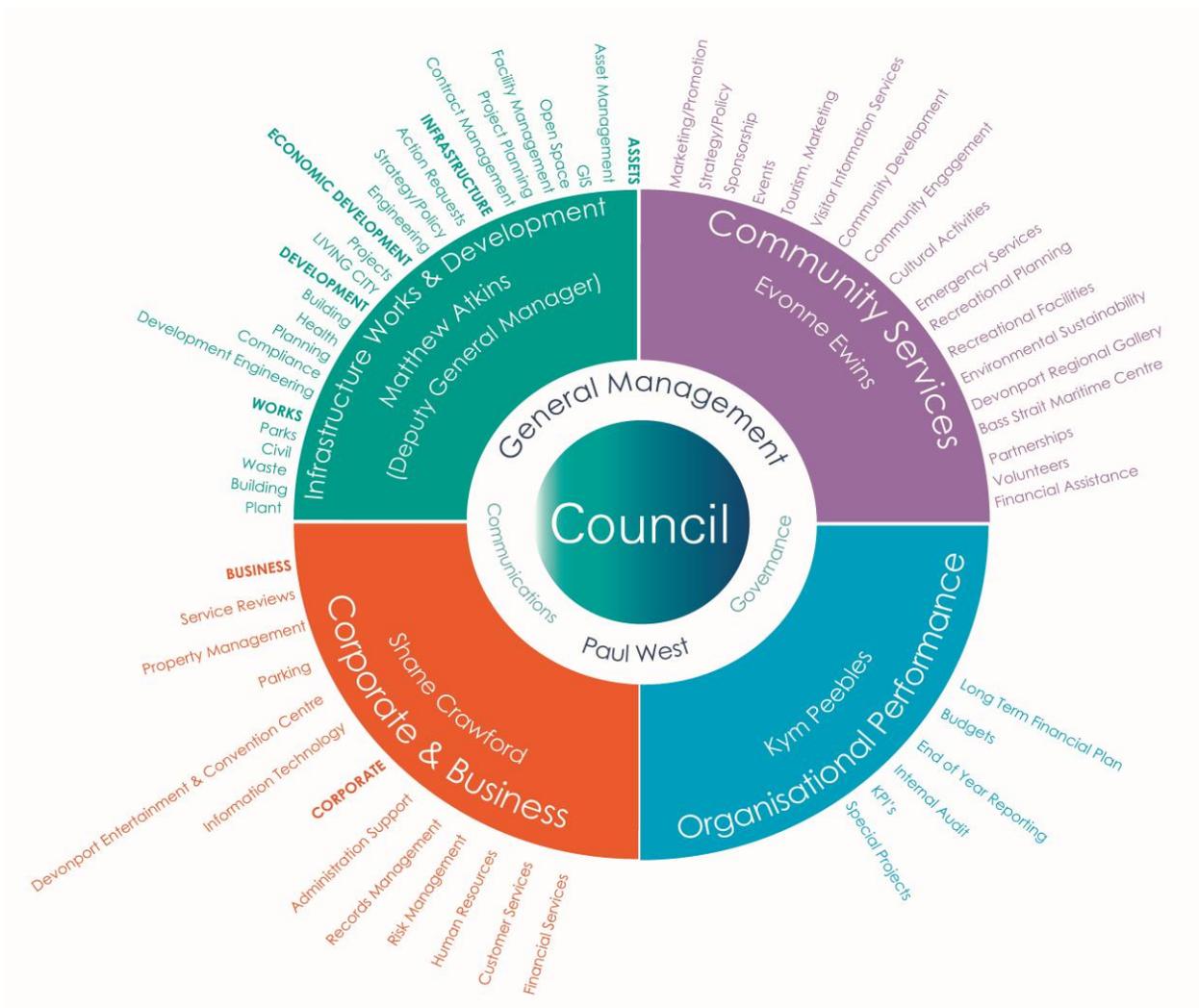
Strategic Sport and Recreation Special Committee  
Ald Martin, Kent, Hollister, Keay, Rockliff, Squibb &  
Wilson

50:50 Vision  
Ald Keay, Laycock & Rockliff



# Organisation Chart

In May 2014 a new staffing framework was implemented at Council. The previous arrangement whereby there were two Assistant General Managers and three portfolios were replaced with a more contemporary local government structure.





## Financial Results at a Glance

The Annual Financial Report, including notes to the accounts is provided as an Appendix to this Annual Report. The Annual Financial Report meets the requirements of the *Local Government Act 1993* and Australian Accounting Standards and has been duly audited by the Tasmanian Audit Office. An unqualified audit opinion was issued by the Deputy Auditor General on 28 August 2014.

<b>Financial Summary</b>	<b>Actual 2013/14 \$000</b>	<b>Budget 2013/14 \$000</b>
<b>Ordinary activities</b>		
Total income	35,796	34,971
Total expenditure	35,782	35,942
Surplus/(deficit) from ordinary activities	14	(971)
<b>Capital items</b>		
Grants	5,414	4,784
Contributions	1,815	250
Gain/(Loss) on Disposal of Assets	(4,076)	-
Share of profit of associates	393	-
<b>Total capital items</b>	<b>3,546</b>	<b>5,034</b>
<b>Surplus/ (deficit)</b>	<b>3,560</b>	<b>4,063</b>

The surplus from ordinary operations of \$13,230 compares to a budgeted deficit of \$970,350. The favourable variance stems from increased rates and service charges and investment revenue, as well as savings in employee benefits and depreciation, offsetting increased expenditure on materials and services, and reduced internal recoveries. The positive result includes the impacts from the first six months of operations at the newly constructed Aquatic Centre and first full year of operations for the Bass Strait Maritime Centre and the Julie Burgess historic vessel. The result also includes rental revenue from properties purchased as part of the LIVING CITY Project, as well as all costs of owning these properties, including interest on the borrowings.

<b>Operating Income</b>	<b>Actual 2013/14 \$000</b>	<b>Budget 2013/14 \$000</b>	<b>Variance \$000</b>
Rates and Service Charges	26,084	25,838	246
Fees and User Charges	5,120	5,314	(194)
Grants - Operating	1,262	1,170	92
Contributions - Operating	34	57	(23)
Investment Revenue	2,388	2,041	347
Other Revenue	908	551	357
<b>Total Operating Income</b>	<b>35,796</b>	<b>34,971</b>	<b>825</b>
<b>Capital Income</b>			
Grants	5,414	4,784	630
Contributions	1,815	250	1,565
Share of profits of associates	393	-	393
Gain/ (Loss) on disposal of assets	(4,076)	-	(4,076)
<b>Total Income</b>	<b>39,342</b>	<b>40,005</b>	<b>663</b>



## Financial Results at a Glance (cont.)

Total operating revenue was \$0.8M or 2.33% higher than budget.

Rates and Service charges were 0.95% higher than budget due to better than expected revenue from supplementary rate notices for both commercial and residential developments.

Reduced revenue from admission charges and sale of goods relating to the Bass Strait Maritime Centre and the Julie Burgess contributed to the 3.6% reduction in fees and charges compared to budget.

Additional heavy vehicle grants of \$0.06M and higher than expected financial assistance grants contributed to the 7.9% increase in operating grant income compared to budget.

Interest and dividend income was 17% higher than budget due in part to higher cash balances and interest revenue than anticipated. Council also received \$0.4M as a share of profits from its investment in Dulverton Waste Management Joint Authority.

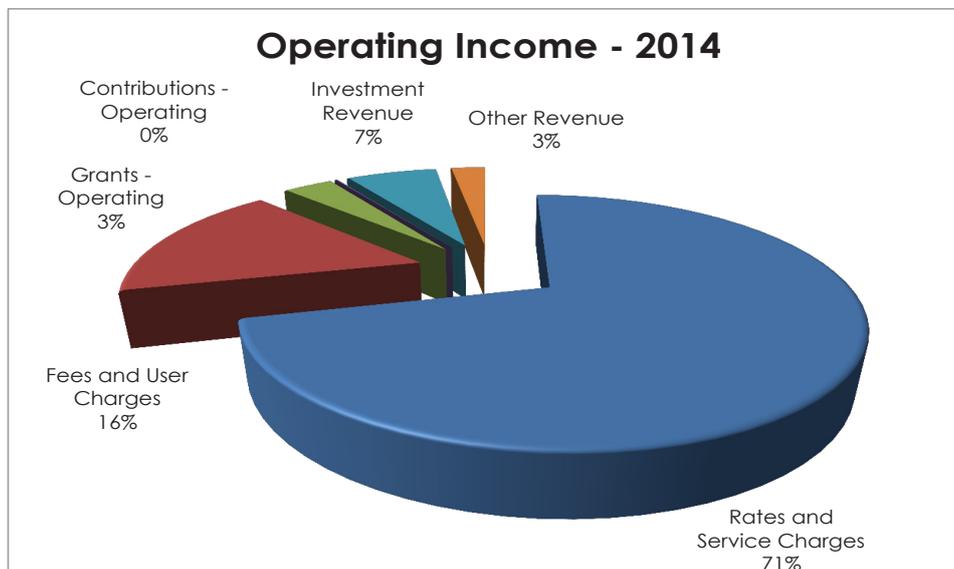
Other revenue includes recovery of utility costs from tenants of Council owned properties, recovery of outstanding amounts referred to collection agencies, and insurance claim refunds,

Capital grants were 13% higher than expected and included \$3.9M in relation to the new Aquatic Centre; \$0.8M for Black Spot road funding; and \$0.1M in relation to the community energy efficiency program.

Capital contributions included assets donated to Council as a result of the development of the Homemaker's Centre at Stony Rise, and residential subdivisions in the municipal area.

The loss on disposal of assets includes assets donated to the State Government, including the newly constructed roundabout at Tugrah Road and traffic lights. The amount also includes \$2.0M in relation to the write down of buildings on Council land but not owned by Council. As Council does not have effective control or ownership over these buildings, they were removed from Council's Assets Register. The total also includes \$1.0M in relation to the demolition and write down of the former police station building in Oldaker Street. Council demolished this building as part of the LIVING CITY Master Plan.

The chart below depicts Council's operating income by source for the 2014 financial year.





## Financial Results at a Glance (cont.)

<b>Operating Expenses</b>	<b>Actual 2013/14 \$000</b>	<b>Budget 2013/14 \$000</b>	<b>Variance \$000</b>
Employee Benefits	12,035	12,682	(647)
Materials and Services	10,695	10,556	139
Depreciation	8,910	9,028	(118)
Financial Costs	1,104	1,103	1
Levies & Taxes	2,835	2,819	16
Other Expenses	1,166	1,000	166
Internal Charges and Recoveries	(963)	(1,246)	283
<b>Total Expenditure</b>	<b>35,782</b>	<b>35,942</b>	<b>(160)</b>

A reduction in the number of full time equivalents (FTE) from a budget of 167 to 159, resulted in a saving of \$0.6M or 5% in employee benefits.

Materials and services were 1.3% higher than budget. This variance included higher than expected contractor payments for the operation of the Aquatic Centre.

Depreciation expense was 1.3% lower than budget partly due to lower capital expenditure as compared to the budget. Finance costs include all interest on borrowings in relation to the LIVING CITY Project and the Aquatic Centre. Levies and taxes includes all relevant land tax and rates on Council owned assets.

Other expenses includes the Mayor and Aldermen expenses, rates remissions granted, community grants and donations provided throughout the year as well as the cost of debt referred to collection agencies.

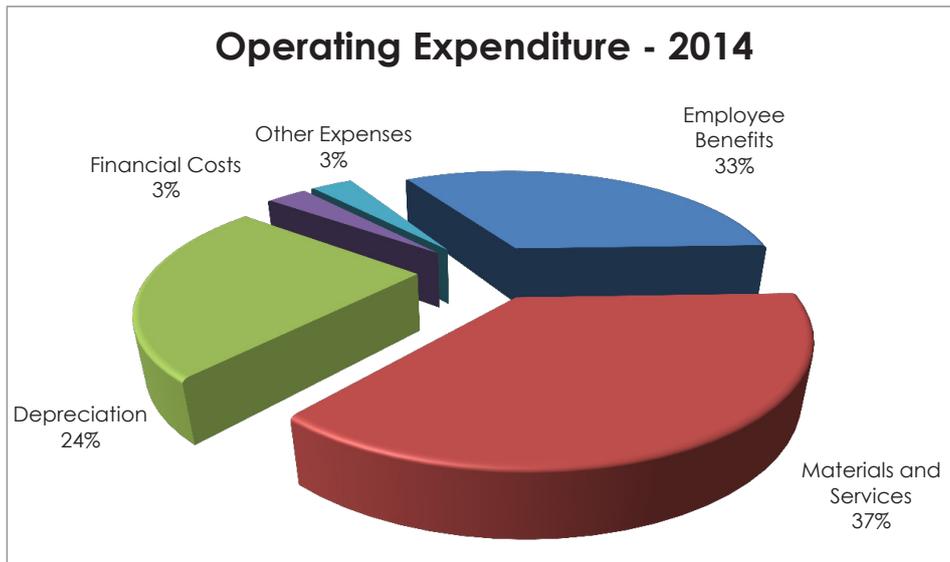
The 16% increase in other expenses when compared to the budget mainly relates to the higher level of debt referred to collection agencies than anticipated. Council has been very successful in collecting this outstanding debt and the additional revenue is shown in "Other Revenue".

Internal charges relate to the level of Council resources allocated to the annual capital program. The resources were 22% lower than the budget partly as a result of the reduced number of employees.



## Financial Results at a Glance (cont.)

The chart below depicts Council's expenditure by type for the 2014 financial year.



### Financial Position

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
Total Assets	477,681	473,483
Total Liabilities	25,438	25,581
<b>Net Community Equity</b>	<b>452,243</b>	<b>447,902</b>
<b>Key Assets and Liabilities (included in Financial Position)</b>		
Cash Assets	10,312	14,126
Community Infrastructure and assets	375,714	363,920
Council Borrowing	20,020	19,185

Cash assets include operating accounts, trust deposits and investments held by Council at 30 June 2014. Cash balances reduced by \$3.8M during the year as Council continued to invest heavily in capital projects.

Community infrastructure and assets increased by \$11.8M which was the net movement of spending on new and the renewal of existing assets, disposal of assets, depreciation charge and the revaluation of stormwater assets. Included in new assets was the Aquatic Centre which was completed during the year and the purchase of property at 20-26 Best Street, Devonport, as part of LIVING CITY.

Council borrowings increased by \$0.8M being the movement of loan repayments and additional new borrowings of \$2.0M in relation to the purchase of property.



## Quick Stats

Did you know...	This year - 2013/14	Last year - 2012/13
Population of Devonport	25,628 (2013)	25,714 (2012)
Median Age	40 years (2011)	39 years (2006)
Number of Families living in Devonport	3,876 (2011)	3,801 (2006)
New Citizens welcomed to Devonport	37	38
Number of Rateable Properties	12,000	11,963
Average General Rate	\$1,104.11	\$1,081.03
Total General Rate Revenue received	\$20,352,503	\$19,452,770
Operating Revenue received	\$35,796,000	\$34,971,000
Operational Expenditure	\$35,783,000	\$35,942,000
Capital Works completed	\$13.3M	\$15.1M
Roads	268.5 kms	263.9 kms
Footpaths	211.8 kms	211.6 kms
Paths & Walkways	9.6 kms	9.2 kms
Sports Grounds	14	14
Property Certificates issued	911	820
Development Applications approved	162	164
Estimated value of Development Approvals	\$38.6M	\$19.6M
Building Permits issued	243	215
Food Premise Licences issued	221	214
Immunisations administered	3,134	1,744
Dogs registered	3,894	3,553
Parking Infringements issued	31,828	29,181
People through doors at Customer Services	48,108	49,268
Number visitors to the Visitor Information Centre	60,161	62,525
Number visitors to the Devonport Regional Gallery	26,057	28,973
Number of entries to Bass Strait Maritime Centre	9,654 (opened April 2013)	
Number passengers on Julie Burgess	822	324
Number entries to Splash Aquatic & Leisure Centre	154,112 (first 6 months of operation)	
Number of active Volunteers	106	106
Number of Volunteer hours recorded	10,181	Not Available
Items of Business considered by Council	241	213
Total wages paid	\$10,203,613	\$10,442,779
Number of Full Time Equivalent staff	159	167
Percentage of Female staff	43%	38%
Percentage of Male staff	57%	62%
Staff turnover rate	9.34%	7.44%
Unleaded petrol consumed	60,160 litres	67,294 litres
Diesel consumed	200,152 litres	206,657 litres
Waste taken to landfill	13,701 tonnes	13,640 tonnes
Energy consumed by Council	7,271 GJ	5,429 GJ

# Section 2

# Performance Highlights



## Official Opening of Splash Devonport Aquatic and Leisure Centre 20 February 2014

Splash Devonport Aquatic and Leisure Centre was officially handed over to Belgravia Leisure, who successfully tendered for the operational management of the Centre, on 18 December 2013. The \$14 million project was opened to the public on 11 January 2014. The Centre was officially opened on 20 February 2014, by the then Premier of Tasmania, Lara Giddings, Federal Member for Braddon, Brett Whiteley and Devonport Mayor, Steve Martin. The state of the art facility provides access to aquatic and leisure activities all year round - comprising an 8 lane 25 metre indoor pool, warm water therapy pool, 50 metre outdoor olympic pool, fully air-conditioned gym, 3 air-conditioned group fitness studios, shop and cafe.





## Australia Day Award Celebrations

On 26 January 2014, Council celebrated Australia Day by holding a joint Citizenship Ceremony and presentation of Australia Day Awards. 16 people officially became Australians by their participation in the formal Citizenship Ceremony. Following the Citizenship Ceremony, Council announced the recipients of Devonport's Australia Day Awards.

### Citizen of the Year - Guy Carey

Guy was recognised for his contribution to teaching and his participation in the theatre, participating in local productions as well as assisting with the creation of sets and stunning backdrops. He is a Life Member of the Devonport Choral Society and has been a keen advocate for the cultural life of Devonport. Guy is the conductor of the Devonport Senior Citizens Choir and is a member of the Cancer Council of Tasmania (CCT). During his time with the CCT, a joint operation in Tasmania known as a Mobile Awareness Network scheme (MAN) was established, to complement the Prostate TAS fundraising activities. Guy is the Project Officer for the Prostate Cancer Foundation of Australia and CCT's Men's Health, and regularly travels the State, attending functions, providing information and answering questions on prostate and other men's health issues.

### Young Citizen of the Year - Sharifah Syed-Rohan

Sharifah Syed-Rohan was recognised for her commitment to improving her community - whether that is East Devonport, Tasmania, Australia, or the world beyond. Sharifah lives by the idea that the world is a place in which every individual can make a difference - through direct action and participation in our political processes. Sharifah rarely works through established programs or avenues, instead she identifies issues and shortcomings in the community and then takes direct action to address them, seeking support from a wide range of individuals and organisations to assist.

### Community Event of the Year - Prostate Cancer Charity Golf Day - Rotary Club of Devonport North

The golf day started in 2003 as a means of raising awareness about prostate cancer. Over the event's ten year history, in excess of \$60,000 has been raised for prostate cancer research and support. This event has been the catalyst for raising prostate cancer awareness, particularly in the Devonport area. Last year's event not only involved 144 players, there were also 12 members of the Rotary Club involved in setting up barbecues and cooking meals for the players and support workers. There was involvement from other volunteers, with media promotion and sponsorship from a number of businesses and organisations.





# LIVING CITY

Changing the heart, reviving the region

Council's focus during the year was the development of the LIVING CITY Master Plan. LIVING CITY is a bold, but realistic plan which will transform Devonport over the next decade. It is a comprehensive strategy aimed at capitalising on Devonport's role as a retail and service hub serving the North West Coast, capturing the City's untapped potential and setting a new direction for future prosperity.

Council voted in favour of demolishing the old Police Station in Oldaker Street in September 2013, with demolition taking place in late October. The site has been covered with topsoil and is now additional open space until the building phase of LIVING CITY commences.

In December 2013, Council purchased the building currently leased by Harris Scarfe, a key strategic property required to advance the LIVING CITY strategy. Council's intention is to work with Harris Scarfe to eventually relocate the retailer to a new location, thus opening up the waterfront site for suitable development. Council paid \$4.2 million for the property.

Significant progress was made on finalising the Master Plan in preparation for its launch on 7 August 2014. Council analysed and considered thousands of community comments from the engagement phase to help shape the eventual Master Plan.

In March 2014, the State Government committed to transfer ownership of the State Government owned Devonport Magistrates Court and LINC to the Council. The Master Plan includes the relocation of these buildings – the Magistrates Court into the Business and Service Precinct and LINC into a new Civic building – to enable work to begin on the Retail Precinct.

Throughout this period, Council has continued working with developers, major tenants and key stakeholders in preparation of the implementation phase beginning at the end of 2014.





## Performance and Highlights against the Annual Plan

The following section is comprised of highlights and performance against the 2013/14 Annual Plan. Of the 70 actions adopted as part of last year's Annual Plan:

- 42 - Completed
- 20 - In Progress/Ongoing
- 8 - Not Started/Deferred

**National Tree Day:** With growing pressures placed on the natural environment, Council is working hard to reduce energy consumption and to empower the community to understand and enhance the environment.

An example of the projects undertaken during the year include National Tree Day, which saw approximately 50 community members plant over 400 trees in Clayton Reserve, Spreyton. These trees will grow to provide shelter for native birds and animals, including the endangered Burrowing Crayfish.



**Adoption of the Environmental Sustainability Strategy 2013-2015:** The



Environmental Sustainability Strategy was adopted by Council in December 2013 and provides a plan to improve its operational environmental performance and increase community participation as part of the Devonport Strategic Plan 2009-2030. The Strategy provides Council with a coordinated approach to improving its environmental performance. Strategic directions identified to improve performance include protecting and enhancing the environment, improving communication and environmental information across Council, incorporating environmental sustainability criteria in Council's

procurement processes, improving community awareness and participation on how to live lightly and monitoring progress against performance measures.

**'The Drain is just for the Rain' Project:** Council staff also worked with numerous local primary schools as part of the award winning 'The Drain is just for Rain' Project - which won a 2014 Waste NoT Award. The Project was delivered to local primary schools in educating students on the consequences of polluting stormwater systems. Students learned about stormwater, including where it ends up, how we can keep stormwater systems clean, and the consequences of polluting. Students painted that message on stormwater drains near their school. Students also engaged in discussions on the many ways humans litter and how this has a negative impact for local plants and animals.





***Implement the actions of the Devonport City Council Energy Efficiency Strategy 2013-2015***

Items identified for 2013/14 have been implemented or commenced. Highlights include 20kw solar system at the Art Storage Facility; roll out of Local Government Energy Efficiency Program; and commencement of the Community Energy Efficiency Program.

***Coordinate implementation of key actions of the Devonport City Council Environmental Framework 2013-2015 to ensure a cohesive whole of Council approach to environmental matters and to improve Council's environmental performance***

Environmental Sustainability Strategy 2013-16 adopted by Council December 2013. 15 of 34 actions have been completed.

***Finalise the Devonport City Council Climate Adaption Strategy 2013-2015***

Strategy finalised but yet to be adopted. Associated risks have been entered into Risk Register.

***Continue to monitor and report on the Central North Burrowing Crayfish offset site off Clayton Drive, in accordance with the permit conditions related to endangered species as agreed and set by the Department of Sustainability, Environment, Water, Population and Communities and the State Department of Primary Industries, Water and Environment***

12 month monitoring work completed in June 2014, and Compliance Report posted on Council's website. Tree planting at offset site was undertaken in July 2013 as part of National Tree Day. A survey of the offset site to assess extent and number of new Central North Burrowing Crayfish burrows, in accordance with permit requirements, was undertaken in October 2013. Further inspection and works are scheduled in accordance with permit conditions.

***Implement improved environmental management practices and processes which support and are consistent with the jointly developed Public Authority Management Agreement (PAMA) between Department of Primary Industries, Parks, Water & Environment and Devonport City Council***

The process of preparing the Public Authority Management Agreement (PAMA) document has been implemented by the Threatened Species section of the Department of Primary Industries, Parks, Water & Environment (DPIPWE). Council are awaiting DPIPWE's completion of this task before the PAMA can progress.



**Implement key actions in the Devonport City Council Environmental Framework including enhancing community resilience through providing information on how to reduce energy use, water use and waste**

Community awareness and education actions were prioritised for inclusion in the 2014/15 Budget. These activities include information on Council's website; hosting community education sessions and distributing energy efficiency showbags.

**Develop a Waste Management Strategy**

Council continues to work closely with stakeholders to implement a regional waste strategy.

**Promote public awareness of Council's recycling/waste minimisation facilities**

Communication to both internal and external customers regarding Council's waste and recycling facilities was maintained. Council participated in National programs such as the Garage Sale Trail, to encourage re-use of items and to minimise waste going to landfill.

**Implement the areas of opportunity from the review of Council's Waste Management Services**

A new application system was implemented which enables people with disabilities to have their garbage collected from within their property. The garbage collection rounds were reviewed and the second rear load garbage truck is no longer required and has been removed from Council's fleet. Statistical information for the Spreyton Waste Transfer Station is collated monthly and will be regularly reported to Council.

**Promote community awareness of water conservation measures**

To raise awareness of water conservation, Council engaged local primary schools with the 'Drain is just for the Rain' Program. This Program received recognition through the 2014 'Waste-NoT Awards'. Council also installed water-saving shower heads on all showers in Council owned sport and recreation buildings.



## Devonport Interim Planning Scheme:

In October 2013, the Minister declared the nine Cradle Coast Interim Planning Schemes, which included the Devonport Interim Planning Scheme (DIPS). The DIPS introduced changes in terminology for the various zonings and some existing zones were altered by the transition to the new Scheme. It was the intention of the Minister that each of the nine Cradle Coast Schemes would

provide commonality for the planning framework across municipal borders.

Following the declaration of the DIPS, it was required by Section 25 of the *Land Use Planning Approvals Act 1993* ("the Act"), that the Interim Scheme be exhibited for a period of two months to allow members of the public to make representations about any aspect of the Scheme.

22 representations were received regarding local provisions of the DIPS, such as zonings. A further 259 representations were made about Regional and State provisions, common

across the nine Cradle Coast Schemes. In total 796 separate matters were raised.

Council in its role as a Planning Authority was required to consider the merit of each representation.

A combined report about the merit of all representations was compiled by the Cradle Coast Regional Steering Committee and provided to the Tasmanian Planning Commission ("the Commission") in accordance with the requirements of Section 30 of the *Act*.

The *Act* currently requires the Commission to hold a hearing on each representation, where Council and the Representors will be able to be heard.

At the time of preparing this Report, the Commission had not notified Council of any hearings in respect of the DIPS.



***Seek approval for and implement a new City of Devonport Planning Scheme based on the regional planning template***

The Devonport Interim Planning Scheme 2013 was declared by the Minister on 9 October 2013. It came into effect on 19 October 2013.

***Produce checklists, information sheets and other relevant customer service and development assessment tools to assist the implementation of the new City of Devonport Planning Scheme***

Work is in progress, but being slowed by ongoing amendments - e.g. Planning Directive 4.1 - effective from 28 February 2014, which replaced PD4. Various flow charts have been produced which have assisted staff in managing the Interim Scheme.

***Develop a Residential Strategy for Devonport***

A draft Residential Strategy has been developed, but formal acceptance has been deferred by Council. Although the Interim Planning Scheme in many ways reflects the strategic intent, any application to rezone land to increase the land stock or to justify a reduction, will most likely require a clear strategy to support this.

***Produce a Management of Complaints Policy for Planning, Building and Plumbing functions***

A Complaints Procedure is in place.

***Implement a plumbing inspection regime on behalf of Latrobe and Kentish Councils***

Devonport Council staff provide plumbing inspections for Latrobe and Kentish Councils. An agreement on a fee for service basis is in place until 30 June 2015.

***Measure effectiveness of existing Devonport branding in consultation with stakeholders***

The Devonport Destination Brand and relevance to tourists, operators and the broader industry has been discussed with all stakeholders. Feedback from the industry and regional tourism bodies indicates that the current destination logo lacks relevance and is under-utilised. An opportunity exists during the upcoming financial year to leverage marketing campaigns by Tourism Tasmania and the Cradle Coast Authority to increase Devonport's brand awareness.



### ***Prepare and implement a new Parking By-law***

Devonport Parking By-law 2013 became effective on 28 November 2013.

### ***Investigate opportunities to measure/analyse data to achieve a reliable condition assessment of road assets to increase understanding of remaining life and strategic performance of Council's road network***

Analysed various options to obtain reliable condition data and selected preferred method. Allocation made in 2014/15 budget to undertake a full assessment of Council's road network.

### ***Upgrade signage in car parks to improve clarity and aesthetics***

New signage has been installed in conjunction with ticket machine replacements.

### ***Review and update the Cycling Network Strategy (2010) and Action Plan***

Review of existing Cycling Network Strategy has commenced. Public consultation period ended in March 2014. Comments have been reviewed and collated for reporting to Council. This action has been forwarded over to 2014/15.

### ***Upgrade parking technology in pay and display car parks, including alternative payment methods***

New ticket machines with credit card capability have been installed in all Council operated car parks with the exception of the Best Street Car Park. Council will be converting the Best Street Car Park to a Pay as You Leave (PAYL) facility in the coming months.

### ***Develop a plan for timed parking to improve residential amenity and access and improve safety***

Guidelines have been developed.

### ***Commence review of layout of Council car parks to ensure maximum efficiency, improved mobility access, bicycle and motorcycle access, and to ensure compliance with acceptable standards for safety and amenity***

Modifications to lay outs have been made where appropriate.



***Investigate opportunities to measure/analyse data to achieve a reliable condition assessment of drainage assets to increase understanding of remaining life and strategic performance of Council's drainage network***

Analysed various options to undertake condition assessment and undertook pilot study to confirm scope. Funding included in 2014/15 budget to undertake a full assessment of drainage network.

***Review and update the draft Devonport Stormwater Quality Strategy (2005) and implement an amended Strategy***

Action deferred until completion of the drainage network assessment finalised.

***Implement designated action items from the adopted Cemetery Master Plan***

A new memorial area for the Mersey Vale Memorial Cemetery was designed. The concept of a new burial system was endorsed by Council. An Operation Manual for the Mersey Vale Memorial Cemetery has been drafted.

***Undertake a review and asset revaluation process related to Council's stormwater drainage asset class***

Revaluation modelling undertaken and completed.

***Develop a 'Streetscape Development Guideline' document***

Devonport Streetscape Guidelines document is being drafted for review.

***Plan and implement an asset condition assessment and rating for Council building assets (and review remaining useful life)***

Further discussions required on valuation methodology utilised in determining a more accurate assessment of the conditions of Council's building assets.

***Investigate and implement improved methods in project management to help streamline project delivery and assist staff with project tasks and capital works delivery***

Identified areas for improvement and progressing through changes to current processes. Expect to complete action in 2014/15 financial year.



### Opening of 'Mrs Jones Restaurant Bar and Lounge':

In November 2013, the much anticipated 'Mrs Jones Restaurant Bar and Lounge' opened at the Mersey Bluff Precinct. David Aitken and Jacqui Leary (formerly of *Wild Café*, Penguin) together with their new business partner James Lockett, entered into a lease with Council for the upstairs area. The fit out of the restaurant was completed in time for the scheduled opening date of 15 November 2013.



### 'Renew Devonport':

In June 2014, Council resolved to allocate \$20,000 seed funding to establish the Project 'Renew Devonport', providing support to Tas Regional Arts and the Devonport Chamber of Commerce and Industry to progress the Project. 'Renew Devonport' is based on a national social enterprise, designed to act as a catalyst for community renewal, economic development, the arts and creative industries.

The principle of the Project is to work with communities and property owners to take otherwise empty shops, offices, commercial and public buildings, and make them available for short-term use by artists, creative-based projects, pop-up stores and community led initiatives.

Devonport is no different to other regional cities across Australia which has been challenged by tough economic times, resulting in empty shops, low retail expenditure and a high level angst and concern by multiple stakeholders who live, visit and do business in the area.

The opportunity to establish 'Renew Devonport' complements investment in retail promotion and the local retail sector. The strategic delivery of retail promotion and 'Renew Devonport' combined provides Council with the opportunity to reinvigorate the CBD during early stages of the LIVING CITY Project and beyond, as development progresses.



***Build retail promotion strategies in response to LIVING CITY feedback***

There has been ongoing advice associated with LIVING CITY including: media releases; emailing news to stakeholders; announcements of strategic properties purchased; and the demolition of the old Police Station. Council reviewed its role in retail promotion and resolved in June 2014 to provide seed funding to establish a Project , 'Renew Devonport'. Council continues to play a role in retail promotion and works closely with the Devonport Chamber of Commerce and Industry.

***Facilitate the successful opening of the upstairs restaurant at the Mersey Bluff Precinct***

Tenants were secured for the upstairs restaurant and the capital works fit-out was completed in October 2013. 'Mrs Jones Restaurant Bar and Lounge' was opened on 15 November 2013.

***Increase cross promotion of Council owned tourism infrastructure and activities which enhance visitation at facilities***

A streamlined approach to print, TV, radio and digital media has resulted in increased promotional presence for all Council owned tourism facilities and activities. Collaborative marketing has been undertaken through the Spring and Autumn campaigns of 'My Tassie Breaks', with cross-pollination of products included in a variety of promotions and publications. There has been increased visitor numbers to the Bass Strait Maritime Centre and Council run events, including Devonport Food and Wine, Devonport Jazz and New Year's Eve celebrations.

***Work with Cradle Coast Authority and the Cradle Coast Tourism Executive to develop marketing plans for the region that will provide economic benefit to the North West Coast and Devonport***

Council utilised marketing campaigns coordinated by the Cradle Coast Tourism Executive to drive economic development in the region and Devonport. There has also been work undertaken on digital campaigns, collaborative marketing proposals, and print media opportunities to promote the region, both inter and intra-state.

***Work with Sports Marketing Australia to increase the number of sports and leisure events delivered in Devonport***

Council worked closely with Sports Marketing Australia to bring a number of sporting events to Devonport. Events including PGA Golf, State Basketball, Bowls Championships, Devonport Triathlon, and Touch Football Carnivals. These events have all benefitted the Devonport economy.



***Review and update the Road Network Strategy (2009) and develop an Action Plan for the next 3 years (2014-2017)***

Traffic counts completed and data analysed. Draft document updated in preparation for community consultation. This action will be completed in 2014/15.

***Develop a Digital Strategy to best prepare Council and the community for the arrival of the National Broadband Network (NBN)***

NBN Rollout to Devonport has been delayed and an announcement on projected timelines is not expected until late 2014. As such, the Digital Strategy preparation was deferred.

***Develop a LIVING CITY Master Plan based on Council's adopted Principles Plan***

The LIVING CITY Master Plan was completed and launched publicly on 7 August 2014.

***Continue to work in support of the National Sea Highway initiative***

Lobbying continues in relation to this issue.

***Continue, in conjunction with the Mayor, to develop relationships with local business to assist in addressing local needs***

A number of meetings/briefings have been undertaken. This action is ongoing.



### Devonport Food & Wine Festival:

Devonport City Council hosted its annual Food and Wine Festival from 1st to 16th March 2014. The successful 16 day event, showcasing the best of local produce and cooking expertise, featured over 30 events, including cooking demonstrations and dinners, and the prestigious Ambassador Dinner. The Dinner featured this year's Festival Ambassador, Colin Fassnidge, showcasing his passion for the paddock to the plate food philosophy. Other events included the Concert in the Vines, tours and gourmet tastings, a foodies bus trip, nutrition, science and food technology dinner, high tea, a cocktail party, introduction to Tasmanian wines, a chocolate masterclass and the annual 'Taste the Harvest' at Roundhouse Park. The festival was well supported by local foodies and producers alike.



### New Year's Eve Festivities:

On the 31 December 2013, Devonport City Council held the third annual 'Eve in the City' celebration at Roundhouse Park. The event was a great success, attracting up to 10 000 patrons, and was strongly supported by local business, through sponsorships, community volunteers and the local media. Fireworks, live music, children's entertainment, and the most entertaining 'Lantern Dreams Garden' were some of the highlights from the celebration. The event provided an opportunity to showcase local and Tasmanian talent, including the arts, musical and entertainment fields.



### Pirate Day:

The inaugural "Pirate Day" was held on 24 April 2014 at the Bass Strait Maritime Centre. With excellent lead in publicity, discounted entry to attract families, and a range of activities to choose from, the event was a great success, with 667 people attending. Staff members dressed as pirates and musicians sang sea shanties which added to the atmosphere, while the jumping castle, treasure hunt, face painting, pirate hat and sword-making activities were all popular with the children.





***Work with the Strategic Sport and Recreation Special Committee in the planning and provision of facilities for the community***

The Strategic Sport and Recreation Committee have undertaken extensive planning over the last 12 months, including draft recreation planning principles and guidelines; conceptual master plans for all sporting precincts; and prioritisation of proposed and future capital infrastructure projects.

***Complete relocation of the Devonport Art Collection and commence de-accession of the collection***

All works in Council's Permanent Art Collection were relocated to the Art Storage Facility. De-accession of the Collection has not commenced at this stage.

***Work with ticketing agencies to increase the number of shows and ticket opportunities that are available through the Devonport Entertainment and Convention Centre***

The Devonport Entertainment and Convention Centre has established partnership agreements with ticketing agencies that provide customers with access to many shows, sporting events, arenas and festivals across the country. The agreements entered into provides greater range and access for customers, hopefully resulting in enhanced commission and revenue generation for the DECC.

***Explore future collaborative exhibitions and public programs between the Bass Strait Maritime Centre and Devonport Regional Gallery***

A review of the Education and Public Programs Officer's role was undertaken due to a staff vacancy. The role will be based at the Gallery, but will work across facilities to develop public programs and exhibitions in future.

***Develop and implement a public program to increase visitor numbers to the Bass Strait Maritime Centre***

A Public Program Schedule has been completed with assistance from Arts Tasmania Roving Curators. Bi-monthly maritime talks have been implemented; school holiday activities undertaken; first temporary exhibition opened; first community event (Pirate Day) held; consultation and liaison with teachers undertaken and a brochure developed and distributed to schools.



***Amend existing Memorandum of Understanding (MOU) between Latrobe and Devonport Council as a result of the relocation of Mersey SES Unit to the Devonport Police Station***

MOU has been drafted.

***Draft Immunisation Policy and document procedures for both childhood and school based immunisation programs under the Public Health Act 1997***

Internal Management policies and procedures were adopted.

***Draft policy and document for licensing and inspection of public health risk activities under the Public Health Act 1997***

Council has adopted the national procedures and guidelines for the licensing and inspection of high risk activities, such as body piercing.

***Draft policy and document procedures for licensing and inspection of Places of Assembly under the Public Health Act 1997***

Draft policy on hold awaiting further advice from the Director of Public Health.

***Finalise and implement key actions of the Community Development Framework 2013-2015***

No further progress during the year. To be considered in early 2015.



## Strategic Plan 2009-2030 Review:

In April 2009, Council adopted a new Strategic Plan 2009-2030 prepared after consultation with the community. Late in 2013, Council commenced a review of the Plan and again sought the community's feedback. Local primary school children were invited to draw what they love most about Devonport or what they would like to see in Devonport in the future. Some of these drawings were included within the new Strategic Plan document.



Council staff were also involved in the review and were particularly asked to focus on Council's Organisational Values. The new organisational values adopted by Council are Continuous Improvement and Innovation; Leadership; Customer Satisfaction; Our People; and Results and Accountability.



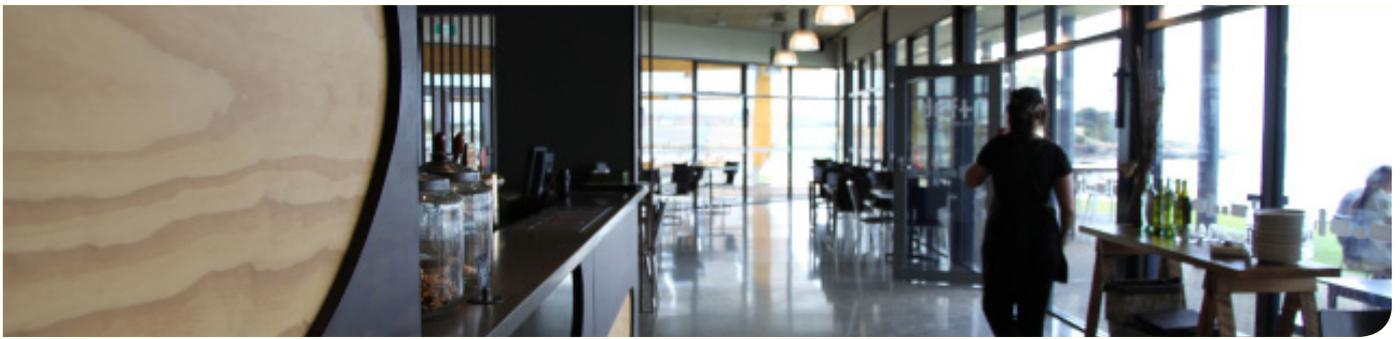
The updated Strategic Plan 2009-2030 clearly sets out Council's future direction to achieve a common vision for Devonport. The Strategic Plan was adopted by Council on 14 April 2014 and can be viewed on Council's website ([www.devonport.tas.gov.au](http://www.devonport.tas.gov.au)).

## Local Government Managers Association (LGMA) Management Challenge (TAS):

Council's 'Mersey Mariners' participated in the 2014 LGMA Management Challenge, which was held in Devonport. The group was pitted against teams from Burnie City Council, Launceston City Council and a combined team from Waratah-Wynyard/Circular Head Councils. Devonport's team included Carolyn Milnes, Claire Jordan, Damian Collins, Karen Stone, Peter Tuson and Rodney O'Rourke, with Shane Crawford as the Team's Mentor. Prior to the Challenge Day, a Pre-Challenge task was undertaken, which incorporated the making of a short movie on 'Productive Communities', the key theme throughout the Challenge.



The team submitted a video based on 'LIVING CITY' as its model of a productive community. The Challenge Day was rewarding and involved diverse tasks including debating, designing a website 'home page', recommendations relating to increasing diversity in local government and a group discussion regarding local government's role in public policy relating to productivity. The team found the Challenge a rewarding experience, utilising a diverse range of skills, team work, time management and 'thinking outside the square'. The team finished in a credible second place.



***Increase, retain and attract volunteers across Council facilities***

During the year, 101811 volunteer hours were recorded across Council activities and facilities. A volunteer recognition event was held during Volunteer Week.

***Develop a Lease Policy***

Lease policies have been drafted and are currently under review.

***Develop a formal Alderman Training Program***

Owing to the deferral of Local Government Elections, this action was not progressed in the 2013/14 financial year. Following Council elections in 2014, a formal induction program will be undertaken.

***Conduct training for members of Special Committees***

Risk training was undertaken in May 2014 by members of Special Committees.

***Review Council's Strategic Plan***

The reviewed Strategic Plan was adopted at Council's April 2014 meeting.

***Implement the recommendations derived from the post-implementation review of the Financial Services Review***

Progress has been delayed due to the realignment of the Corporate and Business Services Department.

***Conduct an Organisational Performance Review against Business Excellence Framework and develop an internal capability to complete similar reviews in the future***

The Organisational Performance Review was deferred.

***Undertake a review of 'useful life' and a revaluation of stormwater assets***

Useful life assessment undertaken and recommendation adopted. The revised useful lives were used in the revaluation of stormwater assets in June 2014.



***Develop a new rating system, in compliance with legislative change, ready for implementation from July 1, 2014***

This action has been deferred to align with the rates revaluation scheduled for the 2014/15 financial year.

***Develop and drive a culture that champions positive health and safety attitudes to achieve a zero harm outcome***

Continued progress in behavioural changes is occurring with improved reporting of incidents and "near hits". Operational personnel accepting greater 'buy in' and achieving improved results through Safe Work Method Statements (SWMS) and Safe Operating Procedure (SOPs) development.

***Establish and improve identified health and safety targets to achieve a zero harm outcome***

Targets have been set and are reported on a monthly basis to the Safety Committee. Information gathered is showing trends in incident reporting and will allow for a specific focus of efforts where required.

***Develop and implement a system that delivers a consistent approach to Health and Safety documentation and supports a zero harm outcome***

Reformatting of Standard Operating Procedures (SOPs) is continuing. Safe Work Method Statements (SWMS) are being adopted for all capital works projects. Networking with other local councils has occurred with the aim to develop standard documentation that is available for reference by all Cradle Coast Councils.

***Review current insurance brokerage service***

A tender process was undertaken in March 2014, following which Jardine Lloyd Thompson were appointed as Council's brokers for a three year period. The tender was a combined process with Central Coast, Latrobe and Kentish Councils.

***Assess and implement recommendations from the MAV Public Liability/Professional Indemnity Audit***

All actions from the Audit have been reassigned and captured in a monthly summary report. Actions from recommendations will be rolled out progressively.



***Undertake a focussed City Infrastructure departmental/operational risk review and integrate identified risks in the Corporate Risk Register, including implementation of controls***

Departmental risk assessment has been completed with high level risks identified which are now included in the Risk Register, along with appropriate mitigation measures.

***Implement a leadership program and review existing Supervisor Training Program***

The existing Supervisor Training Program was reviewed and is successfully being delivered internally. The Leadership Program was deferred until a review of the organisational structure was completed.

***Increase utilisation of self-service payroll features of Enterprise Suite***

TechnologyOne introduced new software called Connected Intelligence (CI) during July 2014 which will increase utilisation of self-service features.

***Prepare and negotiate terms and conditions for new Enterprise Agreement***

A new Enterprise Agreement was negotiated. The Fair Work Commission approved the agreement to operate from 16 July 2014 until its expiry on 30 June 2017.

***Investigate, procure and implement appropriate Asset Management software to support efficient and effective management of contracts and procurement***

Action was not commenced.

***Investigate Contract Management Systems and software to support efficient and effective management of contracts and procurement***

Tenderlink services were introduced in July 2014.

# Section 3

# Statutory Obligations





## Statutory Obligations

Council is required to operate within the legislative framework established for local government in Tasmania. The *Local Government Act 1993* is the main legislative instrument which applies to Council and establishes operating and reporting requirements.

Section 61 of the *Act* requires Council to appoint a General Manager for a term not exceeding five years. During the year, the Council appointed a new General Manager, Paul West, for a contract term of five years.

The *Act* outlines the roles of the General Manager. In particular Sections 62 and 63 detail the functions and powers of the General Manager, which in essence are, to manage and direct the human and financial resources of the Council to achieve optimum use of the public monies and the most effective uses of the organisation's business assets and human resources. The General Manager is to ensure Council is provided with professional advice and support in its strategic and policy making roles.

Section 72 of the *Act* requires Council to prepare an Annual Report containing all of the following:

- a) a summary of the annual plan for the preceding year;
- ab) a statement of its goals and objectives in relation to public health for the preceding financial year;
- b) a statement of the council's activities and its performance in respect of goals and objectives set for the preceding financial year;
- c) the financial statements for the preceding year;
- ca) a statement of the activities and performance of the council in relation to any activity undertaken pursuant to Section 21 as compared with its objectives for the preceding financial year;
- cb) a statement of the total allowances and expenses paid to the mayor, deputy mayor and councillors;
- cc) a statement detailing the attendance of each councillor at meetings of the council and any council committee during the preceding financial year;
- cd) a statement in accordance with subsection 4 relating to the total annual remuneration paid to employees of the council who hold positions designated by the council as being senior positions;
- d) a copy of the audit opinion for the preceding financial year;
- da) a statement specifying details of any land donated by the council under Section 177, including the name of the recipient, the reasons for donation and the value of the land;
- e) any other prescribed matters.

The *Local Government Act 1993* can be accessed at [www.thelaw.tas.gov.au](http://www.thelaw.tas.gov.au).



## Statutory Obligations (cont.)

### Senior Officer Remuneration

Council is required to report the total annual remuneration paid to employees who hold senior positions. For the purpose of this disclosure, all staff appointed to the Executive Management Group are included in the table below:

Amount	30 June 2013	30 June 2014	From 1 July 2014
\$230,000 - \$250,000	1	1	1
\$210,000 - \$230,000	-	2	-
\$190,000 - \$210,000	2	-	-
\$170,000 - \$190,000	-	-	1
\$150,000 - \$170,000	1	1	2
\$130,000 - \$150,000	-	-	-
\$110,000 - \$130,000	-	-	-
\$90,000 - \$110,000	-	-	-
\$70,000 - \$90,000	-	-	1
<b>Total</b>	<b>4</b>	<b>4</b>	<b>5</b>

Note: The remuneration includes cash salary, superannuation and private use of motor vehicles where applicable (valued at \$10,000)

### Tenders & Contracting

The *Local Government (General) Regulations 2005* at Section 23 (5) requires that Council is to report the following information in its Annual Report in relation to any contract for the supply or provision of goods or services valued at or exceeding the amount prescribed under subregulation (1) (\$100,000), entered into or extended under subregulation (4) (b) in the financial year:

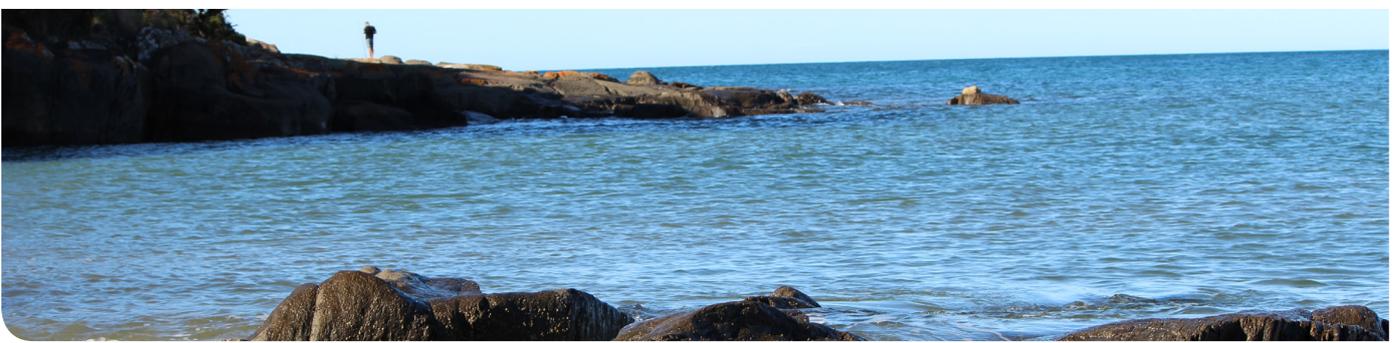
- a) a description of the contract;
- b) the period of the contract;
- c) the periods of any options for extending the contract;
- d) the value of any tender awarded, or if a tender was not required, the value of the contract excluding GST;
- e) the business name of the successful contractor;
- f) the business address of the successful contractor.

Council at its meeting on 17 June 2013 determined to secure professional consultancy services with the Project and Infrastructure Holdings Pty Ltd (P+I Group). The consultancy services provided related to the LIVING CITY Project. During the 2013/14 financial year, Council paid P+I Group \$233,375 (inclusive of \$33,875 of out of pocket expenses). Council determined that due to the varied nature of the consultancy services to be provided and the difficulty in specifying the work to be completed, that tenders would not be called due to extenuating circumstances based on the likelihood that competitive or reliable tenders would not result due to the specialised nature of the work.



## Statutory Obligations (cont.)

CONTRACT NUMBER & CONTRACTOR / SUPPLIER	DESCRIPTION OF CONTRACT	CONTRACT OR SUPPLY PERIOD	\$ VALUE (EXCLUDING GST)
Motors Group of Tasmania T/A Webster Trucks GPO Box 170 Hobart TAS 7001	Side Loader Garbage Compaction Unit and Truck	Jul-13	\$288,945
Contract - 1241 Belgravia Health & Leisure Group Pty Ltd 20 Longstaff Road Bayswater VIC 3153	Splash Aquatic Centre Facility Management Agreement	Aug-13 to Jun-18	\$2,193,660
Contract - 1250 Stubbs Construction Pty Ltd PO Box 573 Burnie TAS 7320	Old Police Station demolition	Sep-13	\$161,750
JF Machinery George Town Road Rocherlea TAS 7248	Supply of JCB 3CX Backhoe Loader	Sep-13	\$138,400
Contract - 1251 Hotmix Pty Ltd PO Box 709 Ulverstone TAS 7315	Supply, delivery and placement of Bituminous Surfacing	Oct-13	\$215,833
Contract - 1252 Vernachie Contracting 11 Cavalry Road Mowbray TAS 7248	Supply, delivery and placement of Hot Mix Asphalt	Oct-13	\$210,244
Contract - 1254 Hardings Hot Mix Pty Ltd PO Box 709 Ulverstone TAS 7315	Aquatic Centre Access Road	Oct-13	\$160,605
Contract - 1255 Tamar Valley Construction Pty Ltd 281 Gravelly Beach Road Gravelly Beach TAS 7246	Stony Rise Road Pathway Construction	Nov-13	\$121,950
Contract - 1257 Kentish Construction & Engineering Co. Pty Ltd PO Box 21 Sheffield TAS 7306	Kelcey Tier Road safety improvements - Stage 2	Mar-14	\$271,827
Contract - 1259 Hotmix Pty Ltd PO Box 709 Ulverstone TAS 7315	Ronald & Parker Street reconstruction	Jan-14	\$167,477
Contract - 1260 Kentish Construction & Engineering Co. Pty Ltd PO Box 21 Sheffield TAS 7306	William Street Catchment - Stage 3	May-14	\$162,754



## Statutory Obligations (cont.)

### Public Health Statement

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

Council's Environmental Health Department comprises of a Planning & Environmental Health Coordinator; 1 Senior Environmental Health Officer; 1 Environmental Health Officer; and a Utilities Officer. Resources were also complemented by two contracted registered Immunisation Nurses.

The Public Health and Environmental Management programs address a range of functions under the *Local Government Act 1993*, *Public Health Act 1997*, *Food Act 2003*, *Burial & Cremation Act 2002*, *Litter Act 2007*, *Environmental Management & Pollution Control Act 1994* and numerous By-laws. These functions include:

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

Key Environmental Health outcomes for 2013/14 included the development of an Immunisation Policy and Procedure for childhood and school based immunisation programs; the adoption of National Procedures and Guidelines for the licencing and inspection of high risk activities, including body piercing; and the adoption of an Environmental Sustainability Strategy 2013-16.



## Statutory Obligations (cont.)

### Public Interest Disclosures Statement

Council is committed to the aims and objectives of the *Public Interest Disclosures Act 2002*. Council also recognises the value of transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment. Council's Public Interest Disclosures document is available on the website. There were no disclosures raised during the year.

### Complaints

Five written complaints (in accordance with the definition contained within Council's Customer Service Charter) were received during the year. All complaints were acknowledged and resolved in accordance with Council policy. One complaint related to failed responses for repeated requests for service; one complaint was regarding Council's works program; and three complaints related to inappropriate staff behaviour.

### Land Donations

Council has not donated any land under Section 177 of the *Local Government Act 1993*.





# Community Grants & Events Sponsorship

## Community Small Grants Recipients 2013/14

**Devonport Senior Citizens Club - 50th Anniversary Celebrations:** The Club celebrated its 50th Anniversary by running two events - a bowls carnival in February and a bus trip to Sheffield, Mole Creek and Deloraine in March 2014. The bowls carnival required the purchase of new bowls mats and hire of the stadium.

**Amount funded - \$1,500**

**East Devonport Child and Family Centre - First Aid for Centre Volunteers and Community:** The Centre ran a recognised First Aid course for volunteers and families. As a target group, the Centre offered the First Aid Certificate to volunteers and parents to enhance their skills and knowledge.

**Amount funded - \$1,940**

**Mersey Colts Cricket Club - Restoration of Centre Matting and Nets:** Replaced centre wicket matting and covered the netting practice facility with matting. The centre wicket matting was very dangerous, with some balls bouncing and deviating off course.

**Amount funded - \$3,000**

**Don River Railway - Royal Carriage Viewing Platform Construction:** The newly restored 'Royal Carriage' is a historical carriage and was used in the past by British Royalty on four occasions and has been restored to best museum standards using original photographs. The platform allows members of the public to view the interior from outside the carriage, whilst preserving the interior. The carriage is located at the Don River Railway.

**Amount funded - \$3,000**

**East Devonport Primary School Parents and Friends - Removal of old tyres from grounds and disposal at Transfer Station:** This project involved the removal of old tyre barriers from the playground within the school grounds on the northern (Drew Street) side. This playground is used by the community outside of school hours.

**Amount funded - \$1,903**

**Devon Netball Association - State Mixed and Club Carnival:** This was a netball carnival of excellence, attracting statewide participants to the Devonport area. It was open to all club netball teams - senior womens, mixed and junior 17 and under and 15 and under. It was a divisional carnival providing an opportunity for all levels to compete. The event also provided development for coaches, managers, officials and umpires.

**Amount funded - \$1,000**

**Devonport Gymnastics Club - Air Tumbling Mats:** Purchased two tumbling air mats to increase repetitions of tumbling in a safe manner. These mats decrease the risk of joint injury to gymnasts of all ages by lessening impacts on wrists, ankles, knees and elbows during tumbling exercises.

**Amount funded - \$3,000**

**TasTafe - Certificate 3 in Events - Cradle Coast Talent Search:** Cradle Coast Talent Search is a night to showcase the unique and sometimes hidden talents that the community's youth have to offer. The night raised funds for Devonport's Headspace, as well as engaging local businesses to provide an opportunity for the broader community to appreciate and celebrate the talents of its young people. The target audience was 12-25 year olds.

**Amount funded - \$700**



## Community Small Grants Recipients 2013/14 (cont.)

**Mersey Leven Child Care Services - Traffic Safety for Children:** Constructed a mini road system to educate children on road and traffic safety and hazards. The track simulates real life road conditions for children, encouraging them to learn and abide by road rules.

**Amount funded - \$2,440**

**Devonport Rugby Club - Playing Ground Lights for the Don Recreation Ground:** The erection of 3 lighting poles on the far side of the Don Recreation Ground. Being a winter sport with training on Tuesday and Thursday evenings, there was not a lot of natural light available.

**Amount funded - \$3,000**

## Economic Development and Sponsorship Recipients 2013/14

**Cycling Australia - Tour of Tasmania:** The Tour of Tasmania is a six day top flight cycling event which showcases the southern, north and north-west regions of the State.

**Amount funded - \$10,000**

**Cradle Coast Sports and Events Pty Ltd - Devonport Triathlon:** The Devonport Triathlon has been in existence since 1985 and is the third longest running triathlon in Australia. The target audience is triathletes, eligible and willing to participate in the competition, from both Tasmania and interstate. This event attracts approximately 500 competitors along with coaches, family and friends.

**Amount funded - \$15,000**

**Skateboarding Australia - Nike SbA AM Titles:** Skateboarding Australia (SbA) seeks to be the agent of change - the vehicle which assists to propel and promote skateboarding's positive, creative and unique lifestyle. Skateboarding Australia is leading the way in delivering the most exciting multi-platform skateboard events for the most influential audience in Australia - born out of a desire to reward and further contribute to the country's skateboarding communities via a series of premium junior, open and invitational properties nationally.

**Amount funded - \$4,000**

**Rotary Club of Devonport North Inc - 2014 Rotary District 9830 Petuna Conference:** The Club hosted the 2014 Rotary District 9830 (Tas) Conference. As the premier event on the Tasmanian Rotary calendar, up to 400 delegates from around the state attended the Conference.

**Amount funded - \$2,000**

**Caribou Publications - Tasmanian Summer Sports Carnivals:** Caribou Publications aims to rejuvenate the time honoured Tasmanian Summer Sports Carnivals. Working with Sports Carnivals Associations of Tasmania (SCAT), Caribou introduced a lucrative three-leg criterium series, with Devonport hosting one of the closed-circuit street races on Sunday December 29, as a curtain raiser to its popular track/athletics/woodchopping carnival. Caribou assisted the Devonport Club with the re-programming of its schedule for its two day carnival, with the main aim to create an action-loaded two hour program which featured the most exciting events of the Carnival.

**Amount funded - \$2,500**

**Cradle Coast Sports and Events Pty Ltd - 2014 Run Devonport:** Run Devonport is a family focussed "fun run" style event which welcomes joggers, walkers, those with restrictions, prams and children to complete a course of either 1km, 2.5km, 5km or 10km along the Devonport Foreshore.

**Amount funded - \$2,000**



## Economic Development and Events Sponsorship - Recurrent Projects

**Devonport Apex Regatta Association Inc - Woodchopping State Championships:** For over 5 years the Annual Devonport Regatta have hosted the State Woodchopping Championships. This helps showcase a different sport within the community and targets all age groups with competitors competing throughout the day from ages 10 up to 80.

**Amount Funded: \$2,500**

**Devonport Golf Club - PGA - Tasmania Seniors Open:** Professional Golf Association - Professional Golf Tours arounds Australia - attracting elite players to tour the nation. Spectators follow the event, bringing additional economic benefit to the area.

**Amount Funded: \$5,000**

**Devonport Athletic Club - Christmas Carnival:** The Carnival attracts visitors and competitors from interstate and overseas. It promotes a healthy lifestyle and opportunities for local athletes to compete with the world's best.

**Amount Funded: \$4,000**

**Tas Cook Comp/Devonport High School - Whirlpool Challenge:** The Challenge is Australia's largest one-day, live cooking competition. It assists young people to get a head start in the hospitality industry through traineeships and apprenticeships.

**Amount Funded: \$2,500**

**Mersey Valley Devonport Cycling Club - Mersey Valley Tour:** The Tour attracts men and women from Australia's best under 19 cyclists, as well as elite riders, their coaches and support crew.

**Amount Funded: \$2,000**

**Devonport Eisteddfod Society - City of Devonport Eisteddfod:** To provide an avenue for performers of the arts to perform publicly and to provide for highly qualified and independent adjudication on their performances.

**Amount Funded \$16,500**

**Devonport Tennis Club:** The event is a pathway for younger players and the community to have the opportunity to see high standard tennis free of charge.

**Amount Funded: \$2,000**

## In Kind Support

**Octagon - Targa Tasmania - Targa Tasmania National Tarmac Rally.** In kind support included sourcing of volunteers and road closure for the Paloona Stage.

**Rotary Club of Devonport North Inc - Devonport Motor Show -** Conducted the Devonport Motor Show - the 50th Anniversary of the Mustang - the feature vehicle. Attracted entrants from throughout Australia and generated funds for Rotary. Target audience was local, intrastate and interstate enthusiasts. In kind support provided, including design and printing of event program and people's choice entry forms; digital promotion of the event on social media platforms; and use of Council chairs, marquees, garbage bins, bollards, road closure signs and witches hats, star pickets, flagging, and power boxes.



## Partnership Agreements 2013/14

**Central North Wildlife Care and Rescue:** \$5,000 provided to rescue injured native animals from Council owned facilities and roadsides.

**Devonport Brass Band:** \$10,000 provided to develop activities and membership. In return, the Band performs at civic and community events.

**Devonport Carol's by Candlelight:** \$3,000 provided towards the event.

**Devonport Choral Society:** \$5,000 contribution towards major production and club development.

**Devonport Community House:** \$25,000 contribution towards operations of the Devonport Community Garden, Men's Shed and Playhouse.

**Kommunity Kids / Eastern Shore Community House:** \$2,500 contribution towards delivery of annual Christmas in the East event.

**National Trust of Australia:** \$9,200 contribution towards operational costs of Home Hill.

**Pandemonium Tas Pty Ltd:** \$90,000 contribution towards operating the Imaginarium Science Centre.

**Tasmanian Arboretum:** \$33,000 provided towards site development and maintenance, promotion and events.

**Youth, Family and Community Connections Inc:** Subsidised rent for the property at 64 Stewart Street, in return for the delivery of \$20,000 of in kind integrated services to support young people and families.

## Summary of Grants and Benefits 2013/14

Purpose	Amount \$
Higher Valued Properties - single residential dwellings remission	211,360.65
Economic Development Incentive Rate Remissions	61,155.66
Not-for-Profit/Community Organisations Rate Remissions	34,387.15
Housing Tasmania - incentive for full payment of rates prior to 31 August 13	12,438.99
Community Small Grants	21,483.00
Economic Development and Events Sponsorship	71,500.00
Community Partnership Agreements	113,466.00
Once off Community Grants	40,909.00
Donations to individuals/organisations selected in representative sporting teams and for provision of awards	2,005.00
Transfer Station Fees	1,585.04
Volunteer Grant Program	4,545.00
<b>TOTAL</b>	<b>\$574,835.49</b>

# Section 4

# Financial Statements





# Tasmanian Audit Office

## Independent Auditor's Report

To the Aldermen of Devonport City Council

Financial Report for the Year Ended 30 June 2014

## Report on the Financial Report

I have audited the accompanying financial report of Devonport City Council (Council), which comprises the statement of financial position as at 30 June 2014 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the General Manager's statement.

## Auditor's Opinion

In my opinion Council's financial report:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2014 and financial performance, cash flows and changes in equity for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

## *The Responsibility 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 Section 84 of the *Local Government Act 1993*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I considered internal control relevant to the General Manager's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Manager, as well as evaluating the overall presentation of the financial report.

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

My audit is not designed to provide assurance on the accuracy and appropriateness of the budget information or the asset renewal funding ratio in Council's financial report.

### **Independence**

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

### **Tasmanian Audit Office**



E R De Santi  
**Deputy Auditor-General**  
**Delegate of the Auditor-General**

Hobart  
28 August 2014

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# DEVONPORT CITY COUNCIL

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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# DEVONPORT CITY COUNCIL

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### Statement of Comprehensive Income

	Note	Actual 2014 \$'000	Budget 2014 \$'000	Actual 2013 \$'000
<b>Recurrent income</b>				
Rates and service charges	3	26,084	25,838	25,020
Fees and charges	4	5,120	5,314	4,602
Grants	5	1,262	1,170	2,170
Contributions - cash	6	34	57	59
Investment revenue from TasWater	7	1,715	1,448	1,395
Other investment revenue	8	673	593	929
Other income	9	908	551	863
<b>Total recurrent income</b>		<b>35,796</b>	<b>34,971</b>	<b>35,038</b>
<b>Capital income</b>				
Capital grants received specifically for new or upgraded assets	5	5,414	4,784	3,956
Contributions - non-monetary assets	6	1,815	250	745
Share of profit of associates accounted for by the equity method	20	393	0	430
Net loss on the disposal of assets	15	(4,076)	0	(1,338)
<b>Total capital income</b>		<b>3,546</b>	<b>5,034</b>	<b>3,793</b>
<b>Total Income</b>		<b>39,342</b>	<b>40,005</b>	<b>38,831</b>
<b>Expenses</b>				
Employee benefits	10	12,035	12,682	12,190
Materials and services	11	12,567	12,129	11,416
Depreciation	12	8,910	9,028	8,736
Finance costs	13	1,104	1,103	710
Other expenses	14	1,166	1,000	1,195
<b>Total expenses</b>		<b>35,782</b>	<b>35,942</b>	<b>34,247</b>
<b>Surplus / (deficit)</b>		<b>3,560</b>	<b>4,063</b>	<b>4,584</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to surplus / (deficit)</b>				
Fair Value adjustment on Available for Sale Assets	19	5,686	0	1,036
<b>Items that will not be reclassified to surplus / (deficit)</b>				
Net asset revaluation increment / (decrement) - Council	26	(4,956)	0	30,784
Net asset revaluation increment / (decrement) - Associates	20	51	0	(164)
<b>Total Other Comprehensive Income</b>		<b>781</b>	<b>0</b>	<b>31,656</b>
<b>Comprehensive result</b>		<b>4,341</b>	<b>4,063</b>	<b>36,240</b>

# DEVONPORT CITY COUNCIL

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### Statement of Financial Position as at 30 June 2014

	Note	2014 \$'000	2013 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	16	10,312	14,126
Receivables	17	967	1,279
Prepayments	18	91	91
		<u>11,370</u>	<u>15,496</u>
<b>Non-Current Assets</b>			
Receivables	17	74	0
Investment in TasWater	19	83,560	77,874
Investments in associates	20	3,081	2,637
Property, plant and equipment	21	375,714	363,920
Capital work in progress	22	3,882	13,556
		<u>466,311</u>	<u>457,987</u>
<b>TOTAL ASSETS</b>		<u><b>477,681</b></u>	<u><b>473,483</b></u>
<b>Current Liabilities</b>			
Payables	23	2,808	3,710
Interest bearing liabilities	24	928	1,165
Provisions	25	2,112	2,252
		<u>5,848</u>	<u>7,127</u>
<b>Non-Current Liabilities</b>			
Interest bearing liabilities	24	19,092	18,020
Provisions	25	498	434
		<u>19,590</u>	<u>18,454</u>
<b>TOTAL LIABILITIES</b>		<u><b>25,438</b></u>	<u><b>25,581</b></u>
<b>NET ASSETS</b>		<u><b>452,243</b></u>	<u><b>447,902</b></u>
<b>Equity</b>			
Asset revaluation reserve - Council	26	257,555	262,511
Asset revaluation reserve - Associates	26	1,058	1,007
Other reserves	27	7,162	1,476
Accumulated surplus	26	186,468	182,908
<b>TOTAL EQUITY</b>		<u><b>452,243</b></u>	<u><b>447,902</b></u>

# DEVONPORT CITY COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

## Statement of Changes in Equity

<b>2014</b>					
	Asset Revaluation Reserve - Council Note 26 (i) \$'000	Asset Revaluation Reserve - Associate Note 26 (ii) \$'000	Accumulated Surplus Note 26 (iii) \$'000	Other Reserves Note 27 \$'000	Total \$'000
Balance at beginning of year	262,511	1,007	182,908	1,476	<b>447,902</b>
Surplus / (deficit)	0	0	3,560	0	<b>3,560</b>
Other comprehensive income	(4,956)	51	0	5,686	<b>781</b>
Transfers between reserves	0	0	0	0	<b>0</b>
Balance at end of year	257,555	1,058	186,468	7,162	<b>452,243</b>

<b>2013</b>					
	Asset Revaluation Reserve - Council Note 26 (i) \$'000	Asset Revaluation Reserve - Associate Note 26 (ii) \$'000	Accumulated Surplus Note 26 (iii) \$'000	Other Reserves Note 27 \$'000	Total \$'000
Balance at beginning of year	231,727	1,171	178,324	440	<b>411,662</b>
Surplus / (deficit)	0	0	4,584	0	<b>4,584</b>
Other comprehensive income	30,784	(164)	0	1,036	<b>31,656</b>
Transfers between reserves	0	0	0	0	<b>0</b>
Balance at end of year	262,511	1,007	182,908	1,476	<b>447,902</b>

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

# DEVONPORT CITY COUNCIL

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### Statement of Cash Flows

	Note	2014 \$'000	2013 \$'000
<b>Cash Flows from Operating Activities :</b>			
Receipts			
Rates and other user charges		31,126	30,253
Refunds from Australian Taxation Office for GST		2,267	1,651
Interest		486	798
Contributions		34	59
Government grants and subsidies		1,262	2,170
Investment revenue from TasWater		1,731	1,405
Other receipts		828	863
		<u>37,734</u>	<u>37,199</u>
Payments			
Payments to suppliers and employees		(27,225)	(24,617)
Finance Costs		(1,028)	(626)
Other payments		(933)	(1,195)
		<u>(29,186)</u>	<u>(26,438)</u>
<b>Net cash flows from operating activities</b>	32	<b><u>8,548</u></b>	<b><u>10,761</u></b>
<b>Cash Flows from Investing Activities :</b>			
Proceeds from sale of non current assets		308	327
Payments for non current assets		(19,029)	(23,441)
Capital grants		5,414	3,956
Other investments		193	151
Loans to community organisations		(200)	0
Repayment of loans from community organisations		117	0
		<u>(13,197)</u>	<u>(19,007)</u>
<b>Net cash used in investing activities</b>		<b><u>(13,197)</u></b>	<b><u>(19,007)</u></b>
<b>Cash Flows from Financing Activities :</b>			
Proceeds from borrowings		2,000	11,600
Repayment of borrowings		(1,165)	(948)
		<u>835</u>	<u>10,652</u>
<b>Net cash from financing activities</b>		<b><u>835</u></b>	<b><u>10,652</u></b>
<b>Net increase / (decrease) in cash held</b>		<b>(3,814)</b>	<b>2,406</b>
Cash at beginning of reporting period		<u>14,126</u>	<u>11,720</u>
<b>Cash at end of Reporting Period</b>	16	<b><u><u>10,312</u></u></b>	<b><u><u>14,126</u></u></b>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

### Reporting Entity

- (a) The Devonport City Council is a body corporate with perpetual succession and a common seal.

Council's main office is located at 44-48 Best 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.

This financial report is 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 notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the *Local Government Act 1993* (LGA1993) (as amended).

## 1 Statement of accounting policies

### (a) Basis of accounting

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

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. As a result this financial report does not comply with International Financial Reporting Standards.

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. All transactions between these entities and Council have been eliminated in full.

### 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:

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

### 1 Statement of accounting policies (continued)

#### Judgements and assumptions (continued)

##### *Employee entitlements*

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in Note 1(m).

##### *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 28.

##### *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(f) and Note 21.

##### *Investment in water corporation*

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in Note 1(i) and in Note 19.

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

##### *AASB 13 Fair Value Measurement*

Council has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements. The fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other A-IFRS require or permit fair value measurements and disclosures about fair value measurements, except for leasing transactions that are within the scope of AASB 17 *Leases*, and measurements that have some similarities to fair value but not fair value (e.g., net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements. However, Council's assets recorded at fair value are measured on a depreciated replacement cost basis (DORC).

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, Council has not made any new disclosures required by AASB 13 for the 2013 comparative period (refer note 41), except for financial instruments, of which the fair value disclosures are required under AASB 7: *Financial Instruments, Disclosures*.

Other than the additional disclosures, the application of AASB 13 has not had any material impact on the amounts recognised in the financial statements.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

### 1 Statement of accounting policies (continued)

#### *AASB 119 Employee benefits*

In the current year, Council has applied AASB 119 *Employee Benefits* (as revised) and the related consequential amendments for the first time. AASB 119 changes the definition of short-term employee benefits. These were previously benefits that were due to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously calculated/measured by Council as short-term benefits no longer meet this definition and are now classified as long-term benefits. This has resulted in a change of measurement for that portion of annual leave provision from an undiscounted to discounted basis.

This change in classification has not materially altered Council's measurement of the annual leave provision.

#### (c) Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

- (i) AASB 9 *Financial Instruments* and the relevant amending standards (effective from 1 January 2017)

AASB 9 is one of a series of amendments that are expected to replace AASB 139 *Financial Instruments: Recognition and Measurement*. The main impact of the standard is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four categories of financial assets in AASB 139 will be replaced with two measurement categories: fair value and amortised cost.

Amortised cost is to be used for assets with contractual terms giving rise to principal and interest payments.

Fair value is to be used for all other financial assets. Gains or losses on financial assets at fair value are to be recognised in profit and loss unless the asset is part of a hedging relationship or an irrevocable election has been made to present in other comprehensive income changes in the fair value of an equity instrument not held for trading.

When adopted, the standard will affect, in particular, Council's accounting for its available-for-sale assets. Currently, Council recognises changes in the fair value of its available-for-sale assets through other comprehensive income. Under AASB 9 fair value gains and losses on available-for-sale assets will have to be recognised directly in profit or loss. Had this requirement been adopted at 30 June 2014, the fair value gain on Council's investment in TasWater of \$5,686,000 would have increased Council's surplus accordingly.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

### 1 Statement of accounting policies (continued)

#### Pending Accounting Standards (continued)

- (ii) *AASB 10 Consolidated Financial Statements*, *AASB 11 Joint Arrangements*, *AASB 12 Disclosure of Interests in Other Entities*, revised *AASB 127 Separate Financial Statements*, *AASB 128 Investments in Associates and Joint Ventures* and *AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 July 2014).

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all the guidance of control and consolidation in *AASB 127 Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation - Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. Council has undertaken an assessment and no material changes to the composition of Council's accounts are anticipated from the application of the new standard.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

- (iii) *AASB 2012-3 Amendments to Australian Account Standards - Offsetting Financial Assets and Financial Liabilities* [AASB 132] (effective 1 July 2014)

This standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of Council.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

### 1 Statement of accounting policies (continued)

#### Pending Accounting Standards (continued)

- (iv) AASB 1031 *Materiality* (effective from 1 July 2014)

The objective of this standard is to make cross-references to other standards and the Framework for the Preparation and Presentation of Financial Statements (as identified in AASB 1048 *Interpretation of Standards*) that contain guidance on materiality.

- (v) AASB 2013-3 Amendments to AASB 136 - *Recoverable Amount Disclosures for Non-Financial Assets* (effective from 1 July 2014)

This standard amends the disclosure requirements of AASB 136. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The adoption of this standard will not impact Council's accounting policies but may result in changes to information disclosed in the financial statements.

- (vi) AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments* (Part A - Conceptual Framework effective from 20 December 2013; Part B - Materiality effective from 1 July 2014; Part C - Financial Instruments effective from 1 January 2015)

Part A of this standard updates references to the Framework for the Preparation and Presentation of Financial Statements in other standards as a consequence of the issue of AASB CF 2013-1 in December 2013.

Part B of this standard deletes references to AASB 1031 *Materiality* in various other standards. Once all references of AASB 1031 have been deleted from all Australian Accounting Standards, AASB 1031 will be withdrawn.

Part C of this standard amends AASB 9 *Financial Instruments* to add Chapter 6 Hedge Accounting and makes consequential amendments to AASB 9 and numerous other standards. Part C also amends the effective date of AASB 9 to annual reporting periods beginning on or after 1 January 2017, instead of 1 January 2015.

The adoption of this standard will not impact Council's accounting policies.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

### 1 Statement of accounting policies (continued)

#### (d) Revenue recognition

##### (i) *Rates, grants, donations and other contributions*

Rates, grants and contributions (including developer contributions) are recognised as revenues when Council obtains control over the assets comprising these receipts.

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. A provision for impairment on rates has not been established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold.

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.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 5. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

##### (ii) *Non-monetary contributions*

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

##### (iii) *User fees and Statutory 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 probable. 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.

##### (iv) *Sale of property, plant and equipment, infrastructure*

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

### 1 Statement of accounting policies (continued)

#### (d) Revenue recognition (continued)

- (vi) *Rent*  
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.
- (vii) *Interest*  
Interest is recognised progressively as it is earned.
- (viii) *Dividends*  
Dividend revenue is recognised when Council's right to receive payment is established.

#### (e) Expense recognition

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.

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

- (ii) *Depreciation and amortisation of property, plant and equipment, infrastructure and intangibles*

Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives 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 residual values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

Artworks and Land are not depreciated.

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

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

	<b>Basis of Depreciation</b>	<b>Useful Life</b>
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
Other Infrastructure	Straight line	10 - 150 years
Cultural and Heritage	Majority not depreciated	5 years - Unlimited life

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

### 1 Statement of accounting policies (continued)

- (iii) *Repairs and maintenance*  
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.
- (iv) *Finance costs*  
Finance costs are expensed as incurred using the effective interest method. Borrowing costs include interest on bank overdrafts and interest on borrowings.

#### (f) Recognition and measurement of assets

- (i) *Acquisition*  
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 CIY project have been accounted for under AASB 116 *Property, Plant and Equipment* and not AASB 140 *Investment Properties*. 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 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.

The following classes of assets have been recognised in Note 21. 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:

	<u>Threshold</u>
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
- Other Infrastructure	2,000

- (ii) *Revaluation*  
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.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

### 1 Statement of accounting policies (continued)

#### (f) 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.

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.

#### (iii) *Land under roads*

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

#### (g) Cash and cash equivalents

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

#### (h) Trade and other receivables

Receivables are carried at cost. A provision for impairment is recognised only when collection in full is no longer probable. 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.

#### (i) Investment in water corporation

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date based on Final Treasurer's Allocation Order in 2011. Council has an ownership interest of 5.44% in the corporation. Any unrealised gains and losses on holdings at balance date are recognised through the Statement of Comprehensive Income to a Fair Value Investment Reserve each year. (Refer note 39)

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

Council has derived returns from the water corporation as disclosed at Note 7.

#### (j) Investments

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

### 1 Statement of accounting policies (continued)

#### (k) Accounting for investments in associates

Council's investment in associates is accounted for by the equity method as Council has the ability to influence rather than control the operations of the 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 Comprehensive Income.

#### (l) Tender deposits and contract retention amounts

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to Note 31).

#### (m) Employee benefits

##### (i) *Short term 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 oncosts 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.

##### (ii) *Other long term employee benefit obligations*

The liability for long service leave and annual leave which is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

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

##### (iii) *Sick leave*

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

##### (iv) *Retirement benefit obligations*

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

### 1 Statement of accounting policies (continued)

#### *Defined benefit plans*

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

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund, which is a sub fund of the Quadrant Superannuation Scheme. The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 32(b) of AASB 119 *Employee Benefits*, Council does not use defined benefit accounting for these contributions.

#### *Defined contribution plans*

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

#### **(n) Interest bearing liabilities**

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

### 1 Statement of accounting policies (continued)

**(o) 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.

**(p) Taxation**

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

*Goods and Services Tax (GST)*

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

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

**(q) Impairment of assets**

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

**(r) Rounding**

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

**(s) Significant business activities**

Council is required to report the operating, capital and competitive neutrality costs in respect of each significant business activity undertaken by the Council. The Council's disclosure is reconciled in Note 36. The Council has determined, based upon materiality that the provision of Stormwater and Roads assets and services as defined in Note 36 are considered significant business activities.

Competitive neutrality costs include notional costs, i.e. Income tax equivalence, rates and loan guarantees in preparing the information disclosed in relation to the significant business activities.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

### 1 Statement of accounting policies (continued)

#### (t) Leases

##### (i) *Operating leases*

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.

##### (ii) *Operating leases as lessor*

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

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

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

Where leases are commercial agreements, and properties leased are predominantly used for leasing to third parties, Council records lease revenue on an accruals basis. As stated in Note 1 (f) (i), property purchased as part of the LIVING CITY project is accounted for as land and buildings under AASB 116 *Property, Plant and Equipment* and not AASB 140 *Investment Properties*. Buildings are recognised at depreciated replacement cost. These leases may include incentives which have not been recognised in the Statement of Financial Position, on the basis the amounts are unlikely to be material and could not be reliably measured at balance date.

#### (u) Components of community equity

##### (i) **Asset revaluation reserve**

The Asset Revaluation Reserve is comprised of adjustments relating to changes in value of items which arise primarily from changes in the purchasing power of money.

##### (ii) **Other reserves**

These represent wealth which has been accumulated within the Council to meet specific anticipated future needs. As at 30 June 2014 the only reserve held by Council is the Fair Value Investment Reserve which represents changes in the underlying value of Council's investment in TasWater.

##### (iii) **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.

#### (v) Contingent assets and contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively, as detailed in Note 30.

Commitments are not recognised in the Statement of Financial Position. Commitments are disclosed in Note 29 at their nominal value and inclusive of the GST payable.

#### (w) Budget

The budgeted revenue and expense amounts in the Statement of Comprehensive Income represent original budget amounts adopted on 23 June 2014 and are not audited.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

### 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			
	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
CORPORATE	1,096	26,399	7,478	20,017	100,519
COMMUNITY, CULTURAL AND RECREATION	4,086	1,042	7,621	(2,493)	3,955
ROADS	1,377	1,056	7,982	(5,549)	122,751
STORMWATER	-	704	2,131	(1,427)	63,744
WASTE MANAGEMENT		3,947	4,104	(157)	0
PARKS & GARDENS		281	6,383	(6,102)	119,500
BUILDINGS	109	-	733	(624)	45,310
INFRASTRUCTURE ADMINISTRATION	8	143	44	107	21,802
REGULATORY SERVICES	-	3,170	3,382	(212)	100
<b>TOTAL</b>	<b>6,676</b>	<b>36,742</b>	<b>39,858</b>	<b>3,560</b>	<b>477,681</b>

#### Prior Year

Programs	Revenue		Expenses	Surplus/(deficit) for Year	Assets
	Grants	Other			
	2013 \$'000	2013 \$'000	2013 \$'000	2013 \$'000	2013 \$'000
CORPORATE	1,880	28,330	6,373	23,837	98,253
COMMUNITY, CULTURAL AND RECREATION	3,873	908	7,158	(2,377)	3,918
ROADS	331	268	7,601	(7,002)	122,092
STORMWATER	0	450	2,042	(1,592)	68,059
WASTE MANAGEMENT	4	654	3,663	(3,005)	0
PARKS & GARDENS	6	266	4,625	(4,353)	125,597
BUILDINGS	0	0	556	(556)	35,009
INFRASTRUCTURE ADMINISTRATION	32	154	233	(47)	20,420
REGULATORY SERVICES	0	3,013	3,334	(321)	135
<b>TOTAL</b>	<b>6,126</b>	<b>34,043</b>	<b>35,585</b>	<b>4,584</b>	<b>473,483</b>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

### 2 Functions / activities

#### (b) - 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  
Administration of Council  
Elected Members Support  
Corporate Risk Management  
Human Resource Management  
Information Technology  
Payroll Services  
Accounting & Finance  
Corporate Revenue  
Living City Project

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

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

Customer Services  
Community Financial Assistance  
Devonport Regional Gallery  
The Imaginarium  
Devonport Aquatic Centre  
Devonport Recreation Centre  
East Devonport Recreation Centre  
Devonport Entertainment & Convention Centre  
Visitor Information Centre  
Marketing Devonport  
Bass Strait Maritime Centre  
Home Hill  
Tiagarra

##### **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  
Parking

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

### 3 Rates and service charges

Council uses Assessed Annual Value as the basis of valuation, for rating purposes, of all properties within the municipal area. An assessed annual valuation is an assessment of the rental value of a property 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*. *It is the gross annual income that, at the time of valuation, the owner of the property might reasonably expect to obtain from letting it to a tenant. The assessed annual value of the land cannot be less than 4% of the capital value of the land.*

	2014 \$'000	2013 \$'000
General rates	20,353	19,453
Penalty income from overdue rates and charges	128	253
Waste management rates & charges	3,402	3,229
Fire Service Levy	2,201	2,085
	<hr/>	<hr/>
Total rates and service charges	<b>26,084</b>	<b>25,020</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2009, and the valuation was first applied in the rating year commencing 1 July 2009.

### 4 Fees and charges

Admission charges	237	113
Animal registrations	78	84
Cemetery fees	215	201
Certificate charges	149	130
Development fees	318	245
Equipment hire fees	14	12
Facility hire	244	293
Fines	701	779
Licences	71	76
Parking fees	1,508	1,448
Property leases & rental	848	332
Sales of goods	275	259
Waste management fees	462	630
	<hr/>	<hr/>
Total fees and charges	<b>5,120</b>	<b>4,602</b>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
<b>5 Grants</b>		
<b>Grants - Recurrent</b>		
Commonwealth Government Financial Assistance Grants - General Purpose	432	791
Commonwealth Government Financial Assistance Grants - Roads	598	1,038
Arts	69	63
Community projects	63	130
Roads	66	51
Tourism	0	62
Youth activities	4	35
Energy Efficiencies	30	0
	<u>1,262</u>	<u>2,170</u>
<b>Total recurrent grants</b>	<u>1,262</u>	<u>2,170</u>

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. Since 2009-10 the Commonwealth has been making early payment of the first quarterly instalment for the following year. In 2012 the Government announced in the Commonwealth Budget following the downturn in the economy that, "to assist local councils with planning for the recovery and to ensure local government has maximum certainty to begin planning their 2012-13 works programs", it would bring forward for payment to all councils in June 2012, the first two instalments of the 2012-13 grant pool. In the 2013-14 Budget the Commonwealth announced it would continue this approach and include the first two instalments of the 2013-14 grant pool in the 2012-13 financial year. In accordance with AASB1004 Contributions, Council recognises these grants as revenue when it receives the funds and obtains control. The effects of the early receipt of instalments each year has resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2012-13 by \$999,000. This has impacted the Statement of Comprehensive Income resulting in the Net surplus/(deficit) from continuing operations being higher in 2012-13 by that amount. In the 2014-15 Budget the Commonwealth announced it would discontinue the approach of prepaying instalments. Therefore there has been no prepayment in 2013-14.

### Capital grants received specifically for new or upgraded assets

Roads to recovery	331	331
Black Spot Program	797	0
Community projects	100	54
State Government - Road Projects	148	0
Indoor aquatic facility	3,929	3,571
Community Energy Efficiency Program	109	0
	<u>5,414</u>	<u>3,956</u>
<b>Total capital grants</b>	<u>5,414</u>	<u>3,956</u>
	<u>6,676</u>	<u>6,126</u>
<b>Total grants</b>	<u>6,676</u>	<u>6,126</u>

Non-reciprocal grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:

<b>Operational Grants</b>		
Federal assistance	<u>0</u>	<u>999</u>
<b>Capital Grants</b>		
Indoor aquatic facility	<u>0</u>	<u>0</u>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
<b>5 Grants (continued)</b>		
Non-reciprocal grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
<b>Grants -Recurrent</b>		
Federal assistance	<u>999</u>	<u>1,069</u>
<b>Capital Grants</b>		
Indoor aquatic facility	<u>0</u>	<u>2,500</u>
<b>6 Contributions</b>		
<b>Contributions - cash</b>		
Training contributions	14	30
Sundry	<u>20</u>	<u>29</u>
<b>Total contributions - cash</b>	<u>34</u>	<u>59</u>
<b>Contributions - non-monetary assets</b>		
Infrastructure from developers at fair value		
Land	29	0
Parks and Open Space	0	30
Roads	1,019	265
Stormwater	703	450
Other infrastructure	26	0
Cultural & Heritage	<u>38</u>	<u>0</u>
<b>Total contributions - non-monetary assets</b>	<u>1,815</u>	<u>745</u>
<b>Total contributions</b>	<u>1,849</u>	<u>804</u>
<b>7 Investment revenue from TasWater</b>		
Dividend revenue	1,137	307
Tax equivalent	438	763
Guarantee fee	<u>140</u>	<u>325</u>
<b>Total investment revenue from TasWater</b>	<u>1,715</u>	<u>1,395</u>
<b>8 Other investment revenue</b>		
Interest received from investments	485	787
Dulverton Regional Waste Management Authority	<u>188</u>	<u>142</u>
<b>Total other investment revenue</b>	<u>673</u>	<u>929</u>
<b>9 Other income</b>		
Commission	209	215
Recoverables	215	95
Miscellaneous	<u>484</u>	<u>553</u>
<b>Total Other revenue</b>	<u>908</u>	<u>863</u>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
<b>10 Employee benefits</b>		
Total wages and salaries	9,182	9,255
Annual, sick and long service leave entitlements	1,022	1,188
Superannuation (Note 28)	1,161	1,145
	<u>11,365</u>	<u>11,588</u>
Other employee related expenses	1,153	1,177
	<u>12,518</u>	<u>12,765</u>
Less amounts capitalised	(483)	(575)
	<u><u>12,035</u></u>	<u><u>12,190</u></u>
<b>11 Materials and services</b>		
Advertising, printing & other office costs	446	517
Computer services and maintenance	405	372
Consultants	538	371
Contractors	4,075	3,400
General - services & materials	1,209	1,399
Insurance	288	219
Levies & taxes	2,835	2,648
Memberships - organisations	258	265
Plant expenses	713	705
Professional services	144	101
Telephone & postage services	144	158
Utilities	1,512	1,261
	<u><u>12,567</u></u>	<u><u>11,416</u></u>
<b>12 Depreciation</b>		
Parks and open space	177	176
Buildings	1,194	977
Plant	721	763
Furniture and fittings	529	516
Roads	3,835	3,954
Stormwater	1,441	1,424
Other Infrastructure	1,001	923
Cultural and heritage	12	3
	<u><u>8,910</u></u>	<u><u>8,736</u></u>
<b>13 Finance costs</b>		
Bank charges	76	84
Interest - borrowings	1,028	626
	<u><u>1,104</u></u>	<u><u>710</u></u>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
<b>14 Other expenses</b>		
General expenses	56	54
Bad and doubtful debts	233	198
Councillors' remuneration	300	292
Grants and community benefits	577	651
	<u>1,166</u>	<u>1,195</u>

Audit fees paid or payable to conduct the external audit for 2013/14 total \$43,120 (2012/13: \$41,200)

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 Aldermens' Allowances, Expenses and Provision of Facilities Policy".

### 15 Net loss on the disposal of assets

Proceeds from sale	308	327
Infrastructure donations	(813)	0
Written down value of assets disposed	<u>(3,571)</u>	<u>(1,665)</u>
	<u><b>(4,076)</b></u>	<u><b>(1,338)</b></u>

Infrastructure Donations relate to assets constructed by Council that transferred to a third party on completion. These assets include traffic lights and roundabouts transferred to the Department of State Growth following construction.

The written down value of assets disposed include amounts relating to buildings and infrastructure constructed on Council land but not owned by Council. As Council does not have ownership or control of these assets, they have been removed from the Asset Registers. The net adjustment to remove these assets totalled \$1,960,802

The written down value of assets disposed includes amounts relating to the demolition of the former Police Station building. Council has demolished the building to clear the site for future development as part of the LIVING CITY project. Net costs to demolish the building and the write down totalled \$981,505

### 16 Cash and cash equivalents

Cash at bank and on hand	601	801
Investments	<u>9,711</u>	<u>13,325</u>
	<u><b>10,312</b></u>	<u><b>14,126</b></u>

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

- Grants received in advance (Note 5)	0	999
- Leave provisions (Note 25)	2,610	2,686
- Trust funds and deposits (Note 31)	<u>252</u>	<u>304</u>
Restricted Funds	<u><b>2,862</b></u>	<u><b>3,989</b></u>
Total unrestricted cash and cash equivalents	<u><b>7,450</b></u>	<u><b>10,137</b></u>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
<b>17 Receivables</b>		
<b>(i) Current receivables</b>		
Rates and utility charges	209	357
Infringement debtors	95	134
Sundry debtors	268	239
Planning & health debtors	5	1
Net GST receivable	160	272
Loans and advances	74	65
Accrued revenue	156	211
	<hr/>	<hr/>
Total current receivables	<b>967</b>	<b>1,279</b>

Receivables are recognised at their amortised cost less an allowance for impairment losses.

<b>(ii) Non current receivables</b>		
Loans and advances	74	0
	<hr/>	<hr/>
	<b>74</b>	<b>0</b>

## 18 Prepayments

### Current

Prepayments	91	91
	<hr/>	<hr/>
	<b>91</b>	<b>91</b>

## 19 Investment in TasWater

Opening Balance	77,874	76,838
Fair Value adjustments on Available-for-Sale Assets	5,686	1,036
	<hr/>	<hr/>
Total investment in TasWater	<b>83,560</b>	<b>77,874</b>

Council has derived returns from TasWater as disclosed at Note 7.

At 30 June 2013, Council held a 23.52% ownership interest in Cradle Mountain Water based on the Final Treasurer's Allocation Order in 2011. From 1 July 2013 a new State-wide water and sewerage corporation trading as "TasWater", commenced in accordance with the *Water and Sewerage Corporation Act 2012*. TasWater took over the water and sewerage services and assets previously operated by Ben Lomond Water, Cradle Mountain Water and Southern Water.

Council has an ownership interest of 5.44% in TasWater which is based on TasWater's equity proportion for voting purposes, established in its constitution. Council does not have significant influence to allow it to use the equity method to account for this interest.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
<b>20 Investments in associates</b>		
Investments in associates accounted for by the equity method are as follows:		
Dulverton Regional Waste Management Authority	<u>3,081</u>	<u>2,637</u>
<b>Dulverton Regional Waste Management Authority</b>		
Dulverton Regional Waste Management Authority is a Joint Authority established under the Local Government Act 1993(as amended). Further information is provided in Note 33 (i).		
Council's ownership interest in the Authority at 30 June 2014 was 43.45% (43.45% in 2013).		
<b>Reconciliation</b>		
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	1,105	1,412
Add: Prior year adjustment	131	0
Less: Authority's tax expense	<u>(332)</u>	<u>(424)</u>
Authority's profit/(loss) after tax	<u>904</u>	<u>988</u>
Council's equity interest	43.45%	43.45%
Percentage share of profit after tax	<u>393</u>	<u>430</u>
Share of dividends paid by Authority	<u>0</u>	<u>0</u>
<b>Share of profit of Authority recognised in Income Statement</b>	<b><u>393</u></b>	<b><u>430</u></b>
<b>Movement in carrying value of investment</b>		
Carrying amount at beginning of period	2,637	2,371
Council's share of profit after tax	393	430
Share of asset revaluation	<u>51</u>	<u>(164)</u>
<b>Fair value at the period end</b>	<b><u>3,081</u></b>	<b><u>2,637</u></b>

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

Total Assets	13,701	10,779
Total Liabilities	6,610	4,709
Revenue	7,873	7,831

The investment value in Dulverton Regional Waste Management Authority recognised in the 2014 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 2015 financial year.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
<b>21 Property, plant and equipment</b>		
<b>(a) (i) Land</b>		
at fair value	<u>114,707</u>	<u>113,326</u>
Freehold land is comprised of the following :		
Parks, Reserves & General land	25,499	25,192
Other land (including under infrastructure)	<u>89,208</u>	<u>88,134</u>
	<u>114,707</u>	<u>113,326</u>
<b>(ii) Parks and open space</b>		
at fair value	5,892	5,723
Less : Accumulated depreciation on improvements	<u>1,892</u>	<u>1,721</u>
	<u>4,000</u>	<u>4,002</u>
<b>(iii) Buildings</b>		
at fair value	78,721	68,641
Less: Accumulated depreciation	<u>33,917</u>	<u>34,130</u>
	<u>44,804</u>	<u>34,511</u>
<b>(iv) Plant</b>		
at cost	7,622	7,937
Less: Accumulated depreciation	<u>4,081</u>	<u>4,297</u>
	<u>3,541</u>	<u>3,640</u>
<b>(v) Furniture and fittings</b>		
at cost	4,758	4,735
Less: Accumulated depreciation	<u>2,224</u>	<u>2,354</u>
	<u>2,534</u>	<u>2,381</u>
<b>(vi) Total cultural and heritage assets</b>		
at fair value	3,970	3,921
Less: Accumulated depreciation	<u>15</u>	<u>3</u>
	<u>3,955</u>	<u>3,918</u>
<b>(vii) Total infrastructure assets</b>		
at fair value	396,872	394,523
Less: Accumulated depreciation	<u>194,699</u>	<u>192,381</u>
	<u>202,173</u>	<u>202,142</u>
<b>Infrastructure assets comprise:</b>		
Roads	120,692	118,292
Stormwater	63,439	67,644
Other infrastructure assets	<u>18,042</u>	<u>16,206</u>
	<u>202,173</u>	<u>202,142</u>
<b>Total net value of non current assets</b>	<u>375,714</u>	<u>363,920</u>

**(c) Internal transfers**

There have not been any transfers between classes during 2014.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

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

#### Reconciliation of property, plant and equipment

<b>2014</b>										
	Land	Parks and Open Space	Buildings	Plant	Furniture and Fittings	Roads	Stormwater	Other Infrastructure	Cultural and Heritage	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Asset values</b>										
Opening balance at valuation	113,326	5,723	68,641	7,937	4,735	256,485	114,289	23,749	3,921	<b>598,806</b>
Additions at cost	1,391	175	14,279	974	709	5,501	1,643	2,850	11	<b>27,533</b>
Contributed assets at valuation	29					1,019	703	26	38	<b>1,815</b>
Asset Donations						(117)				<b>(117)</b>
Disposals		(6)	(4,199)	(1,289)	(686)	(1,379)	(307)	(272)		<b>(8,138)</b>
Revaluations in period	(39)					59	(7,377)			<b>(7,357)</b>
Internal transfers										<b>0</b>
Closing balance	114,707	5,892	78,721	7,622	4,758	261,568	108,951	26,353	3,970	<b>612,542</b>
<b>Accumulated depreciation</b>										
Opening balance	0	1,721	34,130	4,297	2,354	138,193	46,645	7,543	3	<b>234,886</b>
Depreciation provided in period		177	1,194	721	529	3,835	1,441	1,001	12	<b>8,910</b>
Contributed assets at valuation										<b>0</b>
Written off on disposals		(6)	(1,407)	(937)	(659)	(1,155)	(170)	(233)		<b>(4,567)</b>
Adjustment on asset revaluation						3	(2,404)			<b>(2,401)</b>
Internal transfers										<b>0</b>
Closing balance	0	1,892	33,917	4,081	2,224	140,876	45,512	8,311	15	<b>236,828</b>
Total written down value 30 June 2013	<b>114,707</b>	<b>4,000</b>	<b>44,804</b>	<b>3,541</b>	<b>2,534</b>	<b>120,692</b>	<b>63,439</b>	<b>18,042</b>	<b>3,955</b>	<b>375,714</b>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

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

#### Reconciliation of property, plant and equipment

<b>2013</b>										
	Land	Parks and Open Space	Buildings	Plant	Furniture and Fittings	Roads	Stormwater	Other Infrastructure	Cultural and Heritage	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Asset values</b>										
Opening balance at valuation	110,959	5,560	60,733	7,685	4,592	199,033	113,620	22,468	2,341	<b>526,991</b>
Additions at cost	2,433	139	9,176	1,192	233	5,445	550	1,566	1,580	<b>22,314</b>
Contributed assets at valuation	0	30	0	0	0	265	450	0	0	<b>745</b>
Disposals	(66)	(6)	(797)	(940)	(90)	(2,077)	(304)	(379)	0	<b>(4,659)</b>
Revaluations in period	0	0	(414)	0	0	53,819	(27)	37	0	<b>53,415</b>
Internal transfers	0	0	(57)	0	0	0	0	57	0	<b>0</b>
Total asset value	113,326	5,723	68,641	7,937	4,735	256,485	114,289	23,749	3,921	<b>598,806</b>
<b>Accumulated depreciation</b>										
Opening balance	0	1,551	33,523	4,301	1,919	113,054	45,367	6,798	0	<b>206,513</b>
Depreciation provided in period	0	176	977	763	516	3,954	1,424	923	3	<b>8,736</b>
Contributed assets at valuation	0	0	0	0	0	0	0	0	0	<b>0</b>
Written off on disposals	0	(6)	(344)	(767)	(81)	(1,426)	(144)	(226)	0	<b>(2,994)</b>
Adjustment on asset revaluation	0	0	0	0	0	22,611	(2)	22	0	<b>22,631</b>
Internal transfers	0	0	(26)	0	0	0	0	26	0	<b>0</b>
Closing balance	0	1,721	34,130	4,297	2,354	138,193	46,645	7,543	3	<b>234,886</b>
Total written down value 30 June 2012	<b>113,326</b>	<b>4,002</b>	<b>34,511</b>	<b>3,640</b>	<b>2,381</b>	<b>118,292</b>	<b>67,644</b>	<b>16,206</b>	<b>3,918</b>	<b>363,920</b>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

### 22 Capital work in progress - at cost

Parks and Open Space	793	8,269
Buildings	506	498
Plant	0	18
Furniture and fittings	219	556
Roads	2,059	3,800
Stormwater	305	415
Other infrastructure	0	0
	<u>3,882</u>	<u>13,556</u>

### 23 Payables

#### Current

Trade creditors	470	525
Accruals	2,086	2,881
Trust funds	252	304
	<u>2,808</u>	<u>3,710</u>

### 24 Interest bearing liabilities

#### (i) Loans

Current	928	1,165
Non-current	19,092	18,020
	<u>20,020</u>	<u>19,185</u>

#### (ii) Loan Movements

Opening balance	19,185	8,533
Loans raised	2,000	11,600
Repayments	(1,165)	(948)
	<u>20,020</u>	<u>19,185</u>

#### The maturity profile for Council's borrowings is:

Not later than one year	928	1,165
Later than one year and not later than five years	8,821	8,749
Later than five years	10,271	9,271
	<u>20,020</u>	<u>19,185</u>

Council's loans are secured by trust deed.

During the course of the preparation of these financial statements a misstatement in the 2013 maturity profile comparative amount was discovered. The amended numbers are shown above.

The numbers reported in 2013 are shown below:

Not later than one year	1,165
Later than one year and not later than five years	12,729
Later than five years	5,291
	<u>19,185</u>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
<b>25 Provisions</b>		
<b>Current</b>		
<b>Employee entitlements:</b>		
Annual leave	1,024	1,198
Long service leave	1,088	1,054
	<u>2,112</u>	<u>2,252</u>
<b>Non-current</b>		
<b>Employee entitlements:</b>		
Long service leave	498	434
	<u>498</u>	<u>434</u>
<b>Total provisions</b>	<u><u>2,610</u></u>	<u><u>2,686</u></u>

Included in the above employee entitlements balances is an allowance for oncosts amounting to \$189,367 (\$226,000 for 2013)

As at 30 June 2014, Devonport City Council had 159 full time equivalent employees (167 for 2013)

## 26 Capital and capital reserves

### (i) Asset revaluation reserve - Council

Movements in the asset revaluation reserve were as follows:

Balance at the beginning of year	262,511	231,727
Increment / (decrement) to capital non-current assets at end of period to reflect a change in current fair value:		
Land	(39)	0
Buildings	0	(414)
Roads	56	31,208
Stormwater	(4,973)	(25)
Other infrastructure assets	0	15
	<u>(4,956)</u>	<u>30,784</u>
Balance at end of year	<u><u>257,555</u></u>	<u><u>262,511</u></u>

### (ii) Asset revaluation reserve - Associate

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

Balance at the beginning of year	1,007	1,171
Share of asset revaluation movement - Associate (Note 20)	51	(164)
Balance at end of year	<u><u>1,058</u></u>	<u><u>1,007</u></u>

### (iii) Accumulated surplus

Movements in the Accumulated surplus as follows:

Balance at beginning of year	182,908	178,324
Surplus / (Deficit)	3,560	4,584
Balance at end of year	<u><u>186,468</u></u>	<u><u>182,908</u></u>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
<b>27 Other reserves</b>		
<b>(a) Reserves held for funding future capital expenditure:</b>		
Fair value investment reserve	<u>7,162</u>	<u>1,476</u>
	<u><b>7,162</b></u>	<u><b>1,476</b></u>
<b>(b) Movements in capital reserves are analysed as follows:</b>		
<b>Fair value investment reserve</b>		
Balance B/Fwd	1,476	440
Fair value adjustment on available for sale assets	<u>5,686</u>	<u>1,036</u>
	<u><b>7,162</b></u>	<u><b>1,476</b></u>

## 28 Superannuation

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund, which is a sub fund of the Quadrant Superannuation Scheme. The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 32(b) of AASB 119 Employee Benefits, Council does not use defined benefit accounting for these contributions.

For the year ended 30 June 2014 the Council contributed 10.5% of employees gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

Bendzulla Actuarial Pty Ltd undertook the last actuarial review of the Fund at 30 June 2011. The review disclosed that at that time the net market value of assets available for funding member benefits was \$57,588,247, the value of vested benefits was \$52,794,839, the surplus over vested benefits was \$4,793,408 and the value of total accrued benefits was \$57,330,437. These amounts relate to all members of the fund at the date of valuation and no asset or liability is recorded in the Quadrant Superannuation Scheme's financial statements for Council employees.

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

Net Investment Return	0% p.a. for 2011/12 and 7.0% p.a. thereafter
Salary Inflation	4.0% pa
Price Inflation	n/a

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

### 28 Superannuation (continued)

The actuarial review concluded that:

1. The value of assets of the Quadrant Defined Benefit Fund was adequate to meet the liabilities of the Fund in respect of vested benefits as at 30 June 2011.

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 2011.

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 2014.

The Actuary recommended that in future the Council contribute 9.5% of salaries in 2012/13, 10.5% of salaries in 2013/14, and 11% of salaries in 2014/15.

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 2014 and is expected to be completed late in 2014 or early in 2015.

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

- In terms of Clause 1.9.2 of the Scheme 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 Clause 1.9.2(b). However in terms of Clause 1.9.2 (d), the only contributions that can be sought from the Employer and its employee Members are any arrears of contributions. This issue can be resolved by the Trustee seeking an Actuarial Certificate in terms of Clause 1.22.2(a) requiring the Employer to make good any shortfall before the cessation of participation is approved. Clause 1.22.2(b) specifically provides that employers participating in the Fund will not be liable for the obligations of other Employers in other funds within the Scheme.
- The application of Fund assets on the Fund or the Scheme being wound-up is set out in Clause 1.21.3. This Clause provides that expenses, pensions in payment and the Superannuation Guarantee benefits of other members should have first call on the available assets. Additional assets will initially be applied proportionately to providing Member's benefits in respect of completed service. If additional assets are available they are applied to increasing members' benefits. The Trust Deed does not contemplate the Fund withdrawing from the Scheme. However it is likely that Clause 1.9.2 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.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
<b>28 Superannuation (cont.)</b>		
- During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$85,810, and the amount to be paid to accumulation schemes is \$1,083,311.		
- As reported on the first page of this note, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2011. Favourable 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 2014.		
- An analysis of the assets and vested benefits of Funds participating in the Scheme, prepared by Bendzulla Actuarial Pty Ltd as at 30 June 2013, showed that the Fund had assets of \$61.5 million and members' Vested Benefits were \$54.2 million. These amounts represented 9.8% and 8.7% respectively of the corresponding total amounts for the Scheme.		

During the reporting period the amount of contributions paid to defined benefits and accumulation schemes was:

Defined Benefit Scheme	88	88
Accumulation Schemes	1,073	1,057
	<u>1,161</u>	<u>1,145</u>

## 29 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>1,039</u>	<u>5,498</u>
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Commitments are payable as follows :

Not later than 1 year	<u>1,039</u>	<u>5,498</u>
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## 30 Contingent liabilities

There are no known claims pending against Council which would exceed current insurance arrangements held at 30 June 2014.

## 31 Trust funds

Trust deposits	<u>252</u>	<u>304</u>
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The Devonport City Council performs only a custodial role in respect of these monies, and because the monies cannot be used for Council, 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 3.5% (2013 2.84% and 3.5%).

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
<b>32 Reconciliation of cash flows from operating activities to surplus / (deficit)</b>		
Surplus / (deficit)	3,560	4,584
Depreciation and amortisation	8,910	8,736
Non-cash donations subsidies and contributions	(1,815)	(745)
Share of profit in associate	(393)	(430)
Net (gain) / loss on disposal of assets	4,076	(1,338)
Bad and doubtful debts	233	199
Overhead recovery	(963)	0
Investing activity		
Other investment income	(188)	(142)
Capital grants	(5,414)	(3,956)
	<u>4,446</u>	<u>2,324</u>
Changes in operating assets and liabilities :		
<i>(Increase) / decrease in receivables</i>	312	387
<i>(Increase) / decrease in prepayments</i>	0	14
<i>Increase / (decrease) in payables</i>	306	695
<i>Increase / (decrease) in employee provisions</i>	(76)	81
	<u>542</u>	<u>1,177</u>
<b>Net cash inflow from operating activities</b>	<u><u>8,548</u></u>	<u><u>8,085</u></u>

### 33 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 2014 the ownership share for Devonport was 43.45%.

Value of ownership share	<u><u>3,081</u></u>	<u><u>2,637</u></u>
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#### (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.

At the June 2014 Council meeting, Aldermen resolved to notify Cradle Coast Authority of its intention to withdraw from the Authority effective 30 June 2017. The Authority has been notified and Council will continue to contribute to the operating costs of the Authority until that time.

### 34 Related party disclosures

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

### 35 Financial instruments

#### (a) Accounting policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and conditions									
<b>Financial assets</b>												
<b>Cash and cash equivalents</b>	16	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 0.05% and 3.75% (0.1% and 5.25% in 2012/2013). The weighted average interest rate at balance date was 3.38% (3.68% in 2012/2013).									
<b>Receivables</b>	17	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>Other financial assets</b>	18	Other financial assets are valued at face value.										
<b>Financial liabilities</b>												
<b>Payables</b>	23	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.									
<b>Interest bearing loans</b>	24	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council and the underlying value of the infrastructure for which the borrowings were obtained. The weighted average interest rate on borrowings is 5.31% (5.45% in 2012/2013).									
<b>Bank Overdraft</b>	16	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 utilised overdraft was 9.17% (14.73% in 2012/2013).									
			<table> <thead> <tr> <th></th> <th style="text-align: right;">2014</th> <th style="text-align: right;">2013</th> </tr> </thead> <tbody> <tr> <td>Available Bank Overdraft Facility at year-end</td> <td style="text-align: right;">\$ 100,000</td> <td style="text-align: right;">\$ 100,000</td> </tr> <tr> <td>Utilised Bank Overdraft Facility at year-end</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> </tbody> </table>		2014	2013	Available Bank Overdraft Facility at year-end	\$ 100,000	\$ 100,000	Utilised Bank Overdraft Facility at year-end	\$ 0	\$ 0
	2014	2013										
Available Bank Overdraft Facility at year-end	\$ 100,000	\$ 100,000										
Utilised Bank Overdraft Facility at year-end	\$ 0	\$ 0										
<b>Corporate credit cards</b>	23	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.									
			<table> <thead> <tr> <th></th> <th style="text-align: right;">2014</th> <th style="text-align: right;">2013</th> </tr> </thead> <tbody> <tr> <td>Available Credit Card Facility at year-end</td> <td style="text-align: right;">\$ 70,000</td> <td style="text-align: right;">\$ 70,000</td> </tr> <tr> <td>Utilised Credit Card Facility at year-end</td> <td style="text-align: right;">\$ 17,289</td> <td style="text-align: right;">\$ 34,847</td> </tr> </tbody> </table>		2014	2013	Available Credit Card Facility at year-end	\$ 70,000	\$ 70,000	Utilised Credit Card Facility at year-end	\$ 17,289	\$ 34,847
	2014	2013										
Available Credit Card Facility at year-end	\$ 70,000	\$ 70,000										
Utilised Credit Card Facility at year-end	\$ 17,289	\$ 34,847										

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

### 35 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:

2014	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	10,312	0	0	0	0	10,312
Receivables	0	74	0	74	893	1,041
Investment in Cradle Mountain Water	0	0	0	0	83,560	83,560
	10,312	74	0	74	84,453	94,913
<b>Financial liabilities</b>						
Payables	0	0	0	0	2,808	2,808
Interest bearing liabilities	0	928	8,821	10,271	0	20,020
	0	928	8,821	10,271	2,808	22,828
<b>Net financial assets / (liabilities)</b>	10,312	(854)	(8,821)	(10,197)	81,645	72,085

2013	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	14,126	0	0	0	0	14,126
Receivables	0	65	0	0	1,214	1,279
Investment in Cradle Mountain Water	0	0	0	0	77,874	77,874
	14,126	65	0	0	79,088	93,279
<b>Financial liabilities</b>						
Payables	0	0	0	0	3,710	3,710
Interest bearing liabilities	0	1,165	8,749	9,271	0	19,185
	0	1,165	8,749	9,271	3,710	22,895
<b>Net financial assets / (liabilities)</b>	14,126	(1,100)	(8,749)	(9,271)	75,378	70,384

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

### 35 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	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	10,312	14,126	10,312	14,126
Receivables	1,041	1,279	1,041	1,279
Investment in Cradle Mountain Water	83,560	77,874	83,560	77,874
<b>Total financial assets</b>	<b>94,913</b>	<b>93,279</b>	<b>94,913</b>	<b>93,279</b>
<b>Financial liabilities</b>				
Payables	2,808	3,710	2,808	3,710
Interest-bearing loans and borrowings	20,020	19,185	21,089	19,768
<b>Total financial liabilities</b>	<b>22,828</b>	<b>22,895</b>	<b>23,897</b>	<b>23,478</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 our main financial instruments and our policies for minimising these risks are detailed below.

##### Market risk

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

### 35 Financial instruments (continued) (e) Risks and mitigation (continued)

#### Interest rate risk

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

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

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

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

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

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

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

### 35 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 our Statement of Financial Position. To help manage this risk:

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

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

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

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

We may also be subject to credit risk for transactions which are not included in the Statement of Financial Position, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 30.

	2014 \$'000	2013 \$'000
<b>Movement in Provisions for Impairment of Trade and Other Receivables</b>		
Balance at the beginning of the year	0	0
New Provisions recognised during the year	0	0
Amounts already provided for and written off as uncollectible	0	0
Amounts provided for but recovered during the year	0	0
	<u>0</u>	<u>0</u>
Balance at end of year	<u><u>0</u></u>	<u><u>0</u></u>

#### Ageing of Trade and Other Receivables

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

Current (less than 1 year)	797	1,114
Past due by over 1 year	80	67
Past due by over 2 years	12	19
Past due by over 3 years	7	10
Past due by over 4 years	71	69
	<u>71</u>	<u>69</u>
Total Trade & Other Receivables	<u><u>967</u></u>	<u><u>1,279</u></u>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

### 35 Financial instruments (continued)

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

##### Ageing of individually impaired Trade and Other Receivables

At balance date, there were no impaired debtor amounts identified (2012/13 \$0). No provision has been raised against debtors at year end (2012/13: \$0). 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 our operational liquidity requirements:

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

To help reduce these risks we:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid 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.

2014	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Payables	2,808	0	0	0	0	2,808	2,808
Interest bearing	989	1,035	1,977	13,493	9,427	26,921	20,020
<b>Total financial</b>	<b>3,797</b>	<b>1,035</b>	<b>1,977</b>	<b>13,493</b>	<b>9,427</b>	<b>29,729</b>	<b>22,828</b>

2013	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Payables	3,710	0	0	0	0	3,710	3,710
Interest bearing	1,097	1,096	1,890	10,370	11,741	26,194	19,185
<b>Total financial</b>	<b>4,807</b>	<b>1,096</b>	<b>1,890</b>	<b>10,370</b>	<b>11,741</b>	<b>29,904</b>	<b>22,895</b>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

### 35 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 -2% in market interest rates (AUD) from year-end rates of 3.75%.

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

				Interest rate risk			
				-2 %		+1	
2014				-200 basis points		+100 basis points	
		2014 \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	
<b>Financial assets:</b>							
Cash and cash equivalents		10,312	(206)	(206)	103	103	
Receivables		148	(3)	(3)	1	1	
<b>Financial liabilities:</b>							
Interest bearing liabilities		20,020	400	400	(200)	(200)	

				Interest rate risk			
				-2 %		+1	
2013				-200 basis points		+100 basis points	
		2013 \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	
<b>Financial assets:</b>							
Cash and cash equivalents		14,126	(283)	(283)	141	141	
Receivables		65	(1)	(1)	1	1	
<b>Financial liabilities:</b>							
Interest bearing liabilities		19,185	384	384	(192)	(192)	

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

### 35 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 (ie prices) or indirectly (ie derived from prices)
Level 3	inputs for the asset or liability that are not based on observable market data

	Level 1	Level 2	Level 3	Total
<b>30 June 2014</b>				
Available for sale financial assets	0	0	83,560	83,560

	Level 1	Level 2	Level 3	Total
<b>30 June 2013</b>				
Available for sale financial assets	0	0	77,874	77,874

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

	2014 \$'000	2013 \$'000
<b>Reconciliation of Level 3 fair value movements:</b>		
<b>Opening Balance</b>	77,874	76,838
Fair Value adjustments on Available-for-Sale Assets	<u>5,686</u>	<u>1,036</u>
<b>Closing Balance</b>	<u><u>83,560</u></u>	<u><u>77,874</u></u>

#### (h) Categories of Financial assets and Liabilities

Carrying amounts classified as:

##### Financial assets

Cash and cash equivalents	10,312	14,126
Loans and receivables	1,041	1,279
Available for sale financial assets	<u>83,560</u>	<u>77,874</u>
<b>Total financial assets</b>	<u><u>94,913</u></u>	<u><u>93,279</u></u>

##### Financial liabilities

Financial liabilities measured at amortised cost	<u>22,828</u>	<u>22,895</u>
<b>Total financial liabilities</b>	<u><u>22,828</u></u>	<u><u>22,895</u></u>
<b>Net Financial Assets / Liabilities</b>	<u><u>72,085</u></u>	<u><u>70,384</u></u>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

### 36 Significant business activities

	2014	
	Roads	Stormwater
	\$'000	\$'000
<b>Operating Statement</b>		
<b>Revenue</b>		
Fees and charges	0	0
Donated assets	1,019	704
Other	37	0
Grants and contributions	1,377	0
<b>Total revenue</b>	<b>2,433</b>	<b>704</b>
<b>Expenses - Direct</b>		
Employee costs	242	67
Materials and services	3,564	486
Finance costs	197	0
<b>Total expenses (before depreciation)</b>	<b>4,003</b>	<b>553</b>
<b>Capital costs</b>		
Depreciation expense	3,835	1,441
Opportunity cost of capital	4,285	2,307
Opportunity cost of working capital	0	0
(Gain) / loss on sale of non-current assets	341	137
	<b>8,461</b>	<b>3,885</b>
<b>Competitive neutrality adjustments</b>		
Loan guarantee fees	0	0
	<b>0</b>	<b>0</b>
<b>Calculated surplus / (deficit)</b>	<b>(5,405)</b>	<b>(1,290)</b>
<b>Income Tax Equivalent Rate 30%</b>		
Income tax equivalent	0	0
<b>Total fully attributed costs</b>	<b>12,464</b>	<b>4,438</b>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

### 36 Significant business activities (continued)

	2013	
	Roads	Stormwater
	\$'000	\$'000
<b>Operating Statement</b>		
<b>Revenue</b>		
Fees and charges	0	0
Donated assets	265	451
Other	3	0
Grants and contributions	331	0
<b>Total revenue</b>	<b>599</b>	<b>451</b>
<b>Expenses - Direct</b>		
Employee costs	282	53
Materials and services	2,714	405
Finance costs	0	0
<b>Total expenses (before depreciation)</b>	<b>2,996</b>	<b>458</b>
<b>Capital costs</b>		
Depreciation expense	3,954	1,424
Opportunity cost of capital	5,327	3,417
Opportunity cost of working capital	0	0
(Gain) / loss on sale of non-current assets	651	160
	<b>9,932</b>	<b>5,001</b>
<b>Competitive neutrality adjustments</b>		
Loan guarantee fees	0	0
	<b>0</b>	<b>0</b>
<b>Calculated surplus / (deficit)</b>	<b>(6,351)</b>	<b>(1,431)</b>
<b>Income Tax Equivalent Rate 30%</b>		
Income tax equivalent	0	0
<b>Total fully attributed costs</b>	<b>12,928</b>	<b>5,459</b>

### 37 Controlling Authority transactions

	2014		2013	
	Income \$'000	Expenditure \$'000	Income \$'000	Expenditure \$'000
Devonport Recreation Centre Controlling Authority	137	514	191	639
Fenton Villas Management Controlling Authority	46	121	31	84
Maidstone Park Management Controlling Authority	12	7	10	11
<b>Total</b>	<b>195</b>	<b>642</b>	<b>232</b>	<b>734</b>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

### 38 Single Authorities

#### Devonport Maritime and Heritage Authority

The Devonport Maritime and Heritage Authority was formed by Council resolution on 18 October 2010, effective from 15 November 2010. The Authority was established to perform all tasks necessary for the management and operation of the Devonport Maritime Museum and associated heritage initiatives.

The principal function of the Authority is to manage, expand, enhance and promote:

- (a) the acquisition, collection and conservation of items of maritime or historical relevance to Devonport and the surrounding areas;
- (b) the use of those items for research into the maritime connections or history of Devonport and surrounding areas, including social and family history;
- (c) the display of those items for the interest of residents, visitors and tourists of and to Devonport and surrounding areas; and
- (d) tourism based on the maritime connections or history of Devonport and surrounding areas including items of maritime or historical interest in that area whether they are owned, controlled or managed by the Authority, the Council or not.

The appointed members of the Single Authority are:

Ald Lyn Laycock (chair person)  
Ald Graham Kent  
Raymond Wright  
Steve Quinn

No remuneration was paid to the above members during the year.

	2014 \$'000	2013 \$'000
<b>Financial Performance</b>		
Revenue	100	31
Expenditure	<u>(646)</u>	<u>(451)</u>
Surplus / (Deficit) for the year	<u><u>(546)</u></u>	<u><u>(420)</u></u>

The financial performance includes internal charges from Council. The internal charges relate to support provided to the Authority in the areas of customer service, finance, human resources and payroll, information technology, management and maintenance.

The Authority manages assets on behalf of Council and has no significant assets or liabilities in its own right. Any capital expenditure incurred is done so on behalf of Council.

Although the Authority has no physical assets, a depreciation service charge has been determined by Council and allocated to the Authority to reflect the value of use of Council's assets by the Authority.

Employees whose time is costed to the Authority's expenses are employees of Council and not the Authority. Council has the legal liability for wages, accrued leave and other employment related expenditure.

Council resolved to wind up the Maritime and Heritage Single Authority and establish a Maritime and Heritage Special Committee at its June 2014 meeting. Terms of Reference for the new Special Committee are currently being determined. Council will continue to account for the activities of the Bass Strait Maritime Centre as part of Council's operations.

### 39 Events occurring after balance date

No significant events have occurred after balance date.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

40 Management indicators	Benchmark	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000
<b>(a) Underlying surplus or deficit</b>					
Recurrent income* less		37,188	35,538	33,782	33,074
recurrent expenditure**		36,102	35,585	34,539	33,262
Underlying surplus/deficit	0	<u>1,086</u>	<u>(47)</u>	<u>(757)</u>	<u>(188)</u>

\* Recurrent income excludes income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature.

\*\* Recurrent expenditure excludes contribution of assets to a third party and loss on disposal of property, plant & equipment outside of normal Council operations.

Council has reported an underlying surplus for the 2014 year, which exceeds the benchmark of a breakeven result. The result has been impacted by an adjustment to the Financial Assistance Grant relating to 2013/14, prepaid by the Federal Government in 2012/13

### (b) Underlying surplus ratio

<u>Underlying surplus or deficit</u>		1,086	-47	-757	-188
Recurrent income*		37,188	35,538	33,782	33,074
Underlying surplus ratio	0%	2.92%	(0.13%)	(2.24%)	(0.57%)

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 benchmark for the period reported.

### (c) Net financial liabilities

Liquid assets less		11,279	15,405	13,595	11,363
total liabilities		25,438	25,581	14,153	13,830
Net financial liabilities	0	<u>(14,159)</u>	<u>(10,176)</u>	<u>(558)</u>	<u>(2,467)</u>

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

Property purchases in relation to the LIVING CITY project have been funded by borrowings totalling \$9.6 million. At 30 June 2014 the balance of these loans totalled \$9,392,505 (2013 \$7,600,000).

Council has borrowed a mix of interest only loans and principal and interest loans over varying terms to enable the management of the repayment schedule of the loans. Council also maintains a Long Term Financial Plan covering a 10 year period to aid cash management and debt levels.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

40 Management indicators (cont.)	Benchmark	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000
<b>(d) Net financial liabilities ratio</b>					
<u>Net financial liabilities</u>		(14,159)	(10,176)	(558)	(2,467)
Recurrent income*	<b>0% - (50%)</b>	37,188	35,538	33,782	33,074
Net financial liabilities ratio %		<b>(38.07%)</b>	<b>(28.63%)</b>	<b>(1.65%)</b>	<b>(7.46%)</b>

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

The result over the reported period is within benchmark, and reflects the higher level of borrowings in recent years. 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 asset management plan of Council.

#### *Parks and open space*

<u>Depreciated replacement cost</u>		4,000	4,002	4,009	NA
Current replacement cost		5,892	5,723	5,560	NA

Asset consumption ratio %	<b>40-60%</b>	<b>68%</b>	<b>70%</b>	<b>72%</b>	
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#### *Buildings*

<u>Depreciated replacement cost</u>		44,804	34,511	27,210	22,442
Current replacement cost		78,721	68,641	60,733	55,709

Asset consumption ratio %	<b>40-60%</b>	<b>57%</b>	<b>50%</b>	<b>45%</b>	<b>40%</b>
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#### *Roads*

<u>Depreciated replacement cost</u>		120,692	118,292	85,979	81,630
Current replacement cost		261,568	256,485	199,033	190,466

Asset consumption ratio %	<b>40-60%</b>	<b>46%</b>	<b>46%</b>	<b>43%</b>	<b>43%</b>
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#### *Stormwater*

<u>Depreciated replacement cost</u>		63,439	67,644	68,253	58,514
Current replacement cost		108,951	114,289	113,620	96,173

Asset consumption ratio %	<b>40-60%</b>	<b>58%</b>	<b>59%</b>	<b>60%</b>	<b>61%</b>
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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.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

40 Management indicators (cont.)	Benchmark	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000
(f) <b>Asset renewal funding ratio</b>					
An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the strategic asset management plan of Council.					
<i>Parks and open space</i>					
<u>Projected capital funding outlays**</u>		1,464	1,170	470	470
Projected capital expenditure funding***		349	372	155	1,719
Asset renewal funding ratio %	<b>90-100%</b>	419%	315%	303%	27%
<i>Buildings</i>					
<u>Projected capital funding outlays**</u>		978	240	83	456
Projected capital expenditure funding***		470	529	382	630
Asset renewal funding ratio %	<b>90-100%</b>	208%	45%	22%	72%
<i>Roads</i>					
<u>Projected capital funding outlays**</u>		2,735	3,745	2,471	3,106
Projected capital expenditure funding***		3,681	2,489	2,583	2,655
Asset renewal funding ratio %	<b>90-100%</b>	74%	150%	96%	117%
<i>Stormwater</i>					
<u>Projected capital funding outlays**</u>		225	325	74	60
Projected capital expenditure funding***		0	0	0	0
Asset renewal funding ratio %	<b>90-100%</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

Council are continuing to renew stormwater assets despite the Asset Management Plans not including projected capital funding outlays for the years above.

\*\* Projected capital funding outlays per the budget

\*\*\* Value 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.

Council is achieving the benchmark for all asset classes, on average, over the period 2011 to 2014.

This ratio is not subject to audit.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2014

40 Management indicators (cont.)	Benchmark	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000
<b>(g) Asset sustainability ratio</b>					
<u>Capex on replacement/renewal of existing assets</u>		7,283	8,556	5,396	7,729
Annual depreciation expense		8,910	8,736	8,027	7,174
Asset sustainability ratio %	<b>100%</b>	<b>82%</b>	<b>98%</b>	<b>67%</b>	<b>108%</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.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

### 41 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
  - Other infrastructure
  - Parks & open space
  - Cultural & heritage

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

#### (a) Fair Value Hierarchy

AASB 13 Fair Value Measurement requires all assets 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 2014. Comparative information has not been provided as allowed by the transitional provisions of AASB 13.

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 2014

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>					
Land	21				
- LIVING CITY Land			3,804		3,804
- Other Land			110,903		110,903
Buildings	21				
- LIVING CITY Buildings			8,071		8,071
- Other Buildings			36,733		36,733
Roads, including footpaths and cycleways	21			120,692	120,692
Stormwater	21			63,439	63,439
Other infrastructure	21			18,042	18,042
Parks & open space	21			4,000	4,000
Cultural and heritage	21		3,955		3,955
		0	163,466	206,173	369,639

#### *Transfers between levels of the hierarchy*

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

### 41 Fair Value Measurements (cont.)

#### (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

Council adopted AASB 13 *Fair Value Measurement* for the first time this financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.

#### Investment in Water Corporation

Refer to Note 35, Note 19 and Note 1(i) for details 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 2009. 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 assets purchased as part of the LIVING CITY project are included as a proportion of the total purchase cost. These assets will be revalued using the data provided by the Valuer General in the 2014/15 year when a full revaluation of the asset class is undertaken.

#### *Land under roads*

Land under roads is calculated based on the total land area for the municipality and the land values provided by the Valuer General in 2009. The most significant input into this valuation approach is price per square metre.

#### Buildings

Building fair values were also determined by the office of the Valuer General during the year ended 30 June 2009. Where applicable, the assets have been indexed annually using the Non Residential Building Construction Price Index as it relates to Tasmania for the 12 month period April to March each year. The index for the year ended 30 June 2014 was -0.6%, and would normally be applied on a gross valuation basis against both asset valuation and related accumulated depreciation. Consistent with previous years, the negative index was not applied at 30 June 2014.

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

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

Building assets purchased as part of the LIVING CITY project are included as a proportion of the of the total purchase cost. These assets will be revalued using the data provided by the Valuer General in the 2014/15 year when a full revaluation of the assets class is undertaken.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

### 41 Fair Value Measurements (cont.)

#### Infrastructure assets

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

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

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

The level of accumulated depreciation for infrastructure assets was determined based on the age of the asset and the useful life adopted by Council for the asset type. Depreciation is applied on a straight line basis. Estimated useful lives are disclosed in Note 1(f).

The calculation of DRC involves a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made by qualified and experienced staff, different judgements could result in a different valuation. The table at (d) below summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

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

#### Roads, including footpaths & cycleways

A full valuation of road infrastructure was undertaken by Council staff effective 30 June 2013. 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 Bargaining Agreement (EBA). Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years.

#### Stormwater

A full valuation of stormwater infrastructure was undertaken by Council staff effective 30 June 2014. 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.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

### 41 Fair Value Measurements (cont.)

#### Other Infrastructure

A full valuation of other infrastructure was undertaken by Council staff effective 30 June 2012.

#### Parks & Open Space

A full valuation of parks & open space was undertaken by Council staff effective 30 June 2012. The unobservable inputs are not disclosed in the table below due to the large range of material inputs and the relatively immaterial balance of this asset class.

#### **Cultural & Heritage**

The valuation of Council's art collection was determined by D. Bett, an independent art valuer, as at 4 November 2011. The unobservable inputs are not disclosed in the table below due to the large range of material inputs and the relatively immaterial balance of this asset class.

#### **(d) Unobservable inputs and sensitivities**

This table summarises the relationship of unobservable inputs (level 3) to the fair value of the relevant asset class.

Asset category	Key unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Buildings	Useful life	20 - 135 years	The longer the useful life the higher the fair value
Roads	Useful life	15 - 100 years	The longer the useful life the higher the fair value
Roads	Unit price	\$4.00 p/m <sup>2</sup> to \$220 p/m <sup>2</sup>	The higher the unit price the higher the fair value
Roads	Standard material usage	Varies depending on type of material	The higher the standard material usage the higher the fair value
Stormwater	Useful life	15 - 100 years	The longer the useful life the higher the fair value
Stormwater	Unit price	\$26.27 p/m <sup>2</sup> to \$36,697 ea	The higher the unit price the higher the fair value
Stormwater	Standard material usage	Varies depending on type of material	The higher the standard material usage the higher the fair value
Other Infrastructure	Useful life	10 - 150 years	The longer the useful life the higher the fair value
Other Infrastructure	Unit price	\$10.62 p/Lm to \$3,380.11 p/Lm	The higher the unit price the higher the fair value
Other Infrastructure	Standard material usage	Varies depending on type of material	The higher the standard material usage the higher the fair value

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2014

### 41 Fair Value Measurements (cont.)

#### (e) Changes in recurring level 3 fair value measurements

The changes in level 3 assets with recurring fair value measurements are detailed in note 21 (Property, plant and equipment). There have been no transfers between level 1, 2 or 3 measurements during the year.

#### (f) Valuation processes

Council's valuation policies and procedures are determined by the Service and Asset Management Team which includes the Engineer and Finance Manager. Policies are then reviewed by the Senior Management Group before referral to the Executive Management Team. They are reviewed every 2 years or sooner to reflect changes in accounting treatment.

Council's current policy for the valuation of property, infrastructure, plant and equipment and investment in water corporation is set out in note 1(f) and 1(i).

#### (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 35)

The fair value of borrowings disclosed in note 35 equates to the carrying amount as the carrying amount approximates fair value (level 2)

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

# DEVONPORT CITY COUNCIL

Financial Report for the year ended 30 June 2014

## Certification of the Financial Report

The financial report presents fairly the financial position of the Devonport City Council as at 30 June 2014, 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.



Paul West  
**GENERAL MANAGER**

Dated: 13 August 2014.

