



The City with Spirit



ANNUAL REPORT 2018



Professional Service Providers

Auditors: Tasmanian Audit Office
Bankers: Commonwealth Bank of Australia
ANZ Bank
Insurance Broker: Jardine Lloyd Thompson
Valuers: Office of Valuer General

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COUNCIL PROFILE



The Devonport City Council is established under the provisions of the *Local Government Act 1993*. Council is made up of nine Aldermen who each serve a four year term, with elections held on an "all in all out" basis. The term for the elected Mayor and Deputy Mayor is also four years.

DECISION MAKING STRUCTURES OF COUNCIL

Decisions are made through Council meetings, Section 23 Committee meetings or by the General Manager and employees through delegated authority. Transparent, accountable and informed decision making supports community confidence in Council and is vital to ensuring decisions are made in the best interests of the community.

Council and Section 23 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 2015*). Meeting schedules are available on Council's website and at the Council Offices. Meetings are recorded in accordance with Council's Audio Recording Policy and made available on Council's website for a minimum period of six months.

Council's formal decision making structure is comprised of Council and the following three Section 23 Committees (established in accordance with Section 23 of the *Local Government Act 1993*):

- Governance, Finance and Community Services
- Infrastructure, Works and Development
- Planning Authority

Council meetings are held monthly and Section 23 Committees (apart from the Planning Authority which meets on an as required basis) meet bi-monthly.

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

Delegations of authority are also in place to support effective decision making by Council. Under Section 22 of the *Local Government Act 1993*, Council may delegate its powers and functions to the General Manager, who in turn may sub-delegate certain powers and functions to Council officers, in accordance with Section 64 of the Act. Delegations allow for timely and efficient decision making at an operational level.

Council is further supported by an Audit Panel. The Audit Panel is an independent advisory Committee to the Council, established in compliance with Part 8 of Division 4 of the *Local Government Act 1993* and the Local Government (Audit Panels) Order 2014. The Audit Panel's objective is to review the Council's performance under section 85A of the Act and report to the Council its conclusions and recommendations.

COUNCIL & COMMITTEE REPRESENTATION



Council	Workshops	Planning Authority Committee	Governance, Finance & Community Services Committee	Infrastructure, Works & Development Committee
All Aldermen	All Aldermen	Ald Rockliff (Chair) (from 26 March)	Ald Rockliff (Chair)	Ald Perry (Chair)
		Ald Martin (Chair) (until 9 March)	Ald Martin (until 9 March)	Ald Goodwin
		Ald Emmerton	Ald Emmerton	Ald Jarman
		Ald Goodwin	Ald Goodwin	Ald Laycock
		Ald Matthews	Ald Jarman	Ald Matthews
		Ald Perry	Ald Laycock (from 26 March)	Ald Rockliff
		Ald Milne	Ald Milne	

STRATEGIC PLANNING FRAMEWORK

LONG TERM PLANNING

STRATEGIC PLAN



- Goals & Key Objectives
- Strategic Plan 2009-2030
- Core Values & Vision

MEDIUM TERM PLANNING

FINANCIAL AND ASSET STRATEGIES & PLANS



- Financial Management Strategy
- Long Term Financial Plan
- Asset Management Strategy
- Long Term Asset Management Plans

SHORT TERM PLANNING

ANNUAL PLAN & ESTIMATES



- Performance Report
- Financial Statements
- Monthly Management Reporting
- Bi-Monthly Action Progress Reports

ACCOUNTABILITY

ANNUAL REPORT/AUDITED STATEMENTS/ PROGRESS REPORTING



- Performance Report
- Financial Statements
- Monthly Management Reporting
- Bi-Monthly Action Progress Reports

ACTING MAYOR'S REPORT



Having assumed the role of Acting Mayor in March 2018 upon the resignation of Ald Steve Martin following his appointment to the Australian Senate, it is a pleasure to present Devonport City Council's 2017/18 Annual Report, which provides an insight into Council's achievements for the year ended 30 June 2018, and outlines some future plans for the City. I take this opportunity to thank Steve for his significant contribution to the City over his 8.5 years on Council.

There is no doubt that 2017/18 was another busy year for Council in terms of both development and community activities.

In October 2017, Devonport was a key contributor in the staging of the 2017 Australian Masters Games, the first time the biennial event had been held in Tasmania since 1987. The games, sponsored by the Cradle Coast Authority (CCA), involved 47 sports with more than 5,000 participants. Devonport hosted more sports than any other local government area and hosted the very successful opening ceremony event. While it is not possible to quantify the positive economic impact for the City from its hosting role, the CCA estimated that more than \$8 million was injected into the regional economy.

In December 2017, Council unveiled the branding for the new multi-purpose building and arts centre. Workshops were held with stakeholders, including Service Tasmania, LINC, Online Access Centre, Aldermen, Council staff, representatives from the performing arts community, the Six Rivers Aboriginal Corporation and community members. Numerous concepts were developed and following further workshops and consultation, Council formally determined to use the name paranapple, the local indigenous name of the section of the Mersey River that flows through Devonport.

Construction of the LIVING CITY project remained a key activity during 2017/18, with work on Stage

1 nearing completion. The CBD carpark and parts of Providore Place opened in December 2017 and the paranapple centre was recently completed in August 2018. Providore Place held its first market prior to Christmas 2017, and weekly markets commenced in the new year, whilst in January, the Australia Day Awards Ceremony was the first civic event to be hosted at Providore Place.

Council also delivered a broad range of capital works projects during 2017/18. The section of Formby Road between Lyons Avenue and the Bass Highway was renewed, works to the stormwater main on William Street continued, fitness equipment was installed on the East Devonport foreshore and the former maternity hospital site at 169 Steele Street was cleared to a greenfield site.

Once again, Devonport unveiled a rich range of community events, including the Devonport Jazz Festival, Devonport Food and Wine, New Year's Eve celebrations and the Festival of Learning. All these events were not only well attended by locals, but also attracted people from outside the city, which in turn supports local businesses. I commend the local volunteers who played important roles in ensuring these events were a success.

I thank my fellow Aldermen and all our staff for their continued commitment and work over the year. The 2018 Council elections have recently been completed and it is opportune for me to thank retiring Aldermen Jeff Matthews, Charlie Emmerton, Grant Goodwin and Tammy Milne for their contribution over the past four years and to welcome Gerard Enniss, John Alexiou, Sally Milbourne, Peter Hollister and Leigh Murphy to the team.

Ald Annette Rockliff - Acting Mayor

GENERAL MANAGER'S REPORT



It is pleasing to once again report that Council achieved an underlying surplus during the financial year under review. The surplus of \$1.5M, compared to a budgeted break-even position was higher than anticipated due to several factors including receipt of additional revenues and savings on some expenditure items. As outlined further in this report, this is the sixth consecutive year that Council has achieved an underlying surplus.

During the year Council undertook \$45.9M in capital expenditure. The capital program was a major undertaking, reflecting the significant progress made on Stage 1 of LIVING CITY. Construction by 30 June 2018 was well advanced with the carpark completed and operational since December 2017, Providore Place progressively coming online and the new paranapple centre close to being finished.

Council during the year entered into an agreement with Fairbrother Pty Ltd to develop, finance and appoint an operator for a new hotel and apartment complex to be built adjacent to Best Street / Rooke Street. Plans were also developed for the Waterfront Park precinct which in addition to the hotel development, is the next stage of LIVING CITY.

While LIVING CITY has been a strong focal point for Council during the year, improvements and achievements continue to be made in other areas of the City with over \$9.0M having been spent on capital improvements to roads, stormwater, facilities, and other assets.

Included in the Annual Report are detailed comments in relation to the financial management of Council and the results achieved for the year in review. Council was subject to external audit of its financial management and it is noted that an unqualified audit opinion was received from the Tasmanian Audit Office on 9 November 2018. Due to the lateness of receiving the Audit opinion, there has been a consequent delay in finalising this Annual Report. Unfortunately, as a result

Council was unable to hold its Annual General Meeting prior to the October 2018 elections.

Council's finances are overseen by an Audit Panel which is made up of two 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 2017. There have been many successes during the past 12 months, which are highlighted and summarised throughout the Report. The community can have confidence that the Council is continually reviewing how it undertakes its business to ensure that it best meet the needs of the Devonport community for the future.

In closing, I would like to express my appreciation to the elected Council for their support during the past 12 months. I would also like to thank the staff for their continued dedication to their respective roles during the year.

Paul West
GENERAL MANAGER

THE COUNCIL

AS AT 30 JUNE 2018



L-R: Acting Deputy Mayor, Ald Leon Perry; Ald Lynn Laycock; Ald Grant Goodwin; Acting Mayor, Ald Annette Rockliff; Ald Alison Jarman; Ald Tammy Milne, Ald Jeff Matthews and Ald Charlie Emmerton

SUMMARY OF DECISIONS BY

COUNCIL IN 2017/18

Meeting	No. of Meetings	Open Session Items	Closed Session Items	Total	% Items Dealt with in Closed Session
Council*	15	171	36**	207	17%
Governance, Finance & Community Services Committee	6	59	5	64	8%
Infrastructure, Works & Development Committee	6	47	1	48	2%
Planning Authority Committee	8	23	0	23	0%
TOTAL	35	300	42	342	12%

*Includes Special Meetings and Annual General Meeting

** In addition to the 36 items listed in Closed Session, there were also 6 Leave of Absence Requests (required to be dealt with in Closed Session) and 10 Minutes of Joint Authorities (provided to Council on the condition that they remain confidential).

MISSION - VISION - VALUES



OUR ORGANISATIONAL MISSION IS:

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

Devonport is a thriving and welcoming regional City, living lightly by river and sea.

OUR ORGANISATIONAL VISION IS:

Strong, thriving and welcoming - Devonport is a regional leader with a strong economy. It is a great place to live, work and play.

Valuing the past, caring for the present, embracing the future - We have been shaped by a rich cultural heritage and enthusiastically embrace present challenges and future opportunities.

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

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

OUR ORGANISATIONAL VALUES ARE:

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 others talents, skills, experience and knowledge.

Continuous Improvement and Innovation

We will continually evaluate current practices and changing needs to foster an adaptive and innovative environment.

Results and Accountability

We will be results focused and take pride in our successes and efforts and be accountable for our actions.



ALDERMEN ATTENDANCE STATEMENT



Period 1 July 2017 to 30 June 2018									
No. of Meetings	Council	Workshop Sessions	Governance Finance & Community Services		Infrastructure, Works & Development		Planning Authority		Leave of Absence (approved during period)
	15	22	6		6		8		
			Member	Non-Member	Member	Non-Member	Member	Non-Member	
Acting Mayor Ald Rockliff	15	21	5	0	5	0	2	4	9-18 July 2017; and 7-19 June 2018
Ald Emmerton	12	18	5	0	0	4	4	0	2-12 October 2017
Ald Goodwin	14	20	4	0	6	0	6	0	24 October - 21 November 2017
Ald Jarman	15	22	5	0	5	0	0	6	
Ald Laycock	15	22	1	4	4	0	0	4	
Ald Matthews	14	20	0	6	4	0	7	0	
Ald Milne	14	20	6	0	0	5	5	0	
Deputy Mayor Ald Perry	14	21	0	6	5	0	8	0	18 June - 30 June 2018
Mayor Ald Martin (Resigned 9/3/2018)	10	10	4	0	0	3	6	0	5 February - 9 March 2018



ALDERMEN ALLOWANCES & EXPENSES



Aldermen	Mayoral Allowance \$	Deputy Mayoral Allowance \$	Alderman's Allowance \$	Mileage \$	iPad \$	Conference - Professional Development Attendance \$	Travel, Accom. & Meal Expenses \$	Meeting Expenses \$	Mobile Phone \$	Total \$
Acting Mayor Ald Rockliff	14,343	12,393	21,594	3,836	441	1,406	722	34	-	54,769
Ald Emmerton	-	-	21,594	-	441	-	-	-	-	22,035
Ald Goodwin	-	-	21,594	-	441	850	349	-	-	23,234
Ald Jarman	-	-	21,594	-	441	850	347	-	-	23,232
Ald Laycock	-	-	21,594	-	441	474	638	50	-	23,197
Ald Matthews	-	-	21,594	40	441	800	552	-	-	23,427
Ald Milne	-	-	21,594	-	441	1,204	372	-	-	23,611
Acting Deputy Mayor Ald Perry	-	4,158	21,594	189	441	850	-	-	-	27,232
Mayor Ald Martin (Resigned 9/3/2018)	38,147	-	15,259	7,664	-	-	1,949	89	495	63,603
Other Non - Attributable	-	-	-	-	-	-	-	-	-	-
TOTAL	52,490	16,551	188,011	11,729	3,528	6,434	4,929	173	495	284,340
Budget	54,300	17,000	195,500	11,500	4,000	15,000	13,500	1,500	900	313,200
BALANCE UNSPENT	1,810	449	7,489	-229	472	8566	8,571	1,327	405	28,860
% Spent	97%	97%	96%	102%	88%	43%	37%	12%	55%	91%

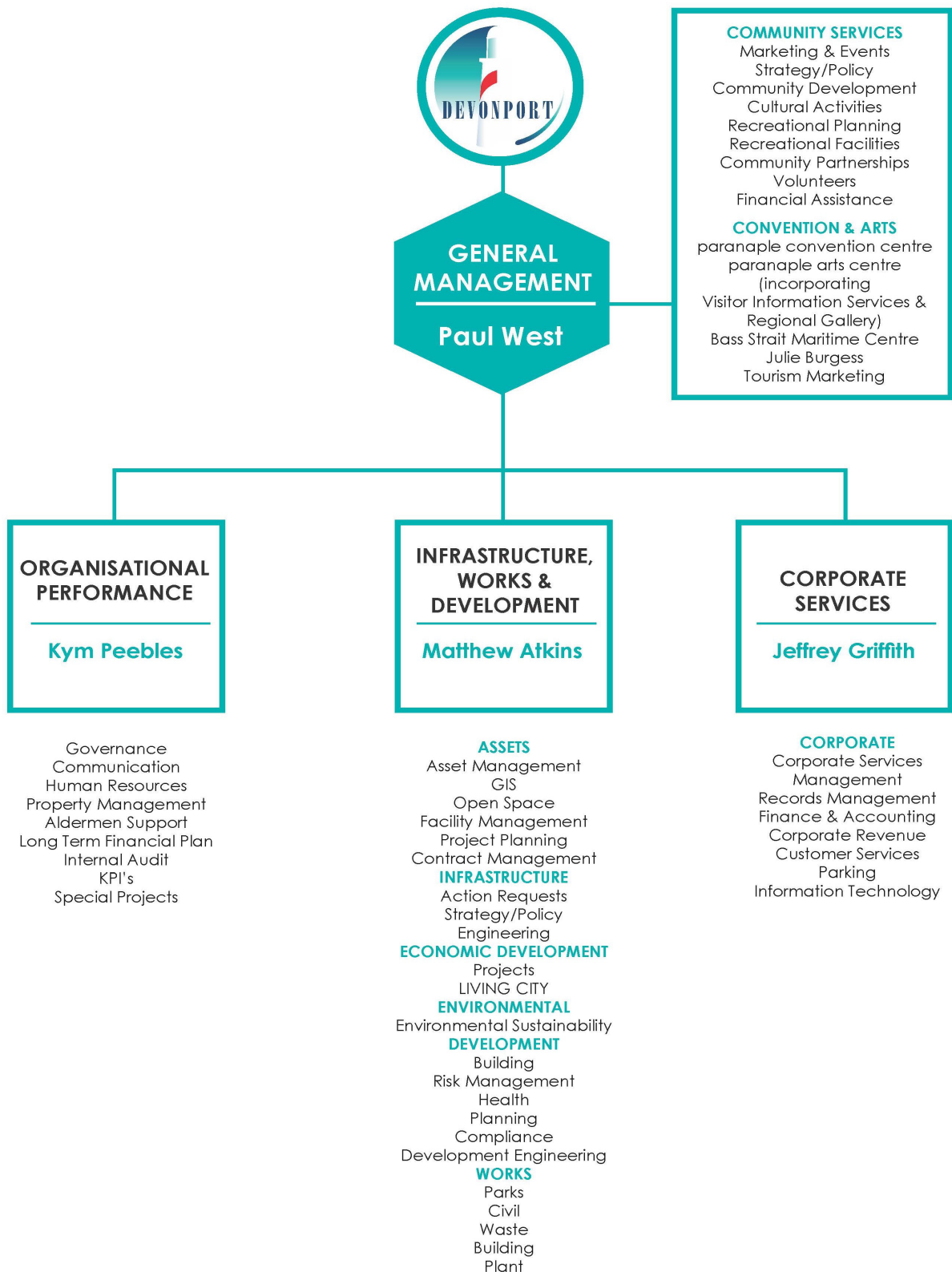
Section 72(1)(cb) of the Local Government Act 1993 requires each council to include in its annual report a statement of the total allowances and expenses paid to the mayor; deputy mayor and councillors.

REPRESENTATION



Local Government	
Local Government Association of Tasmania	Ald Martin (until 9 March 2018); Ald Rockliff (from 26 March 2018); Ald Perry (Proxy)
Shareholdings in Corporations	
TasWater	Ald Goodwin; Ald Perry (Proxy)
Membership/Joint Authorities	
Dulverton Regional Waste Management Authority	Ald Rockliff; Ald Perry (Proxy); General Manager
Cradle Coast Authority Representatives Group	Ald Martin (until November 2017); Ald Rockliff (from January 2018); Ald Perry (from April 2018), General Manager
Controlling Authorities & Board Membership	
Maidstone Park Management Controlling Authority	Ald Martin (until 9 March 2018); Ald Rockliff
Tasmanian Arboretum Inc	Ald Rockliff
Special Interest Groups/Working Groups	
Active City Special Committee	Ald Martin (until 9 March 2018); Ald Rockliff, Ald Matthews & Ald Perry
Community Financial Assistance Committee	Ald Martin (until 9 March 2018), Ald Emmerton, Ald Goodwin & Ald Rockliff
Dame Enid Lyons Trust Fund (formerly Mayor's Charitable Trust)	Ald Emmerton; Ald Martin(until 9 March 2018), Ald Rockliff
Devonport Food and Wine Committee	Ald Goodwin & Ald Laycock
Devonport Jazz Committee	Ald Jarman, Ald Laycock & Ald Milne
Devonport Regional Gallery Advisory Board	Ald Jarman & Ald Milne
East Devonport Special Interest Group	Ald Jarman & Ald Rockliff, Ald Emmerton (proxy)
Environment Strategy Working Group	Ald Jarman & Ald Milne
General Manager's Performance Review Committee	Ald Emmerton, Ald Jarman (from 26 March 2018), Ald Laycock, Ald Martin (until 9 March 2018), Ald Perry, Ald Rockliff
Liveable Communities Committee	Ald Martin (until 9 March 2018), Ald Milne & Ald Rockliff, Ald Jarman (proxy)
Maritime and Heritage Committee	Ald Goodwin & Ald Laycock
Public Art Advisory Special Interest Group	Ald Jarman; Ald Matthews; Ald Milne
Cement Australia Community Liaison Committee	Ald Goodwin
External Committees	
Mersey-Leven Emergency Management Committee	Ald Martin (until 9 March 2018); Ald Rockliff (after 26 March 2018); Ald Perry (proxy)
Mersey Bluff SeaWalk Committee	Ald Goodwin; Ald Jarman (proxy)
Statutory Council Committees	
Shared Audit Panel	Ald Emmerton; Ald Goodwin; Ald Perry (proxy)

ORGANISATIONAL STRUCTURE



WORKFORCE PROFILE



Category	Full-Time	Part-Time	Casual
Male	89	7	9
Female	34	21	11
TOTAL	123	28	20
General Manager	1	-	-
Deputy General Manager	1	-	-
Executive Managers	1	1	-
Managers	4	-	-
Administrative/ Technical/Community	58	10	3
Operations/Works	53	6	-
Facilities/Satellite Sites	5	11	17

Council's number of Full Time Equivalent (FTE) employees during the year was 142 (down from 144 in 2016/17). Percentage of female staff was 39% and percentage of male staff was 61%. Staff turnover rate for 2017/18 was 12.10%, up from 3.7% in 2016/17.

SENIOR OFFICER REMUNERATION

Council is required to report on the total annual remuneration paid to employees who hold senior positions. For the purpose of this disclosure, all staff appointed to the Executive Leadership Team are included as Senior Officers. Details relating to Senior Officer remuneration are outlined in the Financial Report (Refer to Appendix A).



GOVERNANCE & MANAGEMENT CHECKLIST



Governance & Management Items	Assessment
Community Engagement Policy (outlines Council's commitment to engaging with the community on matters of public interest)	Reviewed and adopted in July 2017 as part of Council's biennial policy review.
Community Engagement Guidelines (assists staff to determine when and how to engage with the community)	Engagement principles included in Council's Community Engagement Policy, reviewed and adopted by Council in July 2017.
Annual Plan	In accordance with S71 of the <i>Local Government Act 1993</i> , Council prepares an Annual Plan each financial year. The Current Annual Plan was adopted by Council 25 June 2018.
Annual Budget (sets out services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Adopted by Council 25 June 2018.
Asset Management Plans (sets out asset maintenance and renewal needs for key infrastructure classes for at least the next 10 years)	Council has Asset Management Plans in place, and an Asset Management Strategy adopted in June 2015 and an Asset Management Policy adopted in July 2017.
Rating Strategy (sets out the rating structure of Council to levy rates and charges)	Updated Rates and Charges Policy adopted 25 June 2018.
Risk Policy (outlines Council's commitment and approach to minimising the risks to Council's operations)	Refer to Risk Management Framework (over-arching document).
Fraud Policy (outlines Council's commitment and approach to minimising the risk of fraud)	Fraud Control Policy adopted by Management in September 2015.
Municipal Emergency Management Plan (Plan for emergency prevention, response and recovery)	Council's Emergency Management Plan has been developed to reflect internal requirements and disaster response and complements the municipal approach to emergency management.
Procurement Policy (matters, practices and procedures that apply to purchases of goods, services and works)	Code for Tenders and Contracts adopted by Council in October 2014, and revised in October 2017. Purchasing Policy re-adopted by Council in July 2017 as part of Council's biennial policy review.
Business Continuity Plan (actions that will be undertaken to ensure key services continue to operate in the event of a disaster)	Council has a Business Continuity Plan in place, updated to reflect new offices. Business Continuity Policy adopted by the Executive Leadership Team in March 2016.
Disaster Recovery Plan (actions that will be undertaken to recover and restore business capability in the event of a disaster)	Council has in place an IT Disaster Recovery Plan and a Records Disaster Preparedness Recovery Manual drafted and consultation undertaken. A Disaster Preparedness Plan for the Bass Strait Maritime Centre is in place.
Risk Management Framework (outlines Council's approach to managing risks to Council's operations)	Updated Framework adopted by Council in March 2017.

GOVERNANCE AND MANAGEMENT CHECKLIST



Governance & Management Items	Assessment
Audit Committee (Advisory Committee of Council overseeing the integrity of Council's financial reporting, processes to manage risks to Council's operations and compliance with applicable legal, ethical and regulatory requirements)	Audit panel is in place (in accordance with Ministerial Orders).
Internal Audit (provides analysis and recommendations aimed at improving Council's governance, risk and management controls)	Currently being explored - options being investigated.
Performance Reporting Framework (indicators measuring financial and non-financial performance)	Council incorporates performance indicators/KPIs (financial and non-financial) in the Annual Plan and Annual Report.
Annual Plan Reporting (reviews the performance of Council against the Annual Plan)	Progress reporting against the Annual Plan is provided bi-monthly through Governance, Finance & Community Services S23 Committee.
Financial Reporting (statements comparing budgeted revenue and expenditure with actual revenue and expenditure)	Bi-monthly reporting provided to Governance, Finance & Community Services S23 Committee. Financial Report included within the Annual Report
Risk Reporting (reporting of strategic risks to Council's operations; their likelihood and consequences of occurring; and risk minimisation strategies)	Risk Register reviews and updates to strategic risks. Annual reporting to Council of Insurance Portfolio and regular risk reporting to Management Team and Audit Panel.
Performance Reporting (reports of indicators measuring results against financial and non-financial performance)	Council reports on its performance measures/KPIs in its Annual Report.
Annual Report (report to the community containing a report of operations and audited financial and performance statements)	In accordance with S72 of the <i>Local Government Act 1993</i> , Council reports annually to the community through its Annual Report.
Councillor Code of Conduct (conduct principles and dispute resolution processes to be followed by Aldermen)	Council adopted the Model Code of Conduct Policy in May 2016.
Delegations (powers, duties and functions of Council and the General Manager that have been delegated to members of staff)	In accordance with S22 of the <i>Local Government Act 1993</i> , powers and functions are delegated from Council to the General Manager. In accordance with S64 of the Act, various powers and functions are sub delegated to staff, and documented in Instruments of Delegation. A Delegations Register is in place.
Meeting Procedures (legislation governing the conduct of meetings of Council and Special Committees)	Council complies with the <i>Local Government (Meeting Procedures) Regulations 2015</i> in the conduct of its Council and Committee meetings.

Based on the Victorian Government's 'Local Government - Better Practice Guide 2014-15 - Performance Reporting Framework Indicator Workbook'

FINANCIAL PERFORMANCE SNAPSHOT



The Annual Financial Report, including notes to the accounts, is provided as Appendix A. The Annual Financial Report meets the requirements of the *Local Government Act 1993* and Australian Accounting Standards, and has been audited by the Tasmanian Audit Office. An unqualified audit opinion was issued by the Auditor General on 9 November 2018.

Financial Result for the year

Financial Summary

	Actual 2017/18 \$000	Budget 2017/18 \$000
Ordinary Activities		
Total Operating Revenue	40,225	37,286
Total Operating Expenditure	37,595	37,882
Surplus/(deficit) from ordinary activities	2,630	(596)
Adjustments		
Prepaid 2018/19 Financial Assistance Grant received in 2017/18	(1,075)	0
Prepaid 2017/18 Financial Assistance Grant received in 2016/17	1,020	992
Loss on Disposal of Assets	(1,439)	(537)
Share of profit of Dulverton Regional Waste Management Authority	372	141
	(1,122)	596
Underlying Surplus/(Deficit)	1,508	0

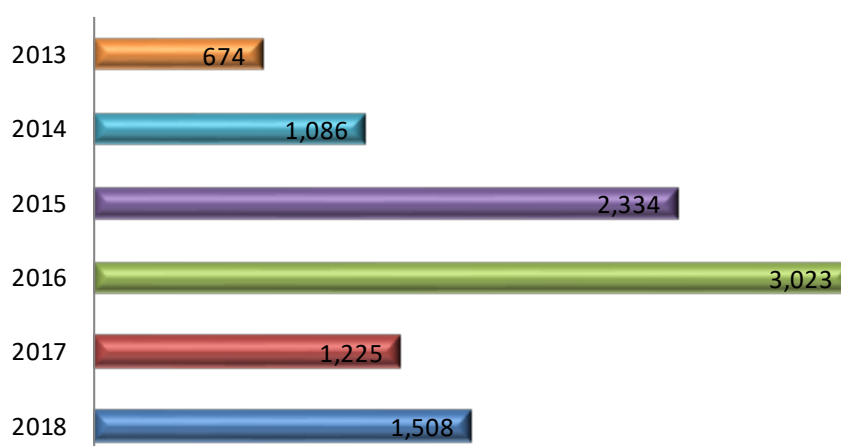
Council has achieved an underlying surplus of \$1.508M for the 2017/18 financial year, compared to a break-even budget position. Increased revenue has contributed to a positive result and Council continues to review costs to ensure services are delivered as efficiently as possible. In addition to construction of Stage 1 of the LIVING CITY project, Council delivered \$9.09M of other capital expenditure.

The generation of surpluses is a good indicator of financial sustainability and helps Council manage debt repayments and maintain cash reserves.

How does this performance compare to previous years?

This is the sixth consecutive year Council has returned an underlying surplus. The surplus result of \$1.508M represents 3.72% of recurrent income, consistent with the Financial Management Strategy objective to achieve at least a break even result.

Underlying surplus/(deficit) \$'000



The following information aims to provide a summary of Council's 2017/18 financial result. A full copy of Council's Financial Report is available from page 47.

Where did Council source its revenue?

Rates and service charges make up just over two thirds of Council's operating revenue with the balance coming from other sources. The table below compares the budgeted revenue with the actual revenue raised during the year.

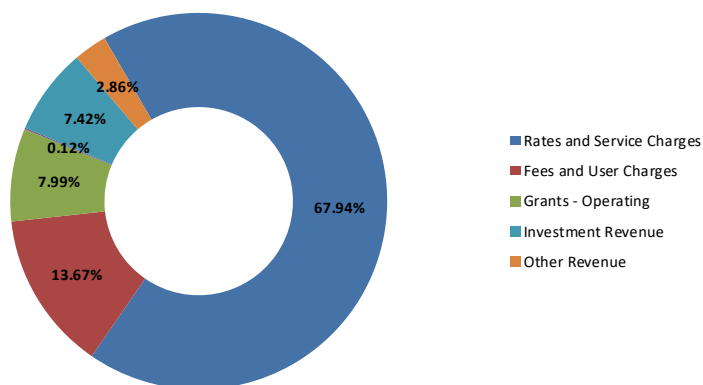
Operating Revenue	Actual 2017/18 \$'000	Budget 2017/18 \$'000	Variance \$'000
Rates and Service Charges	27,327	27,227	100
Fees and User Charges	5,497	5,281	216
Grants - Operating	3,216	1,133	2,083
Contributions - Operating	49	50	(1)
Investment Revenue	2,951	2,567	384
Other Revenue	1,185	1,028	157
Total Operating Income	40,225	37,286	2,939

Total operating revenue was \$2.94M or 7.88% higher than budget. The major variations include:

- Operating Grants were substantially above budget due in part to the decision by the Australian Government to pay two instalments of the 2018/19 Financial Assistance Grant to all councils in Australia in the 2017/18 financial year. The total prepayment of \$1.07M was received in June 2018 and must be included in the year of receipt. The grant funds will be spent on delivering services in the 2018/19 year. In addition, Council received a grant from the State Government of \$918k towards the cost of demolishing the former Maternity Hospital in Steele Street which was not budgeted for.
- Interest and dividend income was 14.96% higher than budget due in part to higher cash balances and the use of short term deposits, and also increased distributions from Dulverton Regional Waste Management Authority (DRWMA).
- Rates and service charges contributed \$27.32M or 67.94% of total Council revenue. Council received several supplementary assessments during the year which contributed to the higher than expected rates revenue.

The chart below depicts Council's operating income by source for the 2017/18 financial year:

Operating Income - 2018



Where was the money spent?

During the budget process, Council identified the estimated operating expenditure and capital expenditure that it intended to spend. The information below compares the estimated expenditure with the actual expenditure for the year.

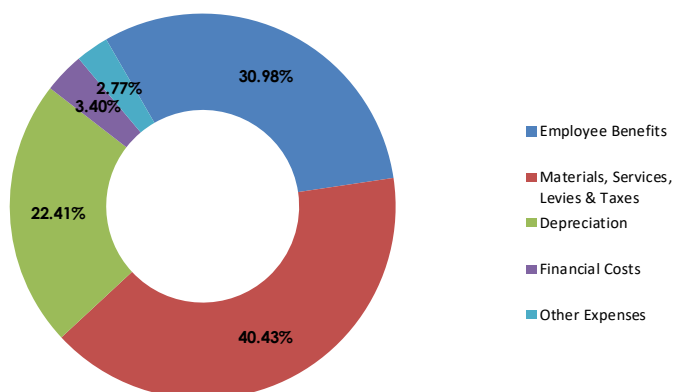
Operating Expenses	Actual 2017/18 \$000	Budget 2017/18 \$000	Variance \$000
Employee Benefits	11,647	12,041	(394)
Materials and Services	12,344	11,699	645
Depreciation	8,427	8,816	(389)
Financial Costs	1,280	1,421	(141)
Levies & Taxes	3,394	3,440	(46)
Other Expenses	1,042	1,097	(55)
Internal Charges and Recoveries	(539)	(632)	93
Total Operating Expenditure	37,595	37,882	(287)

Overall expenses were \$287,000 or 0.76% less than budget. The major variations include:

- A variance in the number of full time equivalents (FTE) from a budget of 148 to 142 resulted in a budget variance of \$394,000 or 3.27% in employee benefits.
- Materials and Services were \$645,000 or 5.51% higher than budget. The cost of demolishing the former Maternity Hospital in Steele Street was not budgeted for, however, these costs were offset by a grant from the State Government.
- Depreciation expense was 4.41% lower than budget across a number of Council areas.
- Finance Costs include all interest on borrowings including those related to the LIVING CITY project. The variance between actual and budget relates to the timing of construction payments and the associated drawdown of the construction loan.
- Levies and Taxes refer to Fire Levy Contributions collected on behalf of the State Government and land tax and rates on Council owned properties.
- Other expenses include the Mayor's and Aldermen's expenses, rates remissions granted, community grants and donations provided throughout the year and cost of debt referred to collection agencies. The 5.01% decrease in Other Expenses when compared to budget includes lower than expected expenditure on community grants and benefits.
- Internal Charges relate to the level of Council resources allocated to the annual capital program. The actual time spent on capital projects by Council staff was 19.59% lower than anticipated.

The chart below depicts Council's expenditure by type for the 2017/18 financial year:

Operating Expenditure - 2018



Capital Expenditure

Council expended \$45.89M in capital expenditure across the following areas:

	\$'000
Open Space & Recreation	320
Facilities	3,039
Stormwater	599
Roads	4,469
Plant & Fleet	455
Other Equipment	207
LIVING CITY Project	36,800

The 2017/18 capital program has increased substantially in dollar terms when compared to the previous year reflecting the progress of Stage 1 of the LIVING CITY project. Stage 1 construction projects included the CBD Carpark, Providore Place and the paranapple centre.

The capital program was partly funded by capital grants from the Federal and State Governments totalling \$8.67M. \$7.49M of this total related to Federal funding for Stage 1 of the LIVING CITY project. Proceeds from borrowings increased by \$26.19M.

Key Financial Management Indicators

The table below provides a selection of the Key Financial Indicators for the year. Further analysis and other financial indicators are included in Note 42 of the Financial Statements.

Indicator	Council Target	2017 Actual	2018 Actual
Financial operating performance			
Underlying surplus ratio	0% - 15%	3.08%	3.72%
Liquidity position			
Modified Current Ratio*	1:1 or greater	2.48:1	2.30:1
Cash reserves \$000	\$3M	\$16.1M	\$16.4M
Net financial liabilities \$000	-	(\$9.3)	(\$36.6)
Net financial liabilities ratio	0% to (50%)	(23.34%)	(90.27%)
Net interest cost	below 5%	0.15%	1.24%
Asset management performance			
Asset consumption ratio - roads	40% to 60%	45%	45%
Asset sustainability ratio	60% to 100%	66%	60%

* The current ratio only includes the principal repayments due in the next 12 months and excludes sale proceeds in advance relating to the paranapple centre.

Financial Operating Performance

As noted earlier Council has returned a positive underlying surplus over the past 6 years. Investment in the LIVING CITY project has resulted in higher interest expenses, however Council continues to be in a strong position to be able to meet its obligations to the community. The LIVING CITY project has generated an increase in economic activity and business confidence whilst delivering infrastructure that will improve services and continue to benefit ratepayers into the future.

Liquidity Position

The current ratio compares the current assets to the current liabilities. The target is to ensure Council has sufficient cash and short term assets on hand to meet its short term liabilities. Through the Financial Management Strategy Council has set a target to maintain cash reserves at a minimum of \$3M. Cash balances have increased by \$317k during the year and the balance remains well in excess of the minimum requirement. Net financial liabilities are measured as cash and receivables less total liabilities. This measures Council's ability to repay all amounts owing (including long term debt) out of its liquid assets. The net interest cost represents the percentage of Council's operating revenue dedicated to meeting its net interest expense. The increase in the net financial liabilities ratio and net interest cost over the reported period reflects the higher level of borrowings in recent years in relation to the LIVING CITY project.

Asset Management Performance

The asset consumption ratio measures the average percentage of remaining useful life of Council's assets, or, the average proportion of new condition left in assets. As the roads asset class is typically the largest, this asset class is usually the focus of this ratio. As shown above, and reflected in Note 43 of the Financial Report, the ratio has been constant over the past 4 years at around 45%. This indicates that Council is maintaining the condition of its road assets. The asset sustainability ratio compares the rate of capital expenditure on renewing existing assets, with the value of depreciation. The assets sustainability ratio of 60% is below the benchmark of 100% set by the Auditor General, however Council has experienced a period of investment in new assets and this is reflected in the result for this indicator. Council will continue to monitor its performance through the Long Term Financial Plan and manage assets in accordance with its Asset Management Plans.

ASSET MANAGEMENT



Council owns and maintains over \$719M worth of infrastructure assets (\$441M depreciated replacement cost) including roads, parks, buildings, stormwater drainage, footpaths and lighting. Assets provide important services to the community. These assets, which are used by the community every day, deteriorate over time and require ongoing maintenance or replacement. A key issue facing Council is the management of aging assets in need of renewal and replacement.

The goal of asset management is to ensure that services are provided:

- through the creation, acquisition, maintenance, operation, rehabilitation and disposal of assets for present and future consumers; and
- in the most cost effective manner.

Council revised its Asset Management Policy in April 2015, and it was re-adopted in July 2017. The Policy establishes guidelines to implement consistent asset management processes throughout Council and to ensure provision is made for the long-term replacement of major assets through the Long Term Financial Management Plan.

Council also has an Asset Management Strategy to further the strategic objectives outlined in the Policy. The objective of the Strategy is to establish a framework to guide planning, construction, maintenance and operation of assets essential for Council to provide services to the community.

The Transport Asset Management Plan was reviewed and distributed for public comment during the 2017/2018 financial year. Understanding the current condition of the assets is a critical component in managing them. Regularly assessing the condition of Council's assets means that renewal programs can be adjusted to meet the needs and expectations of the community.

Revaluation of Infrastructure Assets

Council undertakes a scheduled revaluation of infrastructure assets which are valued in accordance with AASB 116 - *Property, Plant and Equipment* and AASB 113 - *Fair Value Measurement*. Current replacement costs are calculated (except for land and buildings) using current construction costs, or preferred or detailed estimations provided by qualified or experienced staff. As part of the revaluation, asset useful lives are reviewed and amended as required.

Parks and Open Space assets were revalued fully in 2018 which resulted in a reduction in replacement asset cost of \$0.7M (-2.9%) and accumulated depreciation of \$0.1M

Summary - All Parks Assets	Pre-Valuation (\$M)	Post-Valuation (\$M)	Variance Amount (\$M)	Variance %
Asset Cost	\$23.8	\$23.1	-\$0.7	-2.9%
Accumulated Depreciation	\$9.7	\$9.6	-\$0.1	-1.0%
Written Down Value	\$14.1	\$13.5	-\$0.6	-4.2%

Note: Exclusive of internal transfers

This reduction came about as a result in favourable contracting rates in a competitive marketplace and minor changes in the treatment of pavement assets. Other asset classes were revalued by applying Australian Bureau of Statistics indexation values.

PERFORMANCE MEASURES



GOVERNANCE	TARGET	OUTCOME
Council decisions made during closed session of Council meetings (%)*	<10%	12%
Alderman attendance at Council meetings (Council & S23 Committees)	>90%	89%
PERMIT AUTHORITY	TARGET	OUTCOME
Time taken to assess building only applications (median # days from receipt to decision)	7 days	3 days
Time taken to assess plumbing only applications (median # days from receipt to decision)	7 days	4 days
Building & plumbing applications decided within statutory time frame (% decided within time-frame)	100%	100%
STATUTORY PLANNING	TARGET	OUTCOME
Time taken to decide planning applications (discretionary) (median # days)	42 days	36 days
Time taken to decide planning applications (permitted) (median # days)	28 days	24 days
Planning applications decided within 42 days (%)	100%	100%
ANIMAL MANAGEMENT	TARGET	OUTCOME
Animal complaints actioned within 3 days	100%	100%
FOOD SAFETY	TARGET	OUTCOME
Food complaints actioned within 5 days	100%	100%
Food safety assessments undertaken (as % of registered food premises)	100%	60%
ROADS	TARGET	OUTCOME
Road requests (# requests per 100km roads)	200	189
Cost of sealed road reconstruction (\$ per sqm)	\$85 per sqm	\$82 per sqm
Cost of sealed local road resealing (\$ per sqm) (40mm hotmix)	\$38 per sqm	\$40 per sqm
WASTE COLLECTION	TARGET	OUTCOME
Cost of domestic kerbside garbage bin collection service (\$ per week per property)	\$2.50	\$2.32
Cost of domestic kerbside recyclables bin collection service (\$) /collection	\$2.10	\$2.05
Total waste to landfill (tonnes)	15,500	15,488
Entries to Waste Transfer Station (excluding recycling) (#)	32,000	27,215
OPERATIONAL POSITION	TARGET	OUTCOME
Adjusted underlying surplus (or deficit) (% of adjusted recurrent revenue)	Between 0-15%	3.72%
OBLIGATIONS	TARGET	OUTCOME
Net interest compared to adjusted recurrent revenue (as % of adjusted recurrent revenue)	<5%	1.24%
LIQUIDITY	TARGET	OUTCOME
Current assets compared to current liabilities (as % of current liabilities)	1 x coverage	2.30:1***
STABILITY	TARGET	OUTCOME
Rates compared to adjusted underlying recurrent revenue (as % of adjusted underlying recurrent revenue)**	70%	71.93%
EFFICIENCY	TARGET	OUTCOME
Resignations and terminations as % of average staff numbers	<10%	12.1%
INFRASTRUCTURE	TARGET	OUTCOME
Asset renewal compared to depreciation (as % of depreciation)	Between 60-100%	60%

* Excludes Leave of Absence Requests and Confidential Minutes from Joint Authorities ** Excludes Fire Service Levy

***The current ratio only includes the principal repayments due in the next 12 months & excludes sale proceeds in advance relating to the paraple centre

QUICK STATS



Did you know....?	This Year - 2017/18	Last Year - 2016/17
Population of Devonport	25,317**	25,317**
Median age	43 years (2016 Census)	43 years (2016 Census)
New citizens welcomed to Devonport	19	29
Number of rateable properties	12,385	12,295
Average General Rate	\$1,134.21	\$1,129.36
Total General Rate revenue received	\$20.9M	\$20.8M
Operating Revenue received	\$40.2M	\$40.1M
Operational expenditure	\$37.6M	\$38.0M
Capital works completed	\$45.89M	\$28.3M
Roads	268.7km [^]	284.3km
Footpaths/paths & walkways	263.4km	262.2km
Sports Grounds	14	14
Property Certificates issued	604	591
Development Applications approved	183	171
Estimated value of Development Approvals	\$48.8M	\$61.5M
Building Permits issued	117	68*
Building Certificate of Likely Compliance Issued	122	43*
Plumbing Permits issued	62	43*
Plumbing Certificate of Likely Compliance Issued	137	53*
Plumbing on-site wastewater issued (new measure 2017/18)	24	12*
Food Premises licences issued (Full time food premises)	252	270
Dogs registered	4,059	4,183
Parking infringements issued	16,818	17,203
People through doors at Customer Services	50,499	54,700
Visitors to the Visitor Information Centre	40,457	46,150
Visitors to the Devonport Regional Gallery	24,806	24,334
Entries to the Bass Strait Maritime Centre	8,302	8,499
Passengers on the Julie Burgess	153	666
Entries to Splash Aquatic & Leisure Centre	241,978	223,867
Number of active volunteers	144	151
Number of volunteer hours recorded	9735	10,516
Items considered by Council and S23 Committees	342	327
Total wages paid	\$9.5M	\$9.34M
Unleaded petrol consumed	26,676 litres	28,870 litres
Diesel consumed	188,345 litres	195,560 litres
Waste taken to landfill	15,488 tonnes	14,700 tonnes

*6 months only due to *Building Act 2016* - effective 1 January 2017

**Australian Bureau of Statistics - Table 3218 as at 30 June 2017

[^] Clifden Crt adjustment of 20.6km due to system error, and 5km additional subdivision roads

PERFORMANCE HIGHLIGHTS



DEVONPORT JAZZ

In its sixteenth year, the festival featured The Idea of North, Monica Trapaga & the Bachelor Pad, the Jackson Four, Polish jazz duo Myrczek & Tomaszewski and an array of well-known local and mainland jazz and blues artists. Presenting a variety of jazz styles and events that suited all budgets and tastes, the festival saw 3,500 individual tickets sold.

The Devonport Jazz Taskforce consisted of 18 volunteers, that collectively worked approximately 233 hours across the festival.

A highlight of the 2017 festival was the return of the ABC Live Broadcast, hosted by Fred Hooper. The broadcast saw eight Devonport Jazz artists and two venue operators interviewed and the artists given the opportunity to perform live. The broadcast was streamed on ABC Local Radio North Tasmania.



SQUARE PEG PROJECT

Council received funding through the State Government's Healthy Tasmania Innovations Grants to run a health and wellbeing program for youth within the Devonport region. The program involves recreational activities followed by menu planning and the preparation of low cost healthy lunches to share. The program is being delivered from the Devonport Recreation Centre and runs one morning each week within school terms and involves students from the Education Department's Space Program.

FESTIVAL OF LEARNING

In its second year, a month long Festival of Learning was held during September. The theme for the Festival was "Sustain, Innovate, Create & Inspire". Many different forms of learning such as courses, workshops, lectures, exhibitions, tours, training programs, tutoring, discussion groups and other activities with an interactive learning focus were on offer across the City. The Festival experienced significant growth rates in participation and the number of events tripled from the first festival.



NORTH WEST THUNDER

North West Thunder and the South East Australian Basketball League (SEABL) competition returned to the Devonport Stadium after many years. An agreement between Council and NW Thunder resulted in four home games being played in Devonport during the 2018 SEABL season. Very few seats remained at the first game in Devonport on Saturday 14 April with approximately 1,250 spectators attending.



INTERNATIONAL WOMEN'S DAY

Together with several partnering organisations, Council delivered a week-long calendar of events during 1-8 March 2018 to celebrate International Women's Day. External partners included Zonta Club of Devonport, Soroptomist Club of Devonport, Devonport Community House, East Devonport Child and Family Centre, C3 Church, National Trust Tasmania (Home Hill), Beacon Foundation, NW Film Society, Splash Aquatic and Leisure Centre and Youth and Family Community Connections.

Council hosted two events; a speakers' forum "Leaders in Heels" and the annual "Diamonds of Devonport" function. Over 50 women gathered for the Leaders in Heels event with a panel of speakers which included Diamonds of Devonport 2018 Ambassador Minka Woolley, Jan Bingley (Mersey Link Bus Services) and Allira Bartush (Tasmania Police). The Diamonds of Devonport event was held at the Waterfront Function Centre on International Women's Day with 70 attendees celebrating the announcement of this year's 20 award recipients.



AUSTRALIAN MASTERS GAMES

The 16th Australian Masters Games returned to Tasmania for the first time in 30 years and ran from the 21 - 28 October 2017. Key stakeholders in the process of securing the games to the North West Coast included the Federal and State Governments, the Cradle Coast Authority and the respective councils within the Cradle Coast region. The total economic impact to the region was estimated at \$8.34 million. Devonport hosted a majority of the sports and a spectacular opening ceremony along the banks of the Mersey River.

DEVONPORT FOOD AND WINE

The 6th Devonport Food and Wine Festival consisted of over 40 individual events throughout October 2017. The festival included events coordinated by Council, most of which were centred around a high-profile ambassador, and events which were coordinated and delivered by external venues.

Highlights of the 2017 program were Street Eats @ Southern Rooke, the Australian Masters Games Opening Ceremony and The Ambassador Charity Dinner.



The official Opening Ceremony of the 2017 Australian Masters Games was incorporated into the festival program and was a large, outdoor food and wine event that showcased food vendors, producers and food tourism offerings to over 6,000 games competitors and community members.

Street Eats @ Southern Rooke, was an alfresco street food festival that brought together mobile food and beverage vendors with acoustic style entertainment. The event attracted over 2,500 people and received very positive feedback.



BOAT RAMP IMPROVEMENTS

In recent times, the use of the Victoria Parade boat ramp has increased, the length of boats using the ramps has grown, the use of the pathway has become more popular and the demand for larger vehicle parking close to the CBD has increased. These factors contributed to safety and amenity issues at the boat ramp area. An upgrade of the Victoria Parade boat ramp was completed to address the issues that had been identified. The project involved a major reconfiguration of the boat ramp entry, changes to the parking layout and realignment of the path. The project also included renewal of an existing stormwater pipe between the west side of Victoria Parade and the river outfall.



DEVONPORT SOCCER CENTRE

Council's commitment to upgrading the facilities at the Devonport Soccer Centre continued during the year with the installation of an electronic scoreboard and construction of new, larger players benches.

The electronic scoreboard can now be operated remotely, allowing for advertising and messaging as well as displaying scores.



CBD FOOTPATH RENEWALS

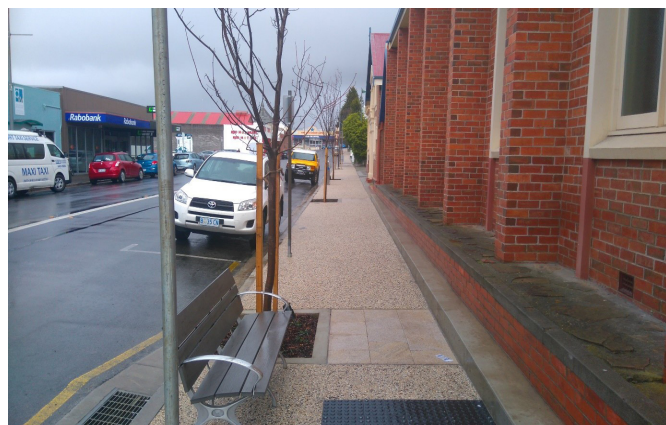
An allocation was made in the 2017/18 capital budget for "CBD Footpath Renewals". This allocation was made, recognising that CBD footpaths are the highest priority for improvement in Council's Pedestrian Strategy 2016-2021 and that footpath renewal work may be required to complement the implementation of LIVING CITY.

An audit of CBD footpaths was completed, assessing each footpath against the accessibility criteria detailed in Council's Pedestrian Strategy and locations that were found to have poor accessibility were prioritised for improvement based on:

- Improvement in compliance possible from renewal;
- Estimated cost of renewal; and
- Estimated pedestrian volumes.

This process generated a short list of projects that were then considered in the context of how they integrate with Council's forward capital works program and future stages of LIVING CITY.

The best candidate project was found to be the western side of Edward Street. This section of footpath had significant and variable cross fall as well as a section with very steep grades at the southern end. Renewal of this section of path complements the recent work on the northern side of Best Street.



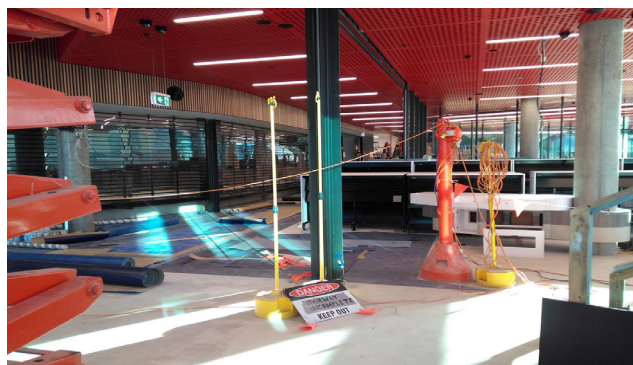
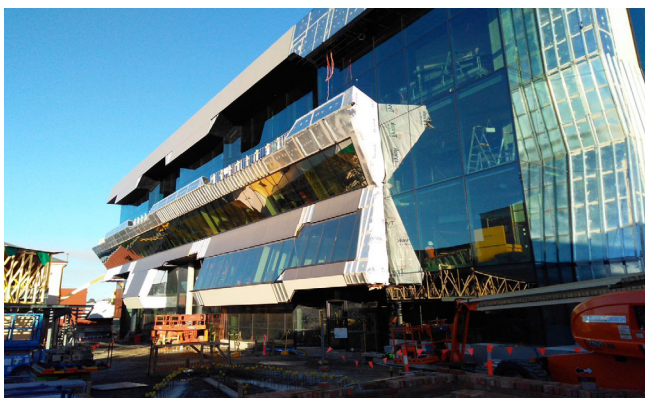
LIVING CITY HIGHLIGHTS

LIVING CITY is a \$250M urban renewal strategy providing a blueprint to transform Devonport and the North-West region, through the creation of new tourism opportunities, food experiences and business prospects. Council adopted the LIVING CITY Master Plan in 2014 following years of research, community engagement and planning.

The last two years have seen significant progress on the Master Plan with investment and development in the Southern CBD business district, the design and consultation of the Waterfront Precinct and the selection of a Preferred Proponent for a hotel and apartment complex. However, undoubtedly the most significant progress has involved the construction of LIVING CITY Stage 1.

Stage 1 is a \$71.1M project involving the creation of a new multi-purpose civic building, multi-level carpark, food pavilion and market square. Recognising the lands original owners, Council named the civic building the paranapple centre, being the indigenous name for the section of the Mersey River on which Devonport is established. The paranapple centre provides a shared customer service centre with Council and Service Tasmania, a modern library facility, Council offices, café and an 800 seat conference centre.

Importantly the commencement of Stage 1 has generated new momentum and confidence in Devonport.



LIVING CITY capital expenditure for the year ending 30 June 2018 was \$36.8M. The majority of these funds relate to Stage 1 with the balance associated with the Waterfront Precinct. Stage 1 is likely to be completed under budget with final figures to be reported as part of Council's 2019 Annual Report. Loan borrowings are also likely to be significantly below the original projections.

LIVING CITY expenditure during the year primarily related to the continuation of contracts awarded in previous years. The total of payments made in 2017/18 for the major contractors/consultants were:

- Fairbrother P/L (Head Contractor) - \$34,942,731
- Projects & Infrastructure Holdings P/L (Development Managers) - \$1,063,777
- K-Five - \$126,322
- 6ty - \$119,900

With evidence of increasing investment and business growth, Council is confident the community is already starting to see long term benefits from LIVING CITY. Importantly with strict cost control, key financial targets are being achieved, ensuring Council is on target to deliver its commitment that LIVING CITY will not adversely impact on rate revenue.

ANNUAL PLAN ACTIONS



GOAL 1 - LIVING LIGHTLY ON OUR ENVIRONMENT		
ACTION	OUTCOME	STATUS
Implement energy efficiency actions as outlined in the Environmental Sustainability Strategy	Scheduled energy efficiency actions completed.	100% Complete
Support the establishment of local groups and schools to assist with conserving biodiversity	Keiko Child Care Centre participated in Clean Up Australia Day events at the East Devonport Beach. The Friends of Don Reserve have been re-established, meeting once a month. The Rotary Club of Devonport North have been involved in planning a revegetation project on the Don River.	100% Complete
Establish an Environmental Committee of Council comprising community stakeholders	Environmental Strategy 2019-2024 adopted by Council.	100% Complete
Implement improved waste management collection arrangements in the commercial/ industrial areas of the City	Changes to the commercial collection services have been implemented.	100% Complete
Investigate water meter consolidation opportunities on Council owned or controlled land	Review of water connections at Devonport Oval and the Bluff have been undertaken and future modifications have been identified. An allocation has been included in the 2018/19 operational budget to complete identified modifications.	100% Complete
GOAL 2 - BUILDING A UNIQUE CITY		
Consider the accuracy and effectiveness of the interpretation and application of the new Tasmanian Planning Scheme and the Local Provisions Schedule	Progress with the Local Planning Scheme is continuing.	50% In Progress
Develop the Local Provisions Schedule for Devonport in accordance with Tasmanian Planning Scheme requirements	A number of workshops were held to discuss the local Provision Schedules.	15% In Progress
Investigate the development of a new interactive website for visitors	The Retail Strategy identified a destination website is required. Work is progressing on securing a domain name and on aligning the platform used with the paranapple arts centre site.	100% Complete

GOAL 2 - BUILDING A UNIQUE CITY		
ACTION	OUTCOME	STATUS
Investigate and consider options for drivers to access details of their infringements on Council's website	This project has been deferred pending the upgrade of Technology One. It is not possible with current version of the system.	Deferred
Undertake the reconstruction of identified roads, including Buster Road, Torquay Road, Saleyard Road, Bishops Road, Formby Road and Devonport Road	Projects have been delivered in accordance with Capital Works Program. Projects at Buster Road, Torquay Road, Devonport Road, Formby Road and Saleyard Road are complete. The Bishops Road project is on hold due to the presence of threatened species but the design is substantially complete.	90% In Progress
Develop and adopt Street Design Guidelines for urban streets	The Street Design Guidelines have been adopted.	100% Complete
Review unpaid infringement follow up process, including payment options	Payment options have been reviewed, Service Tasmania will be added as a payment option in future.	100% Complete
Review zone parking (Loading Zones, Taxi Zones, Truck only Zones) including time limits, provision and location, and provision of motor bike parking	Review completed. Changes will be implemented as streets are upgraded.	100% Complete
Continue to develop hydraulic modelling for the stormwater network	Survey and hydraulic modelling of stormwater catchments in East Devonport, CBD and West Devonport have been completed. Progress of this multi-year project is on target to meet legislated deadlines.	100% Complete
Continue to review and update Council's Stormwater Strategy	Review of existing Stormwater Strategy commenced and will be deferred until 2018/19.	50% In Progress
Undertake Stage 7 of the William Street stormwater catchment upgrade	Stage 7 of the William Street stormwater catchment has been completed.	100% Complete
Review and update the Pioneer Park Master Plan	Council adopted the Pioneer Park Master Plan at its April 2018 meeting.	100% Complete
Continue to review and update Council's Asset Management Plans and develop a summary document to provide a high-level overview of Council's assets	Transport Asset Management Plan completed and adopted.	100% Complete
Develop an implementation action plan for the conference centre facility including pricing structure and marketing strategies	Nearing completion. Final hire documentations and promotional material finalised.	90% In Progress
Relocate the Devonport Regional Gallery and visitor information services into an upgraded facility within the Devonport Entertainment & Convention Centre	Completion scheduled for October 2018.	75% In Progress

GOAL 2 - BUILDING A UNIQUE CITY		
ACTION	OUTCOME	STATUS
Finalise construction of LIVING CITY Stage 1 in accordance with funding model and agreed design parameters	LIVING CITY Stage 1 construction well advanced, with carpark and food pavilion base build complete and multipurpose building on target for August 2018 completion.	90% In Progress
Identify opportunities to attract Government funding to advance the LIVING CITY Waterfront Precinct	Concept design completed and community consultation undertaken allowing two grant applications to be made for Federal Government funding.	100% Complete
Following an Expression of Interest (EOI) process, select a suitable developer for the proposed waterfront hotel and negotiate suitable terms for the sale of the land	Fairbrother Pty Ltd appointed as Preferred Developer for waterfront hotel.	100% Complete
GOAL 3 - GROWING A VIBRANT ECONOMY		
ACTION	OUTCOME	STATUS
Identify and pursue opportunities to form collaborative relationships with business and retailers	A regular retail and business e-news has been established to share information with the business sector.	100% Complete
Identify opportunities to develop a business incubator hub for Devonport	To date no suitable opportunities identified.	10% In Progress
Progress retail stages of the LIVING CITY Master Plan	Negotiations completed with Harris Scarfe on relocation into LIVING CITY retail precinct.	100% Complete
In accordance with the Digital Strategy, create or promote digital resources and services that benefit the retail, tourism and hospitality sectors	Be:Devonport e-news promotes free and low-cost workshops and learning activities delivered by Business Tasmania and Switch Tasmania.	100% Complete
Consider actions from the Destination Marketing Plan	The Destination Action Plan implementation continues.	100% Complete
Review current and potential booking systems to maximise productivity and increase revenue at the Visitor Information Centre	Bookeasy has been identified as the preferred booking system and will be implemented in 2018/19.	100% Complete
Work with relevant partners to provide and encourage industry operators to take part in familiarisation, skills development and training	A tourism sector famil was conducted in November 2017. Industry partners will be provided the opportunity to view the new Council facilities in the paranple centre and paranple arts centre in September and November.	90% In Progress
Engage and promote North West Tasmanian artists in delivering public programs and showcasing work in Council facilities	The Gallery program has engaged with North West Tasmanian artists through its exhibition program and a range of public events.	100% Complete
Develop dedicated boat trailer & RV parking in Victoria Parade	Boat ramp car park has been constructed. Some additional works have been completed as a result of feedback from the public.	100% Complete

GOAL 3 - GROWING A VIBRANT ECONOMY		
ACTION	OUTCOME	STATUS
Assess current event sites and potential future sites options to meet future requirements	A bookable event spaces guide is in development.	80% Complete
Develop investment frameworks for all Council run events	A number of council events in 2017/18 attracted external funding via grants or sponsorship.	100% Complete
Investigate options for an information database for customer service	Following the move into the parnaple centre options identified to be implemented.	100% Complete
Conduct an audit of the very high and high walkability areas within the City	Audit of CBD and surrounding area footpaths has been completed.	100% Complete
Investigate and develop improved traffic management for locations within the road network with known access and connectivity issues	Work is ongoing around Don College and other locations as bus routes have now been finalised. The pedestrian, parking and traffic study at Mersey Bluff has been completed. An investigation has been undertaken into the preferred pedestrian and cyclist route along Stony Rise Road. Four safe systems assessments have been undertaken at sites where there has been a history of crashes reported. Improvement works will be proposed for grant funding or for future capital works.	90% In Progress
Consider improvement options that will enhance entrances to the City	Preliminary options discussed.	30% In Progress
As part of the development of the new Multi-Purpose Building, work with other tenants to ensure ICT is coordinated and based on best use of resources	ICT Working Group involving all tenants worked collaboratively to ensure most suitable ICT outcomes achieved.	100% Complete
Actively participate in the development of a Futures Plan by the Cradle Coast Authority	Involved in stakeholder workshops convened by the Authority	100% Complete
Support initiatives that encourage learning	Festival of Learning successfully delivered.	100% Complete
GOAL 4 - BUILDING QUALITY OF LIFE		
ACTION	OUTCOME	STATUS
Progress the opportunity for staging the inaugural Tasmanian Masters Games in 2018.	Council resolved to defer the Tasmanian Masters Games until at least 2020.	100% Complete
Facilitate and develop health and wellbeing programs for senior citizens	Aging Stronger, Active Longer Health and Well-being Programs have increased to three sessions per week due to popular demand and feedback from participants.	100% Complete
Increase visitor and participation numbers at Council's Recreation Centres	An increase of 17% on the previous year has been achieved	100% Complete
Develop an outdoor gymnasium facility in East Devonport (subject to securing grant funding)	This project has been completed.	100% Complete

GOAL 4 - BUILDING QUALITY OF LIFE		
ACTION	OUTCOME	STATUS
Review and update sports grounds and reserves booking procedure	Bookings for Sports Grounds and Public Reserves will be included in Council's internal IT systems in 2018/19.	100% Completed
Utilise the Sporting Precinct Master Plan to prioritise for future grant opportunities relating to sporting infrastructure	Conceptual Plans and estimates for future sporting infrastructure at Devonport Oval, Devonport Recreation Centre and Maidstone Park have been developed.	100% Completed
Review and update user group manual for Council's Recreation Centres	Review completed. New operational manuals for recreation centres will be completed in 2018/19.	50% Completed
Develop a Mersey Bluff Precinct Plan	Report from consultant delayed until 2018/19 financial year.	65% In Progress
Develop and implement an online sporting portal, providing the community with relevant information regarding sport & recreation opportunities in Devonport	An application within Council's existing system, appears to be suitable for an online sports portal, and will be trialled during 2018/19.	100% Complete
Investigate a cultural festival to recognise cultural diversity and to bring together different cultures in accordance with the East Devonport Community Plan	Harmony Day held at East Devonport Recreation Centre in March 2018.	100% Complete
Exhibit emerging and early career artist exhibitions, including one children's focussed exhibition	The Gallery program includes the Little Gallery program for emerging artists, and a range of activities for children, including 1 2 3 Create and Art Spark	100% Complete
Deliver four public programs which promote and engage participants in Devonport's rich cultural heritage	The Bass Strait Maritime Centre has facilitated an annual season of public programs and talks, including foreshore walks and presentations relating to Devonport's rich cultural heritage.	100% Complete
Prepare a conservation plan for the Pioneer Park Cemetery	Advice has been received from a consultant and is currently being considered.	80% In Progress
Develop a city-wide creative strategy	This action will not be undertaken.	0% Deleted
Exhibit five state and national touring exhibitions	The Gallery has exhibited five state and national touring exhibitions	100% Complete
Investigate options for the former Devonport Regional Gallery Building following relocation to new facility	Due to the delay in relocating the Devonport Regional Gallery, this action has been deferred.	0% Deferred
Develop branding and marketing strategy for the new contemporary arts centre	A style guide has been developed and a marketing strategy developed for the parnaple arts centre.	100% Complete
Support the development of a cultural heritage interpretation trail	This project is in development and listed as an action for the Devonport Maritime and Heritage Special Interest Group.	50% In Progress

GOAL 4 - BUILDING QUALITY OF LIFE		
ACTION	OUTCOME	STATUS
Assist the community with control of domestic animals through education and enforcement as appropriate	Council website has been reviewed and updated to provide information to dog owners relating to responsible ownership. Information has also been posted on Facebook.	100% Complete
Develop a master plan for the park in Morris Avenue/Chichester Drive area focussed on increasing community use	Council adopted the Master Plan at the April 2018 meeting.	100% Complete
Review existing permanent camera locations for suitability and identify areas for future growth of the network including upgrading where required, in accordance with CCTV Strategy	All cameras around the CBD have been replaced with new 1080p capable cameras and are recording for Council and Tasmania Police.	100% Complete
Raise awareness of, or expand the role of community facilities/services and other relevant public infrastructure to act as key digital hubs to increase skills and access emerging technology in line with Digital Strategy	Action deferred until after the move to the paranapple centre. The Devonport LINC and Devonport Online Access Centre are two services aiming to increase Devonport's digital literacy rate. Both agencies will continue to deliver programs from the paranapple centre.	0% Deferred
Deliver Festival of Learning	Festival of Learning delivered during September 2017.	100% Complete
Continue to deliver Read Devonport Literacy Program	Devonport Readers Cup held November 2017 with 8 schools participating.	100% Complete
Develop a Community Development Framework	This action will not be undertaken.	0% Deleted
Develop and deliver Seniors Week, Volunteer Week, Harmony Week and International Women's Day activities and events	All events and activities were successfully delivered, with support of numerous partners.	100% Complete
Operate a merit based community financial assistance program	Financial Assistance Grants successfully completed.	100% Complete
Ensure the adequate provision of disabled parking bays in convenient locations within the City	With the new CBD multi-level carpark there are an additional 24 bays and an additional bay was installed in the Formby Road Carpark.	100% Complete
Review pricing for Disabled Parking bays	Determined to continue following the State Government Guidelines.	100% Complete
Develop an initiative that engages artists living with a disability	The Gallery has developed and implemented a program "Out There", with Orana Respite Day Centre, operated by Baptcare.	100% Complete
Recognise and promote the indigenous culture and art of the region	The Gallery presented an exhibition by indigenous artist, Richard Griffiths, titled Back to Burra Bee Dee.	100% Complete

GOAL 4 - BUILDING QUALITY OF LIFE		
ACTION	OUTCOME	STATUS
Develop an art initiative that engages young people to deliver a public art piece or creative event	The Devonport Regional Gallery's young members (Droogs) designed a new mural for Rooke Lane. Reclaim the Lane, held in April 2018, involved various public art projects by young people.	100% Complete
Promote National Youth Week through the delivery of workshops and the annual Reclaim the Lane event	Reclaim the Lane was presented in April 2018.	100% Complete
GOAL 5 - PRACTICING EXCELLENCE IN GOVERNANCE		
Be an active participant at the regional level through input into programs and activities facilitated through the Cradle Coast Authority	Participated in activities associated with Cradle Coast Authority throughout the year. Council also determined to maintain its membership of the Authority.	100% Complete
Consider outcomes from the Cradle Coast Shared Services Project	Pursuing shared services has been delegated to the General Managers Group.	100% Complete
Be an active participant at the state level through the Local Government Association of Tasmania	Participated in activities associated with the Local Government Association of Tasmania throughout the year.	100% Complete
Undertake community consultation where appropriate to ascertain views and input to Council decision making	All projects undertaken up until 30 June 2018 have been completed.	100% Complete
Develop and deliver a volunteer recruitment marketing campaign	Recruitment of volunteers in high needs areas was undertaken.	100% Complete
Develop a program to raise awareness of the Integrity Commission's 'Speak Up' campaign which encourages ethical workplace behaviour, using the recommendations from the "Fostering Integrity: Report on the implementation of Speak Up in the Tasmanian Public Sector"	Report recommendations have been reviewed and program drafted to be rolled out in 2018/19.	100% Complete
Develop an awareness campaign for Council elections due in October 2018	Promotion of the election using information supplied by the electoral commission.	100% Complete
Undertake training to support and promote continuous improvement activity and philosophy across the organisation	Training for Continuous Improvement facilitators and Council management undertaken.	100% Complete
Investigate sending rate reminder notices via electronic means	Ratepayers able to receive reminders via email or text SMS. Forms available online.	100% Complete
Investigate self-serve customer service options	Due to Service Tas being offered as a new payment option this need has reduced.	100% Complete
Investigate and develop measures for reporting on efficient and effective customer service	Reporting measures have been investigated and developed.	100% Complete

GOAL 5 - PRACTICING EXCELLENCE IN GOVERNANCE

ACTION	OUTCOME	STATUS
Implement Australian Taxation Office reporting requirements in regards to government grants and payment	Council will meet the Australian Taxation Office's new reporting requirements and the deadline. All system and supplier configurations have been completed.	100% Complete
Review and update direct debit payment arrangements	All credit card and fixed amount direct debits have been cancelled.	100% Complete
Review Council's Long Term Financial Strategy	Financial Management Strategy adopted by Council at the June meeting.	100% Complete
As part of annual budget process, review fees and charges and rate modelling processes	Review undertaken and process and modelling improvements implemented.	100% Complete
Review identified improvement areas in the Health & Safety Management System	An Internal Safety Management Systems Audit process has been implemented.	100% Complete
Assess and implement where appropriate, recommendations from the Municipal Association of Victoria (MAV) Annual Risk Service	Recommendations have been implemented.	100% Complete
Develop & implement an internal safety auditing process in accordance with the Safety Management Plan	The Management Team have endorsed the process and are now reviewing associated procedures.	70% In Progress
Support the activities of Council's Audit Panel	Ongoing support is provided to the DCC and Shared Audit Panel.	100% Complete
Develop a training calendar focussed on employee skill development	Reviewing existing modules of TechnologyOne System to ensure information is captured.	80% In Progress
Implement Asset Management software linked to Council's Long Term Financial Strategy	A change of approach has been made to this project, which will likely take up to 3 years and require significant resources to complete.	30% In Progress
Review all relevant rating forms and transition to electronic based documents available on website	This is being considered as a Council wide initiative to digitise paper- based forms.	30% In Progress

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. Council's General Manager is Paul West, who was appointed to the position in 2014 for a contract term of five years. In 2018, The General Manager's position was reviewed, and the contract extended for a further five year term.

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 public monies; and the most effective uses of 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 <https://www.legislation.tas.gov.au>





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 substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

In accordance with the *Public Interest Disclosures Act 2002*, Council provides information pertaining to the Act on Council's website - <http://www.devonport.tas.gov.au/Council/Council-Policies>

During the 2017/18 financial year, Council received no disclosed matters referred to it by the Ombudsman.

COMPLAINTS

16 formal complaints (in accordance with the definition contained within Council's Customer Service Charter) were received during the financial year. All complaints were acknowledged and resolved in accordance with Council policy. 8 complaints related to a failure to adhere to Council's service standards; 2 related to decisions made by Council Officers; and 6 complaints related to staff behaviour.

MODEL CODE OF CONDUCT

There were no Code of Conduct complaints made against any Aldermen during the 2017/18 financial year.

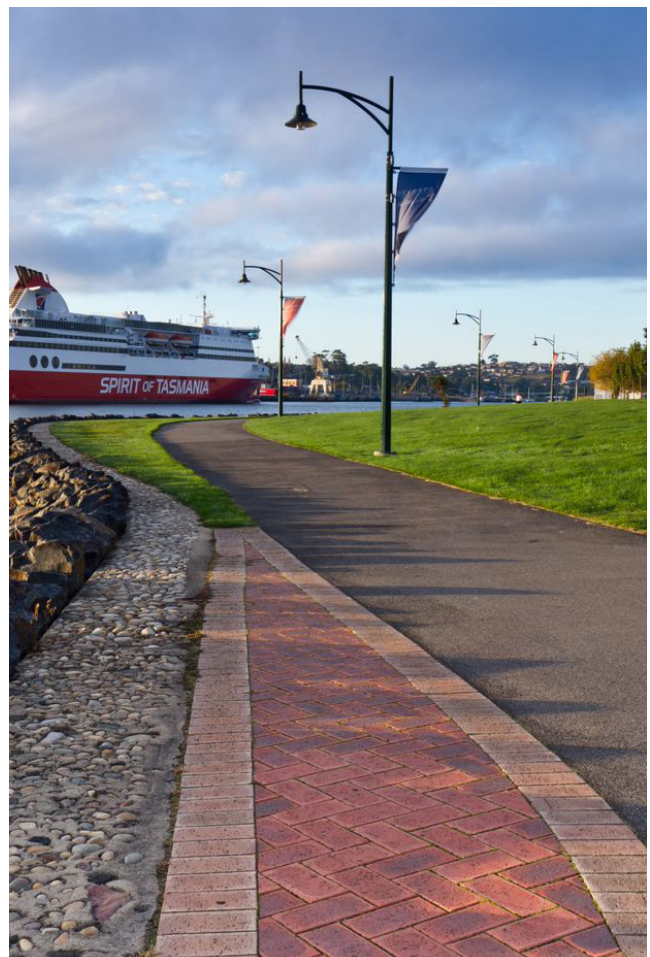
LAND DONATIONS

Council did not donate any land under Section 177 of the *Local Government Act 1993* during the 2017/18 financial year.

LAND SALES

Council sold the following land in 2017/18:

- Lots 60, 61, 62, & 63, 24-26 Triton Road East Devonport - sale price \$220,000
- Lot 64, 24-26 Triton Road East Devonport - sale price \$55,000
- 33 Loane Avenue East Devonport - sale price \$50,000



TENDERS & CONTRACTING



The *Local Government (General) Regulations 2015* requires that Council reports the following information in its Annual Report in relation to any contract for the supply or provision of goods and services:

- 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 the 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.

CONTRACT NUMBER & CONTRACTOR/SUPPLIER	DESCRIPTION OF CONTRACT	CONTRACT OR SUPPLY PERIOD	\$ VALUE (excl. GST)
CT0194-01 Roadways Pty Ltd P O Box 303 Glenorchy TAS 7010	Supply, delivery and placement of hot mix asphalt	August 2017 - December 2018	\$326,646
CT0194-02 Roadways Pty Ltd P O Box 303 Glenorchy TAS 7010	Supply, delivery and placement of bituminous surfacing	October 2017 - March 2018	\$173,790
CT0189 Kentish Construction & Engineering Co. Pty Ltd P O Box 21 Sheffield TAS 7306	Buster Road renewal	September - December 2017	\$683,130
CT0175 ATM Civil Construction P O Box 385 Latrobe TAS 7307	Victoria Parade car park reconstruction	September - December 2017	\$335,324
CB0080 Fairbrother Pty Ltd 12 Stony Rise Road Devonport 7310	Devonport Entertainment Centre and Art Gallery Integration	September 2017 - October 2018	\$2,612,782
CT0205 Kentish Construction & Engineering Co. Pty Ltd P O Box 21 Sheffield TAS 7306	Torquay Road reconstruction	October - December 2017	\$270,897
1316 Mendelssohn Construction Pty Ltd P O Box 1374 Launceston TAS 7250	Demolition of former maternity hospital 169 Steele Street	November 2017 - February 2018	\$519,071
CT0212 Civilscape Contracting P O Box 63 Ridgley TAS 7321	Devonport Road renewal Bay Drive to Mersey Road	November 2017 - December 2018	\$274,549
CS0063 Kentish Construction & Engineering Co. Pty Ltd P O Box 21 Sheffield TAS 7306	William Street stormwater stage 7	January - February 2018	\$194,856

TENDERS & CONTRACTING



CONTRACT NUMBER & CONTRACTOR/SUPPLIER	DESCRIPTION OF CONTRACT	CONTRACT OR SUPPLY PERIOD	\$ VALUE (excl. GST)
CT0209 ATM Civil Construction P O Box 385 Latrobe TAS 7307	Formby Road reconstruction (Lyons Ave-Bass Hwy)	January - March 2018	\$341,803
CF0020 Bucher Municipal Pty Ltd	Supply & delivery of rear load garbage truck	February 2018	\$278,029
CT0207 Hardings Hotmix 30 Industrial Drive Ulverstone TAS 7315	Saleyad Road renewal	March 2018	\$202,423
CT0210 Kentish Construction & Engineering Co. Pty Ltd P O Box 21 Sheffield TAS 7306	Edward Street footpath	March - May 2018	\$165,317
CP0136 Walter J Pratt Pty Ltd 26B Research Drive Croydon South VIC 3136	Pool filter replacement	March - June 2018	\$108,900
1318 Claude Neon Tasmania Pty Ltd 7/26 Lampton Ave Derwent Park TAS 7009	Supply of paranable convention centre LED screen	February - March 2018	\$105,434
1319 Alive Technologies Group Pty Ltd 44 Patriarch Drive Huntingfield TAS 7055	Supply of paranable convention centre sound system	February - March 2018	\$122,143
1320 Steeds Weeds Solution 19 William Street Devonport TAS 7310	Weed control	July 2018 - June 2021 (1 year +1, +1)	\$321,540
1321 Mareeba Trust 13 Export Drive Ulverstone TAS 7315	Roadside mowing	July 2018 - June 2021 (1 year +1, +1)	\$195,750
CT1322 Intuit Technologies 39 Sandy Bay Rd Battery Point TAS 7005	PCs & services	June - July 2018	\$177,678
CT0213 ATM Civil Construction P O Box 385 Latrobe TAS 7307	James Street renewal	April - May 2018	\$229,992

TENDERS & CONTRACTING



CONTRACT NUMBER & CONTRACTOR/SUPPLIER	DESCRIPTION OF CONTRACT	CONTRACT OR SUPPLY PERIOD	\$ VALUE (excl. GST)
Contract - Furniture Supply K-Five Pty Ltd 275 Smith Street Fitzroy VIC 3065	LIVING CITY Stage 1 - Furniture Supply	June - July 2018	\$549,138
Contract - Furniture Supply UCI Tasmania 111 Eastlands Drive Ulverstone TAS 7315	LIVING CITY Stage 1 - Furniture Supply	June - July 2018	\$172,318
Lyons Level 3, 246 Bourke Street Melbourne VIC 3000	Contract Extension, Phase 2 Design - Waterfront Precinct (excluding hotel)	June - November 2018	\$226,243
1317 Belgravia Health and Leisure Group Pty Ltd 20 Longstaff Rd Bayswater VIC 3153	Management of Splash Aquatic Centre	July 2018 - June 2023	\$2,066,235
6ty 57 Best Street Devonport TAS 7310	Independent Certifier LIVING CITY Stage 1	September 2016 - October 2018	\$10,900 per month



PUBLIC HEALTH STATEMENT



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

Council's Environmental Health Department comprises a Senior Environmental Health Officer and an Environmental Health Officer. Immunisation services were performed by immunisation contractors. The Public Health and Environmental Management programs address a range of functions under the *Local Government Act 1993*; the *Public Health Act 1997*; *Food Act 2003*; *Burial and Cremation Act 2002*; *Litter Act 2007*; *Environmental Management and Pollution Control Act 1994*; and numerous by-laws.

Functions of the Environmental Health Department include:

- Food Safety
- Disease prevention and control
- Public Health education and promotion
- Assessment of public events
- Public Health risk activities
- Immunisations
- Animal Control
- Exhumations
- On-site waste disposal systems
- Water carters and private suppliers
- Unhealthy premises
- Cooling towers and warm water systems
- Recreational and Bathing water quality
- Public Health nuisances
- Air, water and soil pollution
- Public Health emergency management
- Street Trading
- Fire hazard abatement
- By-law compliance
- Environmental complaints

Key environmental health outcomes for 2017/18 include the conducting of school immunisation clinics where 890 Meningococcal vaccines were administered to students; and 252 Food Premises licences were issued.



COMMUNITY GRANTS & EVENTS SPONSORSHIP



MAJOR GRANTS

ORGANISATION	DESCRIPTION	AMOUNT FUNDED
Mersey Valley Pony Club	Stage 3 development of the clubrooms	\$7,500
Mersey Valley Devonport Cycling Club	Climb Trail - Kelcey Tier (Stage 5)	\$21,250
City of Devonport Eisteddfod	90th City of Devonport Eisteddfod 2018	\$10,000
Coastal FM	Studio equipment upgrade	\$2,318
Baptcare Karingal Community	Sensory garden for elderly residents with dementia	\$5,000
Mersey Yacht Club	Rescue Boat for junior sail training	\$7,912
Devonport Football Club	Change Room upgrade	\$11,363
North West Hockey Centre	Replacement of ground lighting	\$22,727
Devonport Tennis Club	"Book a Court" software	\$6,500

MINOR GRANTS

ORGANISATION	DESCRIPTION	AMOUNT FUNDED
Scouts Australia, Tasmania Branch/1st Spreyton Scout Group	Camping Equipment	\$1,368
Devonport Table Tennis Association	Umpire chairs	\$1,371
Dragons Abreast North-West Tasmania Inc	Purchase of one expandable shade gazebo	\$2,250
Devonport Choral Society	Band equipment	\$776
Conerstone Youth Services Inc	Cornerstone care packs	\$1,000
Van Diemen Rollers Inc	Community engagement	\$423
Don Cricket Club	Equipment upgrade	\$2,000
Mersey Yacht Club	The Rudder Cup 100th Anniversary of the Melbourne to Devonport	\$2,000
Belgravia Foundation	Seniors Aquatic and Land Program (Full of Life)	\$1,500
Sing Australia Devonport	A free standing promotional flag	\$295
Melrose Memorial	Boundary fencing around Melrose Hall grounds	\$1,500
Multiple Sclerosis	MS Families Wellness Day	\$1,500
Devonport & Districts Junior Football Association	Playing jumper and training equipment project	\$1,169
East Devonport Football Club	Function Room upgrade	\$2,350



MINOR GRANTS

ORGANISATION	DESCRIPTION	AMOUNT FUNDED
City of Devonport Scout Group	Purchase of Australian Standard compliant personal flotation devices (life jackets)	\$1,060
Mersey Valley Devonport Cycling Club	Kelcey Tier Mountain Bike trail development/ signage	\$3,000
Tasmanian Wildlife Rehabilitation Council	Sea Bird Training for Registered Advanced Rehabilitators in Tasmania	\$1,000
St Johns Ambulance Australia Tas	Community First Aid	\$2,991
Playgroup Tasmania	2018 Children's Week Teddy Bears Picnic	\$1,000

SPORT AND RECREATION - GRANTS AND SPONSORSHIP

ORGANISATION	DESCRIPTION	AMOUNT FUNDED
Devonport Athletics Club	Christmas Carnival	\$5,000
Cradle Coast Sports & Events	Triathlon	\$15,000
GTR Events	Tour of Tasmania	\$15,000
Sports Carnival Association of Tasmania	Criterium Event	\$5,000
Football Federation Tasmania	Skills Acquisition Program	\$10,000
North West Indoor Bowls Bias	National Indoor Bowls Championships	\$5,000
Basketball TAS	Under 12 State Championships	\$2,000
Basketball TAS	Pre Season Classic	\$3,000
Basketball TAS	College Invitational	\$2,000
Futsal Tasmania	Australian Futsal Islanders Cup (interstate & state)	\$2,000
Devonport Junior Soccer Association	Devonport Cup - Junior Soccer	\$3,000
Basketball TAS	Tri Series	\$1,500
Squash Tasmania	Tasmanian Squash Open (World Ranking Event)	\$10,000



COMMUNITY PARTNERSHIP AGREEMENTS

ORGANISATION	DESCRIPTION	AMOUNT FUNDED
Devonport Carols by Candlelight	Contribution towards operating costs	\$3,000
Devonport Brass Band	Contribution toward the operations of the Devonport Brass Band	\$10,000
Devonport Community House	Contribution towards the operating costs of the Community Gardens and the Playhouse	\$18,000
Tasmanian Arboretum	Contribution towards operating costs	\$20,000
National Trust of Australia	Contribution towards Home Hill operations	\$28,000
Devonport-Cradle Country Marketing Group	Contribution towards marketing costs	\$15,000
Youth & Family & Community Connections	Subsidised rent for property at 64 Stewart Street for the delivery of service to support young people and families; marketing and promotion; and assistance in funding applications	\$20,000 (In Kind)
Devonport Men's Shed	Contribution towards the operations of the Men's Shed	\$7,000
Devonport Surf Club	Contribution towards the operation of the Devonport Surf Life Saving Club	\$1,818
Eastern Shore Community House	Contribution towards Christmas in the East	\$2,273
Mersey Link	Contribution towards the operation of the Spirit of Devonport	\$25,000
Mersey SES	Contribution towards operating costs	\$17,356



COMMUNITY DONATIONS

ORGANISATION	PROJECT TITLE	AMOUNT FUNDED
Devonport Orchid Society	2017 Orchid Spring Show	\$250
Chat 'n' Choose	30 Year Celebration	\$100
Nixon Street Primary School	End of Year Award	\$50
East Devonport Primary School	End of Year Award	\$50
Reece High School	End of Year Award	\$50
Devonport High School	End of Year Award	\$50
Devonport Primary School	End of Year Award	\$50
Spreyton Primary School	End of Year Award	\$50
Crescendo Choir	Contribution to Overseas Trip	\$250
Don College	End of Year Award	\$50
Fairy Godmothers	Two Julie Burgess passes	\$100
Excel Fitness	Two Julie Burgess passes	\$100

INDIVIDUAL DEVELOPMENT GRANTS

NUMBER OF GRANTS	DESCRIPTION	AMOUNT FUNDED
9	Approved and Paid	\$900
5	Approved and Unclaimed	\$500

SUMMARY OF GRANTS AND BENEFITS

PURPOSE	AMOUNT
Vacant Land Rate Remissions	\$57,600
Independent Living Units Remissions	\$43,718
Not-For-Profit/Community Organisations Rate Remissions	\$26,452
Major Grants	\$94,570
Minor Grants	\$28,553
Sport & Recreation Grants & Sponsorship	\$78,500
Community Partnership Agreements	\$167,447
Individual Development Grants	\$1,400
Community Donations	\$1,150
TOTAL	\$499,390

Council has a Financial Assistance Scheme incorporating financial assistance grants, remissions and donations. These are subject to financial assistance guidelines, including assessment and eligibility criteria which supports an equitable, transparent scheme. Further information on Council's Financial Assistance Scheme, including guidelines, are located on Council's website.

APPENDIX A

AUDITED FINANCIAL STATEMENTS



DEVONPORT CITY COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	BUDGET 2018 \$'000	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
Income from continuing operations				
Recurrent income				
Rates and service charges	5	27,227	27,327	27,334
Fees and charges	6	5,281	5,497	5,324
Grants	7	1,133	3,216	3,200
Contributions - cash	8	50	49	205
Investment revenue from TasWater	9	1,700	1,643	1,679
Other investment revenue	10	867	1,308	1,268
Other income	11	1,028	1,185	1,084
Total recurrent income		37,286	40,225	40,094
Capital items				
Capital grants received specifically for new or upgraded assets	7	9,511	8,675	3,104
Contributions - non monetary assets	8	0	1,323	3,107
Contributions - cash	8	0	0	270
Share of profit of associates accounted for by the equity method	25	141	372	798
Net loss on the disposal of property, infrastructure, plant and equipment	17	(537)	(1,439)	(697)
Donated assets	18	0	0	(360)
Capital works completed on assets not owned by Council	19	0	(420)	(20)
Derecognition of assets	20	0	(516)	(165)
Total capital items		9,115	7,995	6,037
Total income from continuing operations		46,401	48,220	46,131
Expenses from continuing operations				
Employee benefits	12	12,041	11,647	11,441
Materials and services	13	14,507	15,199	14,431
Depreciation	14	8,816	8,427	8,393
Finance costs	15	1,421	1,280	2,654
Other expenses	16	1,097	1,042	1,124
Total expenses from continuing operations		37,882	37,595	38,043
Result from continuing operations		8,519	10,625	8,088
Net result for the year		8,519	10,625	8,088

DEVONPORT CITY COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME Continued

	NOTE	BUDGET 2018 \$'000	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
Other comprehensive income				
Items that may be reclassified to net result				
Fair value adjustment on available for sale assets	24	0	1,119	562
Items that will not be reclassified to surplus/(deficit)				
Net asset revaluation increment/(decrement) - Council	32	0	6,154	4,773
Net asset revaluation increment/(decrement) - Associates	25	0	122	(22)
Total other comprehensive income			7,395	5,313
Total comprehensive result		8,519	18,020	13,401

DEVONPORT CITY COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	NOTE	2018 \$'000	Restated 2017 \$'000
Current assets			
Cash and cash equivalents	21	16,442	16,125
Receivables	22	1,128	1,410
Prepayments	23	164	96
Available for sale assets	26.1	2,397	0
Total current assets		20,131	17,631
Non-current assets			
Receivables	22	28	31
Investment in TasWater	24	87,345	86,226
Investments in associates	25	6,009	5,515
Property, plant and equipment	26	442,010	424,767
Capital work in progress	27	53,415	29,400
Total non-current assets		588,807	545,939
TOTAL ASSETS		608,938	563,570
Current liabilities			
Payables	28	18,864	4,197
Interest bearing liabilities	29	45,159	19,738
Provisions	31	2,103	2,145
Total current liabilities		66,126	26,080
Non-current liabilities			
Payables	28	0	13,000
Other financial liabilities	30	604	307
Provisions	31	437	432
Total non-current liabilities		1,041	13,739
TOTAL LIABILITIES		67,167	39,819
NET ASSETS		541,771	523,751
Equity			
Asset revaluation reserve - Council	32	314,946	308,792
Asset revaluation reserve - Associates	32	1,568	1,446
Other reserves	33	10,948	9,829
Accumulated surplus	32	214,309	203,684
TOTAL EQUITY		541,771	523,751

DEVONPORT CITY COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
STATEMENT OF CHANGES IN EQUITY

2018	Asset Revalutaion Reserve - Council Note 32 (i) \$'000	Asset Revalutaion Reserve - Associate Note 32 (ii) \$'000	Accumulated Surplus Note 32 (iii) \$'000	Other Reserves Note 33 \$'000	Total \$'000
Balance at beginning of year	308,792	1,446	203,684	9,829	523,751
Net result for the year	0	0	10,625	0	10,625
Other comprehensive income	6,154	122	0	1,119	7,395
Transfers between reserves	0	0	0	0	0
Balance at end of year	314,946	1,568	214,309	10,948	541,771

2017 Restated*	Asset Revalutaion Reserve - Council Note 32 (i) \$'000	Asset Revalutaion Reserve - Associate Note 32 (ii) \$'000	Accumulated Surplus Note 32 (iii) \$'000	Other Reserves Note 33 \$'000	Total \$'000
Balance at beginning of year	301,385	1,468	196,005	9,266	508,124
Restated balance at the beginning of the reporting period	304,019	1,468	195,593	9,266	510,346
Net result for the year	0	0	8,088	0	8,088
Other comprehensive income	4,773	(22)	0	562	5,313
Transfers between reserves	0	0	0	0	0
Balance at end of year	308,792	1,446	203,684	9,829	523,751

*Refer to note 4 for details of prior period restatement

DEVONPORT CITY COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

STATEMENT OF CASH FLOWS

	NOTE	2018 \$'000	2017 \$'000
Cash flows from operating activities:			
Rates and other user charges		32,992	31,902
Refunds from Australian Taxation Office for GST		4,963	3,129
Interest		384	494
Contributions - cash		49	205
Government grants and subsidies		3,216	3,200
Investment revenue from TasWater		1,656	2,417
Other investments		901	759
Other receipts		1,415	1,084
Payments to suppliers and employees		(32,124)	(27,460)
Finance Costs		(983)	(544)
Refinance Costs		0	(1,709)
Other payments		(848)	(1,042)
Net cash flows provided by operating activities	38	11,621	12,435
Cash flows from investing activities:			
Proceeds from sale of non-current assets		486	51
Payments from non-current assets		(45,889)	(28,906)
Capital grants		8,675	3,104
Contributions - cash		0	270
Sale proceeds in advance		0	13,000
Loans to community organisations		3	(35)
Net cash used in investing activities		(36,725)	(12,516)
Cash flows from financing activities:			
Proceeds from borrowings		26,189	0
Repayment of borrowings		(768)	(769)
Net cash provided by financing activities		25,421	(769)
Net increase/(decrease) in cash and cash equivalents		317	(850)
Cash and cash equivalents at beginning of the financial year		16,125	16,975
Cash and cash equivalents at end of the financial year	21	16,442	16,125

Reporting Entity

(a) The Devonport City Council was established in 1908 and is a body corporate with perpetual succession and a common seal. Council's main office is located at 137 Rooke Street, Devonport.

(b) The purpose of the Council is to:

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

1. Statement of accounting policies**(a) Basis of accounting**

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

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

This financial report has been prepared on an accrual and going concern basis. This financial report has been prepared under the historical cost convention, except where specifically stated in Notes 24, 26, 29, 30 and 31. Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

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

(b) Judgements and assumptions

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

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

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

1. Statement of accounting policies continued*Employee entitlements*

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

Defined benefit superannuation fund obligations

Actuarial assumptions are utilised in the determination of Council's defined benefit superannuation fund obligations. These assumptions are discussed in Note 34.

Fair value of property plant & equipment

Assumptions and judgements are utilised in determining the fair value of Council's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in Note 1 (g) and Notes 26 and 44.

Investment in water corporation

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in Note 24.

(c) Adoption of New and Amended Accounting Standards**(i) AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107**

This standard is applicable to annual reporting periods beginning on or after 1 January 2017.

Amendments to AASB 107 require additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities. Council has included a reconciliation of liabilities arising from financing activities in the Statement of Cash Flows at Note 38.1.

(d) Pending accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018.

This standard replaced the existing standard, AASB 139 *Financial Instruments: Recognition and Measurement*, and revises classification, measurement and disclosure of financial assets and liabilities. It reduces the number of categories for financial assets and simplifies the measurement choices, including the removal of impairment testing of assets measured at fair value. Classification of financial assets is determined by an entity's business model for holding the particular asset and its contractual cash flows. The amortised cost model is available for debt assets meeting both a business model and cash flow characteristics tests. Amortised cost is to be used for assets with contractual terms giving rise to principal and interest payments. Where the business model is achieved by both collecting the contractual cash flows and from selling the financial asset, it may be classified as fair value through other comprehensive income. Any financial asset not held in either of these classifications, or where designated, will be classified as fair value through profit or loss. 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, where the financial asset is an equity instrument not held for trading, and an irrevocable election is made to present all movements in other comprehensive income.

1. Statement of accounting policies continued

When adopted, the standard requires Council to reclassify all financial assets. This includes Council's classification and accounting for its significant investment in TasWater which is an available-for-sale financial asset. Council currently recognises changes in the fair value of its available-for-sale assets through other comprehensive income. Under AASB 9 Council will make an irrevocable election for its equity investment in TasWater as 'fair value through other comprehensive income' and therefore the adoption of this standard will not impact the way movements in the fair value are accounted for.

The standard also introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Council expects a small increase to impairment losses, however the standard is not expected to have a material impact overall.

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

Council will apply the standard from 1 July 2018 using a retrospective approach with cumulative catch-up. This does not require Council to restate comparative figures, but will require a reconciliation of changes in classification of financial assets and financial liabilities.

(ii) AASB 15 Revenue from Contracts with Customers

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

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

Council has analysed the new revenue recognition requirements noting that future impacts include:

Depending on the respective contractual terms, the new requirements of AASB 15 may result in a change to the timing of revenue from sales of goods and services such that some revenue may need to be deferred as a liability to a later reporting period to the extent that Council has received cash, but has not met its associated performance obligations, (a promise to transfer a good or service).

Grants received to construct non-financial assets controlled by Council will be recognised as a liability, and subsequently recognised progressively as revenue as Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

Other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific.

Grants that are not enforceable and/or not sufficiently specific, will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants for which there are no sufficiently specific performance obligations, for example the Commonwealth Financial Assistance Grants. These grants are and will continue to be recognised as revenue upfront assuming no change to the current grant arrangements.

1. Statement of accounting policies continued

For Council there will be a significant effect in the treatment of all grants with sufficiently specific performance obligations, but where the conditions have yet to be fulfilled at year end. Council currently presents unexpended grant income received in note 7. Council's assessment is that the majority of the amounts received and unexpended for the year, will be deferred as a liability under AASB15 and progressively recorded as income as performance obligations are fulfilled.

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

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

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

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

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

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

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

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

AASB 1058 requires the recognition of Volunteer services where they would have been purchased if not donated and the fair value of those services can be reliably measured. It is estimated that the value of volunteer services donated will be \$650,000 per annum.

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

1. Statement of accounting policies continued**(iv) AASB 16 Leases**

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

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. AASB 16 will result in most of Council's operating leases being brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low-value assets which may remain off the balance sheet.

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

Council has assessed assets leased at "Peppercorn" rates from the Crown and determined that these assets do not meet the recognition criteria under AASB16 as Council does not have the right to direct how and for what purposes the assets are used throughout the period of use, therefore the application of this standard will have limited financial impact.

Lessor accounting under AASB 16 remains largely unchanged. For finance leases, the lessor recognises a receivable equal to the net investment in the lease. Lease receipts from operating leases are recognised as income either on a straight-line basis or another systematic basis where appropriate.

Council has several operating lease receivables. Lease receipts for these are recognised as income on a straight line basis, therefore no change in accounting treatment for these leases is expected.

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

(e) Allocation between current and non-current

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

(f) Taxation

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

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1. Statement of accounting policies continued**(g) Impairment of assets**

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

(h) Rounding

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

(i) Budget

The budgeted revenue and expense amounts in the Statement of Profit or Loss and Other Comprehensive Income represent original budget amounts adopted on 26 June 2017 and are not audited.

(j) Working capital deficit

Council's current liabilities exceed current assets by \$45.9M. The deficit is primarily the result of all borrowings being classified as current.

Council borrowings have been classified as current as they are subject to an annual review. Net current assets are insufficient to cover the borrowings if they were to be repaid in full within 12 months, however, it is not anticipated that these borrowings will be repaid in full within 12 months and it is highly probable that these borrowings will be refinanced. Interest bearing liabilities are disclosed in Note 29.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

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			
	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000	2018 \$'000
Corporate	3,109	27,729	6,799	24,039	139,113
Community, Cultural & Recreation	169	1,117	7,219	(5,933)	5,121
Parking	0	2,689	1,563	1,126	22,452
Economic Development	7,500	199	1,740	5,959	62,713
Roads	1,016	(264)	7,143	(6,391)	135,377
Stormwater	0	46	2,016	(1,970)	74,739
Waste Management	0	4,137	4,158	(21)	1,563
Parks & Gardens	97	145	4,697	(4,455)	162,856
Buildings	0	0	390	(390)	1,797
Infrastructure Administration	0	(282)	394	(676)	3,115
Regulatory Services	0	813	1,476	(663)	92
Total	11,891	36,329	37,595	10,625	608,938

2017 Restated

Programs	Revenue		Expenses	Surplus/ (deficit) for Year	Assets
	Grants	Other			
	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000
Corporate	3,108	27,762	6,503	24,367	124,617
Community, Cultural & Recreation	90	825	7,210	(6,295)	4,759
Parking	0	2,474	1,498	976	8,939
Economic Development	1,500	488	2,890	(902)	39,259
Roads	1,570	1,513	7,195	(4,112)	132,192
Stormwater	0	1,266	1,905	(639)	72,180
Waste Management	0	4,269	4,051	218	1,425
Parks & Gardens	29	407	4,716	(4,280)	165,062
Buildings	0	(54)	373	(427)	11,639
Infrastructure Administration	0	84	117	(33)	3,457
Regulatory Services	7	793	1,585	(785)	41
Total	6,304	39,827	38,043	8,088	563,570

2. Functions/Activities continued**(b) Reconciliation of assets from note 2 with the Statement of Financial Position at 30 June:**

	2018 \$'000	2017 \$'000
Current assets	20,131	17,631
Non-current assets	588,807	545,939
	608,938	563,570

*Refer to Note 4 for details of prior period restatement

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

2. Functions/Activities continued**(c) Council's programs and activities**

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

CORPORATE <i>This Program includes the following activities:</i> Executive Management Receptions and Functions Communication Emergency Management Corporate Services Governance Property Management Customer Services Records Management Elected Members Support Human Resource Management Information Technology Payroll Services Accounting & Finance Corporate Revenue	COMMUNITY, CULTURAL AND RECREATION <i>This Program includes the following activities:</i> Community Development Community Financial Assistance paranaple arts centre paranaple convention centre Recreational Development Devonport Regional Gallery Devonport Aquatic Centre Devonport Recreation Centre East Devonport Recreation Centre Devonport Entertainment & Convention Centre Visitor Information Centre Marketing & Events Bass Strait Maritime Centre Home Hill
ECONOMIC DEVELOPMENT <i>This Program includes the following activities:</i> Living City Project Economic Development	PARKING <i>This Program includes the following activities:</i> Parking
ROADS <i>This Program includes the following activities:</i> Roads Maintenance	STORMWATER <i>This Program includes the following activities:</i> Stormwater Maintenance
WASTE MANAGEMENT <i>This Program includes the following activities:</i> Waste Management Operations	PARKS AND GARDENS <i>This Program includes the following activities:</i> Parks & Open Space Maintenance Cemetery Operations
BUILDINGS <i>This Program includes the following activities:</i> Building Maintenance	INFRASTRUCTURE ADMINISTRATION <i>This Program includes the following activities:</i> Project Management Engineering Services Plant Services
REGULATORY SERVICES <i>This Program includes the following activities:</i> Town Planning & Development Building Permit Authority Plumbing Assessment & Inspections Environmental Health Services Animal Control Emergency Management	

3. Significant business activities

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

2018			
	Parking	Waste Management	Devonport Entertainment & Convention Centre
Operating Statement	\$'000	\$'000	\$'000
Revenue			
Fees and charges	1,706	4,085	233
Donated assets	0	0	0
Other	983	52	69
Grants and contributions	0	0	0
Total Revenue	2,689	4,137	302
Expenses - Direct			
Employee costs	350	499	435
Materials and services	908	3,609	497
Levies and taxes	175	3	38
Total expenses (before depreciation)	1,432	4,111	970
Capital Costs			
Depreciation expense	131	47	179
Opportunity cost of capital	392	37	108
(Gain)/loss on sale of non-current assets	0	0	13
	523	84	300
Competitive neutrality adjustments			
Loan guarantee fees	0	0	0
	0	0	0
Calculated surplus/(deficit)	734	(58)	(968)
Income Tax Equivalent Rate 30%			
Income tax equivalent	220	0	0
Total fully attributed costs	2,176	4,195	1,270

3. Significant Business Activities continued

2017			
	Parking	Waste Management	Devonport Entertainment & Convention Centre
Operating Statement	\$'000	\$'000	\$'000
Revenue			
Fees and charges	1,650	4,259	229
Donated assets	0	0	0
Other	951	10	73
Grants and contributions	0	0	0
Total revenue	2,601	4,269	302
Expenses - direct			
Employee costs	295	474	407
Materials and services	888	3,527	309
Levies and taxes	181	3	37
Total expenses (before depreciation)	1,364	4,004	753
Capital costs			
Depreciation expense	134	47	166
Opportunity cost of capital 2.5%	229	46	109
(Gain)/loss on sale of non-current assets	128	0	0
	491	93	275
Competitive neutrality adjustments			
Loan guarantee fees	0	0	0
	0	0	0
Calculated surplus/(deficit)	746	172	(726)
Income Tax Equivalent Rate 30%			
Income tax equivalent	224	52	0
Total fully attributed costs	2,079	4,149	1,028

Accounting policy

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

- the opportunity cost of capital is calculated at 2.5% of assets; and
- income tax equivalents are calculated using the company tax rate.

4. Correction of a prior period error

As a requirement of the *Urban Drainage Act 2013*, Council is in the process of undertaking significant inspection of its stormwater network. This process will result in more precise information in both the Geographic Information System (GIS) and Asset Register. As a result of this process a number of stormwater assets have been identified as not being correctly stated resulting in corrections being made throughout the 2017/18 financial year. As the majority of corrections relate to assets taken up in prior years it is appropriate to restate the 30 June 2017 comparative figures for the Statement of Financial Position and Changes in Equity in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. In addition to the stormwater assets, a number of road, park and office assets have also been corrected and included with the restated figures.

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

- Property Plant and Equipment adjustments consisting of assets taken up \$2,633,778 and asset disposals of \$411,979 resulted in an overall increase to Property, Plant and Equipment of \$2,221,799.

The carrying amount of assets for 2016/17 increased by \$2,221,799 due to the impact of prior period errors as follows:

- Land assets decreased in value by \$185,926
- Stormwater assets increased in value by \$2,068,295 (net of disposals)
- Road assets increased in value by \$144,994 (net of disposals)
- Parks and Open Space assets increased in value by \$194,436 (net of disposals)

Statement of Comprehensive Income

The adjustment of \$411,979 for assets disposed is an adjustment to the opening accumulated surplus figure as it represents assets which were included on the asset register prior to 1 July 2016.

	Accumulated Surplus (Unadjusted) \$'000	Accumulated Surplus (Adjusted) \$'000	Prior Period Error Adjustment \$'000
Accumulated Surplus			
Balance at 1 July 2016	196,005	195,593	(412)
Transfer to accumulated surplus	8,091	8,091	0
Balance at 30 June 2017	204,096	203,684	(412)

4. Correction of prior period error continued

Statement of Financial Position as at 30 June 2017 (Extract)

	Note	2017 \$'000	Correction of Error \$'000	Restated 2017 \$'000
Non-current assets				
Property, plant and equipment		422,545	2,222	424,767
Total non-current assets		543,717	2,222	545,939
TOTAL ASSETS		561,348	2,222	563,570
NET ASSETS		521,529	2,222	523,751
Equity				
Asset revaluation reserve - Council	32	306,158	2,634	308,792
Accumulated surplus	32	204,096	(412)	203,684
TOTAL EQUITY		521,529	2,222	523,751
Note 26 - Property, plant & equipment (extract)				
Land				
at fair value	26	149,873	(186)	149,687
		149,873	(186)	149,687
Parks and open space				
at fair value	26	23,806	1,011	24,817
less: accumulated depreciation on improvements	26	9,186	816	10,002
		14,620	195	14,815
Roads				
at fair value	26	285,192	210	285,402
less: accumulated depreciation on improvements	26	156,171	65	156,236
		129,021	145	129,166
Storm Water				
at fair value	26	122,511	3,408	125,919
less: accumulated depreciation on improvements	26	52,889	1,340	54,229
		69,622	2,068	71,690
Total infrastructure assets				
at fair value	26	691,563	4,443	696,006
less: accumulated depreciation on improvements	26	269,018	2,221	271,239
		422,545	2,222	424,767

5. Rates and service charges

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

	2018 \$'000	2017 \$'000
General rates	20,969	20,906
Penalty income from overdue rates and charges	99	121
Waste Management rates and charges	3,567	3,753
Fire Service Levy	2,692	2,554
Total rates and service charge	27,327	27,334

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

Accounting Policy

Rate income is recognised as revenue 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.

6. Fees and charges

	2018 \$'000	2017 \$'000
Admission charges	129	211
Animal registrations	96	92
Cemetery fees	208	170
Certificate charges	195	188
Development fees	369	383
Equipment hire fees	10	16
Facility hire	291	254
Fines	661	623
Licences	75	75
Parking fees	1,706	1,650
Property leases and rental	993	985
Sales of goods	246	171
Waste Management fees	518	506
Total Fees and Charges	5,497	5,324

Refer to Note 42 for the aging analysis of contractual receivables.

6. Fees and Charges continued**Accounting Policy****Fees and fines**

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

Property leases and rentals

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

Operating leases as lessor

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

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

All leased properties are recognised at fair value (refer to note 26).

Sale of goods

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

7. Grants

	2018 \$'000	2017 \$'000
Grants - recurrent		
Commonwealth Government Financial Assistance Grants - General Purpose	939	1,222
Commonwealth Government Financial Assistance Grants - Roads	1,196	1,781
State Government - Grant to demolish Maternity Hospital Building	918	79
Arts	90	79
Community projects	16	61
Roads	57	57
Total recurrent grants	3,216	3,200

Conditions on grants

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

Unexpended at the close of the previous reporting period	1,020	0
less: expended during the current period from revenues recognised in previous reporting periods		
Financial Assistance Grants	(1,020)	0
plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions		
Financial Assistance Grants	1,075	1,020
Unexpended at the close of this reporting period	1,075	1,020
Net increase (decrease) in non-reciprocal grant revenues for the year	55	1,020

Capital grants received specifically for new or upgraded assets		
Roads to Recovery	898	865
Black Spot Program	118	418
Community Projects	0	34
State Government - Road Projects	0	287
Urban Renewal - LIVING CITY Project	7,500	1,500
Parks & Open Spaces	159	0
Total capital grants	8,675	3,104
Total grants	11,891	6,304

7. Grants continued**Accounting Policy**

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

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

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

8. Contributions

	2018 \$'000	2017 \$'000
Cash		
Training Contributions	1	0
Sundry	48	100
Natural Disaster Claim	0	99
Developer Contribution	0	6
Total	49	205
Cash - capital		
Natural Disaster Claim	0	270
Total	0	270
Non-monetary assets		
Land	0	0
Parks and Open Space	328	106
Roads	681	1,736
Stormwater	289	1,265
Cultural & Heritage	25	0
Total	1,323	3,107

Accounting Policy

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

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

9. Investment revenue from TasWater

	2018 \$'000	2017 \$'000
Dividend revenue	1,010	1,062
Tax equivalent	483	476
Guarantee fee	150	141
Total investment revenue from TasWater	1,643	1,679

Accounting Policy

Distributions are recognised when Council's right to receive payment is established

10. Other investment revenue

Interest received from investments	394	486
Dulverton dividend revenue	421	230
Dulverton tax equivalent	493	552
Total other investment revenue	1,308	1,268

Accounting Policy

Interest is recognised progressively as it is earned.

Distributions are recognised when Council's right to receive a payment is established.

11. Other income

Commission	210	199
Recoverables	347	332
Miscellaneous	628	553
Total other revenue	1,185	1,084

12. Employee benefits

	2018 \$'000	2017 \$'000
Total wages and salaries	8,682	8,551
Annual and long service leave entitlements	1,194	1,115
Superannuation (Note 34)	1,178	1,114
Workers compensation & payroll tax	834	830
	11,888	1,610
Other employee related expenses	133	161
	12,021	11,771
Less amounts capitalised	(374)	(330)
	11,647	11,441

Accounting Policy

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

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

13. Materials and services

Advertising, printing & other office costs	330	387
Computer services & maintenance	462	440
Consultants	304	740
Contractors	6,354	5,159
General - services & materials	1,312	1,627
Insurance	268	250
Levies & taxes	3,394	3,302
Memberships - organisations	254	253
Plant expenses	616	586
Professional services	110	93
Telephone & postage services	124	126
Utilities	1,671	1,468
	15,199	14,431

Accounting Policy

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

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

14. Depreciation

	2018 \$'000	2017 \$'000
Parks and Open Space	672	776
Buildings	1,439	1,387
Plant	540	588
Furniture and fittings	341	479
Roads	4,222	3,997
Stormwater	1,198	1,151
Cultural heritage	15	15
	8,427	8,393

Accounting Policy

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

Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives 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 remaining values and a separate depreciation rate is determined for each component.

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

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

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

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

15. Finance costs

	2018 \$'000	2017 \$'000
Borrowing fees & charges	91	94
Interest - borrowings	892	544
Market value movement in fair value swaps	297	307
Refinancing costs	0	1,709
	1,280	2,654

Accounting Policy

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

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

16. Other expenses

General expenses	66	65
Bank fees	104	82
Bad and doubtful debts	193	259
Councillors' remuneration	257	257
Grants and community benefits	422	461
	1,042	1,124

Audit fees are included in general expenses. Audit fees including travel expenses paid or payable to the Tasmanian Audit Office to audit the financial statements for 2017/18 total \$50,275 (2016/17: \$44,820). Other audit services performed were the audits relating to grant acquittals for Roads to Recovery funding in 2017/18 \$1,200, (2016/17: \$1,000) and National Disaster Recovery and Relief funding (2016/17: \$6,000)

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 Aldermen Allowances, Expenses and Provision of Facilities Policy".

Accounting Policy

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

17. Net loss on the disposal of assets

	2018 \$'000	2017 \$'000
Proceeds from Sale	486	51
Written Down Value of Assets Disposed	(1,925)	(748)
	(1,439)	(697)

Accounting Policy

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

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

18. Donated assets

Tiagarra	0	(360)
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Council signed a Deed of Transfer document on 28 September 2016, transferring the Tiagarra Aboriginal Centre to Six Rivers Aboriginal Corporation (SRAC). The transfer was completed for nil consideration and represented a donation of assets to SRAC.

19. Capital works completed on assets not owned by council

Derecognition of buildings	(420)	(20)
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During 2017/18 Council carried out construction works on State Government road assets including traffic signals on Fenton, Steele and William Streets and off ramp improvements on Middle Road.

During 2016/17 Council carried out constructions works on behalf of two sporting clubs: Stormwater works at the Devonport Cricket Club \$7,000 and the installation of a plinth at the Devonport Tennis Club totalling \$13,000.

20. Derecognition of assets

Derecognition of infrastructure assets	(516)	(165)
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The fibre optic cables that serviced the former Council Offices at 44-48 Best Street are no longer in use and have now been decommissioned, resulting in a loss on derecognition of \$22,000.

As part of the LIVING CITY Masterplan, Council has designated the southern CBD as the growth area for business services. During the 2016/17 year TasWater relocated their North West office to this area. Council agreed to purchase a number of properties to develop a car park to service this area. Buildings were subsequently demolished, resulting in a loss on derecognition of \$494,000 in 2017/18 and \$165,000 in 2016/17.

21. Cash and cash equivalents

	2018 \$'000	2017 \$'000
Cash at bank and on hand	2,791	3,730
Investments	13,651	12,395
	16,442	16,125

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 7)	(1,075)	(1,020)
- Leave provisions (Note 31)	(2,540)	(2,577)
- Trust funds and deposits (Note 37)	(139)	(159)
Restricted funds	(3,754)	3,756
Total unrestricted cash and cash equivalents	12,688	12,369

Accounting Policy

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

22. Receivables

(i) Current receivables		
Rates	(32)	(119)
Infringement debtors	84	32
Sundry debtors	213	500
Planning & health debtors	8	9
Net GST receivable	487	400
Loans and advances	4	4
Accrued revenue	364	584
Total current receivables	1,128	1,410
(ii) Non-current receivables		
Loans and advances	28	31
Total non-current receivables	28	31

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

Accounting Policy

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.

23. Prepayments

	2018 \$'000	2017 \$'000
Current		
Prepayments	164	96
	164	96

Accounting Policy

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

24. Investment in TasWater

Opening Balance	86,226	85,664
Fair Value Adjustments on Available-for-Sale Assets	1,119	562
Total Investment in TasWater	87,345	86,226

Council has derived returns from TasWater as disclosed at Note 9.

Accounting Policy

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2018, Council held a 5.44% ownership interest in TasWater which is based on schedule 2 of the Corporation's Constitution. Any unrealised gains and losses are recognised through the Statement of Profit or Loss and Other Comprehensive Income to a Fair Value Investment Reserve each year. (Refer note 32)

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's investment is not traded in an active market and is only sensitive to fluctuations in the value of TasWater's net assets.

On 1 May 2018 TasWater and the State Government announced a memorandum of understanding under which the State Government will inject \$20 million per year for the next ten years into TasWater and in return will become a shareholder of TasWater. As a shareholder the State Government will not receive any dividend distributions. The partnership provides for a reduction in forecast price increases, accelerated infrastructure upgrades and a joint focus on major projects. As at the date of these financial statements, the owner councils and the State Government were working together on the nature of the future reforms.

25. Investments in associates

	2018 \$'000	2017 \$'000
Investments in associates accounted for by the equity method are as follows:		
Dulverton Regional Waste Management Authority	6,009	5,515

Dulverton Regional Waste Management Authority

Dulverton Regional Waste Management Authority is a Joint Authority established under the Local Government Act 1993 (as amended). Further information is provided in Note 39 (i).

Council's ownership interest in the Authority at 30 June 2018 was 43.45% (43.45% in 2017)

Reconciliation		
Reconciliation of the carrying amount at the beginning and end of the current and previous period is set out below:		
Authority's profit/(loss) before tax	3,219	3,381
Add: Prior year adjustment	(428)	0
Less: Authority's tax expense	(966)	(1,014)
Authority's profit/loss after tax	1,825	2,367
Council's equity interest	43.45%	43.45%
Percentage share of profit after tax	793	1,028
Share of dividends paid by Authority	(421)	(230)
Share of profit of authority recognised in income statement	372	798

Movement in carrying value of investment

Carrying amount at beginning of period	5,515	4,739
Council's share of profit after tax	372	798
Share of asset revaluation	122	(22)
Fair value at the period end	6,009	5,515

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

Total Assets	23,895	18,459
Total Liabilities	10,065	5,766
Revenue	10,498	10,290

The investment value in Dulverton Regional Waste Management Authority recognised in the 2018 financial year is based on draft financial results, as provided to Council for inclusion in its financial report. Any adjustments will be recognised by Council in the 2019 financial year.

Accounting Policy

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

26. Property, plant & equipment

	2018 \$'000	2017 \$'000
(a) (i) Land		
at fair value	148,936	149,687
Freehold land is comprised of the following:		
Parks, Reserves & General Land	63,887	64,209
Other land (including under infrastructure)	85,049	85,478
	148,936	149,687
(ii) Parks and open space		
at fair value	23,301	24,817
Less: Accumulated Depreciation	9,630	10,002
	13,671	14,815
(iii) Buildings		
at fair value	106,218	93,320
Less: Accumulated Depreciation	44,229	42,794
	61,989	50,526
(iv) Plant		
at cost	7,526	7,408
Less: Accumulated Depreciation	4,582	4,543
	2,944	2,865
(v) Furniture and fittings		
at cost	4,725	4,541
Less: Accumulated Depreciation	3,538	3,282
	1,187	1,259
(vi) Total cultural and heritage assets		
at fair value	5,289	4,912
Less: Accumulated Depreciation	168	153
	5,121	4,759
(vii) Total infrastructure assets		
at fair value	427,342	411,321
Less: Accumulated Depreciation	219,180	210,465
	208,162	200,856
Infrastructure assets comprise:		
Roads	133,816	129,166
Stormwater	74,346	71,690
	208,162	200,856
Total net value of non-current assets	442,010	424,767

Information relating to the determination of Fair Value for each relevant asset class is included at Note 44.

*Refer to Note 4 for details of prior period restatement.

26. Property, plant and equipment continued
Reconciliation of property, plant and equipment

2018	Note Ref	Land \$'000	Parks and Open Space \$'000	Buildings \$'000	Plant \$'000	Furniture and Fittings \$'000	Roads \$'000	Stormwater \$'000	Cultural and Heritage \$'000	Total \$'000
Asset values										
Carrying amount at beginning of reporting period		149,687	24,817	93,320	7,408	4,541	285,402	125,919	4,912	696,006
Additions at cost		1,242	234	13,152	717	507	5,378	1,768	16	23,014
Contributed assets at valuation		0	328	0	0	0	681	289	25	1,323
Assets at initial recognition		0	0	0	0	0	0	0	0	0
Disposals	17,19	(210)	(410)	(703)	(599)	(171)	(3,609)	(472)	(26)	(6,200)
Revaluations in period		(596)	(1,710)	2,960	0		8,385	3,612	226	12,877
Internal transfers & adjustments		0	45	(62)	0	(119)	0	0	136	0
Closing balance		148,936	23,301	106,218	7,526	4,725	296,226	131,116	5,289	723,337
Accumulated depreciation										
Opening balance		0	10,002	42,794	4,543	3,282	156,236	54,229	153	271,239
Depreciation provided in period	14	0	672	1,439	540	341	4,222	1,198	15	8,427
Written off on disposals	17, 19	0	(93)	(152)	(501)	(134)	(2,651)	(228)	0	(3,759)
Adjustment on asset revaluation		0	(950)	1,477	0	0	4,621	1,571	0	6,719
Internal transfers & adjustments				(60)		60	(13)			(13)
Carrying amount at end of reporting period		0	9,630	44,229	4,582	3,538	162,410	56,770	168	281,327
Total written down value 30 June 2018		148,936	13,671	61,989	2,944	1,187	133,816	74,346	5,121	442,010

26. Property, plant and equipment continued

Reconciliation of property, plant and equipment

Restated 2017*	Note Ref	Land \$'000	Parks and Open Space \$'000	Buildings \$'000	Plant \$'000	Furniture and Fittings \$'000	Roads \$'000	Stormwater \$'000	Cultural and Heritage \$'000	Total \$'000
Asset values										
Opening balance at valuation		148,772	21,824	87,503	6,899	5,697	273,512	122,998	4,683	671,888
Adjusted opening balance at valuation		148,586	22,835	87,503	6,899	5,697	273,722	126,406	4,683	676,331
Additions at Cost		1,101	1,007	816	652	115	4,724	1,060	3	9,478
Contributed assets at valuation		0	106	0	0	0	1,736	1,265	0	3,107
Donations		0	0	0	0	0	0	0	0	0
Disposals	17,19	0	(75)	(1,000)	(143)	(325)	(2,209)	0	0	(3,752)
Revaluations in period		0	624	5,028	0	0	7,734	(2,812)	226	10,800
Internal transfers & adjustments		0	320	973	0	(946)	(305)	0	0	42
Total asset value		149,687	24,817	93,320	7,408	4,541	285,402	125,919	4,912	696,006
Accumulated depreciation										
Opening balance		0	8,210	39,299	4,057	3,339	149,702	52,288	138	257,033
Adjusted opening balance		0	9,026	39,299	4,057	3,339	149,767	53,628	138	259,254
Depreciation provided in period	14	0	776	1,387	588	479	3,997	1,151	15	8,393
Written off on disposals	17, 19	0	(60)	(422)	(102)	(321)	(1,572)		0	(2,477)
Adjustment on asset revaluation		0	237	2,309	0	0	4,052	(550)	0	6,048
Internal transfers		0	23	221	0	(215)	(8)	0	0	21
Carrying amount at end of reporting period		0	10,002	42,794	4,543	3,282	156,236	54,229	153	271,239
Total written down value 30 June 2017		149,687	14,815	50,526	2,865	1,259	129,166	71,690	4,759	424,767

26. Property, plant and equipment continued**Accounting Policy****Acquisition and recognition**

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

Assets acquired as part of the LIVING CITY project have been accounted for under AASB 116 *Property, Plant and Equipment* and not AASB 140 *Investment 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 Profit or Loss and Other Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

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

In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

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

Revaluation

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

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

26. Property, plant and equipment continued

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

Recognition and measurement of assets

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 44.

Where 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.

Land under roads

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

26.1 Assets held for sale

	2018 \$'000	2017 \$'000
Internal transfer from Land	1,783	0
Internal transfer from Buildings	1,335	0
Internal transfer from Furniture & fittings	22	0
Internal transfer from Parks & open spaces	2	0
Internal transfer from Roads	6	0
	3,148	0
Impairment adjustment	(751)	0
Total	2,397	0

Council is in the process of selling the following properties:

- 169 Steele Street, Devonport - Former Maternity Hospital site - vacant residential land
- 1-3 North Caroline Street, East Devonport - Keiko Childcare - land and buildings
- Fenton Villas - Devonport - land and buildings
- Lot 65, 24-26 Triton Road, East Devonport - vacant residential land

With the exception of the Triton Road vacant land the written valuations and offers received were below the carrying values of the assets and therefore impairment adjustments have been recognised. The majority of the impairment adjustment relates to the former Maternity Hospital site. The site was purchased from the State Government under an agreement whereby Council demolished the building and made the site available for sale. A grant was received from the State Government to cover the costs of the building demolition.

Accounting Policy

A non-current asset held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and is not subject to depreciation. Non-current assets, disposal groups and related liabilities are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

27. Capital work in progress - at cost

	2018 \$'000	2017 \$'000
Parks and Open Space	249	560
Buildings	2,521	372
Living City Project	48,520	24,360
Plant	88	357
Furniture and Fittings	83	235
Roads	1,561	3,026
Stormwater	393	490
	53,415	29,400

28. Payables

Current		
Trade creditors	766	400
Accruals	4,780	3,539
Income in advance	179	99
Sale proceeds in advance	13,000	0
Trust funds	139	159
	18,864	4,197
Non-Current		
Sale proceeds in advance	0	13,000
	0	13,000

Sale proceeds in advance relate to the State Government purchase of a portion of the paranapple centre building. The transfer is expected to be concluded in 18/19 after the paranapple centre building strata titles are issued.

29. Interest bearing liabilities

Current		
Borrowings - secured	45,159	19,738
Non-Current		
Borrowings - secured	0	0
Loan movements	45,159	19,738
Opening balance	19,738	20,507
Loans raised	26,189	0
Repayments	(768)	(769)
Book value at period end	45,159	19,738
The maturity profile for council's borrowings is:		
Not later than one year	45,159	19,738
Later than one year and not later than five years	0	0
Later than five years	0	0
Total	45,159	19,738

29. Interest bearing liabilities continued

Council's loans are secured by a floating charge over rates income. The construction loan relating to LIVING CITY projects is secured by a mortgage over properties within the LIVING CITY development. For further information on the classification of borrowings refer to Note 1(j).

Accounting Policy

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

Operating leases as lessee

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

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

30. Other financial liabilities

	2018 \$'000	2017 \$'000
Derivative Financial Instruments	604	307

Accounting Policy

Council has entered into interest rate swaps to protect it from adverse changes in interest rates over time. Council is recognising the movements in the swaps through the Statement of Profit and Loss and Other Comprehensive Income. Council has not elected to apply hedge accounting to the transactions as per AASB 9 *Financial Instruments*. Details of the fair value of the swaps is included in Note 42.

31. Provisions

	2018 \$'000	2017 \$'000
Current		
Employee entitlements		
Annual leave	981	1,006
Long service leave	1,122	1,139
	2,103	2,145
Non-current		
Employee entitlements		
Long service leave	437	432
	437	432
	2,540	2,577

Included in the above employee entitlements balances is an allowance for oncosts amounting to \$163,480 (\$165,868 for 2017). As at 30 June 2018, Devonport City Council had 142 full time equivalent employees (144 for 2017).

Accounting Policy**Short term employee benefit obligations**

Liabilities for wages and salaries, rostered days off, annual leave and long service leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled, including appropriate 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.

Other long term employee benefit obligations

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

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

Sick leave

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

32. Capital and capital reserves

	2018 \$'000	Restated* 2017 \$'000
(i) Asset revaluation reserve - Council		
Movements in the asset revaluation reserve were as follows:		
Balance at the beginning of the year	308,792	301,385
Correction of prior period error		2,634
Adjustment for roundings	(4)	
Increment/(decrement) to capital non-current assets at end of period to reflect a change in current fair value:		
Land	(596)	0
Parks and open space	(760)	387
Buildings	1,483	2,719
Roads	3,764	3,682
Stormwater	2,041	(2,262)
Cultural & heritage	226	247
	6,154	4,773
Balance at end of year	314,946	308,792
(ii) Asset revaluation reserve - Associate		
Movements in the asset revaluation reserve - Associate were as follows:		
Balance at the beginning of the year	1,446	1,468
Share of asset revaluation movement - Associate (Note 25)	122	(22)
Balance at end of year	1,568	1,446
(iii) Accumulated surplus		
Movements in the accumulated surplus as follows:		
Balance at the beginning of the year	203,684	196,005
Correction of prior period error		(412)
Surplus/Deficit	10,625	8,088
Adjustment for roundings		3
Balance at end of year	214,309	203,684

*Refer to Note 4 for details of prior period restatement

Accounting Policy**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.

32. Capital and capital reserves continued**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.

33. Other reserves

	2018 \$'000	2017 \$'000
(a) Reserves held for funding future capital expenditure:		
Fair Value investment reserve	10,948	9,829
	10,948	9,829
(b) Movements in capital reserves are analysed as follows:		
Balance B/Fwd	9,829	9,266
Fair value adjustment on available for sale assets	1,119	563
Balance as at 30 June	10,948	9,829

Accounting Policy

As at 30 June 2018 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.

34. Superannuation

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund). The Fund was a sub fund of the Quadrant Superannuation Scheme (the Scheme) up to 30 November 2015. At this date the Quadrant Superannuation Scheme merged (via a Successor Fund Transfer) into the Tasplan Super and the Quadrant Defined Benefits Fund became a sub fund of Tasplan Super (Tasplan) from that date. The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employer. As provided under paragraph 34 of AASB 119 *Employee Benefits*, Council does not use defined benefit accounting for these contributions.

For the year ended 30 June 2018 the Council contributed 9.5% 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.

Rice Warner Pty Ltd undertook the last actuarial review of the Fund at 30 June 2017. The review disclosed that at that time, the net market value of assets available for funding member benefits was \$58,940,000, the value of vested benefits was \$51,170,000, the surplus over vested benefits was \$7,770,000 and the value of total accrued benefits was \$50,606,000. 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 statement for Council employees.

34. Superannuation continued

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

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

The actuarial review concluded that:

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

The Actuary recommended that in future, the Council contribute 9.5% of salaries in 2017/18 and 0% from 1 July 2018 to 30 June 2021. The Actuary will continue to undertake a brief review of the financial position of the Fund at the end of each financial year to confirm that the contribution rates remain appropriate. The next full triennial actuarial review of the Fund will have an effective date of 30 June 2020 and is expected to be completed late in 2020.

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

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

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

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

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

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

34. Superannuation continued

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

The Trust Deed does not contemplate the Fund withdrawing Tasplan. However it is likely that Rule 27.4 would be applied in this case (as detailed above). The Fund is a defined benefit Fund. The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets are liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. Thus the Fund is not able to prepare standard AASB119 defined benefit reporting.

During the reporting period the amount of contributions paid to defined benefits schemes was \$67,424 (\$70,988 2016/17), and the amount paid to accumulation schemes was \$1,110,916 (\$1,042,779 2016/17).

During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$0, and the amount expected to be paid to accumulation schemes is \$1,181,679.

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

An analysis of the assets and vested benefits of sub-funds participating in the Scheme, prepared by Rice Warner Pty Ltd as at 30 June 2017, showed that the Fund had assets of \$58.9 million and members' Vested Benefits were \$51.2 million. These amounts represented 0.7% and 0.6% respectively of the corresponding total amounts for Tasplan.

As at 30 June 2017 the fund had 134 members and the total employer contributions and member contributions for the year ending 30 June 2017 were \$1,777,084 and \$267,506 respectively.

	2018 \$'000	2017 \$'000
Employer Contributions to:		
Defined Benefits Fund	67	71
Accumulation Schemes	1,111	1,043
	1,178	1,114

35. Commitments

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

	2018 \$'000	2017 \$'000
Purchase commitments for material supplies & equipment	12,074	53,211
Commitments are payable as follows:		
Not later than 1 year	12,074	53,211

Accounting Policy

Commitments are not recognised in the Statement of Financial Position. Commitments are disclosed in this Note at their nominal value and inclusive of the GST payable. The 2018 total includes commitments to complete the construction of Stage 1 of the LIVING CITY project totalling \$10,505,000 including GST (\$51,983,708 in 2017).

36. Contingent liabilities

There are no known claims pending against Council which would exceed current insurance arrangements held at 30 June 2018.

Accounting Policy

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

37. Trust funds

Trust deposits	139	159
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Council performs only a custodial role in respect of these monies, and because the monies cannot be used for Council purposes, they are not brought to account in these financial statements as income. Trust monies are invested with a financial institution in an appropriate interest-earning account. The deposits are bearing floating interest rates of 1.5% as at June 30 (2017 2.0%).

Accounting Policy

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

38. Reconciliation of cash flows from operating activities to surplus/(deficit)

	2018 \$'000	2017 \$'000
Surplus/(deficit)	10,625	8,088
Depreciation and amortisation	8,427	8,393
Non-cash donations subsidies and contributions	(1,323)	(3,107)
Share of profit in associate	(372)	(798)
Net (gain)/loss on disposal of assets	1,439	697
Derecognition of assets	516	165
Donated assets	0	360
Market value movement in fair value swaps	297	307
Investing activity		
Capital grants and contributions	(8,675)	(3,374)
Changes in operating assets and liabilities:	309	2,643
(Increase)/Decrease in receivables	282	300
(Increase)/Decrease in prepayments	(68)	(20)
Increase/(Decrease) in payables	510	1,448
Increase/(Decrease) in employee provisions	(37)	(24)
	687	1,704
Net cash inflow from operating activities	11,621	12,435

38.1 Reconciliation of liabilities arising from financing activities

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

Interest-bearing loans and borrowings		
Opening balance	19,738	20,507
Other movements		
Transfers to/(from) other Government entity		
Changes from financing cash flows:		
Cash received	26,189	
Cash repayments	(768)	(769)
Closing balance	45,159	19,738

39. 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 the regional landfill site at Dulverton. As at 30 June 2018 the ownership share for Devonport was 43.45%

Value of ownership share	6,009	5,515
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39. Joint Authorities continued**(ii) Cradle Coast Authority**

The Council is a subscribing member of the Cradle Coast Joint Authority together with Burnie, Central Coast, Circular Head, Kentish, 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.

40. Controlling Authority transactions

	2018		2017	
	Income	Expenditure	Income	Expenditure
	\$'000	\$'000	\$'000	\$'000
Maidstone Park Management Controlling Authority	10	8	11	10
Total	10	8	11	10

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

41. Related party transactions**(i) Responsible persons**

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

Aldermen

S. Martin (Mayor until 9 March 2018)

A. Rockliff (Deputy Mayor, and Acting Mayor from 26 March 2018)

L. Perry (Acting Deputy Mayor from 26 March 2018)

C. Emmerton

G. Goodwin

A. Jarman

L. Laycock

J. Matthews

T. Milne

P. West

General Manager

M. Atkins

Deputy General Manager

S. Crawford (Resigned 24/11/2017)

Executive Manager

J. Griffith (Commenced 5/02/2018)

Executive Manager

Executive Manager

K. Peebles

41. Related party transactions continued

(ii) Aldermen remuneration

2018	Short-term employee benefits		Post employment benefits			
	Allowances	Vehicles ²	Super ¹	Total Compensation AASB 124	Expenses ³	Total Section 72
	\$	\$	\$		\$	\$
Mayor	73,699	6,458	0	80,157	4,102	84,259
Deputy Mayor	38,050		0	38,050	4,031	42,081
Aldermen	145,298		0	145,298	27,290	172,588
Total	257,048	6,458	0	263,506	35,423	298,929

2017	Short-term employee benefits		Post employment benefits			
	Allowances	Vehicles ²	Super ¹	Total Compensation AASB 124	Expenses ³	Total Section 72
	\$	\$	\$	\$	\$	\$
Mayor	73,369	6,581	0	79,950	3,620	83,570
Deputy Mayor	37,346		0	37,346	3,620	40,966
Aldermen	146,734		0	146,734	25,340	172,074
Total	257,449	6,581	0	264,030	32,580	296,610

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

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

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

The expenses relates to notional parking benefit of \$1,810 per permit per annum

(iii) Key management personnel remuneration

2018	Short-term employee benefits			Post employment benefits				
	Salary ¹	Vehicles ²	Other benefits ³	Super ⁴	Other long term benefits ⁵	Termination benefits ⁶	Non - monetary benefits ⁷	Total
Employee	\$	\$	\$	\$	\$	\$	\$	\$
K Peebles	92,220	660	9,384	12,701	0	0	1,815	116,780
S Crawford	57,408	4,073	2,410	7,477	0	73,946	(69,237)	76,077
J Griffith	53,846	1,305	0	6,731	0	0	5,766	67,648
M Atkins	148,059	8,715	10,067	22,095	19,846	0	(9,309)	199,473
P West	221,484	10,365	16,594	28,274	0	0	13,097	289,814
Total	573,017	25,118	38,455	77,278	19,846	73,946	(57,868)	749,792

41. Related party transactions continued

2017	Short-term employee benefits			Post employment benefits				
	Salary ¹	Vehicles ²	Other benefits ³	Super ⁴	Other long term benefits ⁵	Termination benefits ⁶	Non - monetary benefits ⁷	Total
Employee	\$	\$	\$	\$	\$	\$	\$	\$
K Peebles	87,823	0	8,010	11,700	0	0	4,093	111,626
S Crawford	129,777	5,188	9,725	16,902	0	0	8,952	170,544
M Atkins	142,769	7,679	13,040	21,088	19,185	0	(10,876)	192,885
P West	219,133	8,303	14,008	28,561	0	0	11,577	281,582
Total	579,502	21,170	44,783	78,251	19,185	0	13,746	756,637

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

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

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

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

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

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

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

(iv) Remuneration principles**Aldermen**

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

Executives

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

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

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

41. Related party transactions continued**(v) Transactions with associates**

Council's interests in associates is detailed in note 25.

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

	2018	2017
	\$	\$
Commercial office space supplied by Council (subject to lease)	16,685	16,558
Utilities and other sundry reimbursements	790	1,629
Parking	3,180	3,180
Dividend Received	421,465	230,285
Cost of transfer of waste to the regional facility maintained by DRWMA	2,333,559	2,326,314

At 30 June 2018 Council owed DRWMA \$390,441 for the provision of services at standard commercial terms (\$173,049 in 2017).

Amounts are on an accruals basis and are inclusive of GST.

(vi) Transactions with related parties

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

2018

	Amount	Outstanding balance at year end	
Nature of transaction	\$	\$	Terms and conditions
Marketing*	22,000	0	As per agreement

2017

	Amount	Outstanding balance at year end	
Nature of transaction	\$	\$	Terms and conditions
Marketing*	66,000	0	As per agreement
Sign-writing**	8,178	0	Standard terms and conditions

*Council pays for marketing and promotion to a company which has a relative of a member of Council's KMP as a director.

** Council pays for signage to a business controlled by a close relative of a KMP

Amounts are on an accruals basis and are inclusive of GST.

(Vii) Transactions with related parties that have not been disclosed

Most of the entities and people that are related parties of Council live and operate within the municipal area. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- payment of rates on a primary residence or commercial property
- dog registration
- use of Council's recreation facilities

Council has not included these types of transactions in its disclosure where they have been made on the

42. Financial instruments

(a) Accounting policy, terms and conditions

Recognised financial instruments	Note	Accounting policy	Terms and conditions
Financial assets			
Cash and cash equivalents	21	Cash on hand and at bank and short term deposit accounts are valued at face value. Interest is recognised as it accrues.	Cash and deposits returned interest at rates between 1.00% and 2.70% (1.00% and 3.10% in 2016/2017). The weighted average interest rate at balance date was 2.52% (2.87% in 2016/2017).
Receivables	22	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.
Financial liabilities			
Payables	28	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within relevant trading terms.
Interest bearing loans	29	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 2.80% (2.71% in 2016/2017).
Other financial liabilities	30	Interest rate swaps are recognised at the mark to market or fair value amount as determined by a third party. The movement in fair value is recognised as part of finance costs.	The interest rate swaps represent fixed interest charges varying between 2.09% and 2.92% (2.09% and 2.92% in 2016/ 2017). Terms range between 3 years and 7 years.

42. Financial instruments continued

Financial liabilities continued			
Bank overdraft	21	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates and is repayable on demand. The average interest rate on available overdraft was 8.46% (8.46% in 2016/2017).
		2018	2017
		\$	\$
Available bank overdraft facility at year end		100,000	\$100,000
Utilised bank overdraft facility at year end		0	0
Corporate credit cards		Credit card balances are recognised at the principal amount. Interest is charged as an expense as it accrues.	The credit card facility is secured by a mortgage over Council's general rates. The balance is paid in full on a monthly basis.
		2018	2017
		\$	\$
Available credit card facility at year end		70,000	70,000
Utilised credit card facility at year end		16,225	19,558

42. 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:

2018	Floating interest rate \$'000	Fixed interest maturing In:				Total \$'000
		1 year or less \$'000	Between 1 and 5 years \$'000	More than 5 years \$'000	Non-interest bearing \$'000	
Financial assets						
Cash and cash equivalents	4,442	12,000	0	0	0	16,442
Receivables	0	4	19	10	637	669
Investment in water corporations	0	0		0	87,345	87,345
	4,442	12,004	19	10	87,982	104,456
Financial liabilities						
Payables	0	0	0	0	5,546	5,546
Other financial liabilities	604	0	0	0	0	604
Interest bearing liabilities	0	45,159	0	0	0	45,159
	604	45,159	0	0	5,546	51,309
Net financial assets/(liabilities)	3,838	(33,155)	19	10	82,436	53,147

2017	Floating interest rate \$'000	Fixed interest maturing in:				Total \$'000
		1 year or less \$'000	Between 1 and 5 years \$'000	More than 5 years \$'000	Non-interest bearing \$'000	
Financial assets						
Cash and cash equivalents	3,730	12,395	0	0	0	16,125
Receivables	0	4	20	11	1,006	1,041
Investment in water corporations	0	0	0	0	86,226	86,226
	3,730	12,399	20	11	87,232	103,392
Financial liabilities						
Payables	0	0	0	0	3,939	3,939
Other financial liabilities	307	0	0	0	0	307
Interest bearing liabilities	0	19,738	0	0	0	19,738
	307	19,738	0	0	3,939	23,984
Net financial assets/(liabilities)	3,423	(7,339)	20	11	83,293	79,408

42. Financial instruments continued

Council has entered into interest rate swaps to protect it from adverse changes in interest rates over time. Council is recognising the movements in the swaps through the Statement of Profit and Loss and Other Comprehensive Income. Council has not elected to apply hedge accounting to the transactions as per AASB 9 *Financial Instruments*. Six swaps are in place at 30 June 2018;

Amount	Date (effective)	Term (years)	Interest Rate	Line Fee & Margin
\$5,000,000	31/10/2016	5	2.09%	0.85%
\$5,500,000	31/10/2016	7	2.26%	0.85%
\$5,000,000	31/10/2017	7	2.41%	0.85%
\$10,000,000	2/01/2018	3	2.47%	0.85%
\$10,000,000	2/01/2018	5	2.73%	0.85%
\$10,000,000	2/01/2018	7	2.92%	0.85%

As at 30 June 2018 the fixed interest rate on the swaps exceeded the variable rate with the following impact on the market value of the total swaps:

Amount	Date (effective)	Term (years)	Interest Rate	Impact of Swap
\$5,000,000	31/10/2016	5	2.09%	(4,181)
\$5,500,000	31/10/2016	7	2.26%	(18,217)
\$5,000,000	31/10/2017	7	2.41%	(3,628)
\$10,000,000	2/01/2018	3	2.47%	107,774
\$10,000,000	2/01/2018	5	2.73%	219,135
\$10,000,000	2/01/2018	7	2.92%	303,500
Total				604,383

(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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Financial assets				
Cash and cash equivalents	16,442	16,125	16,442	16,125
Receivables	669	1,041	669	1,041
Investment in water corporation	87,345	86,226	87,345	86,226
Total financial assets	104,456	103,392	104,456	103,392
Financial liabilities				
Payables	5,546	3,939	5,546	3,939
Other financial liabilities	604	307	604	307
Interest-bearing loans and borrowings	45,159	19,738	45,159	19,738
Total financial liabilities	51,309	23,984	51,309	23,984

42. Financial instruments continued**(d) Credit risk**

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

(e) Risks and mitigation

The risks associated with Council's main financial instruments and the policies for minimising these risks are detailed below.

Market risk

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

Interest rate risk

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

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

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

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

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

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

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

42. Financial instruments continued**Credit risk**

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

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

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

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

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

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

Ageing of trade and other receivables

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

	2018 \$'000	2017 \$'000
Current (less than 1 year)	527	861
Past due by over 1 year	56	60
Past due by over 2 years	27	27
Past due by over 3 years	12	11
Past due by over 4 years	47	51
Total Trade & Other Receivables	669	1,010

Ageing of individually impaired trade and other receivables

At balance date, there were no impaired debtor amounts identified (2016/17 \$0). No provision has been raised against debtors at year end (2016/17: \$0). All long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

42. Financial instruments continued**Liquidity risk**

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

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

To help reduce these risks Council:

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

Council's exposure to liquidity risk is deemed insignificant based on prior periods data and current assessment of risk. The table below lists the contractual maturities for financial liabilities. These amounts represent undiscounted gross payments including both principal and interest amounts.

The table below lists the contractual maturities for financial liabilities. These amounts represent undiscounted gross payments including both principal and interest amounts.

2018	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	1-2 years \$'000	>5 years \$'000	Contracted cash flow \$'000	Carrying amount \$'000
Payables	5,546	0	0	0	0	5,546	5,546
Other financial liabilities	0	0	0	322	282	604	604
Interest bearing liabilities	1,034	44,623	0	0	0	45,656	45,159
Total financial liabilities	6,580	44,623	0	322	282	51,806	51,309

2017	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	1-2 years \$'000	>5 years \$'000	Contracted cash flow \$'000	Carrying amount \$'000
Payables	3,939	0	0	0	0	3,939	3,939
Other financial liabilities	0	0	0	62	245	307	307
Interest bearing liabilities	651	19,629	0	0	0	20,280	19,738
Total financial liabilities	4,590	19,629	0	62	245	24,526	23,984

42. Financial instruments continued**(f) Sensitivity disclosure analysis**

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

- A parallel shift of + 1% and -1% in market interest rates (AUD)

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

2018		Interest Rate Risk			
		-1%		+1%	
		-100 basis points		+100 basis points	
	2018 \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets:					
Cash and cash equivalents	16,442	(164)	(164)	164	164
Receivables	32	0	0	0	0
Financial liabilities:					
Other financial liabilities	604	-6	-6	6	6
Interest bearing liabilities	45,159	452	452	(452)	(452)

2017		Interest Rate Risk			
		-1%		+1%	
		-100 basis points		+100 basis points	
	2017 \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets:					
Cash and cash equivalents	16,125	(161)	(161)	161	161
Receivables	35	0	0	0	0
Financial liabilities:					
Other financial liabilities	307	-3	-3	3	3
Interest bearing liabilities	19,738	197	197	(197)	(197)

(g) Fair value hierarchy

The table on the following page 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.

42. Financial instruments continued

	Level 1	Level 3	Total
30 June 2018	\$	\$	\$
Available for sale financial assets	0	87,345	87,345
Derivative financial liabilities	604	0	604

	Level 1	Level 3	Total
30 June 2017	\$	\$	\$
Available for sale financial assets		86,226	86,226
Derivative financial liabilities	307	0	307

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

Reconciliation of Level 3 fair value movements	2018	2017
	\$'000	\$'000
Opening balance	86,226	85,664
Fair value adjustments on available for sale assets	1,119	562
Closing balance	87,345	86,226

43. Management indicators

	Benchmark	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
(a) Underlying surplus or deficit					
Recurrent income* less		40,542	39,773	39,331	38,629
Recurrent expenditure**		39,034	38,548	36,308	36,295
Underlying surplus/(deficit)	0	1,508	1,225	3,023	2,334

* Recurrent income excludes income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature. The total excludes the prepaid 2018/19 Financial Assistance Grant of \$1,075,000 received in June 2018 and includes the prepaid 2017/18 Financial Assistance Grant of \$1,020,000 received in June 2017.

** Recurrent expenditure includes loss on disposal of property, plant & equipment of \$1,439,000.

Council has reported an underlying surplus for the 2018 year, which exceeds the benchmark of a break-even result.

(b) Underlying surplus ratio					
Underlying surplus or deficit		1,508	1,225	3,023	2,334
Recurrent income		40,542	39,773	39,331	38,629
Underlying surplus ratio	0%	3.72%	3.08%	7.69%	6.04%

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

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

(c) Net financial liabilities					
Liquid assets less		17,570	17,535	18,685	19,774
Total liabilities*		54,167	26,819	26,290	26,632
Net financial liabilities	0	(36,597)	(9,284)	(7,605)	(6,858)

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.

*Total liabilities has been adjusted for the \$13,000,000 proceeds on the sale of the LINC and Service Tasmania footprint in the multi-purpose building currently under construction.

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

At 30 June 2018 the balance of these loans totalled \$36,635,408 (2017 \$10,869,597).

(d) Net financial liabilities ratio					
Net financial liabilities		(36,597)	(9,284)	(7,605)	(6,858)
Recurrent income*	0% - (50%)	40,542	39,773	39,331	38,629
Net financial liabilities ratio %		(90.27%)	(23.34%)	(19.34%)	(17.75%)

43. Management indicators continued**(d) Net financial liabilities ratio continued**

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

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

	Benchmark	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
(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					
Depreciated replacement cost		13,671	14,620	13,573	3,715
Gross replacement cost		23,301	23,806	21,779	5,784
Asset consumption ratio %	40-60%	59%	61%	62%	64%
Buildings					
Depreciated replacement cost		61,989	50,526	48,204	48,608
Gross replacement cost		106,218	93,320	87,503	90,168
Asset consumption ratio %	40-60%	58%	54%	55%	54%
Roads					
Depreciated replacement cost		133,816	129,021	123,630	122,522
Gross replacement cost		296,226	285,192	272,377	268,232
Asset consumption ratio %	40-60%	45%	45%	45%	46%
Stormwater					
Depreciated replacement cost		74,346	69,622	67,720	64,267
Gross replacement cost		131,116	117,962	117,962	111,400
Asset consumption ratio %	40-60%	57%	59%	57%	58%

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.

(f) Asset renewal funding ratio					
An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the strategic asset management plan of Council.					
Parks and open space					
Projected capital funding outlays**		2,776	3,677	2,967	4,224
Projected capital expenditure funding***		9,401	8,508	6,784	7,415
Asset renewal funding ratio %	90-100%	30%	43%	44%	57%

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

43. Management indicators continued		2018	2017	2016	2015
(f) Asset renewal funding ratio continued	Benchmark	\$'000	\$'000	\$'000	\$'000
Buildings					
Projected capital funding outlays**		8,480	7,989	6,193	6,213
Projected capital expenditure funding***		4,700	4,700	4,230	4,700
Asset renewal funding ratio %	90-100%	180%	170%	146%	132%
Roads					
Projected capital funding outlays**		34,669	35,544	28,994	32,759
Projected capital expenditure funding***		36,283	34,351	29,662	31,771
Asset renewal funding ratio %	90-100%	96%	103%	98%	103%
Stormwater					
Projected capital funding outlays**		6,681	5,955	4,773	5,029
Projected capital expenditure funding***		315	235	110	110
Asset renewal funding ratio %	90-100%	2121%	2534%	4339%	4572%

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

** Projected capital funding outlays per the long term financial plan.

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

This ratio measures Council's capacity to fund future asset replacement requirements, by comparing the budgeted renewal expenditure to the projected capital expenditure requirements in the Asset Management Plans. This ratio should be considered over a longer period of time, at least 10 years to assess if Council is adequately funding the renewal of its assets. Council adopted a Financial Management Strategy in June 2018 which included a Long Term Financial Plan to 30 June 2028. That Plan included data that demonstrated Council has, on average over the 10 year life of the Plan, provided funding to renew assets in accordance with the Asset Management Plans.

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

This ratio is not subject to audit.

(g) Asset sustainability ratio					
Capex on replacement/renewal of existing assets		5,026	5,581	5,035	3,699
Annual depreciation expense		8,427	8,393	8,666	8,702
Asset sustainability ratio %	100%	60%	66%	58%	43%

43. Management indicators continued**(g) Asset sustainability ratio continued**

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.

By Asset Class:	Capital renewal expenditure \$'000	Capital new expenditure \$'000	Total capital expenditure cash flow \$'000
Land	0	0	0
Parks and open space	154	166	320
Buildings*	464	39,375	39,839
Plant	91	364	455
Furniture and fittings	186	21	207
Roads	3,990	479	4,469
Stormwater	141	458	599
Total	5,026	40,863	45,889

* The buildings category above includes \$36,800,341 in relation to Living City

44. Fair value measurements

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

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

Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as assets held for sale. These assets are disclosed in note 26.1. A description of the valuation techniques and the inputs used to determine the fair value these assets is included below under the heading 'Assets held for sale'.

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

(a) Fair value hierarchy

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

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

44. Fair value measurements continued**(a) Fair value hierarchy continued**

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 2018.

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 2018	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Investment in water corporation	24	0	0	87,345	87,345
Land	26	0	147,749	0	147,749
Buildings	26	0	41,484	19,325	60,809
Roads, including footpaths and cycleways	26	0	0	133,810	133,810
Stormwater	26	0	0	74,346	74,346
Parks & open space	26	0	0	13,669	13,669
Cultural and heritage	26	0	5,121	0	5,121
Other financial liabilities	30	(604)	0	0	(604)
		(604)	194,354	328,495	522,849
Non - recurring fair value measurements					
Assets held for sale	26.1	2,375	0	0	2,375
		2,375	0	0	2,375
As at 30 June 2017 Restated*					
Recurring fair value measurements					
Investment in water corporation	24	0	0	86,226	86,226
Land	26	0	149,687	0	149,687
Buildings	26	0	30,897	19,629	50,526
Roads, including footpaths and cycleways	26	0	0	129,166	129,166
Stormwater	26	0	0	71,690	71,690
Parks & open space	26	0	0	14,815	14,815
Cultural and heritage	26	0	4,759	0	4,759
Other financial liabilities	30	(307)	0	0	(307)
		(307)	185,343	321,526	506,562
Non - recurring fair value measurements					
Assets held for sale	26.1	0	0	0	0
		0	0	0	0

*Refer to Note 4 for details of prior period restatement

44. Fair value measurements continued**Transfers between levels of the hierarchy**

Council's policy is to recognise transfers in and out of the fair value hierarchy levels at the end of the reporting period. There have not been any transfers between levels at 30 June 2018.

(b) Highest and best use

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

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

Refer to note 24 and 42 for detail of valuation techniques used to derive fair values.

Land

Land fair values were determined by the office of the Valuer General during the year ended 30 June 2015. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current planning provisions.

Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

Land under roads

All land under roads is calculated based on the applicable land area recorded by Council and the land values provided by the Valuer General in 2015. The most significant input into this valuation approach is price per square metre.

Land under roads has been categorised as either urban residential land or rural land in accordance with Council data. The relevant square metre rates have then been applied to the land area. The rates were supplied by the office of the Valuer General and have been discounted by 30% to reflect the nature of the land.

Buildings

Where there is a market for Council building assets, fair value has been determined by applying the statutory values assigned by the office of the Valuer General during the year ended 30 June 2015 and subsequent adjustment factors. Fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre. These buildings have been classified as level 2 in the Table above.

Where Council buildings are of a specialist nature (eg public amenities) and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential. The gross current values have been derived from reference to market data for recent projects and costing guides. Construction costs applicable to these assets have been indexed using appropriate independent construction indexes. These buildings have been classified as level 3 in the Table above.

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

44. Fair value measurements continued

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.

Infrastructure assets

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

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

The unit rates (labour and materials) and quantities applied to determine the GRC of an asset or asset component were based on a "Greenfield" assumption meaning that the GRC 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 14.

The calculation of CRC involves a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made by qualified and experienced staff, different judgements could result in a different valuation.

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 2016. Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. Urban and rural roads are generally managed in segments from intersection to intersection. All road segments are then componentised into formation, pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. Pavements constructed post 1993 have longer asset lives as they require more stringent quality assurance on material selection and pavement design.

CRC is based on the road area multiplied by a unit price; the unit price being an estimate of labour and material inputs, services costs, and overhead allocations. Council uses known pavement thickness for most assets and applies a 350mm default when unknown. For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and labour wage rates are based on Council's Enterprise Agreement (EA). Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years.

44. Fair value measurements continued*Stormwater*

A full valuation of stormwater infrastructure was undertaken by Council staff effective 30 June 2017. Similar to roads, drainage assets are managed in segments; pits and pipes being the major components.

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

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

Parks & open space

A full valuation of parks & open space was undertaken by Council staff effective 30 June 2018. The asset class is reviewed between valuations and indexed as required.

Cultural and heritage

The valuation of Council's art collection was determined by D. Bett, an independent art valuer, as at 4 November 2011. The art collection is indexed annually using the rates determined by the independent valuer.

Other financial liabilities

Refer to note 42 for detail of valuation techniques used to derive fair values.

Assets held For sale

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

(e) Changes in fair value measurements

The changes in assets and liabilities with recurring fair value measurements are detailed in Note 26 and 42. Transfers between level 1, 2 or 3 measurements that relate to non - recurring fair value measurements are detailed in the table below.

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Investment in water corporation	24	0	0	0	0
Land	26	0	(1,187)	0	(1,187)
Buildings	26	0	(1,180)	0	(1,180)
Roads, including footpaths and cycleways	26	0	0	(6)	(6)
Stormwater	26	0	0	(2)	(2)
Parks & open space	26	0	0	0	0
Cultural and heritage	26	0	0	0	0
Other financial liabilities	30	0	0	0	0
		0	(2,367)	(8)	(2,375)

44. Fair value measurements continued

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Non - recurring fair value measurements					
Assets held for sale	26.1	2,375	0	0	2,375
		2,375	0	0	2,375
		2,375	(2,367)	(8)	0

(f) Valuation processes

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

Council's current policies for the valuation of property, infrastructure, plant and equipment and investment in water corporation are set out in Note 24 and 26.

(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 42)

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

Certification of the Financial Report

The financial report presents fairly the financial position of the Devonport City Council as at 30 June 2018, 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: 30 October 2018

Independent Auditor's Report

To the Aldermen of Devonport City Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Devonport City Council (Council), which comprises the statement of financial position as at 30 June 2018 and statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the statement of certification by the General Manager.

In my opinion the accompanying financial report:

- (a) presents fairly, in all material respects, Council's financial position as at 30 June 2018 and its financial performance and its cash flows for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

Basis for Opinion

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

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

My audit responsibility does not extend to the budget figures included in the financial report, the asset renewal funding ratio disclosed in note 43, nor the Significant Business Activities disclosed in note 3 to the financial report and accordingly, I express no opinion on them.

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

Responsibilities of the General Manager for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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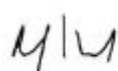
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on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Council to cease to continue as a going concern.

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

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



Rod Whitehead
Auditor-General

Tasmanian Audit Office

9 November 2018
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