



*The City with Spirit*

ANNUAL REPORT 2019



### **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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# MAYOR'S REPORT

It is a pleasure to present Devonport City Council's Annual Report. This report provides an insight into Council's achievements over the past twelve months, as well as outlining future plans and information regarding our current financial position.

There is no doubt the 2018/19 year was another busy one for Council in terms of both development and community activities.

The opening of Stage 1 of the LIVING CITY project was a particular highlight. Stage 1 was a \$70M investment in Devonport and incorporates the impressive new multi-purpose civic building, the paranple centre, which is home to a state-of-the-art Library, integrated customer service centre including Service Tasmania, a cafe, Devonport Online, Council offices and the 800-seat conference centre. It also includes a multi-level car park and a food pavilion which will showcase the region's premium produce.

The project has been a collaboration between the three levels of government with funding provided by the Devonport City Council, and the Tasmanian and Australian governments. The results achieved to date for Stage 1 point to the success of the new facilities. The number of non-Council events hosted in the paranple centre since opening in September last year has far exceeded expectations.

Work has just begun on Stage 2, the Waterfront Precinct, which will include a \$40M waterfront hotel being developed privately, and the Waterfront Park.

The Waterfront Precinct enables Council to achieve the long-held community vision of opening the CBD to the river.

Importantly, this work will be undertaken without debt as Council was fortunate to secure a \$10M Federal Government grant which will be supplemented by cash reserves.

The \$1M Southern Rooke Street Renewal project was one of the key developments undertaken during 2018/19. This was a major piece of work which took several months to complete. I would like to thank retailers for their patience during

construction and I am sure all would agree that the amenity of the area has improved dramatically as a result of the work undertaken.

A \$700K resealing program, the Wenvoe Street renewal from Steele Street to the car park, safety improvements at the intersection of Parker and Ronald Streets and Stage 1 of the Winspears Road renewal were among the major transport projects undertaken while the William stormwater catchment upgrade (Stage 8) was the main stormwater project.

Once again, Devonport unveiled a rich range of community events including the Devonport Jazz Festival, Devonport Food and Wine, the Christmas Parade, New Year's Eve celebrations and the Festival of Learning. All these events were not only well attended by local people, but also attracted people from outside the city, which in turn supports our local retailers.

Local volunteers played essential roles in ensuring these events were extremely successful and I thank all of them for giving their time.

In October last year Local Government elections were held with five new faces joining Council - Councillors John Alexiou, Gerard Enniss, Peter Hollister, Sally Milbourne and Leigh Murphy.

I would also like to pay tribute to Charlie Emmerton, Grant Goodwin, Jeff Matthews and Tammy Milne, who either retired from Council or were not re-elected.

To our General Manager Paul West and all our staff I thank you for your work over the last 12 months and I have no doubt that our city will continue to thrive.

**Cr Annette Rockliff, Mayor**

# GENERAL MANAGER'S REPORT



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 2018. There have been many successes during the past 12 months, which have been highlighted and summarised throughout the Report.

Council achieved an adjusted underlying surplus of \$334K for the year, following the exclusion of the \$1.895M Fair Value Adjustment on the swaps included within its loan portfolio. From an accounting perspective Council is required to book the movement in the swaps, however it is a 'book entry only' and represents the future possible movements on the swaps as a result of the downward movement in the Reserve Bank's official interest rates, and as such does not directly relate to Council operations in 2018/19.

Included within the Annual Report are comments in relation to the financial management of Council and the results achieved for the year in review. Council was the subject of an external audit and it is noted that an unqualified audit opinion was received from the Tasmanian Audit Office on 27 September 2019.

Council has also been the subject of several inquiries and reviews during the year, particularly surrounding the LIVING CITY Project. The most significant of these was the Report of the Auditor-General relating to the Council's procurement processes which was tabled in Parliament on 19 September 2019.

The Auditor-General considered five (5) specific issues relating to procurement processes in relation to the LIVING CITY project and provided detailed findings on each. As part of his inquiry the Auditor-General determined that there had been shortcomings in relation to the Providore Place lease agreement.

At the same time, it is important to acknowledge the Auditor-General in releasing his Report to Parliament was also quoted as saying *"other than issues raised with the lease agreement, the Council had performed*

*effectively in all other aspects of the audit"*.

As this is my last contribution to Devonport City Council, I can say that being General Manager at Devonport has been extremely rewarding and I am proud of all we have accomplished in this time on behalf of the community. I always undertook my role with Council diligently and with the best interests of the community in mind. As previously publicly stated though, I accept my share of accountability in relation to the Providore Place lease issue.

When I applied for the role at Devonport it was very clear the then Council only wanted a General Manager who would not only support, but actively work with the Council on implementing the LIVING CITY vision. I have done that and sincerely believe those involved in LIVING CITY will in the future be applauded for not only their foresight, but also for their determination in seeing it delivered.

Rome was not built in a day and the rejuvenation of Devonport is going to take time. It should be remembered that a project the size of LIVING CITY is about building for the future not just for today.

I will end with the following relevant quote from renowned 19<sup>th</sup> century author Nelson Henderson:

*"The true meaning of life is to plant trees; under whose shade you do not expect to sit."*

A handwritten signature in blue ink that reads "Paul West".

**Paul West, General Manager**

**25 October 2019**

# 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.

Image credit: Adriana Abel 'Julie' - Distinctly Devonport competition entry.

### **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.





# THE COUNCIL

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

For the period July 2018 - October 2018, the elected members were:

- Ald Charlie Emmerton
- Ald Grant Goodwin
- Ald Alison Jarman
- Ald Lynn Laycock
- Ald Jeff Matthews
- Ald Tammy Milne
- Ald Leon Perry (Acting Deputy Mayor)
- Ald Annette Rockliff (Acting Mayor)

Local Government elections were held in October 2018, with the following elected to office:

- Cr John Alexiou
- Cr Gerard Enniss
- Cr Peter Hollister
- Cr Alison Jarman (Deputy Mayor)
- Cr Lynn Laycock
- Cr Sally Milbourne
- Cr Leigh Murphy
- Cr Leon Perry
- Cr Annette Rockliff (Mayor)

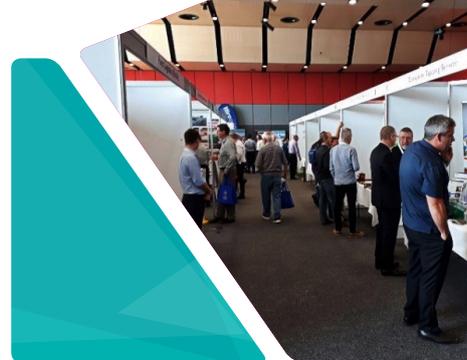
At the December 2018 Council meeting, the elected members determined that their official title should be changed from 'Alderman' to 'Councillor'.



From left to right:  
Cr Alexiou, Cr Laycock, Cr Murphy,  
Mayor - Cr Rockliff, Cr Hollister,  
Cr Milbourne, Cr Enniss,  
Deputy Mayor - Cr Jarman, Cr Perry

Image credit: Kelly Slater

# 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.

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

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

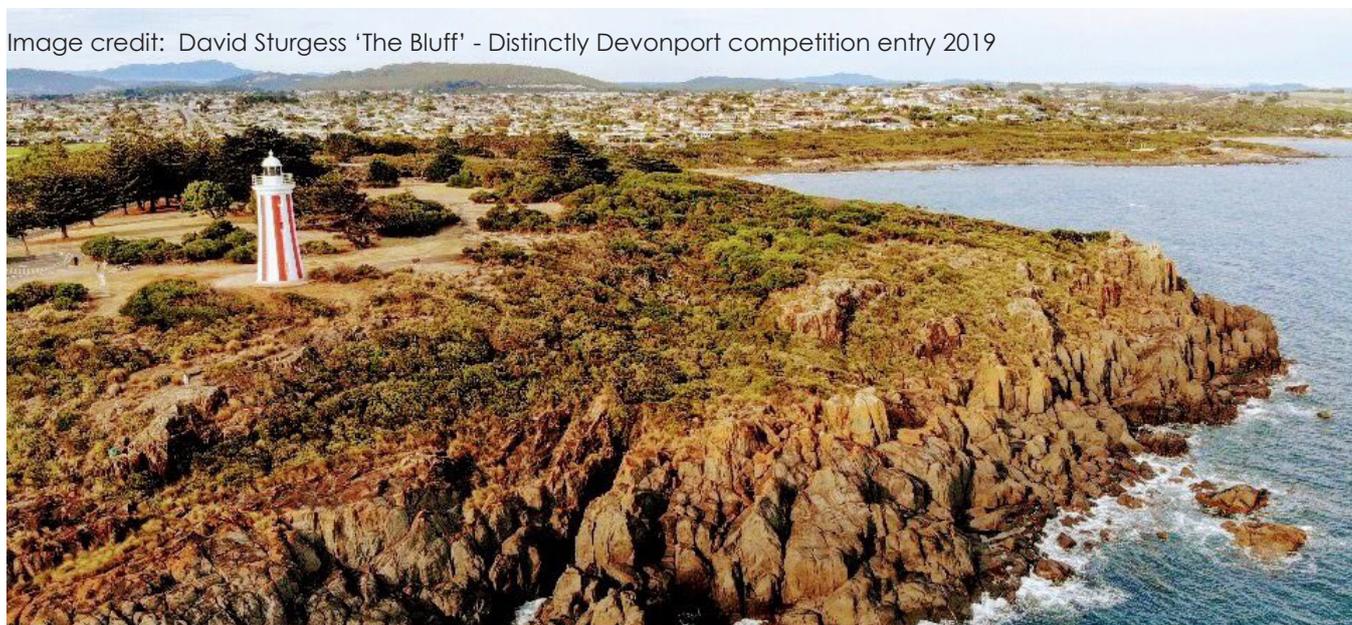
Council meetings are held on a monthly basis and Section 23 Committees (apart from the Planning Authority which meets on an as required basis) meet bi-monthly.

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 and Section 23 Committee 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, which is an 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.

Image credit: David Sturgess 'The Bluff' - Distinctly Devonport competition entry 2019



# COMMITTEE REPRESENTATION



## Council & Section 23 Committee Meetings July 2018 - October 2018

Council	Workshops	Planning Authority Committee	Governance, Finance & Community Services Committee	Infrastructure, Works & Development Committee
All Aldermen	All Aldermen	Acting Mayor, Ald Rockliff (Chair)	Acting Mayor, Ald Rockliff (Chair)	Acting Deputy Mayor, Ald Perry (Chair)
		Ald Emmerton	Ald Emmerton	Ald Goodwin
		Ald Goodwin	Ald Goodwin	Ald Jarman
		Ald Matthews	Ald Jarman	Ald Laycock
		Ald Milne	Ald Laycock	Ald Matthews
		Acting Deputy Mayor, Ald Perry	Ald Milne	Acting Mayor, Ald Rockliff

## Council & Section 23 Committee Meetings November 2018 - June 2019

Council	Workshops	Planning Authority Committee	Governance, Finance & Community Services Committee	Infrastructure, Works & Development Committee
All Councillors	All Councillors	Mayor, Cr Rockliff (Chair)	Deputy Mayor, Cr Jarman (Chair)	Cr Perry (Chair)
		Cr Alexiou	Cr Alexiou	Cr Enniss
		Cr Hollister	Cr Enniss	Cr Hollister
		Cr Milbourne	Cr Laycock	Deputy Mayor, Cr Jarman
		Cr Murphy	Cr Milbourne	Cr Laycock
		Cr Perry	Mayor, Cr Rockliff	Cr Murphy



# REPRESENTATION ON OTHER COMMITTEES



Local Government	July 18 - October 18	November 18 - June 19
Local Government Association of Tasmania	Ald Rockliff, Ald Perry (proxy)	Cr Rockliff, Cr Jarman (proxy)
<b>Shareholdings in Corporations</b>		
TasWater	Ald Goodwin, Ald Perry (proxy)	Cr Rockliff, Cr Jarman (proxy)
<b>Membership/Joint Authorities</b>		
Dulverton Regional Waste Management Authority	Ald Rockliff, Ald Perry (proxy), General Manager	Cr Rockliff, Cr Jarman (proxy) & General Manager
Cradle Coast Authority Representatives Group	Ald Perry, General Manager	Cr Jarman, Cr Perry (proxy) & General Manager
<b>Controlling Authorities &amp; Board Membership</b>		
Maidstone Park Controlling Authority	Ald Rockliff	Cr Rockliff & Cr Milbourne
Tasmanian Arboretum Inc	Ald Rockliff	Cr Rockliff & Cr Milbourne
<b>Special Interest Groups/Working Groups</b>		
Active City Special Committee	Ald Rockliff, Ald Matthews & Ald Perry	Cr Alexiou, Cr Ennis & Cr Milbourne
Community Financial Assistance Committee	Ald Emmerton, Ald Goodwin & Ald Rockliff	Cr Rockliff, Cr Hollister & Cr Murphy
Dame Enid Lyons' Trust Fund	Ald Emmerton & Ald Rockliff	Cr Rockliff & Cr Laycock
Devonport Food & Wine Festival Committee	Ald Goodwin & Ald Laycock	Cr Jarman & Cr Laycock, Cr Milbourne (proxy)
Devonport Jazz Committee	Ald Jarman, Ald Milne & Ald Laycock	Cr Alexiou, Cr Hollister & Cr Jarman
paranaple arts centre Special Advisory Committee (formerly Devonport Regional Gallery Advisory Board)	Ald Jarman & Ald Milne	Cr Hollister, Cr Jarman
East Devonport Special Interest Group	Ald Jarman & Ald Rockliff, Ald Emmerton (proxy)	Cr Alexiou & Cr Murphy, Cr Jarman (proxy)
General Manager's Performance Review Committee	Ald Emmerton, Ald Laycock, Ald Perry & Ald Rockliff	Cr Rockliff, Cr Jarman, Cr Hollister, Cr Laycock & Cr Perry
Liveable City Special Interest Group	Ald Milne & Ald Rockliff, Ald Jarman (proxy)	Cr Rockliff & Cr Jarman
Maritime and Heritage Committee	Ald Goodwin & Ald Laycock	Cr Laycock & Cr Murphy
Public Art Advisory Special Interest Group	Ald Jarman, Ald Matthews & Ald Milne	Incorporated to paranaple arts centre Special Advisory Committee
<b>External Committees</b>		
Cement Australia Community Liaison Committee	Ald Goodwin	Cr Hollister
Mersey-Leven Emergency Management Committee	Ald Rockliff, Ald Perry (proxy)	Cr Rockliff, Cr Jarman (proxy)
Mersey Bluff SeaWalk Committee	Ald Goodwin, Ald Jarman (proxy)	Cr Jarman, Cr Ennis
<b>Statutory Council Committees</b>		
Audit Panel	Ald Emmerton, Ald Goodwin & Ald Perry (proxy)	Cr Perry and Cr Murphy

# COUNCILLOR ATTENDANCE STATEMENT



No. of Meetings	Council	Workshop Sessions	Planning Authority		Governance Finance & Community Services		Infrastructure Works & Development		Leave of Absence (approved during period)
	15	27	6		5		6		
			Member	Non-Member	Member	Non-Member	Member	Non-Member	
Mayor, Cr Rockliff	15	26	6	0	5	0	2	3	
Cr Alexiou**	11	20	4	0	3	0	0	4	
Cr Enniss**	10	18	0	4	3	0	4	0	
Cr Hollister**	11	18	4	0	0	3	3	0	2-17 February 2019
Cr Jarman	15	27	0	5	5	0	6	0	
Cr Laycock	14	26	0	6	4	0	6	0	2-29 July 2018
Cr Milbourne**	10	20	4	0	3	0	0	4	
Cr Murphy**	11	19	3	0	0	3	4	0	
Cr Perry	14	25	6	0	0	5	5	0	18 June - 6 July 2018, and 13 - 30 June 2019
Ald Emmerton*	4	6	2	0	2	0	0	2	
Ald Goodwin*	4	5	1	0	2	0	2	0	
Ald Matthews*	2	3	0	0	0	1	2	0	15 August - 27 September 2018
Ald Milne*	4	5	2	0	2	0	0	2	

\* Elected Member until 2 November 2018

\*\* Elected 2 November 2018



Image credit: Kelly Slater - New Year's Eve

# SUMMARY OF DECISIONS BY COUNCIL IN 2018/19



Meeting	No. of Meetings	Open Session Items	Closed Session Items	Total	% Items dealt with in Closed Session
Council*	15	182	19	201	9.45%
Governance Finance & Community Services Committee	5	56	4	60	6.66%
Infrastructure, Works & Development Committee	6	45	0	45	0%
Planning Authority Committee	6	15	0	15	0%
<b>TOTAL</b>	<b>32</b>	<b>298</b>	<b>23**</b>	<b>321</b>	<b>7.16%</b>

\*Includes Special Meetings and Annual General Meeting.

\*\* In addition to the 23 items listed in Closed Session, there were also 5 Leave of Absence Requests and 8 Minutes of Joint Authorities (provided to Council on the condition that they remain confidential).



Image credit: Kelly Slater - Spring Fair

# COUNCILLOR ALLOWANCES & EXPENSES



Elected Member	Mayoral Allowance \$	Deputy Mayoral Allowance \$	Councillor Allowance \$	Mileage \$	iPad \$	Conference - Professional Development Attendance \$	Travel, Accom. & Meal Expenses \$	Meeting Expenses \$	Mobile Phone \$	Total \$
Mayor, Cr Rockliff	55,213	-	22,085	10,500	463	2,326	1,269	-	255	92,110
Deputy Mayor, Cr Jarman*	-	10,615	22,085	-	463	1,253	460	-	-	34,876
Cr Alexiou^^	-	-	13,583	-	223	430	250	-	-	14,486
Cr Ennis^^	-	-	13,583	-	223	630	379	-	-	14,815
Cr Hollister^^	-	-	13,583	-	223	823	-	-	-	14,629
Cr Laycock	-	-	22,085	-	463	1,393	922	-	-	24,863
Cr Milbourne^^	-	-	13,583	-	223	1,023	-	-	-	14,829
Cr Murphy^^	-	-	13,583	-	223	-	-	-	-	13,806
Cr Perry**	-	6,215	22,085	-	463	-	585	-	-	29,348
Ald Emmerton^	-	-	7,951	-	240	-	-	-	-	8,191
Ald Goodwin^	-	-	7,951	-	240	-	307	-	-	8,498
Ald Matthews^	-	-	7,951	-	240	-	-	-	-	8,191
Ald Milne^	-	-	7,951	-	240	-	344	-	-	8,535
Other Non - Attributable	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>55,213</b>	<b>16,830</b>	<b>188,059</b>	<b>10,500</b>	<b>3,926</b>	<b>7,878</b>	<b>4,515</b>	<b>0</b>	<b>255</b>	<b>287,176</b>
Budget	55,292	17,510	201,365	10,500	3,300	15,000	11,450	1,000	700	316,117
<b>BALANCE UNSPENT</b>	<b>79</b>	<b>680</b>	<b>13,306</b>	<b>0</b>	<b>(626)</b>	<b>7,122</b>	<b>6,935</b>	<b>1,000</b>	<b>445</b>	<b>28,941</b>
% Spent	100%	96%	93%	100%	119%	53%	39%	0%	36%	91%

Note: Expenditure in the above table is reported as and when the account is paid

\* Deputy Mayor from 2/11/18

\*\* Acting Deputy Mayor 1/7/18 - 2/11/18

^ Elected Member between 1/7/18 - 2/11/18

^^ Elected member from 2/11/18

# STRATEGIC PLANNING FRAMEWORK

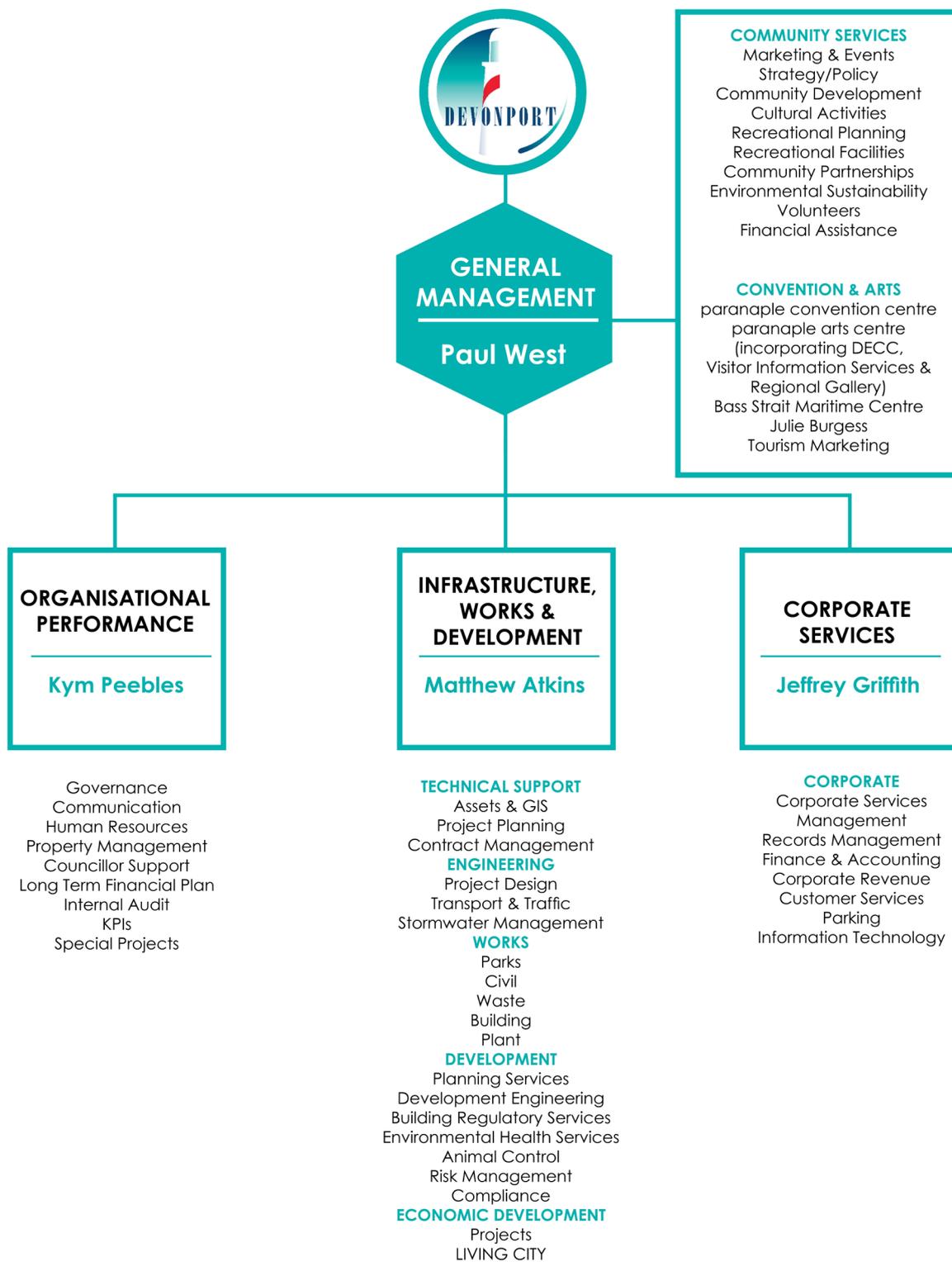


The Strategic Plan outlines the desired objectives and strategies of the community, which is subsequently endorsed by Council. In late 2018, Council undertook a review of its Strategic Plan 2009-2030. Consultation commenced in November and concluded in March 2019. As the Plan has now been in place for ten years, it was considered appropriate and timely to focus the review on the goals, outcomes and strategies section of the Plan. Feedback received provided evidence that there remains a high level of support for Council's key goals. The revised Plan was adopted by Council on 29 April 2019.

Image credit: Kelly Slater



# ORGANISATIONAL STRUCTURE



# WORKFORCE PROFILE



Category	Full-Time	Part-Time	Casual
Male	88	7	8
Female	39	19	14
<b>TOTAL</b>	<b>127</b>	<b>26</b>	<b>22</b>
General Manager	1	-	-
Deputy General Manager	1	-	-
Executive Managers	1	1	-
Administrative/Technical	61	11	3
Operations/Works	54	6	-
Facilities/Satellite Sites	9	8	19

Council's number of Full Time Equivalent (FTE) employees for 18/19 was 142.75 (stable compared to the 17/18 figure of 142). The percentage of female staff is 41% (a slight increase on 17/18) and the percentage of male staff is 59% (a slight decrease compared to 17/18). Staff turnover rate for 18/19 Financial Year was 10.59% (down from 12.10% in 17/18).

## WORKERS COMPENSATION INFORMATION

Policy Year Ending	Number of Workers Compensation Claims Lodged with Insurer	Current Open Claims*	Gross Value Incurred by the Insurer (including estimates)
30/06/2019	12	5	\$307,785.07
30/06/2018	6	1	\$24,244.86
30/06/2017	7	0	\$27,839.69
30/09/2016	20	0	\$128,445.62
30/06/2015	12	0	\$201,329.20
30/06/2014	8	0	\$20,368.14

\*as at 30 June 2019

Absenteeism Stats	2018/19	2017/18	2016/17
Lost Time Injury Frequency Rate (LTIFR)*	52.6	26.25	17.5
Medical Treatment Injury Frequency Rate (MTIR)*	10.5	17.5	34.9
Absenteeism (Sick Leave - average number of days lost)	10.4 days	10.2 days	10.8 days

\*No. of injuries per million hours worked.

## 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 (Please 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).	Adopted by Council in July 2017.
Community Engagement Guidelines (assists staff to determine when and how to engage with the community).	Community engagement principles are incorporated in the Community Engagement Policy.
Annual Plan.	In accordance with S71 of the <i>Local Government Act 1993</i> , Council prepares each financial year, an Annual Plan for the municipal area. Current Annual Plan adopted by Council 24 June 2019.
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 24 June 2019.
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, including a Transport Asset Management Plan adopted by Council in August 2018, 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 24 June 2019.
Risk Policy (outlines Council's commitment and approach to minimising the risks to Council's operations).	Council's Risk Policy is included within the Risk Management Framework.
Fraud Policy (outlines Council's commitment and approach to minimising risk of fraud).	Fraud and Corruption Control Policy adopted by Council in January 2019.
Municipal Emergency Management Plan (Plan for emergency prevention, response and recovery).	The Municipal Emergency Management Plan was adopted by Council in April 2019.
Procurement Policy (matters, practices and procedures that apply to purchases of goods, services and works).	Code for Tenders and Contracts, and Purchasing Policy adopted by Council in July 2017.
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. The revised Business Continuity Policy was adopted by the Management Team in January 2019.
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 April 2019.

# 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).	Internal Safety Audits were successfully trialled in 2018/19. A schedule has been developed for 2019/20.
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 the Governance, Finance & Community Service Section 23 Committee.
Financial Reporting (statements comparing budgeted revenue and expenditure with actual revenue and expenditure).	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.
Annual Report (report to the community containing a report of operations and audited financial and performance statements).	In accordance with section 72 of the <i>Local Government Act 1993</i> , Council reports annually to the community through the Annual Report.
Councillor Code of Conduct (conduct principles and dispute resolution processes to be followed by Councillors).	Council adopted the revised Model Code of Conduct Policy in January 2019.
Delegations (powers, duties and functions of Council and the General Manager that have been delegated to members of staff).	In accordance with section 22 of the <i>Local Government Act 1993</i> , powers and functions are delegated from Council to the General Manager. In accordance with section 64 of the <i>Act</i> , various powers and functions are sub delegated to staff, and documented in Instruments of Delegation. A Delegations Register is also 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 Special Committee meetings

The Governance and Management Checklist is 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 an appendix to this Annual Report (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 27 September 2019.

## Financial Result for the year

### Financial Summary

	Actual 2018/19 \$000	Budget 2018/19 \$000
<b>Ordinary Activities</b>		
Total Operating Revenue	41,158	39,827
Total Operating Expenditure	41,746	39,280
<b>Surplus/(deficit) from ordinary activities</b>	<b>(588)</b>	<b>547</b>
Adjustments		
Prepaid 2019/20 Financial Assistance Grant received in 2018/19	(1,229)	(1,078)
Prepaid 2018/19 Financial Assistance Grant received in 2017/18	1,075	1,075
Loss on disposal of Assets	(819)	(397)
	(973)	(400)
<b>Underlying Surplus/(Deficit) per Financial Statements</b>	<b>(1,561)</b>	<b>147</b>
<b>Total Comprehensive Result</b>	<b>12,443</b>	<b>2,705</b>

With the inclusion of all items, Council achieved a total comprehensive result of \$12.443M for the year ending 30 June 2019.

The underlying result includes an unbudgeted \$1.89M fair value movement on interest rate swaps. Council is required to book this movement in compliance with Australian Accounting Standards, however it represents future possible movements on the swaps and is not controlled by Council.

Council continues to deliver services to the Community and make substantial progress on the LIVING CITY project. A total of \$21.4M of capital construction was undertaken in the last financial year including \$13.16M relating to the LIVING CITY project.

The following information aims to provide a brief summary of Council's 2018/19 financial result. Full details of Council's Financial Statements are available from page 59.

### 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.

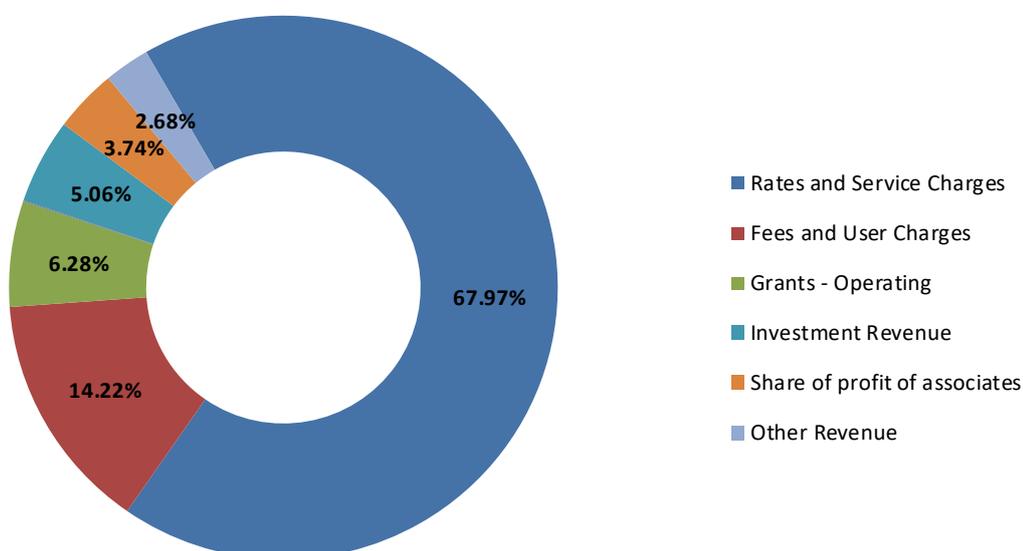
<b>Operating Revenue</b>	<b>Actual 2018/19 \$000</b>	<b>Budget 2018/19 \$000</b>	<b>Variance \$000</b>
Rates and Service Charges	27,976	27,912	64
Fees and User Charges	5,852	5,878	(26)
Grants - Operating	2,586	2,299	287
Contributions - Operating	19	35	(16)
Investment Revenue	2,081	1,926	155
Share of profit of associates	1,539	640	899
Other Revenue	1,105	1,137	(32)
<b>Total operating income</b>	<b>41,158</b>	<b>39,827</b>	<b>1,331</b>

Total operating revenue was \$1.33M or 3.34% higher than budget. The major variations include:

- Operating Grants were above budget due to the timing of Financial Assistance Grants received from the Australian Government. Council received a pre-payment of \$1.07M in June 2018 which related to the 2018/19 financial year and pre-payment of \$1.22M in June 2019 which relates to the 2019/20 financial year. Payments must be included in the year of receipt.
- Investment Revenue was 8.05% higher than budget mostly due to interest earned on term deposits.
- Council's share of Dulverton Regional Waste Management Authority (DRWMA) profit of \$3.50M was \$1.54M, which exceeded budget by \$899K. Council owns a 43.25% share of DRWMA. The substantial increase reflects the strong financial performance of DRWMA due to unforeseen once-off waste stream revenues and constraint of expenditure following continued operational refinements at the landfill and composting facility.
- Rates and service charges contributed \$27.97M or 67.97% of total Council revenue. Council received a number of 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 2018/19 financial year:

## Operating Income - 2019



## Where was the money spent?

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

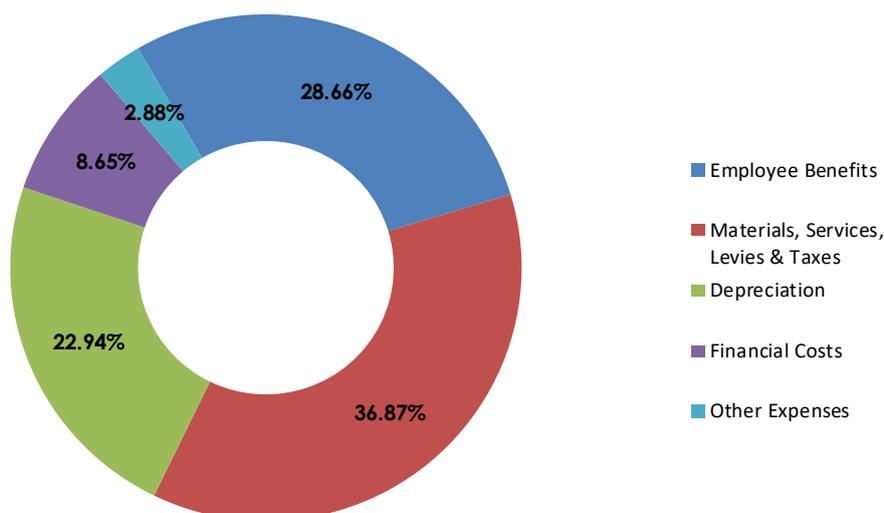
<b>Operating Expenses</b>	<b>Actual 2018/19 \$000</b>	<b>Budget 2018/19 \$000</b>	<b>Variance \$000</b>
Employee Benefits	11,964	12,002	(38)
Materials and Services	12,394	12,142	252
Depreciation	9,574	9,140	434
Financial Costs	3,611	1,824	1,787
Levies & Taxes	3,519	3,566	(47)
Other Expenses	1,202	1,217	(15)
Internal Charges and Recoveries	(518)	(611)	93
<b>Total operating expenditure</b>	41,746	39,280	2,466

Overall expenses were \$2.466M or 6.28% more than budget. The majority of the increase relates to accounting adjustments for interest rate swaps used to fix interest rates on borrowings. The other variations include:

- Employee benefits were \$38K or 0.32% lower than budget after allowing for temporary vacancies. Employee numbers were stable at 142.75 full time equivalents (FTE).
- Materials and services were \$252K or 2.08% higher than budget. Included in the costs are \$264K for preliminary design and consulting fees relating to LIVING CITY projects allowed for in previous capital budgets which have now been expensed.
- Depreciation expense was 4.75% higher than budget across a number of Council areas, including urban roads and LIVING CITY projects completed during the year. Depreciation is calculated based on the useful life of assets. The major variances relate to estimates made regarding the depreciation on buildings to be constructed. Actual depreciation based on componentisation of different assets within the buildings has resulted in higher depreciation expense.
- Financial costs include interest and fees of \$1.72M paid on borrowings of \$51.82M of which \$43.59M relates to LIVING CITY projects. The majority of the variance between actual and budget relates to recognising the future cashflows associated with hedging the debt using interest rate swaps. As at 30 June 2019 the movement in interest rate swaps was estimated to be \$1.89M. The weighted average interest rate on Council borrowings for 2018/19 was 3.37%.
- Levies and Taxes refer to Fire Levy Contributions collected on behalf of the State Government and land tax and rates on Council owned properties. The 1.32% variance from budget includes land tax and Council rates on-charged to tenants.
- Other expenses includes the Mayor and Councillor expenses, leasehold incentives, rates remissions granted, community grants and donations provided throughout the year and cost of debt referred to collection agencies. The 1.23% 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 15.22% lower than anticipated.

The chart below depicts Council's expenditure by type for the 2018/19 financial year:

## Operating Expenditure - 2019



### Capital Expenditure

Council expended \$21.4M in capital expenditure across the following areas:

	\$'000
Open Space & Recreation	803
Facilities	1,505
Stormwater	597
Roads	4,347
Plant & Fleet	749
Other Equipment	240
LIVING CITY	13,165

The 2018/19 capital program has reduced 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 that have been completed include the multi-level carpark, Providore Place and the paranaple centre.

The capital program was partly funded by capital grants from the Australian and Tasmanian Governments totalling \$1.5M. \$1M of this total related to Federal funding for Stage 1 of the LIVING CITY project. Proceeds from borrowings increased by \$7.66M.

### 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 43 of the Financial Statements.

Indicator	Council Target	2019 Actual	2018 Actual
<b>Financial Operating Performance</b>			
Underlying surplus/(deficit) ratio	0% - 15%	(3.81%)	3.72%
<b>Liquidity Position</b>			
Modified Current Ratio	1:1 or greater	3.88:1	2.30:1*
Cash reserves	\$6M	\$15.9M	\$16.4M
Net financial liabilities	-	(\$35.8M)	(\$36.6M)
Net financial liabilities ratio	0% to (50%)	(87.34%)	(90.27%)
Net interest cost	below 7%	7.80%	2.21%
<b>Asset Management Performance</b>			
Asset consumption ratio - roads	40% to 60%	44%	45%
Asset sustainability ratio	60% to 100%	42%	60%

\* The current ratio calculation only includes the principal repayments due in the next 12 months.

### **Financial operating performance**

Additional investment in the LIVING CITY project has resulted in higher borrowings consistent with the Financial Management Strategy to fund major new capital expenditure with debt and with terms related to the life of the asset. This approach attempts to address intergenerational equity and apply the user pays principal. For the foreseeable future Council continues to be in a sound position to be able to meet its financial obligations to repay debt, maintain assets and deliver appropriate services as required by the community. Council monitors its long term financial position and asset renewal requirements as part of its obligations under the *Local Government Act 1993* to prepare long term financial management plans and long term strategic asset management plans.

### **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 \$6M. Cash balances have decreased by \$476K during the year and the balance at \$15.9M remains well in excess of the minimum requirement.

Net financial liabilities is measured as cash and receivables less total liabilities. It measures Council's ability to repay all amounts owing (including long term debt) out of its liquid assets.

Whilst the net financial liabilities ratio is above the benchmark of (50%), substantial reductions in the loan balance will be made over the next 10 years with regular principal repayments factored into future cash flows.

The increase in the net interest cost over the reported period reflects the higher level of borrowings in recent years in relation to the LIVING CITY project. At current borrowing levels, Council can meet its net interest obligations from ongoing operations.

### **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 reflected in Note 43 of the Financial Statements, the ratio has been fairly 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 asset sustainability ratio of 42% 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 the Asset Management Plans.

# ASSET MANAGEMENT



Council owns and maintains over \$769M worth of infrastructure assets (\$478M 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 daily, deteriorate over time and require ongoing maintenance or replacement. A key issue facing Council is the management of aging assets in need of renewal or 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 reviewed its Asset Management Policy in 2018, with it being re-adopted in August 2019. 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. This is due for review in 2019/20.

The Transport Asset Management Plan was also reviewed and adopted in August 2018. Understanding the current condition of 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. Other asset management plans are in development.

## 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 detailed estimations provided by qualified or experienced staff. As part of the revaluation, asset useful lives are reviewed and amended as required.

Transport assets were revalued fully in 2019 which resulted in an increase in replacement asset cost of \$0.3M (0.10%) and accumulated depreciation of \$2.5M.

Summary - Transport Assets	Pre-Valuation (\$M)	Post-Valuation (\$M)	Variance Amount (\$M)	Variance %
Asset Cost	\$298.7M	\$299.0M	\$0.3M	0.10%
Accumulated Depreciation	\$164.6M	\$167.1M	\$2.5M	1.50%
Written Down Value	\$134.1M	\$131.9M	(\$2.2M)	(1.62%)

Note: Exclusive of internal transfers

This reduction came about as a result of 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%	7.16%
Councillor attendance at Council meetings (Council & S23 Committees)	>90%	93%
PERMIT AUTHORITY		
Time taken to assess building applications (median # days from receipt to decision)	7 days	4 days
Time taken to assess plumbing applications (median # days from receipt to decision)	14 days	5 days
Building & plumbing applications decided within statutory time frame (% decided within time-frame)	100%	100%
STATUTORY PLANNING		
Planning application determination (maximum # days)	42 days	40 days
Permitted planning applications (maximum # days)	28 days	23 days
Planning applications decided within 42 days (%)	100%	100%
ANIMAL MANAGEMENT		
Animal complaints actioned within 5 days	100%	100%
FOOD SAFETY		
Food complaints actioned within 5 days	100%	100%
ROADS		
Road requests (# requests per 100km roads)	200	160
Cost of sealed road reconstruction (\$ per sqm)	\$85 per sqm	\$54.95
Cost of sealed local road resealing (\$ per sqm) (40mm hotmix)	\$40 per sqm	\$28.50
WASTE COLLECTION		
Cost of domestic kerbside garbage bin collection service - excluding landfill disposal charges (\$ per week per property)	\$2.50	\$2.35
Cost of domestic kerbside recyclables bin collection service (\$ /collection)	\$2.10	\$2.15
Total waste to landfill (tonnes)	17,000	15,116
No. of entries to Waste Transfer Station (excluding recycling)	28,000	30,695
OPERATIONAL POSITION		
Underlying surplus (or deficit) (% of adjusted recurrent revenue)	Between 0 -15%	(3.81%)
OBLIGATIONS	TARGET	
Net interest compared to adjusted recurrent revenue (as % of adjusted recurrent revenue)	<7%	7.8%
EFFICIENCY	TARGET	
Resignations and terminations as % of average staff numbers	<10%	10.59%
INFRASTRUCTURE		
Asset renewal compared to depreciation (as % of depreciation)	Between 60 -100%	42%

\*Excludes leave of absence requests and minutes of joint authority meetings

# QUICK STATS



Did you know....?	This Year - 2018/19	Last Year - 2017/18
Population of Devonport	25,415**	25,317*
Median age	42.6**	43 years (2016 Census)
New citizens welcomed to Devonport	29	19
Number of rateable properties	12,528	12,385
Average General Residential Rate	\$1,153.27	\$1,134.21
Total General Rate revenue received	\$21.3M	\$20.9M
Operating Revenue received	\$41.1M	\$40.2M
Operational expenditure	\$41.7M	\$37.6M
Capital works completed	\$21.4M	\$45.89M
Roads	269.5km	268.7km
Footpaths/paths & walkways	263.7km	263.4km
Sports Grounds	14	14
Property Certificates issued	524	604
Development Applications approved	184	183
Estimated value of Development Approvals	\$87.1M	\$48.8M
Building Permits issued	140	117
Building Certificate of Likely Compliance Issued	163	122
Plumbing Permits issued	65	62
Plumbing Certificate of Likely Compliance Issued	163	137
Plumbing on-site wastewater issued	17	24
Food Premises licences issued (Full time food premises)	250	252
Dogs registered	4,015	4,059
Parking infringements issued	15,331	16,818
Entries to the Bass Strait Maritime Centre	7,628	8,302
Passengers on the Julie Burgess	343	153
Entries to Splash Aquatic & Leisure Centre	258,276	241,978
Number of active volunteers	144	144
Number of volunteer hours recorded	10,414	9,735
Items considered by Council and S23 Committees	321	342
Total wages paid	\$8.9M	\$9.5M
Unleaded petrol consumed	21,314 litres	26,676 litres
Diesel consumed	193,100 litres	188,345 litres
Waste taken to landfill	15,116 tonnes	15,488 tonnes

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

\*\*Australian Bureau of Statistics - as at 30 June 2018 (Devonport (c) (LGA) (61610) <https://itt.abs.gov.au/itt/r.jsp?databyregion#/>

Note - due to the operational changes to Customer Service, the Visitor Information Centre and the Devonport Regional Gallery, visitor number statistics for these facilities are unavailable for 2018/19.

# PERFORMANCE HIGHLIGHTS



## DEVONPORT JAZZ

Council delivered a successful Devonport Jazz 2018. The festival, which ran from 26-29 July 2018 saw patrons attend over 35 events in 21 venues in and around Devonport. Highlights were Czech a cappella group, Skety, Sydney crooner Greg Arthur and the always popular Musos in the Mall event, supported by 7AD. The festival also featured a live broadcast by ABC Northern Tasmania and a series of community events including a mid-winter Street Eats food truck event, Providore Place's Speakeasy Bar and a jazz themed Sunday Market also at Providore Place. Feedback for the event was extremely positive with patrons praising the festival vibe within Devonport, the diversity within the program and the quality of venues and artists.



## FESTIVAL OF LEARNING

The 2018 Festival of Learning, facilitated by the Live and Learn Steering Group, was held during the month of September. The festival included 161 diverse activities and events throughout Devonport and attracted in excess of 3,000 participants. As part of the festival, a 'How Bazaar' Expo was held at the East Devonport Recreation Centre. Council organised a stall at the expo showcasing the importance of recycling. Over 300 participants attended the expo.

## HARMONY DAY

Council held its first Harmony Day Street Eats and Citizenship Ceremony event in Market Square, in March 2019. Six new citizens were welcomed from New Zealand, Sri Lanka, Mauritius, Vietnam, United Kingdom and Italy. The event included 10 multicultural food vendors and entertainment from Hum Yoga, Cr Alexiou and Dr Verma. Approximately 1,000 people attended the event.



## INTERNATIONAL WOMEN'S WEEK

Together with a number of partnering organisations, Council facilitated a week-long calendar of events to celebrate International Women's Day. The theme this year was 'Balance for Better', which was the focus for the speaker's forum, held at the parliament convention centre and attended by over 90 people. The panel of speakers included MC Minka Woolley (Department of Education), Diamonds of Devonport 2019 Ambassador Dr Jane Cooper, Lyn Johnson (President of Soroptimist Devonport), Commander Debbie Williams (Tasmania Police) and Ashley Pitchford (Ash's Denture Clinic). The annual Diamonds of Devonport event was also held during the week, with 87 attendees celebrating the announcement of this year's 20 award recipients.

Image credits: Kelly Slater

## DEVONPORT FOOD AND WINE FESTIVAL

The Devonport Food and Wine Festival featured 46 individual events at 26 venues throughout the region during October.

The events were varied, with a mix of high-end and low or no-cost events and experiences offering something for all ages. The 2018 aim was to reintroduce a community focus, with an even balance of events hosted by business and community organisations. Council hosted two events: the Chef Demonstrations and Spring Festival which were both successful with strong attendances.

The inaugural Spring Festival was the feature event, attracting an estimated crowd of over 3,000 people. Themed as an old-fashioned country fair, the day offered a wide range of quality vendors, a pavlova bake-off, free games for children and a petting zoo with baby farm animals.

Image credits: Kelly Slater



## AUSTRALIA DAY

Council's Australia Day event was held on 26 January 2019 at the paranaple convention centre. Recipients of the Australia Day Citizen of the Year, Young Citizen of the Year and Community Event of the Year were announced and six new citizens were sworn in. The Australia Day ambassador was Rodney Croome, an advocate for equal rights.

Citizen of the Year: Mrs Margaret Fay  
Young Citizens of the Year: Chaz and Kai Wilson  
Community Event of the Year: Toast for Kids

Council's Spirit of the City Award was presented to Steve Daley for his valuable and long standing contribution to the Devonport community.



## CHRISTMAS PARADE

Approximately 50 floats participated in the 2018 Christmas parade, with the winner of the Mayor's award for the float that best captured the Christmas spirit, awarded to Miandetta Primary School, with the runner up being Pathway to Life Church. Santa added some reindeer to his sleigh with the help of the Men's Shed and artist Debbie Qadri, and Santa's float was decorated by the City of Devonport Lions Club. Spectator numbers were strong which was helped by good weather. The parade was supported by SeaFM/7AD supplying MCs for the event who assisted Cr Perry and Cr Laycock. The Salvation Army again held a Christmas market in Roundhouse Park during and after the parade which was also well attended.



## NEW YEAR'S EVE

A strong crowd gathered at Roundhouse Park for the 'SeaFM City of Devonport SKYFIRE Quirky Carnival 2018'. The event included fireworks at 9:30pm and again at midnight. The main entertainment was provided by Launceston band, 1-4-U, with SeaFM's local band competition SKYFIRE showcasing seven local artists.

The event had a strong family focus and featured a Dreamcatcher's carousel, carnival rides and a variety of food and beverage vendors. For children, 'Hoopla Lane' offered many activities including games, face painting and a jumping castle. An estimated 8,000-9,000 people attended.

Image credits: Kelly Slater



## SPORT & RECREATION

Along with the facilities and programs delivered by Council, Devonport was fortunate to host a number of sporting events throughout 2018/19, including but not limited to:

- the 2019 Oceania and Australian Laser Championships in January;
- the 2019 Football Federation Tas, National Skills Acquisition Program (SAP) Festival in February;
- the 2019 Devonport Triathlon, including the ITU Para Triathlon World Cup in March



Photo credit: Hennie Meyer 'Paratriathlon' Distinctly Devonport competition entry



## ENVIRONMENTAL SUSTAINABILITY

Environmental sustainability continues to be an important focus for Council. Council partnered with Don College to plant 200 native plants along the Don River to increase the riparian planting. The group noted that the area of erosion from the 2016 flood is starting to recover and have marked it as a future student educational site as plants develop. The Friends of Don Reserve and the North Devonport Rotary Club have also actively assisted with the riparian zone planting, helping to stabilise the river banks to mitigate the risks of future flooding.



## DEVELOPMENT SERVICES

### Local Provisions Schedule

In 2015 the State Government legislated for the introduction of a single state-wide planning scheme known as the Tasmanian Planning Scheme which will eventually replace all existing local council planning schemes in Tasmania.

In general terms, the Tasmanian Planning scheme will comprise two parts:

1. A set of standardised statewide planning rules called the State Planning Provisions (SPPs) which contain administrative/operational provisions, and the provisions for a standard suite of zones and codes; and
2. A Local Provisions Schedule (LPS) which contains the zone and code overlay maps that apply the SPPs to a local council area.

In June 2019, Council endorsed a draft LPS which has been prepared for the Devonport municipal area. Before Council seeks community input on the draft LPS, the Tasmanian Planning Commission (the Commission) must first assess and endorse the draft LPS. The Commission will advise Council when the public exhibition of the draft LPS can occur.

## TOWN HALL THEATRE AND CONVENTION CENTRE

The Town Hall Theatre delivered another full season of performances throughout the year targeted at a variety of audiences, including Cinderella - Victorian State Ballet; the Melbourne International Comedy Festival Roadshow; 'Stardust' The Songs of Willie Nelson; Charmane Wilson - The Australian Medium; Herman's Hermits; The Wolfe Brothers, and Jimeoin. The Theatre also hosted the City of Devonport Eisteddfod, and performances by local schools and community groups including Don College, and the Devonport Choral Society.

The paranapple convention centre hosted a diverse range of events throughout 2018/19, including the Oceania and Australian Laser Championship Dinner; the Devonport Motor Show; Devonport Triathlon Briefing; the 2018 Tasmanian Works and Engineering Conference; GRL in PWR Charity Ball; and children's author, Morris Gleitzman. The centre was also used as the early voting centre for the Australian Electoral Commission in the 2019 Federal Election.

## BASS STRAIT MARITIME CENTRE

The Bass Strait Maritime Centre delivered an annual program of exhibitions and events that celebrated Devonport's maritime heritage, including 'Submerged: Stories of Australia's Shipwrecks' from 14 September - 15 November 2018. Stories of shipwrecks were compiled from maritime museums around the country into a touring exhibition. The accompanying public and educational programming for the exhibition was highly successful and included themed talks, watercolour workshops, simulated archaeological digs and an after dark tour.



Above: Archaeological Dig at the BSMC (credit Kelly Slater)  
Left: The 2018 Tasmanian Works & Engineering Conference  
Below: Devonport Motor Show at the paranapple convention centre (credit John McLeod)



## JULIE BURGESS - AUSTRALIAN WOODEN BOAT FESTIVAL

The Julie Burgess attended her fourth Australian Wooden Boat Festival. The esteem in which the ship, crew, and Council's restoration work are held was high amongst Festival visitors and other Tall Ship operators. Staff and volunteers crewed the trade stall and open for inspection tours of the vessel. It was a busy Festival, with tens of thousands of visitors attending and special sailings were successful with 127 passengers.



Photo credit: John Rich

## GALLERY EXHIBITIONS

The Devonport Regional Gallery opened in its new premises at the paranaple art centre on 2 November 2018, and continued to host a number of successful exhibitions throughout the year.

Tidal.18 ran from 3 November 2018 - 27 January 2019 in the Main and Little Galleries. This prestigious award was first launched in 2004, and has, since 2010, been an acquisitive award, with winning works becoming part of the Devonport City Council's Permanent Collection. The judging consisted of a panel of three judges: Adam Harding, Director Centre for Contemporary Photography, Ashleigh Watling, Curator Visual Art and Design, Queen Victoria Museum & Art Gallery, and Dr Jan Hogan, Coordinator of Printmaking and Drawing Studios, School of Creative Arts, Hobart, UTAS.

The 2018 major prize was awarded to Julia Davis, from Sydney, New South Wales, for her work *Undercurrent*, a single channel looped video with sound, where the artist employed drone technology to record tidal movements of the Tasmanian coast. The opening night of the exhibition attracted 150 people.

Other notable exhibitions held throughout the year include:

- The Robinson Project: In Your Words, curated by Erin Wilson.
- Placing Things - Kelly Austin
- Del Kathryn Barton: The Nightingale and the Rose - An ACMI touring exhibition



Above: Del Kathryn Barton: The Nightingale and the Rose



Above: Placing Things - Kelly Austin



Above: The Robinson Project: In Your Words - Community Day

# CAPITAL WORKS PROGRAM

**Don River Bank Stabilisation** - this project repaired erosion to the river bank that was beginning to impact the path.



**Pedestrian Link at Coles Beach** - this infrastructure provides a link between Coles Beach and the Coastal pathway.



**Victoria Parade Path Renewal** - a wider path was provided north of the boat ramp.



**Dog Agility Park** - the installation of dog agility equipment within the existing dog exercise park.



**Southern Rooke Street Renewal** - this project entailed full renewal of Council assets in Southern Rooke Street, the creation of wider footpaths, new street furniture and plantings and increased parking spaces.



**Valley Road and Elm Avenue** - works to this intersection included new kerb outstands and traffic islands installed to provide a safe crossing for pedestrians. New trees were also planted to improve the aesthetics of the area.



**Stormwater Upgrades** - William stormwater catchment upgrade, and the York renewal project were completed within 2018/19.



**Art Gallery Integration Project** - stage 2 of this project included redeveloping the old Courthouse from a restaurant, function centre and offices to the art gallery, visitor services centre and gift shop.



**Formby Road and Best Street Intersection** - this project required the construction of a left turn slip lane, a new traffic island and the relocation of existing infrastructure including traffic signals.



**Miandetta Playground** - the new playground in Miandetta has proved very popular with children and families.



**All Abilities Beach Access Ramp** - the construction of the all abilities beach access ramp at East Devonport was a joint initiative of the Rotary Club of Devonport South and Council, made possible with funding from the Tasmanian Community Fund.



**Melrose Street Playground** - along with recently installed fitness equipment, new playground, new toilet block and the addition of the all abilities beach access ramp, the new playground will make East Devonport a great place to be over summer.



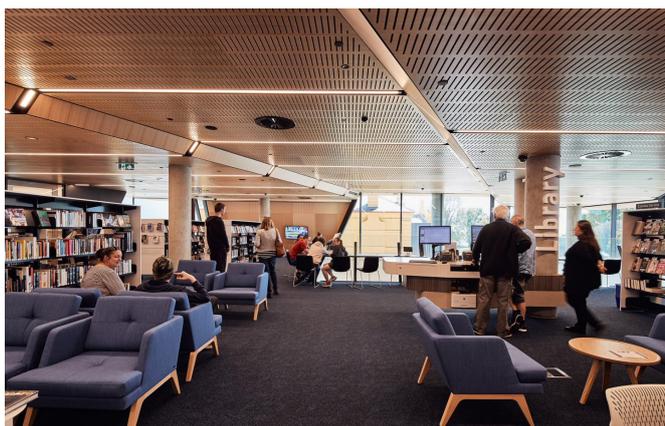
# LIVING CITY HIGHLIGHTS



LIVING CITY is a \$250M urban renewal strategy providing a long term 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 12 months have seen significant progress on the Master Plan with the opening of Stage 1 involving the creation of a new multi-purpose civic building (paranple centre), multi-level carpark, food pavilion and market square. The paranple 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. The \$71M project was completed on time for the planned opening in October and around \$1M under budget. Council's maximum loan borrowings for the project were \$33.8M, which is \$5.2M under original projections, ensuring Council is on target to deliver its commitment that LIVING CITY will not adversely impact on rate revenue.

Demand for the conference facility and shared meeting rooms exceeded expectations in the first 12 months with over 27,096 people attending events or conferences. The Library had an astonishing first year with 2,328 new members, an increase of 93% over the same period the previous year. Importantly, from a literacy and learning perspective participation in library programs increased 111% in year one, compared to the previous year.



Whilst Providore Place is still developing, it has established itself over the last 12 months as an attractive events facility and secured Drysdale as a key tenant, who will provide cooking and baking training in a state of the art cooking centre from October 2019.

In addition to Stage 1 progress has been made on the next major stage, the Waterfront Precinct. The Preferred Proponent agreement between Council and hotel developer Fairbrother Pty Ltd was progressed and a formal land sale contract was executed for the construction of a hotel and apartment complex. Further community consultation was undertaken on the Waterfront Park and the final detailed design was completed to allow construction tendering to proceed.

With evidence of increasing investment and business growth, Council is confident that even in these early stages of implementation, the community is already starting to see long term benefits from LIVING CITY.

LIVING CITY expenditure during the year primarily related to the completion of contracts awarded in previous years. The total payments made in 2018/19 for the two major contractors/consultants were:

- Fairbrother Pty Ltd (Head Contractor) - \$6,863,091
- Projects & Infrastructure Holdings P/L (Development Managers) - \$875,710

Images credit: Lyons with Maddison Architects and Birrelli



# ANNUAL PLAN ACTION SUMMARY REPORT



GOAL 1 - LIVING LIGHTLY ON OUR ENVIRONMENT		
ACTION	OUTCOME	STATUS
<b>1.1 DEVONPORT IS AN ENERGY EFFICIENT CITY</b>		
Continue to install energy efficient lighting in Council facilities and public open space lighting (parks, gardens, sports fields etc).	Energy efficient lighting options considered as part of design of projects. New projects are specified with LED lighting options. Solar lighting is being trialled.	Complete
Explore alternative energy generation for Council assets for future submission in the forward Capital Works Plan.	Hybrid and battery options for Council's light vehicle fleet endorsed and are likely to begin a transition in 2019.	Complete
<b>1.2 SUSTAINABILITY IS PROMOTED AND INTEGRATED ACROSS ALL SECTORS</b>		
Deliver a Bioblitz event that focuses on finding as many species as possible in a specific area over a short period of time.	Will now be delivered in November 2019. Carried forward to 2019/20 actions.	Deferred
Develop a Master Plan for the Kelcey Tier Greenbelt.	Kelcey Tier Master Plan was developed by ERA Planning and adopted by Council at its meeting held in June 2019.	Complete
Support coastal vulnerability study initiated by Cradle Coast Authority of Council assets across the region or state-wide (as listed in the Climate Change Adaptation Plan).	Regional Study will not proceed at this point in time. Existing reports and mapping of sea level risk can be used by councils to assess coastal vulnerability of public assets. Council currently considers coastal vulnerability when designing new projects and conducting maintenance.	Not Started
<b>1.3 DEVONPORT IS AWARE AND ACTIVE ON HOW TO LIVE LIGHTLY</b>		
Implement community based educational initiatives as outlined in the Environmental Strategy.	Facilitated Friends of Don to assist with environmental initiatives including revegetation and invasive species management as well as engaging with local schools, East Devonport Child and Family Centre and Rotary Clubs.	Complete
<b>1.4 OUR ENERGY IS REDUCED</b>		
Review location of waste bins at Pioneer Park to reduce litter across the Park.	Review undertaken and the 5x240lt bins were assessed as being adequate and in appropriate locations, therefore no changes required.	Complete
Work with event organisers to improve waste management at public events.	Recycling toppers available from Cradle Coast Waste Management Group for future events.	Complete

GOAL 1 - LIVING LIGHTLY ON OUR ENVIRONMENT CONTINUED		
ACTION	OUTCOME	STATUS
Provide an opt-in co-mingled recycling collection for food business.	Recycling collection now provided on opt-in basis to commercial properties.	Complete
Identify opportunities to increase resource recovery and recycling through Council facilities and operations.	<p>In conjunction with Dulverton Waste Management, Council have implemented the collection of batteries, globes and fluorescent tubes for recycling. A market has re-emerged for scrap metal and for e-waste which are both collected at the Spreyton Waste Transfer Station.</p> <p>Council have commenced other resource recovery activities including:</p> <ul style="list-style-type: none"> <li>• collection of co-mingled recycling from the paranaple centre;</li> <li>• recovery of scrap steel and timber at the works depot;</li> <li>• reuse of road pavement materials using stabilisation techniques; and</li> <li>• salvage of pavers and other reusable items from capital works projects.</li> </ul>	Complete
Look to improve segregation of green waste from general landfill materials.	<p>Council has worked in conjunction with Cradle Coast Waste Management Group (CCWVG) and Dulverton Waste Management (DWM) on the 'Sort Your Load' campaign, which includes information specific to the Waste Transfer Station.</p> <p>The green waste and timber piles are closely monitored to minimize contamination and ensure green waste and timber can be processed into high quality compost and mulch for resale.</p> <p>Council is continuing to work in conjunction with CCWVG and DWM to make progress toward a regional FOGO (Food Organics and Garden Organics) collection service, which is the best option to make a meaningful reduction in the volume of green waste going to landfill.</p>	Complete
Investigate the costs and benefits of installing electric vehicle charging infrastructure.	Investigation into various options has been completed. Report presented to Council in July 2019.	Complete

**GOAL 1 - LIVING LIGHTLY ON OUR ENVIRONMENT CONTINUED**

ACTION	OUTCOME	STATUS
<b>1.5 - WATER IS ACTIVELY CONSERVED</b>		
Investigate opportunities to reduce water consumption at Council facilities.	Council sites were inspected for any leaking taps, systems and irrigation systems. Some taps in the community have been modified to stop them being left on. Designs for any new capital jobs have considerations for plantings that are drought tolerant.	Complete



Segregation of recycling at the Waste Transfer Station

<b>GOAL 2 - BUILDING A UNIQUE CITY</b>		
<b>ACTION</b>	<b>OUTCOME</b>	<b>STATUS</b>
<b>2.1 COUNCIL'S PLANNING SCHEME PROVIDES RATIONAL AND PRACTICAL CLUSTERING OF COMMON PROPERTY USES, AND FACILITATES APPROPRIATE DEVELOPMENT</b>		
Actively develop a draft Local Planning Schedule to comply with the requirements of the <i>Land Use Planning and Approvals Act 1993</i> .	Local Provisions to support the State-wide Planning Scheme approved by Council for submission to the Tasmanian Planning Commission in June 2019.	Complete
Annual review of policies and procedures to ensure compliance with the requirements of the Planning Scheme.	Annual review of policies and procedures completed.	Complete
Maintain membership of Cradle Coast Regional Planning Group and contribute to regional forums on the development of consistent Local Planning Schedules.	Membership was maintained and Council officers contributed to regional forums as required.	Complete
<b>2.2 THE DEVONPORT BRAND SUPPORTS OUR MARKETING AND DEVELOPMENT EFFORTS</b>		
Investigate the development of an interactive website for visitors and the opportunity for enhanced retail promotion activities.	Investigating suitable platform to deliver website in line with Council's organisational website.	In progress 83%
<b>2.3 THE INFRASTRUCTURE PRIORITIES TO SUPPORT THE DEVELOPMENT OF OUR UNIQUE CITY ARE PLANNED AND APPROPRIATELY FUNDED AND MAINTAINED</b>		
Develop a hierarchy for bike paths.	Hierarchy adopted by Council in February 2019.	Complete
Investigate opportunities to improve the Concession Voucher Booklet Scheme which currently operates.	New parking permit system introduced.	Complete
Undertake a safety assessment of bike paths.	Draft bike path service levels and path audit document under review. Assessments to be completed late in 2019. Carried forward to 2019/20.	In Progress 65%
Develop and market improved information about parking.	The review of Council's website was a good opportunity to update information provided.	Complete
Undertake vacancy and parking utilisation surveys in Council carparks.	Ongoing, each month surveys are undertaken to determine occupancy.	Complete
Continue to develop hydraulic modelling for the stormwater network.	Survey of Spreyton catchments is complete. Modelling of CBD catchments is complete. Modelling of north east and north west catchments is underway. Data collection and processing is underway for Spreyton catchments. Progress made will ensure Council's Stormwater Management Plan can be delivered by December 2019.	Complete
Continue to review and update Council's Stormwater Strategy.	Community consultation is completed and the revised strategy is being prepared. Carried forward to 2019/20.	In Progress 50%
Develop a plan for the grounds surrounding the Don Hall.	A review of existing documentation and plans is underway. Carried forward to 2019/20.	In Progress 25%

## GOAL 2 - BUILDING QUALITY OF LIFE CONTINUED

ACTION	OUTCOME	STATUS
Develop a plan for the access to the Bass Strait Maritime Centre from Victoria Parade.	Recommendations received as part of the Mersey Bluff traffic parking and pedestrian study. Budget proposed for the 2019/20 Capital Works program for a new pedestrian link between Coastal Pathway and Gloucester Avenue and associated signage. Improvements to pedestrian links to the west via North Fenton St and Bluff Rd are proposed for future years.	Complete
Investigate methods to improve pedestrian safety and restrict vehicular access at Pioneer Park.	Investigation underway. Progress is temporarily on hold as the redevelopment of the TT Line terminal may have an impact on pedestrian and traffic movements in the area. Carried forward to 2019/20.	Deferred
Continue to review and update Council's Asset Management Plans.	Transport Asset Management Plan adopted by Council. Public Open Space and Stormwater Asset Management Plan continue in development.	Complete

## 2.4 PROMOTE THE DEVELOPMENT OF THE CBD IN A MANNER WHICH ACHIEVES THE LIVING CITY PRINCIPLES PLAN.

Commence operations in the parnaple centre, including relocation of Council business and implementation of co-location arrangements with other tenants.	Relocation complete, with the parnaple centre open for business on 3 September 2018.	Complete
Identify grant opportunities for government funding for the LIVING CITY waterfront precinct.	\$10M in funding for the LIVING CITY Waterfront Precinct was announced in July 2018.	Complete
Negotiate with Council's preferred proponent for the LIVING CITY waterfront hotel to finalise contractual arrangements which allow construction to proceed.	A land sale contract has been finalised with the developer. Demolition of former Harris Scarfe building complete ready for the commencement of construction.	Complete



New furniture installed at Pioneer Park - East Devonport

GOAL 3 - GROWING A VIBRANT ECONOMY		
ACTION	OUTCOME	STATUS
<b>3.1 DEVONPORT IS THE RETAIL AND SERVICE CENTRE FOR NORTH WEST TASMANIA</b>		
Undertake actions as outlined in Council's Retail Strategy.	A regular business and retail e-news has commenced, containing Council information, upcoming events and opportunities and an avenue for further engagement with retailers. Planning is underway for a seasonal marketing program.	Complete
Provide assistance where possible for new businesses.	Advice being provided when required to assist new business developments.	Complete
Continue to pursue the implementation of the LIVING CITY Master Plan.	Significant progress made during the year to advance the Waterfront Precinct.	Complete
<b>3.2 DEVONPORT'S THRIVING VISITOR INDUSTRY IS DEVELOPED AROUND THE WATER, NATURAL BEAUTY, LOCATION AND AGRICULTURAL ADVANTAGES OF THE AREA</b>		
Maintain membership with Business Events Tasmania. Secure events at the paranapple centre's convention facility.	Membership with Business Events Tasmania renewed.	Complete
Undertake actions to support the Cradle Coast Authority's tourism initiatives, including actions from the Devonport Region Destination Action Plan.	Council continued its support of the Cradle Country Marketing Group for 2018/19. Council continues to participate in the regional tourism forum and is represented on the Authority's regional events strategy.	Complete
Provide regional tourism operators the opportunity to engage in sector development exercises by including them in famils, professional development exercises and information sharing.	A sector famil was held, giving attendees the opportunity to experience a farm stay, a sail on the Julie Burgess and other attractions/experiences within the region. In addition, Council attends and participates in the local tourism association (Devonport & Cradle Country Tourism Inc.) and is part of the Cradle Country Marketing Group. The Council participates in the TVIN (Tasmanian Visitor Information Network) and promotes new operators in the region.	Complete
Provide up to date information on appropriate websites, social media etc.	Council continues to regularly provide information to various organisations such as Cradle Coast Authority, Tourism Tasmania, Business Events Tasmania and Australian Tourism Data Warehouse. With the overhaul of Council's web assets we are now moving forward with the development and rejuvenation of the tourism sites.	Complete
Provide an Events Assistance Program	Deferred until 2019/20.	Deferred

### GOAL 3 - GROWING A VIBRANT ECONOMY CONTINUED

ACTION	OUTCOME	STATUS
Look to provide a website which engages visitors and provides an online booking platform for accommodation and attractions.	Websites are currently in development for the paranapple arts centre, paranapple convention centre and Visit Devonport, which will include an online booking platform. Roll-out will be in the next financial year.	Complete
Relocate visitor services to the new paranapple arts centre.	Visitor services were relocated to the paranapple arts centre on Friday 2 November 2018.	Complete

### 3.3 ACCESS IN TO , AND OUT OF, AND AROUND THE CITY IS WELL PLANNED AND MANAGED

Investigate and develop improved traffic management for locations within the road network with known access and connectivity issues.	Investigation into Stony Rise Road completed and reported to Council in December 2018. Preliminary design is completed and further conversations with stakeholders and Don College (Watkinson St). Traffic calming measure proposed to coincide with changes to bus routes, now scheduled for September 2019.	Complete
Consider improvement options that will enhance the entrances to the City.	Work is underway to determine preferred locations by collecting and assessing traffic data and to determine functional requirements. Elements of the planning, design and consultation will be included in the State Vehicle Entry Point Project which has attracted Federal Government funding. An action as been included in the 2019/20 Annual Plan to work with the State and Federal Governments to implement the State Vehicle Entry Point project.	Complete

### 3.4 MODERN COMMUNICATION TECHNOLOGY IS USED TO IDENTIFY AND DELIVER NEW OPPORTUNITIES

Progress the development of and access to ICT systems and processes which are modern and applicable to the work environment.	Increased usage of business systems to enable efficient processes has been achieved.	Complete
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GOAL 4 - BUILDING QUALITY OF LIFE		
ACTION	OUTCOME	STATUS
<b>4.1 SPORT AND RECREATION FACILITIES AND PROGRAMS ARE WELL PLANNED WITH STRONG PARTICIPATION</b>		
Tasmanian Masters Games.	Council determined in September 2018 not to proceed with the Tasmanian Masters Games.	Complete
Review current programs and develop new programs as required.	Reviewed: <ul style="list-style-type: none"> <li>Youth Week event</li> <li>School Holiday programs</li> <li>International Women's Day</li> <li>Seniors Week Activity</li> </ul>	Complete
Investigate funding options for further progressing sporting precinct concept plans development.	Concept plans have been developed for Devonport Oval and Devonport Basketball Stadium. Plans for Devonport Soccer Centre will be completed in 2019/20.	Complete
Make information available on opportunities in the Devonport area.	Information has been provided on an ongoing basis as required.	Complete
Review sporting facilities to assess compliance with modern accessibility requirements.	Assessments completed on Council's main sporting venues, including grounds and buildings. The assessments included inspections of access points, toilets and other facilities.	Complete
Promote the use of facilities available in the area.	Council has regularly promoted the use of facilities which are available within the City.	Complete
Work with sporting organisational/groups to increase participation in sport and recreation activities.	TasTafe partnership has been renewed for the 2019 school year. Students undertaking Certificate 3 in Sport & Recreation make use of the facilities at the Devonport Recreation Centre. The students, under teacher supervision, participate in the Seniors Program.	Complete
<b>4.2 A VIBRANT CULTURE IS CREATED THROUGH THE PROVISION OF CULTURAL ACTIVITIES, EVENTS AND FACILITIES</b>		
Maintain a visual arts program that exhibits local emerging, early career and children's exhibitions.	The 2019 Little Gallery program gives local emerging, early career artists the opportunity to exhibit. The Creative Space and the Foyer function as additional exhibition spaces where art by local groups and children's works is regularly on display.	Complete
Develop an annual program of exhibitions and events that celebrates Devonport's maritime heritage.	An annual program of exhibitions and events has been delivered.	Complete
Maintain an exhibition program that aligns with the Devonport Regional Gallery Strategic Plan.	The Gallery presented: four National and State Touring exhibitions; three Collection exhibitions; three Community exhibitions; two emerging artist exhibitions; one children's exhibition and Tidal, the City of Devonport Art Award.	Complete

<b>GOAL 4 - BUILDING QUALITY OF LIFE</b>		
<b>ACTION</b>	<b>OUTCOME</b>	<b>STATUS</b>
Develop a Subscription Season of Performing Arts events, and build subscriber numbers through targeted engagement programs and incentives.	The parnaple arts centre's 2019 Theatre Season was launched in January. The season consists of a diverse program of performances including physical theatre, live music, dance and theatre.	Complete
Develop a public art program for the parnaple art centre and precinct highlighting the cultural heritage of the region.	Deferred to 2019/20.	Deferred
Investigate options for the former Devonport Regional Gallery and Visitor Information Centre.	Council determined to list the former Visitor Information Centre building for sale and seek commercial interest in the vacant Gallery property.	Complete
<b>4.3 HERITAGE MANAGEMENT IS PLANNED</b>		
Undertake risk assessments of recommended fire breaks for the Don Reserve and Kelcey Tier Greenbelt to determine extent of works required.	Report received from the consultant who prepared the bushfire management plans. Recommendations included in a report to Council.	Complete
<b>4.4 OUR COMMUNITY AND VISITORS ARE SAFE AND SECURE</b>		
Support the community in emergency management response and recovery and provide the necessary resources to respond when required.	The Emergency Management Plan was reviewed and revisions made to reflect changes to the <i>Emergency Management Act 2006</i> . The plan was endorsed by Council in April 2019.	Complete
Implement an education program on responsible dog ownership.	Discussions have been held with schools to gain support for an Education Program, to allow for development and implementation of the program next financial year.	Complete
Actively engage with other service organisations to promote a safe community.	Community safety considered in all aspects of project and event planning.	Complete
Monitor CCTV installations and report matters to Tasmania Police.	Monitored on an ongoing basis.	Complete
<b>4.5 EDUCATION AND LEARNING IS ACCESSIBLE AND RESPONSIVE TO OUR NEEDS</b>		
Provide funding to assist in the delivery of actions from the Live and Learn Strategy.	The Festival of Learning was successfully delivered in September 2018 with over 1,500 participants at various events throughout the month. A funding submission to 26Ten was successful to engage a project officer.	Complete
<b>4.6 INTEGRATED HEALTH AND WELLBEING SERVICES AND FACILITIES ARE ACCESSIBLE TO ALL</b>		
Work in partnership with service providers to deliver services and programs.	Delivered the "Square Peg" Health and Wellbeing program at the Devonport Recreation Centre with the Department of Education's Space Program participants. Delivered School Holiday programs and "Embrace the Place" Youth Week event in partnership with Youth and Family Community Connections.	Complete

<b>GOAL 4 - BUILDING QUALITY OF LIFE</b>		
<b>ACTION</b>	<b>OUTCOME</b>	<b>STATUS</b>
Introduce mobile computing services for the conducting of inspections and recording of data.	Mobile inspections for the new Tasmanian Food Business Risk Classification System from the State Government were implemented.	Complete
<b>4.7 AN ACTIVE, CONNECTED, EMPOWERED COMMUNITY PROMOTES AND VALUES DIVERSITY AND EQUITY</b>		
Organise programs for seniors and disengaged young people through the Devonport and East Devonport Recreation Centres.	Health and Wellbeing programs for seniors are held at both recreation centres. The low-cost, 1 hour program provides seniors with an affordable program which is also an enjoyable social outing.  There are a range of programs at both centres for disengaged youth and young children. Partnerships have been developed with SPACE, YFCC, East Devonport Child & Family Centre and the East Devonport Community House.	Complete
Undertake two rounds of Financial Assistance Grants Program during the financial year.	Both rounds of Financial Assistance Grants Program successfully delivered.	Complete
Develop and adopt an Equal Access and Disability Plan.	Strategy currently being developed in readiness for further consultation.	In Progress 85%
Deliver initiatives that engage with diverse sectors of our community through the provision of a diverse public and creative learning program.	The Gallery's program caters to school visits as well as presenting regular in-house workshops for children from 0-16 years of age. Outreach workshops and presentations have been delivered at schools, community centres and aged care facilities. The Gallery facilitates art classes for adults in conjunction with exhibitions as well as life drawing classes.	Complete
<b>4.8 YOUNG PEOPLE ARE RECOGNISED, VALUED AND CONNECTED TO THE COMMUNITY, ALLOWING THEM TO REACH THEIR FULL POTENTIAL</b>		
Deliver a youth devised arts program that results in the delivery of public art or a creative public event.	Young community members were engaged as curators/artists for the exhibition 'Facing Our Past', a part of the Robinson Project. Art by students from workshops are displayed in the Creative Space.	Complete
Implement initiatives from the adopted Youth Strategy.	Partnership Agreement executed with YFCC to assist in delivering actions from the Youth Strategy.	Complete
Promote National Youth Week through the delivery of a creative program or event.	Embrace the Place, a Youth Week Tasmania event took place on 12 April. In addition to live music, interactive stalls and the popular free pizza drops, the Gallery hosted a drop-in Sketchbook Project session during the event, with paper-making, marbling and sketchbook making.	Complete

<b>GOAL 5 - PRACTICING EXCELLENCE IN GOVERNANCE</b>		
<b>ACTION</b>	<b>OUTCOME</b>	<b>STATUS</b>
<b>5.1 REGIONAL COOPERATION IS ACHIEVED THROUGH PURPOSEFUL PARTICIPATION</b>		
Actively participate in the Cradle Coast Authority.	Council actively participated in the Cradle Coast Authority throughout the year.	Complete
Consider options for expanded resource sharing.	Throughout the year, where opportunities were identified for sharing of resources, these were explored. The focus over the next 12 months will be the implementation of the Cradle Coast Futures Plan.	Complete
Be an active member of the Local Government Association of Tasmania and the Cradle Coast Authority.	Council throughout the year, participated in activities of the Local Government Association of Tasmania. Mayor Rockliff was appointed to the General Management Committee of LGAT for a period of 2 years.	Complete
<b>5.2 ACTIVE AND PURPOSEFUL COMMUNITY ENGAGEMENT AND PARTICIPATION IS INTEGRAL TO OUR WORK</b>		
Continue implementing the actions of the Volunteer Strategy.	Continued to support and encourage new volunteers across all Council activities and satellite sites.	Complete
Undertake community consultation where appropriate to ascertain views and input to Council decision making.	Consultation undertaken for major capital works, Strategic Plan, Kelcey Tier Master Plan, Waterfront development and 19/20 budget.	Complete
<b>5.3 COUNCIL EMPLOYS BEST PRACTICE GOVERNANCE</b>		
Develop an action list based on the findings of the Integrity Commission's 'Fostering Integrity' Report to support the ethical health of the organisation.	Awareness campaign developed and rolled out in June.	Complete
Develop and implement legislative Compliance Register.	Compliance Register drafted and review of Governance software to determine most appropriate platform is underway.	In Progress 50%
Review internal management of policies.	Review completed and recommendations to improve the process have been identified.	Complete
Promote the 2018 Local Government elections.	Several promotional activities were undertaken in the lead up to the 2018 election.	Complete
Conduct review of Council's Strategic Plan.	Updated Strategic Plan adopted by Council at April meeting.	Complete
<b>5.4 COUNCIL IS RECOGNISED FOR ITS CUSTOMER SERVICE ETHOS</b>		
Ensure website information is regularly reviewed and updated.	New website due to be commissioned on 1 July 2019.	Complete
Review and refine customer electronic 'self-service' options.	Council's core business system, Technology One, has a module called eServices. Council will leverage the new eServices, which will be released through Property and Rating over the next 12 to 18 months.	Complete

<b>GOAL 5 - PRACTICING EXCELLENCE IN GOVERNANCE</b>		
<b>ACTION</b>	<b>OUTCOME</b>	<b>STATUS</b>
Review and investigate alternative Customer Service options including integration with Service Tasmania as a result of the relocation to the paranalpe centre.	Stage 2 has commenced with Service Tas now taking all payments for Council.	Complete
<b>5.5 COUNCIL'S SERVICES ARE FINANCIALLY SUSTAINABLE</b>		
Review Council's Long Term Financial Management Strategy.	Long Term Financial Plan adopted by Council on 24 June 2019.	Complete
Develop and adopt budget.	2019/20 Budget adopted by Council on 24 June 2019.	Complete
Review the targets achieved against other local governments.	Report of the Auditor-General No. 5 presented to Parliament in November 2018. Report contains data on all 29 Councils in relation to achievement of Key Performance Indicators. Summary of results for DCC contained in the January 2019 Governance & Finance Report.	Complete
<b>5.6 RISK MANAGEMENT IS A CORE ORGANISATIONAL FOCUS</b>		
Ensure safe work practices through adherence to Work Health and Safety Standards and review work practices regularly.	The Safe Operating Procedure review process was enhanced and monitored to ensure compliance with Health and Safety legislations.	Complete
Undertake review of Risk Management Framework.	The revised Risk Management Framework was endorsed by Council in April 2019.	Complete
Assess and implement where appropriate, recommendations from the Annual Risk Service.	Recommendations implemented where appropriate.	Complete
Develop and implement an internal safety auditing process in accordance with the Safety Management Plan.	Internal safety audit process developed and implemented. Customer Service and Parking departments Safety Management Systems Audit completed.	Complete
Support the activities of Council's Audit Panel.	Provided support to meetings held in August, December, March and June.	Complete
<b>5.7 SKILLED, ENGAGED AND MOTIVATED STAFF HAVE A SUPPORTIVE ENVIRONMENT</b>		
Implement single touch payroll across the organisation.	The Single Touch Payroll implementation was completed and is operational.	Complete
<b>5.8 INFORMATION MANAGEMENT AND COMMUNICATION ENHANCES COUNCIL'S OPERATIONS AND DELIVERY OF SERVICES</b>		
Develop a standard communication plan for capital works projects.	Underway - draft documentation being developed. Carried forward to 2019/20.	In Progress 20%
Develop and execute a whole of Council Digital Security Plan.	Digital Security review is well advanced. Council has confirmed the organisation's inherent risk and maturity and identified the gaps and set actions to address.	In Progress 90%
Develop and execute an IT Disaster Recovery Plan.	Disaster Recovery planning has been completed. Departmental stakeholders have determined Council's Recovery Time and Recovery Point objectives. Actions will be set accordingly.	In Progress 90%

## GOAL 5 - PRACTICING EXCELLENCE IN GOVERNANCE

ACTION	OUTCOME	STATUS
Develop the Information Asset Register (IAR).	Established on Council's records platform, SharePoint, the Information Asset Register provides a valuable tool for the management of the life-cycle of information, identification of vital records, risks and ongoing value of information assets to Council.	Complete
Review the Management of Contractor record keeping.	A contractor working group will discuss and review existing requirements for contractor record keeping. Improvements and recommendations from the review will be captured in Council's systems, people and processes.	In Progress 50%
Implement Asset Management Software linked to Council's Long Term Financial Management Strategy.	The implementation of the Asset Management system has commenced with a Health Check in June 2019. The project is 15 months in duration and will be reported on throughout the duration.	In Progress 40%
Implement new employee Intranet and content management portal utilising existing solution 'SharePoint'.	An Intranet has been implemented that replaces Cafe. The new intranet was developed on SharePoint delivering better functionality and savings.	Complete



International Volunteer Day 2018 - A total of 63 community volunteers enjoyed breakfast cooked by Councillors and senior staff.



Image credit: Janette Heazlewood 'Lets go Fly a Kite' Distinctly Devonport competition entry

# 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 during the year was Paul West, who was appointed to the position in 2014 for a contract term of five years. The contract was renewed, effective 6 January 2019 for a further 5 year period. The Act outlines the roles of the General Manager. In particular Sections 62 and 63 detail the functions and powers of the General Manager, which in essence are to manage and direct the human and financial resources of the Council; to achieve optimum use of the public monies; and the most effective uses of 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>



Image Credit: Helen Bruce 'Waiting for the Spirit' Oceania and Australian Laser Championships 2019 - Distinctly Devonport competition entry



## 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>.

The mandatory disclosures under section 86(b)(i) of the *Public Interest Disclosure Act 2002* are:

Disclosure	18/19
The number and types of disclosures made to the relevant public body during the year and the number of disclosures determined to be a public interest disclosure.	None
The number of disclosures determined by the relevant public body to be public interest disclosures that it investigated during the year.	None
The number and types of disclosed matters referred to the public body during the year by the Ombudsman.	None
The number and types of disclosed matters referred during the year by the public body to the Ombudsman to investigate	None
The number and types of investigations of disclosed matters taken over by the Ombudsman from the public body during the year	None
The number and types of disclosed matters that the relevant public body has declined to investigate during the year	None
The number and type of disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation	None
Any recommendations made by the ombudsman that relate to the relevant public body	None

## COMPLAINTS

In accordance with section 339F of the *Local Government Act 1993*, Council is required to disclose the number and nature of complaints it received under the provisions of the Customer Service Charter. 15 formal complaints (in accordance with the definition contained within Council's Customer Service Charter) were received during 2018/19. All complaints were acknowledged and resolved in accordance with Council policy. 6 complaints related to a failure to adhere to Council's service standards; 5 related to decisions made by Council Officers; and 4 complaints related to staff behaviour.

## MODEL CODE OF CONDUCT

There were no Code of Conduct complaints made against any elected members of the Devonport City Council during the 2018/19 financial year.

## LAND SALES

Council sold the following properties in 2018/19:

Property	Sale Amount
2-12 Murray Street, East Devonport	\$520,000
169 Steele Street, Devonport	\$667,000
1-3 North Caroline Street, East Devonport	\$475,000
92 North Fenton Street, Devonport	\$1,399,999
Lot 65, 24-26 Triton Road, East Devonport	\$57,500
35 Loane Avenue, East Devonport	\$55,000
20-26 Best Street*	\$1,180,000

\*Awaiting settlement

## LAND DONATIONS

In accordance with section 72(1)(da) of the *Local Government Act 1993*, Council did not donate any land under Section 177 of the *Local Government Act 1993* during the 2018/19 financial year.

# 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.

There were no instances where sub-regulations 27(1)(a) or (i) of the *Local Government (General) Regulations 2015* were applied.

CONTRACT NUMBER & CONTRACTOR/SUPPLIER	DESCRIPTION OF CONTRACT	CONTRACT OR SUPPLY PERIOD	EXTENSION OPTION	\$ VALUE (excl. GST)
1323 Lazaro Pty Ltd Level 6-111 Macquarie Street, Hobart TAS 7000	paranaple centre cleaning	July 2018 - July 2021	+1+1	109,504 p.a
1324 Knight Frank 48-54 Oldaker Street, Devonport TAS 7310	paranaple centre Building Manager	July 2018 - July 2021	+1+1	105,000 (Yr1) 95,000 (Yr 2) *97,375 (Yr3)
1326 Tas Hotel & Catering Supplies 7 Victoria Parade, Devonport TAS 7310	Supply of catering & hospitality equipment, paranaple convention centre	July 2018 to September 2018	N/A	101,583
CT0220 Kentish Construction & Engineering Co. T/A Treloar Transport Spring Street, Sheffield TAS 7306	Southern Rooke Street renewal	January 2019 to April 2019	N/A	796,635
CT0219-01 Hardings Hotmix Pty Ltd 30 Industrial Drive Ulverstone TAS 7315	Supply, delivery and placement of hot mix asphalt	October 2018 to March 2019	N/A	266,050
CT0219-02 Hardings Hotmix Pty Ltd 30 Industrial Drive, Ulverstone TAS 7315	Supply, delivery and placement of bituminous surfacing	October 2018 to March 2019	N/A	193,675
Lyons Architects 3/246 Bourke Street Melbourne VIC 3000	LIVING CITY Waterfront Precinct detailed design services	September 2018 to April 2019	N/A	872,388
1327 Vos Construction & Joinery 40 Appledore Street, Devonport TAS 7310	Base building works - 17 Fenton Way	August 2018 to September 2018	N/A	118,715
CT0234 ATM Civil Construction 46 York Street, Latrobe TAS 7307	Wenvoe Street Reconstruction	October 2018 to December 2018	N/A	334,852

\*CPI increase year 3 - est 2.5% CPI

# TENDERS AND CONTRACTING



CONTRACT NUMBER & CONTRACTOR/SUPPLIER	DESCRIPTION OF CONTRACT	CONTRACT OR SUPPLY PERIOD	EXTENSION OPTION	\$ VALUE (excl. GST)
CT0169 Kentish Construction & Engineering Co. T/A Treloar Transport Spring Street, Sheffield TAS 7306	Formby & Best Street intersection improvements	January 2019 to April 2019	N/A	192,516
CS0074 BLW Investments Pty Ltd 193 Pensioners Row, Westbury TAS 7303	William stormwater stage 8	January 2019 to March 2019	N/A	335,710
CT0236 Civilscape Contracting Pty Ltd 1419 Ridgley Highway, Highclere TAS 7321	Winspears Road reconstruction	February 2019 to May 2019	N/A	141,859
CT0208 Civilscape Contracting Pty Ltd 1419 Ridgley Highway, Highclere TAS 7321	Bishop Road renewal	February 2019 to May 2019	N/A	237,811
CT0226 Civilscape Contracting Pty Ltd 1419 Ridgley Highway, Highclere TAS 7321	Parker & Ronald Street intersection upgrade	March 2019 to June 2019	N/A	214,395
1328 Lazaro Pty Ltd Level 6-111 Macquarie Street, Hobart TAS 7000	Cleaning of Council facilities and offices	March 2019 to March 2021	+1+1+1	263,146 p.a
CT0233 Civilscape Contracting Pty Ltd 1419 Ridgley Highway, Highclere TAS 7321	Adelaide Street kerb renewal	March 2019 to April 2019	N/A	135,749
CP0158 CBB Contracting Pty Ltd 240 Old Surrey Road, Burnie TAS 7320	Modern burial system stage 2	March 2019 to February 2020	N/A	880,620
CF0023 Hako Australia 90 Wetherill Street, Silverwater NSW 1811	Supply and delivery of street sweeper and scrubber	April 2019	N/A	173,663
CP0143 Vos Construction & Joinery 40 Appledore Street, Devonport TAS 7310	Mersey Vale Cemetery, children's area	April 2019 - December 2019	N/A	180,873
CT0198 Hardings Hotmix Pty Ltd 30 Industrial Drive Ulverstone TAS 7315	Mersey Bluff pedestrian links	May 2019 to July 2019	N/A	167,373
1276 Veolia Environmental Services (Aust) Pty Ltd 75 Mornington Road, Mornington TAS 0718	Waste transport - extension to contract	November 2018 - November 2019	N/A	Schedule of Rates
A1 Tree Services 4 Tarleton Road Tarleton TAS 7310	Tree maintenance and removal services - extension to contract	April 2019 - April 2020	N/A	Schedule of Rates

# 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 of a full-time Environmental Health Officer, a part-time contracted Environmental Health Officer and a full-time Environmental Services 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 2018/19 include the conducting of school immunisation clinics and a public meningococcal clinic.

250 Food Premises licences were issued. Council also introduced mobile computing services for

conducting and recording data in accordance with the State Government's new Tasmanian Food Business Risk Classification System. The classification system will enable businesses to be assigned a priority for inspections based on their food safety risk.

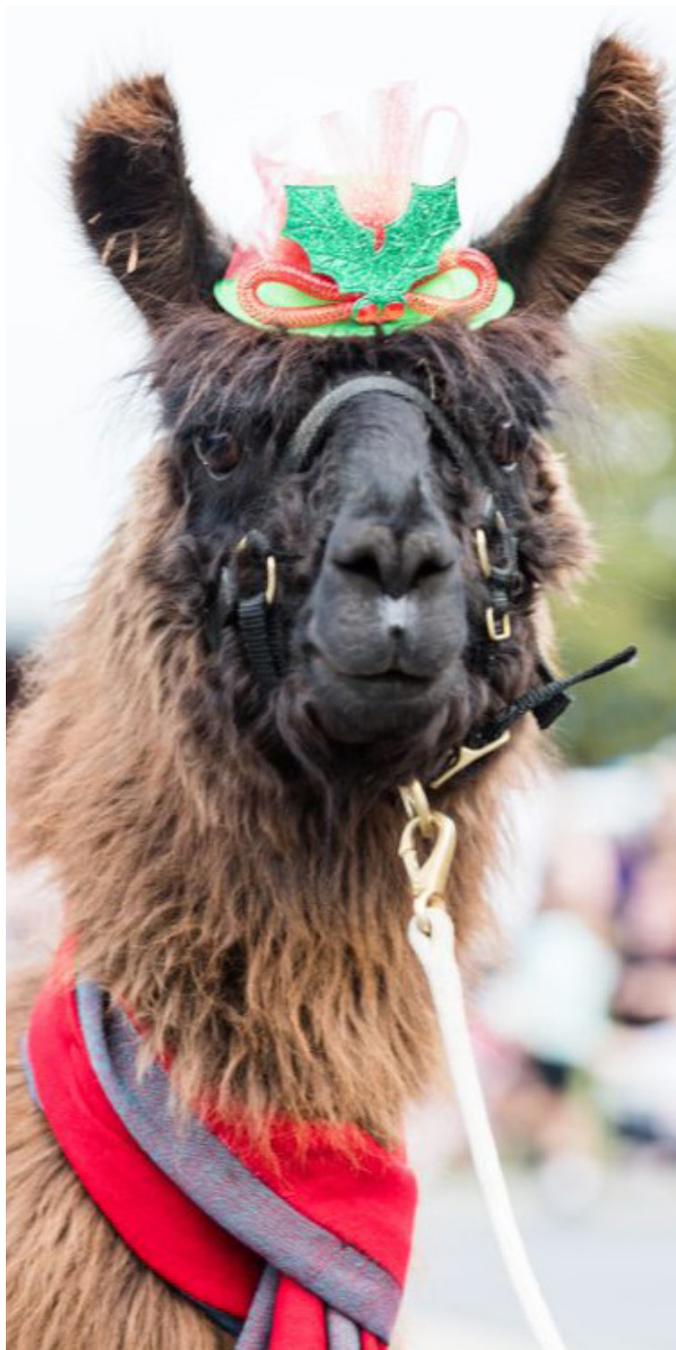


Image Credit: Kelly Slater - Devonport Christmas Parade

# COMMUNITY GRANTS & EVENTS SPONSORSHIP



## MAJOR GRANTS

ORGANISATION	DESCRIPTION	AMOUNT FUNDED (\$)
Mersey Yacht Club	Oceania Australia Laser Championships - Stage 1 Works	25,000
Devonport Tennis Club	Toilet and change room upgrade	25,000
East Devonport Tennis Club	Upgrade infrastructure and equipment	9,288
Devonport Squash Club	Heating	7,833
Devonport City Soccer Club	New PA system	6,818
HOPE Christian Church	St Pauls Kitchen	5,256
Devonport Surf Club	Repainting*	3,727
Spreyton Football Club	Laundry facilities	3,863

\* Surf Club flooring project replaced with repainting project with combined funding of \$6,418

## MINOR GRANTS

ORGANISATION	DESCRIPTION	AMOUNT FUNDED (\$)
Devonport Apex Regatta	2019 Devonport Apex Regatta	3,000
East Devonport Child and Family Centre	Stage Two of the East Devonport "We Grow Well Together" community garden	2,235
Devonport Surf Club	Surf Club Floor*	2,107
Mersey Rowing Club	Boat Shed Roller Doors	2,000
Devonport Choral Society Inc	Storage	1,909
Mission Australia	MACS Place Garden	1,718
Devonport Garden Club	Monthly Meetings, Arbor Month open gardens	1,455
Cradle Coast Aquatic Inc	Equipment Storage Trolley 2	1,120
Penguin Rehab & Release	Penguin rehabilitation facility	1,000
Soroptimists International of Devonport	Marquee and flag for advocacy	545

\* Surf Club flooring project replaced with repainting project with combined funding of \$6,418

## OTHER BENEFITS

ORGANISATION	DESCRIPTION	AMOUNT FUNDED (\$)
Providore Place Devonport Pty Ltd	Rent	\$163,333
Mersey Bluff Caravan Park*	Rent	\$25,000

\*The Lessee at the Mersey Bluff Caravan Park is undertaking capital improvements at the park, in lieu of paying rent as agreed by Council, resolution no. 218/17.



## SPORT AND RECREATION - GRANTS AND SPONSORSHIP

ORGANISATION	DESCRIPTION	AMOUNT FUNDED (\$)
Devonport City Soccer	Contribution towards Levelling the Playing Field grant	40,000
Cradle Coast Sports & Events	Triathlon + Run Devonport	15,000
Football Federation Tas	National SAP Championships	10,000
Squash Tasmania	Tasmanian Squash Open	10,000
Mersey Valley Devonport Cycling Club	2019 Oceania Road Championships	5,000
Devonport Athletic Club	Christmas Carnival	5,000
Devonport Junior Soccer	Devonport Cup	3,000
Cradle Coast Sports & Events	Live streaming support - Triathlon	2,000
Devonport Basketball Council	Primary School Tournament	2,000
Basketball TAS	Under 12 State Championships	2,000
Netball	Goal posts	1,363
Devonport Athletic Club	Catering for junior athletic clinic	200

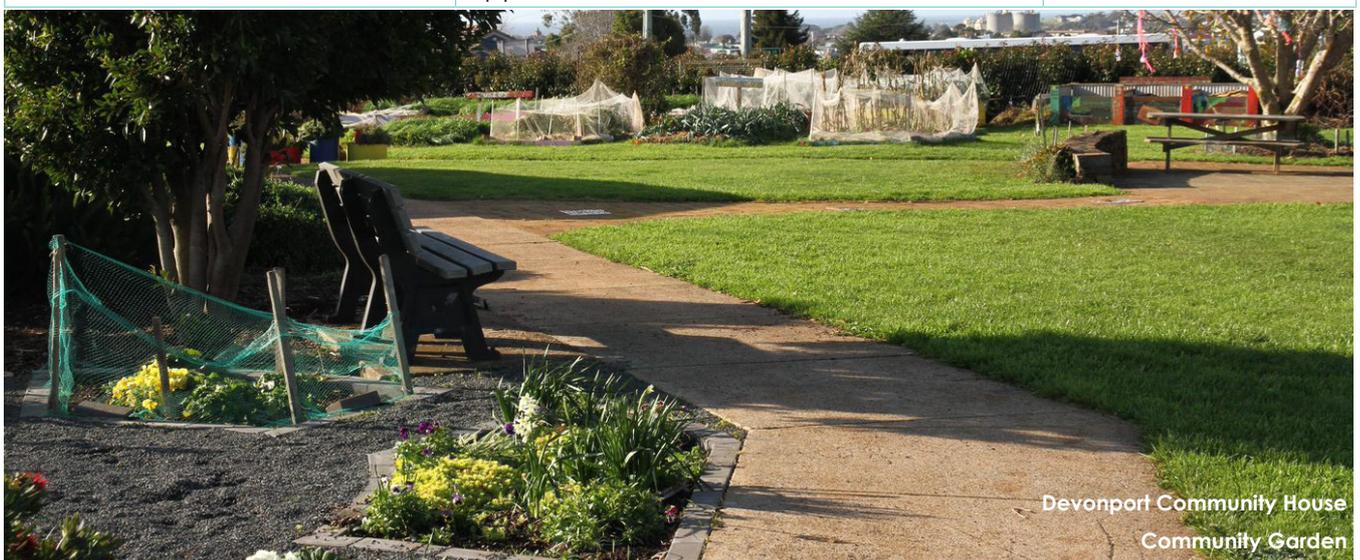


Devonport Christmas Carnival 2018



## COMMUNITY PARTNERSHIP AGREEMENTS

ORGANISATION	DESCRIPTION	AMOUNT FUNDED (\$)
National Trust of Australia – Home Hill Operations	Contribution towards Home Hill operations	28,000
Merseylink	Contribution towards the 'Spirit of Devonport' operation	25,000
Tasmanian Arboretum	Contribution towards operating costs	20,000
Devonport Community House	Contribution towards operating costs of the Community Gardens and the Playhouse	18,000
Mersey SES	Contribution towards operating costs	17,131
Devonport Brass Band	Contribution towards operations of the Devonport Brass Band	8,000
Devonport Men's Shed	Contribution towards operations of the Men's Shed	7,000
City of Devonport Lions Club	Contribution towards operating costs of Taste the Harvest	5,000
Devonport Surf Club	Contribution towards operation of the Devonport Surf Life Saving Club	3,636
Carols by Candlelight	Contribution towards operating costs	3,500
Devonport Motor Show – Rotary Club of Devonport North	Contribution towards operating costs of the Devonport Motor Show	2,700
East Devonport Community House	Contribution towards Christmas in the East	2,273
Youth and 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	Rental agreement/ Youth services - in kind funding



Devonport Community House  
Community Garden



## COMMUNITY DONATIONS

ORGANISATION	PROJECT TITLE	AMOUNT FUNDED (\$)
North West Greyhound Racing Club	Trophy	150
Rotary Club of Devonport South East	Annual Children's Film Show	120
Devonport Basketball Council Inc	2018 Mayor's Award	64
Reece High School	End of Year Award	50
Nixon Street Primary School	End of Year Award	50
Devonport High School	End of Year Award	50
Spreyton Primary School	End of Year Award	50
Devonport Primary School	End of Year Award	50
East Devonport Primary School	End of Year Award	50

## INDIVIDUAL DEVELOPMENT GRANTS

NUMBER OF GRANTS	DESCRIPTION	AMOUNT FUNDED (\$)
16	Approved and Paid	1,500
1	Approved and Unclaimed	50

## SUMMARY OF GRANTS AND BENEFITS

PURPOSE	AMOUNT (\$)
Vacant land rate remissions	1,658
Independent living units remissions	29,524
Not-for-profit/ community organisations rate remissions	*26,452
paranaple centre, convention centre and art centre room hire subsidies	22,065
Waste Transfer Station community subsidies	2,160
Major grants	86,785
Minor grants	17,089
Pecuniary Benefits	188,333
Sport & Recreation grants & sponsorship	95,563
Community partnership agreements	140,240
Individual development grants	1,550
Community donations	634
<b>TOTAL</b>	<b>612,053</b>

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.

\* Council reimbursed \$87K in rates to organisations classified as charitable independent living units in accordance with section 87 (1) (d) of the *Local Government Act 1993*.

# APPENDIX A AUDITED FINANCIAL STATEMENTS



Image Credit: Kelly Slater - New Year's Eve

## **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 2019 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the statement of certification by the General Manager.

In my opinion the accompanying financial report:

- (a) presents fairly, in all material respects, Council's financial position as at 30 June 2019 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.

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

## Key Audit Matters

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

<b>Why this matter is considered to be one of the most significant matters in the audit</b>	<b>Audit procedures to address the matter included</b>
<p><b>Property and infrastructure</b> <i>Refer to notes 14, 26, 27 and 44</i></p> <p>Property and infrastructure at 30 June 2019 includes land, buildings, parks and open space, cultural and heritage assets and infrastructure assets totalling \$471.57m. The fair values of these assets are based on market value or current replacement cost. Council undertakes formal revaluations on a regular basis to ensure valuations represent fair value. Indexation is applied to fair values between formal valuations.</p> <p>In 2018-19, Council revalued road assets based on current replacement cost valuations determined by internal experts and indexed all other asset classes except land. These valuations are highly dependent upon a range of assumptions and estimated unit rates.</p> <p>The calculation of depreciation requires estimation of asset useful lives, which involves a high degree of subjectivity. Changes in assumptions and depreciation policies can significantly impact the depreciation charged.</p> <p>Capital expenditure in 2018–19 totalled \$21.41m on a number of significant programs to upgrade and maintain assets. Capital projects can contain a combination of enhancement and maintenance activity which are not distinct and therefore the allocation of costs between capital and operating expenditure is inherently judgemental.</p>	<ul style="list-style-type: none"> <li>• Assessing the scope, expertise and independence of experts involved in the valuations.</li> <li>• Assessing the appropriateness of the valuation methodology and the key assumptions used.</li> <li>• Evaluating indexation applied to assets between formal valuations.</li> <li>• Testing, on a sample basis, the mathematical accuracy of the valuation model’s calculations.</li> <li>• Evaluating management’s assessment of asset useful lives.</li> <li>• Performing substantive analytical procedures on depreciation expenses.</li> <li>• Testing, on a sample basis, significant expenditure on maintenance and capital works to corroborate appropriate treatment.</li> <li>• Testing, on a sample basis, capital work-in-progress to ensure that active projects will result in usable assets and that assets commissioned are transferred in a timely manner.</li> <li>• Evaluating the adequacy of disclosures made in the financial report, including those regarding key assumptions used.</li> </ul>

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Report**

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

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

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

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

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

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



Rod Whitehead  
**Auditor-General**

**Tasmanian Audit Office**

27 September 2019  
Hobart

**Devonport City Council**

**ANNUAL FINANCIAL REPORT  
For the Year Ended 30 June 2019**

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

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**DEVONPORT CITY COUNCIL**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**Statement of Comprehensive Income**

	Note	Budget 2019 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
<b>Income from continuing operations</b>				
<b>Recurrent income</b>				
Rates and service charges	5	27,912	27,976	27,327
Fees and charges	6	5,878	5,852	5,497
Grants	7	2,299	2,586	3,216
Contributions - cash	8	35	19	49
Investment revenue from TasWater	9	1,200	1,018	1,643
Other investment revenue	10	726	1,063	887
Share of profit of associates accounted for by the equity method	25	640	1,539	793
Other income	11	1,137	1,105	1,185
<b>Total recurrent income</b>		<b>39,827</b>	<b>41,158</b>	<b>40,597</b>
<b>Capital items</b>				
Capital grants received specifically for new or upgraded assets	7	2,555	1,504	8,675
Contributions - non-monetary assets	8	0	510	1,323
Net loss on the disposal of property, infrastructure, plant and equipment	17	(397)	(819)	(1,439)
Capital works completed on assets not owned by Council	19	0	0	(420)
Derecognition of assets	20	0	(2,885)	(516)
<b>Total capital items</b>		<b>2,158</b>	<b>(1,690)</b>	<b>7,623</b>
<b>Total income from continuing operations</b>		<b>41,985</b>	<b>39,468</b>	<b>48,220</b>
<b>Expenses from continuing operations</b>				
Employee benefits	12	12,002	11,964	11,647
Materials and services	13	15,097	15,395	15,199
Depreciation	14	9,140	9,574	8,427
Finance costs	15	1,824	3,611	1,280
Other expenses	16	1,217	1,202	1,042
<b>Total expenses from continuing operations</b>		<b>39,280</b>	<b>41,746</b>	<b>37,595</b>
<b>Result from continuing operations</b>		<b>2,705</b>	<b>(2,278)</b>	<b>10,625</b>
<b>Net result for the year</b>		<b>2,705</b>	<b>(2,278)</b>	<b>10,625</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to surplus or deficit</b>				
Fair Value adjustment on available for sale assets	24	0	0	1,119
<b>Items that will not be reclassified to surplus or deficit</b>				
Fair value adjustments on equity investment assets	24	0	12,683	0
Net asset revaluation increment / (decrement) - Council	32	0	2,017	6,154
Net asset revaluation increment / (decrement) - Associates	25	0	21	122
<b>Total other comprehensive income</b>		<b>0</b>	<b>14,721</b>	<b>7,395</b>
<b>Total comprehensive result</b>		<b>2,705</b>	<b>12,443</b>	<b>18,020</b>

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

**DEVONPORT CITY COUNCIL**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**Statement of Financial Position as at 30 June 2019**

	Note	2019 \$'000	2018 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	21	15,966	16,442
Trade and other receivables	22	7,578	1,129
Other assets	23	306	164
Available for sale assets	26.1	1,337	2,397
<b>Total current assets</b>		<b>25,187</b>	<b>20,132</b>
<b>Non-Current Assets</b>			
Trade and other receivables	22	24	28
Other assets	23	268	0
Investment in TasWater	24	100,028	87,345
Investments in associates	25	7,234	6,009
Property, infrastructure, plant and equipment	26	477,943	443,433
Capital work in progress	27	4,311	53,415
<b>Total non-current assets</b>		<b>589,808</b>	<b>590,230</b>
<b>TOTAL ASSETS</b>		<b>614,995</b>	<b>610,362</b>
<b>Current Liabilities</b>			
Payables	28	2,378	18,865
Interest bearing liabilities	29	1,804	45,159
Provisions	31	2,309	2,104
<b>Total current liabilities</b>		<b>6,491</b>	<b>66,128</b>
<b>Non-Current Liabilities</b>			
Interest bearing liabilities	29	50,017	0
Other Financial Liabilities	30	2,499	604
Provisions	31	351	436
<b>Total non-current liabilities</b>		<b>52,867</b>	<b>1,040</b>
<b>TOTAL LIABILITIES</b>		<b>59,358</b>	<b>67,168</b>
<b>NET ASSETS</b>		<b>555,637</b>	<b>543,194</b>
<b>Equity</b>			
Asset revaluation reserve - Council	32	318,858	316,841
Asset revaluation reserve - Associates	32	1,589	1,568
Other reserves	33	23,631	10,948
Accumulated surplus	32	211,559	213,837
<b>TOTAL EQUITY</b>		<b>555,637</b>	<b>543,194</b>

# DEVONPORT CITY COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## Statement of Changes in Equity

2019	Asset Revaluation Reserve - Council Note 32 (i) \$'000	Asset Revaluation Reserve - Associate Note 32 (ii) \$'000	Accumulated Surplus Note 32 (iii) \$'000	Other Reserves Note 33 \$'000	Total \$'000
Balance at beginning of year	316,841	1,568	213,837	10,948	543,194
Net result for the year	0	0	(2,278)	0	(2,278)
Other comprehensive income	2,017	21	0	12,683	14,721
Balance at end of year	318,858	1,589	211,559	23,631	555,637
2018 Restated *	Asset Revaluation Reserve - Council Note 32 (i) \$'000	Asset Revaluation 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 effect of a correction of error	1,895		(472)		1,423
Restated balance at the beginning of the reporting period	310,687	1,446	203,212	9,829	525,174
Net result for the year	0	0	10,625	0	10,625
Other comprehensive income	6,154	122	0	1,119	7,395
Balance at end of year	316,841	1,568	213,837	10,948	543,194

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

**DEVONPORT CITY COUNCIL**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**Statement of Cash Flows**

	Note	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities :</b>			
Rates and other user charges		33,463	32,992
Refunds from Australian Taxation Office for GST		2,958	4,963
Interest		428	384
Contributions - cash		19	49
Government grants and subsidies		2,586	3,216
Investment revenue from TasWater		1,727	1,656
Dividend from Associate		335	421
Other investments		513	480
Other receipts		441	1,415
Payments to suppliers and employees		(29,967)	(32,124)
Finance Costs		(1,716)	(983)
Other payments		(1,326)	(848)
<b>Net cash flows provided by operating activities</b>	38	<b>9,461</b>	<b>11,621</b>
<b>Cash flows from investing activities :</b>			
Proceeds from sale of non current assets		3,299	486
Payments for non current assets		(21,406)	(45,889)
Capital grants		1,504	8,675
Loans to community organisations		4	3
<b>Net cash used in investing activities</b>		<b>(16,599)</b>	<b>(36,725)</b>
<b>Cash Flows from financing activities :</b>			
Proceeds from borrowings		7,661	26,189
Repayment of borrowings		(999)	(768)
<b>Net cash provided by financing activities</b>		<b>6,662</b>	<b>25,421</b>
Net increase / (decrease) in cash and cash equivalents		(476)	317
Cash and cash equivalents at beginning of the financial year		16,442	16,125
<b>Cash and cash equivalents at end of the financial year</b>	21	<b>15,966</b>	<b>16,442</b>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

### Reporting Entity

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

### 1 Statement of accounting policies

#### (a) Basis of accounting

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

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

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

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

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

#### (b) Judgements and assumptions

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

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

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

##### *Employee entitlements*

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

##### *Defined benefit superannuation fund obligations*

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

### 1 Statement of accounting policies (continued)

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

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

#### (i) AASB 9 *Financial Instruments*

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

This standard replaces 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 entities business model for holding the particular asset and its contractual cash flows.

Council has applied this standard from 1 July 2018 using a retrospective approach with cumulative catch-up. This does not require Council to restate comparative figures, but does require the presentation of both qualitative and quantitative disclosures for affected items, along with a corresponding adjustment to the opening balance of Accumulated surpluses for transitional effects of re-measurement.

The financial assets of Council have been reclassified into one of the following categories on adoption of AASB 9. The classifications are primarily based on Council's business model in which a financial asset is managed and its contractual cash flow characteristics. The main effects of reclassification are as follows:

- *Trade and other receivables* - classified as 'Loans and receivables' as at 30 June 2018, these are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at 'Amortised cost' beginning 1 July 2018. Trade receivables that do not contain a significant financing component are measured at amortised cost, which represents their transaction value. Impairment is recognised on an expected credit loss (ECL) basis. When determining whether the credit risk has increased significantly since initial recognition, and when estimating the ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience, an informed credit assessment and forward-looking information.

For rate debtors, Council takes the view that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rate debtors, Council uses the presumptions that assets more than 30 days past due have a significant increase in credit risk and those more than 90 days will likely be in default. Council writes off receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Council debtors at 30 June 2018 did not result in any revised credit losses due to Council already providing for debtors which would fall into this category.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

### 1 Statement of accounting policies (continued)

- *Investment in Taswater* - As Council's investment in TasWater is held for long-term strategic purposes, Council has elected under AASB 9: Financial Instruments to irrevocably classify this equity investment as designated as fair value through other comprehensive income. Subsequent changes in fair value on designated investments in equity instruments are recognised in other comprehensive income (for fair value reserve, refer note 44) and not reclassified through the profit or loss when derecognised. Dividends associated with the equity investments are recognised in profit and loss when the right of payment has been established and it can be reliably measured.

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.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined in accordance with AASB 9:

	Impairment under AASB 139 as at 30 June 2018	Re-measurement	ECL under AASB 9 as at 1 July 2018
	\$'000	\$'000	\$'000
Loans and receivables under AASB 139 / Financial assets at amortised cost under AASB 9	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

There was no prior year impairment recognised due to the debtors all being expected to be received. This categorisation doesn't change for the reclassification under AASB 9 due to the nature of these debtors and their subsequent timely receipt. Council will continue to apply the revised requirements of AASB 9 to future impairment considerations.

#### (d) Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

#### (i) 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.

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 not sufficiently specific performance obligations, for example the Commonwealth Financial Assistance Grants. These grants are and will continue to be recognised as revenue upfront assuming no change to the current grant arrangements.

Council currently presents unexpended grant income received in note 7.

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

#### (ii) AASB 1058 Income of Not-for-Profit Entities

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

### For the year ended 30 June 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.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

### 1 Statement of accounting policies (continued)

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

AASB 1058 requires the recognition of Volunteer services where they would have been purchased if not donated and the fair value of those services can be reliably measured. It is estimated that the value of volunteer services is \$740,000 per annum, however they will not be recognised as they would not have been purchased if they had not been donated.

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

#### (ii) 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 net basis.

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

At each reporting date, Council reviews the carrying value of its assets carried at cost 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.

#### (h) Rounding

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

### 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			
	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000
Corporate	2,479	28,655	9,386	21,748	114,202
Community, Cultural & Recreation	114	1,055	7,433	(6,264)	5,353
Parking	0	2,283	1,927	356	21,489
Economic Development	1,000	(1,766)	2,551	(3,317)	12,697
Roads	450	(327)	7,398	(7,275)	134,060
Stormwater	0	(70)	2,164	(2,234)	78,079
Waste Management	0	4,364	4,132	232	1,495
Parks & Gardens	47	370	4,607	(4,190)	162,296
Buildings	0	0	368	(368)	82,074
Infrastructure Administration	0	120	393	(273)	3,163
Regulatory Services	0	694	1,387	(693)	87
<b>TOTAL</b>	<b>4,090</b>	<b>35,378</b>	<b>41,746</b>	<b>(2,278)</b>	<b>614,995</b>

#### 2018 Restated

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	139,114
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)	135,242
Stormwater	0	46	2,016	(1,970)	76,282
Waste Management	0	4,137	4,158	(21)	1,563
Parks & Gardens	97	145	4,697	(4,455)	162,871
Buildings	0	0	390	(390)	1,797
Infrastructure Administration	0	(282)	394	(676)	3,115
Regulatory Services	0	813	1,476	(663)	92
<b>TOTAL</b>	<b>11,891</b>	<b>36,329</b>	<b>37,595</b>	<b>10,625</b>	<b>610,362</b>

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

	2019 \$'000	2018 \$'000
Current assets	25,187	20,132
Non-current assets	589,808	590,230
	<b>614,995</b>	<b>610,362</b>

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 2 Functions / activities

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

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

##### **CORPORATE**

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

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

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

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

Community Development  
Community Financial Assistance  
paranaple Arts Centre  
paranaple Convention Centre  
Recreational Development  
Devonport 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**

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

LIVING CITY Project  
Economic Development

##### **PARKING**

Parking

##### **ROADS**

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

Roads Maintenance

##### **STORMWATER**

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

Stormwater Maintenance

##### **WASTE MANAGEMENT**

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

Waste Management Operations

##### **PARKS & GARDENS**

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

Parks & Open Space Maintenance  
Cemetery Operations

##### **BUILDINGS**

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

Building Maintenance

##### **INFRASTRUCTURE ADMINISTRATION**

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

Project Management  
Engineering Services  
Plant Services

##### **REGULATORY SERVICES**

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

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

### 3 Significant business activities

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

	2019		
	Parking	Waste Management	paranaple Arts Centre and Convention Centre*
	\$'000	\$'000	\$'000
<b>Operating Statement</b>			
<b>Revenue</b>			
Fees and charges	1,852	4,273	468
Other	693	91	89
Grants and contributions	0	0	86
<b>Total revenue</b>	<b>2,545</b>	<b>4,364</b>	<b>643</b>
<b>Expenses - Direct</b>			
Employee costs	331	448	1,173
Materials and services	725	3,628	1,118
Levies and taxes	178	3	36
<b>Total expenses (before depreciation)</b>	<b>1,233</b>	<b>4,079</b>	<b>2,326</b>
<b>Capital costs</b>			
Depreciation expense	350	53	411
Opportunity cost of capital	740	52	569
(Gain) / loss on sale of non-current assets	263	0	171
	<b>1,353</b>	<b>105</b>	<b>1,151</b>
<b>Calculated surplus / (deficit)</b>	(41)	181	(2,834)
<b>Income Tax Equivalent Rate 30%</b>			
Income tax equivalent	0	54	0
<b>Total fully attributed costs</b>	<b>2,586</b>	<b>4,238</b>	<b>3,477</b>

\* During 2018/19 The Visitor Information Centre relocated to the Devonport Entertainment and Convention Centre and the two cost centres were combined. The Devonport Entertainment and Convention Centre was renamed the paranaple Arts Centre. The new convention space (Lot 3) within the Multi-purpose building is now known as the paranaple Convention Centre.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 3 Significant business activities (cont.)

		2018		
		Parking	Waste Management	Devonport Entertainment & Convention Centre
		\$'000	\$'000	\$'000
<b>Operating Statement</b>				
<b>Revenue</b>				
Fees and charges		1,706	4,085	233
Other		983	52	69
<b>Total revenue</b>		<b>2,689</b>	<b>4,137</b>	<b>302</b>
<b>Expenses - Direct</b>				
Employee costs		350	499	435
Materials and services		908	3,609	497
Levies and taxes		175	3	38
<b>Total expenses (before depreciation)</b>		<b>1,432</b>	<b>4,111</b>	<b>970</b>
<b>Capital costs</b>				
Depreciation expense		131	47	179
Opportunity cost of capital	2.5%	392	37	108
(Gain) / loss on sale of non-current assets		0	0	13
		<b>523</b>	<b>84</b>	<b>300</b>
<b>Calculated surplus / (deficit)</b>		734	(58)	(968)
<b>Income Tax Equivalent Rate 30%</b>				
Income tax equivalent		220	0	0
<b>Total fully attributed costs</b>		<b>2,176</b>	<b>4,195</b>	<b>1,270</b>

#### Accounting policy

Council is required to report the operating, capital and competitive neutrality costs in respect of each significant business activity undertaken by the Council. Council's disclosure is reconciled above. Council has determined, based upon materiality that Parking, Waste Management, the parnaple Art Centre and the parnaple Convention Centre (formerly known as the Devonport Entertainment and Convention Centre (DECC)) 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 3.37% (2017/18 2.5%) of assets; and
- income tax equivalents are calculated using the company tax rate

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 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 2018/19 financial year. As the majority of corrections relate to assets taken up in prior years it is appropriate to restate the 30 June 2018 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 roads, parks and open space assets and a land asset has also been corrected and included with the restated figures.

The 30 June 2018 comparatives have been restated to reflect the following changes:

Property Plant and Equipment adjustments consisting of assets taken up \$1,895,227 and asset disposals of \$470,545 resulted in an overall increase to Property, Plant and Equipment of \$1,424,682.

Land assets decreased in value by \$3,431 (net of disposals)

Stormwater assets increased in value by \$1,544,636 (net of disposals)

Road assets decreased in value by \$135,112 (net of disposals)

Parks and Open Space assets increased in value by \$18,589 (net of disposals)

#### Statement of Comprehensive Income

The adjustment of \$470,545 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 2017.

	Accumulated Surplus (Unadjusted) \$'000	Accumulated Surplus (Adjusted) \$'000	Prior period error Adjustment \$'000
<b>Accumulated Surplus</b>			
Balance at 1 July 2017	203,684	203,212	(472)
Balance at 30 June 2018	214,309	213,837	(472)

#### Statement of Financial Position as at 30 June 2018 (Extract)

Note	2018 \$'000	Correction of Error \$'000	Restated 2018 \$'000	
<b>Non-Current Assets</b>				
Property, plant and equipment	26	442,010	1,423	443,433
<b>Total non-current assets</b>		<b>588,807</b>	<b>1,423</b>	<b>590,230</b>
<b>TOTAL ASSETS</b>		<b>608,938</b>	<b>1,423</b>	<b>610,362</b>
<b>NET ASSETS</b>		<b>541,771</b>	<b>1,423</b>	<b>543,194</b>
<b>Equity</b>				
Asset revaluation reserve - Council	32	314,946	1,895	316,841
Accumulated surplus	32	214,309	(472)	213,837
<b>TOTAL EQUITY</b>		<b>541,771</b>	<b>1,423</b>	<b>543,194</b>

#### Note 26 - Property, plant and equipment (Extract)

Land at fair value	26	149,687	(3)	149,684
		<b>149,687</b>	<b>(3)</b>	<b>149,684</b>
Parks and Open Space at fair value	26	24,817	45	24,862
Less: Accumulated Depreciation on improvements	26	10,002	27	10,029
		<b>14,815</b>	<b>18</b>	<b>14,833</b>
Roads at fair value	26	285,402	(175)	285,227
Less: Accumulated Depreciation on improvements	26	156,236	(40)	156,196
		<b>129,166</b>	<b>(135)</b>	<b>129,031</b>
Stormwater at fair value	26	125,919	2,262	128,181
Less: Accumulated Depreciation on improvements	26	54,229	719	54,948
		<b>71,690</b>	<b>1,543</b>	<b>73,233</b>
Total infrastructure assets at fair value	26	671,888	2,129	674,017
Less: Accumulated Depreciation on improvements	26	271,239	706	271,945
		<b>400,649</b>	<b>1,423</b>	<b>402,072</b>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 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*.

	<b>2019</b> <b>\$'000</b>	<b>2018</b> <b>\$'000</b>
General rates	21,347	20,969
Penalty income from overdue rates and charges	110	99
Waste management rates & charges	3,703	3,567
Fire Service Levy	<u>2,816</u>	<u>2,692</u>
Total rates and service charges	<u><b>27,976</b></u>	<u><b>27,327</b></u>

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.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>6 Fees and charges</b>		
Admission charges	94	129
Animal registrations	89	96
Cemetery fees	227	208
Certificate charges	184	195
Development fees	422	369
Equipment hire fees	20	10
Facility hire	337	291
Fines	490	661
Licences	72	75
Parking fees	1,852	1,706
Property leases & rental	1,084	993
Sales of goods	411	246
Waste management fees	570	518
	<hr/>	<hr/>
<b>Total fees and charges</b>	<b>5,852</b>	<b>5,497</b>

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

### **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 provided.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>7 Grants</b>		
<b>Grants - Recurrent</b>		
Commonwealth Government Financial Assistance Grants - General Purpose	1,138	939
Commonwealth Government Financial Assistance Grants - Roads	1,284	1,196
State Government - Grant to demolish Maternity Hospital building	0	918
Arts	80	90
Community projects	27	16
Roads	57	57
	<hr/>	<hr/>
<b>Total recurrent grants</b>	<b>2,586</b>	<b>3,216</b>
	<hr/> <hr/>	<hr/> <hr/>
<p>The Australian Commonwealth Government provides untied Financial Assistance Grants to Council for general purpose use and the provision of local roads. In accordance with <i>AASB 1004: Contributions</i>, Council recognised these grants as revenue when it received the funds and obtained control.</p>		
<p><b>Conditions on grants</b> Non-reciprocal grants which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</p>		
	<b>1,075</b>	<b>1,020</b>
<b>Unexpended at the close of the previous reporting period</b>		
Less: expended during the current period from revenues recognised in previous reporting periods		
Financial Assistance Grants	(1,075)	(1,020)
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions		
Financial Assistance Grants	1,229	1,075
	<hr/>	<hr/>
<b>Unexpended at the close of this reporting period</b>	<b>1,229</b>	<b>1,075</b>
	<hr/>	<hr/>
<b>Net increase (decrease) in non-reciprocal grant revenues for the year:</b>	<b>154</b>	<b>55</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Capital grants received specifically for new or upgraded assets</b>		
Roads to Recovery	222	898
Black Spot Program	137	118
Community Projects	7	0
State Government - Road Projects	91	0
Urban Renewal - 'LIVING CITY' Project	1,000	7,500
Parks & Open Spaces	47	159
	<hr/>	<hr/>
<b>Total capital grants</b>	<b>1,504</b>	<b>8,675</b>
	<hr/>	<hr/>
<b>Total grants</b>	<b>4,090</b>	<b>11,891</b>
	<hr/> <hr/>	<hr/> <hr/>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 7 Grants (continued)

#### Accounting Policy

##### Grant income - operating and capital

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

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

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

	2019 \$'000	2018 \$'000
<b>8 Contributions</b>		
<b>Cash</b>		
Training contributions	0	1
Sundry	24	48
Developer Contribution	(5)	0
<b>Total</b>	<u>19</u>	<u>49</u>
<b>Non- monetary assets</b>		
Parks and Open Space	199	328
Roads	179	681
Stormwater	127	289
Cultural & Heritage	5	25
<b>Total</b>	<u>510</u>	<u>1,323</u>

#### Accounting Policy

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

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

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>9 Investment revenue from TasWater</b>		
Dividend revenue	573	1,010
Tax equivalent	372	483
Guarantee fee	73	150
	<u>1,018</u>	<u>1,643</u>
<b>Total investment revenue from TasWater</b>	<b><u>1,018</u></b>	<b><u>1,643</u></b>

### Accounting Policy

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

## 10 Other investment revenue

Interest received from investments	449	394
Dulverton tax equivalent	614	493
	<u>1,063</u>	<u>887</u>
<b>Total other investment revenue</b>	<b><u>1,063</u></b>	<b><u>887</u></b>

### Accounting Policy

Interest is recognised progressively as it is earned.

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

## 11 Other income

Commission	186	210
Recoverables	404	347
Miscellaneous	515	628
	<u>1,105</u>	<u>1,185</u>
<b>Total Other revenue</b>	<b><u>1,105</u></b>	<b><u>1,185</u></b>

Other income is recognised progressively as it is earned.

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>12 Employee benefits</b>		
Total wages and salaries	8,964	8,682
Annual and long service leave entitlements	1,164	1,194
Superannuation (Note 34)	1,198	1,178
Workers compensation and payroll tax	854	834
	<u>12,180</u>	<u>11,888</u>
Other employee related expenses	<u>130</u>	<u>133</u>
	12,310	12,021
Less amounts capitalised	<u>(346)</u>	<u>(374)</u>
	<u><b>11,964</b></u>	<u><b>11,647</b></u>

### Accounting Policy

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

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

### 13 Materials and services

Advertising, printing & other office costs	269	330
Computer services and maintenance	737	462
Consultants	563	304
Contractors	5,768	6,354
General - services & materials	1,310	1,312
Insurance	299	268
Levies & taxes	3,519	3,394
Memberships - organisations	293	254
Plant expenses	619	616
Professional services	110	110
Telephone & postage services	210	124
Utilities	1,698	1,671
	<u><b>15,395</b></u>	<u><b>15,199</b></u>

### Accounting Policy

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

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>14 Depreciation</b>		
Parks and open space	698	672
Buildings	2,293	1,439
Plant	562	540
Furniture and fittings	350	341
Roads	4,355	4,222
Stormwater	1,302	1,198
Cultural and heritage	14	15
	<u>9,574</u>	<u>8,427</u>

### Accounting Policy

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

Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives in a manner which reflects consumption of the service potential embodied in those assets. 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 used are listed below and are consistent with the prior year unless otherwise stated:

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>15 Finance costs</b>		
Borrowing fees and charges	75	91
Interest - borrowings	1,641	892
Market Value Movement in Interest Rate Swaps	1,895	297
	<u>3,611</u>	<u>1,280</u>

### Accounting Policy

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

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 market value of the swaps through the Statement of Comprehensive Income.

### 16 Other expenses

General expenses	245	66
Bank fees	86	102
Bad and doubtful debts	212	194
Councillors' remuneration	260	257
Grants and community benefits	399	423
	<u>1,202</u>	<u>1,042</u>

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 2018/19 total \$53,533 (2017/18: \$50,275). Other audit services performed were the audits relating to the grant acquittal for Roads to Recovery funding 2018/19: \$1,250, (2017/18: \$1,200) and the grant acquittal of LIVING CITY funding, 2018/19: \$2,000.

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 Councillor" Allowances, Expenses and Provision of Facilities Policy".

### Accounting Policy

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>17 Net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>		
Proceeds from sale	22,685	486
Written down value of assets disposed	<u>(23,504)</u>	<u>(1,925)</u>
	<u><b>(819)</b></u>	<u><b>(1,439)</b></u>

### Accounting Policy

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

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

The majority of the loss on disposal relates to Road and Stormwater assets. Proceeds from sale of Lot 1 of the parade Centre were \$19.38m. The written down value of assets disposed relating to Lot 1 were \$19.3m, which resulted in a gain on disposal of \$0.08M.

### 18 Donated Assets

There were no asset donations to other entities made during the reporting periods.

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

Capital works on assets not owned by Council	<u>0</u>	<u>(420)</u>
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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.

### 20 Derecognition of assets

Derecognition of Infrastructure assets	<u>(2,885)</u>	<u>(516)</u>
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To enable the waterfront stage of the LIVING CITY Masterplan to progress, in 2018/19 Council demolished the building located at 20-26 Best St. and decommissioned the adjacent carpark, resulting in a loss on derecognition of \$2.9M.

As part of the LIVING CITY Masterplan, Council 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.

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 in 2017/18.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>21 Cash and cash equivalents</b>		
Cash at bank and on hand	1,565	2,791
Investments	<u>14,401</u>	<u>13,651</u>
	<b><u>15,966</u></b>	<b><u>16,442</u></b>
<p>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:</p>		
- Grants received in advance (Note 7)	(1,229)	(1,075)
- Leave provisions (Note 31)	(2,660)	(2,540)
- Trust funds and deposits (Note 37)	<u>(141)</u>	<u>(139)</u>
<b>Restricted Funds</b>	<b><u>(4,030)</u></b>	<b><u>(3,754)</u></b>
<b>Total unrestricted cash and cash equivalents</b>	<b><u>11,936</u></b>	<b><u>12,688</u></b>

### Accounting Policy

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>22 Trade and other receivables</b>		
<b>(i) Current receivables</b>		
Rates	93	(32)
Infringement debtors	69	84
Sundry debtors	6,923	214
Expected credit loss - sundry debtors	(128)	0
Planning & health debtors	18	8
Net GST receivable	157	486
Loans and advances	4	4
Accrued revenue	442	365
<b>Total current receivables</b>	<b>7,578</b>	<b>1,129</b>
<b>(ii) Non-current receivables</b>		
Loans and advances	24	28
<b>Total non-current receivables</b>	<b>24</b>	<b>28</b>
<b>Reconciliation of movement in expected credit loss</b>		
<b>Carrying amount at 30 June under AASB 139</b>	0	0
Increase/(decrease) in provision recognised in profit or loss	(128)	0
<b>Carrying amount at 30 June</b>	<b>(128)</b>	<b>0</b>

### Sundry Debtors

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

### Accounting Policy under AASB 9 - applicable from 1 July 2018

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

### Accounting Policy under AASB 139 - applicable for 2018 comparatives

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.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>23 Other assets</b>		
<b>(ii) Current assets</b>		
Prepayments	226	164
Leasehold incentives	80	0
	<u>306</u>	<u>164</u>
<b>(ii) Non-current assets</b>		
Leasehold incentives	268	0
<b>Total non-current other assets</b>	<u>268</u>	<u>0</u>
<b>Total other assets</b>	<u>574</u>	<u>164</u>

### Accounting Policy

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

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

### 24 Investment in TasWater

Opening Balance	87,345	86,226
Fair Value adjustments on available-for-sale assets	0	1,119
Fair value adjustments on equity investment assets	12,683	0
<b>Total investment in TasWater</b>	<b>100,028</b>	<b>87,345</b>

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

#### Accounting Policy under AASB 9 - applicable from 1 July 2018

As Council's investment in TasWater is held for long-term strategic purposes, Council has elected under AASB 9: *Financial Instruments* to irrevocably classify this equity investment as designated as fair value through other comprehensive income. Subsequent changes in fair value on designated investments in equity instruments are recognised in other comprehensive income (for fair value reserve, refer Note 33) and not reclassified through the profit or loss when derecognised. Dividends associated with the equity investments are recognised in profit and loss when the right of payment has been established and it can be reliably measured. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2019, Council holds a 5.38% ownership interest in TasWater which is based on Schedule 2 of the Corporation's Constitution which reflects the Council's voting rights

#### Accounting Policy under AASB 139 - applicable for 2018 comparatives

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 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 and allocated to a Fair Value Investment Reserve each year (refer note 33).

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.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

2019  
\$'000

2018  
\$'000

### 25 Investments in associates

Investments in associates accounted for by the equity method are as follows:

Dulverton Regional Waste Management Authority	<u>7,234</u>	<u>6,009</u>
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#### 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 2019 was 43.45% (43.45% in 2018).

#### 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	4,884	3,219
Add: Prior year adjustment		(428)
Less: Authority's tax expense	<u>(1,343)</u>	<u>(966)</u>
Authority's profit/(loss) after tax	<u>3,541</u>	<u>1,825</u>
Council's equity interest	43.45%	43.45%
Share of profit after tax	<u>1,539</u>	<u>793</u>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>25 Investments in associates (continued)</b>		
<b>Movement in carrying value of investment</b>		
Carrying value of investment at start of year	6,009	5,515
Share of profit after tax	1,539	793
Dividend received	(335)	(421)
Share of asset revaluation	21	122
	<u>7,234</u>	<u>6,009</u>
<b>Carrying value of investment at end of year</b>	<b><u>7,234</u></b>	<b><u>6,009</u></b>

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

Total Assets	29,810	23,895
Total Liabilities	13,160	10,065
Revenue	12,693	10,498

The investment value in Dulverton Regional Waste Management Authority recognised in the 2019 financial year is based on draft financial results, as provided to Council for inclusion in its financial report. Any final adjustments will be recognised by Council in the 2020 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.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

26 Property, infrastructure, plant and equipment	2019 \$'000	2018 \$'000
<b>(a) (i) Land</b>		
at fair value	<u>147,090</u>	<u>148,933</u>
Freehold land is comprised of the following :		
Parks, Reserves & General land	63,096	63,887
Other land (including under infrastructure)	<u>83,994</u>	<u>85,046</u>
	<u>147,090</u>	<u>148,933</u>
<b>(ii) Parks and open space</b>		
at fair value	25,547	23,346
Less : Accumulated depreciation on improvements	<u>(10,537)</u>	<u>(9,657)</u>
	<u>15,010</u>	<u>13,689</u>
<b>(iii) Buildings</b>		
at fair value	140,157	106,218
Less: Accumulated depreciation	<u>(45,640)</u>	<u>(44,229)</u>
	<u>94,517</u>	<u>61,989</u>
<b>(iv) Plant</b>		
at cost	7,626	7,526
Less: Accumulated depreciation	<u>(4,566)</u>	<u>(4,582)</u>
	<u>3,060</u>	<u>2,944</u>
<b>(v) Furniture and fittings</b>		
at cost	6,302	4,725
Less: Accumulated depreciation	<u>(2,986)</u>	<u>(3,538)</u>
	<u>3,316</u>	<u>1,187</u>
<b>(vi) Total cultural and heritage assets</b>		
at fair value	5,535	5,289
Less: Accumulated depreciation	<u>(182)</u>	<u>(168)</u>
	<u>5,353</u>	<u>5,121</u>
<b>(vii) Total infrastructure assets</b>		
at fair value	436,870	429,429
Less: Accumulated depreciation	<u>(227,273)</u>	<u>(219,859)</u>
	<u>209,597</u>	<u>209,570</u>
<b>Infrastructure assets comprise:</b>		
Roads	131,910	133,681
Stormwater	<u>77,687</u>	<u>75,889</u>
	<u>209,597</u>	<u>209,570</u>
<b>Total net value of non current assets</b>	<u>477,943</u>	<u>443,433</u>

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.





# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

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

#### Accounting Policy

##### Acquisition and Recognition

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

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

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

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

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

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

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

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

#### **Revaluation**

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

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

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

#### **Recognition and measurement of assets**

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

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

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

#### **Land under roads**

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>26.1 Assets held for sale</b>		
<b>Assets held for sale</b>		
Internal transfer from Land	1,019	1,783
Internal transfer from Buildings	317	1,335
Internal transfer from Furniture & Fittings	1	22
Internal transfer from Parks & Open Spaces	0	2
Internal transfer from Roads	0	6
	<u>1,337</u>	<u>3,148</u>
<b>Impairment adjustment</b>	<b>0</b>	<b>(751)</b>
<b>Total</b>	<b><u>1,337</u></b>	<b><u>2,397</u></b>

Council is in the process of selling the following properties;

- Council has developed and subdivided land as part of the LIVING CITY waterfront development which it is in the process of selling. Settlement is expected within one year. The land is valued at the lower of carrying value and fair value less cost to sell.

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

### Accounting policy

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

## 27 Capital work in progress - at cost

Parks and Open Space	196	249
Buildings	254	2,521
LIVING CITY Project	1,216	48,520
Plant	25	88
Furniture and Fittings	78	83
Roads	2,150	1,561
Stormwater	392	393
	<u>4,311</u>	<u>53,415</u>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>28 Payables</b>		
<b>Current</b>		
Trade creditors	431	767
Accruals	1,622	4,780
Income in advance	184	179
Sale proceeds in advance	0	13,000
Trust funds	141	139
	<u>2,378</u>	<u>18,865</u>

The paranapple Centre was constructed under a development agreement with the State Government. The building was strata titled into 3 Lots, of which the State Government owns Lot 1 and a share of the associated common areas. Consideration for Lot 1 included the sale proceeds in advance of \$13M recognised in 2018 and the former Library situated at 19-23 Oldaker Street. The transfer of Lot 1 has taken place in 2019, resulting in the sales proceeds in advance being recognised.

## 29 Interest bearing liabilities

<b>Current</b>		
Borrowings - secured	<u>1,804</u>	<u>45,159</u>
<b>Non-current</b>		
Borrowings - secured	<u>50,017</u>	<u>0</u>
	<u>51,821</u>	<u>45,159</u>
<b>Loan Movements</b>		
Opening balance	45,159	19,738
Loans raised	7,661	26,189
Repayments	<u>(999)</u>	<u>(768)</u>
Book value at period end	<u>51,821</u>	<u>45,159</u>

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

Not later than one year	1,804	45,159
Later than one year and not later than five years	7,216	0
Later than five years	<u>42,801</u>	<u>0</u>
	<u>51,821</u>	<u>45,159</u>

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 29 Interest bearing liabilities (continued)

#### Accounting Policy

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

#### Operating leases as lessee

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

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

<b>30 Other Financial Liabilities</b>	<b>2019</b> <b>\$'000</b>	<b>2018</b> <b>\$'000</b>
Derivative Financial Instruments	<u>2,499</u>	<u>604</u>

#### Accounting Policy

Council has entered into interest rate swaps to protect it from adverse changes in interest rates over time. Council is recognising the movements in the swaps through the Statement of Comprehensive Income. Details of the fair value of the swaps are included in Note 42.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>31 Provisions</b>		
<b>Current</b>		
<b>Employee entitlements:</b>		
Annual leave and other leave	1,072	982
Long service leave	1,237	1,122
	<u>2,309</u>	<u>2,104</u>
<b>Non-current</b>		
<b>Employee entitlements:</b>		
Long service leave	351	436
	<u>351</u>	<u>436</u>
<b>Total provisions</b>	<u><u>2,660</u></u>	<u><u>2,540</u></u>

Included in the above employee entitlements balances is an allowance for on costs amounting to \$184,756 (\$163,480 for 2018)

As at 30 June 2019, Devonport City Council had 143 full time equivalent employees (142 for 2018)

### Accounting Policy

#### Short term employee benefit obligations

Liabilities for wages and salaries, rostered days off, annual leave and long service leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled, including appropriate on costs such as workers compensation and payroll costs. The liabilities for annual leave and long service leave are recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

#### Other long term employee benefit obligations

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

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

#### Sick leave

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

<b>32 Capital and capital reserves</b>	<b>2019</b>	<b>Restated*</b>
<b>(i) Asset revaluation reserve - Council</b>	<b>\$'000</b>	<b>2018</b>
		<b>\$'000</b>
Movements in the asset revaluation reserve were as follows:		
Balance at the beginning of year	316,841	308,792
Correction of prior period error (Note 4)	0	1,895
Adjustment for rounding	0	(4)
Increment / (decrement) to capital non-current assets at end of period to reflect a change in current fair value:		
Land	0	(596)
Parks & Open Space	350	(760)
Buildings	1,537	1,483
Roads	(2,176)	3,764
Stormwater	2,080	2,041
Cultural & Heritage	226	226
	<u>2,017</u>	<u>6,154</u>
Balance at end of year	<u><b>318,858</b></u>	<u><b>316,841</b></u>
<b>(ii) Asset revaluation reserve - Associate</b>		
Movements in the Asset Revaluation Reserve - Associate were as follows:		
Balance at the beginning of year	1,568	1,446
Share of asset revaluation movement - Associate (Note 25)	<u>21</u>	<u>122</u>
Balance at end of year	<u><b>1,589</b></u>	<u><b>1,568</b></u>
<b>(iii) Accumulated surplus</b>		
Movements in the Accumulated surplus as follows:		
Balance at beginning of year	213,837	203,684
Correction of prior period error (Note 4)	0	(472)
Surplus / (Deficit)	<u>(2,278)</u>	<u>10,625</u>
Balance at end of year	<u><b>211,559</b></u>	<u><b>213,837</b></u>

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 32 Capital and capital reserves (continued)

#### Accounting Policy

##### Asset revaluation reserve

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

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

##### Accumulated surplus

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

	2019 \$'000	2018 \$'000
<b>33 Other reserves</b>		
<b>(a) Fair value reserve</b>		
<b>Equity Investment assets</b>		
Balance B/Fwd	10,948	0
Fair value adjustment on equity investment assets	<u>12,683</u>	<u>0</u>
	<b><u>23,631</u></b>	<b><u>0</u></b>
<b>Available for sale assets</b>		
Balance B/Fwd	0	9,829
Fair value adjustment on available for sale assets	<u>0</u>	<u>1,119</u>
	<b><u>0</u></b>	<b><u>10,948</u></b>
<b>Balance as at 30 June</b>	<b><u>23,631</u></b>	<b><u>10,948</u></b>

#### Accounting Policy

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

### 34 Superannuation

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

Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

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

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

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

The actuarial review concluded that:

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

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

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

Council also contributes to other accumulation schemes on behalf of a number of employees, however the Council has no ongoing responsibility to make good any deficiencies that may occur in those schemes. During the year Council made the required superannuation contributions for all eligible employees to an appropriate complying superannuation fund as required by the *Superannuation Guarantee (Administration) Act 1992*.

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

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 34 Superannuation (continued)

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

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

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

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

The Fund is a defined benefit Fund.

The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. Thus the Fund is not able to prepare standard AASB119 defined benefit reporting.

During the reporting period the amount of contributions paid to defined benefits schemes was \$0 (\$67,424 2017/18), and the amount paid to accumulation schemes was \$1,198,323 (\$1,110,916 2017/18).

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 \$1,292,068.

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 2018, showed that the Fund had assets of \$57.48 million and members' Vested Benefits were \$48.39 million. These amounts represented 0.7% and 0.6% respectively of the corresponding total amounts for Tasplan.

As at 30 June 2018 the fund had 119 members and the total employer contributions and member contributions for the year ending 30 June 2018 were \$1,515,272 and \$266,000 respectively.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 34 Superannuation (continued)

	2019 \$'000	2018 \$'000
Employer contributions to:		
Defined Benefits Fund	0	67
Accumulation Schemes	1,198	1,111
	<u>1,198</u>	<u>1,178</u>

### 35 Commitments

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

Purchase commitments for material supplies & equipment	<u>1,956</u>	<u>12,074</u>
Commitments are payable as follows :		
Not later than 1 year	<u>1,956</u>	<u>12,074</u>

#### Accounting Policy

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

### 36 Contingent liabilities

There are no known claims pending against Council which would exceed current insurance arrangements held at 30 June 2019.

#### 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	<u>141</u>	<u>139</u>
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Council performs only a custodial role in respect of these monies, and because the monies cannot be used for Council purposes, they are not brought to account in these financial statements as income. Trust monies are invested with a financial institution in an appropriate interest-earning account. The deposits are bearing floating interest rates of 1.65% as at June 30 2019 (2018 1.9%).

#### Accounting Policy

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>38 Reconciliation of cash flows from operating activities to surplus / (deficit)</b>		
Surplus / (deficit)	(2,278)	10,625
Depreciation and amortisation	9,574	8,427
Non-cash donations subsidies and contributions	(510)	(1,323)
Share of profit in associate	(1,204)	(372)
Net (gain) / loss on disposal of assets	819	1,439
Derecognition of assets	2,885	516
Donated assets	0	0
Market value movement in fair value swaps	1,895	297
Investing activity		
Capital grants and contributions	<u>(1,504)</u>	<u>(8,675)</u>
Changes in operating assets and liabilities :	<u>11,954</u>	<u>309</u>
<i>(Increase) / decrease in receivables</i>	(89)	282
<i>(Increase) / decrease in other assets</i>	(410)	(68)
<i>Increase / (decrease) in payables</i>	164	510
<i>Increase / (decrease) in employee provisions</i>	<u>120</u>	<u>(37)</u>
	<u>(215)</u>	<u>687</u>
<b>Net cash inflow from operating activities</b>	<b><u>9,461</u></b>	<b><u>11,621</u></b>

### 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

<b>Opening Balance</b>	45,159	19,738
Other movements		
Transfers to / (from) other Government entity		
Changes from financing cash flows:		
Cash Received	7,661	26,189
Cash Repayments	<u>(999)</u>	<u>(768)</u>
<b>Closing Balance</b>	<b><u>51,821</u></b>	<b><u>45,159</u></b>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

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

**2018**  
**\$'000**

### 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 a regional landfill site at Dulverton. As at 30 June 2019 the ownership share for Devonport was 43.45%.

Value of ownership share	<b>7,234</b>	<b>6,009</b>
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#### (ii) Cradle Coast Authority

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

### 40 Controlling Authority transactions

	2019		2018	
	Income \$'000	Expenditure \$'000	Income \$'000	Expenditure \$'000
Maidstone Park Management Controlling Authority	11	6	10	8
<b>Total</b>	<b>11</b>	<b>6</b>	<b>10</b>	<b>8</b>

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 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:

Councillors

A. Rockliff (Acting Mayor from 19/03/2018, Elected Mayor from 2/11/2018)  
 C. Emmerton (to 2/11/2018)  
 G. Goodwin (to 2/11/2018)  
 A. Jarman (Councillor to 2/11/2018, Elected Deputy Mayor from 2/11/2018)  
 L. Laycock (Re-elected)  
 J. Matthews (to 2/11/2018)  
 T. Milne (to 2/11/2018)  
 L. Perry (Acting Deputy Mayor from 19/03/2018 to 2/11/2018)  
 G. Enniss (Elected 2/11/2018)  
 L. Murphy (Elected 2/11/2018)  
 S. Milbourne (Elected 2/11/2018)  
 P. Hollister (Elected 2/11/2018)  
 J. Alexiou (Elected 2/11/2018)

General Manager  
 Deputy General Manager  
 Executive Manager Corporate Services  
 Executive Manager Organisational Performance

P. West  
 M. Atkins  
 J. Griffith  
 K. Peebles

#### (ii) Councillor Remuneration

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

2018	Short term employee benefits				
	Allowances	Vehicles <sup>2</sup>	Total Compensation AASB 124	Expenses <sup>3</sup>	Total allowances and expenses section 72
	\$	\$		\$	\$
Mayor	73,699	6,458	80,157	4,102	84,259
Deputy Mayor	38,050		38,050	4,031	42,081
Councillor	145,298		145,298	27,290	172,588
<b>Total</b>	<b>257,048</b>	<b>6,458</b>	<b>263,506</b>	<b>35,423</b>	<b>298,929</b>

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

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

3. Section 72(1)cb of the Local Government Act 1993 requires the disclosure of expenses paid to Councillors. The expenses relates to notional parking benefit of \$2,590 per permit per annum

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### (iii) Key Management Personnel Remuneration

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

2018	Short term employee benefits			Post employment benefits			Non - monetary benefits <sup>7</sup>	Total
	Salary <sup>1</sup>	Vehicles <sup>2</sup>	Other Allowances and Benefits <sup>3</sup>	Super-annuation <sup>4</sup>	Other long term benefits <sup>5</sup>	Termination benefits <sup>6</sup>		
Employee	\$	\$	\$	\$	\$	\$	\$	\$
K.Peebles	91,204	660	-	23,101	-	-	1,815	116,780
S.Crawford	59,818	4,073	-	7,477	-	73,946	(69,237)	76,077
J.Griffith	53,846	1,305	-	6,731	-	-	5,766	67,648
M.Atkins	156,917	8,715	1,209	22,095	19,846	-	(9,309)	199,473
P.West	236,988	10,365	1,090	28,274	-	-	13,097	289,814
<b>Total</b>	<b>598,773</b>	<b>25,118</b>	<b>2,299</b>	<b>87,678</b>	<b>19,846</b>	<b>73,946</b>	<b>(57,868)</b>	<b>749,792</b>

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

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

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

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

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

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

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 41 Related party transactions (continued)

#### (iv) Remuneration Principles

##### Councillor

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

##### Executives

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

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

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

#### (v) Transactions with associates

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

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

	2019	2018
Commercial office space supplied by Council (subject to lease)	\$ 16,782	\$ 16,685
Utilities and other sundry reimbursements	\$ 1,955	\$ 790
Parking	\$ 3,400	\$ 3,180
Dividend Received	\$ 334,565	\$ 421,465
Cost of transfer of waste to the regional facility maintained by DRWMA	\$ 2,368,151	\$ 2,333,559

At 30 June 2019 Council owed DRWMA \$179,899 for the provision of services at standard commercial terms ( \$390,441 in 2018). 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:

##### 2019

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

##### 2018

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

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

\*\*Council pays for marketing and promotion to a company which has a relative of a member of Councils KMP as a director. Amounts are on an accruals basis and are inclusive of GST.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

### 41 Related party transactions (continued)

#### (vii) Transactions with related parties that have not been disclosed

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

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

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 42 Financial instruments

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

Recognised financial instruments	Note	Accounting Policy	Terms and conditions									
<b>Financial assets</b>												
<b>Cash and cash equivalents</b>	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 2.75% (1.00% and 2.70% in 2017/2018). The weighted average interest rate at balance date was 2.54% (2.52% in 2017/2018).									
<b>Receivables</b>	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.									
<b>Financial liabilities</b>												
<b>Payables</b>	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.									
<b>Interest bearing loans</b>	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. The interest calculation also reflects the finance cost impact of the Interest Rate Swaps to represent Council's total cost of holding interest bearing loans	Borrowings are secured by way of mortgages over the general rates of the Council and the underlying value of the infrastructure for which the borrowings were obtained. The weighted average interest rate on borrowings is 3.37% (3.09% in 2017/2018).									
<b>Other financial liabilities</b>	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 2017/2018). Terms range between 3 years and 7 years.									
<b>Bank Overdraft</b>	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 8.21% (8.46% in 2017/2018).									
			<table border="0"> <tr> <td></td> <td style="text-align: center;"><b>2019</b></td> <td style="text-align: center;"><b>2018</b></td> </tr> <tr> <td>Available Bank Overdraft Facility at year-end</td> <td style="text-align: right;">\$ 100,000</td> <td style="text-align: right;">\$ 100,000</td> </tr> <tr> <td>Utilised Bank Overdraft Facility at year-end</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> </table>		<b>2019</b>	<b>2018</b>	Available Bank Overdraft Facility at year-end	\$ 100,000	\$ 100,000	Utilised Bank Overdraft Facility at year-end	\$ 0	\$ 0
	<b>2019</b>	<b>2018</b>										
Available Bank Overdraft Facility at year-end	\$ 100,000	\$ 100,000										
Utilised Bank Overdraft Facility at year-end	\$ 0	\$ 0										
<b>Corporate credit cards</b>		Credit card balances are recognised at the principal amount. Interest is charged as an expense as it accrues.	The credit card facility is secured by a mortgage over Council's general rates. The balance is paid in full on a monthly basis.									
			<table border="0"> <tr> <td></td> <td style="text-align: center;"><b>2019</b></td> <td style="text-align: center;"><b>2018</b></td> </tr> <tr> <td>Available Credit Card Facility at year-end</td> <td style="text-align: right;">\$ 70,000</td> <td style="text-align: right;">\$ 70,000</td> </tr> <tr> <td>Utilised Credit Card Facility at year-end</td> <td style="text-align: right;">\$ 15,670</td> <td style="text-align: right;">\$ 16,225</td> </tr> </table>		<b>2019</b>	<b>2018</b>	Available Credit Card Facility at year-end	\$ 70,000	\$ 70,000	Utilised Credit Card Facility at year-end	\$ 15,670	\$ 16,225
	<b>2019</b>	<b>2018</b>										
Available Credit Card Facility at year-end	\$ 70,000	\$ 70,000										
Utilised Credit Card Facility at year-end	\$ 15,670	\$ 16,225										

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 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:

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

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

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 2019;

Amount	Date (effective)	Term (Years)	Interest Rate	Line Fee & Margin
\$5,000,000	31/10/2016	5	2.09%	0.94%
\$5,500,000	31/10/2016	7	2.26%	0.94%
\$5,000,000	31/10/2017	7	2.41%	0.94%
\$10,000,000	2/01/2018	3	2.47%	0.94%
\$10,000,000	2/01/2018	5	2.73%	0.94%
\$10,000,000	2/01/2018	7	2.92%	0.94%

As at 30 June 2019 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%	126,072
\$5,500,000	31/10/2016	7	2.26%	274,384
\$5,000,000	31/10/2017	7	2.41%	326,143
\$10,000,000	2/01/2018	3	2.47%	228,253
\$10,000,000	2/01/2018	5	2.73%	593,264
\$10,000,000	2/01/2018	7	2.92%	950,937
<b>Total</b>				<b>2,499,054</b>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 42 Financial instruments (continued)

#### (c) Net fair values

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

Financial Instruments

	Total carrying amount as per Statement of Financial Position		Aggregate net fair value	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	15,966	16,442	15,966	16,442
Receivables	7,445	671	7,445	671
Investment in Water Corporation	100,028	87,345	100,028	87,345
<b>Total financial assets</b>	<b>123,439</b>	<b>104,458</b>	<b>123,439</b>	<b>104,458</b>
<b>Financial liabilities</b>				
Payables	2,053	5,547	2,053	5,547
Other Financial Liabilities	2,499	604	2,499	604
Interest-bearing loans and borrowings	51,821	45,159	51,821	45,159
<b>Total financial liabilities</b>	<b>56,373</b>	<b>51,310</b>	<b>56,373</b>	<b>51,310</b>

#### (d) Credit Risk

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

#### (e) Risks and mitigation

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

##### Market risk

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

##### Interest rate risk

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

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

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

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

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

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

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

### 42 Financial instruments (continued)

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

##### Credit risk

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

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

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

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

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

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

	<b>2019</b> <b>\$'000</b>	<b>2018</b> <b>\$'000</b>
Current (less than 1 year)	7,256	527
Past due by over 1 year	84	56
Past due by over 2 years	28	27
Past due by over 3 years	19	12
Past due by over 4 years	<u>58</u>	<u>47</u>
Total Trade & Other Receivables	<u><u>7,445</u></u>	<u><u>669</u></u>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 42 Financial instruments (continued)

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

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

At balance date, impaired debtor amounts identified totalled \$128,333 (2017/18 \$0). A provision has been raised against debtors at year end of \$128,333 (2017/18: \$0). All long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

##### Liquidity risk

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

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

To help reduce these risks Council:

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

The Council's exposure to liquidity risk is deemed insignificant based on prior periods data and current assessment of risk.

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

The table below lists the contractual maturities for financial liabilities.

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

2019	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Payables	2,053	0	0	0	0	2,053	2,053
Other financial liabilities	0	0	0	947	1,551	2,498	2,499
Interest bearing liabilities	1,470	1,460	2,888	8,428	60,145	74,391	51,821
<b>Total financial liabilities</b>	<b>3,523</b>	<b>1,460</b>	<b>2,888</b>	<b>9,375</b>	<b>61,696</b>	<b>78,942</b>	<b>56,373</b>

2018	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Payables	5,547	0	0	0	0	5,547	5,547
Other financial liabilities	0	0	0	322	282	604	604
Interest bearing liabilities	1,034	44,623	0	0	0	45,657	45,159
<b>Total financial liabilities</b>	<b>6,581</b>	<b>44,623</b>	<b>0</b>	<b>322</b>	<b>282</b>	<b>51,808</b>	<b>51,310</b>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 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.

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

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2019

### 42 Financial instruments (continued)

#### (g) Fair Value Hierarchy

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

The different levels have been defined as follows:

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

30 June 2019
Investment equity asset
Derivative financial liabilities

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

30 June 2018
Available for sale financial assets
Derivative financial liabilities

Level 1	Level 3	Total
0	87,345	87,345
	604	604

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

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

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

2019	2018
\$'000	\$'000
87,345	86,226
0	1,119
12,683	
<b>100,028</b>	<b>87,345</b>

**Closing Balance**

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

43 Management indicators	Benchmark	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
<b>(a) Underlying surplus or deficit</b>					
Recurrent income* less		41,004	40,542	39,773	39,331
Recurrent expenditure**		42,565	39,034	38,548	36,308
Underlying surplus/(deficit)	0	<u>(1,561)</u>	<u>1,508</u>	<u>1,225</u>	<u>3,023</u>

Council has reported an underlying deficit for the 2019 year, which is below the benchmark of a breakeven result. This is primarily due to recognising the estimated future movement in loan swaps of \$1.9M in the current year.

\* 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 2019/20 Financial Assistance Grant of \$1,228,658 received in June 2019 and includes the prepaid 2018/19 Financial Assistance Grant of \$1,075,000 received in June 2018.

\*\* Recurrent expenditure includes loss on disposal of property, plant & equipment of \$819,000

<b>(b) Underlying surplus ratio</b>					
<u>Underlying surplus or deficit</u>		(1,561)	1,508	1,225	3,023
Recurrent income		41,004	40,542	39,773	39,331
Underlying surplus ratio	0%	-3.81%	3.72%	3.08%	7.69%

This ratio serves as an overall measure of financial operating effectiveness

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

<b>(c) Net financial liabilities</b>					
Liquid assets less		23,544	17,571	17,535	18,685
total liabilities*		59,358	54,168	26,819	26,290
Net financial liabilities	0	<u>(35,814)</u>	<u>(36,597)</u>	<u>(9,284)</u>	<u>(7,605)</u>

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

Property purchases and construction in relation to the LIVING CITY project have been funded by borrowings. At 30 June 2019 the balance of these loans totalled \$43,596,705 (2018 \$36,635,408).

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

43 Management indicators (continued)	Benchmark	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
<b>(d) Net financial liabilities ratio</b>					
Net financial liabilities		(35,814)	(36,597)	(9,284)	(7,605)
Recurrent income*	<b>0% - (50%)</b>	41,004	40,542	39,773	39,331
Net financial liabilities ratio %		<b>(87.34%)</b>	<b>(90.27%)</b>	<b>(23.34%)</b>	<b>(19.34%)</b>

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

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

### (e) Asset consumption ratio

An asset consumption ratio has been calculated in relation to each asset class required to be included in the long term asset management plan of Council

<i>Parks and open space</i>					
Depreciated replacement cost		15,010	13,671	14,620	13,573
Gross replacement cost		25,547	23,301	23,806	21,779
Asset consumption ratio %	<b>40-60%</b>	<b>59%</b>	<b>59%</b>	<b>61%</b>	<b>62%</b>
<i>Buildings</i>					
Depreciated replacement cost		94,517	61,989	50,526	48,204
Gross replacement cost		140,157	106,218	93,320	87,503
Asset consumption ratio %	<b>40-60%</b>	<b>67%</b>	<b>58%</b>	<b>54%</b>	<b>55%</b>
<i>Roads</i>					
Depreciated replacement cost		131,910	133,816	129,021	123,630
Gross replacement cost		298,966	296,226	285,192	272,377
Asset consumption ratio %	<b>40-60%</b>	<b>44%</b>	<b>45%</b>	<b>45%</b>	<b>45%</b>
<i>Stormwater</i>					
Depreciated replacement cost		77,687	74,346	69,622	67,720
Gross replacement cost		137,904	131,116	117,962	117,962
Asset consumption ratio %	<b>40-60%</b>	<b>56%</b>	<b>57%</b>	<b>59%</b>	<b>57%</b>

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

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

43 Management indicators (continued)	Benchmark	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
<b>(f) Asset renewal funding ratio</b>					
An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the strategic asset management plan of Council					
<i>Parks and open space</i>					
<u>Projected capital funding outlays**</u>		2,361	2,776	3,677	2,967
Projected capital expenditure funding***		9,871	9,401	8,508	6,784
Asset renewal funding ratio %	<b>90-100%</b>	24%	30%	43%	44%
<i>Buildings</i>					
<u>Projected capital funding outlays**</u>		9,218	8,480	7,989	6,193
Projected capital expenditure funding***		4,700	4,700	4,700	4,230
Asset renewal funding ratio %	<b>90-100%</b>	196%	180%	170%	146%
<i>Roads</i>					
<u>Projected capital funding outlays**</u>		35,225	34,669	35,544	28,994
Projected capital expenditure funding***		36,916	36,283	34,351	29,662
Asset renewal funding ratio %	<b>90-100%</b>	95%	96%	103%	98%
<i>Stormwater</i>					
<u>Projected capital funding outlays**</u>		7,778	6,681	5,955	4,773
Projected capital expenditure funding***		313	315	235	110
Asset renewal funding ratio %	<b>90-100%</b>	2485%	2121%	2534%	4339%

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 2019 which included a Long Term Financial Plan to 30 June 2029. That Plan included data that demonstrated Council has, on average over the 10 year life of the Plan, provided funding to renew assets in accordance with the Asset Management Plans.

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

This ratio is not subject to audit.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

43 Management indicators (continued)	Benchmark	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
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(g) Asset sustainability ratio

<u>Capex on replacement/renewal of existing assets</u>		4,014	5,026	5,581	5,035
Annual depreciation expense		9,574	8,427	8,393	8,666
Asset sustainability ratio %	100%	42%	60%	66%	58%

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

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

	Capital renewal expenditure	Capital new expenditure	Total Capital Expenditure Cash Flow
By Asset Class:			
Land	0	0	0
Parks and Open Space	149	654	803
Buildings*	0	14,670	14,670
Plant	139	610	749
Furniture and Fitting:	221	19	240
Roads	3,285	1,062	4,347
Stormwater	220	377	597
<b>Total</b>	<b>4,014</b>	<b>17,392</b>	<b>21,406</b>

\* The buildings category above includes \$13,165,577 in relation to LIVING CITY.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 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.

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 2019.

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 2019

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>					
Investment in water corporation	24	0	0	100,028	100,028
Land	26	0	147,090	0	147,090
Buildings	26	0	74,619	19,898	94,517
Roads, including footpaths and cycleways	26	0	0	131,910	131,910
Stormwater	26	0	0	77,687	77,687
Parks & open space	26	0	0	15,010	15,010
Cultural and heritage	26	0	5,353	0	5,353
Other financial liabilities	30	(2,499)	0	0	(2,499)
		<u>(2,499)</u>	<u>227,062</u>	<u>344,533</u>	<u>569,096</u>
<b>Non - recurring fair value measurements</b>					
Assets held for sale	26.1	1,336	0	0	1,336
		<u>1,336</u>	<u>0</u>	<u>0</u>	<u>1,336</u>
<b>Total fair value measurements</b>		<u>(1,163)</u>	<u>227,062</u>	<u>344,533</u>	<u>570,432</u>

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 44 Fair Value Measurements (cont.)

As at 30 June 2018 Restated\*

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>					
Investment in water corporation	24	0	0	87,345	87,345
Land	26	0	147,746	0	147,746
Buildings	26	0	41,484	19,325	60,809
Roads, including footpaths and cycleways	26	0	0	133,675	133,675
Stormwater	26	0	0	75,889	75,889
Parks & open space	26	0	0	13,687	13,687
Cultural and heritage	26	0	5,121	0	5,121
Other financial liabilities	30	(604)	0	0	(604)
		<u>(604)</u>	<u>194,351</u>	<u>329,921</u>	<u>523,668</u>
<b>Non - recurring fair value measurements</b>					
Assets held for sale	26.1	2,375	0	0	2,375
		<u>2,375</u>	<u>0</u>	<u>0</u>	<u>2,375</u>

#### 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.

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

#### (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. Land was indexed at the year ended 30 June 2019 reflecting the Valuer-Generals revised indexation factors at March 2019. 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.

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 44 Fair Value Measurements (cont.)

#### Buildings

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

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

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

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

Buildings were indexed at 30 June 2019 with the application of the Australian bureau of Statistics Non-Residential Building Construction Tasmanian rate over applicable building categories and the Valuer-General adjustment factor at March 2019 over the remaining category.

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

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2019

### 44 Fair Value Measurements (cont.)

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.

#### 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 & 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
<b>Recurring fair value measurements</b>					
Land	26	0	(1,019)	0	(1,019)
Buildings	26	0	(317)	0	(317)
		0	(1,336)	0	(1,336)
<b>Non-recurring fair value measurements</b>					
Assets held for sale	26.1	1,336	0	0	1,336
		1,336	0	0	1,336
		1,336	(1,336)	0	0

#### **(f) Valuation processes**

Council's valuation policies and procedures are determined by the Asset Management Team which includes the City Engineer and Executive Manager 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).

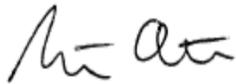
# DEVONPORT CITY COUNCIL

## Notes to the Financial Report

For the year ended 30 June 2018

### Certification of the Financial Report

The financial report presents fairly the financial position of the Devonport City Council as at 30 June 2019, the results of its operations for the year then ended and the cash flows of the Council, in accordance with the *Local Government Act 1993* (as amended), Australian Accounting Standards (including interpretations) and other authoritative pronouncements issued by the Australian Accounting Standards Board.



Matthew Atkins

**ACTING GENERAL MANAGER**

Dated: 27 September 2019.