



SOUTHERN
MIDLANDS
COUNCIL



ANNUAL REPORT

2018/2019



The Southern Midlands Council was created on the 2nd April 1993 through the merging of the Municipalities of Oatlands, Green Ponds and the Northern wards of the Municipalities of Brighton and Richmond. The municipal area has a predominantly rural based economy.

Towns and localities include Mangalore, Bagdad, Broadmarsh, Elderslie, Dysart, Kempton, Melton Mowbray, Oatlands, Tunbridge, Tunnack, Parattah, Woodsdale, Levendale, Runnymede, Colebrook, Campania, Pontville and Rekuna.

The area of the Southern Midlands is 2,561 sq km's, a high proportion of which is privately owned land (2406 sq.kms), divided into approximately 3,800 rateable properties.

The municipal area is centrally located with both the Midland Highway and the north-south rail route bisecting the municipality.

Council is responsible for 812 kilometres of road made up of 32km of urban sealed roads; 167km of rural sealed roads; 613km of rural unsealed roads and 152 bridges.

Council offices are located in Oatlands and Kempton.



INDEX

Introduction	7
Overview	9
Council	11
Council Committee Structure	13
Organisational Charts	18
Statistics 2018/19	20
INFRASTRUCTURE	24
Roads	25
Bridges	27
Walkways, Cycleways & Trails	28
Lighting	29
Buildings	30
Sewers / Water	31
Drainage	32
Waste	34
Information, Communication Technology	38
GROWTH	39
Residential	40
Tourism	41
Business	44

Industry.....	47
LANDSCAPES.....	48
Natural.....	49
Heritage.....	52
Cultural.....	56
Regulatory.....	59
Climate Change.....	64
LIFESTYLE.....	65
Community Health & Wellbeing.....	66
Youth.....	68
Seniors.....	69
Children & Families.....	70
Volunteers.....	71
Access.....	74
Public Health.....	76
Recreation.....	77
Animals.....	79
Education.....	80
COMMUNITY.....	81
Capacity.....	82
Safety.....	85
Consultation & Communication.....	86

ORGANISATION	88
<i>Improvement</i>	<i>89</i>
<i>Sustainability.....</i>	<i>90</i>
<i>Finances</i>	<i>91</i>
Reporting on Legislative Requirements	93
<i>Allowances and Expenses Statement.....</i>	<i>93</i>
<i>Code of Conduct Complaints Statement.....</i>	<i>93</i>
<i>Attendance at Council and Council Committee Meetings Statement</i>	<i>94</i>
<i>Donation of Land Statement</i>	<i>95</i>
<i>Remuneration Statement</i>	<i>95</i>
<i>Advertising of Annual Report</i>	<i>95</i>
<i>Public Health Statement.....</i>	<i>96</i>
<i>Contracts.....</i>	<i>96</i>
<i>Enterprise Power Statement</i>	<i>97</i>
<i>Grants & Donations</i>	<i>99</i>
2018 / 2019 Financial Statements	101

Our Vision

- A community spirit based on friendliness, co-operation and self-help;*
- An environment which encourages local creativity, enterprise and self-help;*
- A diversified local economy creating employment opportunities through sustainable agriculture, heritage tourism, forestry, and viable historic villages/service centres;*
- Development based on the sustainable use of local resources and the physical environment;*
- A range and standard of services within the Southern Midlands that are affordable and efficient.*

Our Mission

- Work for the benefit of the community;*
- Be progressive and provide leadership;*
- Operate as a team of Councillors and Employees focused upon performance;*
- Be financially responsible.*

Our Guiding Principles

- Consult and listen to our customers and employees by maintaining open communication;*
- Treat people with respect and courtesy;*
- Give advice to the best of our professional ability;*
- Be sensitive to the needs of residents and visitors;*
- Respond promptly to customers concerns and requests;*
- Be fair, equitable and consistent in decisions and conduct;*
- Fully utilise the expertise and resources available to Council within the organisation and the community;*
- Develop the full potential of Councillors and all Employees;*
- Operate in accordance with the "Codes of Conduct" adopted by Council.*

Introduction



The Year in Review

It is with pleasure that I present the 2018-19 Annual Report on behalf of the Southern Midlands Council.

Through the past year there have been a number of developments and events that I am pleased to detail.

Waste management saw a number of changes, with the successful introduction of a fortnightly collection service in all our collection areas. This saw the replacement of the 55-litre recycling crate and 140-litre wheelie bin with two 240-litre wheelie bins. Continued instability in international and local markets for recyclables saw our costs for our recycling program continue to escalate, reflected in an unfortunate but necessary increase to ratepayers' waste charges.

In October 2018, Oatlands was named winner of the 2018 Tasmanian Keep Australia Beautiful Sustainable Communities award. The award is based on assessments of a number of criteria, not only "tidiness". National Judge Gail Langley in undertaking her assessment remarked that "There is an amazing sense of community in Oatlands", a sentiment that I think we would all agree with.

Southern Midlands Council continued to progress two important, albeit complex, projects for the community. The first is the Midlands Aquatic Centre, for which preparation continued of the detailed design specifications required in anticipation of going to tender in early 2020. Planning also advanced for the development of a small-scale Community Health Centre in Kempton. A community health and well-being forum held at Kempton in June saw a large number of service providers engage with residents of Kempton and Bagdad. A number of these service providers, in areas including nursing, podiatry and mental health, all expressed a strong desire to use the facility once completed.

Your Council continued to support local events and activities through 2018-19. The premier event for the year was the Heritage and Bullock Festival. Held in August 2018, it was very well attended, and the organising committee and all its community supporters are to be congratulated for an outstanding and unique event showcasing the best of the Southern Midlands.

With regard to planning and land use, 2018-19 as with preceding years again witnessed considerable growth in the Bagdad and Campania areas. The population of the Southern Midlands continues to grow, and it was pleasing to see continued capital investment in the agricultural sector on the back of the newly commissioned irrigation schemes.

Lastly, but importantly, I would like to draw your attention to the attached financial statements. Southern Midlands Council is a smaller local government authority in Tasmania. The audited statements, however, demonstrate that the Council remains in a strong financial position. Through the adoption of a prudent financial strategy, we seek to maintain downward pressure on rates and charges, whilst improving service levels. With rising costs this does present challenges. I would like to acknowledge the hard work undertaken by Council officers, staff and contractors in ensuring budgets are adhered to, and services and project work delivered in a timely fashion.

I recommend this Annual Report to you.

A handwritten signature in black ink, appearing to read 'A. Green'.

Clr Alex Green
MAYOR

Overview

Update from the General Manager

This Annual Report is one of four major documents produced by Council each year to ensure public accountability. They are the:

- Strategic Plan;
- Annual Operational Plan;
- Annual Budget; and
- Annual Report and Financial Statement.

All of these documents are available to the public.

The *Local Government Act 1993* requires Council to provide a summary of the Operational Plan for the year including performance in respect of targets set for the period. The following section of the Annual Report details the key achievements during the 2018/19 reporting period. The format of the Annual Report is consistent with the respective strategic themes contained in Council's Strategic Plan - Infrastructure; Growth; Landscapes; Lifestyle; Community; and Organisation.

This Annual Report provides an informative overview of Councils' operations for the 2018 -19 period and highlights the achievements in meeting the objectives and activities identified in the Strategic Plan.

Financial Performance

In reference to the accompanying Financial Statements, Council has reported an underlying deficit of \$202K for the year ended 30 June 2019 (\$509K for the year 30 June 2018). This level of deficit is consistent with Council's Long-term Financial Management Strategy. Whilst this amount is different to the reported 'Result from continuing operations' of \$176K, the '**Underlying Surplus/Deficit**' is an adjusted figure that is the recurrent income (not including income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature) of a council for a financial year less the recurrent expenses of the council for a current year.

It should be noted that the underlying deficit is calculated by deducting the Australian Government's Roads to Recovery Program funding (\$344K in 2018/19) which is treated as a Capital Grant. This is despite the Roads to Recovery Program now being an ongoing funding source from the federal government. In addition, the underlying deficit includes an expense amount of \$79K which relates to the written down value of assets disposed where there is no sale prospect (i.e. road assets).

An unqualified Audit Opinion was received from the Tasmanian Audit Office on the 26th September 2019.

October 2018 Elections

The 2018 Local Government elections saw the election of Mayor Alex Green, Deputy Mayor Edwin Batt and two new Councillors, being Karen Dudgeon and Rowena McDougall. Councillors Anthony Bantick, Tony Bisdee and Don Fish were re-elected.

I take this opportunity to acknowledge and thank the two departing Councillors, being David Marshall (who did not seek re-election) and Bob Campbell, and congratulate and welcome the two newly elected members.

Other highlights for the past year include:

- Capital expenditure in excess of \$1.5 million on roads and bridges (detail presented within the report);
- Significant capital spending on public buildings, all aimed at maintaining serviceability and to meet the needs of the community;
- Investment of \$180K in new 240 litre Mobile Garbage Bins (i.e. Wheelie Bins) to provide for the introduction of the fortnightly household collection and recycling service. The recycling bins replacing the use of the open crates;
- Substantial progress made in relating the Works Depot at Oatlands to Glenelg Street and the associated rehabilitation of the previous depot site located in Church Street;
- Ongoing planning and preparation of tender documentation for the planned Aquatic Centre at Oatlands, noting that the project has experienced delays due to a number of unforeseeable issues; and
- Sale of the Oatlands Ambulance Garage property to the Tasmanian Government which will enable the Tasmanian Ambulance Service to plan for the building of on-site accommodation for both the paramedics and volunteer ambulance officers.

In presenting this report, I acknowledge the leadership and contributions provided by the Mayor and all elected members, and the achievements and outcomes documented in this report would certainly not have been possible without the full support of all employees.



Tim Kirkwood
GENERAL MANAGER

Council

November 2018 to October 2022



Mayor
Alex Green



Deputy Mayor
Edwin Batt



Councillor
Anthony (Tony) Bantick



Councillor
Anthony (Tony) Bisdee OAM



Councillor
Karen Dudgeon



Councillor
Donald Fish



Councillor
Rowena McDougall

November 2014 to October 2018



Mayor
Anthony (Tony) Bisdee OAM



Deputy Mayor
Alex Green



Councillor
Anthony (Tony) Bantick



Councillor
Edwin Batt



Councillor
Robert (Bob) Campbell



Councillor
Donald Fish



Councillor
David Marshall

Council Committee Structure

COUNCILLOR	COUNCIL & COMMITTEE MEMBERSHIP
<p style="text-align: center;">Mayor ALEX GREEN</p>	<p>November 2018 to present</p> <ul style="list-style-type: none"> ◆ Australia Day Awards Committee (Chair) ◆ Enterprise Bargaining/Award Consultative Committee (Chair) ◆ Campania Halls Management Committee ◆ Colebrook Memorial Hall Management Committee (Chair) ◆ Woodsdale Hall Management Committee (Proxy) ◆ Campania Recreation Ground Management Committee (Chair) ◆ Parattah Progress Association (Proxy) ◆ Southern Tasmanian Councils Authority ◆ Local Government Association General Meetings ◆ TasWater Corporation – Owners Representatives & Board Committee (Proxy) ◆ Regional Community Learning & Development Centre Levendale <p>Up to October 2018</p> <ul style="list-style-type: none"> ◆ Southern Midlands Audit Panel ◆ Midlands Economic Development & Land Use Strategy (MEDaLS) Committee ◆ Campania Halls Management Committee ◆ Campania Recreation Ground Management Committee ◆ Campania Structure Plan Committee ◆ Colebrook Hall Management Committee (Chair) ◆ Levendale Community Centre Management Committee ◆ Southern Midlands Facilities & Recreation Committee (Proxy) ◆ Woodsdale Hall Management Committee ◆ Oatlands Recreation Ground Management Committee (Proxy) ◆ Australia Day Awards Selection Committee (Proxy) ◆ Enterprise Bargaining / Award Consultative Committee (Proxy) ◆ TasWater Corporation – Owners Representatives (Proxy)

COUNCILLOR	COUNCIL & COMMITTEE MEMBERSHIP
<p>Deputy Mayor EDWIN BATT</p>	<p>November 2018 to present</p> <ul style="list-style-type: none"> ◆ Southern Midlands Facilities & Recreation Committee ◆ Southern Midlands Audit Panel ◆ Australia Day Awards Committee (Proxy) ◆ Enterprise Bargaining/Award Consultative Committee (Proxy) ◆ Campania Halls Management Committee (Proxy) ◆ Campania Recreation Ground Management Committee (Proxy) ◆ Tunnack Recreation Ground Management Committee (Proxy) ◆ Arts Advisory Committee (Chair) ◆ Southern Midlands Memorial Trees Committee (Chair) ◆ Kempton Streetscape Committee ◆ Heritage and Bullock Festival Committee ◆ Heritage Hub Management Committee (Chair) ◆ Melton Mowbray Park Advisory Group (Chair) ◆ Southern Tasmanian Councils Authority (Proxy) ◆ Local Government Association General Meetings (Proxy) <p>Up to October 2018</p> <ul style="list-style-type: none"> ◆ Southern Midlands Audit Panel ◆ Southern Midlands Facilities & Recreation Committee ◆ Arts Advisory Committee (Chair) ◆ Southern Midlands Memorial Trees Committee (Chair) ◆ Midlands Economic Development and Land Use Strategy (MEDaLS) - Implementation Committee ◆ Tunnack Recreation Ground Management Committee (Proxy)
<p>Councillor ANTHONY BANTICK</p>	<p>November 2018 to present</p> <ul style="list-style-type: none"> ◆ Southern Midlands Emergency Management Planning Committee (Chair) ◆ Southern Midlands Facilities & Recreation Committee ◆ Chauncy Vale Management Committee ◆ Mangalore Recreation Ground Management Committee (Chair) <p>Up to October 2018</p> <ul style="list-style-type: none"> ◆ Southern Midlands Emergency Management Planning Committee (Chair) ◆ Mangalore Recreation Ground Management Committee (Chair) ◆ Southern Midlands Facilities & Recreation Committee ◆ Chauncy Vale Management Committee

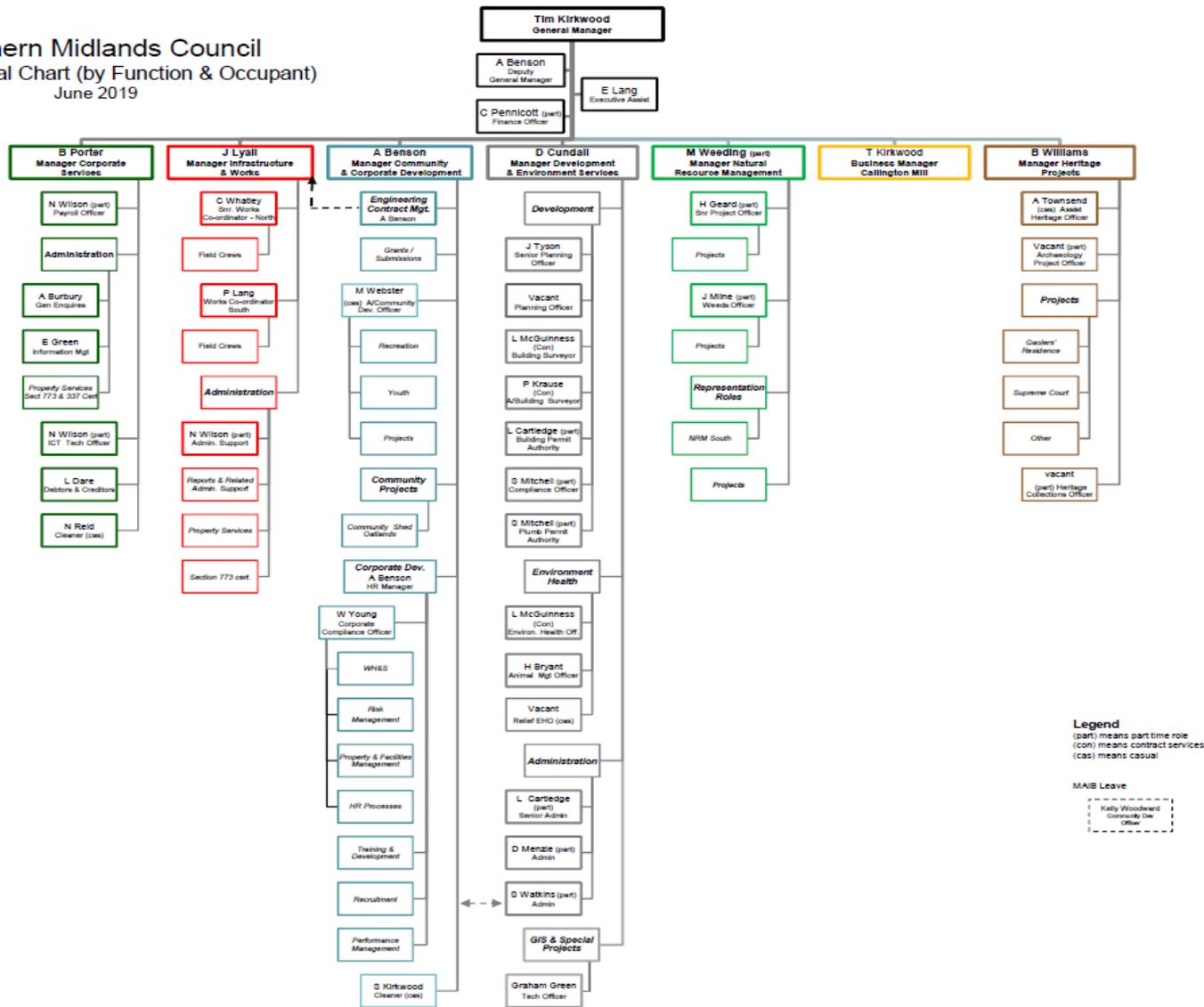
COUNCILLOR	COUNCIL & COMMITTEE MEMBERSHIP
<p style="text-align: center;">Councillor TONY BISDEE OAM</p>	<p>November 2018 to present</p> <ul style="list-style-type: none"> ◆ MMPHC Community Advisory Committee ◆ TasWater Corporation – Owners Representatives & Board Committee ◆ Southern Midlands Audit Panel (Proxy) ◆ Mangalore Recreation Ground Management Committee (Proxy) ◆ Southern Midlands Memorial Trees Committee (Proxy) ◆ Kempton Streetscape Committee (Proxy) ◆ Melton Mowbray Park Advisory Group (Proxy) <p>Up to October 2018</p> <ul style="list-style-type: none"> ◆ Australia Day Awards Selection Committee (Chair) ◆ Enterprise Bargaining/Award Consultative Committee (Chair) ◆ LGAT General Management Committee ◆ Premiers Local Government Council ◆ Southern Tasmania Councils Association (Deputy Chairman) ◆ TasWater Corporation – Owners Representatives Committee and Board Selection Committee ◆ Midlands Multi-Purpose Health Centre – Community Advisory Committee ◆ Tunnack Recreation Ground Management Committee (Chair) ◆ Oatlands Aquatic Centre Committee (Chair)
<p style="text-align: center;">Councillor KAREN DUDGEON</p>	<p>November 2018 to present</p> <ul style="list-style-type: none"> ◆ Woodsdale Hall Mangement Committee ◆ Mt Pleasant Recreation Ground Management Committee ◆ Southern Midlands Facilities & Recreation Committee (Proxy) ◆ Lake Dulverton & Callington Park Management Committee (Proxy) ◆ Oatlands Community Shed Committee (Proxy) ◆ MMPHC Community Advisory Committee (Proxy)

COUNCILLOR	COUNCIL & COMMITTEE MEMBERSHIP
<p>Councillor DONALD FISH</p>	<p>November 2018 to present</p> <ul style="list-style-type: none"> ◆ Southern Midlands Facilities & Recreation Management Committee (Chair) ◆ Lake Dulverton / Callington Park Management Committee (Chair) ◆ Parattah Progress Association (Chair) ◆ Oatlands Community Shed Committee(Chair) ◆ Southern Midlands Emergency Management Planning Committee (Proxy) ◆ Colebrook Hall Management Committee (Proxy) ◆ Oatlands Community Hall Management Committee ◆ Parattah Railway Restoration Management Committee (Proxy) ◆ Mt Pleasant Recreation Ground Management Committee (Proxy) ◆ Heritage & Bullock Festival Committee (Proxy) ◆ Oatlands Parking Advisory Group (Proxy) <p>Up to October 2018</p> <ul style="list-style-type: none"> ◆ Southern Midlands Facilities & Recreation Management Committee (Chair) ◆ Lake Dulverton / Callington Park Management Committee (Chair) ◆ Oatlands Community Shed (Chair) ◆ Parattah Progress Association (Chair) ◆ Municipal Disaster Management Committee (Emergency Management Planning Committee) (Proxy) ◆ Colebrook Hall Management Committee (Proxy) ◆ Oatlands Community Hall Management Committee ◆ Oatlands Recreation Ground Management Committee ◆ Parattah Railway Restoration Management Committee
<p>Councillor ROWENA McDOUGALL</p>	<p>November 2018 to present</p> <ul style="list-style-type: none"> ◆ Southern Midlands Audit Panel ◆ Parattah Railway Restoration Management Committee ◆ Tunnack Recreation Ground Management Committee ◆ Oatlands Parking Advisory Group ◆ Chauncy Vale Management Committee (Proxy) ◆ Oatlands Community Hall Management Committee (Proxy) ◆ Arts Advisory Committee (Proxy) ◆ Heritage Hub Management Committee (Proxy) ◆ Regional Community Learning & Development Centre Levensdale (Proxy)

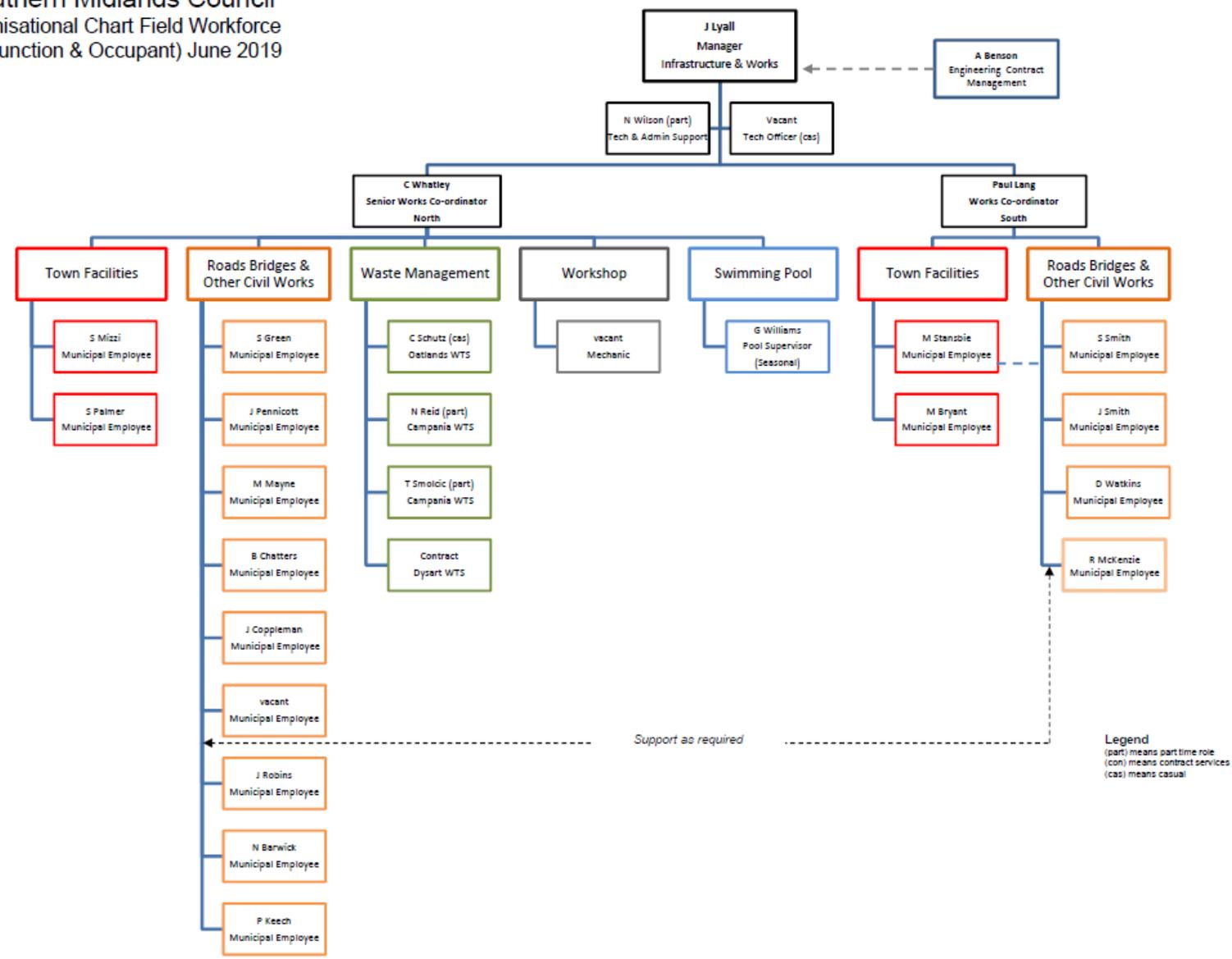
COUNCILLOR	COUNCIL & COMMITTEE MEMBERSHIP
<p style="text-align: center;">Councillor Robert Campbell</p>	<p>Up to October 2018</p> <ul style="list-style-type: none"> ◆ Southern Tasmania Councils Authority Waste Strategy – South Committee ◆ Arts Advisory Committee (Proxy) ◆ Chauncy Vale Management Committee (Proxy) ◆ Lake Dulverton / Callington Park Management Committee (Proxy) ◆ Oatlands Community Hall Management Committee (Proxy) ◆ Parattah Progress Association (Proxy) ◆ Parattah Railway Restoration Management Committee (Proxy) ◆ Woodsdale Hall Management Committee (Proxy)
<p style="text-align: center;">Councillor David Marshall</p>	<p>Up to October 2018</p> <ul style="list-style-type: none"> ◆ Campania Structure Plan Committee ◆ Southern Midlands Audit Panel (Proxy) ◆ Campania Halls Management Committee (Proxy) ◆ Campania Recreation Ground Management Committee (Proxy)

Organisational Charts

Southern Midlands Council
Organisational Chart (by Function & Occupant)
June 2019

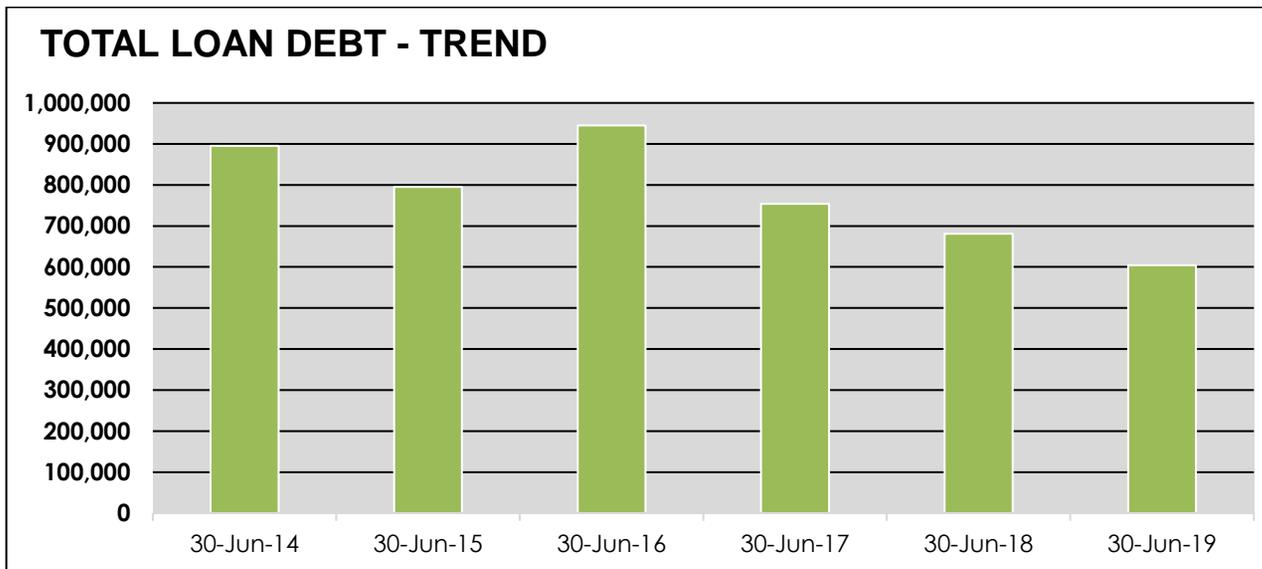
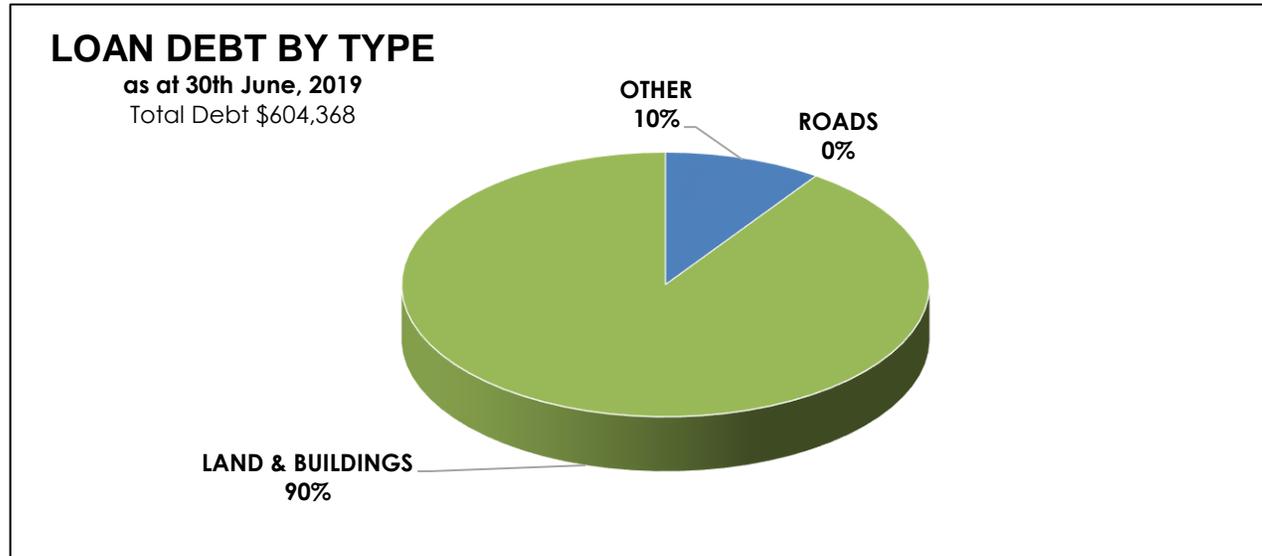


Southern Midlands Council Organisational Chart Field Workforce (by Function & Occupant) June 2019

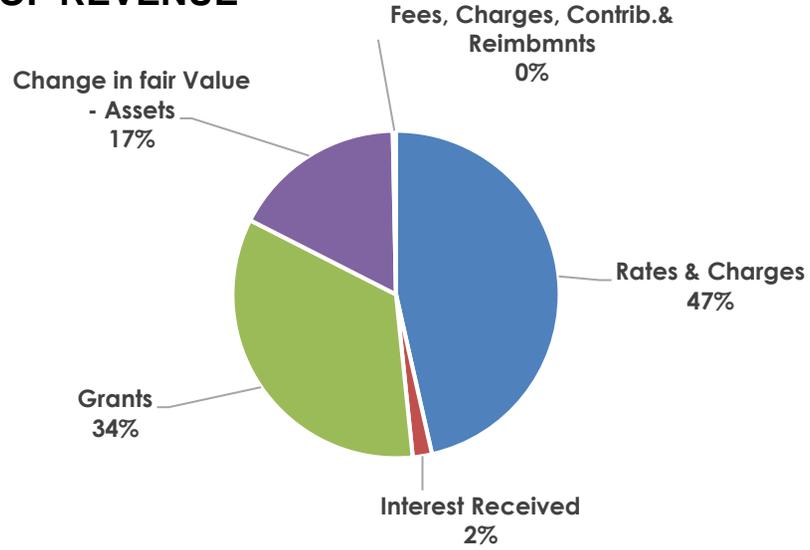


Legend
(part) means part time role
(con) means contract services
(cas) means casual

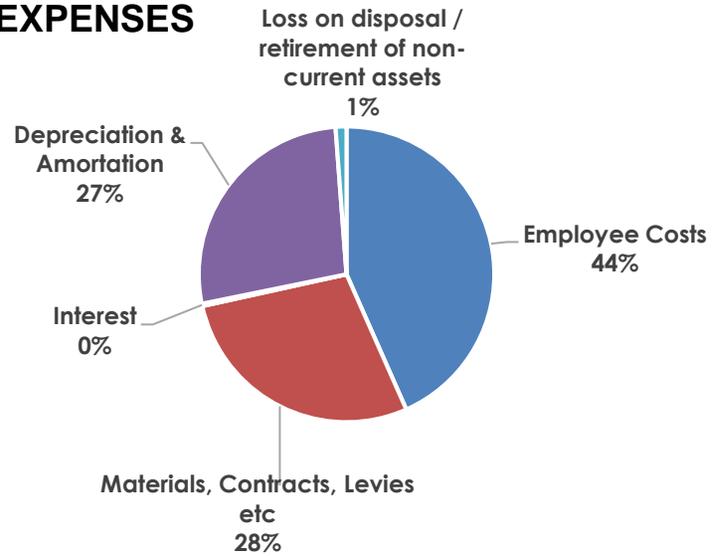
Statistics 2018/19

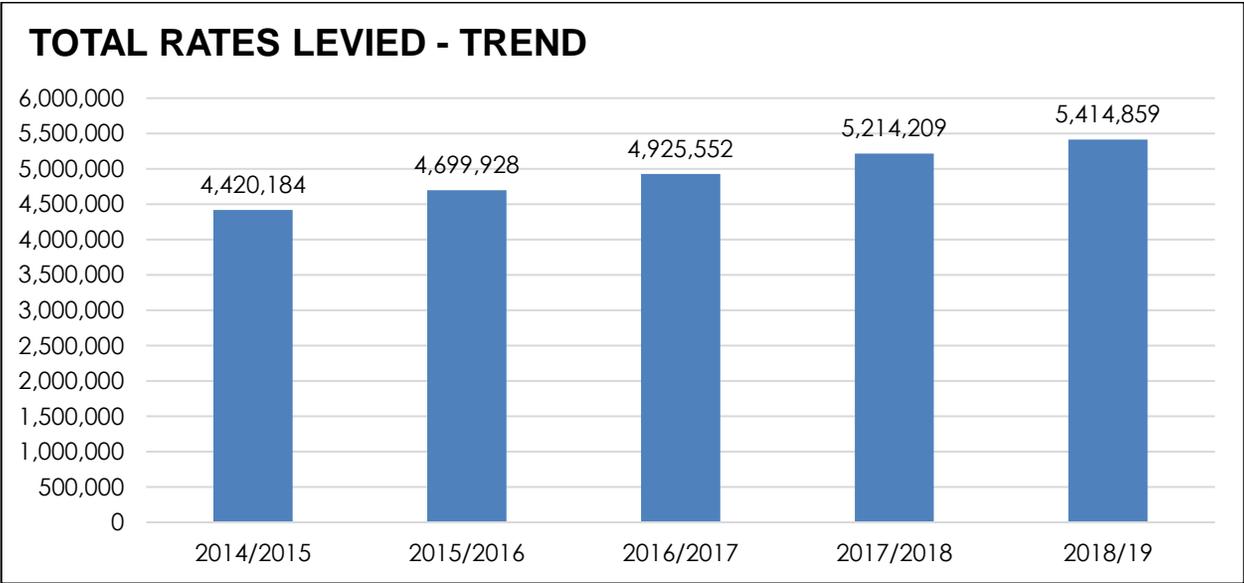
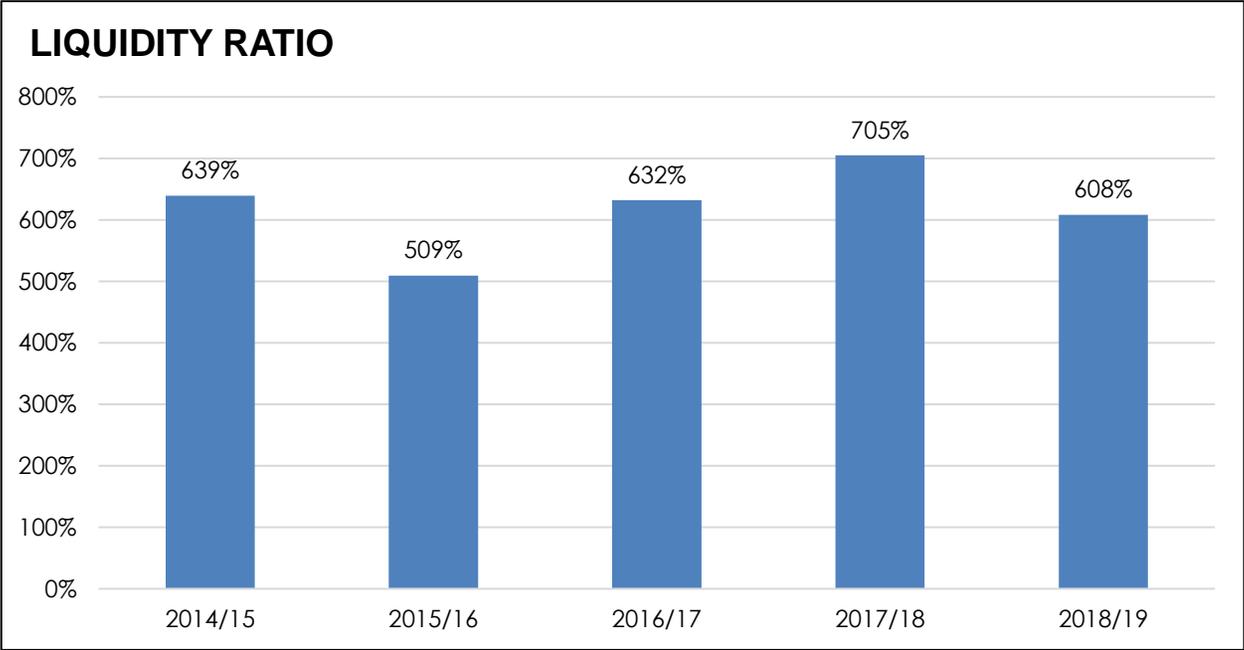


ANALYSIS OF REVENUE

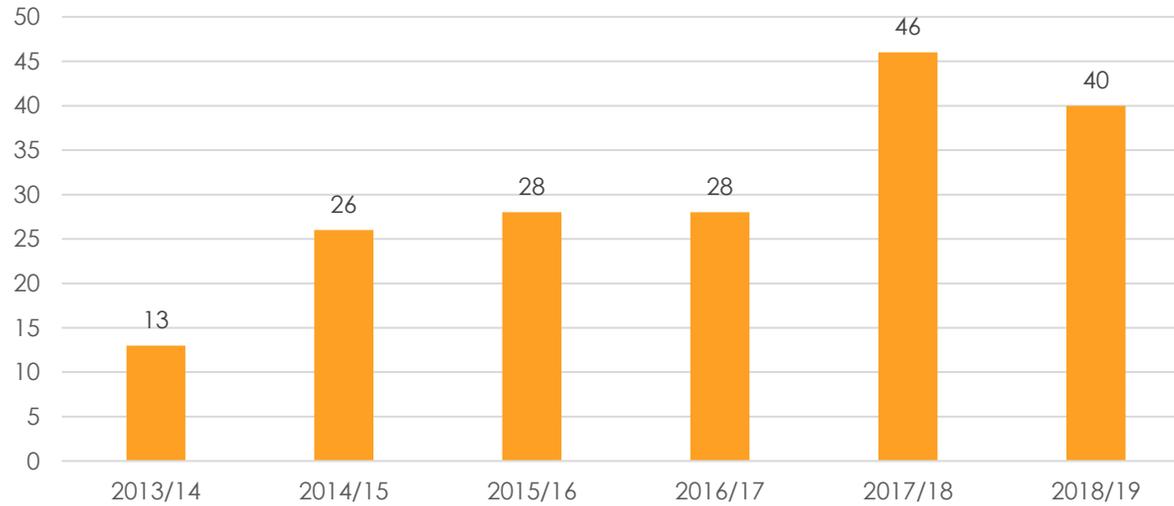


ANALYSIS OF EXPENSES





NUMBER OF NEW DWELLINGS APPROVED



INFRASTRUCTURE

The need to maintain, improve and maximise the community benefit from infrastructure provided by Council



Roads

MAINTENANCE AND IMPROVEMENT OF THE STANDARD AND SAFETY OF ROADS IN THE MUNICIPAL AREA

2018-19 Achievements

The total road length for the municipal area is 812 kilometres, which are classified as the following:

- 32 kilometres – Urban Sealed
- 167 kilometres – Rural Sealed
- 613 kilometres – Rural Unsealed

Road projects, totaling \$1.46 million were capitalised at the end of the 2018/19 financial year. These included:

- \$468k on re-sheeting unsealed roads;
- \$635k on reconstruction and resealing roads – Bangalore Court, Blackbrush Road, Franklin Street, Glen Morey Road, Huntington Tier Road, Iden Road, Interlaken Road, Maconochie Street, Main Street Kempton, Marla Court, Winstead Road, Woodsdale Road and Yarlington Road;
- \$358k on other road safety improvements, including corner widening, kerb and gutter, carparks and installation of safety railing.

This level of capital expenditure has been possible due to the ongoing funding received through the 'Roads to Recovery' Program by the Australian Government. The objective of Roads to Recovery is to contribute to the Infrastructure Investment Program through supporting maintenance of the nation's local road infrastructure asset, which facilitates greater access for Australians and improved safety, economic and social outcomes. The Roads to Recovery program does not contain a sunset clause under the new *National Land Transport Act 2014* meaning no new legislation will be required for the continuation of the program.

From 2014-15 to 2018-19, which is the latest five year grant round, the Southern Midlands Council received a total of \$4,019,596, of which \$344,375 was received in 2018-19.

Roads



Road Traffic Counter

The Road Traffic Counter was placed on a number of roads during the reporting period. Use of the counter is aimed at gaining a better understanding of the road network; the level of use (i.e. traffic numbers), and the type of vehicles travelling individual roads. This information is valuable in the budgeting process, where there is always a need to prioritise capital expenditure projects.

A condition assessment was conducted for all sealed roads in the municipal area during the period and this information will be used for a revaluation of Road Assets in 2019/20.

Road Reconstruction (including reseal works) - awarded to Stabilised Pavements of Australia (SPA) for an amount of \$284,600. Major roads to be reconstructed and resealed included 1.4 kilometres of Glen Morey Road, Tunbridge and total of 1.4 kilometres on Woodsdale Road, Woodsdale in two sections. As part of this tender, Roadways Pty Ltd will be responsible for the sealing component.

Road Reseal only—awarded to Roadways Pty Ltd for an amount of \$190,050. Major roads for reseal included Interlaken Road, Oatlands; & a number of roads within Bagdad and Colebrook township areas.

Bridges

MAINTENANCE AND IMPROVEMENT OF THE STANDARD AND SAFETY OF BRIDGES IN THE MUNICIPAL AREA

2018-19 Achievements

There are 152 bridges and major culverts within the municipal area, with a total deck area of 7,822 m². \$75,125 (excluding depreciation) was expended on the maintenance of bridges within the municipal area. Maintenance expenses continue to decline due to Council's pro-active renewal and replacement program.

Bridge renewal / replacements projects, totalling \$26,393 were capitalised at the end of the 2018/19 financial year. This included:

- \$15,462 – Inglewood Road Bridge; and
- \$10,931 – other miscellaneous Bridge components.

The net value of Council's bridges as at 30 June 2019 was \$18.777 million (total replacement value of \$21,182,292).

Two small bridges, the Reynolds Road Bridge and the Link Road Bridge both in Colebrook, came off their defects liability period during this financial year (*pictured*).

Council continues to engage AusSpan (Total Bridge Management) to undertake a full condition assessment of all Bridges on a quarterly basis. This is a valuable contracted service that ensures Council is up to date with maintenance on all of their bridge assets. AuSpan also provides an independent asset valuation of all bridges for inclusion in the financial statements.



Walkways, Cycleways & Trails

MAINTENANCE AND IMPROVEMENT OF THE STANDARD AND SAFETY OF WALKWAYS, CYCLEWAYS AND PEDESTRIAN AREAS TO PROVIDE CONSISTENT ACCESSIBILITY

2018-19 Achievements

Ongoing maintenance of all walkways, cycle ways and pedestrian areas occurred during the reporting period.

\$218,949 was expended on maintenance and minor improvements on footpaths and walkways throughout the municipal area.

The walkway/cycleway that runs parallel to the Midland Highway from Bagdad, south towards Mangalore was upgraded as part of the Midland Highland safety upgrade.

The footpath in Swan Street, Bagdad was constructed between Green Valley Road and Blackport Road. A further section of the footpath in Main Street, Kempton was reconstructed as part of an ongoing program of upgrading footpaths in the village.

Lighting

ENSURE ADEQUATE LIGHTING BASED ON DEMONSTRATED NEED AND CONTESTABILITY OF ENERGY SUPPLY

2018-19 Achievements

Additional street lighting has been approved / provided in accordance with Council's Street-lighting Policy.

An amount of \$82,146 was paid to Aurora Energy in 2018/19 for street lighting. Council continues to receive the benefits associated with entering into a combined contract between Councils and Aurora Energy, noting that the annual charges were \$80,281 in 2016/17 and \$96,010 in 2015/16). Contract negotiations for the supply of energy for unmetered public lighting was facilitated and coordinated by the Local Government Association of Tasmania.

Council continues to monitor potential sources of funding to progress the next stage of the Oatlands underground power project. The target for the next stage of underground power is in the Esplanade and Barrack Street areas, in support of the gentrification of the street character in the Historic Precinct of Oatlands.



The overhead power poles compromising the built fabric of the streetscape in the Heritage Precinct of Barrick Street, Oatlands.

Buildings

MAINTENANCE AND IMPROVEMENT OF THE STANDARD AND SAFETY OF PUBLIC BUILDINGS IN THE MUNICIPAL AREA

2018-19 Achievements

Council has ownership and is responsible for maintaining a large stock of public buildings. There are a variety of uses such as: Council offices; community hall and recreation facilities; heritage buildings; buildings within parks and reserves; housing; and public toilets.

The total replacement value of these buildings is assessed at \$23.49 million, with a current written down value of \$13.22 million.

Whilst a total of \$1.48 million was expended in Capital Projects in 2018/19, some of these projects were recorded as Works in Progress as at 30/6/19. They included:

- Oatlands Aquatic Centre;
- Oatlands Works Depot (Glenelg Street);
- Tunbridge Hall toilet upgrade; and
- Mangalore Twin Arenas project.

Council sold the Oatlands Ambulance Garage property (Church Street, Oatlands) to the Tasmanian Government which will enable Ambulance Tasmania to progress plans for the construction of on-site accommodation for the Ambulance Paramedics and volunteers.

Oatlands Council Depot Relocation

With the development of the proposed Oatlands Aquatic Centre on the Oatlands Depot site at Church Street, this required relocation of the Oatlands Council Depot to the Glenelg Street site. Further buildings have been constructed at Glenelg Street (in addition to the initial vehicle garage constructed last financial year) to cater for all operational requirements.

Sewers / Water

INCREASE THE CAPACITY TO ACCESS TO RETICULATED SEWERAGE SERVICES

INCREASE THE CAPACITY AND ABILITY TO ACCESS WATER TO SATISFY DEVELOPMENT AND COMMUNITY TO HAVE ACCESS TO RETICULATED WATER OF PUBLIC BUILDINGS IN THE MUNICIPAL AREA

2018-19 Achievements

At 30 June 2019, Council held a 0.73% ownership interest in TasWater, based on schedule 2 of the Corporation's constitution, which reflects Council's voting rights. The total value of Council's investment increased by \$1.37 million to \$13.57 million.

\$152,000 was received from TasWater via dividends and tax equivalent payments.

In September 2018, Council endorsed a number of resolutions which were submitted to a Special General Meeting of TasWater. The intent of these of these resolutions were to implement changes, and formally introduce prior negotiated agreements associated with the State Government's injection of \$200 million in equity over 10 years. The State Government will receive a total 10% equity over the ten-year period, but will not receive dividends during that period. The resolutions related to the adoption of a new Constitution; pricing; adoption of a new 'Shareholders' Letter of Expectations'; and Share subscriptions agreement.

Council's distribution entitlement of \$152K per annum is secured though to the end of the 2025/26 financial year under this new arrangement.

Drainage

MAINTENANCE AND IMPROVEMENT OF THE TOWN STORM-WATER DRAINAGE SYSTEMS

2018-19 Achievements

This program relates to the provision of piped stormwater drainage assets within the various towns and villages. It does not include roadside drainage systems on rural roads.

The total replacement value of these drainage assets is \$5,179,353.00 with a current written down value of \$3,716,585.00.

Best Practice Design

Council continues to appraise, implement and monitor 'Water Sensitive Urban Design' (WSUD) through the Development Application and Engineering process. This provides more opportunity for rain water to soak into the local water table. WSUD is typically implemented through subdivision design which complements the village character of the Southern Midlands townships.

Campania School Farm Subdivision

Council's Senior Planning Officer, Manager Development and Environmental Services and Senior Engineering Officer (Contract position with Brighton Council) have worked closely with the developer of the "Campania School Farm Subdivision" proposal. Council Officers worked with the developer's project team to ensure that best practice urban design for stormwater management i.e. *WSUD Engineering procedures for stormwater management in Tasmania (2012)* were implemented through incorporating a stormwater detention pond and associated wetland plantings.

This design made use of an existing dam on the school farm for detaining peak flows and allowing water to soak back into the land rather than being discharged immediately to the Creek. The final design brings a quality public open space area that will encourage biodiversity and a greater engagement with nature for residents whilst being a practical stormwater solution.

Drainage

Stormwater Mapping

As a component of Council's *Stormwater Strategy 2016* Council continues to update its asset register and mapping of stormwater infrastructure. This in turn assists Council and the community in maintenance and provides clearer pathways for new development. The stormwater mapping is updated through obtaining new data from developers such as the “as constructed plans” in the final stages of a subdivision approval.

Council maintains a service agreement with the State Government List Services and has allocated resources to providing spatial data direct to the public.

This data would streamline investigation of future pipe location, in relation to determining point to point fall and gradients for new connections to the stormwater system. Armed with this data, council would be well equipped to advise residents and developers of their options in relation to stormwater connection and disposal.

Waste

MAINTENANCE AND IMPROVEMENT OF THE PROVISION OF WASTE MANAGEMENT SERVICES TO THE COMMUNITY

2018-19 Achievements

Key recommendations of the *Southern Midlands Waste Management Strategy* (August 2016) were implemented in the 2018/2019 year. These are identified as follows:

Waste Transfer Stations

Improvements to the operational efficiency of Council's three waste transfer stations continued in 2018/2019:

- Council Officers toured five (5) other waste transfer and management facilities in Southern Tasmania to plan for further operational changes.
- Preparation of a grant application for a recycling and re-use centre at the Oatlands Waste Transfer Station. This centre will likely be built in the 2019/2020 year and will provide a place to store salvaged materials and products that can be bought and re-used by the community. This will give the community the opportunity to dispose of such materials in the knowledge they will be re-used and the opportunity to safely access such materials.
- Preparing for new site lay-out plans for Dysart and Oatlands to improve safety and efficiency of the site. Council Officers have undertaken safety audits of the stations and taken into consideration best practice guidelines.
- Continued collection of recyclable materials such as glass, plastics, metal and cardboard to be transported to material recovery facilities.
- Continued engagement with the Southern Waste Strategy, Local Government Association Tasmania and with neighbouring Council's to look at opportunities for further re-use/recycling and other cost saving measure or other cooperative endeavors.

Strategic Planning

Council continues to actively participate in the Waste Strategy South (WSS), a committee of the Southern Tasmanian Council Authority (STCA). The committee was established to facilitate strategic planning for waste management in southern Tasmania and to implement activities outlined in the Southern Waste Management Strategy and the Regional Action Plan. Council's Mayor Alex Green is currently the chair of the Waste Strategy South

Waste

WSS coordinates municipal and non-municipal waste minimisation programs, infrastructure developments, waste stream performance monitoring, education and marketing programs – including participation in statewide initiatives – among other functions. The WSS is also an opportunity for Councils to network and resource share services in the South.

Southern Midlands Council and Council Officers are actively involved in regional and state waste management and strategy. Council are engaged through LGAT, STCA and State Government initiatives. Council see this as an important contribution to reducing waste production, waste to landfill and encouraging incentives and innovation in the industry. It is important that Council engage in this higher level to protect our waste budget and operations from unexpected changes in the industry such as - national policy changes, global changes or other changes in the private industry (i.e. closure of business or increased costs etc). Council try to ensure the rural voice is heard and rural communities are considered in high level decision making.

Kerbside Collection Changes

In August – September 2018 Council implemented the new changes to the kerbside/roadside collection service- these were:

- Move to a fortnightly collection service for all residents;
- Replace the 55lt recycling crates with 240lt wheelie bins;
- Replace all 140lt wheelie bins with 240lt bins wheelie bins;
- Consistent bin colours per the national standard; and
- Changes to the day of collection.

The operation required the collection of all the old crates and wheelie bins and the assembly of new bins to be then distributed to ratepayers on the collection service. Council needed to ensure that the changeover of bins occurred immediately after the old bins were empty of waste and recycling. This was a challenging operation and Council are grateful for the cooperation and goodwill from our Ratepayers and Residents.

The changes were aimed to:

- Reduce landfill through and increase recycling;
- Better service to ratepayers;
- Reduce OH&S risk associated with manual handling waste;
- Reduce risk to residents in manual handling crates;

Waste

- Reduce waste material becoming airborne and entering environment; and
- Reduce risk to motorists and pedestrians.

Council Officers were able to review the changes in February 2019 and review the project as a whole. The changes achieved the following:-

- The amount of household recyclables taken to the material recovery facility nearly tripled in the first 4 months. Household recycling rates jumped 9.2% to 27.02%. This puts Southern Midlands Council above the regional average of 21%.
- The replacement of the 55lt crates with 240lt wheelie bins eliminated the risks associated with manual handling the crates. The wheelie bins are mechanically lifted.
- Projected reduction in waste sent to landfill from 877 tonnes per annum to 754 tonnes per annum.
- Recycling and waste disposal costs increased significantly in the reporting period. This was entirely outside the control of Council. The Jackson Street Facility (Glenorchy landfill site) which receives Council's waste stream unexpectedly increased gate fees from \$68 to \$90 per tonne and SKM at Derwent Park which receives Council's recycling stream (glass, plastics, aluminum) increasing from \$32 per tonne to \$100 per tonne. Council's move to a fortnightly service was able to reduce costs overall and offset this change. Council is still projected to spend less than previous years.
- Provide a fortnightly service for all ratepayers with bigger bins.
- The Southern Midlands *Waste Management Strategy (August 2016)* identified the following related recommendations:
 - Upgrade from crates to bins – to increase resource recovery and reduce waste volume
 - Weekly to fortnightly collection service – to reduce waste handling costs
 - Waste reduction through community education schemes
 - Review and improve Oh&S and avoidance of handling hazardous materials – through mechanical lifting bins and containing recycling matter in a lidded wheelie bin.
- All of these recommendations have been implemented in the timeframes specified in the Strategy.
- Furthermore the project has furthered the relevant objectives of the strategy to:
 - Review current waste management costs and service delivery system
 - Identify opportunities for costs savings whilst maintaining service level to the community
 - Identify ways to make the waste management system more efficient, including exploration of resource and operational sharing opportunities with neighbouring councils.

Waste

- Identify options for greater recovery of resources from Council's waste stream, thereby reducing the volume of waste going to landfill.
- The old bins and crates collected by Council have been stored at our Depot sites. The Southern Midlands Logos can be removed and residents are able to purchase the old bins and crates for private usage. Council see this as further recycling and re-use of materials and a positive step towards further reductions in landfill and practical solutions for materials re-use.

Waste Management Surveys

At the request of residents, Council conducted a Household Waste Management Survey of the Tea Tree and Tunnack areas to ascertain the level of interest to introduce a kerbside garbage and recycling collection service to residents in these locations.

A survey of residents located on Tea Tree Road, Grices Road and Williams Road was posted to residents with the options of either 'Yes', 'No' or 'Unsure' in regard to waste management services being provided in the Tea Tree area. A survey of residents located on Tunnack Road, Tunnack Square Road, Pound Road, Scotts Road and Fairhaven Road was also posted with identical options.

Based on survey results, Council elected not to extend the services at the present time but this decision will be reviewed at a later stage.

Information, Communication Technology

IMPROVE ACCESS TO MODERN COMMUNICATIONS INFRASTRUCTURE

2018-19 Achievements

Council continues to engage with the respective ICT providers with the aim of enhancing services within the municipality, this includes providing advice in relation to mobile “blackspots” for investigation and possible remedial action.

GROWTH

The need to increase the population in the municipality to a long term sustainable level and to grow the level of agricultural, commercial and industrial activity, balanced with environmental, heritage and cultural values along with the provision of appropriate services



Residential

INCREASE THE RESIDENT, RATE PAYING POPULATION IN THE MUNICIPALITY

2018-19 Achievements

Council continues to ensure a sufficient supply of residential land in the Southern Midlands for the next 10-15 years and beyond. This is achieved through monitoring the progress of past strategic plans and reviewing the current residential zoning through the Planning Scheme reform (and preparation of the LPS).

The southern areas of the municipality continue to have the highest levels of residential growth with 32 of the 40 dwellings approved in the 2018/2019 year being in the Campania, Bagdad and Mangalore areas.

Stages of the "Coal River Estate" in Campania continue to be released with high demand for residential land in this area. The sales of land in this subdivision together with the dwelling approvals are likely the highest experienced in the Southern Midlands in a single subdivision in a single year with 14 dwellings approved in this period. The significant growth for Campania will encourage new residents and business and further investment by Council in parks, walkways and infrastructure to service the town.

Council Officers work closely with subdivision developers and build strong working relationships. This ensures quality planning and urban design outcomes will be achieved. This is an attitude fostered by Council and Management.

Council Officers operate with integrity and a commitment to customer service that welcomes and supports new residential development (and new residents to the Southern Midlands). Planning and Building approvals are always issued within the statutory timeframes and Council Officers provide advice and guidance to applicants where needed. The average time for assessment of a Discretionary Development Application is 36 days (from 42 days) and the average time for a Permitted Development Application is 13 days (from 28 days).

Tourism

INCREASE THE NUMBER OF TOURISTS VISITING AND SPENDING MONEY IN THE MUNICIPALITY

2018-19 Achievements

According to the Tourism Tasmania Statistics (Tasmanian Visitor Survey) for the year ending June 2019.

- Visitors to Tasmania: 1.32 million (an increase of 1% from previous year)
- Visitors to Tasmania spent a total of \$2.50 billion on accommodation, attractions, tours, transport and other goods.
- 29,883 visitors stopped & looked around Oatlands but did not stay overnight.
- 8609 visitors stayed overnight in Oatlands.
- 34, 979 visitors travelled through Oatlands on their trip.

The top visitor activities for Tasmania- total visitors for July 2018 – June 2019.

- 260,703 people - Visited Historic Houses
- 493,742 people - Visited Historic sites/attractions
- 405,939 people - Visited museums
- 344,363 people - Visited galleries
- 382,201 people - Visited craft shops
- 328,262 people - Bought Tasmanian made art/craft



Callington Mill Precinct

Following final approval of the Development Application for the Whiskey Distillery and associated Visitor Services (retail, tours, tastings) at 99 High Street and 6 Mill Lane, Oatlands, Council proceeded to finalise and execute the new Head Lease (between the Crown and Southern Midlands Council); and the Sub-Lease Agreement between the Crown (Head Lessor), Southern Midlands Council (Lessee), and Callington Mill Pty Ltd (Sub-Lessee) and J Ibrahim (Guarantor). Callington Mill precinct has remained accessible by the public, especially the Community Garden and the Blacksmith, and everyone has been welcomed to wander around the precinct.

Tourism

Heritage Highway Tourism Region

Council continues to support the Heritage Highway Tourism Region Association and provided a contribution of \$12,000 in 2018/19. The Association has two main purposes:

- To facilitate sustainable and profitable business opportunities through the provision of a series of distinct visitor experiences, by engaging all communities in the development of their individual and complementary identities; and
- To maximise business for the region's tourism industry, to build demand for core services, to develop new marketing segments and to raise demand for tourism and other businesses in the region.

Destination Southern Tasmania

Council continues to be a financial member of Destination Southern Tasmania (DST). Council Officers and Elected members have worked on the Heritage Highway Destination Action Plans (DAP) for the Region, with Council to consider specific initiatives going forward.

Proposed large scale tourism accommodation facility in Oatlands

The proposed large scale tourism accommodation facility in Oatlands, which was identified in the Midlands Economic Development and Land use Strategy project as being a key missing element in the area's tourism infrastructure, is an ongoing project for Council with the aim of attracting private investment in such a facility. It is felt that the anticipated whiskey distillery will be a significant 'lever' for the advertising of the expression of interest.

At the present time Council continues to negotiate with Tasmania Police with the aim of securing an arrangement over its property located in Barrack Street (as this borders the preferred development site). Confirmation of this arrangement will enable the Expression of Interest process to be progressed.

Tourism Brochures – Update

In March 2019, Council approved the development and re-printing of the revised 'Welcome to Oatlands' booklet for approximately \$10,000. It will also fund the development and printing of the Oatlands 'Tear-off pads' for approximately \$2,200.

Tourism

Economic Development & Tourism Strategy

Council has given preliminary consideration to the preparation of a combined Economic Development & Tourism Strategy. This process commenced with an analysis of existing plans and strategies; and Council will proceed to prioritise the initiatives and recommended actions that form part of these documents.

Business

INCREASE THE NUMBER AND DIVERSITY OF BUSINESS IN THE SOUTHERN MIDLANDS; INCREASE EMPLOYMENT WITHIN THE MUNICIPALITY;
INCREASE COUNCIL REVENUE TO FACILITATE BUSINESS AND DEVELOPMENT ACTIVITIES (SOCIAL ENTERPRISE)

2018-19 Achievements

Callington Mill Precinct

Following final approval of the Development Application for the Whiskey Distillery and associated Visitor Services (retail, tours, tastings) at 99 High Street and 6 Mill Lane, Oatlands, Council proceeded to finalise and execute the new Head Lease (between the Crown and Southern Midlands Council); and the Sub-Lease Agreement between the Crown (Head Lessor), Southern Midlands Council (Lessee), and Callington Mill Pty Ltd (Sub-Lessee) and J Ibrahim (Guarantor).

High Street Traders Group

Council has participated in the facilitation the development of a High Street Traders Group based at the Heritage Hub in Oatlands. The group meets on a monthly basis. They have been active participants in consulting with Council on local issues such as Parking & Lake Dulverton. This group has since started the monthly Oatlands Mini Farmers Market. Council support them to actively work co-operatively together & assisted with facilitating two free Small Business workshops through the Department of State Growth.

Centre for Heritage

On-going operation of the Southern Midlands Council owned entities associated with the Centre for Heritage at Oatlands:

- a) Heritage Building Solutions Pty Ltd - a proprietary company which operates the 'Services Arm'; and
- b) Heritage Education and Skills Centre Ltd - a company limited by guaranteed to operate the 'Education Arm'.

Achievements of those entities for the year include:

- Commercial conservation, restoration and advisory roles on several significant Tasmanian heritage sites, including World Heritage places.
- Continuation of an apprenticeship scheme.
- A focus on utilising local labour and materials where possible.

Business

- A successful series of short-courses on heritage trades and conservation practices and a free advisory service to local heritage property owners.
- Facilitation of partnerships with complimentary organisations.

Oatlands Structure Plan

At the March 2019 meeting Council endorsed a business case for the preparation of a Structure Plan for Oatlands. Funding was provided in the 2019/2020 budget.

The project was identified by Council Officers in considering the many developments that were either underway, in planning or identified in existing strategy. This was considered together with interest from the community for Council to address parking, open space and traffic management issues in the township. Project Planning commenced in the 2018/2019 year with a consultant likely to be secured by December 2019.

A Structure Plan is a document consisting of text and maps which identifies how land is intended to be developed or is being developed and provides a broad framework to guide Council when it considers development proposals, capital works and furthering community engagement programs.

A structure plan provides a framework for the coordinated provision and arrangement of future land use, subdivision and development in new urban areas. They are intended to coordinate the provision of transport networks, public open space, utility and service networks, water management and development standards across an area comprised of multiple properties and ownership.

Key benefits of structure plans include:

- Infrastructure coordination — identification of infrastructure priorities that are determined based on strategic directions;
- Resolution of potential land use conflicts;
- Land supply monitoring — identification of likely future demand for land and prospective yields;
- Efficiency — by resolving broader planning issues ahead of detailed planning for subdivision and development, structure plans allow for a more efficient subdivision and development approvals;
- Guidance — structure plans assist landowners and planning authorities to identify the specific issues and actions required to progress future developments;
- Implementation of regional and sub-regional planning policy at a local level.

Business

The objectives of the Oatlands Structure Plan are to:

- Encourage greater visitor numbers to stop and stay for longer in Oatlands
- Encourage greater retention of population and encourage new residents and new businesses and community services.
- Support local business and service providers through improved town amenity, greater visitor numbers, and through residential and business growth
- To involve the community in future use/development and accessibility to Callington Park
- To maximise the use of space and linkages between key development areas
- To ensure any plan is aligned with current State, Regional and Local Strategy
- To attract further investment and funding for infrastructure
- To leverage off planned development and the current values of the town.
- Implement healthy urban design and modern open spaces; and
- Continue to grow a healthy active community.
- To guide the Council (and other infrastructure providers) in delivering services and ensuring development is sustainable for the long term.

It is expected that the Structure Plan will:

- Provide a current snapshot of Oatlands. This would include population data, business data, trends and strategic direction (from the Strategic Plan, Planning Scheme, Southern Tasmanian Regional Land Use Strategy, Midlands Economic Development and Land Use Strategy etc)
- Create a vision for Oatlands and objectives of the Plan
- Identify and capture community values and needs through working with the community through consultation
- Capture the drivers for change
- Provide solutions for problems; such as
- Traffic Management and flows; and
- Address parking demands with parking plans
- Address linkage issues between the High Street and the back streets; and
- Address linkage issues between the High Street and the Lake Dulverton foreshore and the Callington Park
- Ensure there is sufficient land for inner residential, different types of business and industry, and community facilities and organisations (not just based on previous assumptions).

Industry

RETAIN AND ENHANCE THE DEVELOPMENT OF THE RURAL SECTOR AS A KEY ECONOMIC DRIVER IN THE SOUTHERN MIDLANDS; INCREASE ACCESS TO IRRIGATION WATER WITHIN THE MUNICIPALITY

2018-19 Achievements

As part of Council's commitment to supporting sustainable land management practices in the agricultural industry, the Weeds Officer from the NRM Unit has been encouraging landholders to manage / plan to eradicate high priority weeds from landholdings. There has been an emphasis on agriculture, given the proportion of the Municipality that relies on rural land production as an industry. Cotton, saffron and nodding thistles, Chilean Needle Grass and one area of Serrated Tussock and Boneseed are the targeted priorities in the agricultural and urban landscape.

Council continues to support the Midlands Water Scheme operations within the Municipality. The Council's NRM officer sits on the Midlands Water Scheme Irrigator Representative Committee as a representative for our rural landholders in a number of regions.

In 2017/2018 Council were briefed on a further potential irrigation scheme for the Southern Midlands that would bring water from Lake Echo to the Jericho, upper Coal Valley, Kempton and southern areas. The proposed scheme was one of eleven proposals that the Australian Government considered during the Federal Government election. The proposals were submitted to the Australian Government by Tas Irrigation. By May 2019, funding was committed to continue further investigation into the feasibility of the Lake Echo scheme, but not to build the scheme (as was the case with a number of the other proposals submitted). Council will continue to support and encourage the Lake Echo proposal, as a matter of increasing the production and economic activity from within our region.

Council continues to assist in promotion of field days related to agriculture and /or irrigation, particularly events that focus on the latest technology and sustainable land management practices.

LANDSCAPES

The need to maintain, improve and maximise the benefits of the existing heritage, natural and cultural landscapes of the Southern Midlands



Natural

IDENTIFY AND PROTECT AREAS THAT ARE OF HIGH CONSERVATION VALUE; ENCOURAGE THE ADOPTION OF "BEST PRACTICE" LAND CARE TECHNIQUES

2018-19 Achievements

Weeds

Council's Weeds Officer continues to be proactive in promoting and assisting with the management of weeds on council road verges, quarries and public reserves and some waterways. The Weeds Officer works in conjunction with the Works & Services Department. Priorities for treatment continue to be gorse, broome, blackberry, Spanish heath, with the addition of Paterson's Curse, Chilean Needle Grass and boneseed. The Council data base and associated mapping of weed locations and treatments is continually updated to support a co-ordinated approach to weed management. The Weeds Officer has been available to assist many landholders with weed identification and provide information on weed control techniques. The discovery of Chilean Needle Grass just north of Campania has resulted in funds from the State Government being made available to assist the affected landholders. A workshop was held for the Tunbridge area landholders in relation to the management of thistles as this is an ongoing issue for the area with the ongoing threat of cotton and saffron thistle becoming increasingly established in the region becoming evident.

Cumbungi in Lake Dulverton continues to be monitored and any plant sighted is dealt with. The 17/18 year proved to be challenging in dealing with this weed in the Lake, however in the 18/19 year there was only one population of around 40 plants detected.

Lake Dulverton

The *Lake Dulverton Management Strategy 2002*, and the *Lake Dulverton Action Plan 2017* continue to provide guidance for work around the lake. A landscape plan for the area known as the 'pine tree' area near Mahers Point was prepared and went out for public consultation. The landscape plan was in relation to the removal of the trees and the reinstatement of the area following the removal of the trees. The removal of the trees was instigated due to public safety concerns being raised by the community and Council. These concerns related to the continual falling of branches from the old trees at this location. The row of macrocarpa trees and one pinus radiata tree were removed. The full extent of the landscape works proposed have not been able to be completed.

The water levels in the Recreation Zone of the Lake continue to be monitored, as per the *Operational Plan - Water Allocation Lake Dulverton Oatlands*. The Midlands Water Scheme winter water take to November 2018 saw Council place 218.39 ML of water into the lake.

Natural

In the 17/18 year Council worked with the community over a number of months to prepare a *Management of Trees on Council Land Policy*. The final draft of the policy was endorsed in August 2018.

The NRM Unit continues to provide best practice landcare information and assistance with weeds matters. Advice on native tree species suitable for varying locations continues to be sought by ratepayers. The Midlands Tree Committee purchased 1000 trees, which were made available to landholders that had expressed an interest in undertaking some native tree establishment works. Unfortunately there was no major State or Federal government landcare funding rounds available in the 18/19 year.

Chauncy Vale Wildlife Sanctuary

The financial year 2018-19 was a period of structural review, continuation of infrastructure upgrades, and environmental management at Chauncy Vale. This work has included:

Environmental

- Rivulet rehabilitation work, inclusive of: tree planting, native grass planting and direct seeding.
- Californian thistle control work to furthest detected occurrence along Brown's Caves Rivulet
- Roadside drainage cleaning and improvement.

Visitor Precinct & Track Network Upgrades

- Completion of renovation of the hut at the Burnt Gate. This derelict PWD hut was renovated and converted to a walker registration booth.
- Meeting room table was completed – craftsman Dan Tardy was commissioned to do this work.
- New meeting room chairs and picnic tables acquired from Callington Mill.
- Campervan and vehicle parking areas were constructed between the Meeting Room and walker registration booth.
- A new seat was installed adjacent to the new stone bridge on the Caves Loop Track.
- Roadside signage for the visitor precinct was designed, produced and installed.
- Day Dawn Cottage maintenance inventory was prepared and the work commenced. This work included: walking track upgrade and re-surfacing; renewal of the pedestrian bridges; interior painting; roof cleaning & painting; drainage improvement, and repair of weatherboards.

Natural

- Picnic shelter upgrade – emergency structural work was undertaken on the picnic shelter which had become unstable due to absence of bracing and rotting of the primary structural supports. This work involved – propping and relevening the structure; installation of reinforced concrete footings; installation of heavy duty braced framing.



CHAUNCY VALE

Heritage

MAINTENANCE AND RESTORATION OF SIGNIFICANT PUBLIC HERITAGE ASSETS; ACT AS AN ADVOCATE FOR HERITAGE AND PROVIDE SUPPORT TO HERITAGE PROPERTY OWNERS; INVESTIGATE DOCUMENT, UNDERSTAND AND PROMOTE THE HERITAGE VALUES OF THE SOUTHERN MIDLANDS

2018-19 Achievements

- Continued public use of the Oatlands Supreme Court House and Gaol and Green Ponds Watch House, including exhibitions, Artist in Residence program and regular use for community events.
- Completion of the works program to implement the conservation management and master plans for the Oatlands Commissariat and 79 High Street, with the complex officially opened by the Governor of Tasmania on June 1st 2019.
- Occupation of the Oatlands Commissariat by the Centre for Heritage at Oatlands. Ongoing liaison for commercial use of the oven. The Heritage Program continues strong associations with the Centre for Heritage.
- Opening of the Heritage Hub at 79 High Street Oatlands as a community heritage arts/crafts social enterprise.
- Completion of the Oatlands Commissariat Interpretation Plan and partial implementation.
- Successful pilot of the Convict Archaeology in the Southern Midlands field school in conjunction with the University of Tasmania at the Picton Road Station site.
- Promotion of collection material, heritage projects and events through social media including Facebook and Instagram as well as regular tours and industry engagement.
- Monitoring the Oatlands Key system and seeking to promote and improve where possible.
- Facilitation of a submission to the Anglican Diocese of Tasmania regarding the community's reaction to the Anglican Church selloff.
- Management of Council's heritage collections, including archival rehousing and databasing, input of Southern Midlands data into the Tasmanian Decorated Interiors Database, migration of SMC heritage collection to the National Library of Australia Trove website and digitisation of collection material from the SMC heritage and archeological collection.
- Review of achievements against the Southern Midlands Historic Heritage Strategy 2014-18 and endorsement of the Southern Midlands Historic Heritage Strategy 2019-23.

Heritage

- Ongoing promotion of Southern Midlands heritage through talks, presentations, media events and the Heritage and Bullock Festival.
- Supervision of an active volunteer program which engages community groups where possible.
- Liaison with Government departments such as the Department of State Growth to ensure appropriate recognition and protection of historic heritage assets in major projects processes.
- Heritage Projects Program staff continue to have a role in a range of Council committees (e.g. Arts Advisory Group, Heritage and Bullock Festival, Memorial Avenues etc.) to promote the heritage of the region in a range of initiatives.
- Input into the statutory planning process to promote best-practice heritage outcomes consistent with Planning Authority responsibilities under the Land Use Planning and Approvals Act 1993.
- Resource sharing of SMC Heritage staff has occurred with neighbouring Councils and Heritage Building Solutions on a fee-for-service basis.
- Research into several key SM heritage themes ahead of the planned 'monograph series'.
- Current direct heritage staff 2.6 fte (noting that some of that time is charged-out to other organisations on a fee for service basis).
- Active promotion of Southern Midlands heritage through a series of public talks, including U3A, Tasmanian Historical research Association etc.

Oatlands Commissariat

2018-19 has been a busy year for the Heritage Projects team with the works program at the Oatlands Commissariat and 79 High Street completed and the site open to the public. This has been our recent flagship project and has resulted in the best-practice restoration of the site in line with the conservation management plan and statutory heritage requirements.

Council are proud that this site has used traditional skills and materials with incorporated training programs to provide a showcase for the heritage trade and craft skills that will be perpetuated on that site by the Centre for Heritage and Heritage hub initiatives.

Heritage



photo courtesy Aaron Niblett

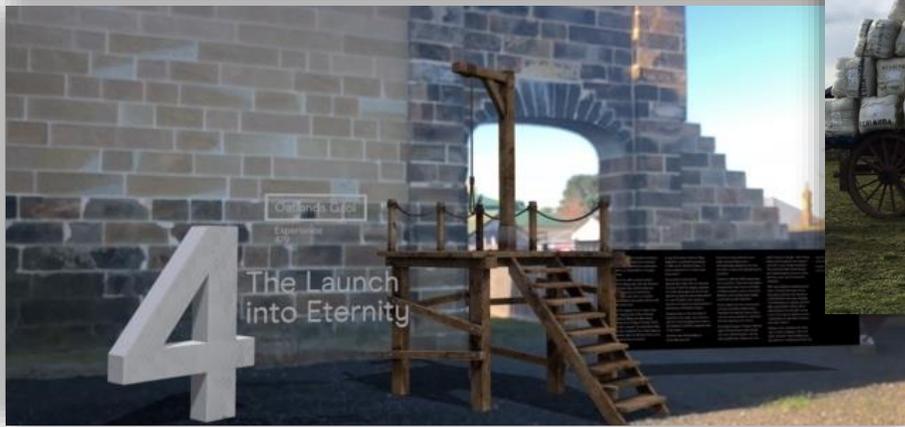
Convict Archaeology in the Southern Midlands

The Heritage Projects Program has gained significant commendation through facilitation of the pilot season of the Convict Archaeology in the Southern Midlands project in conjunction with the University of Tasmania. This project involved an archaeological field school at the Picton Road Station near Kempton and is an extension of the archaeological field schools run by Council from 2010-2013 – as this is an accredited university degree unit. The success of the pilot has resulted in planning for future years which will further explore that site. During 2019-20 an archaeological strategy for the municipal area will be prepared which extends convict archaeology into other key archaeological themes of the region in pursuit of further research partnerships.

Heritage

Southern Midlands Historic Heritage Strategy

2018-19 saw the endorsement of the third 5-year Southern Midlands Historic Heritage Strategy, which included a review of success of initiatives during the previous 5-years and setting the strategic direction for the next 5-years. Strategies such as this are an important document in demonstrating Council's commitment to heritage and to illustrate the strategic fit of these projects to the Strategic Plan and other wider initiatives. Such demonstration is crucial when seeking external funding, so that funding bodies can see that Council do not approach heritage in an ad-hoc or reactive manner but have a strong strategic framework in which projects are implemented.



Cultural

ENSURE THAT THE CULTURAL DIVERSITY OF THE SOUTHERN MIDLANDS IS MAXIMISED

2018-19 Achievements

Establishment of a Social Enterprise (Heritage Hub) at 79 High Street, Oatlands

A proposal to establish a Social Enterprise Hub was endorsed by Council in October 2018.

The key plan/purpose of Heritage Hub is:-

- To build a Social Enterprise & to be a 'business incubator' & support for local Artists who may only be at a 'hobby' stage;
- Provide & coordinate a retail outlet for a pool of Artists, run by the Artists & Volunteers;
- Support & encourage items that are hand crafted using heritage & traditional skills.

The Heritage Hub begun trading on 16th March 2018 with stock from fifteen Artisans & three Volunteers operate the store 3 days per week.

Heritage & Bullock Festival 2018

This was a partnership of community & Council linking two previous community events into one. The purpose was to:

- use a significant event to bring the Community together and focus on the many endearing aspects of Oatlands and to demonstrate what can happen when everyone is engaged & benefiting in 'a whole of Village event';
- Creating a Win – Win experience for the whole Community;
- Respond to a large number of people in Oatlands who were keen to have 'an event'
- Raise the profile and tourist experience (intra-state as well as inter-state) of Oatlands & the Southern Midlands;
- Open Oatlands' heritage buildings to the general public; and
- Showcase Oatlands as a 'living historic Village'.

There was an estimated amount of 5,200 people attended the Festival over the two days with estimated 653 volunteer hours provided in the planning, activities and windup of the Festival. Based on an estimated spend in accordance with the Report 'Reinventing Rural Places' \$50/person is quite a conservative estimate, therefore multiply the \$50 x the number of attendees 5,200 = \$260,000.00 that stays in the Community as an economic benefit from the Festival.



Cultural



Memorial Trees Committee

The implementation of the Concept Plan developed by the Committee and endorsed by the Community ensured that the Memorial Avenue site at Kempton was completed for the Centenary of the Planting of the Trees in August 2018.



'Cows in the Lake'

The 'Cows in the Lake' installation in Lake Dulverton was launched in August 2018 at the Heritage & Bullock Festival.

It was officially opened by the Mayor along with the artists Folko Kooper & Maureen Craig from Rural Designs.



Regulatory

A REGULATORY ENVIRONMENT THAT IS SUPPORTIVE OF AND ENABLES APPROPRIATE DEVELOPMENT

2018-19 Achievements

Planning Reform

Council's Manager Development and Environmental Services, Senior Planning Officer, and Council's Special Projects Officer completed the Draft Local Provisions (LPS) Schedule in November 2018. Council were the 6th Council of 29 Councils to complete this draft. The draft LPS was finalised following updates and a workshop with Council. The draft LPS is a significant body of work representing some two - three years of background reporting, data collection and collaboration between Local Government, regional planning advisory groups and the State Government. The LPS forms the provisions that apply specifically to the Southern Midlands and form a part of the "Tasmanian Planning Scheme".

The Tasmanian Planning Scheme will consist of the State Planning Provisions (SPPs) and the Local Provisions Schedules (LPSs). The SPPs were prepared by the State Government and the LPS will need to be prepared by each Council.

The content of the LPS consists of two parts:

- A. Preparation and refinement of zone maps and overlay maps; and
- B. Preparation of the written ordinance

The overlay maps and zone maps spatially define the application of the zones, specific area plans and the applications of certain planning scheme codes.

It is the responsibility of each Council to prepare these maps and written ordinance.

The preparation of the LPS, and a single statewide planning scheme (TPS) is an objective of the State Government's Planning Reform. This was enacted through amendments to the *Land Use Planning and Approvals Act 1993* in December 2015. The amendments lead to the preparation of the SPPs by the Planning Reform Taskforce and Planning Policy Unit. These were publicly exhibited in March 2016.

Regulatory

Southern Midlands have worked to ensure the draft LPS aligns with Council's Strategic Plan, the Southern Regional Land Use Planning Strategy, Local Planning Objectives and Strategy and overall is consistent with the Resource Management and Planning System in Tasmania (and the statutory requirements of the *Land Use Planning and Approvals Act 1993*). The LPS contains local content that recognise the unique settlements, natural values, farming values and heritage values.

The draft LPS effectively implements many aspects of Council's Strategic Plan including but not limited to:

- Providing a range of housing and land types for residents
- Ensuring a long term supply of residential land
- Identifying future urban growth through the application of zoning
- Protect key infrastructure and community assets
- Implement the STLRUS settlement strategy (which in turn facilitates healthy communities, better services, better transport and orderly development)
- Protect agricultural land from adverse land use, subdivision and development
- Ensure land is dedicated to general business and light industrial activities in strategically identified areas
- Allows Council to forward plan capital works and community programs
- Recognise, protect and enhance heritage listed places, precincts and landscapes

Council staff continue to work with the Tasmanian Planning Commission (TPC) toward finalising the draft as suitable for Public Exhibition. A date for this exhibition is not known, but is anticipated to occur in early 2019.

Strategic Planning and Key Development in the Southern Midlands

The following list of key development and strategic planning was considered by Council in 2018/2019 – those developments and strategic planning changes directly and/or indirectly further the objectives and desired outcomes contained in Council's Strategic Plan:

Approved Rezoning of land for a Whiskey Distillery in Oatlands

The Tasmanian Planning Commission approved a rezoning of land at 99 High Street Oatlands and an amendment to the Scheme for a Whiskey Distillery in September 2018.

Regulatory

The proposed distillery and associated development could not be considered under the provisions of the *Southern Midlands Interim Planning Scheme 2015* without an amendment. The amendment to the Scheme was in two parts, as follows:

- Rezone the rear section of 99 High Street from General Residential to General Business (the front section is already zoned General Business); and
- Amend Clause 21.2 Use Table of the General Business Zone to introduce Resource processing as a Discretionary use class with a qualification.

The decision to approve the development and initiate the request to rezone enabled the public exhibition of the application and the commencement of hearings at the Tasmanian Planning Commission. The hearings were held in the previous financial year (2017/2018).

The proposed rezoning was found to be consistent with Local Planning Objectives, the Southern Tasmanian Regional Land Use Strategy, Council's Strategic Plan, Oatlands Integrated Development Strategy and the objectives of the Resource Management Planning System in Tasmania (as defined under the *Land Use Planning and Approvals Act 1993*).

The rezoning of land, adjoining the Callington Mill, to General Business will strategically enhance and strengthen the business hub of the Oatlands Township. The rezoning and interest in the land demonstrates the ongoing influence of the Callington Mill complex in the Southern Midlands.

Progress of the Tasmanian Buddhist Cultural Park Rezoning

In July 2018 Council considered a request by the Holy Tantra Esoteric Buddhism Incorporated to rezone land at 1384 Tea Tree Road, Campania. Council then initiated the rezoning and Planning Scheme Amendment and exhibited the amendment for public notification.

The proposed amendment would allow for the Tasmanian Buddhist Cultural Park which is proposed to be a temple, university, library, museum, Buddhist ceremonial buildings and structures, community meeting and associated visitor accommodation, facilities and infrastructure. The first stage of the development is estimated to cost \$127 million dollars with potential to generate up to 295 full time jobs (103 during construction), and an initial economic boost of some \$82 million dollars.

Regulatory

The request to rezone the land is the culmination of some 10 plus years of public, State Government and Council engagement by the Buddhist organisation. The rezoning request was supported by agricultural reporting, natural values assessment, aboriginal heritage assessment, visual assessment, economic impact assessment, traffic impact assessment and planning assessment. This represents a comprehensive suite of documents and reports that were considered by Council's Planning Department and Council. Council considered the amendment/proposal to be consistent with the objectives of Tasmania's Resource Management and Planning System, including the objectives of the *Interim Planning Scheme 2015*, Local Strategy, Council's Strategic Plan and the Regional Land Use Strategy. Council formed the view that the amendment which would allow a pathway for the Cultural Park and would not conflict with nearby land use nor cause a burden on existing infrastructure. The land could be sustainably used and developed.

The public notification attracted unprecedented letters of support from the community (93 letters) with two (2) representations opposed to the development. Council considered these representations at the September 2018 meeting and notified the Tasmanian Planning Commission of the representations and that no further changes to the amendment were warranted.

The Planning Commission then held hearings in April through October 2019 and as of the date of this report is yet to make the final determination on the amendment.

Building, Plumbing and Development Applications

The following table provides an overview of the number and type of Building, Plumbing and Development Applications (including Subdivision Applications and any certificates or amendments to sealed plans under the *Local Government Building and Miscellaneous Provisions Act 1993*).

The table provides data from the 2018/2019 year measured against the previous four (4) financial years to provide a succinct five (5) year comparison.

Regulatory

Application Type	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
Building Applications <i>This is inclusive of all applications for permits, Certificates or notifiable works under the Building Act 2016</i>	87	99	72	104	146
Plumbing Applications <i>This is inclusive of all applications for permits or notifiable works under the Building Act 2016. The figures are inclusive of the former "Special Plumbing permits" under the former Building Act 2000 (now just Permit works).</i>	60	52	46	91	86
Development Applications <i>This is inclusive of all Development Applications under the Land Use Planning and Approvals Act 1993 and a small number of certificates or amendments to sealed plans under the Local Government Building and Miscellaneous Provisions Act 1993</i>	141*	126*	130*	126	121
	*includes 15 Development Applications for Subdivision and certificates	*includes 12 Development Applications for Subdivision and certificates	*includes 16 Development Applications for Subdivision and certificates	*includes 16 Development Applications for Subdivision and certificates	*includes 15 Development Applications for Subdivision and certificates

Table: Five (5) year comparison of Building, Plumbing and Development Applications Received

A total of \$21.32 million worth of development was approved in the Southern Midlands during the 2018/2019 reporting period. This figure is based on the estimated cost of development as submitted at the time of the Development Application. The figure does not include the cost of subdivision works (as accurate data is not provided by the applicant).

Council continues to remain at the forefront of modern day best practice in the processing of building, plumbing and planning applications through the electronic submission and assessment of applications for permits. Council Officers have a strong focus on customer service and value the relationship with Applicants.

Climate Change

IMPLEMENT STRATEGIES TO ADDRESS THE ISSUES OF CLIMATE CHANGE IN RELATION TO ITS IMPACT ON COUNCIL'S CORPORATE FUNCTIONS AND ON THE COMMUNITY.

2018-19 Achievements

Council participated in the 'Regional Community Energy Use and Greenhouse Gas Emissions Project 2018' undertaken by the Southern Tasmanian Councils Authority (STCA). Council received a briefing from the consultant engaged to perform this work and were presented with the findings specific to the Southern Midlands from this report.

For additional information please refer to the Southern Midlands Council Community Energy Use and Greenhouse Gas Footprint – Preliminary Findings Report dated August 2018 which is on Council's website for interested members of the community.

Council continues to monitor its energy usage and fuel consumption, with every opportunity being taken to implement any efficiencies or costs savings.

Council has access to the latest regional climate change and energy consumption data which in turn provides Council with the potential to apply for grant funding, update the *Climate Change Action Plan* or commence further strategic planning initiatives.

A Home Energy Assessment Toolkit (HEAT toolkit) is still available as a take-home kit enabling residents to undertake their own home energy use appraisals.

Council have discussed our *Climate Change Action Plan* and will be reviewing the Plan and our Strategic approach to climate change in the 2019/2020 year.

LIFESTYLE

The need to increase the opportunities for improved health and well-being of those that live in the Southern Midlands



Community Health & Wellbeing

SUPPORT AND IMPROVE THE INDEPENDENCE, HEALTH AND WELLBEING OF THE COMMUNITY

2018-19 Achievements

Kempton Healthcare Facility

Council continues to work with the local community to develop a small-scale Community Health Centre which will be situated in the 'Principals residence' at the Kempton Primary School. The lease arrangements with the Department of Education are advancing and will be finalised in the 2019-20 period. The building, subject to modifications, is capable of joint use. This project has a total cost of \$200,000 with Council committing a direct financial contribution of \$25,000. In addition to the above, the Liberal State Government have committed to providing \$75,000 as a contribution to the establishment of this small-scale Community Health Facility at Kempton. The balance of funds will be secured through a loan which will be financed from future operations.

Rural Alive & Well

Council continued to support Rural Alive & Well Inc. (RAW), through a subsidised rental arrangement the establishment of Rural Alive & Well Inc. (RAW) in its new home at Roche Hall in Oatlands, which seems highly appropriate as RAW started off as a project in Southern Midlands Council back in 2008.

In addition, Council provided financial support to a community arts project being facilitated by RAW which was entitled "Looking out for each other". The outcome of this project was the installation of the 'Blue Man' at the southern entrance to Oatlands to promote the theme of looking out for each other.

Community Gym

Council has supported the ongoing development of a Community Gym in partnership with Andrew Dean from Bridgewater PCYC and it continues to enjoy tremendous success.

Community Health & Wellbeing



Better Health Project

Council has continued work on the Better Health Program, a partnership between the Tasmanian Health Service & Southern Midlands Council, specifically set up to look at health and wellbeing strategies to improve the health of our communities. We have been working with LGAT to formalise a Health & Wellbeing Plan for the Southern Midlands.

The Better Health Project hosted a health expo day at Kempton. This event was attended by about 300 local community members & 25 health service providers. It allowed the community to learn about the range of services available to them, an opportunity for the community to express to the providers the gaps in service delivery and an invitation to these providers to take up an opportunity to work from the upcoming Kempton Community Health Centre.



Community Walks

Council have committed to the monthly Community Walks which continue to have high participation rates.

Networking of Health & Wellbeing Providers

The Combined Central Highlands & Southern Midlands Network Group has continued to meet every two months, alternating between the regions. It has about 20 partner organisations who attend & be responsive to community needs, providing outreach services & increase health & wellbeing capacity for the Southern Midlands.

Youth

INCREASE THE RETENTION OF YOUNG PEOPLE IN THE MUNICIPALITY

2018-19 Achievements



The very successful Southern Midlands School Holiday Program has continued with renewed 1 year funding through Communities for Children & partnering with Hobart City Mission. A total of 8 separate days of activities covering the four term breaks period were held, with activities designed to increase physical activity, be educational & provide new & challenging experiences. The children were all aged between 9-16 years & came from 11 towns within the Southern Midlands. 307 children participated in total. Activities included Rokit Indoor Climbing Centre, Inflatable World, Putters Adventure Golf, Glenorchy Ice skating, Royal Botanical Gardens, Supatramp & Launceston Aquatic Centre.

Reclink continued again with a strong commitment from Bothwell, Campania, Bothwell, Triabunna & Tasman Peninsula making up the football league over the winter months culminating on a Gala Day celebration in August at Hutchins School.

Council continued to be a supporting member of the Youth Network of Tasmania which is instrumental in advising Governments on policy relating to all youth related matters.

Council continued to support the mentoring program between students at Oatlands District High School & the Ladies Day at Oatlands Community Shed. Every fortnight 3-4 students who are disengaged with school attend the Community Shed for one to one mentoring & support for wood working projects. The involvement in this program has led 2 of the participants on to further education & employment.

Seniors

INCREASE THE ABILITY OF SENIORS TO STAY IN THEIR COMMUNITY

2018-19 Achievements

The Community Shed at Oatlands continues to be a facility used by Seniors. It is been a place to come & learn new skills, engage Seniors in the Community who may become isolated & a wonderful outlet for their mental health in being a part of a group, keeping active & socialising. Membership at the Shed has steadily increased & operates 3 days a week.

Council supported Seniors by engaging them in monthly 'Community Walks'. In partnership with Tasmanian Health Service staff, combining with Seniors from the Central Highlands. The rapport built from community members from each region has seen life long friendships born.

Council supported the education workshops with COTA (Council of the Aged) in the Southern Midlands. Regular workshops are held to keep Seniors informed of changes to the 'My Aged Care' system and link Seniors into nearby programs.

Children & Families

ENSURE THAT APPROPRIATE CHILDCARE SERVICES, AS WELL AS OTHER FAMILY RELATED SERVICES, ARE FACILITATED WITHIN THE COMMUNITY

2018-19 Achievements

The Council contributes to the Brighton Family Day-Care for managing the family day care service that caters for the Southern Midlands local government area.

The old Oatlands pool (circa 1954) continues to be a focal point of activities for children and families during the summer months when it is open.

The Green Ponds Progress Association, supported by Council through a \$5,000 contribution and the State Government, has been successful in a Tas Community Funds Grant to purchase a small Community Bus. This will be tremendous assistance to families' to assist their greater engagement with Community activities throughout the Southern Midlands and beyond.

Volunteers

ENCOURAGE COMMUNITY MEMBERS TO VOLUNTEER

2018-19 Achievements

The value of Volunteers in our community cannot be under estimated. The type of events; activities and programs are varied, but all add considerably to the health and well-being of the southern midlands. An example of organisations and committees are:

- Arts Groups;
- Brighton and Mangalore Pony Club;
- Community Clubs (e.g. Tunbridge, Tunnack and Bagdad);
- Council and Community Hall Management Committees;
- Cricket, Football and Golf Clubs;
- Emergency services (e.g. Fire and SES);
- Green Ponds Progress Association (incl. Kempton Festival Committee) and other Community Associations;
- Melton Mowbray Community Rodeo Association;
- Oatlands Bullock and Heritage Festival;
- Oatlands District Historical Society;
- RSL Clubs; and
- School Associations.

This is by no means an exhaustive list, but is in indication of the range of organisations that are managed by volunteers for the benefit and betterment of our respective communities.

Community Small Grants Program

Once again, Council conducted its annual Community Small Grants program in September 2018. This program commenced in 2008 and each year applications for funding have been much sought after and very competitive. These grants are predominantly aimed at volunteer for not for profit] organisations who are looking to improve facilities, services or increase participation in their relevant field – all within the Southern Midlands area.

Volunteers

Successful applicants in 2018/19 grant rounds were are as follows:-

Organisation	Project	Project Cost	SMC Grant Funding
Bagdad Childcare Centre	Childrens Activity Area Upgrade	\$3974.00	\$2000.00
Bagdad Volunteer Fire Brigade	Oxi-Pro Resuscitator	\$943.00	\$943.00
Central Hawks Junior Football Club	Refrigerator, Tables, Chairs	\$3456.00	\$3000.00
Chauncy Vale Management Committee	Graphic Display and History Panels	\$3000.00	\$3000.00
Colebrook Golf Club	Domestic Water Tank to Clubhouse	\$1800.00	\$900.00
Oatlands Community Shed	Work benches	\$1454.00	\$1454.00
Oatlands Community Association	Chairs	\$3640.00	\$1500.00
Oatlands Community Hall	Floor sanding and sealing	\$6756.00	\$3000.00
Oatlands Golf Club	Sprinkler Irrigation	\$5775.00	\$3000.00
Oatlands School Association	Concrete landing	\$20,000.00	\$2203.00
Runnymede Volunteer Fire Brigade	Ancillary equipment	\$3257.00	\$3000.00
Tunbridge Hall Committee	Commercial Dishwasher	\$3875.00	\$3000.00
Tunnack Hall Committee	Electrical Upgrade	\$3637.00	\$3000.00

Volunteers

Keep Australia Beautiful Awards

The Keep Australia Beautiful Awards were judged in the Southern Midlands with many Community Groups providing sustainable benefits in their respective Communities. During the December 2018 Council meeting Mayor Alex Green presented Certificates of Recognition as part of the Keep Australia Beautiful Awards to various community members/groups.

These awards recognised individuals who have made significant contributions under the respective categories for which the awards relate including Heritage & Culture, Health & Wellbeing, community development and Natural Environment Conservation.

Name	Awarded for
Shane Mitchell	Commitment and maintenance of 100 year old Kempton War Memorial Clock
Melton Mowbray Community Rodeo Assn.	Ongoing commitment to holding the Melton Mowbray Rodeo, raising funds to support the community
Denise Smith	Health & Wellbeing - Enriching lives of residents of the MMPHC by keeping them active & entertained in creative ways.
Gabrielle Watkins	Health & Wellbeing - Contribution to junior sporting development for the region coordinating the Central Hawks Football Club for over 30 years.
Brian & Lyn Fish	Heritage & Culture - Supporting community events in the region by displaying the bullock team they train & care for & their work organising the Heritage & Bullock Festival
Chauncy Vale Wildcare - Graham Green	Natural Environment Conservation – Maintaining & protecting the natural & cultural values of Chauncy Vale Wildlife Sanctuary. Maintaining infrastructures in a condition fit for a range of visitor experiences & coordinating Volunteer/Caretaker program.
Jon McCure	Personal contribution to Oatlands Commissariat Restoration Project – Preserving a piece of history & the traditional trades

Access

CONTINUE TO EXPLORE TRANSPORT OPTIONS FOR THE SOUTHERN MIDLANDS COMMUNITY; CONTINUE TO MEET THE REQUIREMENTS OF THE DISABILITY DISCRIMINATION ACT (DDA).

2018-19 Achievements

Community Bus

Council adopted a 'Community Based Transport Solutions Policy' in September 2018. This Policy relates to the provision of Council grant funding to assist with the purchase of a bus (or similar) vehicle aimed at providing a community based transport solution. This policy was developed as a result of the Green Ponds Progress Association identifying the need to purchase a community bus, and then taking an active role in securing external grant funding and undertaking other fundraising activities.

The Policy states that Council will allocate an amount of \$5,000 to assist with the initial purchase of the transport vehicle, subject to meeting set criteria and other conditions of approval.

Bus Services – Area Connect

Area Connect is a new concept in flexible transportation to serve smaller and more remote communities in Tasmania where mainstream public transport is not readily available. The service has been created and developed by Community Transport Services Tasmania Inc (CTST) in consultation with the Department of State Growth and other government instrumentalities and several community service providers.

Area Connect launched new services to Colebrook and Kempton in February 2019.

Facilities & Recreation Committee

The Facilities & Recreation Committee has responsibility for the Disability Discrimination Act (DDA) requirements across Council. The policy position was reviewed and a revised policy titled the "Disability Access and Inclusion Policy" was adopted by Council along with a draft Disability Access and Inclusion Plan and a DAIP Checklist. Council officers worked through a series of conversations with the Community as well as Council Hall Committees. After in-depth discussions the following Council budget consideration was adopted.

Access

1. Have a budget item for the next five years to address DDA matters in our Council buildings, i.e. \$50,000 pa which equated to \$250,000 over the next five years and that should go a long way towards making a difference.
2. In line with the aforementioned commitment Council's Building Surveyor will be asked to consult with and inspect one sporting club, or Community organisation per quarter as a complementary service by Council and provide a report including an action plan for the club / organisation to move forward with its respective responsibilities under the DDA.

The \$50,000 allocated in 2018/19 was not expended due to other building priorities.

Public Health

MONITOR AND MAINTAIN A SAFE AND HEALTHY PUBLIC ENVIRONMENT

2018-19 Achievements

Council performed its functions under the *Public Health Act 1997* and associated regulations, the *Food Act 2003* and *Food Regulations 2012* and the *Environmental Management and Pollution Control Act 1994* and associated Regulations.

Council employs a part-time Environmental Health Officer (EHO).

Council continues to work with the community to investigate the feasibility / sustainability of providing medical and associated services from a facility located within the Kempton area. Immunisation Programs conducted for school students at Oatlands and Campania District High Schools in association with Council's Medical Officer of Health.

Oatlands Swimming Pool water quality tested in accordance with the Public Health Act – Water Quality Guidelines during the summer season. Food premises were monitored and licensed in accordance with statutory requirements.

Relevant legislative requirements are specified in:

- *Food Act 2003*
- *Food Safety Standards*
- *Public Health Act 1997* and associated Guidelines.

Statutory licences issued for:

- Food Premises – 53
- Water Carriers – 5
- Special Event Licences (“temporary” Places of Assembly) – 1
- Private Water Licences – 17

Recreation

PROVIDE A RANGE OF RECREATIONAL ACTIVITIES AND SERVICES THAT MEET THE REASONABLE NEEDS OF THE COMMUNITY

2018-19 Achievements



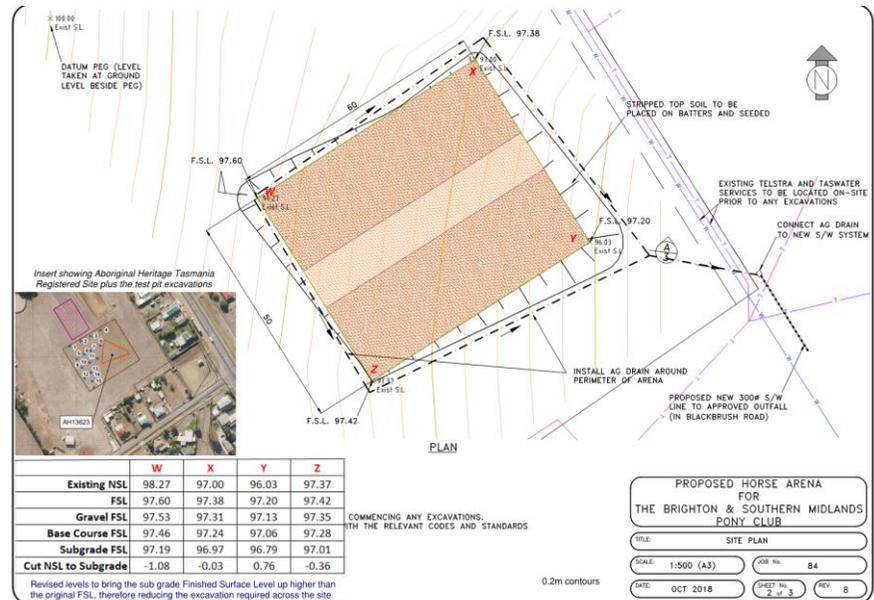
From a recreational perspective, construction of the Oatlands Aquatic Centre has continually been the highest priority for Council.

The Oatlands Aquatic Centre Users Group were briefed by the Architect, Rick Bzowy following the Appeal determination on the design elements of the structure. From a Client perspective there have been a range of matters that have required the attention of senior members of Council's team in this project. Firstly, the decontamination of the site has proved to be a costly exercise due to past occupancies of the former Works Depot site. This decontamination process has involved stripping the surface materials and transporting to the Waste Management Centre at Copping as contaminated material (even though there were low levels of contaminated materials found).

Secondly, a small parcel of land that was historically used as an access to the former Council Depot from Church Street proved to be a matter that stretched out the timeline when trying to determine the original ownership. It was believed to be in the ownership of Council, alas that was not the case. As at the end of this 2018/19 financial year there are a range of minor matters to resolve with the target tender date in February 2020, with the construction period for approximately eighteen months. Council will undertake the carpark construction and the landscaping.

Recreation

At the Mangalore Recreation Ground the Brighton & Southern Midlands Pony Club as well as the Brighton Equestrian Club were keen to seek the support of Council to construct a twin arena facility on the site. Council with the support of VEC Civil Engineering Pty Ltd, who were the Company undertaking the major safety improvements on the Midland Highway at Mangalore, applied for funding through the Department of Communities, Sport & Recreation (State Government). That funding was forthcoming and the twin arenas is well on the way to completion. The official opening of the new facility should be in February 2020.



Oatlands Swimming Pool

The Oatlands Swimming Pool Operations Manual was reviewed during the period to ensure that it complies and is consistent with the 'Guidelines for Safe Pool Operations'. This process included the preparation of an Emergency Action Plan for the facility.

Animals

CREATE AN ENVIRONMENT WHERE ANIMALS ARE TREATED WITH RESPECT AND DO NOT CREATE A NUISANCE FOR THE COMMUNITY

2018-19 Achievements

Council continues an effective dog and animal control service to the community and maintains a pro-active and hands on approach to managing animals in a respectful and professional manner. Council provides animal management services to the Central Highlands Council and at times Brighton Council through resource sharing initiatives.

Southern Midlands Animal Management and Compliance Officer is a member of the Tasmanian Cat Management Project (TCMP) regional Working Group. The TCMP has set out to improve responsible cat ownership in Tasmania and facilitate a collaborative approach to cat management across all levels of government, industry and community stakeholders. Southern Midlands will provide knowledge of:

- Invasive species management – particularly animal management
- Domestic animal management
- Council policy and by-laws for cat management
- Natural resource management
- Compliance and animal welfare
- Represent Southern Midlands in working group meetings

In the 2018-19 financial year, 1730 dogs were registered and 40 kennels licenced.

Council continues to monitor the State Government's planned approach to the management of cats. At the time of writing, the *Cat Management Amendment Bill 2019* has just been submitted to the Parliament (House of Assembly).

Education

INCREASE THE EDUCATIONAL AND EMPLOYMENT OPPORTUNITIES AVAILABLE WITHIN THE SOUTHERN MIDLANDS

2018-19 Achievements

Department of Education - 2018 Intake Area Review – Sept 2018

Council participated in the Department of Education's (DoE) review of government school intake areas as part of the implementation process for the *Education Act 2016*. The DoE was seeking feedback from the Tasmanian community to help inform the development of an intake area for each government primary and combined (district) school, to apply from 2021. Following consultation with the respective schools within the Southern Midlands (i.e. Bagdad, Campania, Kempton and Oatlands), Council completed the online survey to reflect the feedback received.

Bagdad Primary School – Vehicle Parking and Traffic Congestion in School Precinct

Planning and design of the 'off-street' Car Park has been progressed with the various stakeholders, with the location of the car-park now being influenced by the possible purchase of the adjoining Church property. Plans are nearing completion and development approval will be sought in late 2019 following confirmation of the property issues. Final construction costs will then be determined and sources of funding confirmed.

Campania District School - Local Community Strategic Alliance

Council entered into a strategic alliance with the Campania District School. This followed a presentation by the Principal (Paul Dalla-Fontana) where a proposed landscape plan for the school precinct was presented. The alliance recognises the potential benefits for the whole community and acknowledges that the two organisations have made a firm undertaking to be supportive in their endeavours.

COMMUNITY

The need to retain and build on the strong sense of community that exists within the Southern Midlands



Capacity

BUILD THE CAPACITY OF THE COMMUNITY TO HELP ITSELF AND EMBRACE THE FRAMEWORK AND STRATEGIES ARTICULATED THROUGH SOCIAL INCLUSION TO ACHIEVE SUSTAINABILITY

2018-19 Achievements

Council has facilitated the development of a High Street Traders Group based at the Heritage Hub in Oatlands that continue to meet monthly. Their aim is to create an environment that supports existing business and promotes the village to new business ventures and visitors. Their intention is to move towards being a Chamber of Commerce in the future.

Won the National Keep Australia Beautiful Sustainable Communities Award – Heritage & Culture

For nearly 40 years the awards have celebrated sustainable practices occurring in Tasmanian communities and recognise the consistent, at times challenging and often-unseen work by individuals, community groups and councils. Historically the awards focused on litter prevention with the iconic Tidy Town award, however with time the awards have evolved and now look holistically and broadly at communities focusing on seven criteria; litter, waste management and resource recovery, natural environment conservation, environmental sustainability, heritage and culture, community action and partnership, community health and well being and youth leadership and activities.

Oatlands received the 2018 State Award for:

- A town that modestly and confidently goes about its business
- The recent completion of the stunning restoration of the Oatlands Commissariat on High Street, further enhancing the important heritage values of the town.
- Recognition of the contribution that Brian and Lyn Fish make to the collecting, preserving and demonstrating of heritage skills in particular Brian's passion for demonstrating the unique nature of bullock teams
- Many health and recreations opportunities offered on the shores of wonderful Lake Dulverton, including walking, fishing and bird spotting.

Council works very effectively with Community groups and organisations to assist in building their capacity in delivering a wide range of service / support throughout the Southern Midlands.

Capacity



Australia Day Awards

Congratulations to our very worthy Australia Day Award recipients who make such a positive contribution to the Southern Midlands. The Awards were presented by Mayor Alex Green at the Oatlands RSL Club on the 26th January 2019.

- Citizen of the Year: Mrs Gabrielle Watkins (Kempton)
- Young Citizen of the Year: Miss Ashley McOrist-Mitchell (Campania)
- Community Event of the Year: Heritage and Bullock Festival

Oatlands Community Association

Council extended the Lease with the Oatlands Community Association Inc. for the Midlands Memorial Community Centre at 68 High Street, Oatlands. The existing Lease Agreement expired on 31st December 2018 and included a further three year option for renewal.

The new Lease will extend for a period of three years, commencing 1 January 2019 until 31 December 2021.

Capacity



Kempton Festival

The Annual Kempton Festival, organised by the Green Ponds Progress Association, together with assistance from Council was held on Sunday, 17th February 2019. The Festival was blessed with fine weather which encouraged strong attendance on the day. The festival included a number of popular events and activities which kept the crowd entertained.

Congratulations, to all the dedicated committee members & sponsors of the Kempton Festival Committee on organising another successful event.



Safety

INCREASE THE LEVEL OF SAFETY OF THE COMMUNITY AND THOSE VISITING OR PASSING THROUGH THE MUNICIPALITY

2018-19 Achievements



The Southern Midlands Road Rescue Unit had 34 call-outs (32 in 2017/18) involving 265 operational hours (165 in 2017/18) during the 2018/19 period. The 34 call-outs were road crash rescue incidents. In addition to this, a total of 405.5 hours were spent on training and events.

The Unit, which has three rescue vehicles, continues to operate from both Oatlands and Kempton.

The Southern Midlands Emergency Management Committee finalised the review of the Southern Midlands Municipal Emergency Management Plan during the financial year. It is a requirement of the *Emergency Management Act 2006* that each Municipal Committee prepare a plan for emergency management for its municipal area and

that it be reviewed at least once every two years. The Plan was reviewed and formally signed off in 2018.

Council sold the Ambulance Garage property at Church Street, Oatlands (C/T 128873/2 - PID 1819982) to allow for the planned construction of accommodation and training facilities for the Ambulance Tasmania Paramedic(s) and the local Volunteer Ambulance Officers. The lack of accommodation is really limiting the ability to recruit and retain volunteers as they must be within close proximity of the Ambulance Garage for response times etc.

Council has continued to work in conjunction with local Tasmania Police and Department of State Growth officers on various road safety matters. The Variable Message Board roadside trailer is used regularly to promote road safety messages on the Midland Highway and surrounding major roads. The trailer is also used as part of a cohesive program of highway signage during major events that attract large traffic numbers e.g. Symons Plains V8 car racing, Launceston Cup or festive season Food Festivals. Together with DIER's "Real Mates" program, this program is part of Council's Community Road Safety Partnership.

Consultation & Communication

IMPROVE THE EFFECTIVENESS OF CONSULTATION AND COMMUNICATION WITH THE COMMUNITY

2018-19 Achievements

Four (4) Ordinary Meetings of Council were held in the following areas within the municipality during 2018/19.

Campania; Tunbridge; Levendale and Broadmarsh.

The Southern Midlands Council's website www.southernmidlands.tas.gov.au and the Southern Midlands Council Facebook page are regularly updated with current news items, events, Council meetings and the like.

The Community & Corporate Development business unit, as well as other business units, have worked with Mid FM Community Radio in providing content and interviews on topical matters of interest to the community.

Council continues to issue Newsletters on a quarterly basis and other forms of consultation are undertaken as the need arises. An example includes seeking public input into the commencement of Council meeting times which was undertaken by the newly elected Council prior to determining its forward meeting schedule.

Work commenced on the preparation of a Corporate Communications Strategy with the intention of formal adoption in 2019/20.

Following the announcement by the Anglican Diocese of Tasmania (in May 2018) regarding the proposed sale of Anglican church properties in the Southern Midlands, in July and August 2018, eight community forums were held across the municipal area in/near the townships where the church properties are proposed for sale. This followed a decision by Council that it would *conduct targeted consultation meetings in each community affected in the Southern Midlands. The purpose of the meetings is to identify and discuss the issues and options in relation to each individual property with the intent of facilitating and preparing a submission to the Anglican Diocese of Tasmania.*

The following church properties in Southern Midlands were resolved to be sold:

- All Saints Church and Hall Melton Mowbray
- St James Church Colebrook
- St James Church Jericho
- St John the Evangelist Lower Marshes

Consultation & Communication

- St Marys Church, Hall and Burial Ground Kempton
- St Oswald's Church Tunbridge
- St Matthias Church Woodsdale
- St Michaels Church Bagdad

The final submission to the Diocese detailed the 'pros and cons' of the sales and lists the community responses to each sale proposal. It is considered that the consultation facilitated by Council has captured the majority of the community's feelings.

ORGANISATION

The need to monitor and continuously improve the efficiency and effectiveness of the way the council provides services to the community



Improvement

IMPROVE THE LEVEL OF RESPONSIVENESS TO COMMUNITY NEEDS; IMPROVE COMMUNICATION WITHIN COUNCIL; IMPROVE THE ACCURACY, COMPREHENSIVENESS AND USER FRIENDLINESS OF THE COUNCIL ASSET MANAGEMENT SYSTEM; INCREASE THE EFFECTIVENESS, EFFICIENCY AND USE-ABILITY OF COUNCIL ICT SYSTEMS; DEVELOP AN OVERALL CONTINUOUS IMPROVEMENT STRATEGY AND FRAMEWORK

2018-19 Achievements

A range of policies were either reviewed or developed during the reporting period.

- Oatlands Gaol, Supreme Court House, Commissariat & 79 High Street, Oatlands – Use Policies
- Business Continuity Management Policy (and associated documents)
- Community Based Transport Solutions Police
- Management of Trees on Council Land
- Fraud Control and Corrupt Conduct Prevention Policy
- Customer Service Charter
- Donations and Community Support Policy
- Remote and Isolated Worked Policy
- Asset Management Policy
- Corporate Credit Card Policy

A review of the Risk Register was undertaken and submitted to a meeting of the Southern Midlands Council's Audit Panel.

The Audit Panel conducted a review of Council's Asset Management Strategy in May 2019. The Strategy was amended to reflect current practices and incorporates the priority actions for the ensuing period.

It was recommended that the Strategy was in a form suitable for adoption and subsequently approved by Council. Section 70E of the *Local Government Act 1993* requires a Council to review its Asset Management Strategy at least every 4 years.

Sustainability

RETAIN CORPORATE AND OPERATIONAL KNOWLEDGE WITHIN COUNCIL; PROVIDE A SAFE AND HEALTHY WORKING ENVIRONMENT; ENSURE THAT STAFF AND ELECTED MEMBERS HAVE THE TRAINING AND SKILLS THEY NEED TO UNDERTAKE THEIR ROLES; INCREASE THE COST EFFECTIVENESS OF COUNCIL OPERATIONS THROUGH RESOURCE SHARING WITH OTHER ORGANISATIONS; CONTINUE TO MAINTAIN AND IMPROVE THE LEVEL OF STATUTORY COMPLIANCE OF COUNCIL OPERATIONS; ENSURE THAT SUITABLY QUALIFIED AND SUFFICIENT STAFF ARE AVAILABLE TO MEET THE COMMUNITIES NEED; WORK CO-OPERATIVELY WITH STATE AND REGIONAL ORGANISATIONS; MINIMISE COUNCILS EXPOSURE TO RISK

2018-19 Achievements

Following the conduct of the October 2018 Local Government elections, a full induction process was undertaken for all elected members. In addition, there were a number of training opportunities available that were facilitated and organised by the Local Government Association of Tasmania, with a particular focus for newly elected Councillors.

Council has been actively involved in the State Government's current review of local government legislation. The draft Terms of Reference were reviewed in August 2018, and following this a submission was lodged in response to the 'Reform Directions Paper – Phase 2'. Whilst the scope of the review is broad, it will not consider council amalgamations or changes to existing boundaries.

Code of Conduct (Elected Members)

Following a review of the model code of conduct framework, changes have been made to both the *Local Government Act 1993* (the Act) and the *Local Government (Model Code of Conduct) Order 2016* (the Code).

The *Local Government (Model Code of Conduct) Amendment Order 2018* was signed by the Minister for Local Government on 7 December 2018, and came into effect upon its gazettal on 26 December 2018. The Southern Midlands Council adopted the new Code, without amendment, at its meeting held in February 2019.

Council is continually informed in relation to updates and changes in legislation.

Finances

COMMUNITY'S FINANCES WILL BE MANAGED RESPONSIBLY TO ENHANCE THE WELLBEING OF RESIDENTS; COUNCIL WILL MAINTAIN COMMUNITY WEALTH TO ENSURE THAT THE WEALTH ENJOYED BY TODAY'S GENERATION MAY ALSO BE ENJOYED BY TOMORROW'S GENERATION; COUNCIL'S FINANCIAL POSITION WILL BE ROBUST ENOUGH TO RECOVER FROM UNANTICIPATED EVENTS, AND ABSORB THE VOLATILITY INHERENT IN REVENUES AND EXPENSES

2018-19 Achievements

The 2018-19 Financial Statements form part of this Annual Report. An unqualified Audit Report has been issued by the Tasmanian Auditor General.

Total equity increased by \$2.18 million. This includes a revaluation of non-current assets amounting to \$634K, and an increase of \$1.37 million in the value of Council's investment in TasWater.

As at 30 June 2019, Council reported a total of \$12.729 million in 'cash and cash equivalents', an increase of \$851K compared to the previous year.

In May 2019, Council conducted a workshop to review its Long-Term Financial Management Plan (LTFMP) in the context of the Budget. The Financial model was updated to reflect the prior year's financial outcomes.

Rates Snapshot

In November 2018 a 'Rates Snapshot' report was prepared by the Local Government Division in response to a direction provided by the Hon Peter Gutwein MP, under the *Local Government Act 1993*.

In summary the 'Rates Snapshot' report is based on the 2016/17 financial year data.

Three performance indicators were reported. They included:

1. average rates per rateable property;
2. rate revenue to operating revenue; and
3. operating costs per rateable property.

The Southern Midlands Council is classified as 'Rural Agricultural Large'. Similar councils are grouped together for the purposes of comparison. It is in a category with Break O'Day, Circular Head, Dorset, George Town, and Kentish Councils.

Finances

Within this group, the Southern Midlands:

- a) Had the second lowest rate per head of population of \$802.
The lowest rate per head in this category was \$795 with a category average of \$1,021.
The state-wide average rate per head of population was \$1,018.
In percentage terms, the Southern Midlands Council is approximately 79% of the state-wide (and category) average.
- b) Had the third lowest average rate per rateable property of \$1,343.
This compares to the lowest of \$1,315 and a category average of \$1,464.
The state-wide average per rateable property was \$1,516.
In percentage terms, the Southern Midlands Council is approximately 88% of the state-wide average; and 92% of the category average.
- c) Rate revenue, as a percentage of total revenue, was 48.1%.
This compares to a category percentage of 58% and a state-wide average of 58.8%.

It needs to be acknowledged that the SMC Operating Revenue includes the consolidation of the two entities HBS & HESC. Operating revenue therefore needs to be reduced by \$387K in order to compare 'like for like' with other Councils. This increases the rate revenue percentage to 50% of total revenue.

- d) Average amount of operating costs per rateable property was \$2,785.
This compares to a category percentage of \$2,500 and a state-wide average of \$2,593.

Similar to the above, it needs to be acknowledged that the SMC Operating Expenses includes the consolidation of the two entities HBS & HESC. Operating expenses therefore need to be reduced by \$408K in order to compare 'like for like' with other Councils. This decreases the amount of operating costs per rateable property to \$2,673.

Reporting on Legislative Requirements

Following are the reports that Council is required to provide under various legislation for the 2018/2019 financial year:

Allowances and Expenses Statement

(Under the *Local Government Act 1993*)

In 2018/19 Council provided allowances and reimbursements for reasonable expenses to the Mayor, Deputy Mayor and Councillors. This included telephone rental, telephone calls and travelling.

Allowances	\$ 110,705.98
Expenses	\$ 19,628.92

Code of Conduct Complaints Statement

(Under the *Local Government Act 1993*)

Section 72 (ba) requires a council to report in its annual report the number of code of conduct complaints that were upheld either wholly or in part during the preceding financial year.

It is reported that no code of conduct complaints were upheld in the 2018/19 period.

Section 72 (bb) requires council to report the total costs met by the council during the preceding financial year in respect of all code of conduct complaints. It is reported that no costs were incurred as there were no code of conduct complaints made in the 2018/19 reporting period.

Public Interest Disclosure

(Under the *Public Interest Disclosure Act 2002*)

There were no public interest disclosures made during the year.

Guidelines and Standards published by the Ombudsman under s 38(1)(c) of the Act are available on the Ombudsman's website at www.ombudsman.tas.gov.au

Reporting on Legislative Requirements

Attendance at Council and Council Committee Meetings Statement

(Under the Local Government Act 1993)

- Twelve (12) ordinary Council meetings were held during the year.
- One (1) Annual General Meeting was held on the 12th December 2018.
- One (1) Southern Midlands Facilities & Recreation Committee meeting was held on the 13th September 2018.
- Two (2) Special Meetings were held on the 13th June 2018 & 19th December 2018.

COUNCILLOR ATTENDANCE	Ordinary Council Meetings	Special Meetings	Annual General Meeting	Southern Midlands Recreation Committee
	x 12 meetings	x 2 meetings	x 1 meeting	x 1 meeting
Mayor A Green	11/12	2/2	1/1	N/A
Deputy Mayor E Batt	12/12	2/2	1/1	1/1
Clr A Bantick	12/12	2/2	1/1	1/1
Clr A Bisdee OAM	11/12	2/2	0/1	N/A
Clr K Dudgeon <i>NOTE: Elected Nov 2018</i>	8/8	1/1	1/1	N/A
Clr D Fish	12/12	2/2	1/1	1/1
Clr R McDougall <i>NOTE: Elected Nov 2018</i>	8/8	0/1	1/1	N/A
Clr R Campbell <i>NOTE: up to October 2018</i>	4/4	1/1	N/A	N/A
Clr D Marshall <i>NOTE: up to October 2018</i>	3/4	1/1	N/A	N/A

Reporting on Legislative Requirements

Donation of Land Statement

(Under the *Local Government Act 1993*)

Section 72 (1) (da) requires Council to report on details of any land donated by Council during the year. Council made no such donations of land.

Remuneration Statement

(Under the *Local Government Act 1993*)

The following table provides the remuneration for those positions designated by Council as senior positions, as required under the *Local Government Act 1993*. The positions of General Manager, Deputy General Manager, Manager – Development and Environmental Services, Manager – Infrastructure & Works and Manager – Corporate Services have been defined as senior positions by the Southern Midlands Council.

Remuneration Band	No. of Positions
\$80,001 -- \$100,000	2
\$100,001 - \$120,000	1
\$160,001 - \$180,000	1
\$180,000 - \$200,000	1

Advertising of Annual Report

(Under the *Local Government Act 1993*)

Section 72 (2) requires the General Manager to advertise in a daily newspaper circulating in the municipal area the availability of the report, together with an invitation to electors to lodge submissions on the report with the council for discussion at its annual general meeting.

The Annual General Meeting was advertised in 'The Mercury' newspaper on the 22nd November 2019; this included an invitation for electors to lodge submissions in relation to the Annual Report.

Reporting on Legislative Requirements

Public Health Statement

(Under the *Local Government Act 1993*)

Section 72 (ab) requires the council to include a statement of its goals and objectives in relation to public health for the preceding year in its annual report. The statement is to detail the extent to which Council has carried out its functions under the *Public Health Act 1997* and *Food Act 2003*, the resources allocated to public health, the extent to which its goals and objectives, policies and programs for public health met the needs of people within its municipal area, and the completion of any strategies.

Key actions identified under Council's Public Health Program are: Continue to provide school immunisation programs; Continue to register and monitor food premises; Continue to ensure wastewater is effectively disposed of; Encourage health professionals, including doctors and nurses, to move to southern midlands; Provide continuing support to the Midlands Multi-Purpose Health Centre (MMPHC); Continually raise the awareness of Notifiable Diseases in the community; Maintain an Emergency Management Plan for the Southern Midlands local government area that will provide safeguards for the health and safety of the community; and ensure that the cemetery services continue to be provided.

Achievements for the 2018/19 period are detailed under the 'Public Health' section.

Contracts

(*Local Government (General) Regulations 2015*)

In accordance with Section 23(5) of the *Local Government (General) Regulations 2015*, Council is required to report on contracts for the supply or provision of goods and services in excess of \$250,000 (excl. GST) entered into during the year to 30th June 2019.

Council's Code for Tenders & Contracts was reviewed and updated as at 25th October 2017. Prior to that date the SMC Code for Tenders & Contracts required that Public Tenders be held for contracts of \$100,000.00 (excl GST) or greater. The October 2017 review adopted the prescribed amount under the *Local Government (General) Regulations 2015* of \$250,000.00 (excl GST). Whilst this limit is provided as a benchmark for Tenders, some projects are Tendered that would never reach that amount, this is done for special projects to provide fair and open access to all suppliers rather than just determining three bidders in accordance with the Code.

Reporting on Legislative Requirements

Contactor Name & Address	Description	Value of Contract <i>(excl. GST)</i>	Period of Contract <i>(plus extension options if applicable)</i>
Stabilised Pavements of Australia Pty Ltd	Road reconstruction / road stabilisation	\$284,600	N/A
Roadways Pty Ltd	Road sealing Program	\$190,050	N/A

Enterprise Power Statement

(Under the Local Government Act 1993)

Section 72 (1) (ca) requires Council to provide a statement of activities and performance of the Council in relation to any activity undertaken pursuant to section 21 of the *Local Government Act 1993* 'Enterprise Powers'.

In 2010/11, the Southern Midlands Council established two separate entities associated with the creation of the Centre for Colonial Heritage Conservation and Restoration:

- a) a proprietary company which will operate under the 'Services Arm' – Heritage Building Solutions Pty Ltd – commenced operation 19/7/10; and
- b) a company limited by guaranteed to operate under the 'Education Arm' – Heritage Education and Skills Centre Ltd – commenced operation 28/7/2010.

The purpose of the respective Companies is as follows:

Heritage Building Solutions Pty Ltd

To commercially provide building services, primarily to the heritage property sector and to conserve and renovate heritage property for re-use.

This includes:

- Conservation & Restoration Building Works;
- Professional Services Brokering;

Reporting on Legislative Requirements

- Heritage Building Redevelopment;
- Building services to Southern Midlands Council;
- Commercial building services;
- Production of architectural fittings; and
- Joinery workshop production items.

Heritage Education and Skills Centre Ltd

To promote and facilitate the conservation and restoration of heritage properties and the development and the application of associated knowledge and skills.

This includes:

- Education and training - Apprentice and post trade training; Field work and structured experience; Property owner training; Professional training; and Visitor education.
- Research into - Conservation & Restoration Techniques; Building re-use technologies and best practice; Heritage/Archaeology; and Interpretation.
- Funding Heritage conservation and restoration activities – sourcing external funds and gifts"

The financial performance of these entities is reported in the set of Financial Statements.

Grants & Donations

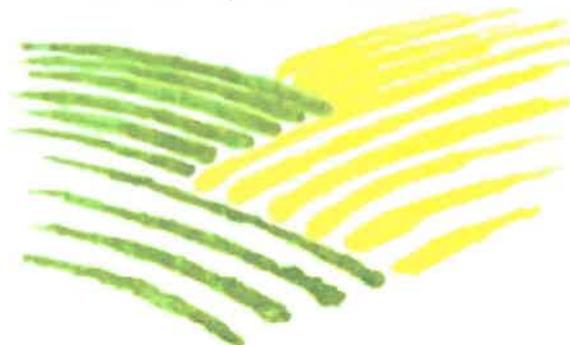
Name	Description	Amount \$
Brighton Family Day Care	Annual Child Care Grant 2018/19	\$ 5000.00
Tasmania's Heritage Highway	Annual Grant 2018/19	\$ 12,000.00
Green Ponds Progress Association	Contribution to Community Bus	\$ 5000.00
Green Ponds Progress Association	Donation for Kempton Festival	\$ 1500.00
Melton Mowbray Community Association	Donation for Melton Mowbray Rodeo	\$ 2000.00
Bagdad Primary School	Donation End of Year Awards	\$ 60.00
Kempton Primary School	Donation End of Year Awards	\$ 60.00
Campania District School	Donation End of Year Awards (Primary & High)	\$ 160.00
Oatlands District High School	Donation End of Year Awards (Primary & High)	\$ 160.00
Runnymede Cricket Club	Annual Contribution Ground Maintenance	\$ 1000.00
Levendale Cricket Club	Annual Contribution Ground Maintenance	\$ 1000.00
Oatlands Bowls Club	Donation for Oatlands Christmas Pageant	\$ 60.00
Central Hawks Junior Football Club	Community Small Grant	\$ 3000.00
Chauncy Vale Wildlife Sanctuary	Community Small Grant	\$ 3000.00
Oatlands Community Association	Community Small Grant	\$ 1500.00
Oatlands Community Hall Committee	Community Small Grant	\$ 3000.00
Oatlands Golf Club	Community Small Grant	\$ 3000.00

Grants & Donations

Name	Description	Amount \$
Oatlands District High School	Community Small Grant	\$ 2203.00
Tunbridge Town Hall Inc	Community Small Grant	\$ 3000.00
Bagdad Community Club	Community Small Grant	\$ 2000.00
Tunnack Hall and Progress Association	Community Small Grant	\$3000.00
Colebrook Golf Club	Community Small Grant	\$ 900.00
Bagdad Fire Brigade	Community Small Grant	\$ 943.00
Oatlands Community Shed	Community Small Grant	\$ 1494.59
Oatlands District Football Association	Sponsorship	\$ 140.00
Oatlands District High School	Donation – Year 10 Beacon Project	\$ 181.82
Lower Midlands Arts Group	Donation ArtLands Exhibition	\$ 142.50
Midlands Multi-Purpose Health Centre	Donation for Seniors Week Afternoon Tea	\$ 247.00
Samuel Banks	Sporting Representation (Interstate)	\$ 100.00
James Pearce	Sporting Representation (Interstate)	\$ 100.00
Hannah Pearce	Sporting Representation (Interstate)	\$ 100.00
Chloe Ahern	Sporting Representation (Intrastate)	\$ 50.00
Rural Alive and Well	Contribution to 'Blue Farmer' project	\$ 3000.00
Bagdad Community Club	Operational Grant MOU	\$10,000.00
Reptile Rescue Inc	Donation	\$ 250.00
GRANTS & DONATIONS TOTAL		\$ 69, 351.91

2018/2019 FINANCIAL STATEMENTS

SOUTHERN MIDLANDS COUNCIL



COMPLETE SET OF FINANCIAL STATEMENTS

2018/2019 FINANCIAL YEAR

Prepared in pursuance of the provisions of the Local Government Act 1993 (as amended), the Statements of Accounting Concepts and applicable Accounting Standards, including the accrual basis of accounting.

Independent Auditor's Report

To the Councillors of Southern Midlands Council

Report on the Audit of the Consolidated Financial Report

Opinion

I have audited the financial report of Southern Midlands Council (Council) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019 and consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the statement of certification by the General Manager.

In my opinion, the accompanying financial report:

- (a) presents fairly, in all material respects, the Group'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 the Group 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 statement of comprehensive income and the asset renewal funding ratio disclosed in note 2.6f to the financial report and accordingly, I express no opinion on them. Furthermore, I express no opinion on the

General Manager's determination that Council did not have any Significant Business Activities for inclusion in the financial report as required by Section 84(2)(da) of the *Local Government Act 1993*.

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

Key Audit Matters

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

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
--	---

Valuation of Property and Infrastructure	
---	--

<i>Refer to notes 2.3c, 3.5 and 3.8</i>	
---	--

Property and infrastructure at 30 June 2019 includes land, buildings, roads, bridges, stormwater and waste management assets at fair value totalling \$85.64m. The fair values of these assets are based on market values and depreciated current replacement cost. Council undertakes formal revaluations on a regular basis to ensure valuations represent fair value.	
--	--

The valuations are highly dependent upon a range of assumptions and estimated unit rates. Between valuations Council reviews fair values to ensure the carrying amount does not differ materially. During the year Council engaged an independent expert to revalue bridges.	
--	--

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.	
--	--

Capital expenditure payments in 2018–19 totalled \$3.94m 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	
--	--

- | | |
|--|--|
| | <ul style="list-style-type: none">• Reviewing management's approach to revaluations to ensure that carrying amounts remain fairly presented.• Evaluating the appropriateness of the valuation methodology applied to determine fair values.• Assessing the scope, expertise and independence of the external expert.• Testing, on a sample basis, the mathematical accuracy of the valuation model's calculations.• Evaluating management's assessment of the useful lives.• Performing substantive analytical procedures on depreciation expenses.• Testing, on a sample basis, significant expenditure on maintenance and capital works to corroborate appropriate treatment.• 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.• Evaluating the adequacy of disclosures made in the financial report, including those regarding key assumptions used. |
|--|--|

...2 of 4

allocation of costs between capital and operating expenditure is inherently judgemental.

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 the Group'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 the Council is to be dissolved by an Act of Parliament or the Councillors intend to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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

...3 of 4

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 the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

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

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



Leigh Franklin
Assistant Auditor-General Financial Audit Services
Delegate of the Auditor-General

Tasmanian Audit Office

26 September 2019
Hobart

Contents

	Page
General Manager's Declaration	2
Financial Statements	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Changes in Equity	5
Consolidated Statement of Cash Flows	6
Notes to the Financial Report	
1 About the Financial Statements	7
2 Financial Performance	9
3 Asset Base	22
4 People	33
5 Debt and Risk Management	42
6 Other Information	49
Independent Audit Report	55

General Manager's Declaration

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



T F Kirkwood

General Manager

Dated: 14 August 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019

(Amounts shown in \$'000)	Note	Budget 2019	Actual 2019	Actual 2018
Income from continuing operations				
Recurrent Income				
Rates and charges	2.2a	5,391	5,415	5,214
User fees	2.2b	731	983	842
Grants - Recurrent	2.2c	3,356	3,598	3,359
Interest	2.2d	177	221	200
Contract income	2.2e	765	948	652
Other income	2.2f	34	20	159
Investment revenue from water corporation	2.2g	152	152	228
		10,606	11,337	10,654
Net Capital Income				
Grants - capital	2.2h	1,669	378	1,949
Net gain/(loss) on disposal of property, plant, equipment and infrastructure	2.2i	353	(136)	(241)
		2,022	242	1,708
Total income from continuing operations		12,628	11,579	12,362
Expenses from continuing operations				
Employee benefits	2.3a	(4,265)	(4,065)	(3,986)
Materials and contracts	2.3b	(3,216)	(3,213)	(3,206)
Depreciation and amortisation	2.3c	(2,855)	(3,079)	(3,075)
Contributions	2.3d	(221)	(221)	(210)
Finance costs	2.3e	(31)	(30)	(34)
Other expenses	2.3f	(383)	(795)	(359)
Total expenses from continuing operations		(10,971)	(11,403)	(10,870)
Result from continuing operations		1,657	176	1,492
Other comprehensive income				
Items that will not be reclassified to surplus or deficit				
Fair value adjustments on equity investment asset	3.4	-	1,370	-
Net asset revaluation increment/(decrement)	3.5	-	634	722
Items that may be reclassified subsequently to surplus or deficit				
Financial assets available for sale reserve				
- Fair value adjustment on available for sale asset	3.4	-	-	156
Total other comprehensive income		-	2,004	878
Total Comprehensive Result		1,657	2,180	2,370

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

Consolidated Statement of Financial Position

as at 30 June 2019

(Amounts shown in \$'000)	Note	Actual 2019	Actual 2018
Assets			
Current assets			
Cash and cash equivalents	3.1	12,729	11,878
Trade and other receivables	3.2	960	1,690
Other assets	3.3	305	402
Total current assets		13,994	13,970
Non-current assets			
Investment in water corporation	3.4	13,573	12,203
Property, plant, equipment, infrastructure and intangibles	3.5	90,973	90,026
Total non-current assets		104,546	102,229
Total assets		118,540	116,199
Liabilities			
Current liabilities			
Trade and other payables	3.6	558	470
Trust funds and deposits	3.7	177	161
Employee provisions	4.1	1,418	1,274
Interest-bearing loans and borrowings	5.1	148	77
Total current liabilities		2,301	1,982
Non-current liabilities			
Employee provisions	4.1	64	75
Interest-bearing loans and borrowings	5.1	457	604
Total non-current liabilities		521	679
Total liabilities		2,822	2,661
Net Assets		115,718	113,538
Equity			
Accumulated surplus		51,194	51,018
Reserves	6.1	64,524	62,520
Total Equity		115,718	113,538

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2019

(Amounts shown in \$000)	Note	Total	Accumulated Surplus	Asset Revaluation Reserve	Fair Value Reserve	Other Reserves
Balance as at 30 June 2017		111,168	49,526	59,682	(1,691)	3,651
Result from continuing operations		1,492	1,492	-	-	-
Fair value adjustment on available for sale asset	3.4	156	-	-	156	-
Net revaluation reserve increment/(decrement)	3.5	722	-	722	-	-
Transfers between reserves		-	-	-	-	-
Balance as at 30 June 2018		113,538	51,018	60,404	(1,535)	3,651
Result from continuing operations		176	176	-	-	-
Fair value adjustment on equity investment asset	3.4	1,370	-	-	1,370	-
Net revaluation reserve increment/(decrement)	3.5	634	-	634	-	-
Transfers between reserves		-	-	-	-	-
Balance as at 30 June 2019		115,718	51,194	61,038	(165)	3,651

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2019

(Amounts shown in \$000)	Note	Actual 2019	Actual 2018
Cash flows from operating activities			
Rates and charges		5,377	5,265
User fees		1,036	950
Grants - Recurrent		3,598	3,359
Interest		221	200
Investment revenue from water corporation		152	228
Other receipts		1,031	851
Net GST refund/payment		487	406
Payments to suppliers		(4,355)	(4,371)
Payments to employees		(3,932)	(4,045)
Finance costs		(30)	(34)
Net cash from (used in) operating activities	2.4	3,585	2,809
Cash flows from investing activities			
Payments for property, plant, equipment, infrastructure and intangibles		(3,936)	(4,167)
Proceeds from sale of property, plant, equipment, infrastructure and intangibles		84	335
Capital grants		1,178	1,149
Net cash from (used in) investing activities		(2,674)	(2,683)
Cash flows from financing activities			
Trust funds and deposits		16	-
Proceeds from interest bearing loans and borrowings		-	-
Repayment of interest bearing loans and borrowings		(76)	(73)
Net cash from (used in) financing activities	2.5	(60)	(73)
Net increase (decrease) in cash and cash equivalents		851	53
Cash and cash equivalents at the beginning of the financial year		11,878	11,825
Cash and cash equivalents at the end of the financial year	3.1	12,729	11,878

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

Notes to the Financial Report

for the year ended 30 June 2019

1 About the financial statements

This section outlines the basis on which the Council's financial statements have been prepared including key judgements and estimates and any events which occurred subsequent to balance date that required reporting.

1.1 Reporting entity

(a) Southern Midlands Council is a body corporate with perpetual succession and a common seal. Council's main office is located at 71 High Street, Oatlands.

(b) The purpose of the Council is to:

- provide for health, safety and welfare of the community;
- to improve the overall quality of life of people in the local community;
- promote appropriate business and employment opportunities

1.2 Basis of accounting

These financial statements are a general purpose financial report that consists of a Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, 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. As a result this financial report does not comply with International Financial Reporting Standards.

This financial report has been prepared on the accrual and going concern basis.

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

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.

Special Committees of Council have been included in this financial report. Transactions between these committees and Council have been eliminated in full.

The financial report has been prepared as a consolidated report to include all the external transactions for the subsidiary entities disclosed at note 3.9. Council has elected not to present separate financial statements (Parent) in accordance with AASB 127 Separate Financial Statements as the amounts involved are not considered material.

Notes to the Financial Report

for the year ended 30 June 2019

1.3 Use of judgements and estimates

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 4.1.

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 4.3.

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 3.5.

Investment in water corporation

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 3.4.

1.4 Events occurring after balance date

No significant events occurred after balance date that require reporting.

Notes to the Financial Report

for the year ended 30 June 2019

2 Financial performance

This section outlines the financial performance of Council including its functions/activities. Details of operating income, expenses, cash flow information, management indicators compared with benchmarks and significant business activities are disclosed in the notes.

2.1 Functions/Activities of the Council

2.1a Revenue, expenses and assets attributable to each function as categorised in Note 2.1c below:

(Amounts shown in \$'000)	Income from continuing operations		Expenses from continuing operations		Result from continuing operations		Assets	
	2019	2018	2019	2018	2019	2018	2019	2018
Roads and bridges	390	970	4,733	4,528	(4,343)	(3,558)	66,508	66,757
Stormwater	-	-	115	96	(115)	(96)	3,724	3,769
Waste management	805	721	1,038	914	(233)	(193)	421	269
Economic development	1,132	1,870	1,893	1,932	(761)	(62)	6,921	6,367
Environmental management	37	19	410	398	(373)	(379)	393	392
Development services	268	192	949	910	(681)	(718)	729	672
Community services	20	89	492	354	(472)	(265)	2,236	2,306
Recreational facilities	67	62	870	1,014	(803)	(952)	7,284	7,256
Governance and administration	176	167	525	358	(349)	(191)	3,214	2,429
Other - non attributable	8,684	8,272	378	366	8,306	7,906	27,110	25,982
	11,579	12,362	11,403	10,870	176	1,492	118,540	116,199

Grants included in Income from continuing operations:

	2019	2018
Roads and bridges	378	950
Stormwater	-	-
Waste management	-	-
Economic development	140	127
Environmental management	-	19
Development services	-	-
Community services	5	75
Recreational facilities	37	800
Governance and administration	-	-
Other - non attributable	3,416	3,337
	3,976	5,308

2.1b Reconciliation of Assets with the Statement of Financial Position at 30 June:

	2019	2018
Current assets	13,994	13,970
Non-current assets	104,546	102,229
	118,540	116,199

Notes to the Financial Report for the year ended 30 June 2019

2.1 Functions/Activities of the Council (continued)

2.1c Nature and objective of functions/activities

Roads, streets and bridges

Construction, maintenance and cleaning of roads, footpaths, bridges, kerb and gutter and street lighting.

Stormwater

Maintenance and provision of stormwater reticulation systems.

Waste management

Collection, handling, processing and disposal of waste materials, operation of refuse disposal sites, waste transfer stations and recycling facilities.

Environmental management

Protection and enhancement of the environment, maintenance of amenity through control of statutory nuisances, environmental health and control of animal nuisances.

Economic development

Facilitation and development of local employment and economic initiatives, including streetscape improvements. Development and promotion of tourism and economic services within the municipal area.

Development services

Planning and development control, building control and related regulatory and statutory matters.

Community services

Provision of facilities and services focussed on improving the lifestyle of those that live in the Southern Midlands; assistance provided to volunteers and community based organisations; operation of youth employment and development programs and emergency services.

Recreation facilities

Provision and maintenance of recreation and sport facilities, including public halls and swimming pool. Included in this activity are parks and reserves, town beautification and associated facilities.

Governance and administration

Support for the Council and operational branches, including secretarial, computer, financial, personnel and general administrative services.

Other - not attributable

All revenues, expense and assets that cannot be attributed directly to one of the other listed functions. Includes carrying amount of non-current assets sold, State Government levies and contributions and Councillors emoluments.

Notes to the Financial Report

for the year ended 30 June 2019

2.2 Income from continuing operations

(Amounts shown in \$'000)

	2019	2018
Recurrent income		
2.2a Rates and charges		
General	4,329	4,206
Fire levy	221	211
Waste & garbage management	776	707
Interest and penalties	89	90
<i>Total rates and charges</i>	5,415	5,214
2.2b User fees		
Community safety	10	7
Growth tourism	92	171
Growth business	310	222
Landscapes cultural	6	-
Landscapes heritage	-	-
Landscapes regulatory	184	149
Landscapes natural	4	5
Lifestyle recreation	62	52
Lifestyle animals	84	43
Organisation sustainability	171	153
Organisation finances	25	22
Other fees and charges	35	18
<i>Total user fees</i>	983	842
2.2c Grants - Recurrent		
Australian Government Financial Assistance Grants	1,703	1,641
Australian Government Financial Assistance Grants (in advance)	1,752	1,696
Growth tourism	-	16
Landscapes heritage	124	-
Landscapes natural	37	-
Lifestyle youth	-	-
Other	(18)	6
<i>Total recurrent grants</i>	3,598	3,359
2.2d Interest		
Interest on financial assets	13	13
Interest on cash and cash equivalents	208	187
<i>Total interest</i>	221	200
2.2e Contract income		
Contracted works	948	652
<i>Total contract income</i>	948	652
2.2f Other income		
Government subsidies	12	12
Sundry	8	147
<i>Total other income</i>	20	159

Notes to the Financial Report

for the year ended 30 June 2019

2.2 Income from continuing operations (continued)

(Amounts shown in \$000)

	2019	2018
2.2g Investment revenue from water corporation		
Dividends, tax equivalent and guarantee fees received	152	228
<i>Total investment revenue from water corporation</i>	152	228
Total recurrent income	11,337	10,654
2.2h Net capital income		
Grants - capital		
Australian Government - Roads	344	878
Tasmanian Government - Oatlands Aquatic	-	800
Other	34	271
<i>Total grants - capital</i>	378	1,949
2.2i Net gain/(loss) on disposal of property, plant, equipment and infrastructure		
Proceeds of sale of assets held for sale	-	82
Assets held for sale disposed	-	(83)
	-	(1)
Proceeds of sale of non-current assets	84	253
Written down value of non-current assets disposed	(220)	(493)
	(136)	(240)
<i>Total gain/(loss)</i>	(136)	(241)
Total net capital income	242	1,708
Total income from continuing operations	11,579	12,362

Notes to the Financial Report

for the year ended 30 June 2019

2.2 Income from continuing operations (continued)

(Amounts shown in \$000)

	2019	2018
2.2j Grants received by funding source and conditions attached		
<i>Funding source</i>		
Australian Government	3,799	4,215
Other	177	1,093
<i>Total</i>	<u>3,976</u>	<u>5,308</u>

The Australian Government provides untied Financial Assistance Grants to Council for general purpose use and the provision of local roads. In accordance with AASB 1004 Contributions, Council recognised these grants as revenue when it received the funds and obtained control. In both years the Australian Government made early payment of the first two quarterly instalments for the following year. The early receipt of instalments resulted in Australian Government Financial Assistance Grants being above that originally budgeted in 2018-19 by \$1,752,000 (2017-18 by \$1,696,000). This has impacted the Statement of Profit or Loss and Other Comprehensive Income resulting in the result from continuing operations being higher by the same amount.

2.2k Recognition and measurement

Rates and charges

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

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates. A provision for impairment of rates has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

User fees

Fee income is recognised as revenue when the service has been provided, or the payment is received, whichever first occurs. A provision for impairment is recognised when collection in full is no longer probable.

Grants - recurrent and capital

Grant income is recognised as revenue when Council obtains control over the assets comprising the receipt. Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer. Where grants recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant is also disclosed. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year. A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date and conditions include a requirement to refund unused contributions. Revenue is then recognised as the various performance obligations under an agreement are fulfilled. Council does not currently have any reciprocal grants. Unreceived contributions over which Council has control are recognised as receivables.

Notes to the Financial Report for the year ended 30 June 2019

2.2 Income from continuing operations (continued)

Interest

Interest is recognised progressively as it is earned.

Contract income

As soon as the outcome of construction contracts can be estimated reliably, contract revenue and expenses are recognised in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. Any expected loss on a contract is recognised immediately.

Other income

Rental income

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

Operating leases as lessor

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

Investment revenue from water corporation

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

Contributions

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. Where contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused contribution is also disclosed. The note also discloses the amount of unused contribution from prior years that was expended on Council's operations during the current year. Unreceived contributions over which Council has control are recognised as receivables. Non-monetary contributions (including developer contributions) with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets. Non-monetary contributions below the thresholds are recorded as revenue.

Net gain/(loss) on disposal of property, plant, equipment and infrastructure

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

Notes to the Financial Report

for the year ended 30 June 2019

2.3 Expenses from continuing operations

(Amounts shown in \$'000)	2019	2018
2.3a Employee benefits		
Wages and salaries	3,100	3,011
Other employee costs	1,162	1,212
	4,262	4,223
Less amounts capitalised	(197)	(237)
<i>Total employee benefits</i>	4,065	3,986
2.3b Materials and contracts		
Advertising	18	48
Bank charges and commissions	15	14
Callington Mill	30	91
Computer system operation	141	118
Consultancies	175	222
Contractor labour and services	332	359
Council plant & machinery	377	303
Donations and grants	64	66
Gravel purchases	15	45
Household garbage and recycling collection contract	226	228
Insurance premiums	87	75
Landcare materials	1	1
Legal expenses	61	47
Office expenses	100	112
Plant and machinery hire (external)	202	217
Power costs (including street lighting)	174	184
Repairs and maintenance	158	173
Subscriptions and publications	71	70
Telecommunications	33	40
Waste transfer, transport and disposal contracts	308	279
Valuation fees (supplementary valuations)	10	15
Water purchases	52	36
Other materials and contracts	563	463
<i>Total materials and services</i>	3,213	3,206
2.3c Depreciation and amortisation		
Property		
Buildings	366	422
Plant and equipment		
Plant and machinery	241	287
Furniture and fixtures	27	25
Minor plant	13	11
Infrastructure		
Roads	1,915	1,853
Bridges	361	348
Stormwater	52	52
Waste management	27	9
<i>Total depreciation</i>	3,002	3,007
Amortisation of intangibles	77	68
<i>Total depreciation and amortisation</i>	3,079	3,075

Notes to the Financial Report

for the year ended 30 June 2019

2.3 Expenses from continuing operations (continued)

(Amounts shown in \$'000)	2019	2018
2.3d Contributions		
Fire service levy	221	210
Total contributions	221	210
2.3e Finance costs		
Interest - Borrowings	30	34
Total finance costs	30	34
2.3f Other expenses		
Councillors allowances	165	133
External auditors' remuneration	29	28
Impairment of assets - land remediation costs	324	-
Other	277	198
Total other expenses	795	359
Total expenses from continuing operations	11,403	10,870

2.3g Recognition and measurement

Expenses are recognised in the Consolidated Statement of Profit or Loss and Other 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. Further details of the nature and method of recognition and measurement of each expense item are set out below.

Employee benefits

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits. See also note 4.1.

Materials and contracts

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.

Depreciation and amortisation

Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

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

Notes to the Financial Report

for the year ended 30 June 2019

2.3 Expenses from continuing operations (continued)

Land and road earthwork assets are not depreciated on the basis that they are assessed as not having a limited useful life. The non-depreciation of road earthwork assets shall be reviewed at least at the end of each reporting period, to ensure that the accounting policy applied to particular earthwork assets reflects the most recent assessment of the useful lives of the assets, having regard to factors such as asset usage, physical deterioration and technical and commercial obsolescence.

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

	Period
Buildings	10 - 50 years
Plant and equipment	
Plant and machinery	2 to 15 years
Furniture and fixtures	5 to 100 years
Minor plant	0 to 2 years
Infrastructure assets	10 to 150 years
Intangibles	5 years

Finance costs

Finance costs represent interest on interest-bearing loans and borrowings. Interest is expensed as it accrues and no interest has been capitalised during the current or comparative reporting period.

Contributions

Contributions represents the remittance of amounts to the Tasmanian Fire Service for fire service levies collected through rates.

Other expenses

Other expenses represent items which individually are not material for separate disclosure on the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

2.4 Reconciliation of cash flows from operating activities to surplus (deficit)

(Amounts shown in \$000)	2019	2018
Result from continuing operations	176	1,492
Depreciation and amortisation	3,079	3,075
Net gain/(loss) on disposal of property, plant, equipment and infrastructure	136	241
Impairment of assets - land remediation costs	324	-
Grants - capital	(1,178)	(1,149)
Change in assets and liabilities:		
Decrease/(increase) in trade and other receivables	730	(720)
Decrease/(increase) in other assets	97	78
Increase/(decrease) in trade and other payables	88	(149)
Increase/(decrease) in employee provisions	133	(59)
<i>Net cash provided by/(used in) operating activities</i>	3,585	2,809
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	12,729	11,878
Total reconciliation of cash and cash equivalents	12,729	11,878

Notes to the Financial Report

for the year ended 30 June 2019

2.5 Reconciliation of liabilities arising from financing activities

(Amounts shown in \$000)	2019	2018
Trust funds and deposits		
Balance at the beginning of the financial year	161	161
Net movements	16	-
Balance at the end of the financial year	<u>177</u>	<u>161</u>
Interest-bearing loans and borrowings		
Balance at the beginning of the financial year	681	754
Cash repayments	(76)	(73)
Balance at the end of the financial year	<u>605</u>	<u>681</u>

2.6 Management indicators

(Amounts shown in \$000)	Benchmark	2019	2018	2017	2016
2.6a Underlying surplus or deficit					
Recurrent income* less recurrent expenditure		11,145	10,361	10,112	9,645
Underlying surplus/deficit	> \$0	<u>(258)</u>	<u>(509)</u>	<u>22</u>	<u>(618)</u>

* Recurrent income excludes income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature as set out below:

Income from continuing operations	11,579	12,362
Less non-operating income		
Financial Assistance Grant in advance - prior year	1,696	1,644
Financial Assistance Grant in advance - current year	(1,752)	(1,696)
Grants - Capital	(378)	(1,949)
Contributions of non-monetary assets	-	-
Recurrent income	<u>11,145</u>	<u>10,361</u>

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

The underlying surplus assesses overall financial operating effectiveness. The negative results in 2016 and 2018 largely reflects the disposal of certain infrastructure and building assets during that year. The long term financial management plan aims to ensure a breakeven situation is maintained each financial year. The 2019 result includes an impairment expense for remediation costs for a parcel of land and without these costs the underlying deficit would have been a small surplus.

2.6b Underlying surplus or deficit ratio

Underlying surplus or deficit		(258)	(509)	22	(618)
Recurrent income*		11,145	10,361	10,112	9,645
Underlying surplus or deficit ratio %	> 0%	-2.3%	-4.9%	0.2%	-6.4%

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

Notes to the Financial Report

for the year ended 30 June 2019

2.6 Management indicators (continued)

(Amounts shown in \$'000)	Benchmark	2019	2018	2017	2016
2.6c Net financial liabilities					
Liquid assets less		13,689	13,568	12,795	9,654
total liabilities		2,822	2,661	2,942	2,966
Net financial liabilities	> \$0	10,867	10,907	9,853	6,688

This measure shows whether Council's total liabilities can be met by its liquid assets. An excess of total liabilities over liquid assets means that, if all liabilities fell due at once, additional revenue would be needed to fund the shortfall. As noted liquid assets are substantially higher than total liabilities.

2.6d Net financial liabilities ratio

Net financial liabilities		10,867	10,907	9,853	6,688
Recurrent income*		11,145	10,361	10,112	9,645
Net financial liabilities ratio %	0% - (50%)	97.5%	105.3%	97.4%	69.3%

This ratio indicates the net financial obligations of Council compared to its recurrent income. This ratio is well in excess of benchmark and indicates a strong liquidity position.

2.6e Asset consumption ratio

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

Transport Infrastructure

Depreciated replacement cost		61,793	62,026	60,980	60,164
Current replacement cost		119,198	116,701	114,666	111,533
Asset consumption ratio %	> 60%	51.8%	53.1%	53.2%	53.9%

Buildings

Depreciated replacement cost		13,255	12,086	12,259	11,365
Current replacement cost		23,494	21,952	22,405	19,484
Asset consumption ratio %	> 60%	56.4%	55.1%	54.7%	58.3%

Stormwater

Depreciated replacement cost		3,717	3,762	3,814	3,865
Current replacement cost		5,180	5,173	5,173	5,172
Asset consumption ratio %	> 60%	71.8%	72.7%	73.7%	74.7%

An asset consumption ratio has been calculated in relation to each asset class required to be included in council's long term strategic asset management plan.

The ratios assess the level of service potential in council's existing assets. The higher the percentage, the greater future service potential is available to provide service to ratepayers. The percentage results indicate that council must increase its investment in the renewal and replacement of existing assets. This is recognised in council's long term financial management strategy and plan.

Notes to the Financial Report

for the year ended 30 June 2019

2.6 Management indicators (continued)

(Amounts shown in \$'000)

	Benchmark	2019	2018	2017	2016
--	-----------	------	------	------	------

2.6f Asset renewal funding ratio

An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.

Transport Infrastructure

Projected capital funding outlays**		18,638	19,419	23,784	24,124
Projected capital expenditure funding***		21,750	19,790	17,000	16,814
Asset renewal funding ratio %	90-100%	85.7%	98.1%	139.9%	143.5%

Buildings

Projected capital funding outlays**		3,301	3,598	3,148	2,527
Projected capital expenditure funding***		2,750	2,750	3,148	2,527
Asset renewal funding ratio %	90-100%	120.0%	130.8%	100.0%	100.0%

Stormwater

Projected capital funding outlays**		501	546	398	410
Projected capital expenditure funding***		520	520	398	410
Asset renewal funding ratio %	90-100%	96.3%	105.0%	100.0%	100.0%

** Current value of projected capital funding outlays for an asset identified in Council's long-term financial plan.

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

The asset renewal funding ratio is issued to assess council's capacity to fund future asset replacement requirements. The ratio for Transport Infrastructure in particular, indicates that additional funds are required in order to achieve the nominated benchmark of 90%. This issue is also addressed in council's long term financial management strategy and associated financial plan.

2.6g Asset sustainability ratio

Capex on replacement/renewal of existing assets		2,349	2,995	1,933	3,666
Annual depreciation and amortisation expense		3,079	3,075	2,952	2,792
Asset sustainability ratio %	100.0%	76.3%	97.4%	65.5%	131.3%

The asset sustainability ratio assesses the extent to which council is maintaining operating capacity through renewal of its existing asset base. Whilst results may be below the nominated benchmark, it needs to be recognised that the actual need to expend funds on the renewal or replacement of assets can fluctuate substantially from year to year, whilst annual depreciation is fairly constant.

Notes to the Financial Report

for the year ended 30 June 2019

2.6 Management indicators (continued)

(Amounts shown in \$000)

	Capital renewal expenditure	Capital new /upgrade expenditure	Total Capital Expenditure
2019			
By asset class (including work in progress)			
Land	211	-	211
Buildings	294	1,254	1,548
Plant and machinery	375	-	375
Furniture and fixtures	68	7	75
Minor plant	8	3	11
Roads	1,172	318	1,490
Bridges	27	-	27
Stormwater	3	5	8
Waste management	180	-	180
Intangibles	11	-	11
Total	2,349	1,587	3,936
2018			
By asset class (including work in progress)			
Land	-	-	-
Buildings	1,338	385	1,723
Plant and machinery	157	29	186
Furniture and fixtures	47	-	47
Minor plant	22	-	22
Roads	1,390	264	1,654
Bridges	-	494	494
Stormwater	-	-	-
Waste management	1	-	1
Intangibles	40	-	40
Total	2,995	1,172	4,167

2.7 Significant business activities

Council is required to report the operating, capital and competitive neutrality costs in respect of each significant business activity undertaken by the Council. Council has determined, based upon materiality that it does not have any significant business activities.

Notes to the Financial Report

for the year ended 30 June 2019

3 Asset base

This section outlines the assets held by Council used to generate its financial performance and services for the community and operating liabilities incurred as a result, excluding employee provisions and interest bearing long term debts which are discussed in section 4 *People* and 5 *Debt and Risk Management* respectively.

3.1 Cash and cash equivalents

(Amounts shown in \$000)

	2019	2018
Cash at bank and on hand	1,808	1,470
Term deposits	10,921	10,408
Total cash and cash equivalents	12,729	11,878
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 following amounts represent the balance of restricted funds:		
- Special committees of Council	58	56
- Trust funds and deposits (note 3.7)	177	161
- Heritage Building Solutions Pty Ltd (note 3.9)	277	101
- Heritage Education and Skills Centre Ltd (note 3.9)	83	83
- Capital grants not yet expended	875	875
- Australian Government - Financial Assistance Grant (in advance) (note 2.2c)	1,752	1,696
Restricted funds	3,222	2,972
Total unrestricted cash and cash equivalents	9,507	8,906

Recognition and measurement

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, deposits at call, and other liquid investments. See note 5 for significant terms and conditions.

3.2 Trade and other receivables

(Amounts shown in \$000)

	2019	2018
Rates debtors	633	595
Other debtors	327	1,095
Total trade and other receivables	960	1,690

Recognition and measurement

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 has established a provision matrix to facilitate the impairment assessment.

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.

Notes to the Financial Report

for the year ended 30 June 2019

3.2 Trade and other receivables (continued)

Accounting policy under AASB 139 - applicable for 2018 comparative

Receivables are carried at amortised cost using the effective interest rate method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred. Uncollected rates are recorded as receivables. See note 5 for significant terms and conditions.

3.3 Other assets

(Amounts shown in \$000)	2019	2018
Stores and materials	213	285
Subsidiary work in progress	92	117
<i>Total other assets</i>	<u>305</u>	<u>402</u>

Recognition and measurement

Stores and materials are held for use by Council and are measured at cost. Subsidiary work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost. Cost includes all expenditure directly related to specific projects and an allocation of fixed and variable overhead incurred in the contract activities based on normal operating capacity.

3.4 Investment in water corporation

(Amounts shown in \$000)	2019	2018
Opening Balance	12,203	12,047
Change in fair value of investment	1,370	156
<i>Total investment in water corporation</i>	<u>13,573</u>	<u>12,203</u>

Recognition and measurement

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 6.1) 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 TasWater's net asset value at balance date. At 30 June 2019, Council held a 0.73% ownership interest in TasWater (2018: 0.76%) 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 comparative

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. Any unrealised gains and losses are recognised through the Statement of Profit or Loss and Other Comprehensive Income to a Financial assets available for sale Reserve each year (refer note 6.1). 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.

Notes to the Financial Report

for the year ended 30 June 2019

3.5 Property, plant, equipment, infrastructure and intangibles

(Amounts shown in \$000)	Gross book value		Accumulated depreciation		Total	
	2019	2018	2019	2018	2019	2018
Property						
At fair value						
Land	4,607	4,607	-	-	4,607	4,607
Land under roads	3,051	3,051	-	-	3,051	3,051
Buildings	23,494	21,952	(10,239)	(9,866)	13,255	12,086
Total property	31,152	29,610	(10,239)	(9,866)	20,913	19,744
Plant and equipment						
At cost						
Plant and machinery	4,102	3,992	(1,898)	(1,781)	2,204	2,211
Furniture and fixtures	708	632	(474)	(446)	234	186
Minor plant	317	306	(253)	(240)	64	66
Total plant and equipment	5,127	4,930	(2,625)	(2,467)	2,502	2,463
Infrastructure						
At fair value						
Roads	91,016	89,911	(48,000)	(46,362)	43,016	43,549
Bridges	28,182	26,790	(9,405)	(8,313)	18,777	18,477
Stormwater	5,180	5,173	(1,463)	(1,411)	3,717	3,762
Waste management	430	250	(212)	(185)	218	65
Total infrastructure	124,808	122,124	(59,080)	(56,271)	65,728	65,853
Work in progress	1,701	1,771	-	-	1,701	1,771
Intangibles	554	546	(425)	(351)	129	195
Total property, plant, equipment, infrastructure and intangibles	163,342	158,981	(72,369)	(68,955)	90,973	90,026

Notes to the Financial Report

for the year ended 30 June 2019

3.5 Property, plant, equipment, infrastructure and intangibles (continued)

(Amounts shown in \$'000)	Balance at beginning of financial year	Acquisition of assets	Revaluation increase (decrease)	Depreciation and amortisation	Written down value of disposals	Assets initially recognised at fair value	Impairment of assets	Balance at end of financial year
2019								
Property								
Land	4,607	324	-	-	-	-	(324)	4,607
Land under roads	3,051	-	-	-	-	-	-	3,051
Buildings	12,086	1,535	-	(366)	-	-	-	13,255
Total property	19,744	1,859	-	(366)	-	-	(324)	20,913
Plant and equipment								
Plant and machinery	2,211	375	-	(241)	(141)	-	-	2,204
Furniture and fixtures	186	75	-	(27)	-	-	-	234
Minor plant	66	11	-	(13)	-	-	-	64
Total plant and equipment	2,463	461	-	(281)	(141)	-	-	2,502
Infrastructure								
Roads	43,549	1,461	-	(1,915)	(79)	-	-	43,016
Bridges	18,477	27	634	(361)	-	-	-	18,777
Stormwater	3,762	7	-	(52)	-	-	-	3,717
Waste management	65	180	-	(27)	-	-	-	218
Total infrastructure	65,853	1,675	634	(2,355)	(79)	-	-	65,728
Work in progress	1,771	(70)	-	-	-	-	-	1,701
Intangibles	195	11	-	(77)	-	-	-	129
Total property, plant, equipment, infrastructure and intangibles	90,026	3,936	634	(3,079)	(220)	-	(324)	90,973

Notes to the Financial Report

for the year ended 30 June 2019

3.5 Property, plant, equipment, infrastructure and intangibles (continued)

(Amounts shown in \$'000)	Balance at beginning of financial year	Acquisition of assets	Revaluation increase (decrease)	Depreciation and amortisation	Written down value of disposals	Assets initially recognised at fair value	Impairment of assets	Balance at end of financial year
2018								
Property								
Land	4,643	-	-	-	(36)	-	-	4,607
Land under roads	3,051	-	-	-	-	-	-	3,051
Buildings	12,259	377	-	(422)	(128)	-	-	12,086
Total property	19,953	377	-	(422)	(164)	-	-	19,744
Plant and equipment								
Plant and machinery	2,428	186	-	(287)	(116)	-	-	2,211
Furniture and fixtures	164	47	-	(25)	-	-	-	186
Minor plant	55	22	-	(11)	-	-	-	66
Total plant and equipment	2,647	255	-	(323)	(116)	-	-	2,463
Infrastructure								
Roads	43,406	2,028	-	(1,853)	(32)	-	-	43,549
Bridges	17,574	710	722	(348)	(181)	-	-	18,477
Stormwater	3,814	-	-	(52)	-	-	-	3,762
Waste management	73	1	-	(9)	-	-	-	65
Total infrastructure	64,867	2,739	722	(2,262)	(213)	-	-	65,853
Work in progress	1,015	756	-	-	-	-	-	1,771
Intangibles	223	40	-	(68)	-	-	-	195
Total property, plant, equipment, infrastructure and intangibles	88,705	4,167	722	(3,075)	(493)	-	-	90,026

Recognition and measurement

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. Property, infrastructure, plant 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. Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

Notes to the Financial Report

for the year ended 30 June 2019

3.5 Property, plant, equipment, infrastructure and intangibles (continued)

The following classes of assets have been recognised. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year. Council has adopted the following valuation bases for each asset class.

	Threshold	Valuation Bases
	\$	
Property		
Land	1	Fair value
Land under roads	1	Fair value
Buildings	1	Fair value
Plant and equipment		
Plant and machinery	1,000	Cost
Furniture and fixtures	500	Cost
Minor plant	1,000	Cost
Infrastructure		
Roads	1	Fair value
Bridges	5,000	Fair value
Stormwater	3,000	Fair value
Waste management	3,000	Cost
Intangibles		
	500	Cost

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

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

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

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

Impairment losses are recognised in the statement of comprehensive income under other expenses.

Notes to the Financial Report

for the year ended 30 June 2019

3.6 Trade and other payables

(Amounts shown in \$000)	2019	2018
Payables and accruals	490	413
Payroll tax and workers compensation on employee entitlements	68	57
Total trade and other payables	558	470

Recognition and measurement

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. See note 5 for significant terms and conditions.

3.7 Trust funds and deposits

(Amounts shown in \$000)	2019	2018
Tender deposits and funds held on trust	177	161
Total trust funds and deposits	177	161

Recognition and measurement

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

3.8 Fair value measurements

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

- Investment in water corporation as disclosed at note 3.4
- Property and infrastructure as disclosed at note 3.5

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

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

(a) Fair Value Hierarchy

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

- Level 1** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can
- Level 2** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability,
- Level 3** Unobservable inputs for the asset or liability.

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

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

Notes to the Financial Report

for the year ended 30 June 2019

3.8 Fair value measurements (continued)

(Amounts shown in \$'000)	Level 1		Level 2		Level 3		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Fair value measurements								
Recurring								
Property								
Land	-	-	4,607	4,607	-	-	4,607	4,607
Land under roads	-	-	3,051	3,051	-	-	3,051	3,051
Buildings	-	-	-	-	13,255	12,086	13,255	12,086
Infrastructure								
Roads	-	-	-	-	43,016	43,549	43,016	43,549
Bridges	-	-	-	-	18,777	18,477	18,777	18,477
Stormwater	-	-	-	-	3,717	3,762	3,717	3,762
Waste management	-	-	-	-	218	65	218	65
Total recurring	-	-	7,658	7,658	78,983	77,939	86,641	85,597

Transfers between levels of the hierarchy

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

(b) Highest and best use

AASB 13 requires the fair value of non-financial assets to be calculated based on their "highest and best use". Council considers that all assets in this note are being used for their highest and best use.

(c) Valuation techniques and significant inputs used to derive fair values

Land

Land fair values were determined by a qualified independent valuer. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current planning provisions. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

Notes to the Financial Report

for the year ended 30 June 2019

3.8 Fair value measurements (continued)

Land under roads

Land under roads valuation is based on an average per square metre property rates supplied by the Tasmanian Valuer General.

Buildings

Council considers that all its buildings are of a specialist nature (eg heritage buildings) and there is no active market for the assets. Fair value has been determined on the basis of replacement with a new asset having similar service potential. The gross current values have been determined by Council officers with reference to market data for recent projects and costing guides.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use.

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of residual value and useful life that are used to calculate accumulated depreciation comprise unobservable inputs (level 3).

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 less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

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

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

The level of accumulated depreciation for infrastructure assets was determined based on the age of the asset and the useful life adopted by Council for the asset type. Estimated useful lives and residual values are disclosed in Note 2.3.

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

Council categorises its road infrastructure into sealed and unsealed roads and then further sub-categorises these based on an assessment of vehicle movements and social and economic importance. Roads are managed in segments. All road segments are then componentised into formation, pavement, sub-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.

Notes to the Financial Report

for the year ended 30 June 2019

3.8 Fair value measurements (continued)

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. For internal construction estimates, material and services prices are based on contract rates, supplier price lists and Council's labour wage rates. When construction is outsourced, CRC is based on the average of similar completed projects over the last few years.

Bridges

Council engaged an external expert to undertake valuation of bridges. Each bridge is assessed individually and componentised into sub-assets representing the deck and sub-structure. The valuation is based on the material type used for construction and the deck and sub-structure area.

Stormwater

Council engaged the Brighton Council Municipal Engineer to undertake the valuation of stormwater. Similar to roads, stormwater assets are managed in segments; pits and pipes being the major components. Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. CRC is based on the unit price for the component type. For pipes, the unit price is multiplied by the asset's length. The unit price for pipes is based on the construction material as well as the depth the pipe is laid.

Other Infrastructure

Other infrastructure is not deemed to be significant in terms of the Consolidated Statement of Financial Position.

(d) Changes in recurring level 3 fair value measurements

The changes in level 3 property and infrastructure assets with recurring fair value measurements are detailed in note 3.5 (Property, plant, equipment and infrastructure). Investment in water corporation, which is classified as level 3 has been separately disclosed in note 3.4.

There have been no transfers between level 1, 2 or 3 measurements during the year.

(e) Valuation processes

At the end of each year Council assess whether the carrying amount of its assets varies significantly from the fair value. This is done by consideration of changes in utilisation, obsolescence, assessment of unit rates, patterns of consumption, residual life, useful life, condition and remaining useful life.

Based on this assessment assets may need to be revalued and/or depreciation rates changed.

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

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

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 5.3 is provided by Tascorp (level 2).

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

Notes to the Financial Report

for the year ended 30 June 2019

3.9 Investments in subsidiaries

Heritage Building Solutions Pty Ltd and Heritage Education & Skills Centre Pty Ltd (HESC) are small proprietary companies controlled by Council and are not reporting entities.

The following transactions were recorded for the current and prior financial years. The balances disclosed have been consolidated into Council's balances. All inter-entity transactions and balances between Council and these subsidiary companies have been eliminated.

(Amounts shown in \$000)	2019	2018
Heritage Building Solutions Pty Ltd		
Statement of Comprehensive Income		
Revenue	1,187	1,059
Expenses	(1,187)	(1,007)
Total Comprehensive Income for the year	-	52
Statement of Financial Position		
Assets	521	468
Liabilities	(414)	(361)
Total Equity	107	107
Heritage Education & Skills Centre Pty Ltd		
Statement of Comprehensive Income		
Revenue	(40)	77
Expenses	(12)	(94)
Total Comprehensive Income for the year	(52)	(17)
Statement of Financial Position		
Assets	90	98
Liabilities	(111)	(67)
Total Equity	(21)	31

Notes to the Financial Report

for the year ended 30 June 2019

4 People

This section outlines the amounts provided for employee benefits during and post employment and related party transactions.

4.1 Employee provisions

(Amounts shown in \$000)	2019	2018
Current		
Annual leave	462	407
Long service leave	673	590
Personal	283	277
Total current	1,418	1,274
Non-current		
Long service leave	64	75
Total non-current	64	75
Total employee provisions	1,482	1,349
Description of current and non-current components of employee provisions		
Current		
All annual leave and the long service leave entitlements representing 10 or more years of continuous service:		
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value.	745	684
- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value.	673	590
	1,418	1,274
Non-current		
Long service leave representing less than 10 years of continuous service measured at present value.	64	75
	64	75
Number of employees (full time equivalents)	43	44

Notes to the Financial Report

for the year ended 30 June 2019

4.1 Employee Provisions (continued)

Movements in employee provisions during the financial year

(Amounts shown in \$000)	Annual leave		Long service leave		Personal			Total
	2019	2018	2019	2018	2019	2018	2019	2018
Balance at beginning of the year	407	413	665	714	277	281	1,349	1,408
Additional provisions	302	268	147	17	89	117	538	402
Amounts used	(247)	(274)	(75)	(66)	(83)	(121)	(405)	(461)
Balance at end of the year	462	407	737	665	283	277	1,482	1,349

Recognition and measurement

Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

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.

Personal leave

Council's Enterprise Bargaining Agreement provides for employees who resign from their position with Council to be paid a percentage of their sick leave balance based on completed years of service, plus a gratuity amount.

Notes to the Financial Report

for the year ended 30 June 2019

4.2 Related party transactions

Responsible Persons

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

Councillors	Mayor A E Bisdee OAM	1 July 2018	to	1 November 2018
	Councillor A E Bisdee OAM	2 November 2018	to	30 June 2019
	Deputy Mayor A O Green	1 July 2018	to	1 November 2018
	Mayor A O Green	2 November 2018	to	30 June 2019
	Councillor E C Batt	1 July 2018	to	1 November 2018
	Deputy Mayor E C Batt	2 November 2018	to	30 June 2019
	Councillor A R Bantick	1 July 2018	to	30 June 2019
	Councillor R A Campbell	1 July 2018	to	1 November 2018
	Councillor K Dudgeon	2 November 2018	to	30 June 2019
	Councillor D F Fish	1 July 2018	to	30 June 2019
	Councillor D E Marshall	1 July 2018	to	1 November 2018
	Councillor R McDougall	2 November 2018	to	30 June 2019
	General Manager	Mr T F Kirkwood	1 July 2018	to

Councillor remuneration

(Amounts shown in \$)

	Allowances	Compensation AASB 124	Kilometre reimbursements	Communications	Other	Total Allowances and Expenses section 72
2019						
A E Bisdee OAM	19,921	19,921	3,716	993	25	24,655
A O Green	31,629	31,629	3,463	1,427	25	36,544
E C Batt	16,752	16,752	1,763	1,068	25	19,608
A R Bantick	10,571	10,571	1,368	780	25	12,744
R A Campbell	3,528	3,528	282	260	25	4,095
K Dudgeon	7,103	7,103	1,210	-	17	8,330
D F Fish	10,571	10,571	-	780	8	11,359
D E Marshall	3,528	3,528	251	260	17	4,056
R McDougall	7,103	7,103	1,827	-	8	8,938
Total	110,706	110,706	13,880	5,568	175	130,329

Notes to the Financial Report

for the year ended 30 June 2019

4.2 Related party transactions (continued)

(Amounts shown in \$)

	Allowances	Compensation AASB 124	Kilometre reimbursements	Communications	Other	Total Allowances and Expenses section 72
2018						
A E Bisdee OAM	37,220	37,220	3,688	1,420	24	42,352
A O Green	20,613	20,613	2,666	1,100	24	24,403
A R Bantick	8,636	8,636	808	780	18	10,242
E C Batt	10,335	10,335	739	780	24	11,878
R A Campbell	10,335	10,335	1,111	780	24	12,250
D F Fish	10,335	10,335	-	780	24	11,139
D E Marshall	10,335	10,335	1,048	780	24	12,187
<i>Total</i>	107,809	107,809	10,060	6,420	162	124,451

Allowances - statutory allowances as paid in accordance with the Local Government Act 1993.**Kilometre reimbursements** - reimbursement for kilometres travelled while on Council business at a rate per kilometre.**Communications** - allowances paid to Councillors to reimburse telephone and internet usage costs.**Other** - cost of electronic funds transfer.**Key Management Personnel remuneration**

		Short term benefits			Post employment benefits			
		Salary	Vehicles	Other benefits	Superannuation	Termination benefits	Other non- monetary benefits	Total
2019								
Remuneration band	Employees							
\$80 001 - \$100 000	2	172,348	3,176	600	21,543	-	(9,539)	188,128
\$100 001 - \$120 000	1	98,213	753	300	12,277	-	(3,172)	108,371
\$140 001 - \$160 000	1	127,639	5,087	300	15,955	-	8,140	157,121
\$180 001 - \$200 000	1	158,914	9,121	300	19,864	-	(1,326)	186,873
		557,114	18,137	1,500	69,639	-	(5,897)	640,493

Notes to the Financial Report

for the year ended 30 June 2019

4.2 Related party transactions (continued)

(Amounts shown in \$)

		Short term benefits			Post employment benefits			
		Salary	Vehicles	Other benefits	Superannuation	Termination benefits	Other non-monetary benefits	Total
2018								
Remuneration band	Employees							
\$80 001 - \$100 000	1	81,506	-	300	10,188	-	2,878	94,872
\$100 001 - \$120 000	2	187,540	6,272	600	23,442	-	3,827	221,681
\$140 001 - \$160 000	1	123,684	4,721	300	15,461	-	5,527	149,693
\$180 001 - \$200 000	1	154,292	13,425	300	19,287	-	3,259	190,563
		547,022	24,418	1,500	68,378	-	15,491	656,809

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

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

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.

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

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

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

Notes to the Financial Report

for the year ended 30 June 2019

4.2 Related party transactions (continued)

Directors of subsidiary companies remuneration

Two directors of Heritage Building Solutions Pty Ltd and Heritage Education & Skills Centre Pty Ltd were paid directors and management fees in total of \$50,064 (2018: \$66,350)

Remuneration Principles

Councillors

Councillor allowances are paid in accordance with those set by Regulation 42 (2) of the Local Government General Regulations 2015. Council has further determined by policy that in order to carry out their functions as a Councillor, reimbursements will be paid to Councillors for travelling while on Council related business on a kilometre travelled basis, that stationery and consumables will be provided and that a communications allowance will be paid to offset the cost of telephone and internet charges.

Senior management

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 provides non-cash benefits and contributes to post-employment superannuation plans on their behalf.

The performance of each senior manager, including the General Manager, is reviewed annually which includes a review of their remuneration package, which takes account of their performance against key indicators and of salary packages for similar roles in the region. Whilst not automatic, contracts can be extended.

Directors of subsidiary companies

Directors of Heritage Building Solutions Pty Ltd and Heritage Education & Skills Centre Pty Ltd are remunerated in accordance with the terms and conditions of their appointment and may be varied in accordance with the constitution of each company and the Corporations Act 2001.

Transactions with related parties

During the period Council did not enter into transactions with entities that are controlled by members of key management personnel.

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

Transactions with related parties that have not been disclosed

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

- Payment of rates on a primary residence
- Dog registration

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

Notes to the Financial Report

for the year ended 30 June 2019

4.3 Post employment benefits

Recognition and measurement

Defined contribution funds

Council contributes to defined contribution plans on behalf of a number of employees; however the Council has no ongoing responsibility to make good any deficiencies, if any, that may occur in those schemes. Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit fund

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

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

For the year ended 30 June 2018 the Council contributed 9.5% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

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

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

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

Notes to the Financial Report for the year ended 30 June 2019

4.3 Post employment benefits (continued)

The actuarial review concluded that:

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

The Actuary recommended that in future the Council contribute 9.5% of salaries in 2017/18 and 0% from 1 July 2018 to 30 June 2021. The Actuary will continue to undertake a brief review of the financial position the Fund at the end of each financial year to confirm that the 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.

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

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

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

Notes to the Financial Report

for the year ended 30 June 2019

4.3 Post employment benefits (continued)

- 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.
- As reported on the first page 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.
- During the reporting period the amount of contributions paid to defined benefits schemes was \$6,800 (2017-18, \$30,165), and the amount paid to accumulation schemes was \$346,688 (2017-18, \$353,337).
- During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$nil, and the amount to be paid to accumulation schemes is \$350,000.

Notes to the Financial Report

for the year ended 30 June 2019

5 Debt and risk management

This section sets out the interest bearing debts of Council and outlines Council's exposure to financial risks and how these risks are managed.

5.1 Interest-bearing loans and borrowings

(Amounts shown in \$000)	2019	2018
Current		
Borrowings - secured	148	77
Non-current		
Borrowings - secured	457	604
<i>Total borrowings</i>	605	681

Borrowings are secured over the rate income of Council. There have been no defaults or breaches of the loan agreement during the year.

The maturity profile for Council's borrowings is:

Not later than one year	148	77
Later than one year and not later than five years	330	427
Later than five years	127	177
<i>Total</i>	605	681

Recognition and measurement

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

5.2 Financing arrangements

(Amounts shown in \$000)	2019	2018
Bank overdraft limit	200	200
Direct debit facility	100	100
Business credit cards	50	50
Used facilities	-	(6)
<i>Unused facilities</i>	350	344

Notes to the Financial Report

for the year ended 30 June 2019

5.3 Financial Instruments

Accounting policy, terms and conditions

Recognised financial instruments	Accounting policy	Terms and Conditions
<i>Financial assets</i>		
Cash and cash equivalents	See Note 3.1	On call deposits and cash returned a floating interest rate of 1.8% (1.9% in 2018). The interest rate at balance date was 1.8% (1.9% in 2018).
Trade and other receivables	See Note 3.2	<p>General debtors are unsecured and arrears attract an interest rate of 0% (0% in 2018). Credit terms are based on 30 days.</p> <p>Rate debtors are paid either by four instalments or alternatively within 30 days (which provides a discount of 1.3%). The discount is shown as an expense of the Council. A penalty of 5% applies to any rate or charge that is not paid on or before the date it falls due and in addition to the penalty, interest under section 128 of the Local Government Act 1993 will be charged at the rate of 9.5% per annum.</p> <p>Should amounts remain unpaid outside the adopted payment options, Council will instigate collection proceedings in accordance with the provisions of the Local Government Act 1993 (as amended).</p>
Available for sale financial assets Investment in Water Corporation	See Note 3.4	
<i>Financial Liabilities</i>		
Trade and other payables	See Note 3.6	Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest-bearing loans and borrowings	See Note 5.1	<p>The loans of Council are secured by trust deed. In accordance with section 80 of the Local Government Act 1993, the borrowing capacity of Council is limited to:</p> <ul style="list-style-type: none"> - Except with the approval of the Minister, a council may not borrow additional money for any purpose if the annual payments required to service the total borrowings would exceed 30% of its revenue of the preceding financial year. - Grants made to a council for a specific purpose are to be excluded in calculating 30% of the revenue of the council. <p>The current annual payment of loans (principal and interest) by Council, based on the debenture loan schedules, equate to less than 2.5% of total revenue for the preceding year (2018: less than 2.5%).</p>

Notes to the Financial Report

for the year ended 30 June 2019

5.3 Financial Instruments (continued)

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:

(Amounts shown in \$'000)	Floating interest rate	1 year or less	Fixed interest maturing in: Over 1 year to 5 years	More than 5 years	Non-interest bearing	Total
2019						
<i>Financial assets</i>						
Cash and cash equivalents	1,808	10,921	-	-	-	12,729
Trade and other receivables	-	-	-	-	960	960
Investment in water corporation	-	-	-	-	13,573	13,573
Total financial assets	1,808	10,921	-	-	14,533	27,262
<i>Financial liabilities</i>						
Trade and other payables	-	-	-	-	558	558
Trust funds and deposits	-	-	-	-	177	177
Interest-bearing loans and borrowings	-	148	330	127	-	605
Total financial liabilities	-	148	330	127	735	1,340
Net financial assets (liabilities)	1,808	10,773	(330)	(127)	13,798	25,922
2018						
<i>Financial assets</i>						
Cash and cash equivalents	1,470	10,408	-	-	-	11,878
Trade and other receivables	-	-	-	-	1,690	1,690
Investment in water corporation	-	-	-	-	12,203	12,203
Total financial assets	1,470	10,408	-	-	13,893	25,771
<i>Financial liabilities</i>						
Trade and other payables	-	-	-	-	470	470
Trust funds and deposits	-	-	-	-	161	161
Interest-bearing loans and borrowings	-	77	427	177	-	681
Total financial liabilities	-	77	427	177	631	1,312
Net financial assets (liabilities)	1,470	10,331	(427)	(177)	13,262	24,459

Notes to the Financial Report

for the year ended 30 June 2019

5.3 Financial Instruments (continued)

Fair value

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

(Amounts shown in \$000)	Total carrying amount		Net fair value	
	2019	2018	2019	2018
<i>Financial assets:</i>				
Cash and cash equivalents	12,729	11,878	12,729	11,878
Trade and other receivables	960	1,690	960	1,690
Investment in water corporation	13,573	12,203	13,573	12,203
<i>Total financial assets</i>	27,262	25,771	27,262	25,771
<i>Financial liabilities:</i>				
Trade and other payables	558	470	558	470
Trust funds and deposits	177	161	177	161
Interest-bearing loans and borrowings	605	681	605	681
<i>Total financial liabilities</i>	1,340	1,312	1,340	1,312

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 Consolidated Statement of Financial Position.

Risks and mitigation

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

Market risk

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

Interest rate risk

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

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

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

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

Notes to the Financial Report

for the year ended 30 June 2019

5.3 Financial Instruments (continued)

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

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

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

Credit risk

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

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

Credit risk arises from Council's financial assets, which comprise cash and cash equivalents, and trade and other receivables. Council's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable policy note. Council generally trades with recognised, creditworthy third parties, and as such collateral is generally not requested, nor is it Council's policy to securitise its trade and other receivables.

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

Ageing of Trade and Other Receivables

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

(Amounts shown in \$000)	2019	2018
Current (not yet due)	225	994
Past due by up to 30 days	7	6
Past due between 31 and 60 days	-	-
Past due between 61 and 90 days	2	-
Past due by more than 90 days	93	95
<i>Total Trade & Other Receivables</i>	327	1,095
Rates receivable	633	595
Total receivables	960	1,690

Notes to the Financial Report

for the year ended 30 June 2019

5.3 Financial Instruments (continued)

Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

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

To help reduce these risks we:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

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

The table below lists the contractual maturities for Financial Liabilities.

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

2019 (Amounts shown in \$000)	Less than 1 year	1 to 5 years	More than 5 years	Contracted cash flow	Carrying amount
Trade and other payables	558	-	-	558	558
Trust funds and deposits	177	-	-	177	177
Interest-bearing loans and borrowings	148	330	127	605	605
Total financial liabilities	883	330	127	1,340	1,340
2018 (Amounts shown in \$000)	Less than 1 year	1 to 5 years	More than 5 years	Contracted cash flow	Carrying amount
Trade and other payables	470	-	-	470	470
Trust funds and deposits	161	-	-	161	161
Interest-bearing loans and borrowings	77	427	177	681	681
Total financial liabilities	708	427	177	1,312	1,312

Notes to the Financial Report

for the year ended 30 June 2019

5.3 Financial Instruments (continued)

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 -0.5% in market interest rates (AUD) from year-end rates.

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			
		-0.5%		1%	
(Amounts shown in \$000)		-50 basis points		100 basis points	
		Profit	Equity	Profit	Equity
<i>Financial assets:</i>					
Cash and cash equivalents	12,729	(64)	(64)	127	127
Trade and other receivables	960	(5)	(5)	10	10
<i>Financial liabilities:</i>					
Interest-bearing loans and borrowings	605	3	3	(6)	(6)
2018		Interest rate risk			
		-0.5%		1%	
(Amounts shown in \$000)		-50 basis points		100 basis points	
		Profit	Equity	Profit	Equity
<i>Financial assets:</i>					
Cash and cash equivalents	11,878	(59)	(59)	119	119
Trade and other receivables	1,690	(8)	(8)	17	17
<i>Financial liabilities:</i>					
Interest-bearing loans and borrowings	681	3	3	(7)	(7)

Notes to the Financial Report

for the year ended 30 June 2019

6 Other information

This section outlines additional financial information not included in other sections but required in accordance with accounting standards. Details of Council's reserves, commitments and contingencies are included in the notes together with other current accounting policies, changes to accounting standards adopted in the financial year and new or amended accounting standards not yet adopted.

6.1 Reserves

(Amounts shown in \$'000)	Balance as at 30 June 2017	Revaluation increment (decrement)	Other movements	Balance as at 30 June 2018	Revaluation increment (decrement)	Other movements	Balance as at 30 June 2019
Asset revaluation reserve	59,682	722	-	60,404	634	-	61,038
Fair value reserve							
<i>Equity investment asset</i>							
Investment in water corporation	-	-	-	-	-	(165)	(165)
<i>Available-for-sale assets</i>							
Investment in water corporation	(1,691)	-	156	(1,535)	-	1,535	-
Total fair value reserve	(1,691)	-	156	(1,535)	-	1,370	(165)
Other reserves							
Bridge maintenance reserve	1,666	-	-	1,666	-	-	1,666
Plant replacement reserve	686	-	-	686	-	-	686
Capital works reserve	1,239	-	-	1,239	-	-	1,239
Quarry reinstatement reserve	31	-	-	31	-	-	31
Public open space reserve	29	-	-	29	-	-	29
Total other reserves	3,651	-	-	3,651	-	-	3,651
Total reserves	61,642	722	156	62,520	634	1,370	64,524

Recognition and measurement

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

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. This equity Investment asset within the fair value reserve was previously classified as an available for sale asset.

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

Other reserves have been created at the discretion of Council to capture allocations for specific purposes.

Notes to the Financial Report

for the year ended 30 June 2019

6.2 Commitments

(Amounts shown in \$000)

	2019	2018
<i>Capital expenditure contractual commitments</i>		
Contractual commitments for capital expenditure at end of financial year but not recognised in the financial report are as follows inclusive of GST payable:	153	159
<i>Other contractual commitments</i>		
Other contractual commitments at end of financial year but not recognised in the financial report are as follows inclusive of GST payable:	148	178

6.3 Contingent liabilities and contingent assets

Contingent liabilities

There are currently no claims against the Council, its Councillors or any officers which are likely to result in any material liability against Council.

Recognition and measurement

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

6.4 Other significant accounting policies and new accounting standards

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

(b) Allocation between current and non-current

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

(c) Budget

The estimated revenue and expense amounts in the Consolidated Statement of Profit or Loss and Other Comprehensive Income represent revised budget amounts and are not audited.

Notes to the Financial Report

for the year ended 30 June 2019

6.4 Other significant accounting policies and new accounting standards (continued)

(d) 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:

■ AASB 9 Financial Instruments (effective from 1 January 2018)

This standard replaces the existing standard, AASB139: Financial Instruments: Recognition and Measurement and revises classification, measurement and disclosure of financial assets and liabilities. It reduces the number of categories for financial assets and simplifies the measurement choices, including the removal of impairment testing of assets measured at fair value. Classification of financial assets is determined by Council's 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 effect of adopting AASB 9 as at 1 July 2018 was as follows:

(a) Classification and measurement

The following financial asset of Council has been reclassified on adoption of AASB 9. The classification is primarily based on Council's business model in which a financial asset is managed and its contractual cash flow characteristics. The effects resulting from reclassification is as follows:

- Investment in water corporation - classified as an 'Available-For-Sale' financial asset as at 30 June 2018. As Council does not hold this equity investment for trading purposes, it has made an irrevocable election for this equity instrument to present any subsequent changes in fair value in Other comprehensive income. Under this approach only dividends are recognised in profit or loss. Council's Investment in water corporation is classified and measured as an 'Equity instrument at fair value through other comprehensive income' beginning 1 July 2018.
- Council has not designated any financial liabilities at fair value through profit or loss. There are no changes in the classification and measurement for Council's financial liabilities.

In summary, upon the adoption of AASB 9, Council had the following required (or elected) reclassification as at 1 July 2018:

(Amounts shown in \$000)			AASB 9 Category and carrying amount			
AASB 139 Category and carrying amount			Amortised Cost	Fair value through profit or loss	Fair value through OCI	Equity instrument at fair value through OCI
Note						
Investment in water corporation	3.4	12,203	-	-	-	12,203
			-	-	-	12,203

Notes to the Financial Report

for the year ended 30 June 2019

6.4 Other significant accounting policies and new accounting standards (continued)

(b) Impairment of financial assets

The adoption of AASB 9 has changed Council's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach, with a forward-looking expected credit loss (ECL) approach. AASB 9 requires Council to recognise an allowance for ECLs for all financial assets not held at fair value through profit or loss.

However, other than re-classification of the provisions for impairment to the provisions for expected credit loss, there was no material impact on the calculation of the estimated impairment of trade and other receivables upon adoption of AASB 9 as at 1 July 2018.

(e) 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.

■ AASB 15 Revenue from Contracts with Customers

The standard has been deferred by AASB 2016-7 Deferral of AASB15 for Not-for-Profit Entities, until the 2019-20 reporting period.

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.

Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

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

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

For Council there will be a significant effect in the treatment of all grants with sufficiently specific performance obligations where the conditions have yet to be fulfilled at year end. Council currently presents unexpended grant income received in note 3.1. Council's assessment is that \$875,000 will be deferred as a liability under AASB 15 and progressively recorded as income as performance obligations are fulfilled.

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

Notes to the Financial Report

for the year ended 30 June 2019

6.4 Other significant accounting policies and new accounting standards (continued)

■ AASB 1058 Income of Not-for-Profit Entities

This standard has been deferred until the 2019-20 reporting period.

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

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

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

Where the asset acquired is leased at a "Peppercorn" rate, being a nominal or low value lease cost per annum, 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. Council currently has 3 Peppercorn leases and will assess the value of right-of-use lease assets and remaining lease liabilities during the next 12 months. Any balance will be adjusted against accumulated surplus.

AASB 1058 also encompasses non-contractual statutory income such as rates, taxes and fines. Council currently recognises income when received. Under AASB 1058, income is recognised when the taxable event has occurred. An impact for Council is that prepaid rates received prior to the beginning of a rating period, will now be recognised as a financial liability until the commencement of that rating period. The impact to Council will be that revenue recognised when received from Rates and charges in advance as disclosed in note 2.2, will now be recorded as a liability, with revenue deferred until the commencement of the applicable rating period.

AASB 1058 requires the recognition of Volunteer services where they would have been purchased if not donated and the fair value of those services can be reliably measured. Council has assessed these requirements and determined that approximately \$126,000 would have been recognised as Volunteer services income and expense in the current year.

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.

Notes to the Financial Report

for the year ended 30 June 2019

6.4 Other significant accounting policies and new accounting standards (continued)

■ 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 operating leases being brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low-value assets which may remain off the balance sheet. Council's current does not have any material lease commitments.

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.

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 currently has no material operating leases. Council will apply the standard from 1 July 2019 using a retrospective approach with cumulative catch-up with an adjustment to Accumulated surpluses, where material, for the difference in accounting treatment on initial adoption.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to Council's activities, or have no material impact.

SOUTHERN
MIDLANDS
COUNCIL



Southern Midlands Council

71 High Street, Oatlands Tas 7120 | 85 Main Street, Kempton Tas 7030

Phone: 03 6254 5000 | Phone: 03 6254 5050

mail@southernmidlands.tas.gov.au

www.southernmidlands.tas.gov.au