



ANNUAL REPORT

2020 - 2021



OUR PURPOSE

To facilitate a vibrant, sustainable and liveable South East Region.

OUR VISION

A proud, thriving and inclusive South East Community.

OUR VALUES

INTEGRITY

We work in good faith, are honest and forthcoming and take accountability for our decisions.

UNITY

We work cohesively as one Council, supporting our community and each other to achieve better outcomes.

RESPECT

We listen to and consider the opinions and input of each person and acknowledge each other's contribution.

INNOVATION

We are committed to finding new solutions, adapting to change and continuously improving in order to deliver the best outcomes for the community.

SORELL COUNCIL

Annual Report 2020 - 2021

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Sorell Memorial Hall

ABOUT SORELL

Community. Coast. Country.

One of Tasmania's fastest growing Municipalities, we have a population of approximately 16,000 residents. Our rapid growth is forecast to continue over the next twenty five years, at around 3.6 times the state average.

Located just 25 kilometres from Hobart, Sorell is one of Tasmania's oldest towns. We commemorate the 200th anniversary of the naming of the Sorell Township during 2021.

Our Municipal area covers some 583 square kilometres, characterised by rolling countryside, low forested hills and long coastlines filled with beautiful beaches. Our key entrance points are Midway Point, Dunalley and Orielson, with our Municipal borders extending east through Orielson and further south east around our scenic coastline, encasing the townships of Dodges Ferry, Lewisham, Carlton, Primrose Sands, Dunalley, Marion Bay and Boomer Bay. Our border also extends through enchanting hillsides and unique Tasmanian forests, incorporating the townships of Forcett, Copping, Nugent and Kellevie.

The main highways through our Municipality are the Arthur Highway, which connects us with the Forestier and Tasman Peninsulas, and the Tasman Highway, that connects us to the picturesque East Coast. The Sorell Township is the heart of the south east and provides a commercial focus for the region.

With suburban, beachside, semi-rural or rural living options available, our Municipality is popular for its affordable housing, natural coastline, rolling hills and the convenience of major shops and services all within close proximity to Hobart.

We manage a road network consisting of 393 km of roads, 107km of which is urban, and 233km which is rural. 207km of this is sealed roads, with the remaining 133km unsealed. We maintain 86 bridges, 2,951 stormwater pits and 95km of stormwater pipes throughout the Municipality. There are 34 community buildings and facilities and 12 community parks and recreation reserves being managed by our works crews.

Invitation for Submissions - Members of the community are invited to make submissions on the Annual Report for discussion at our Annual General Meeting. The Annual General Meeting will be held at 5.30pm on Tuesday 14 December 2021 in the Council Chambers.

Any person wishing to make a submission can do so by addressing it to:

Robert Higgins, General Manager

Email: sorell.council@sorell.tas.gov.au

Mail: PO BOX 126, Sorell TAS 7172.

Submissions must be received by close of business Friday 3 December 2021.



Australia Day Citizenship Ceremony

MAYORS REPORT

It's been another big year for the Sorell Municipality, with residential growth and development continuing to rapidly progress.

Council approved numerous Subdivision Applications of varying sizes throughout the year. These developments will see our residential growth continue for many years to come yet, but also provides us with many challenges. A growing community has the requirement for sustainable, new and upgraded infrastructure. Our growth places us firmly as the heart of the south east and a major service centre for the region in terms of shopping, business and sport.

Nonetheless, all of this comes with added financial responsibility for Council. The addition of new buildings and assets means we need to have our Long Term Financial Plan and associated strategies in place to cater for their associated ongoing costs. Ongoing maintenance and depreciation costs really bite into our already limited budget.

Government funding has been extremely beneficial for helping us meet our growing community's needs. But regardless of where the funding comes from, we still have to have the ability to fund maintenance and depreciation costs of the assets into the future.

Council regularly reviews its strategic and long term plans for facility and infrastructure growth to meet our community's expanding demands.

However, it is vital that we continue to strongly advocate for the Government to update the Southern Tasmanian Regional Land Use Strategy. It is extremely out dated and is preventing us from being able to action our plans to appropriately accommodate for our future growth.

Several projects we've been advocating the Government for received funding commitments or commenced construction this year.

The State election in May saw the Liberal Government commit \$2.5 million to build a multi-purpose function centre at Pembroke Park. We have extremely limited facilities in our community for events and functions with many groups having to travel outside our Municipality for these. This means we will be able to host more events and functions in our community and keep our money in our local economy and supporting our local businesses.

Several of the Government's South East Traffic Solutions Projects commenced during the financial year. The Hobart Airport Interchange, Midway Point Solution and Sorell Southern Bypass projects have all commenced and are making sound progress. These major road infrastructure works will have a hugely positive impact for our community and help maintain the liveability of Sorell and the Southern Beaches by improving travel time reliability through a more efficient and safer road network.

The redevelopment of Sorell School went out for tender and plans progressed significantly for the development of an Emergency Services Hub in Sorell. We will see major progress with these projects in the 2021-2022 financial year.

I'm pleased to see our advocacy efforts continue to pay off for our expanding community.

I appreciate the persistence and hard work of Council's General Manager and staff in assisting these projects to move forwards. A great deal of planning, preparation, liaison and management goes on behind the scenes before these projects can even get off the ground.

The Copping Refuse Disposal Site Joint Authority (Trading as Southern Waste Solutions) of which we are a part owner, is maintaining its status as a state of the art waste landfill facility. There are numerous projects underway and recently completed which aim to provide positive community and environmental benefits. These include the trial of a wetland leachate treatment system, construction of a second longer weigh bridge, and the development of a second generator to increase the capacity to reprocess gases emitted from landfill as a renewable energy source for the Tasmanian community. Planning is also well underway for possible construction of a new state of the art in vessel composting facility.

Southern Waste Solutions is committed to implementing new technologies in response to the growth in the waste industry and to meet the increasing needs of the Tasmanian community and environmental targets.

The South East Region Development Association (SERDA) has gone from strength to strength. Around five years ago we started working on a strategy to develop local training programs and jobs initiatives so that we could get local people into local jobs to keep people working locally and spending money in local businesses.

Our successful focus on workforce development programs has continued to draw support from the State Government. The Government announced a jobs support package worth \$20.5 million over two years to implement a range of services and programs throughout Tasmania. I am very proud to say these programs have been based upon SERDA's successful Workforce Development Program model.

SERDA continues planning for the south east's future, with many more programs and opportunities on the horizon for the benefit of the whole region.

I'm pleased to see our local sporting clubs and community groups continue to grow and prosper. The hard work and dedication of these group's committees is commendable. Well done to all involved.

Council staff enjoy a close working relationship with our community. I regularly receive positive feedback about the work Council staff do, and I am pleased to see their ongoing cooperation with individuals and our community groups to enact positive outcomes for our community. Thank you to all staff and community members who have worked to make their community a better place this year. I appreciate and admire your ongoing efforts immensely.

Kerry Vincent
Mayor



Cole Street Stormwater Works

GENERAL MANAGERS REPORT

Preparing for 2020-2021 during the tail end of the initial statewide COVID restrictions influenced our operational and financial focus.

Reflecting on our Purpose, Vision and Values (Integrity, Unity, Respect and Innovation), the organisation remained committed to supporting and facilitating outcomes for the betterment of the south-east region.

The message from the Premier to the Local Government sector was clear – Councils had the responsibility and the means to facilitate continued economic activity in their regions. Whilst the forecast economic downturn had not occurred to the extent expected in Sorell at the start of the financial year, the organisation simply focused on delivering services and assets for our customers.

A \$19.76m operating budget and record \$12.7m capital budget was a significant undertaking. In line with community and government expectations, Council adopted a 0% increase to our rates, charges, fees and facilities hire.

The range of capital budget projects for both asset renewal and new / upgraded assets were across all four asset classes – Transport, Buildings, Stormwater and Land Improvements. A number of these were only achievable due to support from the Federal and State Governments through a number of COVID recovery grants for community and local infrastructure upgrades, Black Spot and Vulnerable Road Users Programs, Community Sport and Recreation grants, Roads to Recovery funding, Financial Assistance Grants and project specific commitments.

Acknowledging impacts to the tourism sector, the Tasmanian economy has performed exceptionally well through 2020-2021 with significant cost increases particularly in the civil construction industry. Our tendering and procurement practices for capital projects were largely spared these increases with a range of bids received that enabled market competitive engagement.

Commencement of key Government infrastructure projects including the South East Traffic Solution from Hobart airport to Sorell, Sorell School redevelopment and South East Emergency Services Hub were welcomed albeit, the former came with increased travel time during construction.

Sorell's financial position through 2020-2021 was satisfactory between budget and actual results and consistent with our 20 year forecast. We are incrementally shoring up our ability to maintain our operations regarding day to day functions, asset maintenance and asset replacement. Our ability to generate revenue to build new assets or upgrade existing assets is still limited and extends to the long term depreciation and operating expenses associated with an increase in asset values.

The 2020-2021 budget delivered an end of year net surplus of \$6.886m against a budgeted surplus of \$5.578m. This was principally impacted by an increase in operating income of \$1.229m (due to early payment of 2021/2022 FAG allocation), TasWater dividend of \$162k and capital income of non-monetary asset contributions to the value of \$1.212m (i.e. assets donated through subdivision development) and equity share of Copping Refuse Disposal Site

Joint Authority (CRDSJA) of \$608k. This flowed into one of the key management indicators of the Tas Audit Office, the underlying position which showed a surplus of \$1.705m and associated ratio of 9%.

This comprises the net operating result (\$6.886m) less non-operating capital income (\$4.598m), non-monetary asset contributions (\$1.212m) and equity share of CRDSJA (\$608k). For comparative purposes, the prior year positions have been:

- 15/16 surplus of \$794k;
- 16/17 surplus of \$18k;
- 17/18 surplus of \$555k;
- 18/19 surplus of \$1.4m; and
- 19/20 surplus \$1.745m.

Another indicator that, whilst adopting a more coarse calculation, is albeit equally or more relevant comprises operating (recurrent) income (\$19.759m) minus expenses (\$18.185m). For 2020-2021 it was a surplus of \$1.574m. Prior years have been:

- 15/16 surplus of \$336k;
- 16/17 surplus of \$812k;
- 17/18 surplus of \$549k;
- 18/19 surplus of \$1.427m; and
- 19/20 surplus \$1.904m.

Council delivered a Capital Works Program of \$12.7m comprising \$4.8m of asset renewal/replacement, \$7.9m for new/upgraded assets and maintenance expenditure of \$2.4m. This generated the ratios of 92% asset sustainability, 94% asset renewal funding and 74% asset consumption. Our net assets and total equity all increased from \$295.9m to \$303m inclusive of our cash position which remained stable from \$11.36m to \$11.35m.

Preparations commenced to review our Long Term Financial Plan assumptions and forecasts and to incorporate this into the development of a Financial Management Strategy in 2021-2022. This reset on financial capacity and expectations is necessary given the continued strong residential growth, increasing demands on Council assets and services and limited high rating value commercial and industrial land use. Residential growth alone does not provide the extent of rate dense land necessary to position Council to either service significant borrowings or quickly build cash reserves. Our success in attracting Federal and State Government capital funding for building assets is tempered against the increased operational costs (depreciation, utilities, employee, maintenance) that must be funded through operating revenue. Principally, rates, charges and user fees.

Despite our comparatively limited size, the organisation continued with a continuous improvement mindset and focus on delivering targeted and sustainable services. Adopting a revised Customer Service Charter and Strategy, new Open Space Strategy, revised Land Improvement and Transport Asset Management Plans and new Stormwater System Management Plan all contributed to the evolution of our operations and decision making.

Advocacy and engagement is a highly effective tool we continue to utilise across a range of private and public sector organisations to achieve better outcomes for the south east. Council accordingly acknowledges those we have continued respectful and productive dealings including the Departments of State Growth, Education, Property Services and Police, Fire & Emergency Management, Tas Irrigation, MAST, SERDA and TasWater.

For 2020-2021, a key success was achieved through SERDA supporting and delivering workforce development, training and business advisory programs with the South East Employment Hub. The success of this regional model resulted in new funding support from DPAC to enable all programs to continue through 2021-2022 and importantly, to enable a longer-term governance structure to be established. This will be designed to be capable of receiving funding from Jobs Tasmania to assist the ongoing and increased delivery of a range of services focused on workforce training, readiness and increasing employment rates across our communities.

Whilst the appointment of a preferred proponent for the Dunalley Marina Project was confirmed in Q1 of 2020-2021, delays in the preparation of lease documentation with the Crown has resulted in minimal progress for the remainder of the financial year. This is a disappointing outcome for the local proponent and community.

Finalising the preparation of the Local Provisions Schedule with the Tasmanian Planning Commission was another key outcome achieved and enabled public exhibition to commence with a final decision expected in Q2 of 2021-2022. Whilst the State Government was unable to commit to the timely review of the STRLUS, work associated with the Metro Plan under the Greater Hobart / City Deal nonetheless progressed. This has highlighted the ease with which a revised settlement strategy can be undertaken and has positively impacted the State Government such that during 2021-2022, a range of associated commitments and funding have been made.

My sincere thanks to our staff who always strive to deliver a broad range of services, maintenance activities and capital works programs with a genuine desire to do the very best for the community and to operate within our means. The organisation and Elected Members take the role of community leadership seriously and endeavor to act responsibly and genuinely for our stakeholders.

Robert Higgins
General Manager

NATIONAL VOLUNTEERS WEEK



200
years
SORELL
TOWNSHIP
1821-2021

*Celebrating 200 Years of
Volunteering in Sorell*



National Volunteers Week Volunteer Recognition Event – Celebrating 200 Years of Volunteering in Sorell

YOUR COUNCILLORS

TERMS OF SERVICE AND REPRESENTATIONS

**Mayor
Kerry Vincent**



Terms as Councillor	2009 - Present
Terms as Mayor	2012 - Present

Committee Representations

- Pembroke Park Advisory Committee – Chair
- Municipal Emergency Management Committee – Chair
- Sorell School Rebuild Committee
- South East Region Development Association – Chair
- Development Assessment Special Committee – Chair
- Copping Refuse Disposal Site Joint Authority – Chair
- Sorell Tasman Affected Area Recovery Committee – Co-Chair
- TasWater
- Local Government Association of Tasmania
- Southern Tasmania Councils Authority
- STCA Audit and Governance Chair
- Seniors Advisory Group
- Southern Regional COVID Recovery Committee – Co-Chair

**Councillor Kerry
Degrassi**



Terms as Councillor	1996 - Present
Term as Mayor	1999 - 2000

Committee Representations

- Arts and Cultural Working Group Committee
- Development Assessment Special Committee

**Deputy Mayor
Natham Reynolds**

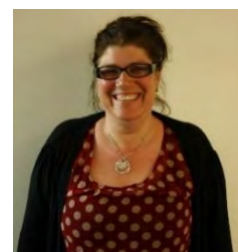


Terms as Councillor	2014 - Present
Term as Deputy Mayor	2018 - Present

Committee Representations

- Development Assessment Special Committee
- Sorell Code of Conduct Panel
- Pembroke Park Advisory Committee
- Copping Hall and Reserves Committee
- Local Government Association of Tasmania (proxy)

**Councillor Deborah
De Williams**



Terms as Councillor	2014 - Present
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Committee Representations

- Development Assessment Special Committee
- Pembroke Park Advisory Committee
- Sorell Code of Conduct Panel
- Sorell Audit Committee
- Copping Refuse Disposal Site Joint Authority (proxy)



Councillor Vlad Gala

Terms as Councillor 2014 - Present

Committee Representations

- Development Assessment Special Committee
- Sorell Audit Committee
- Dunalley Hall and Reserves Committee (proxy)

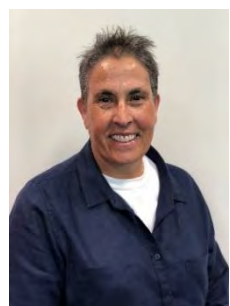


Councillor Geoffrey Jackson

Term as Councillor 2018 - Present

Committee Representations

- Development Assessment Special Committee
- TasWater (proxy)
- Copping Hall and Reserves Committee (proxy)



Councillor Beth Nichols

Term as Councillor 2018 - Present

Committee Representations

- Development Assessment Special Committee



Councillor Melinda Reed

Term as Councillor 2018 - Present

Committee Representations

- Development Assessment Special Committee
- Arts and Cultural Committee
- Sorell Audit Panel



Councillor Carmel Torenus

Terms as Councillor 1991 - 2012 & 2014 - Present

Terms as Mayor 1994 - 1999 & 2000 - 2012

Committee Representations

- Development Assessment Special Committee
- Dunalley Hall and Reserves Committee
- Arts and Cultural Committee

COUNCILLOR ALLOWANCE AND EXPENSES

In 2020-2021 Council provided allowances and reimbursement for reasonable expenses to the Mayor, Deputy Mayor and Councillors.

Councillor allowances and expenses totalled **\$203,000**

COUNCILLOR ATTENDANCE

Name	Council & Special Meetings		DASC Meetings		Workshops/ Briefings		AGM		Other Meetings+	
	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended
Mayor Kerry Vincent	13	13	22	19	15	15	1	1	4	4
Deputy Mayor Natham Reynolds	13	12	22	22	15	15	1	1	4	4
Councillor Beth Nichols	13	13	22	22	15	15	1	1	4	4
Councillor Carmel Torenus	13	11	22	18	15	15	1	1	4	0
Councillor Deborah De Williams*	13	5	22	11	15	8	1	1	4	0
Councillor Geoffrey Jackson	13	13	22	16	15	14	1	1	4	4
Councillor Kerry Degrassi	13	7	22	9	15	8	1	1	4	0
Councillor Melinda Reed	13	13	22	21	15	15	1	1	4	3
Councillor Vlad Gala	13	12	22	14	15	13	1	1	4	1

*Approved Leave of Absence during the financial year.

+ Other Meetings include – Primrose Sands Community Conversation, Dodges Ferry/Carlton Community Conversation, Australia Day Award selection meeting and Community Grants Workshop.



Pembroke Park Stadium Complex

STATUTORY REPORTING

CODE OF CONDUCT

The number of code of conduct complaints that were upheld either wholly or in part during the preceding financial year – None.

The total costs met by Council during the preceding financial year in respect of all code of conduct complaints dealt with during the preceding financial year – Zero.

CONTRACT FOR THE SUPPLY OF GOODS AND SERVICES

In accordance with Regulation 29(1) of the *Local Government (General) Regulations 2015*, the following are particulars of all tendered contracts for the supply or provision of goods and services valued at or exceeding \$250,000 (excluding GST) entered into by Council during the 2020 - 2021 financial year.

Item	Description of Contract	Contract Period	Contract Value \$	Successful Contractor
1	Road Resheeting	October 2020 – January 2021	\$507,593.24	Hazell Brothers
2	Road Resealing	November 2020 – December 2020	\$345,283.11	Fulton Hogan
3	Pembroke Park Stadium Construction	October 2020 – July 2021	\$6,999,589	VOS Constructions
4	Pembroke Park Stadium Access Road and Car Park	September 2020 – October 2020	\$478,674.61	Hedlam Howlett
5	Sugarloaf Road Reconstruction	March 2021 – May 2021	\$548,698	Black Cap
6	Fulham Road Realignment	March 2021 – May 2021	\$409,811	Black Cap
7	Lewisham Road Reconstruction	January 2021 – March 2021	\$323,357	Moore Civil Construction
8	Cole Street Stormwater Upgrade	January 2021 – May 2021	\$1,175,054.40	Black Cap and Hudsons Civil Products
9	Burdons Road and Woods Road Bridges	September 2020 – October 2020	\$340,093	VEC

In accordance with Regulation 29(3) of the *Local Government (General) Regulations 2015*, the following are particulars of all contracts for the supply or provision of goods and services valued at or exceeding \$100,000 (excluding GST) entered into by Council during the 2020 - 2021 financial year.

Item	Description of Contract	Contract Period	Contract Value \$	Successful Contractor
1	Eighth Avenue kerb, gutter and stormwater drainage	February 2021 – May 2021	\$164,754	JRV Civil
2	Carlton Beach Road footpath renewal	September 2020 - November 2020	\$107,726	Visualise Kerbing & Concreting
3	San Francisco Street footpath renewal	October 2020 - February 2021	\$165,977	JDM Civil Construction
4	Montagu Street kerb, gutter and stormwater drainage	March 2021 – June 2021	\$215,000	Visualise Kerbing & Concreting
5	Tiger Head Road footpath	February 2021 – June 2021	\$233,800	Visualise Kerbing & Concreting
6	Pembroke Park Unisex Change Rooms car parking and landscaping	September 2020 - November 2020	\$107,726	Visualise Kerbing & Concreting
7	Fulham Road Lime Stabilisation	August 2020 - September 2020	\$196,000	Andrew Walter Constructions

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY

The Copping Refuse Disposal Site Joint Authority (Trading as Southern Waste Solutions) was established under Section 30 of the *Local Government Act 1993* by Sorell Council, Clarence City Council and Tasman Council. Kingborough Council later joined the Authority in 2009.

Activities

The Copping Refuse Disposal Site Joint Authority's function is to promote and manage a putrescible landfill disposal site which conforms to its Development Proposal and Environmental Management Plan (DP&EMP) and permit conditions.

Budget and Performance

Surplus for the year before income tax expense was \$1,501,118 (2019 – 2020: \$4,826,382), which was above budget by \$1,536,924.

The major contributing factor to the result was an increase in gate waste receipts revenue, which was above budget by \$3,703,989.

The total comprehensive surplus for the year was \$1,128,895 (2019-2020: \$3,530,291).

DONATION OF LAND STATEMENT

Sorell Council has not resolved to donate any land in accordance with Section 177 of the *Local Government Act 1993*.

ENTERPRISE POWERS STATEMENT

Sorell Council has not resolved to exercise any powers or undertaken any activities in accordance with Section 21 of the *Local Government Act 1993*

GRANTS, ASSISTANCE AND BENEFITS PROVIDED UNDER SECTION 77 (1)

INDIVIDUAL ACHIEVEMENT FUNDING	
Individual State Representation x 6	\$1,500
Sub Total Individual Achievement Funding	\$1,500
QUICK RESPONSE GRANTS	
Orielton Hall Committee	\$500
Primrose Sands Community Centre	\$250
Sub Total Quick Response Grants	\$750
COMMUNITY ASSISTANCE GRANTS	
Carlton Park Surf Life Saving Club	\$2,000
Dodges Ferry Football Club	\$2,000
Forcett Community Hall Committee	\$1,300
Historical Society of Sorell	\$2,000
Jazz by the Sea	\$700
Okines Community House	\$1,733
Sea Rescue Dodges Ferry	\$2,000
Sing Australia Sorell	\$500
Sorell Men's Shed and Heritage Museum	\$2,000
Sorell on Stage	\$1,125
Southern Tasmania Country Music Muster	\$1,500
Sub Total Community Assistance Grants	\$16,858
ANNUAL CONTRIBUTIONS AND DONATIONS	
Art Acquisition Prize	\$1,500
Dodges Ferry Junior Soccer Club	\$1,250
Dunalley School	\$60
Forcett Community Hall Committee	\$1,660

Midway Point Volunteer Fire Brigade	\$100
Primrose Sands Hall	\$5,000
Sea Rescue Tasmania	\$2,000
Return of 2019 – 2020 Donations	(\$1,976)
Sub Total Contributions and Donations	\$9,594

SORELL 200th ANNIVERSARY GRANTS

CWA Sorell	\$931
Historical Society of Sorell	\$2,400
Lions Club of Sorell	\$1,047
Lodge Pembroke	\$396
South East Suns Women's Football Club	\$2,500
Ten Days on the Island	\$3,124
Sub Total Grants	\$10,398

SCHOOL BURSARIES

Dunalley Primary School	\$200
Dodges Ferry Primary School	\$200
Sorell Primary School	\$200
Sorell High School	\$300
Sub Total School Bursaries	\$900

TOTAL DONATIONS AND GRANTS **\$40,000**

PUBLIC INTERESTS DISCLOSURES ACT 2002

Section 86 of the *Public Interest Disclosures Act 2002* states that Council as a public body is required by the *Local Government Act 1993* to prepare an Annual Report and therefore must report on the following:

Information as to how persons may obtain or access copies of the current procedures established by the public body under the Act – Council's *Public Interest Disclosure Procedure* is freely available for download on Council's public website (<http://www.sorell.tas.gov.au/publications/policies/>) and can also be accessed by phoning Customer Service.

The number and types of disclosures made to the relevant public body during the year and the number of disclosures determined to be a public interest disclosure – None.

The number of disclosures determined by the relevant public body to be public interest disclosures that it investigated during the year – None.

The number and types of disclosed matters referred to the public body during the year by the Ombudsman – None.

The number and types of disclosed matters referred during the year by the public body to the Ombudsman to investigate – None.

The number and types of investigations of disclosed matters taken over by the Ombudsman from the public body during the year – None.

The number and types of disclosed matters that the relevant public body has declined to investigate during the year – None.

The number and type of disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation – None.

Any recommendations made by the Ombudsman that relate to the relevant public body – None.

PUBLIC HEALTH AND FOOD ACT STATEMENT

The Environmental Health section consists of the full-time Manager Regulatory Services (a qualified Environmental Health Officer), a part-time Environmental Health Officer (24 hours per week), a full time Senior Compliance Officer and two Animal Management Officers (one full-time and the other 24 hours per week). The section is responsible for public health activities such as food business regulation, public health risk activities, places of assembly, water quality, immunisations, animal management, fire hazard abatement on private land and caravan licencing.

The Environmental Health Officer (EHO) undertakes statutory duties under the *Public Health Act 1997* and *Food Act 2003*. EHO's also assess planning and plumbing applications, investigate pollution complaints, collect water samples, conduct sanitary surveys, report to Public Health, investigate environmental/nuisance, provide environmental health input into Council business processes, and administer the Environmental Health and Public Places By-laws. The Manager Regulatory Services administers waste management collection contracts and supervises building, plumbing and compliance staff. The Senior Compliance Officer manages the fire hazard program, enforces by-laws, collects water samples, investigates environmental/nuisance and litter complaints and coordinates the Animal Management Officers.

After reviewing compliance activities, the Environmental Health Officer hours of work were increased from 24 hours per week to 28.

Public Health

The section regulates major public events such as Falls Festival and Bream Creek Show, however, these events were cancelled due to the COVID 19 Pandemic.

Several food complaints received included alleged food poisoning from a local business, unclean food business, selling food containing foreign matter, deteriorated food and unregistered food businesses.

Food business inspections increased to 'catch-up' from inspections that were not undertaken during 'COVID restrictions'. Several food safety breaches were identified and enforcement action was taken. In total 73 inspections were completed from 151 food businesses.

Public health risk activities and high-risk private water suppliers received inspections and were registered as required by the *Public Health Act 1997*.

The School immunisation program was successfully completed at Sorell School in September 2020. The first dose of Boostrix and Gardasil immunisation was given to students in March 2021.

Recreational water quality monitoring was completed at swimming beaches during the summer. Six of the seven sites monitored have 'good' water quality with the exception of McKinly Beach at Midway Point, which is 'moderate'. The classifications are in accordance with the Tasmanian Recreational Water Quality Guidelines. Warning signs are erected at these sites advising residents not to swim after heavy rainfall. New permanent signs are currently

being developed to enable a flip down if the water quality is temporarily poor. The new signage will provide consistency and uniformity across the southern Council areas.

There is one public swimming pool and one spa pool situated in the municipal area, and these were sampled throughout the year. On one occasion swimming pool water quality did not comply with water quality guidelines. Following disinfection and cleaning, two mandatory retests were performed returning compliant results enabling the pool to reopen.

Water quality results from private water suppliers generally had good water quality, with the exception of a primary school which had ongoing non-compliances in late 2020, these have now been resolved.

Several communicable disease notifications were received and the investigations completed and sent to the Director of Public Health.

Environmental Management

High rainfall in spring 2020 resulted in an increased number of complaints concerning failing septic tank systems. Some of these were directly related to surface and sub-surface water inundation from ineffective or non-existent stormwater drainage. Notices were issued on property owners requiring these systems to be repaired or replaced.

There continued to be a significant number of complaints in relation to domestic noise, backyard and larger scale burning, dust, offensive odour, barking dogs, fire hazards and dog attacks. Officers are using enforcement options including education, warnings, infringement notices, seizures, and formal orders. Complaints are prioritised and investigated considering public safety, the extent of environmental impact and available resources.

Enforcement action has been taken for several environmental issues resulting in notices being issued.

Environment Protection Notices were issued to regulate continuing trials of aquaculture waste being applied on several local properties to determine if it is an effective fertiliser.

EHO responded to several TasWater sewage spills in Dunalley and Midway Point. In the case of the Midway Point spill, the small beach below McKinly Street needed to be closed until the water quality was suitable for swimming.

The Manager Regulatory Services and Senior Planner prepared a draft *On-site Wastewater and Stormwater Special Area Plan (SAP)* for the Southern Beaches. The Tasmanian Planning Commission is now considering whether the Draft SAP will be included as a local provision within the Sorell Planning Scheme.

Compliance

There continues to be a high incidence of dog barking complaints and dogs attacking people and other animals. Officers typically resolve these incidents by seizing the dog and/or issuing infringement notices or prosecutions. The Animal Management Officers conduct periodic patrols at dog exercise areas over summer.

419 fire abatement notices were issued in 2020-2021, slightly more than the previous year. The majority of landowners complied with the notice. However, when this did not occur Council organised contractors to abate the nuisance and the costs were passed onto the land owner.

Numerous littering fines have been issued for dumping rubbish in public places or at the recycling centres.

The Senior Compliance Officer, with the assistance of the Animal Management Officers have identified a number of unlicensed caravans or existing caravans that had not paid renewal notices.

Animal Management Officers completed a number of property inspections and have identified unregistered dogs.

Building and Plumbing

Building and plumbing staff have dealt with a large number of new applications received after the 'COVID' stimulus package. In addition, hundreds of historic building and plumbing permits were assessed before they expired. This resulted in a significant increase in enquires and inspections. The number of applications received combined with complaint investigation and enforcing the Act were resource demanding for Council staff.

Fines have been issued for a range of offences including undertaking work without a building and/or plumbing permit and failure to comply with plumbing and building orders.

Plumbing and building notices/orders issued typically related to defective stormwater, non-compliant plumbing work, failing on-site wastewater management systems, undertaking building work without a work authorisation, non-compliant building work, occupying buildings without an occupancy permit and converting outbuildings into habitable buildings without a permit.

Waste Management

Council provides a range of waste management services including, kerbside garbage and recycling collection, greenwaste and hard waste collection, public recycling centres, public litter bins and a subsidy for residents using the Mornington Park Transfer Station.



Wildcare Friends of Pitt Water - Orielton Lagoon on Clean Up Australia Day

SORELL COUNCIL **AUDIT PANEL REPORT 2020/2021**

The Sorell Council Audit Panel is pleased to be able to present its Report for the year 2020/2021.

This Audit Panel is established pursuant to Section 85 of the *Local Government Act* and the *Local Government (Audit Panels) Order 2014*.

Sorell Council Audit Panel has been established since 2014. The current panel of three independent members (including the Chair) and two Councillors was appointed in March 2016. The independent Audit Panel members' contracts expire in March 2021, 2023 and 2024, allowing a staggered renewal to the Audit Panel in alignment with good governance principles.

The two Councillors appointed to the Audit Panel are Cr Deborah De Williams and Cr Melinda Reed, both appointed in October 2018 after council elections.

The Panel met on 4 occasions during the year. The members and attendance are shown below:

- Mrs Helen Galloway(Chair) 4/4 attended
- Mrs Carolyn Pillans 4/4 attended
- Cr Melinda Reed 4/4 attended
- Mr David Sales 3/3 attended (retired March 2021)
- Cr Deborah De Williams 0/4 attended
(Cr Deborah De Williams was on approved leave of absence for 2/4 of these meetings)

As required by the *Order*, the General Manager attended all 4 meetings.

In terms of the *Order*, the Panel is required to consider:

- Whether the annual financial statements of the Council accurately represent the state of affairs of the Council;
- Whether and how the Part 7 plans are integrated and the processes by which, and assumptions under which those plans are prepared;
- The accounting, internal control, anti-fraud, anti-corruption and risk management policies, systems and controls that the Council has in relation to safeguarding its long term financial position;
- Whether the Council is complying with provisions of the Act and any other relevant legislation; and

- Whether the Council has taken any action in relation to previous recommendations provided by the audit panel to the Council and, if it has taken action, what that action was and its effectiveness.

In complying with these legislative requirements, the Panel must take into account the size of the Council and the maturity of the internal audit practices in place.

The *Order* requires that an Audit Panel prepares an annual work plan, which it has done. In determining its work plan, the Panel took into account the particular circumstances of the Council. The work plan has been updated during the year and a copy is attached for information.

In accordance with the Charter, the Panel's Work Plan in 2020/2021 included the following.

External Audit

- Meeting with the External Auditors on a number of occasions;
- Providing input and feedback on the financial statements and performance audit coverage proposed by external audit and providing feedback on the audit services provided;
- Receiving and considering all external plans and reports in respect of planned or completed audits and monitoring management's implementation of audit recommendations;

Annual Audited Financial Statements

- Satisfying itself that the financial statements were supported by appropriate management and sign-off;
- Reviewing the financial statements, including the appropriateness of Accounting Policies and significant estimates and judgements adopted in the preparation of the financial statements;

Risk Management

- Actively reviewing the risk management framework, and associated procedures that are in place for management to effectively identify and manage the Sorell Council's financial and business risks;
- Monitoring the organisational performance in managing the risks identified in the risk register(s);

Internal Control

- Ensuring that the internal control measures in place are appropriate for the size of the council;
- Reviewing the operation of internal control measures;

- Checking compliance with regulations, policies, best practice guidelines, instructions and contractual arrangements;
- Monitoring ethical standards and related party transactions by determining whether the systems of control are adequate;
- Monitoring the progress of any major lawsuits facing the council.

The Audit Panel met on four occasions during the year and had no specific irregularities that they drew to the attention of Council. A number of systemic improvements were discussed with the General Manager in the course of the meetings and these will be monitored to ensure proper implementation of recommendations.

A copy of the minutes of each Panel Meeting was submitted to Council for its information. There were no specific matters referred by Council to the Panel for consideration.

The Panel recognises that the Council is not large and its resources are necessarily limited so the Panel is pleased to see progress of the risk management framework. The Panel acknowledges the delay of the new financial information system due to resourcing and the COVID19 pandemic created additional challenges.

In 2020/2021, the Panel considered significant events outside Council's control were the global COVID19 pandemic and legislative change. The Panel has, and will continue to, keep these matters under review at each meeting to assess the risk each event imposes on Sorell Municipality.

The Panel has met regularly with the External Auditor during the year during meetings both with and without management present. There were no matters of concern raised by either party.

The *Order* also requires the Panel to review its Charter and conduct a self-assessment of its performance every two years. Both these activities were completed in the year. The Council approved the Charter on 16-Mar-2021. The self assessment was conducted in September 2020 and reported to the Audit Panel on 11-Nov-2020. Consisting of 46 questions directly related to the Panel's role, scope and responsibilities under the Charter, the overall result was "Very Satisfactory". The assessment noted the improvement in secretarial support to the Panel during the past year.

The Panel thanks management and staff for their positive engagement with and support to the Panel. All information and documentation requested by the Panel to fulfil its duties was readily provided. The Panel would like to acknowledge and thank David Sales for his years of service on the Audit Panel.



Road reconstruction works on Sugarloaf Road

ANNUAL PLAN REPORTING

Key objectives and summary of strategies and initiatives for the 2020 - 2021 financial year.

Measure: C – Completed IP – In Progress O – Ongoing D – Deferred

1.0	Facilitate Regional Growth	Strategic Plan Reference	Measure
1.1	Support the timely delivery of the South East Transport Plan through an ongoing commitment to engage and critically review the remaining projects (Causeways duplication and Eastern bypass) with the Department of State Growth.	1.1	C - Eastern bypass under construction. IP – Western causeway environmental studies underway to support EPBC permit requirements.
1.2	Continue engagement with Tasmanian Irrigation 'South-East Integration Project' to leverage increased supply and reliability to the region.	1.2	IP – State and Federal Governments funding business case development.
1.3	Advocate through the Tasmanian Planning Commission - Statewide Planning Scheme Local Provisions Schedule assessment process for the protection of high value agricultural land and provision of enabling development control.	1.2	IP – Properties to be zoned Agriculture will be determined as part of LPS public hearing process.
1.4	Pursue TasWater to confirm a commitment to deliver growth and capacity plans for development forecasts, to address the Environment Protection Authority direction to cease discharge into Pittwater by 2022/2023 and to transfer the Dodges Ferry sewage lagoons.	1.3	D – TasWater delayed by consultant delivering overall South East sewerage strategy.
1.5	Establish pre and post COVID-19 business investment benchmark data through engagement with Tasmanian Chamber of Commerce and Industry, Regional Development Australia & SERDA Workforce Engagement and Development Officer.	1.4	O – Working with RDA Tas to establish benchmark data for key industries.
1.6	Advocate with SERDA partner Councils the key regional requirements of the revised South East Economic Infrastructure Strategy.	1.4, 1.5	O – List of regional priority projects document developed.
1.7	Support and promote SERDA programs and strategies: <ul style="list-style-type: none"> Establish targeted working partnership with 	1.5	IP – Funding has been secured through Jobs

	<p>SERDA Councils, State Growth and new SERDA Enterprise Centre Business Advisor.</p> <ul style="list-style-type: none"> Secure long term funding for Workforce Engagement and Development roles – delivered through the Regional Workforce Hub. Focus on key post COVID-19 recovery industries as informed by benchmarking exercise (1.5 above). 		Tas for existing operations in 2021-2022 and to establish an ongoing structure to continue program delivery across the south-east. Targeted working partnerships are now in place.
1.8	Collaborate with the Sorell School on their redevelopment masterplan.	1.6	C – Scope finalised and project tendered.
1.9	Support the facilitation of Catholic Education Tasmania's requirements for 7.5ha greenfield Kindergarten – Year 12 facility.	1.6	IP – Catholic Education Office Tas have made a representation as part of the LPS.
1.10	Promote U Tas University College programs and coordinate with Sorell School, Trade Training Centre and Regional Workforce Hub programs delivered within the Municipality.	1.6	IP – TasTafe (through the Trade Training Centre) ran some courses – 5 programs delivered from Sorell.
1.11	Advocate to the State Government for the commencement of the Southern Tasmania Regional Land Use Strategy review in 2020/2021 and a commitment to its timely completion.	1.7	D – State Government yet to commit to a timetable and funding during 2020-2021.
1.12	Engage with Destination Southern Tasmania to review the Tasman Destination Action Plan including consideration of the impacts and appropriateness of developing the Fulham Road - Dunalley - Marion Bay touring loop.	1.9	IP – Destination Southern Tasmania have been made aware of potential tourist route.
1.13	Complete the Request For Detailed Proposal (RFDP) assessment process for the Dunalley Marina concept and determine engagement of proponent.	1.9	C – Lease agreement process underway.
1.14	<p>Collaborate with Glamorgan Spring Bay Council to establish Mountain Bike development standards and guidelines for SERDA's South East Tasmanian Mountain Bike Proposal.</p> <p>Advocate as a SERDA priority for the provision of capital funding to construct the project.</p>	1.10	O – BBRF Grant for development of business case submitted (awaiting assessment). AusTrade grant to get project shovel ready not approved.

2.0	Responsible Stewardship and a Sustainable Organisation	Strategic Plan Reference	Measure
2.1	Elected members to review and adopt the 20 Year Long Term Financial Plan, with delivery of a net operating surplus over the forecast period.	2.1, 2.6	O – Revised and approved on a bi-annual basis.
2.2	Guide employment generating commercial and industrial land zoning and private sector investment to strategically identified locations consistent with the Sorell Land Supply Strategy.	2.2	D – Largely dependent on review of Southern Regional Land Use Strategy (1.11).
2.3	Commit to asset revaluation cycles, provision of sustainable new/upgrade capital allocations and managing operational and financial risk profiles, including facilities management legislation.	2.3	O – Independent Building Class revaluation completed in 2020-2021.
2.4	Recognise and manage both the positive and negative impacts of growth and development including movement of people, provision of quality open space/links, employment opportunities and regional wealth distribution.	2.4	O – Open Space Strategy approved by Council including implementation priorities and timelines. Also refer to 1.7.
2.5	Measure the operational and financial impacts of new / upgrade capital projects against stated/assumed savings (where applicable).	2.5	IP – Year 3 of asset component level maintenance costings captured. Establishes useful life cost comparisons between construction types.
2.6	Continue elected members awareness of contemporary governance roles and responsibilities.	2.7	O – Incorporated with Councillor workshops.
2.7	Facilitate workshops with elected members and staff to establish commitments, resourcing and continuity related to: - <ul style="list-style-type: none"> Developing strategies to improve stormwater quality discharge to receiving waters. Developing resilience strategies for infrastructure vulnerable to climate change. Identifying opportunities to reduce emissions from Council activities that contribute to climate change. 	2.8, 4.1	O – Stormwater treatment devices for new developments are being required as part of planning permits. Development of a Natural Hazards Risk Register underway. D – Progress with RCCI impacted by NRM

			position finalisation due to COVID-19 travel restrictions.
2.8	Review advocacy and engagement strategy to ensure government, industry and community partnerships are maintained and aligned to Council's strategic and operational focus.	2.10	O – Council has been successful in a number of major grants. Principal document updated as required.
2.9	Adopt ICT Strategy and establish staged actions.	2.11	IP – Inaugural ICT Strategy development has commenced.

3.0	To Ensure a Liveable and Inclusive Community	Strategic Plan Reference	Measure
3.1	Finalise planning for the 2021 Sorell Township 200 year celebrations.	3.1, 3.7	C – Various community celebrations planned for 2021 and special grants program available to assist with funding.
3.2	Partner with TasCOSS and service providers to seek commitment for the delivery of a State Government social infrastructure and inclusiveness strategy.	3.2	D – Not a Government priority.
3.3	<p>Advocate for and support the delivery of:-</p> <ul style="list-style-type: none"> the South East Emergency Services Hub; Sorell and Dodges Ferry School upgrades; child care and social services; and professional and allied health services <p>that assist in meeting the 2019 to 2042 population projections for the Sorell Municipal Area of 1.15% per annum, reduce demand on transport infrastructure and strengthen the south east region.</p>	3.3	O – Sorell school project tendered. New private childcare facility in Sorell approved by Council. Project timeline for Hub construction set. State Government committed to building a Park and Ride at Midway Point.
3.4	Develop a sustainable implementation plan for the Open Space and Trail Strategy that includes strategies that protect, as well as promote, public access to coastal assets.	3.4, 3.9	IP – Implementation plan approved by Council as part of Open Space Strategy. Individual project plans to be developed and costed.
3.5	Lobby for a Southern Beaches park and ride facility.	3.5	IP –

			Council has identified potential site.
3.6	Advocate for capital funding that will facilitate ongoing staged re-development and upgrading of Pembroke Park as the regional recreational facility to accommodate forecast growth in the south east.	3.6	O – Stadium development underway and State has committed to fund new Function Centre.
3.6	Seek grant funding for the extension of the Sorell Memorial Hall to accommodate a secure location for Sorell Historical Society documentation and valuables, multi-use storage space and change rooms and for the restoration of the Sorell Railway Carriage Shed.	3.7, 3.8	O – Forms part of our Regional Priorities document. C – Federal Government LRCI funding secured for Sorell Railway Carriage Shed restoration.
3.7	Host an arts and culture networking event to determine how Council can support the sector.	3.8	C - Arts & Culture Forum was held 30 Oct 2020.

4.0	Increased Community Confidence in Council	Strategic Plan Reference	Measure
4.1	Continue the Community Conversation program for elected members to engage with different communities.	4.1	O – Impacted by COVID-19 requirements in 2020. Primrose Sands and Dodges Ferry/Carlton Conversations were held in the first half of 2021.
4.2	Ensure elected members and staff appropriately consider Council's Policies, Strategies, Plans and Procedures when making decisions.	4.2	O – Incorporated with Councillor workshops and Council meetings.
4.3	Implement Employee Recognition Program.	4.3	Implemented in line with the 2019 Sorell Council Enterprise Agreement.
4.5	Implement actions identified in the Customer Service Strategy with a whole of organisation Customer Service focus.	4.5	Developed 5 year plan for the implementation of the strategy and completed year one action items.
4.6	Deliver actions identified in the Communication and Engagement Strategy.	4.6	O – Eight key action items commenced and/or

			completed. New website development incorporates several items and is scheduled for completion early 2021-2022.
4.7	Continue engagement with the Sorell Business Council and other stakeholders to consider the potential impacts and opportunities of the Eastern Bypass on the Township.	4.6	C – Presentation to Business Council meeting. Bypass construction underway. Sorell Streetscape Plan review commenced.
4.8	Work with community groups and committees to support effective management of community facilities.	4.7	O – We continue to work with numerous community groups and committees to manage community facilities.
4.9	Review facility utilisation and capacity to determine opportunities for community groups to establish activities and avoid construction and duplication of assets.	4.7	O – Monthly utilisation reporting for all community facilities.



Gypsy Bay Boat Ramp dredging

FINANCIAL REPORT

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Statement of Comprehensive Income For the Year Ended 30 June 2021

	Note	Budget 2021 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
Income from continuing operations				
Recurrent income				
Rates and charges	2.1	14,678	14,744	14,363
Statutory fees and fines	2.2	720	768	603
User fees	2.3	851	748	578
Grants	2.4	1,167	2,396	2,474
Contributions - cash	2.5	92	97	101
Interest	2.6	170	185	234
Other income	2.7	646	659	618
Investment revenue from water corporation	2.9	-	162	162
		18,124	19,759	19,133
Capital income				
Capital grants received specifically for new or upgraded assets	2.4	6,120	4,598	1,277
Contributions - non-monetary assets	2.5	-	1,212	5,298
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	2.8 (a)	151	(1,224)	(2,336)
Net gain/(loss) on de-recognition/recognition of property, infrastructure, plant and equipment	2.8 (b)	-	80	-
Share of net profits/(losses) of associates accounted for by the equity method	5.1	-	608	1,001
Fair value adjustments for investment property	6.2	-	38	9
		6,271	5,312	5,249
Total income from continuing operations		24,395	25,071	24,382
Expenses from continuing operations				
Employee benefits	3.1	(6,706)	(6,275)	(6,070)
Materials and services	3.2	(5,233)	(5,155)	(4,506)
Impairment of receivables	3.3	-	(2)	(1)
Depreciation and amortisation	3.4	(5,267)	(5,229)	(5,153)
Finance costs	3.5	(105)	(108)	(120)
Other expenses	3.6	(1,506)	(1,416)	(1,379)
		(18,817)	(18,185)	(17,229)
Total expenses from continuing operations		(18,817)	(18,185)	(17,229)
Result from continuing operations		5,578	6,886	7,153
Net result for the year		5,578	6,886	7,153
Other comprehensive income				
Items that will not be reclassified subsequently to net result				
Fair value adjustments on equity investment assets	5.2.9.1	-	1,720	(6,553)
Net asset revaluation increment/(decrement)	9.1	-	(1,537)	16,187
Total other comprehensive income		-	183	9,634
Total comprehensive result		5,578	7,069	16,787

Statement of Financial Position

As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	4.1	6,072	4,469
Trade and other receivables	4.2	3,916	840
Investments	4.3	5,282	6,891
Inventories	4.4	52	49
Non-current assets classified as held for sale	4.5	-	100
Other assets	6.5	389	204
Total current assets		15,711	12,553
Non-current assets			
Trade and other receivables	4.2	34	41
Investments in associates accounted for using the equity method	5.1	3,735	3,127
Investment in water corporation	5.2	23,800	22,080
Property, infrastructure, plant and equipment	6.1	268,949	263,331
Investment property	6.2	403	365
Intangible assets	6.3	576	542
Right-of-use assets	6.4	34	1
Total non-current assets		297,531	289,487
Total assets		313,242	302,040
Liabilities			
Current liabilities			
Trade and other payables	7.1	1,305	977
Trust funds and deposits	7.2	792	777
Provisions	7.3	1,321	1,259
Lease liabilities	7.4	8	2
Contract liabilities	7.5	3,291	506
Interest-bearing loans and borrowings	8.1	1,628	273
Total current liabilities		8,345	3,794
Non-current liabilities			
Provisions	7.3	265	328
Lease liabilities	7.4	27	-
Interest-bearing loans and borrowings	8.1	1,529	1,907
Trade and other payables	7.1	24	28
Total non-current liabilities		1,845	2,263
Total liabilities		10,190	6,057
Net assets		303,052	295,983
Equity			
Accumulated surplus		107,713	100,827
Reserves	9.1	195,339	195,156
Total equity		303,052	295,983

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

Statement of Changes Equity For the Year Ended 30 June 2021

	Note	Accumulated Surplus	Asset Revaluation Reserve	Fair Value Reserve	Other Reserves	Total Equity
2021		2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000
Balance at beginning of the financial year		100,827	201,333	(7,227)	1,050	295,983
Net result for the year		6,886	-	-	-	6,886
Other comprehensive income:						
Fair value adjustment on equity investment assets	5.2,9.1	-	-	1,720	-	1,720
Net asset revaluation increment/(decrement)	9.1	-	(1,537)	-	-	(1,537)
Total comprehensive income		107,713	199,796	(5,507)	1,050	303,052
Transfers between reserves		-	-	-	-	-
Balance at end of the financial year		107,713	199,796	(5,507)	1,050	303,052

		Accumulated Surplus	Asset Revaluation Reserve	Fair Value Reserve	Other Reserves	Total Equity
2020		2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000
Balance at beginning of the financial year		94,920	185,788	(674)	1,050	281,084
Adjustment for prior period error	9.12	(558)	(642)	-	-	(1,200)
Restated opening balance		94,362	185,146	(674)	1,050	279,884
Effect of changes in accounting policy for:						
Adjustment due to AASB 15 adoption		(688)	-	-	-	(688)
Restated opening balance		93,674	185,146	(674)	1,050	279,196
Net result for the year		7,101	-	-	-	7,101
Adjustment for prior period error		52	-	-	-	52
Other comprehensive income:						
Fair value adjustment on equity investment assets	5.2,9.1	-	-	(6,553)	-	(6,553)
Net asset revaluation increment/(decrement)	9.1	-	16,187	-	-	16,187
Total comprehensive income		100,827	201,333	(7,227)	1,050	295,983
Transfers between reserves		-	-	-	-	-
Balance at end of the financial year		100,827	201,333	(7,227)	1,050	295,983

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

Statement of Cash Flows For the Year Ended 30 June 2021

		2021 Inflows/ (Outflows) \$'000	2020 Inflows/ (Outflows) \$'000
	Note		
Cash flows from operating activities			
Rates		14,833	14,424
Statutory fees and fines		762	603
User charges and other fines (inclusive of GST)		729	590
Grants (inclusive of GST)		2,406	2,526
Contributions - cash (inclusive of GST)		97	97
Interest received		183	249
Investment revenue from water corporation	2.9	162	162
Other receipts (inclusive of GST)		1,015	480
Net GST refund/(payment)		489	565
Payments to suppliers (inclusive of GST)		(6,880)	(5,824)
Payments to employees (including redundancies)		(6,283)	(6,534)
Finance costs paid		(109)	(121)
Net cash provided by (used in) operating activities	9.2	7,404	7,217
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment (inclusive of GST)		(13,831)	(7,903)
Proceeds from sale of property, infrastructure, plant and equipment (inclusive of GST)		426	144
Capital grants (inclusive of GST)		3,956	1,314
Proceeds/(payments) for investments		1,609	(5,486)
Repayment of long term recoverable property debt		7	-
Net GST refund/(payment)		1,045	572
Net cash provided by (used in) investing activities		(6,788)	(11,359)
Cash flows from financing activities			
Proceeds from trust funds and deposits		336	778
Repayment of trust funds and deposits		(320)	(831)
Repayment of lease liabilities (principal repayments)		(6)	(7)
Proceeds from interest bearing loans and borrowings		1,250	300
Repayment of interest bearing loans and borrowings		(273)	(200)
Net cash provided by (used in) financing activities	9.3	987	40
Net increase (decrease) in cash and cash equivalents		1,603	(4,102)
Cash and cash equivalents at the beginning of the financial year		4,469	8,571
Cash and cash equivalents at the end of the financial year	9.4	6,072	4,469
Restrictions on cash assets	4.1	5,669	2,870

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

Notes to the Financial Report For the Year Ended 30 June 2021

Note 1 Overview

Note 1.1 Reporting entity

- (a) The Sorell Council was established in 1882 and is a body corporate with perpetual succession and a common seal. Council's main office is located at 47 Cole Street, Sorell, Tasmania.
- (b) The purpose of the Council is to:
- provide for health, safety and welfare of the community;
 - to represent and promote the interests of the community;
 - provide for the peace, order and good government in the municipality.

Note 1.2 Basis of accounting

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

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 dollars.

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 4.3, 4.5, 5.2, 6.1, 6.2, 7.3, 8.1 and 10.3(d).

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

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, and material subsidiaries or joint ventures, have been included in this financial report. All transactions between these entities and Council have been eliminated in full.

Note 1.3 Use of judgements and estimates

Judgements and assumptions

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

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

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

Employee entitlements

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in note 7.3.

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 9.5.

Fair value of property, infrastructure, 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 notes 6.1 and 9.10.

Investment in water corporation

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in notes 5.2 and 9.10.

Note 1.4 Impact of Covid-19 on financial reporting for 2020-21

The COVID-19 pandemic has impacted this financial report, which may be reflected in the comparability of some line items and amounts reported in the statements and/or the notes. The financial impacts are a direct result of either Council's response to the pandemic, or due to mandatory shutdowns as directed by the Commonwealth Government and the advice from the Commonwealth Government Department of Health and State Government. Significant financial impacts are discussed in the following note on material budget variations.

From April 2020, Council has passed a number of relief motions in response to the COVID-19 pandemic. During the 2020-21 financial year the following relief motions were passed:

- At the September 2020 Ordinary Council Meeting, Council reviewed the Financial Hardship Assistance Policy and extended the policy to provide COVID-19 financial hardship relief, for ratepayers meeting hardship requirements, up to 30 June 2021.
- At the June 2021 Ordinary Council Meeting, Council reviewed the Financial Hardship Assistance Policy and extended the policy to provide COVID-19 financial hardship relief, for ratepayers meeting hardship requirements, up to 30 June 2022.

Notes to the Financial Report For the Year Ended 30 June 2021

Note 1.5 Material budget variations

Council's original budget was adopted by Council on 16 June 2020, at the June 2020 Ordinary Council Meeting. In December 2020 and January 2021 Council reviewed and amended the original budget and completed the Mid Year Budget Review. The Mid Year Budget Review was adopted by Council on 16 February 2021, at the February 2021 Ordinary Council Meeting. The projections on which the budget was based have been affected by a number of factors throughout the financial year. These include State and Commonwealth Government decisions, new grant programs, changing economic activity, significant weather events and decisions made by Council. Material variations, from the Mid Year Budget Review figures, of more than 10% are explained below.

Revenues

(i) User fees

User fees income was above budget by \$97k (15%) for the 2020-21 financial year. The Sorell municipality continued to enjoy population growth and high levels of development during the 2020-21 financial year. As a result, Council experienced higher than expected activity levels in a number of areas. In particular, income from plumbing application and inspection fees were above budget by \$72k (46%), as well as income from fire abatements and health services were both above budget by \$7k (45%) and \$12k (26%), respectively.

(ii) Grants

Grants was above budget by \$1.229m (105%) for the 2020-21 financial year. This is due to the early receipt of the Commonwealth Government Financial Assistance Grant (FAG) funding. The Commonwealth Government provides FAG funding for local government in accordance with the Commonwealth Government's *Local Government (Financial Assistance) Act 1995* (the Australian Government Act). The FAG funding is provided to Council for general purpose use and the provision of local roads and bridges.

Since the 2011-12 financial year the Commonwealth Government has been making advance FAG funding payments of two quarterly instalments for the following year. The FAG funding is a general grant that is untied and without performance obligations, therefore Council recognises the grant funding as revenue when the funds are received and control is obtained. In June 2021 Council received an advance FAG funding payment for the 2021-22 financial year of \$1.126m. The effects of the early receipt of instalments each year has resulted in FAG funding being above the budget in 2020-21 by \$1.126m and 2019-20 by \$1.257m. This has impacted the Statement of Comprehensive Income resulting in the net result for the year being higher in both years by these amounts. With fewer instalments due to be received in 2021-22, the reverse effect may occur, however future payments remain at the Commonwealth Government's discretion.

(iii) Investment revenue from water corporation

Investment revenue from water corporation was not budgeted for in the 2020-21 financial year, as at the time of setting the budget, TasWater had not announced the Board's approval of 2020-21 dividend payments.

However, on 1 February 2021, the TasWater Board announced the approval of a \$5m interim dividend for the 2020-21 financial year. Council received its share of the interim dividend, \$81k, in mid-February 2021.

On 1 February 2021, the TasWater Board also announced the agreement to target an additional \$5m final dividend payment for the 2020-21 financial year. The payment of the additional dividend was dependent upon TasWater generating sufficient underlying profits to support the payment. TasWater's financial performance during the 2020-21 financial year was stronger than originally budgeted, largely because the impacts of the COVID-19 pandemic were not materialised to the extent that was originally anticipated. As a result, the TasWater Board approved the payment of the final \$5m dividend for the 2020-21 financial year. Council received its share of the final dividend, \$81k, in June 2021.

The payment of TasWater's interim and final dividends has resulted in investment revenue from water corporation being above budget by \$162k for the 2020-21 financial year.

(iv) Capital grants received specifically for new or upgraded assets

Capital grants were below budget by \$1.522m (25%) for the 2020-21 financial year. This is due to works not progressing as predicted in relation to Commonwealth Government grants for construction of the new stadium facility at Pembroke Park, Sorell, to the value of \$1.467m. Additionally, State Government road works grants of \$55k under the Safer Roads, Vulnerable Road User program were budgeted but not received. The conditions under this grant deed meant funds were only able to be invoiced once works were completed. Work completion was delayed until after June 2021.

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

Net gain/(loss) on disposal of property, infrastructure, plant and equipment was below budget by \$1.375m for the 2020-21 financial year. The budget for net gain/(loss) on disposal of assets of \$151k was based on actual disposals year-to-date at the time of the Mid Year Budget Review. The significant budget variance is a result of disposals taking place in the second half of the 2020-21 financial year, including significant infrastructure asset disposals relating to the renewal/replacement capital projects. Proceeds on disposals are not received for such infrastructure asset disposals due to the nature of the asset and there not being a market available for sale of such assets. Consequently significant losses on disposal are recorded. Net gain/(loss) on disposal of assets is unpredictable in nature and therefore was not budgeted for in the 2020-21 financial year.

Notes to the Financial Report For the Year Ended 30 June 2021

Note 1.5 Material budget variations (continued)

(vi) Other capital income

All other capital income was not budgeted for in the 2020-21 financial year, due to the unpredictable nature of these income streams. This included the following capital income streams:

Contributions - non-monetary assets

Net gain/(loss) on de-recognition/recognition of property, infrastructure, plant and equipment

Share of net profits/(losses) of associates accounted for by the equity method

Fair value adjustments for investment property

Expenses

(i) Impairment of receivables

All expenditure categories were within 10% of budget and did not experience any material variances. An unbudgeted impairment of receivables expense of \$2k was recorded in the 2020-21 financial year. Impairment of receivables was not budgeted for as it arose from unforeseen circumstances, the impact of which was unknown at the time of setting the budget. In addition, Council has a past record of a very low historical debtor default rate.

Notes to the Financial Report For the Year Ended 30 June 2021

Note 1.6 Functions/activities of the Council

(a) Revenue, expenditure and assets attributable to each function as categorised in (c) below:

	Grants	Other	Total Revenue	Total Expenditure	Surplus/ (Deficit)	Assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Government and administration						
2020 - 2021	1,307	13,884	15,191	4,867	10,324	71,538
2019 - 2020	1,301	13,846	15,147	4,796	10,351	63,694
Transport infrastructure						
2020 - 2021	1,887	(559)	1,328	6,196	(4,868)	183,863
2019 - 2020	2,145	526	2,671	5,800	(3,129)	181,516
Stormwater						
2020 - 2021	26	283	309	1,131	(822)	42,751
2019 - 2020	17	2,670	2,687	1,169	1,518	41,758
Waste management						
2020 - 2021	-	2,558	2,558	1,830	728	-
2019 - 2020	-	2,471	2,471	1,472	999	-
Environmental health/management						
2020 - 2021	37	127	164	450	(286)	-
2019 - 2020	1	63	64	401	(337)	-
Planning services						
2020 - 2021	-	645	645	536	109	-
2019 - 2020	-	506	506	412	94	-
Building control						
2020 - 2021	-	550	550	287	263	-
2019 - 2020	-	408	408	309	99	-
Community amenities						
2020 - 2021	3,737	480	4,217	2,673	1,544	15,090
2019 - 2020	287	42	329	2,674	(2,345)	15,072
Community services						
2020 - 2021	-	109	109	215	(106)	-
2019 - 2020	-	99	99	196	(97)	-
Total						
2020 - 2021	6,994	18,077	25,071	18,185	6,886	313,242
2019 - 2020	3,751	20,631	24,382	17,229	7,153	302,040

Notes to the Financial Report For the Year Ended 30 June 2021

Note 1.6 Functions/activities of the Council (continued)

(b) Reconciliation of assets above with the Statement of Financial Position at 30 June:

	2021	2020
	\$'000	\$'000
Current assets	15,711	12,553
Non-current assets	297,531	289,487
	313,242	302,040

(c) Governance and administration

The governance and administration functions of Council include the operation and maintenance of the Council chambers, Council works depot, administration offices and Councillors. This includes the functions which support the provision of Council's key services, including: customer service and administration; business support administration; finance; information technology; human resources; communications; risk management; work health and safety and governance processes.

Transport infrastructure

The transport activities of the Council include infrastructure services and asset management functions, including construction, operations, maintenance and cleaning of sealed and unsealed roads, kerb and channel, footpaths and cycleways, bridges, parking facilities and traffic management devices.

Stormwater

The stormwater activities of Council include infrastructure services and asset management functions, including the construction, operation and maintenance of Council's stormwater assets, including stormwater pits, drains, open drains, culverts, gross pollution traps (GPTs) and end structures, and on occasions road drainage.

Waste management

The waste management activities of Council include collection, handling, processing and disposal of waste materials.

Environmental health/management

The environmental health function of Council includes health services, such as food business control and other regulatory health controls, including: food surveillance; caravan licences; public-use building standards; health education and promotion; immunisation services; and water quality monitoring.

Planning services

The planning services function of Council includes town planning services and development control, including the administration of the town planning scheme, subdivisions and urban and rural renewal programs.

Building control

The building control function of Council includes development and maintenance of building construction standards, building and plumbing inspections, the approval of building and plumbing applications and the issuing of building permits.

Community amenities

The community amenities function of Council includes the provision and asset management functions, including construction, maintenance and cleaning of sports fields, sporting clubrooms, community halls, parks and reserves, playgrounds, public toilets, tracks and trails.

Community services

The community services function of Council includes animal management, including dog control activities, the administration and operation of dog registrations and the operation of a pound. This function also includes the operation, support and advocacy of youth services and community events and meetings, such as art and cultural events, ceremonies and advisory groups. The community services function also encompasses community development, which drives strategic planning processes so that the Council can fulfil their general responsibility for enhancing the quality of life of the whole community.

Notes to the Financial Report For the Year Ended 30 June 2021

		2021 \$'000	2020 \$'000
Note 2	Revenue		
Note 2.1	Rates and charges		
	Council uses adjusted capital value as the basis of valuation of all properties within the municipality. The adjusted capital value of a property is its capital value with an adjustment factor set for periods between revaluations, as determined by the Valuer-General.		
	The valuation base used to calculate general rates for 2020-21 was \$3.329b (2019-20, \$3.255b). The 2020-21 general rate is a two tiered rating system with 37% (2019-20, 37%) of the general rate generated by a fixed rate of \$473.97 (2019-20, \$473.97), and the remaining generated by a rate of \$0.002 (2019-20, \$0.002) in the dollar of the adjusted capital value, varied according to the subcategories of use or predominant use of land and/or locality.		
	Residential	9,864	9,569
	Commercial	1,085	1,071
	Industrial	141	141
	Primary production	536	532
	Community service	165	165
	Vacant land	706	690
	Boat sheds	97	98
	Supplementary rates and rate adjustments	114	139
	Fire levy	556	546
	Garbage charge	2,385	2,313
	Less: Other remissions	(884)	(881)
	Less: Boat shed remissions	(21)	(20)
	Total rates and charges	14,744	14,363

The date of the latest general revaluation of land for rating purposes within the municipality was 28 March 2017, and the valuation was first applied in the rating year commencing 1 July 2017.

Accounting policy

Rates and charges

Council recognises revenue from rates and annual charges for the amount it is expected to be entitled to at the beginning of the rating period to which they relate, or when the charge has been applied. Rates and charges in advance, as disclosed in note 7.1, are recognised as a financial liability until the beginning of the rating period to which they relate.

Note 2.2	Statutory fees and fines		
	Infringements	16	17
	Town planning fees	563	413
	Land information certificates	184	167
	Permits	5	6
	Total statutory fees and fines	768	603

Accounting policy

Statutory fees and fines

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

Note 2.3	User fees		
	Animal registrations	85	89
	Building services	137	113
	Caravan licences	23	18
	Engineering services	25	49
	Fire abatements	22	18
	Health services	57	2
	Recreational vehicles	7	10
	Kennel licences	1	1
	Plumbing application and inspections	384	273
	Other fees and charges	7	7
	Total user fees	748	578

Accounting policy

User fees

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

Where an upfront fee is charged, such as membership fees for the leisure centre, the fee is recognised on a straight-line basis over the expected life of the membership.

Licences granted by Council are all either short-term or low value and all revenue is recognised at the time that the licence is granted rather than the term of the licence.

Notes to the Financial Report For the Year Ended 30 June 2021

	2021 \$'000	2020 \$'000
Note 2.4 Grants		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth Government funded grants	5,106	2,848
State Government funded grants	1,881	902
Other grants	27	1
Total grants	6,994	3,751
Recurrent grants		
Commonwealth Government Financial Assistance Grant - general purpose	1,307	1,288
Commonwealth Government Financial Assistance Grant - roads	849	984
Commonwealth Government Financial Assistance Grant - bridges	22	193
Commonwealth Government - community	1	-
State Government - health	2	1
State Government - transport	14	14
State Government - MAST	45	13
State Government - roads	94	-
State Government - DPIPW	36	-
State Government - stormwater	26	-
Other recurrent grants	-	1
Total recurrent grants	2,396	2,474
Capital grants received specifically for new or upgraded assets		
Commonwealth Government - Road to Recovery	387	388
Commonwealth Government - culture, sport and recreation	2,419	-
Commonwealth Government - environment	-	17
Commonwealth Government - community	11	-
Commonwealth Government - transport	110	-
State Government - culture, sport and recreation	1,149	286
State Government - MAST	20	-
State Government - transport	475	588
Other capital grants	27	-
Total capital grants	4,598	1,271
Unspent grants and contributions		
Grants and contributions which were obtained on the condition that they be spent for specified purposes or in a future period, but which are not yet spent in accordance with those conditions, are as follows:		
Recurrent grants		
Balance of unspent funds at 1 July	45	-
Add: Funds received and not recognised as revenue in the current year	42	45
Less: Funds received in prior year but revenue recognised and funds spent in current year	(45)	-
Balance of unspent funds at 30 June	42	45
Capital grants		
Balance of unspent funds at 1 July	460	688
Add: Funds received and not recognised as revenue in the current year	3,237	53
Less: Funds received in prior year but revenue recognised and funds spent in current year	(448)	(281)
Balance of unspent funds at 30 June	3,249	460
Total unspent funds	3,291	505

Notes to the Financial Report For the Year Ended 30 June 2021

	2021	2020
	\$'000	\$'000

Note 2.4 Grants (continued)

Accounting policy

Grants

Council recognises untied grant revenue and those without performance obligations when received. In cases where funding includes specific performance obligations or is to acquire or construct a recognisable non-financial asset, a liability is recognised for funds received in advance and income is recognised as obligations are fulfilled. For a detailed explanation of Council's total unspent funds as at 30 June 2021 refer to note 7.5.

The performance obligations are varied based on the agreement, but include that the Grant must only be undertaken for the approved purpose and that the approved purpose must commence and be completed by an agreed date. Further any unexpended part of the grant must be repaid, additionally any incorrect use of the grant must be repaid and breach of other circumstances per above can result in repayment of the grant.

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

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), a contract liability is recognised for the excess of the fair value of the transfer over any related amounts recognised and revenue as the unspent funds are expended at the point in time at which required performance obligations are completed.

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

In both years the Commonwealth Government has made early payment of the first two quarterly instalments of untied Financial Assistance Grant (FAG) funding for the following year. The early receipt of instalments resulted in Commonwealth Government FAG grants being above that originally budgeted in 2020-21 by \$1.126m, (2019-20, \$1.257m). This has impacted the Statement of Comprehensive Income resulting in the net result for the year being higher by the same amount.

Note 2.5 Contributions

(a) Cash

Parks, open space and streetscapes	77	76
Traffic management	-	16
Other cash contributions	20	9
Total cash contributions	97	101

(b) Non-monetary assets

Land	120	-
Land under roads	31	165
Buildings and other structures	260	-
Roads	229	1,335
Footpaths and cycle ways	62	372
Kerb and channel	36	299
Other transport infrastructure	15	180
Stormwater	295	2,701
Land improvements	123	9
Formation earthworks	41	237
Total non-monetary assets contributions	1,212	5,298

Total contributions

	1,309	5,399
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Accounting policy

Contributions

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

Note 2.6

Interest

Interest on rates	107	92
Interest on cash and cash equivalents	78	142
Total interest	185	234

Accounting policy

Interest

Interest is recognised progressively as it is earned.

Notes to the Financial Report For the Year Ended 30 June 2021

	2021	2020
	\$'000	\$'000
Note 2.7 Other income		
Community facility hire income	92	90
Copping Refuse Disposal Site land rental	87	126
Copping Refuse Disposal Site Joint Authority profit share	95	32
Leased properties rental income	30	29
Donations received	1	1
Diesel fuel rebate	22	42
Insurance recoveries	-	1
Workers compensation reimbursements	48	42
External labour hire recoveries	225	199
Other income	69	56
Total other income	659	618

Accounting policy

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.

Donations received

Donations are recognised as revenue when the payment is received.

Note 2.8 (a) Gains and losses on asset disposals and de-recognition/recognition		
Proceeds of sale	412	132
Write down value of assets disposed	(1,636)	(2,468)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(1,224)	(2,336)
(b) Net gain/(loss) on de-recognition/recognition of property, infrastructure, plant and equipment		
De-recognition of property, infrastructure, plant and equipment	(136)	-
Recognition of property, infrastructure, plant and equipment	216	-
Total net gain/loss on de-recognition/recognition of property, infrastructure, plant and equipment	80	-

Accounting policy

Gains and losses on asset disposals

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

Gains and losses on asset de-recognition / recognition

The loss on de-recognition of property, infrastructure, plant and equipment is a result of a review of the fixed asset register, which was completed by Council during the 2020-21 financial year. The review focused on the plant and equipment asset classes recorded in the Navision finance system. The review identified: assets that were no longer held by Council; assets that could not be identified by Council due to poor historical descriptions; and assets which values did not meet Council's asset capitalisation thresholds. As a result of the review a loss on de-recognition of assets was recorded during the 2020-21 financial year.

The gain on recognition of property, infrastructure, plant and equipment relates to the donation of non-monetary assets to Council. Non-monetary assets are commonly donated by developers in the form of subdivision related infrastructure assets. Council occasionally also receives donated assets from government bodies. The recognition of an asset is determined when control of the asset has irrevocably passed to Council.

Note 2.9 Investment revenue from water corporation		
Dividend revenue received	162	136
Tax equivalent received	-	26
Total investment revenue from water corporation	162	162

Accounting policy

Investment revenue

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

Notes to the Financial Report For the Year Ended 30 June 2021

		2021	2020
		\$'000	\$'000
Note 3	Expenses		
Note 3.1	Employee benefits		
	Wages and salaries	4,741	4,489
	Workers compensation	228	260
	Annual leave and long service leave	526	615
	Superannuation	704	668
	Fringe benefits tax	33	46
	Payroll tax	277	252
	Employee associated costs	86	89
		<u>6,595</u>	<u>6,419</u>
	Less amounts capitalised	(320)	(349)
	Total employee benefits	<u>6,275</u>	<u>6,070</u>

Accounting policy

Employee benefits

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

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

Note 3.2	Materials and services		
	Advertising	96	95
	Information technology	212	208
	Consultants and contractors	346	444
	Cleaning	170	160
	Legal	213	68
	Maintenance	1,751	1,477
	Operating capital	80	48
	Plant registration fees	40	34
	Printing	27	25
	Security services	22	22
	Stationery and office consumables	29	29
	Utilities	321	394
	Valuation costs	57	57
	Waste	1,785	1,437
	Other materials and services	6	8
	Total materials and services	<u>5,155</u>	<u>4,506</u>

Accounting policy

Materials and services

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

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

Note 3.3	Impairment of receivables		
	Other debtors	2	1
	Total impairment of receivables	<u>2</u>	<u>1</u>

Accounting policy

Impairment of receivables

Expenses are recognised when Council has determined there to be an increase in the credit risk of a financial asset since initial recognition. Council's policy and events giving rise to impairment losses are disclosed in note 4.2.

Notes to the Financial Report For the Year Ended 30 June 2021

		2021 \$'000	2020 \$'000
Note	3.4		
	Depreciation and amortisation		
	Property		
	Buildings and other structures	611	604
	Plant and Equipment		
	Plant, machinery and equipment	444	448
	Fixtures, fittings and furniture	111	137
	Computers and telecommunications	68	71
	Infrastructure		
	Roads	2,433	2,450
	Bridges	239	183
	Footpaths and cycle ways	170	154
	Kerb and channel	71	67
	Other transport infrastructure	111	109
	Stormwater	607	589
	Land improvements	319	303
	Intangible assets		
	Intangible assets	38	31
	Right-of-use of assets		
	Right-of-use of assets	7	7
	Total depreciation and amortisation	5,229	5,153

Accounting policy

Depreciation and amortisation

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

Property, 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. Right-of-use assets are amortised over the lease term. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation and amortisation rates and methods are reviewed annually.

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

Land and road earthwork assets are not depreciated on the basis that they are assessed as not having a limited useful life.

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

Major depreciation and amortisation periods used are listed below and are consistent with the prior year unless stated:	Period
Property	
Buildings and other structures	
buildings and building improvements	20 - 100 years
marine structures	60 - 200 years
other structures (including sheds, tanks, slams and shelters)	20 - 100 years
Plant and equipment	
plant, machinery and equipment	3 - 15 years
fixtures, fittings and furniture	3 - 30 years
computers and telecommunications	3 - 10 years
Roads	
road sealed surface	20 - 80 years
road unsealed surface	10 years
road base	60 years
road subbase	240 years
road formation and earthworks	non-depreciable
Bridges	
bridges super structure	20 - 80 years
bridges sub structure	20 - 80 years
Footpaths and cycle ways	20 - 100 years
footpaths - sand (not valued)	0 years
Kerb and channel	80 years
Other transport infrastructure	
bus shelters	40 - 100 years
bus stops	10 - 240 years
car parks	10 - 240 years
traffic management devices	6 - 60 years

Notes to the Financial Report
For the Year Ended 30 June 2021

	2021 \$'000	2020 \$'000
Stormwater		
gross pollution traps (GPTs)		50 years
open drains and reingardens		20 - 80 years
end structures		80 years
drains		100 years
pits		80 years
culverts		100 years
Land improvements		
fences		40 - 100 years
formal park assets		80 - 200 years
irrigation		15 - 80 years
lighting		50 years
open space furniture		10 - 100 years
park active areas		20 - 60 years
park infrastructure		25 - 100 years
park passive areas		20 - 400 years
play equipment		20 years
playgrounds		15 - 80 years
retaining walls		80 years
signs		20 - 60 years
Intangible assets		3 - 5 years
Right-of-use of assets		5 years
During the 2020-21 financial year, Council completed a building and other structures revaluation. As part of this revaluation the following asset components had their useful lives amended:		
Type and component	Previous useful life	New useful life
Buildings - electrical	20 - 30 years	20 years
Buildings - fitout and fittings	20 years	30 years
Buildings - floor coverings	20 years	25 years
Buildings - roof	20 - 75 years	20 - 100 years
Buildings - superstructure	30 - 100 years	50 - 100 years
Other structures - above ground rainwater tanks	25 years	20 - 30 years

Notes to the Financial Report For the Year Ended 30 June 2021

	2021	2020
	\$'000	\$'000
Note 3.5 Finance costs		
Interest - borrowings	107	120
Interest - lease liabilities	1	-
Total	108	120
Less capitalised borrowing costs on qualifying assets	-	-
Total finance costs	108	120

Accounting policy

Finance costs

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

Finance costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised. No borrowing costs were capitalised during the period.

Finance costs include interest on bank overdrafts, borrowings, leases and unwinding of discounts.

Note 3.6 Other expenses		
External auditors' remuneration (Tasmanian Audit Office)	33	33
Internal auditors' remuneration (Audit Panel members)	7	7
Bank fees and charges	37	38
Councillors' allowances and expenses	203	196
Collection costs	25	25
Community development	7	6
Donations section 77	40	49
Election expenses	6	7
Environmental management expenses	26	2
Government fire contributions	515	515
Insurance	265	241
Land tax	59	53
Licences, memberships and subscriptions	73	70
Operating leases	9	15
Postage	40	44
Internet, telephone and other communication charges	33	32
Other expenses	38	46
Total other expenses	1,416	1,379

Accounting policy

Other expenses

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

Note 4 Current assets		
Note 4.1 Cash and cash equivalents		
Cash on hand	2	2
Cash at bank	1,907	154
Term deposits and at call	4,163	4,313
Total cash and cash equivalents	6,072	4,469
Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:		
i) Trust funds and deposits (note 7.2)	792	777
ii) Unspent grant funds with conditions (note 2.4)	3,291	506
iii) Leave Provisions (note 7.3)	1,586	1,587
Restricted funds	5,669	2,870
Total unrestricted cash and cash equivalents	403	1,599

Notes to the Financial Report For the Year Ended 30 June 2021

	2021 \$'000	2020 \$'000
Note 4.1 Cash and cash equivalents (continued)		
Accounting policy Cash and cash equivalents For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts. Restricted funds i) Includes refundable building, contract and other refundable amounts held in trust by Council for completion of specific purposes. ii) Represents grant funding received in advance until specific performance obligations required under funding arrangements are completed. iii) Leave Provisions details are per the respective note.		
Note 4.2 Trade and other receivables		
Current		
Rates debtors	274	350
Other debtors	3,643	393
Provision for expected credit loss - other debtors	(3)	(2)
Midway Point Improvement Act debtors	1	2
Net GST receivable	1	97
Total	3,916	840
Non-current		
Midway Point Improvement Act debtors	29	36
Long term recoverable property debt	5	5
Total	34	41
Total trade and other receivables	3,950	881
Reconciliation of movement in expected credit loss		
Carrying amount at 1 July	2	25
Amounts written off during the year	(2)	(24)
Amounts recovered during the year	-	-
Increase/(decrease) in provision recognised in profit or loss	3	1
Carrying amount at 30 June	3	2

For ageing analysis of the financial assets, refer to note 9.9(d)

As at 30 June 2021, current trade and receivables were \$3.076m greater than the 30 June 2020 balance. This significant increase was due to Council raising a number of capital project invoices in late June 2021, totalling \$3.483m. Invoices were raised, totalling \$3.230m, in relation to Commonwealth and State funding for the construction of the stadium facility at Pembroke Park, Sorell. The remaining \$253k was invoiced in relation to State funding for the 2020-2021 Black Spot infrastructure program.

Accounting policy	
Trade and other receivables	
Trade and other 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 2021

		2021	2020
		\$'000	\$'000
Note 4.3	Investments		
	Term deposits - more than 3 months	5,282	6,891
	Total investments	<u>5,282</u>	<u>6,891</u>

Accounting policy

Investments

Investment in financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Note 4.4	Inventories		
	Inventories held for distribution	52	49
	Total inventories	<u>52</u>	<u>49</u>

Accounting policy

Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Other inventories are measured at the lower of cost and net realisable value. Where inventories are acquired at no cost, or for nominal consideration, the cost shall be the current replacement cost as at the date of acquisition.

Note 4.5	Non-current assets classified as held for sale		
	Internal transfer from land	-	100
	Total non-current assets classified as held for sale	<u>-</u>	<u>100</u>

At the July 2019 Ordinary Council Meeting, Council resolved to dispose of the public land at 47 Cole Street, Sorell, described in Certificate of Title Volume 164990/1. Council has two parcels of land for disposal at 47 Cole Street, Sorell; one portion relates to a parcel for the Emergency Services Hub and the second portion relates to a separate parcel for a future development. At the September 2019 Ordinary Council Meeting, Council resolved to agree in principle to the request from the Department of Police, Fire and Emergency Services to transfer for the sum of \$1.00 the Sorell Emergency Services Hub parcel of land and that each party is to bear their own associated costs. In November 2019, the Department of Police, Fire and Emergency Services paid \$1.00 to Council to acknowledge the sale agreement. The sale of the Emergency Services Hub was expected to be finalised during the 2020-21 financial year. The land was revalued to the agreed transfer sum of \$1.00 which resulted in a \$700k revaluation decrement recognised in the 2019-20 financial year.

At 30 June 2021, the transfer of land for the Sorell Emergency Services Hub at 47 Coles Street, Sorell, had not been finalised as water and sewerage was yet to be connected. The transfer is expected to be finalised in the 2021-22 financial year, after the commencement of building works, including the water and sewerage connection. At 30 June 2021, the second parcel of land at 47 Cole Street, Sorell, was not expected to be sold within the next twelve months.

Accounting policy

Non-current assets classified as held for sale

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

Notes to the Financial Report For the Year Ended 30 June 2021

		2021 \$'000	2020 \$'000
Note 5	Other investments		
Note 5.1	Investment in associates		
	The Copping Refuse Disposal Site Joint Authority (CRDSJA) (trading as Southern Waste Solutions) was established under section 30 of the <i>Local Government Act 1993</i> by the Sorell Council, Clarence City Council and Tasman Council. Kingborough Council joined CRDSJA in 2009.		
	CRDSJA is located in Australia. The CRDSJA's principle activity is to operate a landfill.		
	Investment in associates accounted for by the equity method are:		
	- CRDSJA (trading as Southern Waste Solutions)	3,735	3,127
	Total investment in associates	3,735	3,127
	Background		
	In the financial year ending 30 June 2009, Sorell Council maintained an ownership interest of 30%, however as a result of the buyout of equity from Kingborough Council in July 2009, Council now maintains an ownership interest of 24% (2019-20 24%).		
	Council's share of accumulated surplus (deficit)		
	Council's share of accumulated surplus (deficit) at start of year	1,980	1,164
	Prior year adjustment	63	(12)
	Reported surplus (deficit) for year	285	808
	Transfers (to) from reserves	150	-
	Council's share of accumulated surplus (deficit) at end of year	2,458	1,960
	Council's share of reserves		
	Council's share of reserves at start of year	150	150
	Transfers (to) from reserves	(150)	-
	Council's share of reserves at end of year	-	150
	Movement in carrying value of specific investment		
	Carrying value of investment at start of year	3,127	2,126
	Council's share of prior year adjustments	47	(12)
	Council's share of surplus (deficit) for year	285	808
	Council's share of contributions by owners for year	276	205
	Carrying value of investment at end of year	3,735	3,127

Accounting policy

Accounting for investments in associates

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

Note 5.2	Investment in water corporation		
	Opening balance	22,080	28,633
	Fair value adjustments on equity investment assets	1,720	(6,553)
	Total investment in water corporation	23,800	22,080

Council has derived returns from the water corporation as disclosed at note 2.9.

TasWater, a state-wide water and sewerage corporation, commenced trading on 1 July 2013, in accordance with the *Water and Sewerage Corporation Act 2012*. TasWater took over the water and sewerage services and assets previously operated by Ben Lomond Water, Cradle Mountain Water and Southern Water. As at 30 June 2021, TasWater's net asset value had increased, which was primarily due to the revaluation of land and non-infrastructure buildings of \$75.631 million.

Accounting policy

Equity Investment

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 9.1) 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 the water corporation's net asset value at balance date. At 30 June 2021, Council held a 1.51% (2019-20, 1.53%) ownership interest in TasWater which is based on Schedule 2 of the Corporation's Constitution which reflects the Council's voting rights.

Notes to the Financial Report For the Year Ended 30 June 2021

Note 6	Non-current assets		
Note 6.1	Property, infrastructure, plant and equipment	2021	2020
		\$'000	\$'000
	<i>Summary</i>		
	at fair value as at 30 June	381,577	379,701
	less accumulated depreciation	(119,794)	(120,496)
		<u>261,783</u>	<u>259,205</u>
	at cost as at 30 June	9,360	9,672
	less accumulated depreciation	(2,194)	(5,546)
		<u>7,166</u>	<u>4,126</u>
	Total property, infrastructure, plant and equipment	268,949	263,331
	<i>Property</i>		
	Land		
	at fair value as at 30 June	9,131	9,007
		<u>9,131</u>	<u>9,007</u>
	Land under roads		
	at fair value as at 30 June	17,983	17,954
		<u>17,983</u>	<u>17,954</u>
	Total land	27,114	26,961
	Buildings and other structures		
	at fair value as at 30 June	21,951	24,986
	less accumulated depreciation	(2,899)	(5,947)
	Total buildings	19,052	19,039
	Total property	46,166	46,000
	<i>Plant and equipment</i>		
	Plant, machinery and equipment		
	at cost	3,976	4,395
	less accumulated depreciation	(1,595)	(1,921)
		<u>2,381</u>	<u>2,474</u>
	Fixtures, fittings and furniture		
	at cost	300	2,176
	less accumulated depreciation	(165)	(1,275)
		<u>135</u>	<u>901</u>
	Computers and telecommunications		
	at cost	510	2,499
	less accumulated depreciation	(434)	(2,350)
		<u>76</u>	<u>149</u>
	Total plant and equipment	2,592	3,524

Notes to the Financial Report For the Year Ended 30 June 2021

Note 6.1 Property, infrastructure, plant and equipment (continued)	2021 \$'000	2020 \$'000
Infrastructure		
Roads		
at fair value as at 30 June	151,468	150,918
less accumulated depreciation	<u>(81,734)</u>	<u>(80,588)</u>
	69,734	70,330
Bridges		
at fair value as at 30 June	19,726	18,650
less accumulated depreciation	<u>(7,803)</u>	<u>(7,645)</u>
	11,923	11,005
Footpaths and cycle ways		
at fair value as at 30 June	11,021	10,469
less accumulated depreciation	<u>(3,342)</u>	<u>(3,299)</u>
	7,679	7,170
Kerb and channel		
at fair value as at 30 June	6,002	5,542
less accumulated depreciation	<u>(2,046)</u>	<u>(1,998)</u>
	3,956	3,544
Other transport infrastructure		
at fair value as at 30 June	5,865	5,748
less accumulated depreciation	<u>(1,046)</u>	<u>(953)</u>
	4,819	4,795
Stormwater		
at fair value as at 30 June	57,019	55,726
less accumulated depreciation	<u>(14,562)</u>	<u>(13,991)</u>
	42,457	41,735
Land improvements		
at fair value as at 30 June	14,627	14,028
less accumulated depreciation	<u>(6,362)</u>	<u>(6,075)</u>
	8,265	7,953
Formation earthworks		
at fair value as at 30 June	66,784	66,673
	66,784	66,673
Total infrastructure	215,617	213,205

Notes to the Financial Report
For the Year Ended 30 June 2021

Note 6.1 Property, infrastructure, plant and equipment (continued)	2021	2020
	\$'000	\$'000
<i>Works in progress</i>		
Land improvements - at cost	109	191
Buildings - at cost	3,184	342
Plant and equipment- at cost	3	1
Roads, footpaths and cycle ways, kerb and channel and formation earthworks - at cost	984	28
Bridges- at cost	0	17
Stormwater- at cost	294	23
Total works in progress	4,574	602
Total property, infrastructure, plant and equipment	268,949	263,331

Notes to the Financial Report For the Year Ended 30 June 2021

Note 6.1 Property, infrastructure, plant and equipment (continued)

Reconciliation of property, infrastructure, plant and equipment

2021	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 9.1)	Depreciation and amortisation (note 3.4)	Written down value of disposals	Written down value of de-recognition	Impairment losses recognised in profit or loss	Transfers	Transfers between classes	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property										
Land	9,007	124	-	-	-	-	-	-	-	9,131
Land under roads	17,954	33	-	-	(4)	-	-	-	-	17,983
Total land	26,961	157	-	-	(4)	-	-	-	-	27,114
Buildings and other structures	19,039	260	(1,537)	(611)	(118)	-	-	1,301	718	19,052
Total buildings and other structures	19,039	260	(1,537)	(611)	(118)	-	-	1,301	718	19,052
Total property	46,000	417	(1,537)	(611)	(122)	-	-	1,301	718	46,166
Plant and equipment										
Plant, machinery and equipment	2,474	-	-	(444)	(45)	(53)	-	581	(132)	2,381
Fixtures, fittings and furniture	901	-	-	(111)	-	(57)	-	-	(598)	135
Computers and telecommunications	149	-	-	(68)	-	(26)	-	9	12	76
Total plant and equipment	3,524	-	-	(623)	(45)	(136)	-	590	(718)	2,592
Infrastructure										
Roads	70,330	228	-	(2,433)	(662)	-	-	2,271	-	69,734
Bridges	11,005	-	-	(239)	(50)	-	-	1,207	-	11,923
Footpaths and cycle ways	7,170	77	-	(170)	(64)	-	-	666	-	7,679
Kerb and channel	3,544	36	-	(71)	(7)	-	-	454	-	3,956
Other transport infrastructure	4,795	16	-	(111)	(51)	-	-	170	-	4,819
Stormwater	41,735	482	-	(607)	(256)	-	-	1,103	-	42,457
Land improvements	7,953	138	-	(319)	(17)	-	-	510	-	8,265
Formation earthworks	66,673	42	-	-	(264)	-	-	333	-	66,784
Total infrastructure	213,205	1,019	-	(3,950)	(1,371)	-	-	6,714	-	215,617
Works in progress										
Land improvements	191	428	-	-	-	-	-	(510)	-	109
Buildings	342	4,143	-	-	-	-	-	(1,301)	-	3,184
Plant and equipment	1	592	-	-	-	-	-	(590)	-	3
Roads, footpaths and cycle ways, kerb and channel, formation earthworks and other transport infrastructure	28	4,850	-	-	-	-	-	(3,894)	-	984
Bridges	17	1,190	-	-	-	-	-	(1,207)	-	0
Stormwater	23	1,374	-	-	-	-	-	(1,103)	-	294
Total works in progress	602	12,577	-	-	-	-	-	(8,605)	-	4,574
Total property, infrastructure, plant and equipment	263,331	14,013	(1,537)	(5,184)	(1,538)	(136)	-	0	(0)	268,949

Notes to the Financial Report For the Year Ended 30 June 2021

Note 6.1 Property, infrastructure, plant and equipment (continued)

Reconciliation of property, infrastructure, plant and equipment (continued)

2020	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 9.1)	Depreciation and amortisation (note 3.4)	Written down value of disposals	Written down value of de-recognitions	Impairment losses recognised in profit or loss (a)	Transfers	Transfers between classes (a)	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property										
Land	10,086	-	(987)	-	-	-	-	8	(100)	9,007
Land under roads	15,514	165	2,325	-	(50)	-	-	-	-	17,954
Total land	25,600	165	1,338	-	(50)	-	-	8	(100)	26,961
Buildings and other structures	19,137	-	147	(604)	(35)	-	-	394	-	19,039
Total buildings and other structures	19,137	-	147	(604)	(35)	-	-	394	-	19,039
Total property	44,737	165	1,485	(604)	(85)	-	-	402	(100)	46,000
Plant and Equipment										
Plant, machinery and equipment	2,248	-	-	(448)	(139)	-	-	813	-	2,474
Fixtures, fittings and furniture	1,038	-	-	(137)	-	-	-	-	-	901
Computers and telecommunications	188	-	-	(71)	-	-	-	32	-	149
Total plant and equipment	3,474	-	-	(656)	(139)	-	-	845	-	3,524
Infrastructure										
Roads	58,230	1,335	11,595	(2,450)	(678)	-	-	2,660	(362)	70,330
Bridges	8,818	-	2,370	(183)	-	-	-	-	-	11,005
Footpaths and cycle ways	6,614	372	(331)	(154)	(77)	-	-	746	-	7,170
Kerb and channel	3,213	300	39	(67)	(21)	-	-	80	-	3,544
Other transport infrastructure	547	179	1,029	(109)	(17)	-	-	496	2,670	4,795
Stormwater	39,325	2,702	-	(589)	(60)	-	-	357	-	41,735
Land improvements	10,275	9	-	(303)	(45)	-	-	560	(2,543)	7,953
Formation earthworks	66,817	237	-	-	(1,346)	-	-	730	235	66,673
Total infrastructure	193,839	5,134	14,702	(3,855)	(2,244)	-	-	5,629	-	213,205
Works in progress										
Land	-	8	-	-	-	-	-	(8)	-	-
Land improvements	13	730	-	-	-	-	-	(560)	8	191
Buildings	119	617	-	-	-	-	-	(394)	-	342
Plant, machinery and equipment	8	846	-	-	-	-	-	(845)	(8)	1
Roads, footpaths and cycle ways, kerb and channel and formation earthworks	343	4,397	-	-	-	-	-	(4,712)	-	28
Bridges	-	17	-	-	-	-	-	-	-	17
Stormwater	70	310	-	-	-	-	-	(357)	-	23
Total works in progress	553	6,925	-	-	-	-	-	(6,876)	-	602
Total property, infrastructure, plant and equipment	242,603	12,224	16,187	(5,115)	(2,468)	-	-	0	(100)	263,331

(a) Transfer between classes - property, infrastructure, plant and equipment to non-current assets classified as held for sale.

During the 2019-20 financial year \$1.00 was transferred from land to non-current assets classified as held for sale. The transfer relates to 47 Cole Street, Sorrell, which had a revalued carrying value in land of \$1.00. Refer to note 4.5 Assets held for sale.

Notes to the Financial Report For the Year Ended 30 June 2021

Note 6.1 Property, infrastructure, plant and equipment (continued)

Accounting policy

Recognition and measurement of assets

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 and infrastructure 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.

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. For all assets, other than plant and equipment and land, the capitalisation thresholds consider both a monetary value (\$) threshold and a percentage (%) of asset threshold. The monetary value (\$) threshold or the percentage (%) of asset threshold must be met in order for an asset to be capitalised. Thresholds are applied at a component level.

	Threshold \$'000	Threshold % of asset
Property		
Land	No threshold applies	No threshold applies
Land under roads	10	50%
Buildings and other structures - buildings and building improvements	5	50%
Buildings and other structures - other structures	1	100%
Buildings and other structures - marine structures	1	50%
Plant and Equipment		
Plant, machinery and equipment	5	N/A
Fixtures, fittings and furniture	5	N/A
Computers and telecommunications	5	N/A
Infrastructure		
Roads	10	50%
Bridges	10	100%
Footpaths and cycle ways	10	50%
Kerb and channel	10	50%
Other transport infrastructure - bus shelters, bus stops and carparks	10	50%
Other transport infrastructure - traffic management devices	10	100%
Stormwater	Stormwater thresholds are dependent on the cost of the asset component.	
	If cost is > \$1	50%
	If cost is > \$5	100%
Land improvements - fences, park active areas, park passive areas and retaining walls	1	50%
Land improvements - formal areas and park infrastructure	1	50% - 100%
Land improvements - irrigation, lighting, open space furniture, playgrounds and signs	1	100%
Land improvements - play equipment	Land improvements - play equipment thresholds are dependent on the cost of the asset component.	
	If cost is > \$1 but < \$5	50%
	If cost is > \$5	100%
Formation Earthworks	10	50%

Revaluation

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

Land	fair value
Buildings and other structures	fair value
Plant, machinery and equipment	cost
Fixtures, fittings and furniture	cost
Computers and telecommunications	cost
Roads	fair value
Bridges	fair value
Footpaths and cycle ways	fair value
Kerb and channel	fair value
Other transport infrastructure	fair value
Stormwater	fair value
Land improvements	fair value
Formation earthworks	fair value
Investment in water corporation	fair value

Subsequent to the initial recognition of assets, non-current physical assets, other than plant, machinery and equipment, furniture, fixtures and fittings and computers and telecommunications, 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 of assets

Impairment losses are recognised in the Statement of Comprehensive Income under other expenses.

Reversals of impairment losses are recognised in the Statement of Comprehensive Income under other revenue.

Land under roads

Council recognised the value of land under roads it controls at fair value. A revaluation was undertaken at 30 June 2020 and was based on land rates as provided by the Valuer-General. Land under roads acquired after 30 June 2020 will be brought to account at cost and subsequently revalued on a fair value basis.

Notes to the Financial Report For the Year Ended 30 June 2021

	2021	2020
	\$'000	\$'000
Note 6.2 Investment property		
Balance at beginning of financial year	365	356
Fair value adjustments	38	9
Balance at end of financial year	403	365

Council's investment property relates to Council's ownership interest in the Copping Refuse Disposal Site land. Refer to note 9.10(c) for details on the valuation technique used to determine the fair value of Council's investment property.

Accounting policy

Investment Property

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the Statement of Comprehensive Income in the period that they arise. Rental income from the leasing of investment properties is recognised in the Statement of Comprehensive Income on a straight line basis over the lease term.

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

Note 6.3 Intangible assets

Municipal revaluation costs	29	58
Water rights	230	230
Computer software	18	27
Total	277	315

Works in progress

Computer software	299	227
Total	299	227

Total intangible assets	576	542
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Reconciliation of intangible assets

	Computer software	Municipal revaluation	Water rights	Total
	\$'000	\$'000	\$'000	\$'000
Gross carrying amount				
Balance at 1 July 2019	-	166	230	396
Transfer of assets	28	-	-	28
Balance at 30 June 2020	28	166	230	424
Transfer of assets	-	-	-	-
Balance at 30 June 2021	28	166	230	424
Accumulated amortisation and impairment				
Balance at 1 July 2019	-	78	-	78
Amortisation expense	1	30	-	31
Balance at 30 June 2020	1	108	-	109
Amortisation expense	9	29	-	38
Balance at 30 June 2021	10	137	-	147
Works in progress				
Balance at 1 July 2019	-	-	-	-
Acquisition of assets	255	-	-	255
Transfer of assets	(28)	-	-	(28)
Balance at 30 June 2020	227	-	-	227
Acquisition of assets	72	-	-	72
Transfer of assets	-	-	-	-
Balance at 30 June 2021	299	-	-	299
Net book value at 30 June 2020	254	58	230	542
Net book value at 30 June 2021	317	29	230	576

Notes to the Financial Report For the Year Ended 30 June 2021

Note 6.3 Intangible assets (continued)

Accounting policy	
Intangible assets	
Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.	
In accordance with Council's policy, the threshold limits applied when recognising intangible assets is \$5,000 and consistent with the prior year.	
The estimated useful lives for current and comparative periods are as follows:	
Computer software	3 years
Municipal revaluation	6 years
Water rights	Unamortisable

Note 6.4 Right-of-use assets

	Property	Plant and equipment	Infrastructure	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2021					
Gross carrying amount					
Opening Balance at 1 July 2020	-	1	-	-	1
Additions	-	40	-	-	40
Disposals	-	-	-	-	-
Amortisation expense	-	(7)	-	-	(7)
Balance at 30 June 2021	-	34	-	-	34
2020					
Opening Balance at 1 July 2019	-	8	-	-	8
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Amortisation expense	-	(7)	-	-	(7)
Opening Balance at 1 July 2020	-	1	-	-	1

Accounting policy	
Leases - Council as lessee	
In contracts where Council is a lessee, Council recognises a right-of-use asset and a lease liability at the commencement date of the lease, unless the short-term or low-value exemption is applied. Refer to note 7.4 for details on accounting policy of lease liability.	
A right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made before the commencement date (reduced by lease incentives received), plus initial direct costs incurred in obtaining the lease and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.	
All right-of-use assets are measured as described in the accounting policy for property, infrastructure, plant and equipment in Note 6.1. Also, Council applies AASB 136 <i>Impairment of Assets</i> to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the aforesaid note.	
Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Council expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.	

Note 6.5 Other assets

	2021	2020
	\$'000	\$'000
Current		
Prepayments	165	164
Other	224	40
Total other assets	389	204

Notes to the Financial Report For the Year Ended 30 June 2021

Note 7	Current liabilities	2021	2020
Note 7.1	Trade and other payables	\$'000	\$'000
	<i>Current</i>		
	Trade payables	548	169
	Rates and charges in advance	345	332
	Accrued expenses	285	369
	Other	127	107
	Total	1,305	977
	<i>Non-current</i>		
	Other	24	28
	Total	24	28
	Total trade and other payables	1,329	1,005

Accounting policy

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received. General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

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

For ageing analysis of trade and other payables, refer to note 9.9 (d).

Note 7.2	Trust funds and deposits		
	Refundable application deposits	502	506
	Retention amounts	290	271
	Total trust funds and deposits	792	777

Accounting policy

Trust funds and deposits

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

Note 7.3	Provisions	Annual leave	Long service leave	Rostered day off	Accrued day off	Total
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
2021						
	Balance at beginning of the financial year	599	908	47	33	1,587
	Additional provisions	412	95	101	52	660
	Amounts used	(436)	(62)	(112)	(51)	(661)
	Balance at the end of the financial year	575	941	36	34	1,586
	<i>Current</i>	575	676	36	34	1,321
	<i>Non-current</i>	-	265	-	-	265
	Total Provisions	575	941	36	34	1,586
2020						
	Balance at beginning of the financial year	518	805	36	20	1,379
	Additional provisions	439	187	101	48	775
	Amounts used	(358)	(84)	(90)	(35)	(567)
	Balance at the end of the financial year	599	908	47	33	1,587
	<i>Current</i>	599	580	47	33	1,259
	<i>Non-current</i>	-	328	-	-	328
	Total Provisions	599	908	47	33	1,587

Notes to the Financial Report For the Year Ended 30 June 2021

Note 7.3 Provisions (continued)

Employee benefits

	2021	2020
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	2.50%	3.40%
Weighted average discount rates	0.60%	0.41%
Weighted average settlement period	12	12
Employee numbers (full time equivalent)	69	66

Accounting policy

Employee benefits

i) 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.

ii) Other long term employee benefit obligations

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

iii) Sick leave

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

iv) Defined benefit plans

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

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund), a sub-fund of the Tasplan Superannuation Fund (Tasplan). On 1 April 2021, the Tasplan Superannuation Fund merged (via a Successor Fund Transfer) into the MTAA Superannuation Fund to become Spirit Super. 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.

v) Defined contribution plans

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

Notes to the Financial Report For the Year Ended 30 June 2021

Note 7.4 Lease liabilities	2021	2020
	\$'000	\$'000
Lease liabilities	35	2
Total lease liabilities	35	2
<i>Current</i>	<i>8</i>	<i>2</i>
<i>Non-current</i>	<i>27</i>	<i>-</i>

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

	Minimum lease payments due						Total
	Within 1 year \$ '000	1-2 years \$ '000	2-3 years \$ '000	3-4 years \$ '000	4-5 years \$ '000	After 5 years \$ '000	
As at 30 June 2021							
Lease payments	9	9	9	8	2	-	37
Finance charges	(1)	(1)	(0)	(0)	(0)	-	(2)
Net present value	8	8	9	8	2	-	35
As at 30 June 2020							
Lease payments	2	-	-	-	-	-	2
Finance charges	-	-	-	-	-	-	-
Net present value	2	-	-	-	-	-	2

Accounting policy

Leases - Council as lessee

The lease liability is measured at the present value of outstanding payments that are not paid at balance date, discounted by using the rate implicit in the lease. Where this cannot be readily determined then Council's incremental borrowing rate for a similar term with similar security is used.

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

Notes to the Financial Report For the Year Ended 30 June 2021

Note 7.5 Contract liabilities

	2021	2020
	\$'000	\$'000
Funds received to acquire or construct an asset controlled by Council	3,291	506
Total contract liabilities	3,291	506

Accounting policy

Council recognised the following contract liabilities as at 30 June 2021:

i) Grant funds received to acquire or construct an asset controlled by Council includes funding for the:

- Delivery of a drought and weed management program in the Sorell municipality to target weed management activities supporting landowners in drought affected areas.
- Engagement of two local Community Arts and Cultural Development (CACD) practitioners, to work with the South East community on developing projects that explore community identity and connections through creative arts opportunities.
- Construction of a new nature based playground, Snakes Hollow, at Carlton, for the provision of meeting community need for health, wellbeing and recreational opportunities.
- Installation of solar lighting on marine facilities in the Sorell municipality to increase community safety around water.
- Installation of street (access road) and car park lighting for the new stadium facility at the Pembroke Park, Sorell to provide safer community access to the facility.
- Construction of the new stadium facility at the Pembroke Park, Sorell, an indoor sports complex to be used by sporting groups and the community and provide for new and increased sporting and recreational opportunities.
- Upgrade of the skate park at the Pembroke Park, Sorell to improve non-functional areas and rectify issues with drainage.
- Restoration of the Sorell railway carriage shed to preserve an important part of local history.
- Construction of the Dodges Ferry to Carlton Beach loop shared pathway for the provision of meeting community need for health, wellbeing and recreational opportunities and to improve community connectedness.
- Construction of a new toilet, wastewater treatment and disposal system at the Lewisham/Gwynns Point boat ramp to meet community needs and protect the local environment.
- Construction of a footpath with barrier kerb along a key section of The Circle to link the existing footpath in Arthur Street, Sorell, with the Ningana Aged Care facility, including construction of speed humps to protect vulnerable road users.
- Construction of a pedestrian refuge with associated line marking, kerb ramps and traffic islands on Main Road near the intersection of Forcett Street in Sorell, to improve pedestrian safety.
- Construction of a 300m dedicated pathway between Dodges Ferry Primary School and the Carlton Beach/Carlton River Road intersection, including installation of kerbing, channeling and bollards to create a physical and visual delineation between pedestrians/cyclists and vehicles along First Avenue and Jetty Road in Dodges Ferry.
- Construction of kerb ramps, realignment of kerb and footpath widening and installation of pedestrian refuges in Pennington Drive, intersecting at Weston Hill Road, Dubs & Co Drive and Station Lane, Sorell, to improve pedestrian safety.
- Guard rail replacement, guidepost replacement, installation of warning signage, road widening, tree removal and limited drainage works on Pawleena Road, Sorell, to increase driver visibility and road safety.
- Guard rail replacement, guidepost replacement, installation of warning signage, road widening, tree removal and limited drainage works on Delmore Road and White Hill Road, Forcett, to increase driver visibility and road safety.
- Guard rail replacement, guidepost replacement, installation of warning signage, road widening, tree removal and limited drainage works on Bay Road, Boomer Bay to increase driver visibility and road safety.
- Installation of a guard rail system to prevent traffic from impacting the narrow bridge from both ends, and some localised road widening on Marion Bay Road, Marion Bay.
- Construction of a new bridge with concrete deck, guard rail to accommodate cyclists and pedestrians and lane realignment on Lewisham Road, Forcett.

The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue.

Revenue recognised that was included in the contract liability balance at the beginning of the period

Funds to construct Council controlled assets	493	281
Total revenue recognised that was included in the contract liability balance at the beginning of the period	493	281

Notes to the Financial Report For the Year Ended 30 June 2021

Note 8	Non-current liabilities	2021	2020
Note 8.1	Interest-bearing loans and borrowings	\$'000	\$'000
	<i>Current</i>		
	Borrowings - secured	1,628	273
		1,628	273
	<i>Non-current</i>		
	Borrowings - secured	1,529	1,907
		1,529	1,907
	Total interest-bearing loans and borrowings	3,157	2,180

Borrowings

Borrowings are secured by a Deed of Charge made between Sorell Council and Tasmanian Public Finance Corporation (TASCORP). As security for payment, as well as security for all of the Council's obligations under the Deed and each Transaction Document, the Council charges to TASCORP Security Property as defined in the Deed.

The maturity profile for Council's borrowings is:

Not later than one year	1,628	273
Later than one year and not later than five years	997	1,907
Later than five years	532	-
Total interest-bearing loans and borrowings	3,157	2,180

Accounting policy

Interest bearing loans and borrowings

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

Interest is expensed as it accrues and no interest has been capitalised during the current or comparative reporting period. There have been no defaults or breaches of the loan agreement during the period.

Notes to the Financial Report For the Year Ended 30 June 2021

Note 9	Other financial information	Balance at			
		beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
Note 9.1	Reserves	\$'000	\$'000	\$'000	\$'000
	(a) Asset revaluation reserve				
2021	Property				
	Land	7,802	-	-	7,802
	Land under roads	2,335	-	-	2,335
	Land improvements	4,756	-	-	4,756
	Buildings	12,344	-	(1,537)	10,807
		27,037	-	(1,537)	25,500
	Infrastructure				
	Roads	136,289	-	-	136,289
	Bridges	6,295	-	-	6,295
	Stormwater	31,657	-	-	31,657
		174,241	-	-	174,241
	Investment in associates (note 5.1)	55	-	-	55
		55	-	-	55
	Total asset revaluation reserve	201,333	-	(1,537)	199,796
2020	Property				
	Land	8,589	-	(987)	7,602
	Land under roads	10	2,325	-	2,335
	Land improvements	4,756	-	-	4,756
	Buildings	12,197	147	-	12,344
		25,552	2,472	(987)	27,037
	Infrastructure				
	Roads	123,957	12,332	-	136,289
	Bridges	3,825	2,370	-	6,295
	Stormwater	31,657	-	-	31,657
		159,539	14,702	-	174,241
	Investment in associates (note 5.1)	55	-	-	55
		55	-	-	55
	Total asset revaluation reserve	185,146	17,174	(987)	201,333
The asset revaluation reserve was established to capture the movements in asset valuations upon the periodic revaluation of Council's assets.					
	(b) Fair value reserve				
2021	Equity investment assets				
	Investment in water corporation	(7,227)	1,720	-	(5,507)
	Total fair value reserve	(7,227)	1,720	-	(5,507)
2020	Equity investment assets				
	Investment in water corporation	(674)	-	(6,553)	(7,227)
	Total fair value reserve	(674)	-	(6,553)	(7,227)

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

Notes to the Financial Report For the Year Ended 30 June 2021

Note 9.1 Reserves (continued)

	Balance at beginning of reporting year \$'000	Increment \$'000	(Decrement) \$'000	Balance at end of reporting year \$'000
(c) Other reserves				
2021 Plant replacement	5	-	-	5
Children's services	56	-	-	56
Tracks and trails	23	-	-	23
Stormwater southern beaches	900	-	-	900
Land	66	-	-	66
Total other reserves	1,050	-	-	1,050
2020 Plant replacement	5	-	-	5
Children's services	56	-	-	56
Tracks and trails	23	-	-	23
Stormwater southern beaches	900	-	-	900
Land	66	-	-	66
Total other reserves	1,050	-	-	1,050

Other reserves represent the appropriation of surplus to reserves for future capital works projects

	2021 \$'000	2020 \$'000
Total reserves	195,339	195,156

Note 9.2 Reconciliation of cash flows from operating activities to surplus (deficit)

Result from continuing operations	6,886	7,153
Depreciation and amortisation	5,222	5,146
Depreciation of right-of-use assets	7	7
(Gain)/loss on disposal of property, infrastructure, plant and equipment	1,224	2,336
(Gain)/loss on de-recognition/recognition of property, infrastructure, plant and equipment	(80)	-
Contributions - non-monetary assets	(1,212)	(5,298)
Share of net (profits)/losses of associates accounted for by the equity method	(608)	(1,001)
Fair value adjustments for investment property	(38)	(9)
Capital grants received specifically for new or upgraded assets	(4,598)	(1,277)
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	256	(891)
Decrease/(increase) in other assets	26	(23)
Decrease/(increase) in inventories	(3)	18
Increase/(decrease) in trade and other payables	324	848
Increase/(decrease) in provisions	(1)	208
Net cash provided by (used in) operating activities	7,404	7,217

Notes to the Financial Report For the Year Ended 30 June 2021

Note 9.3 Reconciliation of liabilities arising from financing activities

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

	Interest-bearing loans and borrowings	Lease liabilities	Trust funds and deposits
	\$'000	\$'000	\$'000
Balance as at 1 July 2020	2,180	1	776
Changes from financing cash flows:			
Cash received	1,250	-	338
Cash repayments	(273)	(6)	(320)
Right of use asset recognition (non-cash)	-	40	-
Balance as at 30 June 2021	3,157	35	792
Balance as at 1 July 2019	2,080	-	829
Adjustment due to AASB16 adoption	-	8	-
Restated balance as at 1 July 2019	2,080	8	829
Changes from financing cash flows:			
Cash received	300	-	778
Cash repayments	(200)	(7)	(831)
Balance as at 30 June 2020	2,180	1	776

Note 9.4 Reconciliation of cash and cash equivalents

Cash and cash equivalents (note 4.1)	6,072	4,469
Total reconciliation of cash and cash equivalents	6,072	4,469

Note 9.5 Superannuation

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund). The Fund was a sub-fund of the Tasplan Superannuation Fund up to 31 March 2021. On 1 April 2021, the Tasplan Superannuation Fund merged (via a Successor Fund Transfer) into the MTAA Superannuation Fund to become Spirit Super. 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 the Council contributed 14.5% 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 2020. The review disclosed that at that time the net market value of assets available for funding member benefits was \$51,939,000, the value of vested benefits was \$43,411,000, the surplus over vested benefits was \$8,528,000, the value of total accrued benefits was \$43,562,000, and the number of members was 95. 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 3.75% p.a.
- Salary Inflation 2.75% p.a.
- Price Inflation n/a

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 2020.
- 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.
- 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 2020.

Given the strong financial position of the Fund, the Actuary recommended that the Council consider a contribution holiday and contribute 0% of salaries from 1 July 2021 to 30 June 2024.

The Actuary will continue to undertake a brief review of the financial position of the Fund at the end of each financial year to confirm that the contribution rates remain appropriate. The next full triennial actuarial review of the Fund will have an effective date of 30 June 2023 and is expected to be completed late in 2023.

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

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

Notes to the Financial Report For the Year Ended 30 June 2021

Note 9.5 Superannuation (continued)

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

- The 2020 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 2017.

Under the aggregate funding method of financing the benefits, the stability of the Councils' contributions over time depends on how closely the Fund's actual experience matches the expected experience. If the actual experience differs from that expected, the Councils' contribution rate may need to be adjusted accordingly to ensure the Fund remains on course towards financing members' benefits.
- In terms of Rule 27.4 of the Tasplan Trust Deed (Trust Deed), there is a risk that employers within the Fund may incur an additional liability when an Employer ceases to participate in the Fund at a time when the assets of the Fund are less than members' vested benefits. Each member of the Fund who is an employee of the Employer who is ceasing to Participate is required to be provided with a benefit at least equal to their vested benefit in terms of Rule 27.4 (b) (A). However, there is no provision in the Trust Deed requiring an employer to make contributions other than its regular contributions up to the date of cessation of contributions. This issue can be resolved by the Trustee seeking an Actuarial Certificate in terms of Rule 26.6 identifying a deficit and the Trustee determining in terms of Rule 26.3(c) that the particular employer should make the payment required to make good any shortfall before the cessation of participation is approved.
- The application of Fund assets on Tasplan being wound-up is set out in Rule 41.4. This Rule provides that expenses and taxation liabilities should have first call on the available assets. Additional assets will initially be applied for the benefit of the then remaining members and/or their Dependents in such manner as the Trustee considers equitable and appropriate in accordance with the Applicable Requirements (broadly, superannuation and taxation legislative requirements and other requirements as determined by the regulators).

The Trust Deed does not contemplate the Fund withdrawing from Tasplan. However it is likely that Rule 27.4 would be applied in this case (as detailed above).
- The Fund is a defined benefit Fund.
- The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. Thus the Fund is not able to prepare standard AASB119 defined benefit reporting.
- During the reporting period the amount of contributions paid to defined benefits schemes was \$25,227 (2019-20, \$25,522), and the amount paid to accumulation schemes was \$682,712 (2019-20, \$623,118).
- During the next reporting period the expected amount of superannuation contributions to be paid to defined benefits schemes is \$26,090, and the amount to be paid to accumulation schemes is \$746,411.
- As reported above, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2020. 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 2023.
- 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 2020, showed that the Fund had assets of \$51.94 million and members' Vested Benefits were \$43.41 million. These amounts represented 0.53% and 0.45% respectively of the corresponding total amounts for Tasplan.
- As at 30 June 2020 the Fund had 95 members and the total employer contributions and member contributions for the year ending 30 June 2020 were \$927,231 and \$235,365 respectively.

Fund	2021 \$'000	2020 \$'000
Defined benefits fund		
Employer contributions to Quadrant Defined Benefits Fund	25	26
	25	26
Employer contributions payable to Quadrant Defined Benefits Fund at reporting date	2	2
	2	2
Accumulation funds		
Employer contributions to Tasplan Superannuation Fund	214	189
Employer contributions to all other superannuation funds	449	435
	663	624
Employer contributions payable to Tasplan Superannuation Fund at reporting date	33	15
Employer contributions payable to all other superannuation funds at reporting date	34	34
	67	49

Notes to the Financial Report For the Year Ended 30 June 2021

Note 9.6	Commitments	2021	2020
	<i>Capital expenditure commitments</i>	\$'000	\$'000
	Buildings	5,212	1,205
	Community	148	-
	Stormwater	75	573
	Roads	107	-
	Transport	-	157
	Plant, machinery and equipment	45	-
	Computer software	23	17
	Total capital expenditure commitments	5,610	1,952

Contractual commitments

Contractual commitments at end of financial year but not recognised in the financial report are as follows:

Garbage and recycling collection contract (<i>expires 1 September 2022</i>)	929	1,677
Street bins, green waste and hard waste contract (<i>expires 30 September 2022</i>)	850	97
Recycling centre management contract (<i>expires 1 September 2022</i>)	154	226
Recycling disposal contract (<i>expires 1 December 2021</i>)	77	-
Cleaning contract (<i>expires 30 June 2024</i>)	575	188
Legal services contract (<i>expires 30 June 2022</i>)	66	66
Total contractual commitments	2,651	2,254

Note 9.7 Operating leases as lessor

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

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

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

Where leases are commercial agreements, and properties leased are predominantly used for leasing to third parties, Council records lease revenue on an accruals basis and records the associated properties as investment property in accordance with AASB 140 *Investment Properties*. These properties are recognised at fair value. These leases may include incentives which have not been recognised in the Statement of Financial Position, on the basis the amounts are unlikely to be material and could not be reliably measured at balance date.

The future (undiscounted) lease payments to be received on an annual basis for all operating leases is as follows:

Maturity analysis of operating lease payments to be received

Year 1	105	104
Year 2	105	105
Year 3	105	105
Year 4	106	105
Year 5	107	106
Year 6 and onwards	1,873	2,080
Total	2,501	2,605

The following table presents the amounts reported in profit or loss:

Lease income on operating leases (note 2.7)	202	187
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Notes to the Financial Report For the Year Ended 30 June 2021

Note 9.8 Contingent liabilities and contingent assets

Contingent liabilities

Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors.

As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report.

Council has assessed contingent liabilities and found there to be no other contingent liabilities for the year ended 30 June 2021.

Guarantees for loans to other entities

Council had not guaranteed any loans to other entities for the year ended 30 June 2021.

Contingent assets

Council is aware of a number of subdivisions currently under development, however as these developments are yet to be finalised, and the developer contributions to be received in respect of these developments are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report.

Council has assessed contingent assets and found there to be no other contingent assets for the year ended 30 June 2021.

Note 9.9 Financial instruments

(a) Interest rate risk

The exposure to interest rate risk and the effective interest rates of financial assets and non-lease financial liabilities, both recognised and unrecognised, at balance date are as follows. For lease liabilities refer to note 7.4.

2021

	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets							
Cash and cash equivalents	0.15%	6,072	-	-	-	-	6,072
Investments	0.52%	-	5,282	-	-	-	5,282
Midway Point Improvement Act loan receivable	9.77%	-	-	-	29	-	29
Trade and other receivables	0.00%	274	-	-	-	3,647	3,921
Investment in water corporation	0.00%	-	-	-	-	23,800	23,800
Total financial assets		6,346	5,282	-	29	27,447	39,104
Financial liabilities							
Trade and other payables	0.00%	-	-	-	-	1,329	1,329
Trust funds and deposits	0.00%	-	-	-	-	792	792
Interest-bearing loans and borrowings	3.96%	-	1,628	997	532	-	3,157
Total financial liabilities		-	1,628	997	532	2,121	5,278
Net financial assets (liabilities)		6,346	3,654	(997)	(503)	25,326	33,826

2020

	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets							
Cash and cash equivalents	0.48%	4,469	-	-	-	-	4,469
Investments	1.57%	-	6,891	-	-	-	6,891
Midway Point Improvement Act loan receivable	9.77%	-	-	-	36	-	36
Trade and other receivables	0.00%	350	-	-	-	495	845
Investment in water corporation	0.00%	-	-	-	-	22,080	22,080
Total financial assets		4,819	6,891	-	36	22,575	34,321
Financial liabilities							
Trade and other payables	0.00%	-	-	-	-	1,005	1,005
Trust funds and deposits	0.00%	-	-	-	-	777	777
Interest-bearing loans and borrowings	5.41%	-	273	1,907	-	-	2,180
Total financial liabilities		-	273	1,907	-	1,782	3,962
Net financial assets (liabilities)		4,819	6,618	(1,907)	36	20,793	30,359

Notes to the Financial Report For the Year Ended 30 June 2021

Note 9.9 Financial instruments (continued)

(b) Fair value

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

Financial instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	6,072	4,469	6,072	4,469
Other financial assets	5,282	6,891	5,282	6,891
Trade and other receivables	3,950	881	3,950	881
Investment in water corporation	23,800	22,080	23,800	22,080
<i>Total financial assets</i>	<u>39,104</u>	<u>34,321</u>	<u>39,104</u>	<u>34,321</u>
<i>Financial liabilities</i>				
Trade and other payables	1,329	1,005	1,329	1,005
Trust funds and deposits	792	777	792	777
Lease liabilities	35	2	35	2
Interest-bearing loans and borrowings	3,157	2,180	3,157	2,180
<i>Total financial liabilities</i>	<u>5,313</u>	<u>3,964</u>	<u>5,313</u>	<u>3,964</u>

(c) Credit risk

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

(d) 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 the Tasmanian Public Finance Corporation (TASCORP). 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.

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 Commonwealth 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.

Notes to the Financial Report For the Year Ended 30 June 2021

Note 9.8 Financial instruments (continued)

(d) Risks and mitigation (continued)

Credit risk

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

- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in Sorell Council's 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 balances are monitored on an ongoing basis with the result that Council's exposure to bad debts is not significant.

Council may also be subject to credit risk for transactions which are not included in the Statement of Financial Position, such as when Council provides a guarantee for another party. Details of Council's contingent liabilities are disclosed in note 9.8.

Credit quality of contractual financial assets that are neither past due nor impaired

	Financial institutions (AA credit rating)	Financial institutions (BBB+ credit rating)	Government agencies (AA+ credit rating)	Total
2021				
Cash and cash equivalents	6,034	-	38	6,072
Trade and other receivables	-	-	-	-
Investments and other financial assets	-	5,282	-	5,282
Total contractual financial assets	6,034	5,282	38	11,354

2020				
Cash and cash equivalents	4,431	-	38	4,469
Trade and other receivables	-	-	-	-
Investments and other financial assets	2,891	4,000	-	6,891
Total contractual financial assets	7,322	4,000	38	11,360

Movement in provisions for impairment of trade and other receivables	2021 \$'000	2020 \$'000
Balance at the beginning of the year	3	25
New provisions recognised during the year	2	1
Amounts already provided for and written off as uncollectible	(2)	(23)
Amounts provided for but recovered during the year	-	-
Balance at end of year	3	3

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:

Rates - secured on property	274	350
Current - not yet due	3,582	402
Current - past due by up to 30 days	4	9
Current - past due between 31 and 180 days	14	35
Current - past due between 181 and 365 days	42	44
Non-current - past due by more than 1 year	34	41
Total trade and other receivables	3,950	881

Notes to the Financial Report For the Year Ended 30 June 2021

Note 9.9 Financial instruments (continued) (d) Risks and mitigation (continued) Credit risk (continued)

Ageing of individually impaired trade and other receivables

At balance date, other debtors representing financial assets with a nominal value of \$3k (2019-20 \$2k) were impaired. The amount of the provision raised against these debtors was \$3k (2019-20 \$2k). The individually impaired debtors relate to general and sundry debtors and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of trade and other receivables that have been individually determined as impaired at reporting date was:

	2021 \$'000	2020 \$'000
Current - not yet due	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	2	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	1	2
Total trade and other receivables	<u>3</u>	<u>2</u>

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;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

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

The table below lists the contractual maturities for non-lease financial liabilities. For lease liabilities refer to note 7.4.

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

2021	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted cash flow \$'000	Carrying amount \$'000
Trade and other payables	1,305	-	24	-	-	1,329	1,329
Trust funds and deposits	2	790	-	-	-	792	792
Interest-bearing loans and borrowings	198	1,430	565	432	532	3,157	3,157
Total financial liabilities	<u>1,505</u>	<u>2,220</u>	<u>589</u>	<u>432</u>	<u>532</u>	<u>5,278</u>	<u>5,278</u>

2020	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted cash flow \$'000	Carrying amount \$'000
Trade and other payables	1,005	-	-	-	-	1,005	1,005
Trust funds and deposits	13	764	-	-	-	777	777
Interest-bearing loans and borrowings	134	138	289	393	1,226	2,180	2,180
Total financial liabilities	<u>1,152</u>	<u>902</u>	<u>289</u>	<u>393</u>	<u>1,226</u>	<u>3,962</u>	<u>3,962</u>

Notes to the Financial Report For the Year Ended 30 June 2021

Note 9.9 Financial instruments (continued)

(e) Sensitivity disclosure analysis

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

- A parallel shift of +1% and -2% in market interest rates (AUD).

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

		Interest rate risk			
		-2%		1%	
		-200 basis points		+100 basis points	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2021	\$'000				
Financial assets:					
Cash and cash equivalents	6,072	(121)	(121)	61	61
Investments	5,282	(106)	(106)	53	53
Financial liabilities:					
Interest-bearing loans and borrowings	3,157	(63)	(63)	32	32

		Interest rate risk			
		-2%		1%	
		-200 basis points		+100 basis points	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2020	\$'000				
Financial assets:					
Cash and cash equivalents	4,469	(89)	(89)	45	45
Investments	6,891	(138)	(138)	69	69
Financial liabilities:					
Interest-bearing loans and borrowings	2,180	(44)	(44)	22	22

Notes to the Financial Report For the Year Ended 30 June 2021

Note 9.10 Fair value measurements

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

- Investment property
- Investment in water corporation
- Property, infrastructure, plant and equipment
 - Land
 - Land under roads
 - Buildings and other structures
 - Transport infrastructure including roads, formation earthworks, footpaths and cycle ways, kerb and channel and other transport infrastructure
 - Bridges
 - Stormwater
 - Land improvements

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

Council also has an asset measured at fair value on a non-recurring basis as a result of being reclassified as an asset held for sale. This comprises of a parcel of land held for sale at 47 Cole Street, Sorell, which is disclosed in note 4.5. A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading 'Land 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 access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Council. The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2021.

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.

As at 30 June 2021

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Investment property	6.2	-	403	-	403
Investment in water corporation	5.2	-	-	23,800	23,800
Land	6.1	-	9,131	-	9,131
Land under roads	6.1	-	17,983	-	17,983
Buildings and other structures	6.1	-	9,622	9,430	19,052
Transport infrastructure	6.1	-	-	152,972	152,972
Bridges	6.1	-	-	11,923	11,923
Stormwater	6.1	-	-	42,457	42,457
Land improvements	6.1	-	-	8,265	8,265
		-	37,139	248,847	285,986
Non-recurring fair value measurements					
Non-current assets classified as held for sale	4.5	-	-	-	-
		-	-	-	-

Notes to the Financial Report For the Year Ended 30 June 2021

Note 9.10 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

As at 30 June 2020

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Investment property	6.2	-	365	-	365
Investment in water corporation	5.2	-	-	22,080	22,080
Land	6.1	-	9,007	-	9,007
Land under roads	6.1	-	17,954	-	17,954
Buildings and other structures	6.1	-	-	19,039	19,039
Transport infrastructure	6.1	-	-	152,512	152,512
Bridges	6.1	-	-	11,005	11,005
Stormwater	6.1	-	-	41,735	41,735
Land improvements	6.1	-	-	7,953	7,953
		-	27,326	254,324	281,650
Non-recurring fair value measurements					
Non-current assets classified as held for sale					
	4.5	100	-	-	100
		100	-	-	281,750

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.

The following assets that are measured at fair value on a recurring basis have been subject to a transfer between levels of the hierarchy.

Transfers from Level 3 to Level 2	2021 \$'000	2020 \$'000
Asset		
Buildings - non-specialised buildings	9,622	-

As at 30 June 2021 specialised buildings, other structures and marine structures are reported as a separate fair value hierarchy category of non-current assets compared to non-specialised buildings. Non-specialised buildings have been transferred from level 3 (as at 30 June 2020) to level 2 (as at 30 June 2021). The reason the building and other structures asset class is comprised of both level 2 and level 3 assets as at 30 June 2021, is due to materiality differences in the nature of these assets and consequently differences in the valuation technique used to derive the fair value measurements of these assets. The cost approach, used to derive the fair value measurement of specialised buildings, other structures and marine structures, used key unobservable inputs, which were significant to the valuation and therefore the overall valuation has been classified as level 3. Whereas, the market approach, used to derive the fair value measurement of non-specialised buildings, was supported by observable evidence obtained via inspection and market evidence and therefore the overall valuation has been classified as level 2.

There were no transfers between levels 1 and 2 during the year and no other transfers between levels 2 and 3.

(b) Highest and best use

All assets valued at fair value in this note are being used for their highest and best use.

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

Investment property

Council's investment property relates to Council's ownership interest in the Copping Refuse Disposal Site land as disclosed in note 6.2. Fair value was determined by using Council's ownership interest against the land fair value at balance date. At 30 June 2021, Council held a 30% ownership interest in the land. The land fair value was determined by the Valuer-General, using the municipal fresh valuations, effective 1 July 2016. Adjustments using the Valuer-General adjustment factors are applied to the land fair value until the next fresh valuation is completed. The land fair value was adjusted as at 30 June 2021 to reflect the Valuer-General's 2021 adjustment factors. This valuation technique is supported by market evidence and is not sensitive to unobservable inputs and is therefore classified as level 2 in the fair value hierarchy.

Notes to the Financial Report For the Year Ended 30 June 2021

Note 9.10 Fair value measurements (continued)

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

Investment in water corporation

Council's investment in TasWater is valued at its fair value at balance date as disclosed in note 5.2. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2021, Council held a 1.51% (2019-20 1.53%) ownership interest in TasWater, which is based on schedule 2 of the corporation's constitution and reflects the Council's voting rights. Any unrealised gains and losses are recognised through the Statement of Comprehensive Income.

Land

Land was revalued in the 2019-20 financial year (with a prior period adjustment applied). Land fair values were determined by the Valuer-General, using the municipal fresh valuations, effective 1 July 2016. This valuation technique is supported by market evidence and is not sensitive to unobservable inputs and is therefore classified as level 2 in the fair value hierarchy.

Land held for sale

Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification. At 30 June 2021 Council had one parcel of land held for sale; the Emergency Hub (Lot 1) at 47 Cole Street, Sorell, as disclosed in note 4.5.

The fair value of the parcel of land at 47 Cole Street, Sorell was determined by a Council decision made at the September 2019 Ordinary Council Meeting. At this meeting Council resolved to agree in principle to the request from the Department of Police, Fire and Emergency Services to transfer for the sum of \$1.00 the Sorell Emergency Services Hub parcel of land and that each party is to bear their own associated costs. The carrying value of the parcel of land was determined to be \$700,000, by a qualified independent valuer, Knight Frank, in May 2019.

Land under roads

Land under roads was revalued in the 2019-20 financial year (with a prior period adjustment applied). Land under roads fair values were calculated by determining each asset's land classification and size dimensions and then applying the land classification rates supplied to Council by the Valuer-General, effective 1 July 2019. This valuation technique is supported by market evidence and is not sensitive to unobservable inputs and is therefore classified as level 2 in the fair value hierarchy.

Buildings and other structures (inclusive of marine structures)

The fair value of buildings and other structures was determined by a qualified independent valuer, Assetic Pty Ltd, effective 30 June 2021. The fair value of marine structures was determined by a qualified independent valuer, AusSpan, effective 30 June 2021.

Non-specialised buildings

Assetic Pty Ltd determined the fair value of Council's non-specialised buildings, using fair value level 2 valuation inputs using the market approach. Non-specialised building fair values were determined by the Valuer-General, using the municipal fresh valuations, effective 1 July 2016. Adjustments using the Valuer-General adjustment factors, effective 1 July 2019, were then applied to determine fair values. This valuation technique is supported by market evidence and is not sensitive to unobservable inputs and is therefore classified as level 2 in the fair value hierarchy.

Specialised buildings and other structures

Assetic Pty Ltd determined the fair value of Council's specialised buildings and other structures, using fair value level 3 valuation inputs using the cost approach. This method is based on determining the replacement cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment. The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. Assetic Pty Ltd valuation technique used gross current values, which were determined using local projects/data if available, local knowledge and available data sources and verified with first principle calculations. Data sources included published reference rates from Rawlinson's (Australian Construction Handbook) 2021. The size of the asset and finishing standard were also considered. The gross current value unit rates used for the valuation included allowances for all existing assets reaching the end of their useful lives being renewed in accordance with current industry design standards and replaced like for like, where possible, and also included allowances for project management and all incurred reasonable costs.

Notes to the Financial Report For the Year Ended 30 June 2021

Note 9.10 Fair value measurements (continued)

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

Specialised buildings and other structures (continued)

In determining the level of accumulated depreciation the assets were disaggregated into significant components which exhibit materially significant parts, which in turn have materially different lifecycles and must be depreciated separately. Assetic Pty Ltd assessed and depreciated each component using an asset centric straight-line methodology, to reflect the pattern of consumption, useful life and residual value of the particular asset. Depreciation values were determined using the change in written down value over a predictable time period, based on the asset's remaining service life profile. This remaining service profile was derived from Assetic Pty Ltd's suite of benchmark profiles. Useful lives were derived by considering a number of factors and included the use of evidence based information (including known construction dates and visual inspections) and reference and benchmarking with international infrastructure guidelines. Assetic Pty Ltd determined that all building and other structure assets have a nil residual value, as assets of this nature are never relinquished.

The gross current values used can be supported by market evidence (level 2), however Assetic Pty Ltd noted the key unobservable inputs (level 3) used in the valuation as; condition; unit rates; useful and remaining life; and residual values. Assetic Pty Ltd also assessed how changes in the inputs would affect fair value, including a fair value sensitivity analysis of unobservable inputs. These unobservable inputs were significant to the valuation and therefore the overall valuation has been classified as level 3. The table at note 9.10(d) below summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

Specialised marine structures

AusSpan determined the fair value of Council's marine structures, using fair value level 3 valuation inputs. Each marine structure is assessed individually and componentised. Construction estimates are based on the construction material used, local construction data and financial year reviews, to ensure rates used reflect current tendering. The useful lives were evaluated on an individual basis for each structure and were based on evidence based information (including known construction dates and visual inspections). Useful lives are determined by construction material used and assessment against industry standards. The revaluation can be supported by market evidence (level 2), however key unobservable inputs (level 3) have been used which were significant to the valuation and therefore the overall valuation has been classified as level 3.

Infrastructure assets

All Council infrastructure assets were fair valued using written down current replacement cost. This valuation comprises the asset's current replacement cost (CRC) 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 are disclosed in note 6.1.

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 table at note 9.10(d) below summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

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

Notes to the Financial Report For the Year Ended 30 June 2021

Note 9.10 Fair value measurements (continued)

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

Transport infrastructure

Council categorises its road infrastructure into sealed and unsealed roads. All roads are managed in segments of no greater than 500m. All road segments are then componentised in accordance with AASB116 *Property Plant and Equipment* into formation, pavement base, pavement subbase and surface. 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.

CRC is based on the road area multiplied by a unit price, the unit price being an estimate of labour and material inputs, services costs, and overhead allocations. Council assumes that pavements are constructed to depths, variable based on location and surface type, (usually between 2.5cm and 4cm). For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and labour wage rates are based on Council's Enterprise Bargaining Agreement (EBA). Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years.

Roads, including formation earthworks, footpaths and cycle ways, kerb and channel and other transport infrastructure were revalued by a qualified independent valuer, Assetic Pty Ltd, effective 30 June 2020 (with a prior period adjustment applied). Assetic Pty Ltd determined the fair value of Council's roads infrastructure assets using fair value level 3 valuation inputs using the cost approach. The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors.

Assetic Pty Ltd's valuation technique used gross current values, which were assessed on the basis of determining the replacement cost of the modern equivalent (or cost re-production where relevant) and then adjusting for the level of consumed future economic benefit and impairment. The determination of appropriate unit rates, which were applied to the asset components when calculating the gross valuation, were determined using local projects/data where available, local knowledge and available data sources and verified with first principle calculations. Data sources included published reference rates from the Rawlinson's Australian Construction Handbook 2020.

In determining the level of accumulated depreciation the assets were disaggregated into significant components which exhibit materially significant parts, which in turn have materially different lifecycles and must be depreciated separately. Assetic Pty Ltd verified Council's road infrastructure assets useful lives by; reference to benchmarking with the IPWEA Asset Management and Financial Management Guidelines, Practice Note 12 2017 Useful Life of Infrastructure; and evidence based information (including known construction dates and visual inspections).

The gross current values used can be supported by market evidence (level 2), however Assetic Pty Ltd noted the key unobservable inputs (level 3) used in the valuation as: condition; unit rates; and useful and remaining life. Assetic Pty Ltd also assessed how changes in the inputs would affect fair value, including a fair value sensitivity analysis of unobservable inputs. These unobservable inputs were significant to the valuation and therefore the overall valuation has been classified as level 3.

Bridges

A revaluation of bridge assets was undertaken by independent valuers, AusSpan, effective 30 June 2020 (with a prior period adjustment applied). Each bridge is assessed individually and componentised into sub-assets representing sub structure and super structure. The valuation is based on the material type used for construction and the sub structure and super structure. Construction estimates are based on the construction material used, local construction data and financial year reviews of all bridge tenders, to ensure rates used reflect current tendering. The useful lives were evaluated on an individual basis for each structure and were based on evidence based information (including known construction dates and visual inspections). Useful lives are determined by construction material used and assessment against industry standards, including the Bridge Design Standard AS5100-2004. The revaluation can be supported by market evidence (level 2), however key unobservable inputs (level 3) have been used which were significant to the valuation and therefore the overall valuation has been classified as level 3.

Notes to the Financial Report For the Year Ended 30 June 2021

Note 9.10 Fair value measurements (continued)

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

Stormwater

Revaluation and assessment of stormwater assets was undertaken by Sorell Council Officers, effective 30 June 2019 (with a prior period adjustment applied). The valuations were based on depreciated replacement cost using unit replacement rates. Unit replacement rates were calculated using data provided by Tasmanian Local Government Authorities, which was averaged and indexed. Stormwater assets are managed in segments; and structures, culverts, drains, pits, gross pollutant traps (GPTs) and open drains are the major stormwater categories.

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.

The CRC is based on the unit price for the component type. The unit price is multiplied by the asset's length or size dimensions. The unit price applied is based on the size and construction material.

Land Improvements

The fair value of land improvements was determined by a qualified independent valuer, Assetic Pty Ltd, effective 30 June 2018 (with a prior period adjustment applied). Assetic Pty Ltd determined the fair value of Council's land improvement assets using fair value level 3 valuation inputs using the cost approach. The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors.

Assetic Pty Ltd's valuation technique used gross current values, which were assessed on the basis of replacement with a new asset having similar service potential and included allowances for project management and all incurred reasonable costs. The gross current values were derived from and included allowances for, all existing assets reaching the end of their useful life to be renewed in accordance with current industry design standards and replaced like for like, where possible, and reference from Rawlinson's (Australian Construction Handbook) 2017, Edition 35, using the high end of the nominate cost scale for greater accuracy, the base rate was taken from the main capital city of the state and the loading index applied, if applicable, and where applicable a country loading was applied to Council.

In determining the level of accumulated depreciation the assets were disaggregated into significant components which exhibit materially significant parts, which in turn have materially different lifecycles and must be depreciated separately. Assetic Pty Ltd derived Council's land improvement assets useful lives by using: evidence based information (including known construction dates and visual inspections); reference and benchmarking with the International Infrastructure Manual and neighbouring municipalities; and local knowledge of past construction practices and current environment. Depreciation values were determined using the change in written down value over a predictable time period, based on the asset's remaining service life profile. The remaining service life profile was derived from Assetic's Pty Ltd suite of benchmark profiles.

The gross current values used can be supported by market evidence (level 2), however Assetic Pty Ltd noted the key unobservable inputs (level 3) used in the valuation as: condition; unit rates; and useful and remaining life. Assetic Pty Ltd also assessed how changes in the inputs would affect fair value, including a fair value sensitivity analysis of unobservable inputs. These unobservable inputs were significant to the valuation and therefore the overall valuation has been classified as level 3. The table at note 9.10(d) below summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

Notes to the Financial Report For the Year Ended 30 June 2021

Note 9.10 Fair value measurements (continued)
(d) Unobservable inputs and sensitivities

Asset / liability category*	Carrying amount (at fair value)	Key unobservable inputs *	Expected range of inputs	Description of how changes in inputs will affect the fair value
Buildings and other structures	19,052	Condition, useful and remaining life, and unit rates	Condition 0 - as new to condition 6 - unserviceable Refer to note 3.4 for useful life Unit rates range from \$295 - \$3,055 per sqm (specialised buildings), \$205 - \$1,640 per sqm (other structures) and \$480 - \$4,656 per sqm (marine structures).	Significant increases (decreases) in the rated condition, useful and remaining life of assets in isolation would result in significantly higher (lower) fair value measurement. Significant increases (decreases) in the adopted unit rates would result in significantly higher (lower) fair value measurement.
Transport infrastructure	152,872		Unit rate range from \$8.14 per sqm (bulk earthworks) to \$1,925.47 per unit (premium footpath) Refer to note 3.4 for useful life	
Bridges	11,923		Refer to note 3.4 for useful life	
Stormwater	42,457		Score 0 - as new to score 6 - as unserviceable Unit rate range from \$240.17 per m (drains) to \$2,000 per unit (end structures) Refer to note 3.4 for useful life	
Land improvements	8,265		Score 0 - as new to score 6 - as unserviceable Refer to note 3.4 for useful life	
Investment in water corporation	23,800	Refer to note 9.10 (c) for a description of the valuation techniques and the inputs used to determine the fair value of this asset.		

*There were no significant inter-relationships between unobservable inputs that materially affect fair values.

(e) Changes in recurring level 3 fair value measurements

The changes in level 3 property, infrastructure, plant and equipment assets with recurring fair value measurements are detailed in note 6.1. Investment in water corporation, which is classified as level 3 has been separately disclosed in note 5.2.

Transfers between level 1, 2 or 3 measurements during the year are detailed at note 9.10 (a). In the 2020-21 financial year the buildings and other structures asset class comprised of both level 2 and level 3 assets, the reason for this is detailed at note 9.10 (a).

Notes to the Financial Report For the Year Ended 30 June 2021

Note 9.10 Fair value measurements (continued)

(f) Valuation processes

Council's current policy for the valuation of property, infrastructure, plant and equipment, investment in water corporation and investment property (recurring fair value measurements) is set out in notes 5.1, 5.2, 6.1, and 6.2 respectively.

Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

(g) 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 Statement of Comprehensive Income when incurred. The fair value of borrowings disclosed in note 8.1 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).

Note 9.11 Events occurring after balance date

No events occurring after balance date have been identified which would materially impact these statements.

Note 9.12 Prior period errors

In preparation of the 2020-21 financial statements, Council identified waste infrastructure assets in the 2019-20 and 2018-19 financial statements that were not controlled by Council. The value of the waste infrastructure assets impacted by this error in 2019-20 was \$1.148m (2018-19, \$1.200m).

Comparative numbers reported in the 2019-20 Statement of Financial Position, and at the beginning of the comparative financial year (1 July 2019) have been restated to correct this error below. The line items affected are as follows:

	2018-19			2019-20		
	Published financial statements	Correction of error	Restated actuals	Published financial statements	Correction of error	Restated actuals
Financial statement line items affected	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Statement of Financial Position</u>						
Waste – at fair value	1,893	(1,893)	-	1,893	(1,893)	-
Waste - accumulated depreciation	(693)	693	-	(745)	745	-
Total property, plant and equipment	243,803	(1,200)	242,603	264,479	(1,148)	263,331
Accumulated surplus	94,920	(558)	94,362	101,333	(506)	100,827
Reserves	186,164	(642)	185,522	195,798	(642)	195,156
Total equity	281,084	(1,200)	279,884	297,131	(1,148)	295,983
<u>Statement of Comprehensive Income</u>						
Depreciation	5,116	(52)	5,064	5,205	(52)	5,153
Total expenses from continuing operations	17,278	(52)	17,226	17,281	(52)	17,229
Operating result for the year	5,274	52	5,326	7,101	52	7,153
Total comprehensive income	8,859	52	8,911	16,735	52	16,787

Notes to the Financial Report For the Year Ended 30 June 2021

Note 10 Other matters

Note 10.1 Related party transactions

(i) Councillor remuneration 2021

Name	Position	Period	Short term employee benefits		Total compensation AASB 124	Expenses ²	Total allowances and expenses section 72
			Allowances	Vehicles ¹			
			\$	\$	\$	\$	\$
K Vincent	Mayor	Full Year	55,124	-	55,124	2,071	57,195
N Reynolds	Deputy Mayor	Full Year	30,712	-	30,712	266	30,978
K Degrossi	Councillor	Full Year	15,751	-	15,751	392	16,143
D De Williams	Councillor	Full Year	15,751	-	15,751	115	15,866
V Gala	Councillor	Full Year	15,751	-	15,751	648	16,399
G Jackson	Councillor	Full Year	15,751	-	15,751	245	15,996
B Nichols	Councillor	Full Year	15,751	-	15,751	930	16,681
M Reed	Councillor	Full Year	15,751	-	15,751	799	16,550
C Torenus	Councillor	Full Year	15,751	-	15,751	475	16,226
Total			196,093	-	196,093	5,941	202,034

Councillor remuneration 2020

K Vincent	Mayor	Full Year	53,824	-	53,824	977	54,801
N Reynolds	Deputy Mayor	Full Year	29,987	-	29,987	206	30,193
K Degrossi	Councillor	Full Year	15,379	-	15,379	272	15,651
D De Williams	Councillor	Full Year	15,379	-	15,379	809	16,188
V Gala	Councillor	Full Year	15,379	-	15,379	533	15,912
G Jackson	Councillor	Full Year	15,379	-	15,379	213	15,592
B Nichols	Councillor	Full Year	15,379	-	15,379	725	16,104
M Reed	Councillor	Full Year	15,379	-	15,379	596	15,975
C Torenus	Councillor	Full Year	15,379	-	15,379	279	15,658
Total			191,464	-	191,464	4,610	196,074

¹ 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)

² Section 72(1)(b) of the Local Government Act 1993 requires the disclosure of expenses paid to Councillors. Expenses in the 2019/20 financial year are for travel and childcare and expenses in the 2020/21 financial year are for travel.

Note 10.1 Related party transactions

(ii) Key management personnel remuneration 2021

Name	Position	Period	Remuneration band	Short term employee benefits				Post employment benefits		Non-monetary benefits ⁷	Total
				Salary ¹	Short-term incentive payments ²	Vehicles ³	Other allowances and benefits ⁴	Super- annuation ⁵	Termination benefits ⁶		
				\$	\$	\$	\$	\$	\$	\$	\$
R Higgins	General Manager	Full Year	\$280 001 - \$300 000	202,791	-	21,763	-	29,405	-	31,778	285,737
R Fox	Manager Engineering & Regulatory Services	Full Year	\$180 001 - \$200 000	143,205	-	14,779	-	21,508	-	12,040	191,532
J Hinchin	Manager Human Resources, Customer & Community Services	Full Year	\$140 001 - \$160 000	113,852	-	16,560	-	16,360	-	(482)	146,290
S Perry	Manager Finance & Information	1 July 2020 to 8 March 2021 ³	\$101 000 - \$120 000	81,243	-	11,700	-	12,276	-	(317)	104,902
Sub-total				541,091	-	64,802	-	79,549	-	43,019	728,461
Acting arrangements											
S Nicol	Acting Manager Finance & Information	Oct - Dec 20, Feb - Mar 21	\$0 - \$20 000	15,867	-	-	-	2,301	-	-	18,168
Sub-total				15,867	-	-	-	2,301	-	-	18,168
Total				556,958	-	64,802	-	81,850	-	43,019	746,629

³ S Perry's position of Manager Finance & Information formed part of Council's Senior Management Team from 1 July 2020 to 8 March 2021. From 9 March 2021 the position was re-structure and two new positions, Manager Finance and Manager Assets, GIS & ICT, were established. S Perry continued at Council in the Manager Finance position from 9 March 2021. The two new Manager positions do not form part of Council's Senior Management Team. Therefore, the employees in these two positions are not considered to be key management personnel of Council.

Note 10.1 Related party transactions

(ii) Key management personnel remuneration (continued)

Key management personnel remuneration 2020

Name	Position	Period	Remuneration band	Short term employee benefits				Post employment benefits		Non-monetary Benefits ⁷	Total
				Salary ¹	Short-term incentive payments ²	Vehicles ³	Other allowances and benefits ⁴	Super- annuation ⁵	Termination benefits ⁶		
				\$	\$	\$	\$	\$	\$	\$	\$
R Higgins	General Manager	Full Year	\$260 001 - \$280 000	201,688	-	14,034	-	29,245	-	19,321	264,288
R Fox	Manager Engineering & Regulatory Services	Full Year	\$160 001 - \$180 000	137,480	-	9,143	-	19,789	-	10,719	177,131
J Hinchin	Manager Human Resources, Customer & Community Services	Full Year	\$120 001 - \$140 000	110,524	-	9,875	-	15,880	-	(10,085)	126,194
S Perry	Manager Finance & Information	Full Year	\$140 001 - \$160 000	114,572	-	10,251	-	16,467	-	8,808	150,098
Sub-total				564,264	-	43,303	-	81,381	-	28,763	717,711
Acting arrangements											
J Rafferty	Acting Manager Human and Community Services	Oct - Nov 19, Jan - Feb 20	\$20 001 - \$40 000	19,551	-	-	-	2,664	-	-	22,215
Sub-total				19,551	-	-	-	2,664	-	-	22,215
Total				583,815	-	43,303	-	84,045	-	28,763	739,926

Notes to the Financial Report For the Year Ended 30 June 2021

Note 10.1 Related party transactions (continued)

(ii) Key management personnel remuneration (continued)

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

² Short term incentive payments are non-recurrent payments which depend on achieving specified performance goals within specified timeframes. These payments are capped at 15% of base salary.

³ Includes total cost of providing and maintaining vehicles provided for private use, including registration, insurance, fuel and other consumables, maintenance costs, fringe benefits tax and parking (including notional value of parking provided at premises that are owned or leased and fringe benefits tax).

⁴ Other allowances and benefits includes all other forms of employment allowances (excludes reimbursements such as leave), accommodation or meals, payments in lieu of leave, and any other compensation paid and payable.

⁵ Superannuation means the contribution to the superannuation fund of the individual. Superannuation benefits for members of a defined benefit scheme were not applicable to any of the key management personnel for the 2019-20 and 2020-21 financial years.

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

⁷ Non-monetary benefits include annual and long service leave movements and non-monetary benefits (such as housing, subsidised goods or services etc).

(iii) Remuneration principles

Councillors

Councillor allowances are set by the Department of Premier and Cabinet and reviewed annually in November. Councillor expenses include expenses paid to Councillors in accordance with Council's Payment of Councillors Expenses and Provision of Facilities Policy.

Executives

Remuneration levels for key management personnel are set in accordance with the specifications of each individual position and in line with market conditions.

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 executive, including the General Manager, is reviewed annually which includes a review of their remuneration package. The terms of employment of each senior executive, including the General Manager, contain a termination clause that requires the senior executive or Council to provide a minimum notice period prior to termination of the contract. Senior executive contracts extend automatically, with the exception of the General Manager's contract. In regards to the General Manager's contract, whilst not automatic, the contract can be extended by Council.

Short term incentive payments

The Council sets fixed performance targets with goals and indicators aligned to the position description, annual and strategic plans. Where an employee has exceeded the set targets and key performance indicators a bonus not exceeding \$2,500 may be approved.

There were no short term incentive payments awarded during the current year to key management personnel.

Termination benefits

There were no termination benefits awarded during the current year to key management personnel.

Acting Arrangements

When members of key management personnel are unable to fulfil their duties, consideration is given to appointing other members of senior staff to their position during their period of absence.

Individuals are considered members of key management personnel when acting arrangements are for more than a period of one month.

In the current reporting period, S Nicol was appointed to the position of Acting Manager Finance & Information whilst S Perry was on extended leave, from 12 October 2020 to 18 December 2020 and 25 February 2021 to 4 March 2021.

Notes to the Financial Report For the Year Ended 30 June 2021

Note 10.1 Related party transactions (continued)

(iv) Transactions with subsidiaries, associates and joint ventures

Transactions with associates

The Copping Refuse Disposal Site Joint Authority (CRDSJA) (trading as Southern Waste Solutions) was established under section 30 of the *Local Government Act 1993* by the Sorrell Council, Clarence City Council and Tasman Council. Kingborough Council joined CRDSJA in 2009. During the 2020-21 financial year Council maintained an ownership interest of 24% (2019-20, 24%).

All transactions between Council and Southern Waste Solutions during the 2020-21 financial year were based on normal rates for such supplies and were due and payable under normal payment terms. The following transactions occurred between Council and Southern Waste Solutions during the 2020-21 financial year:

Nature of the transaction	Amount of the transactions during the year (including GST where applicable)	Outstanding balances, including commitments at year end	Terms and conditions
Council expense - waste disposal fees	\$121,438	Accounts Payable - \$7,464	30 day invoice terms
Council income - Copping Refuse Disposal Site land rental	\$80,187	Accounts Receivable - \$6,682	In accordance with the signed lease agreement, the Copping Refuse Disposal Site land valuation and Council's ownership interest
Council income - Copping Refuse Disposal Site 2020-21 land tax	\$20,685	Nil	In accordance with the signed lease agreement
Council income - Council's share of CRDSJA's 2020-21 profit share	\$93,690	Nil	In accordance with the signed lease agreement and Council's ownership interest
CRDSJA income tax equivalents received by Council and reinvested in CRDSJA	\$276,141	Nil	All CRDSJA participating Councils have agreed to reinvest all income tax equivalents in CRDSJA. The amount was transferred to equity.

Notes to the Financial Report For the Year Ended 30 June 2021

Note 10.1 Related party transactions (continued)

(v) Transactions with related parties

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

Nature of the transaction	Amount of the transactions during the year (including GST where applicable)	Outstanding balances, including commitments at year end	Terms and conditions	Provision for doubtful debts related to outstanding balances	The expense recognised during the period relating to bad or doubtful debts due from related parties
Supply of materials ¹	\$27,337	Accounts Payable - \$45	30 day terms on invoices	Nil	Nil
SERDA contributions ²	\$7,975	Accounts Payable - Nil	30 day terms on invoices	Nil	Nil
SERDA expenditure reimbursement ³	\$262,412	Accounts Receivable - \$41,904	30-day terms on invoices	Nil	Nil

¹ Council purchased miscellaneous materials and piece of plant (a Polaris Ranger utility side by side vehicle and sprayer) during the year from Rural Solutions Tasmania Pty Ltd. Rural Solutions Tasmania Pty Ltd is a company which is controlled by a member of Council's key management personnel. Amounts were invoiced based on normal rates for such supplies and were due and payable under normal payment terms.

² South East Region Development Association (SERDA) is an incorporated association, which is an economic and community development association between Clarence Council, Glenmorgan Spring Bay Council, Tasman Council and Sorell Council. Two of Council's key management personnel are on the committee of SERDA, in the positions of President and Secretary/Public Officer. Along with the other three partnering Councils, Council make contributions on an annual basis to SERDA. During the 2020-21 financial year SERDA invoiced Council for contributions towards the South East Workforce Development Project and KPMG Infrastructure Update. SERDA's accounting function is completed by Council's Finance Department, with the financial statements audited on an annual basis. Amounts were invoiced based on normal rates and were due and payable under normal payment terms.

³ South East Region Development Association (SERDA) is an incorporated association, which is an economic and community development association between Clarence Council, Glenmorgan Spring Bay Council, Tasman Council and Sorell Council. Two of Council's key management personnel are on the committee of SERDA, in the positions of President and Secretary/Public Officer. SERDA's Work Force Development Officer and Business Advisor are both employed by Council and on a monthly basis Council invoice SERDA for a reimbursement of employee and other miscellaneous expenses. SERDA's accounting function is completed by Council's Finance Department, with the financial statements audited on an annual basis. Amounts were invoiced based on normal rates and were due and payable under normal payment terms.

In accordance with section 84(2)(b) of the Local Government Act 1993, the General Manager has been notified in respect to interests in the following entities with which the Council has major financial dealings:

Council's Mayor is the Chairman on the Board and one of Council's Councillors is the Secretary on the Board of Bendigo Bank's Sorell & District Community Bank Branch. Council held term deposits with Bendigo Bank throughout the 2020-21 financial year, with a total balance of \$2,523,477 at 30 June 2021. This balance made up 2.2% of Council's total cash, cash equivalents and investments as at 30 June 2021. All transactions between Council and Bendigo Bank are made at arms length and are on based on the same terms and conditions available to the general public. All Council's investments during 2020-21 financial year were made in accordance with Council's Investment Policy.

(vi) Loans and guarantees to/from related parties

There were no aggregate amounts of loans in existence at balance date that had been made, guaranteed or secured by the Council to a related party.

(vii) Commitments to/from related parties

There were no aggregate amounts of commitments in existence at balance date that have been made, guaranteed or secured by the Council to a related party.

(viii) 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 in accordance with Council's approved Rates & Charges Policy and approved 2020-21 Rates & Charges Resolution
- Payment of development applications for residential structures in accordance with Council's normal application process and terms and conditions.
- Payment of dog registrations.
- Use of Council's community facilities.

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.

Note 10.2 Special committees and other activities

Council has the following Special Committees:

- Copping Hall and Reserves Committee
- Dunally Hall and Reserves Committee

The above Special Committees financial transactions were included with Council's and resulted in consolidated financial statements being prepared for the year ended 30 June 2021.

Notes to the Financial Report For the Year Ended 30 June 2021

Note 10.3 Other significant accounting policies and pending 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 Statement of Cash Flows on a gross basis.

(b) Impairment of non-financial assets

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

(c) 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.

(d) Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate. In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

(e) Contingent assets, contingent liabilities and commitments

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

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

(f) Budget

The estimated revenue and expense amounts in the Statement of Comprehensive Income represent revised budget amounts and are not audited.

(g) 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

(i) AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material

The amendments refine the definition of material in AASB 101 and are applicable for the year ended 30 June 2021. The amendments clarify the definition of material and includes guidance relating to obscuring information that could be reasonably expected to influence decisions of the primary users of the financial information. The amendments include additional guidance to the definition of material, gives it more prominence, and clarifies the explanation accompanying the definition of material. The adoption of the amendments has not had any significant impact on Council.

Notes to the Financial Report For the Year Ended 30 June 2021

Note 10.3 Other significant accounting policies and pending accounting standards (continued)

(h) Pending accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

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

The amendments address an inconsistency between the requirements in AASB10, and those in AASB128 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

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

Council is yet to determine the impact of this change.

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

Note 10.4 Significant business activities

Council has assessed the significant business activities regulations and found there to be no activities that meet the regulations.

Recreational Vehicle (RV) park

During the 2018-19 financial year the Office of the Tasmanian Economic Regulator (OTTER) wrote to Council concerning Council's Recreational Vehicle (RV) park and a complaint that Council is contravening the competitive neutrality principles by providing low cost RV camping services in Sorell. OTTER originally proposed that this was a significant business activity of Council, however Council have challenged this and the determination has been referred to the Treasurer for further consideration. Council are currently waiting to hear back from the Treasurer and as at 30 June 2021 Council had not been provided with a determination from the Treasurer.

Notes to the Financial Report
For the Year Ended 30 June 2021

Note 10.5 Management indicators	Benchmark	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000
(a) Underlying surplus or deficit					
Net result for the year		6,886	7,153	5,274	(1,025)
Less non-operating income					
Capital grants		4,598	1,277	2,269	1,622
Contributions - non-monetary assets		1,212	5,298	1,804	2
Net gain/(loss) on de-recognition/recognition property, infrastructure, plant and equipment		80	-	(74)	-
Fair value adjustments for investment property		38	9	59	-
Commonwealth Financial Assistance Grant received in advance		(131)	159	27	(6)
Add non-operational expenses		-	-	-	-
Underlying surplus/deficit	> \$0	1,089	410	1,189	(2,643)

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

The surplus result is above the benchmark.

(b) Underlying surplus ratio					
<u>Underlying surplus or deficit</u>		1,089	410	1,189	(2,643)
<u>Recurrent income*</u>		19,890	18,974	18,678	17,877
Underlying surplus ratio %	> 0%	5%	2%	6%	(15%)

*Recurrent income is calculated using the total recurrent income per the Statement of Comprehensive Income and then the Commonwealth Financial Assistance Grant received in advance movement at note 10.5 (a) is subtracted.

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

Another positive result for Council in 2021 further demonstrates financial operating effectiveness.

(c) Net financial liabilities					
Liquid assets**		15,164	11,811	10,478	8,207
Less total liabilities		10,190	6,057	5,032	4,781
Net financial liabilities	> \$0	4,974	5,754	5,446	3,426

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.

The ratio result demonstrates Council is in a favourable position, it is able to cover its financial obligations as and when they fall

<u>Liquid assets**</u>	Note				
Cash and cash equivalents	4.1	6,072	4,469	8,571	7,866
Investments	4.3	5,282	6,891	1,405	-
Other	6.5	224	40	40	60
Trade and other receivables - current - not yet due	9.9 (d)	3,582	402	456	275
Trade and other receivables - current - past due by up to 30 days	9.9(d)	4	9	6	6
		15,164	11,811	10,478	8,207

Notes to the Financial Report For the Year Ended 30 June 2021

Note 10.5 Management indicators (continued)	Benchmark	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000
(d) Net financial liabilities ratio					
<u>Net financial liabilities</u>		4,974	5,754	5,446	3,426
<u>Recurrent income*</u>		19,890	18,974	18,678	17,877
Net financial liabilities ratio %	0% - (50%)	25%	30%	29%	19%

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

A positive result for Council in 2021, after a similar result in previous years, further demonstrating a strong liquidity position and an ability to meet ongoing liabilities from recurrent income.

(e) Asset consumption ratio

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

<i>Transport infrastructure</i>					
<u>Fair value (carrying amount)</u>		164,895	163,517	144,239	138,080
<u>Current replacement cost</u>		260,866	258,000	216,943	210,361
Asset consumption ratio %		63%	63%	66%	66%
<i>Buildings</i>					
<u>Fair value (carrying amount)</u>		19,052	19,039	19,137	19,611
<u>Current replacement cost</u>		21,951	24,986	24,656	24,235
Asset consumption ratio %		87%	76%	78%	81%
<i>Stormwater</i>					
<u>Fair value (carrying amount)</u>		42,457	41,735	39,325	38,616
<u>Current replacement cost</u>		57,019	55,726	52,781	51,568
Asset consumption ratio %		74%	75%	75%	75%

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

Council has had asset management and long term financial plans since June 2014. The funding requirements for all categories of assets are reviewed on an annual basis. All ratio calculations indicate a high level of service potential is available in Council's existing asset base.

(f) Asset renewal funding ratio

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

<i>Transport infrastructure</i>					
<u>Projected capital funding outlays***</u>		48,875	51,303	51,792	63,682
<u>Projected capital expenditure funding****</u>		46,550	50,321	50,186	63,000
Asset renewal funding ratio %	90-100%	105%	102%	103%	101%
<i>Buildings</i>					
<u>Projected capital funding outlays***</u>		12,103	12,909	10,019	9,377
<u>Projected capital expenditure funding****</u>		12,530	13,177	10,478	9,702
Asset renewal funding ratio %	90-100%	97%	98%	96%	97%
<i>Stormwater</i>					
<u>Projected capital funding outlays***</u>		8,902	9,513	9,301	7,684
<u>Projected capital expenditure funding****</u>		9,492	9,762	9,801	7,920
Asset renewal funding ratio %	90-100%	94%	97%	95%	97%

*** 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.

This ratio measures Council's capacity to fund future asset replacement requirements.

The result for all categories meet or exceed the benchmark indicating Council is accumulating funds sufficiently to provide for asset renewal needs.

Notes to the Financial Report For the Year Ended 30 June 2021

Note 10.5 Management indicators (continued)	Benchmark	2021	2020	2019	2018
		\$'000	\$'000	\$'000	\$'000
(g) Asset sustainability ratio					
Capex on replacement/renewal of existing assets		4,800	4,925	4,885	4,678
Annual depreciation expense		5,229	5,153	5,116	5,160
Asset sustainability ratio %	100%	92%	96%	95%	91%

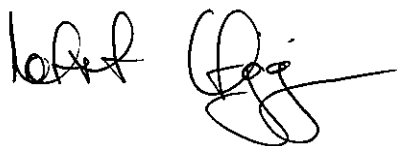
This ratio calculates the extent to which Council is maintaining operating capacity through renewal of their existing asset base. The result above is consistent with past years. Council is slightly below the benchmark but confident appropriate measures are in place.

	Capital renewal expenditure	Capital new /upgrade expenditure	Total capital expenditure
2021	\$'000	\$'000	\$'000
By asset class			
Transport infrastructure	3,680	2,478	6,158
Stormwater	308	1,067	1,375
Land and buildings	249	4,326	4,575
Other	563	30	593
Total	4,800	7,901	12,701

	Capital renewal expenditure	Capital new /upgrade expenditure	Total capital expenditure
2020	\$'000	\$'000	\$'000
By asset class			
Transport infrastructure	3,702	1,043	4,745
Stormwater	24	375	399
Land and buildings	181	680	861
Other	1,018	237	1,255
Total	4,925	2,335	7,260

CERTIFICATION OF THE FINANCIAL REPORT

The financial report presents fairly the financial position of the Sorell Council as at 30 June 2021 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.



Robert Higgins
General Manager

Date: 27/09/2021

MANAGEMENT CERTIFICATION OF THE FINANCIAL REPORT

The accompanying financial statements of the Sorell Council and related bodies are in agreement with the relevant accounts and records and have been prepared in compliance with:

- Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board
- The Local Government Act 1993

I believe that, in all material respects, the financial statements present a view which is consistent with my understanding of Council's financial position as at 30 June 2021 and the results of its operations and its cash flows for the year then ended.

At the date of signing this certification, I am not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Stephanie Gunn
Manager Finance & Information

Date: 27/09/2021



Independent Auditor's Report

To the Councillors of Sorell of Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Sorell Council (Council), which comprises the statement of financial position as at 30 June 2021 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the statement of certification by the General Manager.

In my opinion, the accompanying financial report:

- (a) present fairly, in all material respects, Council's financial position as at 30 June 2021 and its financial performance and its cash flows for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

Basis for Opinion

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

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

My audit responsibility does not extend to the budget figures included in the financial report and the asset renewal funding ratio disclosed in note 10.5 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 3.4, 6.1 and 9.10</i>	
<p>Property and infrastructure at 30 June 2021 includes, buildings, roads, stormwater, formation earthworks and other infrastructure assets at fair value totalling \$261.78m. The fair values of these assets are based on market values and current replacement cost. Council undertakes formal revaluations on a regular basis to ensure valuations represent fair value.</p> <p>The valuations are highly dependent upon a range of assumptions and estimated unit rates. Between valuations Council reviews fair values and applies relevant indexation where considered necessary to ensure the carrying amount does not differ materially from fair value.</p> <p>The calculation of depreciation requires estimation of asset useful lives, which involves a high degree of subjectivity. Changes in assumptions and depreciation policies can significantly impact the depreciation charged</p> <p>Capital expenditure in 2020–21 totalled \$12.58m on a number of significant programs to upgrade and maintain assets. Capital projects can contain a combination of enhancement and maintenance activity which are not distinct and therefore the allocation of costs between capital and operating expenditure is inherently judgemental.</p>	<ul style="list-style-type: none"> • Evaluating the appropriateness of the valuation methodology applied to determine fair values. • Reviewing management's approach to revaluations to ensure that carrying amounts remain fairly presented. • Performing substantive analytic 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.

Responsibilities of the General Manager for the Financial Report

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

In preparing the financial report, the General Manager is responsible for assessing Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council is to be dissolved by an Act of Parliament or the 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 are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

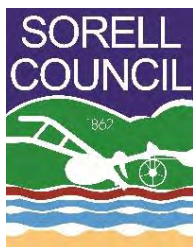
I communicate with the General Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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



Jeff Tongs
**Assistant Auditor-General, Audit
Delegate of the Auditor-General**
Tasmanian Audit Office

27 September 2021
Hobart



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