

ANNUAL REPORT

2021 - 2022





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 2021 - 2022

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South East Jobs Hub funding announcement

ABOUT SORELL

Community. Coast. Country.

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

Located just 25 kilometres from Hobart, Sorell is one of Tasmania's oldest towns. We commemorated 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 Orielton, with our Municipal borders extending east through Orielton 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 Kelleve.

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 13 December 2022 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 2 December 2022.



Restoration of the heritage listed Railway Carriage Shed underway

MAYORS REPORT

The 2021-2022 financial year saw huge development and progress in our community. A range of Government, Council and private projects were completed or substantially commenced during the year. Investment into housing, infrastructure and business in our community continues at very high levels.

Our parks and recreation facilities saw great improvement with the upgrade of the Sorell Skate Park, completion of Snake Hollow Park, completion of the Dodges Ferry Carlton Loop, and the progression of the stadium at Pembroke Park. We've also started initial discussions with the local community regarding the development of a playground facility on Council land at the northern end of Primrose Sands Beach. Council also confirmed its commitment to relocate a national standard BMX facility from Glenorchy to Pembroke Park.

Council recognised the need to increase our investment into our stormwater systems and infrastructure. Projects on Lewisham Scenic Drive, Orielson Road and Shark Point Road resulted in positive improvements for the community and local environment. Several years of increased wet weather has highlighted additional issues we've not experienced in the past.

Our road reconstruction program continued with significant upgrades of sections of Lewisham Road, Bryans Road, Shark Point Road, Kelleve Road and Bream Creek Road.

I'd like to recognise the ongoing contribution and efforts of Council staff. I continue to be impressed with their high levels of professionalism, passion and commitment towards the community and ensuring the best sustainable long term outcomes are achieved. I believe Sorell's staff are the ultimate professionals in Local Government. Their high level skills and knowledge are an invaluable asset to our community. Thank you all for your ongoing efforts.

The diligent and careful planning and development of our strategy's and ability to forecast our finances into the long term means we are now able to plan many years in advance. This allows us to sensibly accommodate our growth for the greater short and long term benefit of our community.

I'm very proud to say that during the year the South East Employment Hub and SERDA officially joined forces to create Business and Employment Southeast Tasmania (BEST). BEST's workforce development program continues to strengthen the south east and make it more sustainable by working with individuals and employers to create local jobs for local people to keep local money in our local economies.

During the Federal election campaign SERDA and Council successfully lobbied the Federal Government for \$1.5 million in funding to build a new Jobs Hub facility on Dubs and Co Drive in Sorell, to complement the \$1.5 million already committed from the State Government. This

Hub is desperately required to meet the huge growth and demand for mature aged training and upskilling. This facility will complement the existing Trade Training Centre (SETTC) and will allow SERDA to continue to grow and assist more people and businesses in the south east region.

Council remains focused on sensible and sustainable growth of our community. We are increasing our focus on what social programs need to be expanded or introduced to support our growth and the infrastructure we've built. Social programs include services that support personal, social and emotional well-being that our community requires to thrive.

I've thoroughly enjoyed the continuation of our successful community engagement initiatives, the Seniors Advisory Group and Community Conversations, along with ongoing engagement with local service clubs, community groups and service providers. It's extremely important for us to receive this direct feedback from our community and we value the time and effort of our community to provide this. This feedback directly influences the decisions we make at Council. For example, footpaths, pedestrian crossings and walkways are always frequently raised issue in the Southern Beaches area, so Council acted on this and used Federal Government funding to help us create the Dodges Ferry Carlton Loop to increase the accessibility of the local area and create greater opportunities for health and wellbeing activities.

For a Council of our size and income we've managed to achieve results far in excess of all expectations. Compared to other Councils of our size and stature, we are doing well comparatively. The community should be proud of what this Council is achieving.

In recent years we have built a sound foundation to ensure a sustainable and positive future is enjoyed by our community.

Kerry Vincent
Mayor



Mayor Kerry Vincent with Charles Mace and his Acquisition Prize winning artwork

GENERAL MANAGERS REPORT

Infrastructure and service provision by State and Federal Government plays a major role in how the south east region operates now and into the future, particularly with the continued strong growth rates in Sorell. It is those levels of government with the financial capacity to fund and underwrite major transport and building asset construction and the supply of community support functions across education, health and social services that are vital to the success of our community. With 2021-2022 introducing a new Premier, multiple changes in State Government Ministerial portfolios and a new Federal Government, Council accordingly needed an agile response to our advocacy and engagement activities to maintain the longer term strategic needs of the south east region at the forefront of their decision making.

The tide of economic conditions changed markedly through the year placing added pressures on the community and Council as costs of living rose along with civil and building industry costs, fuel costs and associated CPI. The capacity of both levels of government to maintain the provision of Covid recovery grant funds to local government beyond 2021-2022 lessened with this forecast to continue for at least the next 3 years.

The organisation remained committed to focusing on supporting and facilitating outcomes for the betterment of the south east region consistent with our Purpose, Vision and Values - *Integrity, Unity, Respect and Innovation*.

A \$19.76m operating budget and record \$12.7m capital budget was a significant undertaking. Council adopted a new rates structure reducing the range of differential rating categories from 20 to 4 and adopting Assessed Annual Value rather than Capital Value to improve consistency, transparency and minimise charging impacts. This restructure was first scheduled for implementation in 2016-2017, however, was postponed due to the merger investigations that ran from 2015-2016 through to 2019-2020 and then Covid-19. Overall rate revenue was limited to a 2.5% indexation increase consistent with the Long Term Financial Plan.

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.

Significant progress toward completion of key Government infrastructure projects including three of the six South East Traffic Solution stages from Hobart airport to Sorell, the Sorell School redevelopment and South East Emergency Services Hub were positive outcomes.

Our financial position through 2021-2022 was satisfactory between budget and actual results and consistent with our 20 year forecast. We continue to strengthen our ability to maintain our operations regarding day to day functions, asset maintenance and asset replacement. Generating revenue to build new assets or upgrade existing assets is still limited and extends to funding the long-term depreciation and operating expenses associated with an increase in asset values.

Through the capture of asset maintenance job costs at the component level over the past 3 years, Council is improving capability to compare asset component maintenance and renewal life cycle costs of existing asset standards against upgraded asset standards i.e. unsealed to sealed road.

The 2021-2022 budget delivered an end of year net surplus of \$13.297m against a budgeted surplus of \$9.328m. This was principally impacted by an increase in operating income of \$1.794m (due to early payment of 2022-2023 FAG allocation), TasWater dividend of \$227k and capital income of non-monetary asset contributions to the value of \$1.251m (i.e. assets donated through subdivision development) and equity share of Copping Refuse Disposal Site Joint Authority (CRDSJA) of \$592k. This flowed into one of the key management indicators of the Tasmanian Audit Office, the underlying position which showed a surplus of \$1.585m and associated ratio of 7% (>0% target).

This comprises the net operating result (\$13.297m) less non-operating capital income (\$7.860m), non-monetary asset contributions (\$2.434m) and equity share of CRDSJA (\$592k). For comparative purposes, the prior year positions have been (inclusive of prior period adjustments):

- 2015-2016 surplus of \$794k;
- 2016-2017 surplus of \$18k;
- 2017-2018 surplus of \$555k;
- 2018-2019 surplus of \$1.189m;
- 2019-2020 surplus \$410km; and
- 2020-2021 surplus \$1.088m.

Another indicator that, whilst adopting a more coarse calculation, is equally relevant comprises operating (recurrent) income (\$22.008m) minus expenses (\$19.594m). For 2021-2022 it was a surplus of \$2.414m (\$1.585m minus early FAG payment). Prior years have been:

- 2015-2016 surplus of \$336k;
- 2016-2017 surplus of \$812k;
- 2017-2018 surplus of \$549k;
- 2018-2019 surplus of \$1.427m;

- 2019-2020 surplus \$1.904m; and
- 2020-2021 surplus \$1.574m.

Council delivered a Capital Works Program of \$13.24m comprising \$4.586m of asset renewal/replacement, \$8.654m for new/upgraded assets and maintenance expenditure of \$3.39m. This generated ratios of 89% asset sustainability, 94% asset renewal funding and 74% asset consumption. Our net assets and total equity all increased from \$303m to \$324.9m inclusive of our cash position which increased from \$11.35m to \$15.41m (note this reflects unexpended but committed grant funding for Work in Progress projects).

Council completed a bi-annual review of the Long Term Financial Plan assumptions and forecasts and incorporated them into a 1st generation Financial Management Strategy. This reset on financial capacity and expectation was 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 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 that of rates, charges and user fees.

Despite our comparatively limited size, the organisation retained a continuous improvement mindset and focus on delivering targeted and sustainable services, applying a long-term strategic outlook to asset provision and maximising community benefit. Adopting a revised 2nd generation Buildings Asset Management Plan contributed to the evolution of our operations and decision making.

Advocacy and engagement is a highly effective and necessary 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, Tasmanian Irrigation, MAST, SERDA, TasWater and Destination Southern Tasmania.

For 2021-2022, a key milestone was achieved through the SERDA and Colony 47 South East Employment Hub merging to form a new incorporated governance structure as Business and Employment Southeast Tasmania (BEST Inc.). The new entity arrangement will better support and deliver workforce development, training and business advisory programs in conjunction with Jobs Tasmania with the ultimate aim of increasing employment rates across our communities.

Whilst lease negotiations continued in good faith between the Dunalley Marina proponent, State Government and Council, disappointingly matters were still unable to be finalised in 2021-2022.

Tasmanian Planning Commission public hearings for the Local Provisions Schedule were completed, however, a final decision had not been provided by end of financial year and will likely be Quarter 2 of 2022-2023.

Council with other local government partners continued to proactively work with the State Government to help deliver the overdue review of the Southern Tasmania Regional Land Use Strategy (STRLUS). Whilst progress was made and the State Government agreed to fund a required strategic residential supply demand for outer Hobart Councils, their timeline proposes completion of the Statewide Planning Provisions and a STRLUS review framework by end of 2023 enabling the STRLUS review to be completed and endorsed by the Minister by October 2024. It firmly remains in Council's interest to assist this process where possible.

My thanks as always 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



Sorell Inside Out art project by Sorell School in the Railway Carriage Shed

YOUR COUNCILLORS

TERMS OF SERVICE AND REPRESENTATIONS

Mayor

Kerry Vincent



Terms as Councillor	2009 - Present
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Terms as Mayor	2012 - Present
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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
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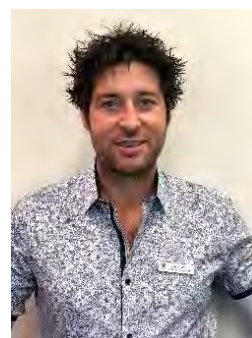
Term as Mayor	1999 - 2000
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Committee Representations

- Development Assessment Special Committee

Deputy Mayor

Natham Reynolds



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

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

Councillor Deborah De Williams



Terms as Councillor	2014 – 21 June 2022
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Committee Representations

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



Councillor Vlad Gala

Terms as Councillor 2014 - Present

Committee Representations

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

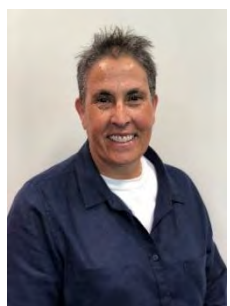


Councillor Geoffrey Jackson

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
- 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
- Community Cultural Precinct Reference Committee.

COUNCILLOR ALLOWANCE AND EXPENSES

In 2021-2022 Council provided allowances and reimbursement for reasonable expenses to the Mayor, Deputy Mayor and Councillors.

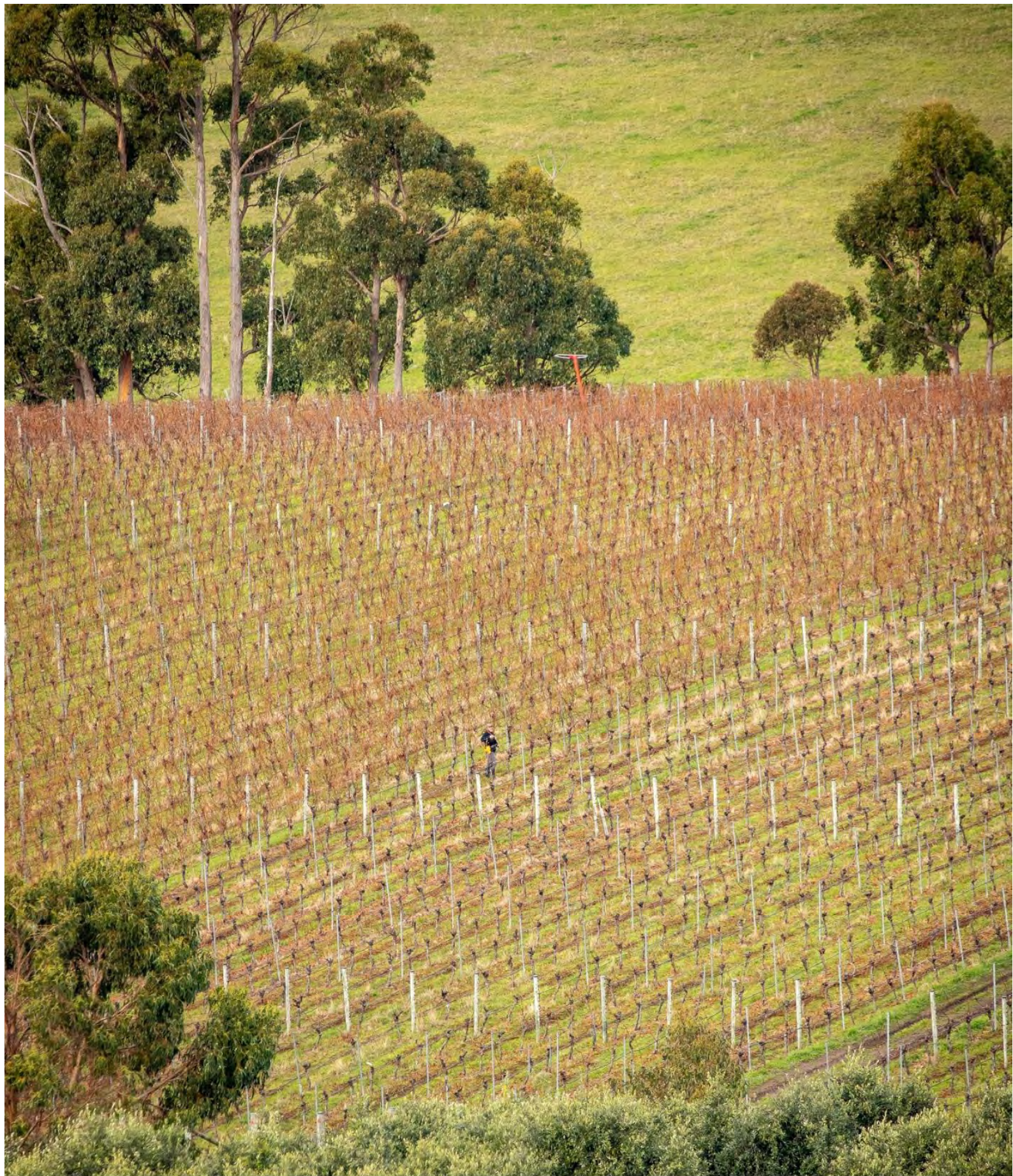
Councillor allowances and expenses totalled **\$205,000**.

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	16	16	14	14	13	13	1	1	2	2
Deputy Mayor Natham Reynolds	16	15	14	11	13	11	1	1	2	2
Councillor Beth Nichols	16	16	14	14	13	13	1	1	2	2
Councillor Carmel Torenus	16	15	14	12	13	13	1	1	2	2
Councillor Deborah De Williams*	16	0	14	0	13	0	1	0	2	0
Councillor Geoffrey Jackson	16	15	14	13	13	13	1	1	2	2
Councillor Kerry Degrassi*	16	10	14	3	13	5	1	1	2	0
Councillor Melinda Reed	16	16	14	13	13	13	1	1	2	2
Councillor Vlad Gala	16	10	14	8	13	9	1	1	2	1

*Approved Leave of Absence during the financial year.

+ Other Meetings include – Dodges Ferry/Carlton Community Conversation, Australia Day Awards selection meeting



Cape Bernier Vineyard, Bream Creek

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.

CONTRACTS 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 2021 - 2022 financial year.

Item	Description of Contract	Contract Period	Contract Value \$	Successful Contractor
1	Road widening of Brinktop Road	Feb 2022 - Aug2022	\$442,762.13	Visualise Kerbing & Concreting
2	Stadium car park and access road (stage two)	Nov 2021 – Oct 2022	\$375,850.00	Headlam Howlett Excavations
3	Reconstruction of Shark Point Road	Jan 2022 – March 2022	\$635,531.08	Stabilised Pavements of Australia Pty Ltd
4	Resheeting Program	Oct 2021 – Feb 2022	\$538,664.41	Hazell Bros
5	Realignment of Lewisham Road at Fools Corner	Oct 2021 – May 2022	\$919,360.00	Batchelor Construction Group
6	Upgrade and Sealing of Kellevie and Bream Creek Roads	Dec 2021 – Oct 2022	\$438,337.00	Statewide Earthworks Pty Ltd
7	Reconstruction of Bream Creek Road	Dec 2021 – (ongoing)	\$399,260.99	Stabilised Pavements of Australia Pty Ltd

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 2021 - 2022 financial year.

Item	Description of Contract	Contract Period	Contract Value \$	Successful Contractor
1	New footpath and kerb in First Avenue and Jetty Road in Dodges Ferry	Jul 2021 – April 2022	\$ 182,515.60	Visualise Kerbing and Concreting
2	Gravel pathway in Raprinner Street, Carlton	Sept 2021 - June 2022	\$ 116,408.70	Visualise Kerbing and Concreting
3	Backhoe	Dec 2021	\$178,940.00	JF Machinery
4	Orielton Road	Oct 2021 - May 2022	\$128,040.00	JRV Civil Construction
5	Sorell Skate Park	May 2021 – Nov 2021	\$191,200.32	GM Pace & Son
6	Outdoor Courts at Pembroke Park	Feb 2022 - July 2022	\$203,544.39	Taswide Building
7	Greens Road Reconstruction	Feb 2021 – Aug 2021	\$194,804.02	Stabilised Pavements of Australia Pty Ltd
8	Restoration of Heritage listed railway carriage shed	Jan 2022 – (ongoing)	\$191,724.00	Heritage Building Solutions

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 \$1,471,975 (2020-2021: \$1,671,296), which was above budget by \$723,685.

The major contributing factor to the result was an increase in gate waste receipts revenue, which was above budget by \$2,819,536.

The total comprehensive surplus for the year was \$1,067,210 (2020-2021: \$1,299,073).

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 12	\$2,750
Sub Total Individual Achievement Funding	\$2,750
QUICK RESPONSE GRANTS	
Historical Society of the Municipality of Sorell	\$450
Primrose Sands Community Centre	\$300
Sub Total Quick Response Grants	\$750
COMMUNITY ASSISTANCE GRANTS	
Bream Creek Farmers Market	\$500
CWA Sorell	\$741
Dodges Ferry Fire Brigade	\$1,000
Forcett Community Hall Committee	\$1,000
NAIDOC Initiative – Koori Kids	\$450
Jazz by the Sea (Okines Community House)	\$185
South East United Football Club	\$2,000
South East Tasmania Salvos	\$2,000
Southern Beaches Landcare/Coastcare	\$2,000
Southern Tasmania Country Music Muster	\$1,700
Sub Total Community Assistance Grants	\$11,576
ANNUAL CONTRIBUTIONS AND DONATIONS	
Art Acquisition Prize	\$1,500
Dunalley School	\$60
Primrose Sands Community Hall	\$5,000
Sea Rescue Tasmania	\$2,000
Sub Total Contributions and Donations	\$8,560

SCHOOL BURSARIES	
Dunalley Primary School	\$200
Dodges Ferry Primary School	\$200
Sorell Primary School	\$200
Sorell High School	\$327
Sub Total School Bursaries	\$927
TOTAL DONATIONS AND GRANTS	\$24,563

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 (www.sorell.tas.gov.au/council/council-publications/) 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 (who is a qualified Environmental Health Officer), a part-time Environmental Health Officer (28 hours per week), full time Senior Compliance Officer and two Animal Management Officers (one full-time and the other 3-days 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.

Public Health

The section regulates major public events such as the Bream Creek show, which was conducted in March 2022 for the first time since 2019 owing to the Covid-19 Pandemic.

Several food complaints received included alleged food poisoning from a local business, unclean food business, selling food unsuitable for human consumption, and unregistered food businesses.

Food business inspections significantly increased compared to 2020-2021, in total 127 inspections were completed from 170 food businesses. Several food safety breaches were identified and enforcement action was taken. 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 2021. The first dose of Boostrix and Gardasil immunisation was given to students in March 2022.

Recreational water quality monitoring was completed at primary contact swimming beaches during the summer. No changes have occurred for 2021-2022. Six of the seven sites monitored have 'good' water quality with the exception of McKinly Beach Midway Point, which is 'fair'. One of the possible causes identified for the fair status is the higher than average rainfall and heavy rain events during the summer season. TasWater has recently communicated with Council that their McKinly Street Sewage Pumping Station requires an upgrade to increase emergency storage capacity, and to reduce likelihood of sewer overflow during times of weather events and power outages. The water samples taken at McKinly Beach failed twice during 2021-2022 and re-samples were required. The resamples complied with the Recreational Water Quality guideline limits and therefore the beach was not required to be closed. The recreational water quality beach 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 were erected that flip down if the water quality is temporarily poor. The new signage provides consistency and uniformity across the Southern Council areas.

During heavy rainfall it was necessary on two occasions to drain water from Blue Lagoon onto Red Ochre Beach to avoid flooding of neighbouring properties. Although there was no evidence that the water was significantly contaminated, signs were erected advising against swimming. On the second occasion no signs were erected as the event occurred during the middle of winter.

There is one public swimming pool and one spa pool situated in the municipal area, these were sampled throughout the year.

Water quality results from private water suppliers generally had good water quality, with improved results from a local primary school which had ongoing non-compliances in late 2021. Several communicable disease notifications were received and the investigations completed and sent to the Director of Public Health.

Environmental Management

Dodges Ferry rainfall over the last 2 years has been recorded by Bureau of Meteorology as high rainfall with a number of high volume rainfall events occurring in 2021-2022. This has contributed to 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 with 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.

Two further Environment Protection Notices were issued to regulate continuing trials of fin fish farming (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.

A new *On-site Wastewater and Stormwater Special Area Plan (SAP)* for the Southern Beaches was accepted by the Tasmanian Planning Commission and will be included as a local provision within the Tasmanian Planning Scheme – Sorell when it comes into effect later in 2022.

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.

407 fire abatement notices were issued in 2021-2022, which is slightly less 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 complaints were received and several fines were 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 identified unregistered dogs.

Building and Plumbing

Building and plumbing staff continued to deal with a large number of new applications received after the 'Covid' stimulus package, however, numbers began to reduce in 2022. In addition, hundreds of historic building and plumbing permits were assessed before they expired. This resulted in a significant increase in enquires and inspections. Council ceased all Building Surveying services at the end of 2021-2022.

One property owner was successfully prosecuted for building, plumbing and planning offences. 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.



Rubbish collection at dumping hotspots by Works Crews

Sorell Council Audit Panel Annual Report

Council's Audit Panel was established in 2014 under Section 85 of the *Local Government Act*. Its role is documented in the Panel Charter that aligns with the *Local Government (Audit Panels) Order 2014* and approved by Council.

Purpose

The Audit Panel is a review and advisory body, with no management responsibility or decision-making authority. Its primary purpose is to assist Councillors to fulfil their responsibilities in relation to the review of Council's performance and effectiveness, as well as safeguarding its long-term financial position. In meeting its Charter, the Panel is cognizant of Council's size, scale and resource constraints.

Composition

The Panel comprises three independent members, including the Chair, and two elected members of Council. With the retirement of an independent member at the end of last financial year, the Panel's composition was refreshed during the year. As well, the Panel Chair retired during the year but remained as a Panel member. Subsequently, Council appointed a new Chair and a new independent member. Unfortunately, the Panel has operated with only one elected member this year due to a longstanding leave of absence by the second elected member.

Meeting attendance

The Panel has developed a comprehensive work plan to meet its role and responsibilities under its Charter. The work plan determines at least four meetings each year. From time to time, Panel members attend other workshops, presentations and briefings, including those provided by management and the Tasmanian Audit Office.

This year, the Panel scheduled four meetings however the June 2022 meeting was deferred until early July due to resourcing issues. This will result in five meetings being held in 2022-23. Meeting attendances in 2021/22 were:

Panel Members	Eligible to attend	Attended
Helen Galloway (Chair to December 2021)	3	3
Carolyn Pillans (Chair from January 2022)	3	3
Ric De Santi (commenced August 2021)	3	3
Councillor Melinda Reed	3	3
Councillor Deborah de Williams	3	0

The General Manager and Finance Manager attended all meetings, along with other senior managers and subject matter experts when relevant to the meeting agenda. The Mayor attended one meeting during the year as an observer only.

The Tasmanian Audit Office, and its sub-contracted audit firm WLF Advisory had a standing invitation to attend all meetings. Throughout the year they attended meetings as needed.

Focus in 2021-22

While the Panel addressed all its responsibilities under its Charter during the year, it particularly focused on a number of key areas this year. These are outlined below.

- **Risk Management**

The Panel reviewed management's redevelopment of Council's risk management framework and its strategic risk register. The new framework provides the opportunity to re-establish a risk aware culture across Council, while the revised strategic risk register facilitates more effective monitoring and response to movements in exposure. The Panel also continued its focus on the revision of Council's systems to manage work health and safety during the year.

- **Cyber Security**

The Panel reviewed an external consultant's report on Council's IT environment and potential security weaknesses. The Panel continues to support management's ongoing efforts to strengthen its security and achieve an appropriate level of maturity against the Essential Eight industry benchmark for cyber security.

- **Integrated Strategies and Planning**

Throughout the year, the Panel reviewed processes for integrating long term strategies and planning with Council's budgets and operational plans for the year. Of particular note this year, the Panel was briefed on Council's new Asset Management Strategy and development of the new Financial Management Strategy.

- **Financial Management**

The Panel reviewed the financial statements, including the appropriateness of accounting policies, and significant estimates and judgements impacting the preparation of the financial statements. It reviewed and endorsed adoption of the Management Representation Letter and the 2020-21 Financial statements.

The Panel monitored the progress, assumptions and outcomes of the Stormwater Revaluation during the year as well as the development of the new financial management accounting system with particular emphasis on internal controls, integration with other key systems and payroll transition. It also reviewed Council's Fraud and Corruption Control Policy during the year.

- **External Audit**

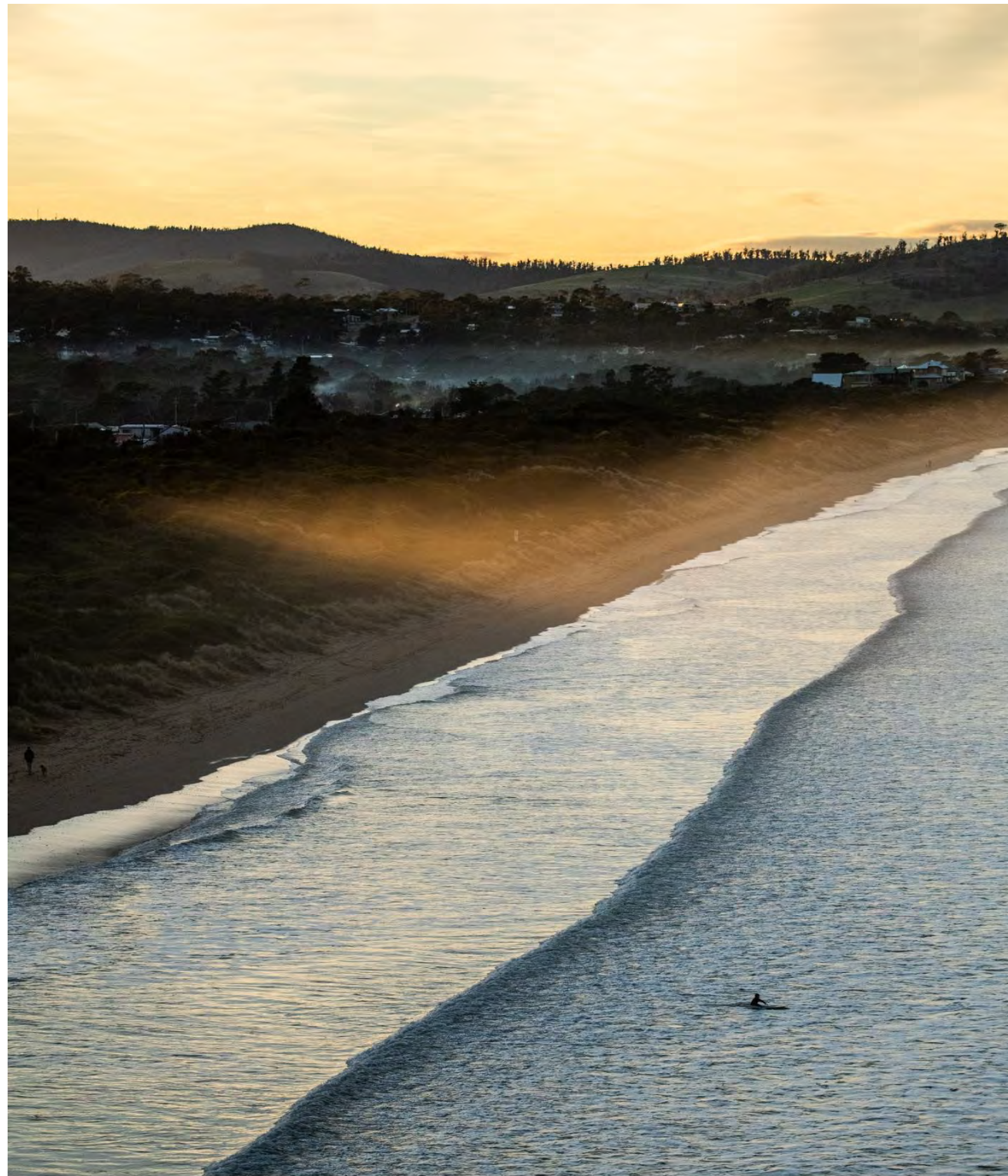
Throughout the year, the Panel met regularly with the Tasmanian Audit Office's external audit firm and Signing Officer, Assistant Auditor General-Financial Audit. Main areas of discussion included the reliability and robustness of asset revaluations undertaken, internal control risks, transition to the new financial system and IT security. The Panel met with the auditors both with and without management present.

Panel Governance

The Panel reviewed its work plan to ensure it remained relevant to its Charter and Council's context and priorities for the coming year. It also reviewed the manner in which meeting papers are prepared and provided to enhance effectiveness for Panel members and efficiency for management. Panel members updated their declarations of interest in June 2022.

The Panel undertook its two yearly performance review in July 2022. The results of the review indicated the Panel was working effectively and satisfying its role and responsibilities under its Charter, and the Order. A small number of continuous improvements was identified and the Panel has committed to implementing these in the coming year. The Panel reports the outcome of its Evaluation to Council.

The Panel thanks the General Manager, Finance Manager and other Senior Managers and subject matter experts for their positive engagement with, and diligent support to, the Panel during the year.



Carlton Beach

ANNUAL PLAN REPORTING

Key objectives and summary of strategies and initiatives for the 2021 - 2022 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 proposed projects (Causeway duplications and Sorell township entrance) with the Department of State Growth.	1.1	IP – Engineering concept plans prepared by DSG pending statutory and environmental approvals processes.
1.2	Continue engagement with Tasmanian Irrigation 'South-East Integration Project' to secure funding from both State and Federal Governments to enable increased supply and reliability to the region that will activate further agriculture investment.	1.2	O – Water sales open for the Greater South East irrigation scheme.
1.3	Proactively participate in the Statewide Planning Scheme and Local Provisions Schedule statutory exhibition, submission and hearing process to facilitate the timely completion and its subsequent operation for the Sorell municipality.	1.2	C – Statutory processes completed and awaiting TPC decision.
1.4	Pursue TasWater to confirm a commitment to deliver growth and capacity plans for development forecasts (sewerage 2032 completion), to address the Environment Protection Authority direction to cease discharge into Pittwater by 2022/2023 (2025 completion) and to accept the Dodges Ferry sewage lagoons.	1.3	O – Not included in current TasWater prices and services plan.
1.5	Continue to monitor COVID-19 business investment through engagement with Tasmanian Chamber of Commerce and Industry, Regional Development Australia & SERDA Workforce Engagement and Development Officer and Business Advisor.	1.4	O – Monitored business investment updates from a range of sources.
1.6	Advocate with SERDA partner Councils the key regional requirements of the revised 2020 South East Economic Infrastructure Strategy.	1.4, 1.5	O – Regional priority projects document updated and distributed to Federal and State members.
1.7	Support and promote SERDA programs and strategies: <ul style="list-style-type: none"> Identify and align with State and Federal Government programs and election commitments 	1.5, 1.8	C / IP – Funding secured through Jobs Tas for

	<p>including new Workforce Growth and Jobs Tasmania initiatives and PESRAC Southern Region Recovery Committee recommendations.</p> <ul style="list-style-type: none"> Secure long-term structure and funding for Workforce Engagement and Development roles – delivered through the Regional Workforce Hub. Focus on key post COVID-19 recovery industries including the provision of business advice and mentoring as informed by benchmarking (1.5 above). 		<p>new BEST Inc. entity to 2024-2025 incorporating all prior functional areas of SERDA/C47 SEEHUB.</p> <p>Capital funding committed by Federal and State Government for Jobs Hub facility.</p>
1.8	Collaborate with the Sorell School as required on their redevelopment project including the expansion of the Trade Training Centre to cater for forecast growth and demand.	1.6	IP – Construction of stage 1 commenced.
1.9	Facilitate the delivery of additional education capacity and contemporary Kindergarten – Year 12 facilities for the south-east region.	1.6	IP – Strategic land acquisition by Catholic Education Tas of site in Eastern Growth Corridor (EGC). TPC considering long-term zoning of EGC as part of LPS.
1.10	Advocate to the State Government the commencement of the Southern Tasmania Regional Land Use Strategy review in 2021-2022 and a commitment to its timely completion.	1.7	IP / O – SPO funding secured for Outer Hobart Residential Demand and Supply Study. SPO provided STRLUS review timetable with framework to be approved Dec 2023.
1.11	<p>Establish State Government position on formalising partnership agreements with Council.</p> <p>Identify industry sectors where formalised engagement will benefit both parties and pursue the establishment of targeted and productive agreements.</p>	1.8	<p>C / O – Prior formal partnership agreements not a priority of State Government.</p> <p>Destination Southern Tasmania MOU only endorsed industry sector agreement.</p>
1.12	Engage with Destination Southern Tasmania to finalise the revised Destination Management Plan and establish Council's advocacy role for delivery of associated Destination Action	1.9	D – Impacted by Tourism Tas / TICT

	Plan.		T21 Visitor Economy Action Plan.
1.13	Engage with State Government for the timely delivery of lease arrangements for the Dunalley Marina with the preferred development proponent.	1.9	IP – Development of lease documents with proponent, PWS and Crown Solicitor unable to be finalised.
1.14	Collaborate with Glamorgan Spring Bay Council to establish Mountain Bike development standards and management guidelines for SERDA's South East Tasmanian Mountain Bike Proposal. Advocate as a SERDA priority, the provision of capital funding to construct the project.	1.10	IP – BBRF grant awarded for business case development. Commenced with proponents, GHD and GSB Council.

2.0	Responsible Stewardship and a Sustainable Organisation	Strategic Plan Reference	Measure
2.1	Elected members to review key assumptions and forecasts and adopt updated 20 Year Long Term Financial Plan and Financial Management Strategy with delivery of a sustainable net operating surplus over the forecast period. Consider revenue generation options required for new / upgrade capital projects including the strategic sale of land assets as an alternative to rate increases.	2.1, 2.6	C – First generation Financial Management Strategy endorsed by Council.
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	O – Pending TPC completion of LPS process. Will determine if any SLSS rezoning locations approved. Otherwise dependent on STRLUS review.
2.3	Commit to asset revaluation cycles, provision of sustainable new/upgrade capital allocations and managing operational and financial risk profiles, including: <ul style="list-style-type: none"> - Adopt in Q2 of 2021/22 a revised Risk Policy, Strategy and Organisation Risk Register. - Continue to keep WHS risk exposure to a minimum by helping reduce injuries and potential loss. Management practices will involve identifying risks, 	2.3	C / IP / O – C IP

	<p>analysing and treating by taking appropriate action.</p> <ul style="list-style-type: none"> - Continue to identify areas at risk from weather and emergency events and be proactive in building resilience in the Community through education and works programs. - Continue to be proactive in inspections and reviews of roads, footpaths, written agreements with clubs / user groups, building and financial services, town planning and recreation functions. - Educate community groups on importance and activities involved with risk management through facilitated information sessions. - Manage COVID-19 operational risks through the implementation of safe plans for Council facilities. <p>The Building Asset Management Plan, following the revaluation in 2020-2021, to be revised and adopted by Council in 2021-2022.</p>		<p>O</p> <p>O</p> <p>IP</p> <p>O</p> <p>C</p>
2.4	Incorporate into waste contract renewals and waste management operations, preparation for the introduction of the Container Deposit Scheme, Waste Levy and the growing organics and associated recyclables opportunities.	2.3	<p>IP –</p> <p>Contract renewals deferred as required to tie in with rollout of waste levy, organics & CDS.</p> <p>Southern Tas Regional Waste Authority established for resource recovery and solid waste management.</p>
2.5	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	<p>O –</p> <p>Work with developers to ensure open space links are provided eg Pawleena and Miena Park.</p>
2.6	Measure the operational and financial impacts of new / upgrade capital projects against stated/assumed savings (where applicable).	2.5	<p>O –</p> <p>New and upgrade capital projects to state lifecycle annual costs.</p>
2.7	Proactively seek funding opportunities and landowner support for NRM activities.	2.6	<p>O –</p> <p>NRM resource commenced Q2.</p>
2.8	Continue elected members awareness of contemporary governance roles and responsibilities.	2.7	<p>O –</p> <p>Incorporated with workshops, Council meetings, Audit</p>

			Panel activities.
2.9	Facilitate workshops with elected members and staff to establish commitments, resourcing and continuity related to: - <ul style="list-style-type: none"> Strategies to improve stormwater capacity management and quality discharge to receiving waters through a critical review of the Stormwater System Management Plan, development of a headworks charging methodology and associated policies. 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	<p>O – Applied for emergency management grants. Headworks consultancy underway.</p> <p>Implementation of the Stormwater Management Plan on a priority basis.</p> <p>Currently carrying out a Council emissions audit.</p>
2.10	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	IP – Federal and State Gov focus areas monitored and inform reviews of regional priority projects document.
2.11	Develop an ICT Strategy and establish a program of staged actions.	2.11	C

3.0	To Ensure a Liveable and Inclusive Community	Strategic Plan Reference	Measure
3.1	Support and deliver the 2021 Sorell Township 200 year celebrations.	3.1, 3.7	C
3.2	Facilitate the relocation and development of the Sorell Men's Shed as a shared community facility at Miena Park including the identification of necessary capital grant funding.	3.2	IP
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	<p>IP</p> <p>IP – Sorell</p> <p>O</p> <p>O</p>
3.4	Deliver staged implementation of the Open Space Strategy	3.4, 3.9	IP

	commencing with a review of the Southern Beaches Foreshore Access Management Strategy and Reserve Management Plans – Blue Lagoon, Samuel Thorne Reserve, Dodges Ferry Recreation Reserve.		
3.5	Complete review of the Sorell Streetscape Plan and establish staged upgrades of streetscape elements that respond to the evolving role of the township and opportunities from the Sorell bypass (scheduled for completion Q2 2022/23).	3.4	IP
3.6	Lobby for a Southern Beaches park and ride facility following the 2021 State election commitments.	3.5	O
3.7	Advocate for further 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
3.8	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.	3.7, 3.8	IP – Federal Labor committed \$310k at the election
3.9	Progress the plans and broaden stakeholder engagement for achieving a Community Cultural Precinct for Sorell.	3.8	IP Sorell Community Cultural Precinct Reference Committee established and commenced meeting.

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	C/O Meetings held in Sorell, Primrose Sands and Dodges Ferry/Carlton in 2021-2022
4.2	Ensure elected members and staff appropriately consider Council's Policies, Strategies, Plans and Procedures when making decisions.	4.2	O
4.3	Negotiate a new Enterprise Agreement 2022 – 2025.	4.3	C
4.4	Implement Year 2 actions identified in the Customer Service Strategy with a whole of organisation Customer Service focus.	4.5	C

4.5	Deliver Year 3 actions identified in the Communication and Engagement Strategy.	4.6	C
4.6	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	IP
4.7	Work with community groups and committees to support effective management of community facilities.	4.7	IP/O
4.8	Review facility utilisation and capacity to determine opportunities for community groups to establish activities and avoid construction and duplication of assets.	4.7	O



She Shreds skate session at Sorell Skate Park

FINANCIAL REPORT

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FINANCIAL REPORT

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Statement of Comprehensive Income For the Year Ended 30 June 2022

	Note	Budget 2022 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Income from continuing operations				
Recurrent income				
Rates and charges	2.1	15,459	15,540	14,744
Statutory fees and fines	2.2	691	666	768
User fees	2.3	655	777	748
Grants	2.4	1,501	3,295	2,396
Contributions - cash	2.5	86	223	97
Interest	2.6	155	176	185
Other income	2.7	874	942	659
Investment revenue from Water Corporation	2.9	162	389	162
		19,583	22,008	19,759
Capital income				
Capital grants received specifically for new or upgraded assets	2.4	8,517	7,860	4,598
Contributions - non-monetary assets	2.5	1,183	2,434	1,212
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	2.8 (a)	(22)	(36)	(1,224)
Net gain/(loss) on de-recognition/recognition of property, infrastructure, plant and equipment	2.8 (b)	-	33	80
Share of net profits/(losses) of associates and joint ventures accounted for by the equity method	5.1	-	592	608
Fair value adjustments for investment property	6.2	-	-	38
		9,678	10,883	5,312
Total income from continuing operations		29,261	32,891	25,071
Expenses from continuing operations				
Employee benefits	3.1	(6,924)	(6,811)	(6,275)
Materials and services	3.2	(6,184)	(6,051)	(5,155)
Impairment of receivables	3.3	-	(1)	(2)
Depreciation and amortisation	3.4	(5,139)	(5,137)	(5,229)
Finance costs	3.5	(90)	(102)	(108)
Other expenses	3.6	(1,596)	(1,492)	(1,416)
Total expenses from continuing operations		(19,933)	(19,594)	(18,185)
Result from continuing operations		9,328	13,297	6,886
Result from discontinued operations		-	-	-
Net result for the year		9,328	13,297	6,886
Other comprehensive income				
Items that will not be reclassified subsequently to net result				
Fair value adjustments on equity investment assets	5.2.9.1	-	697	1,720
Net asset revaluation increment/(decrement)	9.1	-	6,688	(1,537)
Total Other Comprehensive Income		-	7,386	183
Total Comprehensive result		9,328	20,683	7,069

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

Statement of Financial Position As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	4.1	10,102	6,072
Trade and other receivables	4.2	815	3,916
Investments	4.3	5,310	5,282
Inventories	4.4	58	52
Non-current assets classified as held for sale	4.5	0	0
Other assets	6.5	558	389
Total current assets		16,843	15,711
Non-current assets			
Trade and other receivables	4.2	33	34
Investments in associates accounted for using the equity method	5.1	4,327	3,735
Investment in water corporation	5.2	24,497	23,800
Property, infrastructure, plant and equipment	6.1	285,836	268,949
Investment property	6.2	403	403
Intangible assets	6.3	278	576
Right-of-use assets	6.4	26	34
Total non-current assets		315,400	297,531
Total assets		332,243	313,242
Liabilities			
Current liabilities			
Trade and other payables	7.1	1,962	1,305
Trust funds and deposits	7.2	1,007	792
Provisions	7.3	1,416	1,321
Lease liabilities	7.4	9	8
Contract liabilities	7.5	1,222	3,291
Interest-bearing loans and borrowings	8.1	425	1,628
Total current liabilities		6,041	8,345
Non-current liabilities			
Provisions	7.3	109	265
Lease liabilities	7.4	18	27
Interest-bearing loans and borrowings	8.1	2,330	1,529
Trade and other payables	7.1	10	24
Total non-current liabilities		2,467	1,845
Total liabilities		8,508	10,190
Net Assets		323,734	303,052
Equity			
Accumulated surplus		121,010	107,713
Reserves	9.1	202,724	195,339
Total Equity		323,734	303,052

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

Statement of Cash Flows For the Year Ended 30 June 2022

		2022 Inflows/ (Outflows) \$'000	2021 Inflows/ (Outflows) \$'000
	Note		
Cash flows from operating activities			
Rates		15,518	14,833
Statutory fees and fines		666	762
User charges and other fines (inclusive of GST)		773	729
Grants (inclusive of GST)		3,310	2,406
Contributions - cash (inclusive of GST)	2.5	223	97
Interest received		167	183
Investment revenue from water corporation	2.9	389	162
Other receipts (inclusive of GST)		228	1,015
Net GST refund/(payment)		587	489
Payments to suppliers (inclusive of GST)		(7,286)	(6,880)
Payments to employees (including redundancies)		(6,861)	(6,283)
Finance costs paid		(104)	(109)
Net cash provided by (used in) operating activities	9.2	7,610	7,404
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(13,123)	(12,786)
Proceeds from sale of property, infrastructure, plant and equipment		360	426
Capital grants		9,405	3,956
Proceeds/(payments) for investments		(27)	1,609
Repayment of long term recoverable property debt		1	7
Net cash provided by (used in) investing activities		(3,384)	(6,788)
Cash flows from financing activities			
Proceeds from trust funds and deposits		396	336
Repayment of trust funds and deposits		(181)	(320)
Repayment of lease liabilities (principal repayments)		(9)	(6)
Proceeds from interest bearing loans and borrowings		1,226	1,250
Repayment of interest bearing loans and borrowings		(1,628)	(273)
Net cash provided by (used in) financing activities	9.3	(196)	987
Net increase (decrease) in cash and cash equivalents		4,030	1,603
Cash and cash equivalents at the beginning of the financial year		6,072	4,469
Cash and cash equivalents at the end of the financial year	9.4	10,102	6,072
Restrictions on cash assets	4.1	3,754	5,669

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

Statement of Changes Equity
For the Year Ended 30 June 2022

	Note	Accumulated Surplus	Asset Revaluation Reserve	Fair Value Reserve	Other Reserves	Total Equity
2022		2022 \$'000	2022 \$'000	2022 \$'000	2022 \$'000	2022 \$'000
Balance at beginning of the financial year		107,713	199,796	(5,507)	1,050	303,052
Net result for the year		13,297	-	-	-	13,297
Other comprehensive income:						
Fair value adjustment on equity investment assets	5.2,9.1	-	-	697	-	697
Net asset revaluation increment/(decrement)	9.1	-	6,688	-	-	6,688
Total comprehensive income		121,010	206,484	(4,810)	1,050	323,734
Transfers between reserves		-	-	-	-	-
Balance at end of the financial year		121,010	206,484	(4,810)	1,050	323,734

		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

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

Notes to the Financial Report For the Year Ended 30 June 2022

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 2021-22

The COVID-19 pandemic has had a minimal impact this financial report.

Notes to the Financial Report For the Year Ended 30 June 2022

Note 1.5 Material budget variations

Council's original budget was adopted by Council on 15 June 2021, at the June 2021 Ordinary Council Meeting. In December 2021 and January 2022 Council reviewed and amended the original budget and completed the Mid Year Budget Review. The Mid Year Budget Review was adopted by Council on 15 February 2022, at the February 2022 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 \$121,000 (18%) for the 2021-22 financial year. The Sorell municipality continued to enjoy population growth and high levels of development during the 2021-22 financial year. As a result, Council experienced higher than expected activity levels in a number of areas. In particular, income from engineering inspections were above budget by \$164,000 (425%).

(ii) Grants

Grants was above budget by \$1.796m (119%) for the 2021-22 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 2022 Council received an advance FAG funding payment for the 2022-23 financial year of \$1.955m. The effects of the early receipt of instalments each year has resulted in FAG funding being above the budget in 2021-22 by \$1.955m and 2020-21 by \$1.126m. This has impacted the Statement of Comprehensive Income resulting in the net result for the year being higher in both years by these amounts.

(iii) Contributions - cash

Contributions - cash income was above budget by \$137,000 (160%) for the 2021-22 financial year. Contributions - cash income relates to public open space and traffic management treatment contributions, as well as other sundry cash contributions. Development activity in the Sorell municipality was greater than expected, due to continued population growth.

(iv) Interest

Interest was above budget by \$21,000 (14%) for the 2021-22 financial year. This is a result of unexpected upward movement in investment interest rates during the financial year.

(v) Investment revenue from water corporation

Investment revenue from water corporation was above budget by \$227,000 (140%) for the 2021-22 financial year. The budget for investment revenue from water corporation was based on actual dividends received year-to-date at the time of the Mid Year Budget Review.

However, on 31 March 2022 and 1 June 2022, the TasWaster Board announced interim, final and special dividends for the 2021-22 financial year. Council received an interim dividend of \$81,000 in March 2022, a final dividend of \$81,000 and a special dividend of \$65,000 in June 2022.

(vi) Contributions - non-monetary assets

Contributions - non-monetary assets was above budget by \$1.25m (106%) for the 2021-22 financial year. The budget for contributions - non-monetary assets was based on actual contributions year-to-date at the time of the Mid Year Budget Review. The budget variance is the result of the completion of an additional three subdivisions in the second half of the 2021/22 financial year.

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

Net gain/(loss) on disposal of property, infrastructure, plant and equipment was above budget by \$15,000 (68%) for the 2021-22 financial year. The budget for net gain/(loss) on disposal of assets was based on actual disposals year-to-date at the time of the Mid Year Budget Review. The budget variance is a result of further disposals taking place in the second half of the 2020-21 financial year that did not result in a loss, including infrastructure asset disposals relating to 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 losses on disposal are recorded. Net gain/(loss) on disposal of assets is unpredictable in nature.

Notes to the Financial Report For the Year Ended 30 June 2022

Note 1.5 Material budget variations (continued)

(viii) Other capital income

A majority of capital income was not budgeted for in the 2021-22 financial year, due to the unpredictable nature of these income streams. This included the following capital income streams:

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

(ix) Finance costs

Most expenditure categories were within 10% of budget and did not experience any material variances. Finance costs was above budget by \$11,000 (12%) for the 2021-22 financial year. This is a result of under budgeting finance costs during the financial year.

Notes to the Financial Report For the Year Ended 30 June 2022

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						
2021 - 2022	1,671	14,902	16,573	5,547	11,026	79,339
2020 - 2021	1,307	13,884	15,191	4,867	10,324	71,538
Transport infrastructure						
2021 - 2022	4,191	1,463	5,654	6,669	(1,015)	188,032
2020 - 2021	1,887	(559)	1,328	6,196	(4,868)	183,863
Stormwater						
2021 - 2022	-	1,084	1,084	1,199	(115)	50,207
2020 - 2021	26	283	309	1,131	(822)	42,751
Waste management						
2021 - 2022	-	2,625	2,625	1,993	632	-
2020 - 2021	-	2,558	2,558	1,830	728	-
Environmental health/management						
2021 - 2022	14	87	101	463	(362)	-
2020 - 2021	37	127	164	450	(286)	-
Planning services						
2021 - 2022	-	669	669	420	249	-
2020 - 2021	-	645	645	536	109	-
Building control						
2021 - 2022	-	427	427	311	116	-
2020 - 2021	-	550	550	287	263	-
Community amenities						
2021 - 2022	5,256	401	5,657	2,742	2,916	14,665
2020 - 2021	3,737	480	4,217	2,673	1,544	15,090
Community services						
2021 - 2022	23	79	102	251	(149)	-
2020 - 2021	-	109	109	215	(106)	-
Total						
2021 - 2022	11,155	21,737	32,892	19,595	13,297	332,243
2020 - 2021	6,994	18,077	25,071	18,185	6,886	313,242

Notes to the Financial Report For the Year Ended 30 June 2022

Note 1.6 Functions/Activities of the Council (Continued)

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

	2022	2021
	\$'000	\$'000
Current assets	16,843	15,711
Non-current assets	315,400	297,531
	332,244	313,242

(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 2022

		2022 \$'000	2021 \$'000
Note 2	Revenue		
Note 2.1	Rates and charges		
	<p>For the 2021-22 financial year Council moved from adjusted capital value as the basis of valuation of all properties within the municipality, to adjusted assessed annual value. The adjusted assessed annual value of a property is its assessed annual value with an adjustment factor set for periods between revaluations, as determined by the Valuer-General.</p> <p>The valuation base used to calculate general rates for 2021-22 was \$150.070m. The 2021-22 general rate is a two tiered rating system with 37% of the general rate generated by a fixed rate of \$485.82, and the remaining generated by a rate of \$0.047 in the dollar of the adjusted assessed annual value, varied according to the subcategories of use or predominant use of land and/or locality.</p> <p>The valuation base used to calculate general rates for 2020-21 was \$3.329b. The 2020-21 general rate was a two tiered rating system with 37% of the general rate generated by a fixed rate of \$473.97, and the remaining generated by a rate of \$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.</p>		
	Residential	10,168	9,864
	Commercial	1,117	1,065
	Industrial	124	141
	Primary production	556	536
	Community service	182	165
	Vacant land	919	706
	Boat sheds	100	97
	Supplementary rates and rate adjustments	93	114
	Fire levy	598	556
	Garbage charge	2,521	2,385
	Less: Other remissions	(838)	(864)
	Less: Boat shed remissions	-	(21)
	Total rates and charges	15,540	14,744

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	11	16
	Town planning fees	497	563
	Land information certificates	154	184
	Permits	4	5
	Total statutory fees and fines	666	768

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	71	85
	Building services	123	137
	Caravan licences	6	23
	Engineering services	202	25
	Fire abatements	10	22
	Health services	45	57
	Recreational vehicles	12	7
	Kernel licences	3	1
	Plumbing application and inspections	292	384
	Other fees and charges	13	7
	Total user fees	777	748

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 2022

	2022 \$'000	2021 \$'000
Note 2.4 Grants		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth Government funded grants	7,291	5,106
State Government funded grants	3,829	1,861
Other grants	35	27
Total	11,155	6,994
Grants - Recurrent		
Commonwealth Government Financial Assistance Grant - general purpose	1,671	1,307
Commonwealth Government Financial Assistance Grant - roads	1,519	849
Commonwealth Government Financial Assistance Grant - bridges	33	22
Commonwealth Government - community	-	1
Commonwealth Government - education	10	-
State Government - health	2	2
State Government - transport	14	14
State Government - MAST	-	45
State Government - roads	-	94
State Government - culture sport and recreation	23	-
State Government - DPIPW	13	36
State - police fire and emergency management	10	-
State Government - stormwater	-	26
Total recurrent grants	3,295	2,396
Capital grants received specifically for new or upgraded assets		
Commonwealth Government - roads to recovery	387	387
Commonwealth Government - culture, sport and recreation	3,584	2,419
Commonwealth Government - community	-	11
Commonwealth Government - transport	-	110
Commonwealth Government - land improvement	86	-
State Government - culture, sport and recreation	1,759	1,149
State Government - MAST	2	20
State Government - transport	1,996	475
State Government - buildings	11	-
Other	35	27
Total capital grants	7,860	4,598
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:		
Operating		
Balance of unspent funds at 1 July	42	45
Add: Funds received and not recognised as revenue in the current year	-	42
Less: Funds received in prior year but revenue recognised and funds spent in current year	(36)	(45)
Balance of unspent funds at 30 June	6	42
Capital		
Balance of unspent funds at 1 July	3,249	460
Add: Funds received and not recognised as revenue in the current year	1,040	3,237
Less: Funds received in prior year but revenue recognised and funds spent in current year	(3,072)	(448)
Balance of unspent funds at 30 June	1,217	3,249
Total unspent funds	1,223	3,291

Notes to the Financial Report For the Year Ended 30 June 2022

		2022 \$'000	2021 \$'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 2022 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 2021-22 by \$1.955m, (2020-21, \$1.126m). 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	169	77
	Traffic management	-	-
	Other cash contributions	54	20
	Total	223	97
	(b) Non-monetary assets		
	Land	-	120
	Land under roads	150	31
	Buildings and other structures	-	260
	Roads	650	229
	Footpaths and cycle ways	160	62
	Kerb and channel	155	36
	Other transport infrastructure	45	15
	Stormwater	1,097	295
	Land improvements	30	123
	Formation earthworks	147	41
	Total	2,434	1,212
	Total contributions	2,657	1,309
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	119	107
	Interest on cash and cash equivalents	57	78
	Total	176	185
Accounting policy Interest Interest is recognised progressively as it is earned.			

Notes to the Financial Report For the Year Ended 30 June 2022

	2022	2021
	\$'000	\$'000
Note 2.7 Other income		
Community facility hire income	154	92
Copping Refuse Disposal Site land rental	87	87
Copping Refuse Disposal Site Joint Authority profit share	15	85
Leased properties rental income	125	30
Donations received	1	1
Diesel fuel rebate	20	22
Insurance recoveries	-	-
Workers compensation reimbursements	6	48
External labour hire recoveries	370	225
Other income	164	69
Total other income	942	659

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

Proceeds of sale	360	412
Write down value of assets disposed	(396)	(1,636)
Total	(36)	(1,224)

(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	33	216
Total	33	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 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	389	162
Total investment revenue from water corporation	389	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 2022

		2022	2021
		\$'000	\$'000
Note 3	Expenses		
Note 3.1	Employee benefits		
	Wages and salaries	5,102	4,741
	Workers compensation	243	228
	Annual leave and long service leave	496	526
	Superannuation	744	704
	Fringe benefits tax	33	33
	Payroll tax	305	277
	Employee associated costs	79	86
		<u>7,004</u>	<u>6,595</u>
	Less amounts capitalised	(193)	(320)
	Total employee benefits	<u>6,811</u>	<u>6,275</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	88	96
	Information technology	249	212
	Consultants and contractors	723	346
	Cleaning	180	170
	Legal	110	213
	Maintenance	2,240	1,751
	Operating capital	63	80
	Plant registration fees	38	40
	Printing	27	27
	Security services	16	22
	Stationery and office consumables	26	29
	Utilities	295	321
	Valuation costs	37	57
	Waste	1,955	1,785
	Other materials and services	4	6
	Total materials and services	<u>6,051</u>	<u>5,155</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	1	2
	Total impairment of receivables	<u>1</u>	<u>2</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 2022

	2022	2021
	\$'000	\$'000
Note 3.4 Depreciation and amortisation		
<i>Property</i>		
Buildings and other structures	496	611
<i>Plant and Equipment</i>		
Plant, machinery and equipment	448	444
Fixtures, fittings and furniture	23	111
Computers and telecommunications	53	68
<i>Infrastructure</i>		
Roads	2,476	2,433
Bridges	250	239
Footpaths and cycle ways	178	170
Kerb and channel	78	71
Other transport infrastructure	117	111
Stormwater	628	607
Land improvements	338	319
<i>Intangible assets</i>		
Intangible assets	46	38
<i>Right-of-use of assets</i>		
Right-of-use of assets	8	7
Total	5,137	5,229

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, stairs 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
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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 2022

	2022	2021
	\$'000	\$'000
Stormwater		
Gross pollution traps (GPTs)		50 years
End structures		80 years
Drains		100 years
Pits		80 years
Culverts including headwalls		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 2021-22 financial year, Council completed a stormwater revaluation. As part of this revaluation the following asset components had their useful lives amended:		
Type and component	Previous useful life	New useful life
Open drains and raingardens	20 - 80 years	20 - 100 years

Notes to the Financial Report For the Year Ended 30 June 2022

	2022	2021
	\$'000	\$'000
Note 3.5 Finance costs		
Interest - borrowings	101	107
Interest - lease liabilities	1	1
Total	102	108
Less capitalised borrowing costs on qualifying assets	-	-
Total finance costs	102	108

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, (\$0).

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

Note 3.6 Other expenses		
External auditors' remuneration (Tasmanian Audit Office)	27	33
Audit panel members' remuneration	7	7
Bank fees and charges	33	37
Councillors' allowances and expenses	211	203
Collection costs	22	25
Community development	38	7
Donations section 77	25	40
Election expenses	7	6
Environmental management expenses	13	26
Government fire contributions	562	515
Insurance	278	265
Land tax	58	59
Licences, memberships and subscriptions	74	73
Operating leases	6	9
Postage	41	40
Internet, telephone and other communication charges	46	33
Other expenses	44	38
Total other expenses	1,492	1,416

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 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	872	1,907
Investment accounts	9,228	4,163
Total cash and cash equivalents	10,102	6,072
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)	1,007	792
ii) Unspent grant funds with conditions (note 2.4)	1,222	3,291
iii) Leave Provisions (note 7.3)	1,525	1,586
Restricted funds	3,754	5,669
Total unrestricted cash and cash equivalents	6,348	403

Notes to the Financial Report For the Year Ended 30 June 2022

		2022	2021
		\$'000	\$'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	325	274
Other debtors	317	3,643
Provision for expected credit loss - other debtors	(1)	(3)
Midway Point Improvement Act debtors	1	1
Net GST receivable	173	1
Total	815	3,916
Non-current		
Midway Point Improvement Act debtors	29	29
Long term recoverable property debt	4	5
Total	33	34
Total trade and other receivables	848	3,950
Reconciliation of movement in expected credit loss		
Carrying amount at 1 July	3	2
Amounts written off during the year	-	(2)
Amounts recovered during the year	(3)	-
Increase/ (decrease) in provision recognised in profit or loss	1	3
Carrying amount at 30 June	1	3

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

As at 30 June 2021, current trade and receivables were significantly greater than other years balances. This significant increase as at 30 June 2021, was due to Council raising a number of capital project invoices in late June, 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 \$253,000 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 2022

		2022	2021
		\$'000	\$'000
Note 4.3 Investments			
	Term deposits - more than 3 months	5,310	5,282
	Total investments	<u>5,310</u>	<u>5,282</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	58	52
	Total inventories	<u>58</u>	<u>52</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	0	0
	Total non-current assets classified as held for sale	<u>0</u>	<u>0</u>

At a Special Council Meeting on the 3 May 2022, Council resolved to dispose of the land described in Certificate of Title Volume 40340/1000. This land has not been valued by the Valuer-General as it does not fall under the typical land parcel with a Property ID. The land has been categorised as LGA Subdivision Road, Dodges Ferry, therefore, the sale is dependent on the purchaser obtaining a Title.

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 was expected to be finalised in the 2021-22 financial year, after the commencement of building works, including the water and sewerage connection. As at 30 June 2022 title has not been transferred and 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 2022

		2022	2021
		\$'000	\$'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 principal activity is to operate a landfill.		
	Investment in associates accounted for by the equity method are:		
	- CRDSJA (trading as Southern Waste Solutions)	4,327	3,735
	Total	4,327	3,735

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% (2020-21 24%).

Council's share of accumulated surplus (deficit)

Council's share of accumulated surplus(deficit) at start of year	2,458	1,960
Prior year adjustment	-	63
Reported surplus(deficit) for year	161	285
Transfers (to) from reserves	-	150
Council's share of accumulated surplus (deficit) at end of year	2,619	2,458

Council's share of reserves

Council's share of reserves at start of year	-	150
Transfers (to) from reserves	-	(150)
Council's share of reserves at end of year	-	-

Movement in carrying value of specific investment

Carrying value of investment at start of year	3,735	3,127
Council's share of prior year adjustments	266	47
Council's share of surplus(deficit) for year	161	285
Council's share of contributions by owners for year	165	276
Carrying value of investment at end of year	4,327	3,735

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	23,800	22,080
	Fair value adjustments on equity investment assets	697	1,720
	Total investment in water corporation	24,497	23,800

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

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 2022, Council held a 1.48% (2020-21, 1.51%) 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 2022

Note 6 Non-current assets

Note 6.1 Property, infrastructure, plant and equipment

	2022	2021
	\$'000	\$'000
Summary		
at fair value as at 30 June	398,165	381,577
Less accumulated depreciation	(126,096)	(119,794)
	<u>272,068</u>	<u>261,783</u>
 at cost as at 30 June	 15,757	 9,360
Less accumulated depreciation	(1,989)	(2,194)
	<u>13,768</u>	<u>7,166</u>
Total	<u>285,836</u>	<u>268,949</u>
 Property		
Land		
at fair value as at 30 June	9,131	9,131
	<u>9,131</u>	<u>9,131</u>
 Land under roads		
at fair value as at 30 June	18,132	17,983
	<u>18,132</u>	<u>17,983</u>
Total land	<u>27,263</u>	<u>27,114</u>
 Buildings and other structures		
at fair value as at 30 June	22,028	21,951
Less accumulated depreciation	(3,401)	(2,899)
Total Buildings	<u>18,627</u>	<u>19,052</u>
 Total Property	<u>45,890</u>	<u>46,166</u>
 Plant and equipment		
 Plant, machinery and equipment		
at cost	3,853	3,976
Less accumulated depreciation	(1,489)	(1,595)
	<u>2,364</u>	<u>2,381</u>
 Fixtures, fittings and furniture		
at cost	300	300
Less accumulated depreciation	(188)	(165)
	<u>112</u>	<u>135</u>
 Computers and telecommunications		
at cost	345	510
Less accumulated depreciation	(312)	(434)
	<u>33</u>	<u>76</u>
 Total plant and equipment	<u>2,509</u>	<u>2,592</u>

Notes to the Financial Report
For the Year Ended 30 June 2022

Note 6.1 Property, infrastructure, plant and equipment (continued)	2022 \$'000	2021 \$'000
Infrastructure		
Roads		
at fair value as at 30 June	153,630	151,468
Less accumulated depreciation	(83,628)	(81,734)
	70,002	69,734
Bridges		
at fair value as at 30 June	19,893	19,726
Less accumulated depreciation	(7,765)	(7,803)
	12,128	11,923
Footpaths and cycle ways		
at fair value as at 30 June	11,829	11,021
Less accumulated depreciation	(3,464)	(3,342)
	8,365	7,679
Kerb and channel		
at fair value as at 30 June	6,391	6,002
Less accumulated depreciation	(2,123)	(2,046)
	4,268	3,956
Other transport infrastructure		
at fair value as at 30 June	6,264	5,865
Less accumulated depreciation	(1,162)	(1,046)
	5,102	4,819
Stormwater		
at fair value as at 30 June	67,805	57,019
Less accumulated depreciation	(17,859)	(14,562)
	49,946	42,457
Land improvements		
at fair value as at 30 June	15,014	14,627
Less accumulated depreciation	(6,695)	(6,362)
	8,319	8,265
Formation earthworks		
at fair value as at 30 June	68,048	66,784
	68,048	66,784
Total Infrastructure	226,178	215,617

Notes to the Financial Report
For the Year Ended 30 June 2022

Note 6.1 Property, infrastructure, plant and equipment (continued)	2022	2021
	\$'000	\$'000
<i>Works in progress</i>		
Land improvements at cost	453	109
Buildings at cost	8,541	3,184
Plant and equipment at cost	18	3
Roads, footpaths and cycle ways, kerb and channel and formation earthworks at cost	1,976	984
Bridges at cost	10	—
Stormwater at cost	261	294
<i>Total Works in progress</i>	<u>11,259</u>	<u>4,574</u>
<i>Total property, infrastructure, plant and equipment</i>	<u>285,836</u>	<u>268,949</u>

Notes to the Financial Report For the Year Ended 30 June 2022

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

Reconciliation of property, infrastructure, plant and equipment

								*	
	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	Transfers	Transfers between classes	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property									
Land	9,131	-	-	-	-	-	-	-	9,131
Land under roads	17,883	149	-	-	-	-	-	-	18,132
Total land	27,114	149	-	-	-	-	-	-	27,263
Buildings	19,052	24	-	(496)	-	-	47	-	18,627
Total buildings	19,052	24	-	(496)	-	-	47	-	18,627
Total property	46,166	173	-	(496)	-	-	47	-	45,890
Plant and Equipment									
Plant, machinery and equipment	2,381	-	-	(448)	(147)	-	579	-	2,364
Fixtures, fittings and furniture	135	-	-	(23)	-	-	-	-	112
Computers and telecommunications	76	-	-	(53)	-	-	13	(2)	33
Total plant and equipment	2,592	-	-	(523)	(147)	-	591	(2)	2,509
Infrastructure									
Roads	69,734	680	-	(2,476)	(138)	-	2,232	-	70,002
Bridges	11,923	-	-	(250)	(64)	-	518	-	12,128
Footpaths and cycleways	7,679	180	-	(178)	(7)	-	711	-	8,385
Kerb and channel	3,956	155	-	(78)	-	-	235	-	4,268
Other transport infrastructure	4,819	46	-	(117)	-	-	354	-	5,102
Stormwater	42,457	1,106	6,688	(628)	(36)	-	360	-	49,947
Land improvements	8,265	30	-	(338)	(4)	-	367	-	8,319
Formation earthworks	66,784	147	-	-	-	-	1,117	-	68,048
Total infrastructure	215,617	2,294	6,688	(4,065)	(249)	-	5,894	-	226,179
Works in progress									
Land improvements	109	711	-	-	-	-	(367)	-	453
Buildings	3,184	5,404	-	-	-	-	(47)	-	8,541
Plant and equipment	3	606	-	-	-	-	(591)	-	18
Roads, footpaths and cycle ways, kerb and channel, formation earthworks and other transport infrastructure	984	5,639	-	-	-	-	(4,649)	-	1,975
Bridges	-	528	-	-	-	-	(518)	-	10
Stormwater	294	327	-	-	-	-	(360)	-	261
Total works in progress	4,574	13,215	-	-	-	-	(6,532)	-	11,258
Total property, infrastructure, plant and equipment	268,949	15,682	6,688	(5,084)	(396)	-	0	(2)	285,836

* The assets above of \$2,000 have been transferred to intangible assets.

Notes to the Financial Report For the Year Ended 30 June 2022

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

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

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-recognitions	Transfers	Transfers between classes (a)	Balance at end of financial year
	\$'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
Furniture, 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	-	11,823
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, machinery and equipment	1	592	-	-	-	-	(590)	-	3
Roads, footpaths and cycle ways, kerb and channel and formation earthworks	28	4,850	-	-	-	-	(3,894)	-	984
Bridges	17	1,190	-	-	-	-	(1,207)	-	-
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)	-	-	268,949

Notes to the Financial Report For the Year Ended 30 June 2022

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
Land		
Land	No threshold applies	No threshold applies
Land under roads	10	50%
Buildings		
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 re-valuation 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 2022

	2022	2021
	\$'000	\$'000
Note 6.2 Investment property		
Balance at beginning of financial year	403	365
Fair value adjustments	-	38
Balance at end of financial year	403	403

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
Water rights	230	230
Computer software	48	18
Total	278	277

Works in progress

Computer software	-	299
Total	-	299

Total intangible assets	278	576
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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 2020	28	166	230	424
Transfer of assets	-	-	-	-
Balance at 30 June 2021	28	166	230	424
Transfer of assets	223	-	-	223
Balance at 30 June 2022	251	166	230	647
Accumulated amortisation and impairment				
Balance at 1 July 2020	1	108	-	109
Amortisation expense	9	29	-	38
Balance at 30 June 2021	10	137	-	147
Amortisation expense	193	29	-	222
Balance at 30 June 2022	203	166	-	369
Works in progress				
Balance at 1 July 2020	227	-	-	227
Acquisition of assets	72	-	-	72
Transfer of assets	-	-	-	-
Balance at 30 June 2021	299	-	-	299
Acquisition of assets	(254)	-	-	(254)
Transfer of assets	(45)	-	-	(45)
Balance at 30 June 2022	(0)	-	-	(0)
Net Book Value at 30 June 2021	317	29	230	576
Net Book Value at 30 June 2022	48	(0)	230	278

Notes to the Financial Report For the Year Ended 30 June 2022

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

	Plant and equipment	Total
	\$'000	\$'000
2022		
Gross carrying amount		
Opening Balance at 1 July 2021	34	34
Additions	-	-
Disposals	-	-
Amortisation expense	(8)	(8)
Balance at 30 June 2022	<u>26</u>	<u>26</u>
2021		
Opening Balance at 1 July 2020	1	1
Additions	40	40
Disposals	-	-
Amortisation expense	(7)	(7)
Balance at 30 June 2021	<u>34</u>	<u>34</u>

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	2022	2021
Current	\$'000	\$'000
Prepayments	116	165
Accrued Income	442	224
Total	<u>558</u>	<u>389</u>

Notes to the Financial Report For the Year Ended 30 June 2022

Note 7	Current liabilities	2022	2021
Note 7.1	Trade and other payables	\$'000	\$'000
	Current		
	Trade payables	1,125	548
	Rates and charges in advance	373	345
	Accrued expenses	329	285
	Other	135	127
	Total	1,962	1,305
	Non-current		
	Other	10	24
	Total	10	24
	Total trade and other payables	1,972	1,329

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	530	502
	Retention amounts	477	290
	Total trust funds and deposits	1,007	792

Accounting policy

Trust funds and deposits

Amounts received as tender 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
	2022	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
	Balance at beginning of the financial year	575	941	36	34	1,586
	Additional provisions	435	(8)	99	64	590
	Amounts used	(383)	(107)	(101)	(60)	(651)
	Balance at the end of the financial year	627	826	34	38	1,525
	Current	627	717	34	38	1,416
	Non-current	-	109	-	-	109
	Total Provisions	627	826	34	38	1,525
	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
	Current	575	676	36	34	1,321
	Non-current	-	265	-	-	265
	Total Provisions	575	941	36	34	1,586

Notes to the Financial Report For the Year Ended 30 June 2022

Note 7.3 Provisions (continued)

(a) Employee benefits	2022	2021
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	4.00%	2.50%
Weighted average discount rates	3.20%	0.60%
Weighted average settlement period	12	12
 Employee numbers (full time equivalent)	 67	 69

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 2022

Note	7.4 Lease liabilities	2022 \$'000	2021 \$'000
	Lease liabilities	27	35
	Total lease liabilities	27	35
	<i>Current</i>	9	8
	<i>Non-current</i>	18	27

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

As at 30 June 2022	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	
Lease payments	9	9	9	2			29
Finance charges	(1)	(1)	(0)	(0)			(2)
Net present value	8	8	9	2	-	-	27

As at 30 June 2021	Within 1 year \$ '000	1-2 years \$ '000	2-3 years \$ '000	3-4 years \$ '000	4-5 years \$ '000	After 5 years \$ '000	Total
	year \$ '000	years \$ '000	years \$ '000	years \$ '000	years \$ '000	years \$ '000	
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

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 2022

Note 7.5 Contract liabilities

Current

Funds received to acquire or construct an asset controlled by Council

Total contract liabilities

2022	2021
\$'000	\$'000
1,222	3,291
<u>1,222</u>	<u>3,291</u>

Accounting policy

Council recognised the following contract liabilities:

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.
- Construction of duckboard walkways and gravel paths at Penna Beach, Orierton Lagoon. Additionally, the installation of educational signage boards and dog control signage.
- 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.
- 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.
- The Sorell Streetscape upgrade will create a civic heart which is an active, lived in place, steeped in its history but looking to its future as a place where people want to do business, shop, work, visit and participate in the life of the community.
- The Function Centre to be built at Pembroke Park, Sorell will have a 120 seat capacity and cater for many uses and functions including meetings, club dinners, weddings, parties, seminars, job expos, community forums, leavers dinners and conferences.
- Construction of a new toilet, wastewater treatment and disposal system at the Lewisham/Gywnns Point boat ramp to meet community needs and protect the local environment.
- 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.
- Road widening, increase of guideposts and installation of edge line on Brinktop Road, Penna, to increase driver visibility and road safety.

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

3,108	493
<u>3,108</u>	<u>493</u>

Notes to the Financial Report For the Year Ended 30 June 2022

Note 8	Non-current liabilities	2022	2021
Note 8.1	Interest-bearing loans and borrowings	\$'000	\$'000
	<i>Current</i>		
	Borrowings - secured	425	1,628
		425	1,628
	<i>Non-current</i>		
	Borrowings - secured	2,330	1,529
		2,330	1,529
	Total	2,755	3,157

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	425	1,628
Later than one year and not later than five years	947	997
Later than five years	1,383	532
Total	2,755	3,157

Accounting policy

Interest bearing liabilities

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

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 2022

Note 9 Note 9.1	Other financial information Reserves	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
		\$'000	\$'000	\$'000	\$'000
	(a) Asset revaluation reserve				
	2022 Property				
	Land	7,602	-	-	7,602
	Land under roads	2,335	-	-	2,335
	Land improvements	4,756	-	-	4,756
	Buildings	10,807	-	-	10,807
		25,500	-	-	25,500
	Infrastructure				
	Roads	136,289	-	-	136,289
	Bridges	6,295	-	-	6,295
	Stormwater	31,657	6,688	-	38,345
		174,241	6,688	-	180,929
	Investment in associates (note 5.1)	55	-	-	55
		55	-	-	55
	Total asset revaluation reserve	199,796	6,688	-	206,484
	2021 Property				
	Land	7,602	-	-	7,602
	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
	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				
	2022 Equity investment assets				
	Investment in water corporation	(5,507)	697	-	(4,810)
	Total fair value reserve	(5,507)	697	-	(4,810)
	2021 Equity investment assets				
	Investment in water corporation	(7,227)	1,720	-	(5,507)
	Total fair value reserve	(7,227)	1,720	-	(5,507)

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 2022

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				
2022 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
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

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

	2022 \$'000	2021 \$'000
Total Reserves	202,724	195,339

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

Result from continuing operations	13,297	6,886
Depreciation/amortisation	5,129	5,222
Depreciation of right-of-use assets	8	7
(Profit)/loss on disposal of property, infrastructure, plant and equipment	36	1,224
(Profit)/loss on de-recognition/recognition of property, infrastructure, plant and equipment	(33)	(80)
Contributions - non-monetary assets	(2,434)	(1,212)
Share of net (profits)/losses of associates accounted for by the equity method	(592)	(608)
Fair value adjustments for investment property	-	(38)
Capital grants received specifically for new or upgraded assets	(7,860)	(4,598)
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	29	256
Decrease/(increase) in other assets	(551)	25
Decrease/(increase) in inventories	(6)	(3)
Increase/(decrease) in trade and other payables	648	324
Increase/(decrease) in provisions	(61)	(1)
Net cash provided by (used in) operating activities	7,610	7,404

Notes to the Financial Report For the Year Ended 30 June 2022

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 \$'000	Lease liabilities \$'000	Trust funds and deposits \$'000
Balance as at 1 July 2021	3,157	35	792
Changes from financing cash flows:			
Cash received	1,226	-	396
Cash repayments	(1,628)	(9)	(181)
Right of use asset recognition (non-cash)	-	-	-
Balance as at 30 June 2022	2,755	27	1,007
Balance as at 1 July 2020	2,180	1	776
Changes from financing cash flows:			
Cash received	1,250	-	336
Cash repayments	(273)	(6)	(320)
Right of use asset recognition (non-cash)	-	40	-
Balance as at 30 June 2021	3,157	35	792

Note 9.4 Reconciliation of cash and cash equivalents

Cash and cash equivalents (note 4.1)	10,102	6,072
Total reconciliation of cash and cash equivalents	10,102	6,072

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 2022 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 2020.
- 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 2024.

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 2022

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 26.5 identifying a deficit and the Trustee determining in terms of Rule 26.3(c) that the particular employer should make the payment required to make good any shortfall before the cessation of participation is approved.
- The application of Fund assets on Tasplan being wound-up is set out in Rule 41.4. This Rule provides that expenses and taxation liabilities should have first call on the available assets. Additional assets will initially be applied for the benefit of the then remaining members and/or their 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 \$8,871 (2020-21, \$25,227), and the amount paid to accumulation schemes was \$721,694 (2020-21, \$662,712).
- During the next reporting period the expected amount of superannuation contributions to be paid to defined benefits schemes is \$8,879, and the amount to be paid to accumulation schemes is \$739,869.
- As reported above, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2020. Favourable investment returns, since that date, has seen further improvement in the financial position of the Fund. 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 Deloitte Consulting Pty Ltd as at 30 June 2021, showed that the Fund had assets of \$54.52 million and members’ Vested Benefits were \$45.12 million. These amounts represented 0.21% and 0.18% respectively of the corresponding total amounts for Spirit Super.
- As at 30 June 2021 the Fund had 87 members and the total employer contributions and member contributions for the year ending 30 June 2021 were \$879,254 and \$229,820 respectively.

Fund	2022 \$'000	2021 \$'000
Defined benefits fund		
Employer contributions to Quadrant Defined Benefits Fund	9	25
	9	25
Employer contributions payable to Quadrant Defined Benefits Fund at reporting date	1	2
	1	2
Accumulation funds		
Employer contributions to Tasplan Superannuation Fund	263	214
Employer contributions to all other superannuation funds	459	449
	722	663
Employer contributions payable to Tasplan Superannuation Fund at reporting date	16	33
Employer contributions payable to all other superannuation funds at reporting date	41	34
	57	67

Notes to the Financial Report For the Year Ended 30 June 2022

Note 9.6	Commitments	2022	2021
		\$'000	\$'000
	Capital expenditure commitments		
	Buildings	569	5,212
	Community	15	148
	Stormwater	310	75
	Roads	622	107
	Plant, machinery and equipment	46	45
	Computer software	-	23
	Total capital expenditure commitments	1,562	5,610

Contractual commitments

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

Garbage and recycling collection contract (expires 1 September 2023)	1,177	929
Street bins, green waste and hard waste contract (expires 30 September 2023)	868	850
Recycling centre management contract (expires 1 September 2023)	228	154
Recycling disposal contract (expires 1 December 2031)	1,857	77
Cleaning contract (expires 30 June 2024)	446	575
Legal services contract (expires 30 June 2023)	66	66
Total contractual commitments	4,642	2,651

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	110	105
Year 2	113	105
Year 3	113	105
Year 4	114	106
Year 5	106	107
Year 6 and onwards	1,964	1,973
Total	2,520	2,501

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

Lease income on operating leases (note 2.7)	227	202
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Notes to the Financial Report For the Year Ended 30 June 2022

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 2022.

Guarantees for loans to other entities

Council had not guaranteed any loans to other entities for the year ended 30 June 2022.

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 2022.

Notes to the Financial Report For the Year Ended 30 June 2022

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.

2022

	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	0.93%	10,102	-	-	-	-	10,102
Investments	1.81%	-	5,310	-	-	-	5,310
Midway Point Improvement Act loan receivable	9.77%	-	-	-	29	-	29
Trade and other receivables	0.00%	325	-	-	-	493	818
Investment in water corporation	0.00%	-	-	-	-	24,497	24,497
Total financial assets		10,427	5,310	-	29	24,990	40,756
Financial liabilities							
Trade and other payables	0.00%	-	-	-	-	1,972	1,972
Trust funds and deposits	0.00%	-	-	-	-	1,007	1,007
Interest-bearing loans and borrowings	3.48%	-	425	947	1,383	-	2,755
Total financial liabilities		-	425	947	1,383	2,980	5,735
Net financial assets (liabilities)		10,427	4,885	(947)	(1,354)	22,010	35,021

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

Notes to the Financial Report For the Year Ended 30 June 2022

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 the Statement of Financial Position		Aggregate net fair value	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	10,102	6,072	10,102	6,072
Other financial assets	5,310	5,282	5,310	5,282
Trade and other receivables	848	3,950	848	3,950
Investment in water corporation	24,497	23,800	24,497	23,800
<i>Total financial assets</i>	<u>40,757</u>	<u>39,104</u>	<u>40,757</u>	<u>39,104</u>
<i>Financial liabilities</i>				
Trade and other payables	1,971	1,329	1,971	1,329
Trust funds and deposits	1,007	792	1,007	792
Lease liabilities	27	35	27	35
Interest-bearing loans and borrowings	2,755	3,157	2,755	3,157
<i>Total financial liabilities</i>	<u>5,760</u>	<u>5,313</u>	<u>5,760</u>	<u>5,313</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 2022

Note 9.9 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
2022				
Cash and cash equivalents	10,064	-	38	10,102
Trade and other receivables	-	-	-	-
Investments and other financial assets	-	5,310	-	5,310
Total contractual financial assets	10,064	5,310	38	15,412
2021				
Cash and cash equivalents	6,034	-	38	6,072
Trade and other receivables	-	-	-	-
Investments and other financial assets	0	5,282	-	5,282
Total contractual financial assets	6,034	5,282	38	11,354

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:

	2022 \$'000	2021 \$'000
Rates - secured on property	325	274
Current - not yet due	288	3,582
Current - past due by up to 30 days	155	4
Current - past due between 31 and 180 days	8	14
Current - past due between 181 and 365 days	26	42
Non-current - past due by more than 1 year	46	34
Total Trade and Other receivables	848	3,950

Notes to the Financial Report For the Year Ended 30 June 2022

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 \$1,000 (2020-21 \$3,000) were impaired. The amount of the provision raised against these debtors was \$1,000 (2020-21 \$3,000). 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:

	2022 \$'000	2021 \$'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	1
Total Trade and Other receivables	<u>1</u>	<u>3</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).

2022	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	1,962	-	10	-	-	1,972	1,972
Trust funds and deposits	20	987	-	-	-	1,007	1,007
Interest-bearing loans and borrowings	210	215	446	502	1,382	2,755	2,755
Total financial liabilities	<u>2,192</u>	<u>1,202</u>	<u>456</u>	<u>502</u>	<u>1,382</u>	<u>5,734</u>	<u>5,734</u>

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>

Notes to the Financial Report For the Year Ended 30 June 2022

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
2022	\$'000				
Financial assets:					
Cash and cash equivalents	10,102	(202)	(202)	101	101
Investments	5,310	(106)	(106)	53	53
Financial liabilities:					
Interest-bearing loans and borrowings	2,755	(55)	(55)	28	28

		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

Notes to the Financial Report For the Year Ended 30 June 2022

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 2022.

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 2022

	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	-	-	24,497	24,497
Land	6.1	-	9,131	-	9,131
Land under roads	6.1	-	18,132	-	18,132
Buildings and other structures	6.1	-	9,148	9,479	18,627
Transport infrastructure	6.1	-	-	155,785	155,785
Bridges	6.1	-	-	12,128	12,128
Stormwater	6.1	-	-	49,946	49,946
Land improvements	6.1	-	-	8,319	8,319
		-	36,814	260,154	296,968
Non-recurring fair value measurements					
Assets held for sale	4.5	0	-	-	0
		0	-	-	0

Notes to the Financial Report For the Year Ended 30 June 2022

Note 9.10 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

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					
Assets held for sale	4.5	-	-	-	-
		-	-	-	-

Transfers between levels of the hierarchy

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 during the year 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 2022, Council held a 24% 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 2022

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 2022, Council held a 1.48% (2020-21 1.51%) 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 re-classification. Refer to note 4.5 for details.

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, Brightly Software Australia Pty Ltd (formerly 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

Brightly Software Australia 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

Brightly Software Australia 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. Brightly Software Australia 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 2022

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. Brightly Software Australia 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 Brightly Software Australia 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. Brightly Software Australia 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, Brightly Software Australia Pty Ltd noted the key unobservable inputs (level 3) used in the valuation as; condition; unit rates; useful and remaining life; and residual values. Brightly Software Australia 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 2022

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, Brightly Software Australia Pty Ltd, effective 30 June 2020 (with a prior period adjustment applied). Brightly Software Australia 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.

Brightly Software Australia 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. Brightly Software Australia 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 Brightly Software Australia Pty Ltd noted the key unobservable inputs (level 3) used in the valuation as; condition; unit rates; and useful and remaining life. Brightly Software Australia 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 2022

Note 9.10 Fair value measurements (continued)

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

Stormwater

The fair value of stormwater was determined by a qualified independent valuer, Brightly Software Australia Pty Ltd, effective 30 June 2022. Brightly Software Australia Pty Ltd determined the fair value of Council's stormwater assets 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. Brightly Software Australia 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) 2022. 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.

Land improvements

The fair value of land improvements was determined by a qualified independent valuer, Brightly Software Australia Pty Ltd, effective 30 June 2018 (with a prior period adjustment applied). Brightly Software Australia 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.

Brightly Software Australia 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. Brightly Software Australia 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 Brightly Software Australia Pty Ltd's suite of benchmark profiles.

The gross current values used can be supported by market evidence (level 2), however, Brightly Software Australia Pty Ltd noted the key unobservable inputs (level 3) used in the valuation as: condition; unit rates; and useful and remaining life. Brightly Software Australia 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 2022

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	18,627	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	155,785		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	12,128		Refer to note 3.4 for useful life	
Stormwater	49,946		Score 0 - as new to score 6 - as unserviceable Unit rate range from \$167 - \$6,245 per m (culvert) \$23 - \$2,955 per m to (pen drains) \$57 - \$6,947 per sqm (detention basin) \$106 - \$2,477 per m (drains) \$460 - \$2,962 unit (end structures) \$7,700 to \$77,000 unit (GPT) \$729 - \$20,190 unit (pit) Refer to note 3.4 for useful life	
Land improvements	8,319		Score 0 - as new to score 6 - as unserviceable Refer to note 3.4 for useful life	
Investment in water corporation	24,497	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 2022

Note 9.10 Fair value measurements (continued)

(f) Valuation processes

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.

Notes to the Financial Report For the Year Ended 30 June 2022

Note 10 Other matters

Note 10.1 Related party transactions

(i) Councillor Remuneration 2022

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	56,382	-	56,382	959	57,341
N Reynolds	Deputy Mayor	Full Year	31,413	-	31,413	194	31,607
K Degrassi	Councillor	Full Year	16,110	-	16,110	322	16,432
D De Williams	Councillor	Full Year	16,110	-	16,110	0	16,110
V Gala	Councillor	Full Year	16,110	-	16,110	432	16,542
G Jackson	Councillor	Full Year	16,110	-	16,110	216	16,326
B Nichols	Councillor	Full Year	16,110	-	16,110	759	16,869
M Reed	Councillor	Full Year	16,110	-	16,110	648	16,758
C Torenus	Councillor	Full Year	16,110	-	16,110	432	16,542
Total			200,565	-	200,565	3,962	204,527

Councillor remuneration 2021

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 Degrassi	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

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 1988 requires the disclosure of expenses paid to Councillors. Expenses in the 2021-22 and 2020-21 financial year are for travel.

Note 10.1 Related party transactions (continued)

(ii) Key management personnel remuneration 2022

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	207,481	-	25,897	-	31,001	-	(1,421)	262,958
R Fox	Manager Engineering & Regulatory Services	Full Year	\$180 001 - \$200 000	147,862	-	15,083	-	21,288	-	6,104	190,337
J Hinchin	Manager Human Resources, Customer & Community Services	Full Year	\$140 001 - \$160 000	122,491	-	19,610	-	17,609	-	(1,576)	158,132
Sub-total				477,834	-	60,590	-	69,898	-	3,105	611,427
Total				477,834	-	60,590	-	69,898	-	3,105	611,427

Notes to the Financial Report For the Year Ended 30 June 2022

Note 10.1 Related party transactions (continued)

(ii) Key management personnel remuneration (continued)

Key management personnel remuneration 2021				Short term employee benefits				Post employment benefits		Non-monetary Benefits ⁷	Total
Name	Position	Period	Remuneration band	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 ⁸	\$101 000 - \$120 000	81,243	-	11,700	-	12,276	-	(317)	104,802
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

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.

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 not owned by the Council).

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

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 2020-21 and 2021-22 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).

⁸ 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-structured 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.

Notes to the Financial Report For the Year Ended 30 June 2022

Note 10.1 Related party transactions (continued)

(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 \$2,000 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.

Notes to the Financial Report For the Year Ended 30 June 2022

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 Sorell Council, Clarence City Council and Tasman Council. Kingborough Council joined CRDSJA in 2009. During the 2021-22 financial year Council maintained an ownership interest of 24% (2020-21, 24%).

All transactions between Council and Southern Waste Solutions during the 2021-22 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 2021-22 financial year:

<i>Nature of the transaction</i>	<i>Amount of the transactions during the year (including GST where applicable)</i>	<i>Outstanding balances, including commitments at year end</i>	<i>Terms and conditions</i>
Council expense - waste disposal fees	\$94,083	Accounts Payable - \$5,596	30 day invoice terms
Council income - Copping Refuse Disposal Site land rental	\$81,069	Accounts Receivable - Nil	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 2021-22 land tax	\$13,390	Nil	In accordance with the signed lease agreement.
Council income - Council's share of CRDSJA's 2021-22 profit share	\$16,949	Nil	In accordance with the signed lease agreement and Council's ownership interest
CRDSJA income tax equivalents received by Council and reinvested in CRDSJA	\$248,249	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 2022

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 outstanding balances	The expense recognised during the period relating to bad or doubtful debts due from related parties
Supply of materials ¹	\$10,942	Accounts Payable - \$1,276	30-day terms on invoices	Nil	Nil
SERDA contributions ²	Nil	Accounts Payable - Nil	30-day terms on invoices	Nil	Nil
SERDA expenditure reimbursements ³	\$435,852	Accounts Receivable - \$62,984	30-day terms on invoices	Nil	Nil

¹ Council purchased miscellaneous materials 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, Glamorgan 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. 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, Glamorgan 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, Business Adviser and Training Coordinator are all 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 2021-22 financial year, with a total balance of \$2,534,321 at 30 June 2022. This balance made up 17% of Council's total cash, cash equivalents and investments as at 30 June 2022. All transactions between Council and Bendigo Bank are made at arm's length and are on based on the same terms and conditions available to the general public. All Council's investments during 2021-22 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 2021-22 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
- Dunalley 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 2022.

Notes to the Financial Report For the Year Ended 30 June 2022

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 reviewed and assessed all the new and revised standards and interpretations issued by the Australian Accounting Standards Board, and determined that none would have a material effect on Council's operations or financial reporting.

(h) Pending accounting standards

In the current year, Council has reviewed and assessed all the new accounting standards and interpretations that have been published, with future effective dates, and determined they are either not applicable to Council's activities, or would have no material impact.

Notes to the Financial Report For the Year Ended 30 June 2022

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 2022 had not been provided with a determination from the Treasurer.

Notes to the Financial Report For the Year Ended 30 June 2022

Note	10.5	Management indicators	Benchmark	2022 \$'000	2021 \$'000	2020 \$'000	2019 \$'000
(a) Underlying surplus or deficit							
		Net result for the year		13,297	6,886	7,153	5,274
		Less non-operating income					
		Capital grants		7,860	4,598	1,277	2,269
		Contributions - non-monetary assets		2,434	1,212	5,298	1,804
		Net gain/(loss) on disposal of property, infrastructure, plant and equipment		(36)	-	-	-
		Net gain/(loss) on de-recognition/recognition property, infrastructure, plant and equipment		33	80	-	(74)
		Share of net profits/(losses) of associates and joint ventures accounted for by the equity method		592	-	-	-
		Fair value adjustments for investment property		-	38	9	59
		Commonwealth Financial Assistance Grant received in advance		829	(131)	159	27
		Add non-operational expenses		-	-	-	-
		Underlying surplus/deficit	> \$0	1,585	1,089	410	1,189

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>		1,585	1,089	410	1,189
		Recurrent income*		21,179	19,890	18,974	18,678
		Underlying surplus ratio %	> 0%	7%	5%	2%	6%

*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 2022 further demonstrates financial operating effectiveness.

(c) Net financial liabilities							
		Liquid assets**		16,297	15,164	11,811	10,478
		Less total liabilities		8,508	10,190	6,057	5,032
		Net financial liabilities	> \$0	7,789	4,974	5,754	5,446

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 due.

<u>Liquid assets**</u>	Note				
Cash and cash equivalents	4.1	10,102	6,072	4,469	8,571
Investments	4.3	5,310	5,282	6,891	1,405
Other	6.5	442	224	40	40
Trade and other receivables - current - not yet due	9.9 (d)	288	3,582	402	456
Trade and other receivables - current - past due by up to 30 days	9.9(d)	155	4	9	6
		16,297	15,164	11,811	10,478

Notes to the Financial Report For the Year Ended 30 June 2022

Note 10.5 Management indicators (continued)

	Benchmark	2022 \$'000	2021 \$'000	2020 \$'000	2019 \$'000
(d) Net financial liabilities ratio					
<u>Net financial liabilities</u>		7,789	4,974	5,754	5,446
<u>Recurrent income*</u>		21,179	19,890	18,974	18,678
Net financial liabilities ratio %	0% - (50%)	37%	25%	30%	29%

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

A positive result for Council in 2022, 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>		167,913	164,895	163,517	144,239
<u>Current replacement cost</u>		266,055	260,866	258,000	216,943
Asset consumption ratio %		63%	63%	63%	66%
<i>Buildings</i>					
<u>Fair value (carrying amount)</u>		18,627	19,052	19,039	19,137
<u>Current replacement cost</u>		22,028	21,951	24,986	24,656
Asset consumption ratio %		85%	87%	76%	78%
<i>Stormwater</i>					
<u>Fair value (carrying amount)</u>		49,947	42,457	41,735	39,325
<u>Current replacement cost</u>		67,805	57,019	55,726	52,781
Asset consumption ratio %		74%	74%	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>		46,372	48,875	51,303	51,792
<u>Projected capital expenditure funding****</u>		44,158	46,550	50,321	50,186
Asset renewal funding ratio %	90-100%	105%	105%	102%	103%
<i>Buildings</i>					
<u>Projected capital funding outlays***</u>		11,208	12,103	12,909	10,019
<u>Projected capital expenditure funding****</u>		11,640	12,530	13,177	10,478
Asset renewal funding ratio %	90-100%	96%	97%	98%	96%
<i>Stormwater</i>					
<u>Projected capital funding outlays***</u>		10,455	8,902	9,513	9,301
<u>Projected capital expenditure funding****</u>		11,041	9,492	9,762	9,801
Asset renewal funding ratio %	90-100%	95%	94%	97%	95%

*** 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 2022

Note	10.5 Management indicators (continued)	Benchmark	2022 \$'000	2021 \$'000	2020 \$'000	2019 \$'000
(g)	Asset sustainability ratio					
	Capex on replacement/renewal of existing assets		4,586	4,800	4,925	4,885
	Annual depreciation expense		5,137	5,229	5,153	5,116
	Asset sustainability ratio %	100%	89%	92%	96%	95%

This ratio calculates the extent to which Council is maintaining operating capacity through renewal of their existing asset base. The ratio fall in percentage for the 2021-22 financial year was predominantly due to council experiencing a number of delays to works as a result of weather conditions and availability of contractors. These works will be completed in the 2022-23 financial year.

	Capital renewal expenditure	Capital new /upgrade expenditure	Total capital expenditure
2022	\$'000	\$'000	\$'000
By asset class			
Transport infrastructure	3,927	2,272	6,199
Stormwater	24	307	331
Land and buildings	18	6,062	6,080
Other	618	13	630
Total	4,586	8,654	13,240

	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



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Certification of the Financial Report

The financial report presents fairly the financial position of the Sorell Council as at 30 June 2022 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: 6 / 10 / 2022



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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 the Sorell Council's financial position as at 30 June 2022 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.

Scott Nicol

Manager Finance

Date: 6 / 10 / 2022



Tasmanian
Audit Office

Independent Auditor's Report

To the Councillors of Sorell Council

Sorell 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 2022 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the statement of certification by the General Manager.

In my opinion, the accompanying financial report:

- (a) presents fairly, in all material respects, Council's financial position as at 30 June 2022 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 6.1 and 9.10</i>	
<p>Council's non-current assets includes land, land under roads, buildings and material long-life infrastructure assets, such as roads, bridges, footpaths and cycleways, kerb and channel, other transport infrastructure, stormwater, land improvements and earthworks valued at fair value. The fair value of these assets, which totalled \$272.07 million, are based on market values and current replacement costs.</p> <p>Council undertakes revaluations on a regular basis to ensure valuations represent fair value. Stormwater infrastructure assets were revalued in 2021-22.</p> <p>In determining the fair values of these asset classes, Council exercised significant judgement and the valuations are highly dependent on a range of assumptions and estimates. For these reasons, the valuation of these asset classes requires particular audit attention.</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. • Assessing the scope, expertise and independence of the expert engaged to assist in the valuation of stormwater. • Critically assessing assumptions and other key inputs into the valuation model. • Testing on a sample basis, the mathematical accuracy of the valuation model calculations. • 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

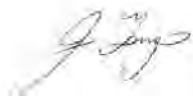
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an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

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

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

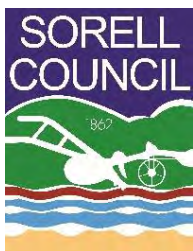


Jeff Tongs
Assistant Auditor-General - Audit
Delegate of the Auditor-General
Tasmanian Audit Office

13 October 2022
Hobart



Community. Coast. Country.



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