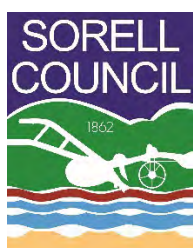




ANNUAL REPORT 2022 2023



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 2022 - 2023

CONTENTS

OUR PURPOSE, VISION AND VALUES.....	1
ABOUT SORELL.....	4
Invitation for Submissions.....	4
MAYORS REPORT.....	6
GENERAL MANAGERS REPORT.....	9
YOUR COUNCILLORS	
Photos, Terms of Service and Representations.....	13
Councillor Allowance and Expenses.....	15
Councillor Attendance.....	15
STATUTORY REPORTING	
Code of Conduct Statement	17
Contracts for the Supply of Goods and Services	17
Copping Refuse Disposal Site Joint Authority	18
Donation of Land Statement.....	19
Enterprise Powers Statement	19
Grants Assistance and Benefits Provided Under Section 77 (1)	19
Public Interest Disclosure Act 2002.....	20
Public Health & Food Act Statement.....	21
Sorell Audit Panel Report.....	26
ANNUAL PLAN REPORTING	
Key Objectives and Summary of Strategies and Initiatives for 2022 – 2023.....	29
FINANCIAL REPORT.....	38
Certification of the Financial Report.....	97
Audit Opinion.....	98



South East Stadium Official Opening

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. Our Municipal area covers some 583 square kilometres, characterised by rolling countryside, low forested hills and long coastlines filled with beautiful beaches. Our key entrance points are Midway Point, Dunalley and Orielson, with our Municipal borders extending east through Orielson and further south east around our scenic coastline, encasing the townships of Dodges Ferry, Lewisham, Carlton, Primrose Sands, Dunalley, Marion Bay and Boomer Bay. Our border also extends through enchanting hillsides and unique Tasmanian forests, incorporating the townships of Forcett, Copping, Nugent and 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 345km road network consisting of 111km of which is urban, and 234km which is rural. 214km of this is sealed roads, with the remaining 131km unsealed. We maintain 87 bridges, 2,523 stormwater pits and 95km of stormwater pipes throughout the Municipality. There are 35 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 12 December 2023 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 1 December 2023.



Upgraded beach accesses

MAYORS REPORT

Local Government Reform

Local Government Reform was an extremely hot topic during 2022-2023. The State Government's Future of Local Government Review is aiming to create a more robust and capable system of local government, for the benefit of all Tasmanians.

In July the Stage One interim Reports were released. This was followed up by the release of the Stage Two Options Papers and Stage Two Interim Reports in December and March respectively. At the time of writing we were awaiting stage three, whereby the Board would recommend solutions for Local Government reform based upon their investigations and consultations conducted during stages one and two.

For many years our Council and Elected Members have been supportive of, and engaged in discussions with our neighbours, regarding some form of change in Local Government.

I am a firm advocate that sustainable change is desperately needed in Local Government. I am supportive of changes that will result in more sustainable long term outcomes for our community and the greater south east region. The operational playing field for Councils has changed significantly over the last decade, and coupled with advances in technology and requirements for asset based sustainability, demand we engage fresh thinking, new ideas and a creative direction to keep us at the forefront of service levels for our growing community.

My discussions with our community, and even those in neighbouring Councils areas, indicate that people are supportive of change in Local Government at some level. Whilst it's not yet clear what the outcomes will be in this space, I know our community is well placed to continue to engage in mature, sensible and open discussions regarding Local Government reform.

Waste Strategy

Council released our Waste Management Strategy in early 2023. This Strategy outlines our plans for future services, with an overarching aim to grow a sustainable community through proactive waste initiatives including minimising waste to landfill and increasing materials recovery.

Our Strategy takes into account the numerous changes expected in the wider waste environment over the next couple of years:

- The Container Deposit Scheme will assist in reducing our waste in kerbside bins.
- The Waste Levy will assist with forcing resident and businesses in Tasmania to rethink what they are blindly dumping. The more we can reduce our rubbish, the cheaper it will be.
- The focus on removing organics can result in up to 40% of waste being removed from our kerbside garbage bins. Food, garden waste and cardboard are all potential items to remove from our waste stream.

One of our key objectives is to divert organics from landfill, which will primarily be achieved by introducing a kerbside food and organics collection service (FOGO). Diverting organics from landfill is the most significant action Council can take to reduce our corporate greenhouse gas emissions.

Another key objective is community education. Working with our community to build sustainable habits to Avoid, Reduce, Reuse and Recycle waste will have long lasting benefits. After all, waste is everyone's responsibility.

Tasmania is the last state to bring many of these developments online. It's high time we got our act together and took our responsibility for waste management seriously.

Change is always difficult, but in this case it is necessary and vital. With the numerous socially expected changes taking place at the State and National level, it is untenable for us to maintain the status quo of our Waste Management Services. Council is committed to providing essential waste management services for our community in a financial and environmentally sustainable way for the benefit of our future generations.

New Council

Local Government elections were held in October 2022. For the first time compulsory voting was in effect. Approx. 10,862 (83.5%) of eligible people voted, which is a marked increase in usual voting numbers. I was privileged to secure my position as Mayor for another four year term. Councillors Beth Nichols, Vlad Gala and Geoffrey Jackson were unable

to secure re-election. We thank them for their term/s of service and contribution to our community. Councillor Deborah DeWilliams resigned from her position in June 2022 and Councillor Kerry Degrassi retired from Council after almost 27 years as a Councillor, including a term as Mayor. Thank you Councillor Degrassi for your long-term commitment to serving your community and being its voice at the Council table. We wish you all the best for the future.

Returning to Council for a further term as elected members were Natham Reynolds, Carmel Torenus and Melinda Reed. Joining us around the Council table for the first time were Meg Brown, Marisol Miro Quesada Le Roux, Shannon Campbell, Janet Gatehouse and Charles Wooley, who was elected as Deputy Mayor.

South East Stadium

The South East Stadium was completed and officially opened in early December. The stadium has been a long held vision of mine and I'm so thrilled to see it come to fruition. The Stadium consists of two basketball/netball courts, one showcase basketball/netball court, a gym, meeting room, offices, a function room, canteen, amenities, as well as two outdoor courts (one netball only and one netball and basketball combined). The stadium was made possible due to \$6.0 million dollars from the Australian Government and \$2.5 million dollars from the Tasmanian Government. The stadium total cost is approximately \$10 million.

This is already proving to be a highly utilised facility, and is providing countless opportunities for sports, recreation and community use not only for our community, but for the wider south east region.

Over the past few years we have seen a massive increase in use of the South East Sports Complex. Sport, recreation and community activities at the complex continues to draw large numbers of visitors from greater Hobart to our region, resulting in strong economic stimulus for our local businesses.

Community Developments

2022-2023 saw a huge range of community projects progress and finish. The beach accesses at Park and Carlton Beaches as part of the Dodges Ferry Carlton Loop, with input from stakeholders such as Paraquadt Tasmania and Carlton Park Surf Life Saving Club, handicap designated parking spaces, new and

extended beach decking access ramps, and widening of existing pathways were implemented. This will make accessing these beautiful and popular beaches much easier this summer for those with mobility issues as well as parents with prams. These permanent access ramps that lead right to the water's edge are a game changer for people who use wheelchairs and other mobility devices.

The South East Emergency Services Hub was completed and open for business. This increased focus on Police, Fire and SES services for the south east region will be a huge boost for our growing community. Council has been advocating for and working with the Government to achieve this hub for a great number of years.

Several key sections of the South East Transport Solution were completed – the Sorell Southern Bypass and the Midway Point Highway upgrade. These completed projects have already had a positive impact on traffic flow - they've decreased the travel time in and out of Greater Hobart and lessened the impact of peak hour traffic. Work progresses on the duplication of the causeways and the upgrade of the Tasman Highway between the airport and the causeway.

The Sorell School redevelopment is making great progress, with stage one completed. The finished sections have been very well received by staff and students alike. Whilst the rebuild works continue, I've received very positive comments from students, teachers, parents and the community at large about the work completed to date and how they are excitedly awaiting the completion of the new school.

Once again I pass my thanks on to my fellow Councillors, Council management and staff. It's been another extremely busy year in Local Government and things don't look like slowing down any time soon. Our community is developing and changing at a healthy rate and it's a constant juggle to balance their diverse expectations. The commitment, knowledge and experience of Council Officers is second to none, and makes the challenges we face manageable. Our community is all the richer for having them work on our behalf. Thank you all.

Kerry Vincent
Mayor



Carriage Shed Restoration

GENERAL MANAGERS REPORT

Compiling this report in October 2023 and perusing prior Annual Reports, I'm reflecting on the ten years of organisation, asset, financial and governance improvements Council has seen.

It has been an ongoing and focused effort from staff and Councillors with the simple aim of ensuring the business is delivering and facilitating the best outcomes for the community and wider region in a financially responsible and sustainable manner. This doesn't always result in outcomes that are uniformly popular, accepted or understood by the community or stakeholders. The business improvement process was mandated in 2014 with the introduction of clearly articulated amendments to the Local Government Act requiring Councils to address long term asset and financial management practices including the introduction of Audit Panels.

The purpose of the above was aimed at addressing financial viability and transparency of Councils, however, expectations on the role of Council and the manner in which we engage with and respond to the community has separately and significantly evolved over the past 18 months. This is reflected in the Local Government Board reform project as an aspirational objective but is a current and growing expectation within most communities. Council is cognizant of this and are adjusting our engagement and collaboration methods accordingly noting there will be project delivery timing impacts.

Council continued to engage in the Local Government reform project and has been strongly supportive of structural change that will result in better equipped, capable and sustainable entities operating on a regional basis. The decision of the Government to not mandate all Board recommendations (due November 2023) is disappointing given the sectors continued reluctance to self-reform.

Sorell has been very fortunate over the past ten years and four Council elections to always have a stable, considered and respectful elected member body. This has enabled the organisation to focus on getting on with improving our operations for the community. The progress we have made would not have been possible without the support of each Council group. My thanks to the immediate past Council for the four years prior and appreciation to

the new body since October 2023 that again, has delivered community representatives that simply want the best outcomes. There are associated diverse views and opinions which is positive and will serve to strengthen the organisation.

The key matter of infrastructure and service provision by State and Federal Government continues to play a major role in how the South East region operates. Government holds the key with their financial capacity to fund and underwrite major transport and building asset construction and supply community support functions across education, health and social services.

With continued changes in State Government Ministerial portfolios and their majority position, combined with a Federal Labor Government, Council evolved our advocacy and engagement activities in an effort to maintain the longer term strategic needs of the South East region at the forefront of their decision making. This extends across both public and private sector stakeholders and requires ongoing monitoring and action to ensure accountability and commitment to deliverables.

Increasingly challenging economic conditions placed ongoing pressures on the community and Council as costs of living continued to rise with civil and building industry costs, fuel costs and associated CPI. Council was required to adopt a 6.99% rate increase as a result in order to deliver a \$28.88m budget (\$23.72m recurrent income) and proposed \$14.74m capital budget (inclusive of carry forward projects).

The capital budget projects for 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 final 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. The availability and dollar value of grant opportunities in 2022-2023 was unexpectedly in excess of the financial austerity message received from both levels of government in the lead up to the financial year as a response to post Covid impacts.

The Mayor has separately reported on key project delivery, policy and reform agendas that will impact the South East region and our operations directly.

The 2022-2023 budget delivered an end of year net surplus of \$8.663m against a budgeted surplus of \$4.218m. This was principally impacted by an increase in operating income of \$3.575m due to early payment of 2023-2024 Financial Assistance Grants allocation and developer contributions, and bolstered by capital income of \$1.185m as equity share of Copping Refuse Disposal Site Joint Authority (CRDSJA). Indicative of the strong residential development occurring, capital income of non-monetary asset contributions to the value of \$2.803m (i.e. assets donated through subdivision development) was received.

The net surplus result flowed into a key management indicator of the Tas Audit Office, the underlying position which showed a surplus of \$2.673m and associated ratio of 12% (>0% target).

This comprises the net operating result (\$8.663m) less non-operating income. For comparative purposes, the prior year positions have been:

- 15/16 surplus of \$794k;
- 16/17 surplus of \$18k;
- 17/18 surplus of \$555k;
- 18/19 surplus of \$1.189m (adj. in 21/22 Fin Report);
- 19/20 surplus \$410km (adj. in 21/22 Fin Report);
- 20/21 surplus \$1.088m (adj. in 21/22 Fin Report); and
- 21/22 surplus \$1.555m (adj. in 22/23 Fin Report).

Another indicator that adopts a more coarse calculation but is equally relevant, comprises operating (recurrent) income (\$23.723m) minus expenses (\$20.221m). For 2022-2023 it was a surplus of \$3.502m (or \$719k minus early FAG payment). Prior years have been:

- 15/16 surplus of \$336k;
- 16/17 surplus of \$812k;
- 17/18 surplus of \$549k;
- 18/19 surplus of \$1.427m;
- 19/20 surplus \$1.904m;
- 20/21 surplus \$1.574m; and
- 21/22 surplus \$2.384m.

Council delivered a Capital Works Program of \$6.783m comprising \$3.963m of asset renewal/replacement, \$2.821m for new/upgraded assets and maintenance expenditure of \$2.26m. This generated ratios of 75% asset sustainability, asset renewal funding of 107% - transport, 97% - buildings, 94% - stormwater and asset consumption of 63% - transport, 84% - buildings and 73% - stormwater. Our net assets and total equity increased from \$323.7m to \$353.3m inclusive of our cash position which increased from \$15.41m to \$18.42m (note this reflects unexpended but committed grant funding for work in progress projects).

Delivery of our Financial Management Strategy capital program was significantly impacted by the timely availability of designers and construction contractors, market conditions, delays in finalising grant funding and managing ongoing stormwater management issues culminating from a third successive La Nina season. This is also reflected in the reduced capital grant income from \$7.86m to \$2.1m.

Civil and building construction cost escalation was strongly felt by Council and will continue to impact not only new / upgrade asset project viability, but mandatory asset renewals. Prior comparative life cycle business case justification for converting unsealed roads to a sealed standard, as an example, is unlikely to be a financially viable ongoing consideration for Council. We will be reconsidering our asset investment focus cognizant of recreational, environmental and social infrastructure requirements.

The reset on financial capacity and expectation delivered by the inaugural Strategy was tested in 2022-2023 and will continue. A 2nd generation review in 2023-2024 with particular attention on the new / upgrade asset commitments and asset renewal unit rates in the Long Term Financial Plan will strengthen organisational knowledge and appreciation of operating and capital capability and importantly, the financial sustainability for ratepayers. Relevantly, the value of our assets has increased from \$190m in 2013-2014 to \$309m in 2022-2023 along with the annual asset depreciation operating expense from \$3.92m to \$5.29m. The organisation again implemented 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. Reviewing our organisation, leadership and resourcing structure, 10 year Strategic Plan and adopting a revised 2nd generation Stormwater Asset Management Plan contributed to the evolution of our operations and decision making.

In 2022-2023, Business & Employment Southeast Tasmania (BEST Inc.) completed their first year trading as an incorporated entity supporting and delivering workforce development, training and business advisory programs in conjunction with Jobs Tasmania to increase employment and retention rates.

Council removed themselves from the tri-partite leasing arrangements between the Dunalley Marina proponent and State Government to simplify and hasten the process. The Office of the Coordinator General stepped into the key facilitation role and has been able to make progress brokering arrangements with the Office of the Crown Solicitor. It is hoped this will be resolved early in 2023-2024 to enable the staged project to progress to a DA.

The Tasmanian Planning Commission finalised the public hearing assessment process with the Local

Provisions Schedule becoming operational. There were a range of further amendments specified by the Commission that required additional public exhibition and subsequent hearings with not all resolved by End of Financial Year.

All southern Councils and the State Government committed to jointly fund a revision of the STRLUS and engage a regional planning coordinator to deliver the project plan. This is a significant outcome and undertaking requiring commitment and coordination from all parties to achieve the agreed timeframes, inclusive of state agencies and infrastructure providers. The long term strategic significance of this project to our Municipality cannot be over stated.

I express gratitude to our staff who 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, transparently and genuinely for our residents and all stakeholders.

Robert Higgins
General Manager



Lateena Street Stormwater outfall

YOUR COUNCILLORS

TERMS OF SERVICE AND REPRESENTATIONS



Mayor

Kerry Vincent

Terms as Councillor

2009-Present

Terms as Mayor

2012-Present

Representations:

Pembroke Park Advisory Committee – Chair
Municipal Emergency Management Committee – Chair
South East Region Development Association – Chair
Sorell Planning Authority – Chair
Copping Refuse Disposal Site Joint Authority – Deputy Chair
TasWater - Board Selection Committee Panel
TasWater
Local Government Association of Tasmania
Southern Tasmania Councils Authority
STCA Audit and Governance
Seniors Advisory Group
Southern Tasmanian Regional Waste Authority
Sorell Cultural Precinct Working Group



Deputy Mayor Charles Wooley

Term as Councillor

2022 - Present

Representations:

Sorell Planning Authority
Local Government Association of Tasmania - Proxy



Councillor Meg Brown

Term as Councillor

2022 - Present

Representations:

Sorell Planning Authority



Councillor Shannon Campbell

Term as Councillor

2022 - Present

Representations:

Sorell Planning Authority
Copping Hall and Reserves Committee



Councillor Janet Gatehouse

Term as Councillor

2022 - Present

Representations:

Sorell Planning Authority
Copping Refuse Disposal Site Joint Authority ("CRDSJA") - Proxy
Pembroke Park Advisory Committee
Sorell Audit Panel



Councillor Marisol Miro Quesada Le Roux

Term as Councillor

2022 - Present

Representations:

Sorell Planning Authority



Councillor Melinda Reed

Term as Councillor

2018 - Present

Representations:

Sorell Planning Authority
TasWater - Proxy
Sorell Audit Panel



Councillor Natham Reynolds

Terms as Councillor

2014 - Present

Terms as Deputy Mayor

2018 - 2022

Representations:

Sorell Planning Authority
Copping Hall and Reserves Committee
Pembroke Park Advisory Committee



Councillor Carmel Torenus

Terms as Councillor

1991 - 1999

2014 - Present

Terms as Mayor

1994 - 1999

2000 - 2012

Representations:

Sorell Planning Authority
Sorell Cultural Precinct Working Group

SERVED UNTIL THE OCTOBER 2022 LOCAL GOVERNMENT ELECTIONS:



**Councillor
Kerry Degrassi**

Terms as Councillor
1996- 2022

Terms as Mayor
1999 - 2000

Representations:

Sorell Planning Authority



**Councillor
Vlad Gala**

Terms as Councillor
2014- 2022

Representations:

Sorell Planning Authority
Dunalley Hall and Reserves
Committee (proxy)



**Councillor
Geoffrey Jackson**

Terms as Councillor
2018- 2022

Representations:

Sorell Planning Authority
TasWater (proxy)
Copping Hall and Reserves
Committee (proxy)



**Councillor
Beth Nichols**

Terms as Councillor
2018- 2022

Representations:

Sorell Planning Authority



Mayoral Chains Presentation

COUNCILLOR ALLOWANCE AND EXPENSES

In 2022-2023 Council provided allowances and reimbursement for reasonable expenses to the Mayor, Deputy Mayor and Councillors.

Councillor allowances and expenses totalled **\$206,000**.

COUNCILLOR ATTENDANCE

Name	Council & Special Meetings		SPA 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	12	12	16	15	17	17	1	1	3	3
Deputy Mayor Charles Wooley +	8	6	11	8	12	11	1	1	1	0
Councillor Meg Brown +	8	7	11	11	12	11	1	1	1	0
Councillor Shannon Campbell +	8	6	11	8	12	10	1	1	1	1
Councillor Janet Gatehouse +	8	7	11	10	12	12	1	1	1	1
Councillor Marisol Miro Quesada Le Roux +	8	8	11	11	12	11	1	1	1	1
Councillor Melinda Reed	12	11	16	16	17	17	1	1	3	2
Councillor Natham Reynolds	12	12	16	14	17	16	1	1	3	3
Councillor Carmel Torenus	12	12	16	15	17	17	1	1	3	3
Councillor Kerry Degrassi #	4	3	5	3	5	0	0	0	2	0
Councillor Vlad Gala #*	4	3	5	5	5	4	0	0	2	0
Councillor Geoffrey Jackson #	4	4	5	4	5	4	0	0	2	1
Councillor Beth Nichols #	4	4	5	5	5	4	0	0	2	2

*Approved Leave of Absence during the financial year.

+Elected in the October 2022 elections.

#Served until the October 2022 elections.

%Other Meetings include – Community Conversations and Australia Day Awards selection meeting



Footpath upgrade Park Beach

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 2022 - 2023 financial year.

Item	Description of Contract	Contract Period	Contract Value \$	Successful Contractor
1	Re-sheeting Program	Oct 2022- Feb 2023	\$1,459,245	Statewide Earthworks
2	Re-seal Program	Jan 2023 - March 2024	\$474,709	Roadways Pty Ltd
3	Sorell Pembroke Park BMX Track	March 2023 – Dec 2023	973,344	MKH
4	Sorell Devenish Drive Stormwater Drainage upgrade	Jan 2023 - Present	\$700,641	RCCC
5	Wattle Hill, Nugent Road (road 2 recovery)	Aug 2023 - Nov 2023	\$1,090,878	Andrew Walters Constructions Pty Ltd
6	Pawleena Road Reconstruction Stage 2	April 2023 - Present	\$789,463 (tender from 2021)	Statewide Earthworks
7	Orielton Rivulet Bridge Renewal	Dec 2022 - Mar 2023	\$502,215	TasSpan Civil Contracting

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 2022 – 2023 financial year.

Item	Description of Contract	Contract Period	Contract Value \$	Successful Contractor
1	Penna Road Footpath Renewal	April 2023 – July 2023	\$101,711.20	Batchelor Construction Group Pty Ltd
2	Kannah Street Dodges Ferry Stormwater drainage	Jan 2023 – May 2023	\$130,104.39	Batchelor Construction Group Pty Ltd

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 \$6,598,959 (2021-2022: \$1,471,975), which was above budget by \$5,804,717.

The major contributing factors to the result were an increase in gate waste receipts, waste transfer station contract income, landfill levies and write back provisions for capping. These were collectively above budget by \$9,392,431. Gate waste receipts alone were above budget by \$4,693,273.

The total comprehensive surplus for the year was \$5,050,770 (2021-2022: \$1,067,210).

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

Individual State Representation x 17	\$ 4,250
Sub Total Individual Achievement Funding	\$ 4,250

QUICK RESPONSE GRANTS

Primrose Sands Community Centre	\$ 300
Primrose Sands Volunteer Fire Brigade	\$ 500
Sorell Girl Guides	\$ 500
South East Cheer and Dance	\$ 500
Southern Beaches Landcare/Coastcare	\$ 500
Sub Total Quick Response Grants	\$ 2,300

COMMUNITY ASSISTANCE GRANTS

Copping Community Care	\$ 2,000
Dodges Ferry Football Club Inc	\$ 1,973
Dodges Ferry Junior Soccer Club	\$ 600
Families Tasmania	\$ 2,000
Nugent Community Hall & Sports Association	\$ 2,000
Okines Community House Inc	\$ 4,600
Sorell Mens Shed and Heritage Museum Inc	\$ 1,500
Southern Tasmanian Country Music Muster	\$ 2,000
Tasmanian Brick Enthusiasts	\$ 2,000
The Spirit of St Martins Inc	\$ 297
Sub Total Community Assistance Grants	\$ 18,970

ANNUAL CONTRIBUTIONS AND DONATIONS

Bream Creek Show Society Committee	\$ 1,000
Forcett Community Hall Committee	\$ 1,223
Nugent Hall Committee	\$ 1,304
Primrose Sands Community Centre	\$ 5,000
Sea Rescue Dodges Ferry	\$ 2,000
Sub Total Contributions and Donations	\$ 10,526

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

TOTAL DONATIONS AND GRANTS	\$ 36,947
-----------------------------------	------------------

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 Health & Compliance (who is a qualified Environmental Health Officer), a part-time Environmental Health Officer (28 hours per week), Casual Environmental Health Officer (leave coverage), 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, immunisation programs, places of assembly, registration of regulated systems, water quality, immunisations, animal management, fire hazard abatement on private land and caravan licencing.

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, investigates pollution complaints, collects water samples, conducts sanitary surveys, collects water samples, reports to Public Health, investigates environmental/nuisance, provides environmental health input into council business processes, assessment of contaminated sites, manages the school Based immunisation program and administers the Environmental Health and Public Places By-laws.

The Manager Health & Compliance administers waste management collection contracts and supervises building, plumbing and compliance staff. The Senior Compliance Officer manages the fire hazard programme, enforces by-laws, collects water samples, investigates environmental/nuisance and the litter complaints and coordinates the Animal Management Officers.

Public Health

The section regulates major public events such as Bream Creek show, South East Sun's Truck and Trade Show which were conducted on 18 March and 11 June 2023, with more than 5000 attending. Place of Assembly Licences were issued and the events complied with permit conditions.

Council's Environmental Health Officer has commenced implementation of the new Food Safety Supervisor (FSS) requirements. Relevant businesses were contacted and provided with information on training requirements for FSS.

Several food complaints received included alleged food poisoning from a local business and selling food unsuitable for human consumption. The number of complaints received in 2022-2023 was less than 2021-2022.

Food business inspections slightly increased compared to 2021-2022, in total 132 inspections were completed from 116 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 programme was successfully completed at Sorell School in September 2022. Boostrix and Gardasil vaccinations were given to students in March 2023.

Recreational water quality monitoring was completed at primary contact swimming beaches during the summer. No monitoring site changes have occurred in 2022-2023. 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. 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 that flip down can be used if the water quality is temporarily poor. The new signage provides consistency and uniformity across the Southern Tasmanian Council areas.

Heavy rainfall in spring and early summer 2022, made it necessary to drain water from Blue Lagoon onto Red Ochre Beach to avoid flooding of neighbouring properties and Council assets. Although there was no evidence that the water was significantly contaminated, signs were erected advising against swimming. Samples of water from the Blue Lagoon were collected throughout the summer to assess water quality.

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

Water quality results from private water suppliers generally had good water quality, with improved results from a local primary school. There was one occurrence when a water quality did not comply and a do not consumer warning was issued.

Several notifiable disease notifications (Salmonella) were received, the investigations completed and sent to the Director of Public Health.

Environmental Management

Dodges Ferry rainfall over 2022-2023 was above average with a number of high volume rainfall events occurring in spring 2022. This 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 related to domestic noise, backyard and larger scale burning, dust from subdivision works, 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.

Two significant incidents occurred. The first related to dumping of waste oil into a creek in Carlton. Booms were used to contain and remove the oil. Quick action by our EHO's and assistance provided by EPA Tasmania, prevented more serious environmental harm occurring. Unfortunately, even after a public appeal the offender/s could not be identified.

The second incident involved discharging firefighting extinguishers in the Sorell Rivulet. EHO's again with the support of NRM and Engineering staff contained the pollutants with booms and a vacuum truck used to remove firefighting extinguisher residue from the surface of the rivulet. EPA Tasmanian provided advice on remediation and sampling. Tasmania Police identified suspects but there was insufficient evidence to prosecute.

Environment Protection Notices (EPN) were issued to regulate continuing trials of finfish farming (aquaculture) waste being applied on several local properties to determine if it is an effective fertiliser. Another EPN issued required upgrading of a commercial wastewater treatment plant, this remains unresolved.

EHO responded to several TasWater sewage spills. Council has completed works to the stormwater outfall near the Dunalley pump station which reduces the likelihood of future flooding the pump station. TasWater is in the process of installing a new pump station.

The *On-site Wastewater and Stormwater Special Area Plan (SAP)* for the Southern Beaches came into effect in 2022-2023 and is being considered when assessing development applications in the Southern Beaches.

Compliance

There continues to be a high incidence of dog barking complaints, dog attacks on 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.

466 fire abatement notices were issued in 2022-2023, which is 59 more than the previous year. The majority of landowners complied with the notice. However, when this did not occur Council organised contractors to abate the nuisance and the costs were passed onto the land owner.

Numerous littering complaints were received and several fines have been issued for dumping rubbish, in public places or at the recycling centres. The incidence of used tyre dumping is increasing.

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 several hundred property inspections and have identified unregistered dogs.

Building & Plumbing

Building and plumbing staff continued to deal with new applications, numbers of building applications remained constant during 2022-2023. Council's Permit Authority has actively been investigating complaints about illegal building work. Consequently, a number of building orders were issued.

The EHO oversees AWTS service reporting and is constantly monitoring to ensure land application areas are not causing public health issues and are compliant with the maintenance schedule. Maintenance schedules are now provided at plumbing permit stage to enable homeowners to understand their responsibilities for their onsite waste management systems.

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.

The EHO and plumbing surveyor responded to reports of foul odours. Investigations into the odour found incidents of sewerage cross connections to stormwater. Those identified have now been resolved.

Waste Management

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

Council released a Waste Management Strategy in early 2023 which outlines Councils plans for new services and describes a pathway to zero waste by establishing a more circular economy.



Public Art Project, Mauricio Alejandro Arias
Mural Sorell Men's Shed

Sorell Audit Panel Report

Sorell Council Audit Panel Annual Report 2022-23

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 fulfill 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 mindful of Council's size, scale and resource constraints.

Composition

The Panel comprises three independent members, including the Chair, and two elected members of Council. The Panel worked without one elected representative member from 1 July. This was resolved after the 2022 Local Government elections when Council appointed Cr Janet Gatehouse and reappointed Cr Melinda Reed to the Panel.

Meeting attendance

The Panel has developed a comprehensive work plan to meet its role and responsibilities under its Charter. The work plan specifies at least four meetings each year which are scheduled to align with the timing of key activities required under the Charter. Other meetings are convened as needed. From time to time, Panel members also attend other workshops, presentations and briefings, including those provided by management, consultants as specialist support to Council and the external auditors, Tasmanian Audit Office.

This year, the Panel met four times. Meeting attendances in 2022-23 were:

Panel Members	Eligible to attend	Attended
Carolyn Pillans (Chair)	4	3
Ric De Santi	4	4
Helen Galloway	4	4
Councillor Melinda Reed	3 *	3
Councillor Janet Gatehouse (appointed March 2023)	2	2

* The timing of Councillor Reed's reappointment after the 2022 elections did not permit her to attend the November meeting.

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 Tasmanian Audit Office had a standing invitation to attend all meetings. Throughout the year, the external auditors attended as needed and the Panel met with the auditors, without management present, as needed.

Focus in 2022-23

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

- **Risk Management**

The Panel continued to monitor the ongoing redevelopment of Council's risk framework and met with Council's new Risk and Safety Officer during the year. The Panel is encouraged by management's commitment to systematically managing risk and improved reporting to the Panel and Council.

- **Financial Sustainability and Affordability**

Throughout the year, the Panel engaged with management regarding the ongoing challenge for Council to balance long term financial sustainability with community desire for additional services and affordability of rates.

The Panel supports the regular updating of the Strategic Asset Management Plan and the Long-Term Financial Plan, particularly given rapidly changing economic conditions, to ensure Council's decisions are based on reliable data and robust methodologies.

- **Strategic and Business Planning**

The Panel acknowledged the challenges of the statutory timelines for the newly elected Council to review and consult with the community on Council's Strategic Plan and annual Operating and Capital Budgets. The Panel has written to the Director of Local Government to encourage the process and timelines in the year after Council elections be reconsidered.

- **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 2021-22 financial statements.

The Panel monitored the progress, assumptions and outcomes of the Land Improvements Revaluation during the year. It also continued to monitor progress of the implementation of the new financial management accounting system considering the risk this could pose to the reliability of Council's financial statements.

- **External Audit**

Throughout the year, the Panel met regularly with the Tasmanian Audit Office. 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.

In light of the significant increase in audit fees introduced by the Audit Office, the Panel discussed the value that Council should expect to derive from the external audit process. The Panel agreed to review this through an evaluation of this year's audit process.

Panel Governance

As noted in last year's Report, the Panel's 2021-22 performance assessment identified some opportunities to further improve its effectiveness. Amongst these was a comprehensive review of its Charter. Accordingly, the Charter was revised to better align with the 2014 Ministerial Order and incorporate other learnings over the last two years. Council subsequently approved the new Charter.

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



Seniors Week, Sip and Paint Dunalley

ANNUAL PLAN REPORTING

Key objectives and summary of strategies and initiatives for the 2022 - 2023 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 fare pricing and the remaining proposed project (Causeway duplications and Midway Point/Sorell township entrances) with the Department of State Growth.	1.1	D – Due to complex statutory & environmental approvals causeways not due for completion until 2027
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	D - Insufficient water sales to support original proposal. Modified solution being investigated
1.3	Proactively participate in the Statewide Planning Scheme and Local Provisions Schedule (LPS) statutory exhibition, submission and hearing process. In particular, undertake remaining statutory exhibition, localised submission and hearing process for any material changes as directed by the Tasmanian Planning Commission (TPC).	1.2	C - LPS approved and in operation IP - Localised changes as mandated by TPC ongoing
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), proactively facilitate the development of Inghams Processing site and to accept the Dodges Ferry sewage lagoons.	1.3	IP - TasWater to construct new recycled pipeline in 2023/2024 to cease discharge to Pittwater D - Now awaiting greater South East sewerage strategy & funding D - Still awaiting customer consultation to discuss potential solution for Dodges Ferry sewerage lagoons

1.5	Continue to monitor business investment through engagement with Tasmanian Chamber of Commerce and Industry, Regional Development Australia & Business and Employment Southeast Tasmania (BEST) Workforce Engagement and Development Officer and Business Advisor.	1.4	O - Measures to be re-established in 2023/2024 FY
1.6	Advocate with SERDA partner Councils the key regional requirements of the revised 2020 South East Economic Infrastructure Strategy.	1.1, 1.2, 1.3, 1.4, 1.6	IP - SERDA have agreed to fund revision of strategy (due by Dec 2023)
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 including new Workforce Growth and Jobs Tasmania initiatives. Facilitate and project manage construction of new BEST facility. 	1.5, 1.8	IP - BEST is now a separate corporate business D - Awaiting Federal Gov grant review process outcome
1.8	Collaborate with the Sorell School as required on their redevelopment project to maximise student capacity and integrate site into the township's pedestrian, cycling, public and private transport movements.	1.6	O - Construction of Stage 2 of the school development has commenced
1.9	Facilitate the delivery of additional education capacity and contemporary Kindergarten – Year 12 facilities for the south-east region.	1.6	O - Strategic land acquisition by Catholic Education Tas of site in future Eastern growth corridor (part of STRLUS review)
1.10	Advocate to the State Government for the completion of the Southern Tasmania Regional Land Use Strategy (STRLUS) review in 2022/2023. Complete Outer Hobart Residential Demand Supply Study with partner councils.	1.7, 1.8	IP - Draft due by end of 2024 IP - Due to be finalised by Nov 2023
1.11	Identify industry sectors where formalised engagement will benefit both parties and pursue the establishment of targeted and productive agreements.	1.8	D - Prior formal partnership agreements not a current priority for State Government
1.12	Engage with Destination Southern Tasmania as part of their Destination Management Plan (aligns with Tourism Tas / TICT T21 Visitor Economy Action Plan) advocacy roles to determine any associated review of the Tasman Destination Action Plan.	1.9	IP – partnership agreement reflects obligations

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 - Proponent now dealing directly with State Gov over lease
1.14	Collaborate with Glamorgan Spring Bay Council (GSBC) 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 following completion of Business Case feasibility.	1.10	D - GSBC need to provide letter of support for potential detailed business case grant. O – pending outcome of the above

2.0	Responsible Stewardship and a Sustainable Organisation	Strategic Plan Reference	Measure
2.1	Elected members to review key assumptions and forecasts and adopt Financial Management Strategy and updated 20 Year Long Term Financial Plan 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 in conjunction with rate increases.	2.1, 2.6	C - First generation Financial Management Strategy endorsed by Council IP - Revised and approved on an annual basis
2.2	Guide employment generating commercial and industrial land zoning and private sector investment to strategically identified locations consistent with the Sorell Land Supply Strategy.	2.2	O - Part of STRLUS review process
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"> - Continue to keep WHS risk exposure to a minimum through working to reduce injuries and potential loss. Management practices will involve identifying risks, analysing and treating by taking appropriate action. - 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. 	2.3	IP - Ongoing as per policy requirements IP - WHS incidents investigated and documented C – Emergency mgt natural hazards risk register developed & shared with stakeholders

	<ul style="list-style-type: none"> - 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. <p>The stormwater asset management plan, following the revaluation in 2021/22, to be revised and adopted by Council in 2022/23.</p>		<p>O - Road and footpath inspections as per schedule.</p> <p>IP</p> <p>C - Council approved the Plan</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	IP - Waste Management Strategy approved by Council
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, housing and recreation opportunities and regional wealth distribution.	2.4	O - Tracks & Trails strategy to be developed in 2023/2024. Continue to work with developers about open space/links
2.6	Measure the operational and financial impacts of new / upgrade capital projects against stated/assumed savings (where applicable).	2.5	C - New capital projects to state lifecycle costs in project plan and Council agendas
2.7	Proactively seek funding opportunities and landowner support for NRM activities.	2.6	IP – Successful grant applications for weed mgt and stormwater to protect coastal erosion
2.8	Continue elected members awareness of contemporary governance roles and responsibilities.	2.7	O - LGAT also offer several courses
2.9	<p>Facilitate workshops with elected members and staff to establish commitments, resourcing and continuity related to: -</p> <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 (as applicable) and associated policies. 	2.8, 4.1	C - Council approved a Stormwater in New Development Policy which included a headworks charging model

	<ul style="list-style-type: none"> Positioning the organisation to establish an informed position on appropriate and achievable climate change mitigation and adaptation practices including: <ul style="list-style-type: none"> developing resilience strategies for infrastructure vulnerable to climate change; and identifying opportunities to reduce emissions from Council activities that contribute to climate change. 		<p>IP - Ongoing with assistance from STCA</p> <p>IP - Biggest opportunity/benefit is the introduction of a new FOGO service</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	O - Federal & State Gov focus areas continuously monitored to inform the updating of the Regional Strengthening Projects list
2.11	Implement ICT Strategy recommendations on a staged basis.	2.11	IP - Main servers replaced, DRP developed and network vulnerability tested

3.0	To Ensure a Liveable and Inclusive Community	Strategic Plan Reference	Measure
3.1	Complete and promote the South East Community Identity Arts Project.	3.8	IP - Due for completion December 2023
3.2	Facilitate the relocation and development of the Sorell Men's Shed as a shared community facility including the identification of necessary capital grant funding.	3.2	O - Quarterly Meetings held with Men's Shed representatives and ongoing monitoring of potential funding opportunities

3.3	<p>Advocate for and support the delivery of:-</p> <ul style="list-style-type: none"> • 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	IP - Sorell School upgrade underway, Dodges Ferry is at concept stage. Funding committed to the development of a Social Strategy in 2023/2024
3.4	Deliver staged implementation of the Open Space Strategy commencing with a review of Reserve Management Plans – Blue Lagoon, Samuel Thorne Reserve and Dodges Ferry Recreation Reserve and Foreshore Access Management Plan as applicable.	3.4, 3.9	IP - Consultants appointed to review & update mgt plans
3.5	Complete review of the Sorell Streetscape Plan and implement LRCI Stage 3 funded upgrades of contemporary streetscape elements centred on Gordon / Cole St intersection that respond to the evolving role of the township and opportunities from the Sorell bypass (scheduled for completion Q1 2022/23).	3.4	IP - Underway. LCRI Stage 3 funded upgrades due to be complete by June 2023
3.6	Continue to lobby for a Southern Beaches park and ride facility and increased capacity for Sorell park and ride facility.	3.5	O - Grant submitted to Department of State Growth but was unsuccessful
3.7	Advocate for further capital funding that will facilitate ongoing staged re-development and upgrading of the South East Sporting Complex as the regional recreational facility to accommodate forecast growth in the south-east.	2.6, 3.6	O - ongoing monitoring of potential funding opportunities
3.8	Activate the South East Stadium, with programs and activities targeting a broad community demographic, including youth, seniors and young families.	2.10, 3.8	IP - Engagement with varied users ongoing to enhance facility utilisation. Events held include workshops, training sessions, sporting clinics, etc.
3.9	Progress 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	D – Awaiting outcome of Federal Gov review of grant
3.10	Continue to work with the Community Cultural Precinct Reference Committee to progress the plans, broaden stakeholder engagement and advocate for	2.6, 3.8	O – Meeting held with Reference committee in July

	funding for the Community Cultural Precinct.		and meeting scheduled for February cancelled due to lack of attendance. Advocacy work to secure funding continues
3.11	Activate the Sorell Carriage Shed, promoting and encouraging its use for community cultural activity.	2.10, 3.8	IP - Required compliance works being undertaken to enable community utilisation of the facility

4.0	Increased Community Confidence in Council	Strategic Plan Reference	Measure
4.1	Participate in Local Government Reform program and advocate for best practice sustainable outcomes for residents and ratepayers of the Sorell municipal area and south east region.	4.1	IP - Numerous meetings and forums attended with the Future of Local Government Review due in Oct 2023
4.2	Ensure elected members and staff appropriately consider Council's Policies, Strategies, Plans and Procedures when making decisions.	4.2	O – incorporated in Council agenda reports
4.3	Implement Year 3 actions identified in the Customer Service Strategy with a whole of organisation Customer Service focus.	4.5	C
4.4	<p>Deliver Year 4 actions identified in the Communication and Engagement Strategy and undertake a full review of the Strategy.</p> <ul style="list-style-type: none"> Continue the Community Conversation program for elected members to engage with different communities. Continue engagement with the Sorell Business Association and other stakeholders to consider the potential impacts and opportunities of the Eastern Bypass on the Township. 	<p>4.6</p> <p>4.1</p> <p>4.6</p>	<p>D – Committed to review the Strategy inline with new Council</p> <p>O – Meetings held in Sorell (July) and Primrose Sands (August)</p> <p>O</p>

	<ul style="list-style-type: none"> • Work with community groups and committees to support effective management of community facilities. 	4.7	O – Commenced liaising with Spirit of St Martins and Dunalley community re: future management of Dunalley Hall
4.5	Continue to review facility utilisation and capacity to determine opportunities for community groups to establish activities and avoid construction and duplication of assets.	4.7	O - Keeping track of facility usage and generating reports has become more streamlined with new booking system, SKEDDA



Jetty Lights, Gypsy Bay Boat Ramp and Jetty

FINANCIAL REPORT

FINANCIAL REPORT	PAGE
Statement of Comprehensive Income	40
Statement of Financial Position	41
Statement of Cash Flows	42
Statement of Changes in Equity	43
Notes to Financial Statements	
Note 1 Overview	
1.1 Reporting entity	44
1.2 Basis of accounting	44
1.3 Use of judgements and estimates	44
1.4 Material budget variations	45
1.5 Functions/Activities of the Council	46
Note 2 Revenue	
2.1 Rates and charges	48
2.2 Statutory fees and fines	48
2.3 User fees	48
2.4 Grants	49
2.5 Contributions	50
2.6 Interest	50
2.7 Other income	51
2.8 Gains and losses in asset disposals and de-recognition/recognition	51
2.9 Investment revenue from water corporation	51
Note 3 Expenses	
3.1 Employee benefits	52
3.2 Materials and services	52
3.3 Impairment of receivables	52
3.4 Depreciation and amortisation	53
3.5 Finance costs	55
3.6 Other expenses	55
Note 4 Current Assets	
4.1 Cash and cash equivalents	55
4.2 Trades and other receivables	56
4.3 Investments	57
4.4 Inventories	57
4.5 Assets held for sale	57
Note 5 Other Investments	
5.1 Investments in associates	58
5.2 Investment in water corporation	58
Note 6 Non-current assets	
6.1 Property, infrastructure, plant and equipment	59
6.2 Prior period adjustment	64
6.3 Investment property	65
6.4 Intangible assets	65
6.5 Right-of-use assets	66
6.6 Other assets	66

FINANCIAL REPORT

Note 7	Current liabilities	
7.1	Trade and other payables	67
7.2	Trust funds and deposits	67
7.3	Provisions	67
7.4	Lease Liabilities	69
7.5	Contract Liabilities	69
Note 8	Non-current liabilities	
8.1	Interest bearing loans and borrowings	70
Note 9	Other financial information	
9.1	Reserves	71
9.2	Reconciliation of cash flows from operating activities to surplus (deficit)	72
9.3	Reconciliation of liabilities arising from financing activities	73
9.4	Reconciliation of cash and cash equivalents	73
9.5	Superannuation	73
9.6	Commitments	75
9.7	Operating leases as lessor	75
9.8	Contingent liabilities and contingent assets	76
9.9	Financial instruments	77
9.10	Fair value measurements	82
9.11	Events occurring after balance date	88
Note 10	Other matters	
10.1	Related party transactions	89
10.2	Special committees and other activities	92
10.3	Other significant accounting policies and pending accounting standards	93
10.4	Significant Business Activities	94
10.5	Management indicators	94
	Certification of the Annual Report	97
	Audit Opinion	98

Statement of Comprehensive Income For the Year Ended 30 June 2023

	Note	Budget 2023 \$'000	Actual 2023 \$'000	* Restated 2022 \$'000
Income from continuing operations				
Recurrent income				
Rates and charges	2.1	16,465	16,601	15,540
Statutory fees and fines	2.2	618	588	666
User fees	2.3	641	741	777
Grants	2.4	748	3,585	3,295
Contributions - cash	2.5	227	561	223
Interest	2.6	591	645	176
Other income	2.7	534	613	942
Investment revenue from Water Corporation	2.9	324	389	389
		20,148	23,723	22,008
Capital income				
Capital grants received specifically for new or upgraded assets	2.4	3,825	2,108	7,860
Contributions - non-monetary assets	2.5	1,760	2,803	2,434
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	2.8 (a)	(448)	(1,133)	(36)
Net gain/(loss) on de-recognition/recognition of property, infrastructure, plant and equipment	2.8 (b)	6	16	33
Share of net profits/(losses) of associates and joint ventures accounted for by the equity method	5.1	-	1,185	592
Fair value adjustments for investment property	6.3	-	182	-
		5,143	5,161	10,883
Total income from continuing operations		25,291	28,884	32,891
Expenses from continuing operations				
Employee benefits	3.1	(7,046)	(6,771)	(6,811)
Materials and services	3.2	(6,753)	(6,317)	(6,051)
Impairment of receivables	3.3	-	(2)	(1)
Depreciation and amortisation	3.4	(5,373)	(5,289)	(5,166)
Finance costs	3.5	(61)	(62)	(102)
Other expenses	3.6	(1,840)	(1,780)	(1,492)
		(21,073)	(20,221)	(19,624)
Result from continuing operations		4,218	8,663	13,268
Result from discontinued operations		-	-	-
Net result for the year		4,218	8,663	13,268
Other comprehensive income				
Items that will not be reclassified subsequently to net result				
Fair value adjustments on equity investment assets	5.2,9.1	-	733	697
Net asset revaluation increment/(decrement)	9.1	-	20,250	6,688
Total Other Comprehensive Income		-	20,983	7,386
Total Comprehensive result		4,218	29,646	20,654

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

* Certain numbers shown here do not correspond to the 2021-2022 Financial Statements and reflect adjustments made as detailed within Note 6.2

Statement of Financial Position For the Year Ended 30 June 2023

	Note	2023 \$'000	* Restated 2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	4.1	7,039	10,102
Trade and other receivables	4.2	1,481	815
Investments	4.3	11,388	5,310
Inventories	4.4	85	58
Non-current assets classified as held for sale	4.5	-	-
Other assets	6.6	469	558
Total current assets		20,462	16,843
Non-current assets			
Trade and other receivables	4.2	34	33
Investments in associates accounted for using the equity method	5.1	5,512	4,327
Investment in water corporation	5.2	25,230	24,497
Property, infrastructure, plant and equipment	6.1	309,107	285,831
Investment property	6.3	585	403
Intangible assets	6.4	260	278
Right-of-use assets	6.5	23	26
Total non-current assets		340,751	315,395
Total assets		361,213	332,238
Liabilities			
Current liabilities			
Trade and other payables	7.1	1,841	1,962
Trust funds and deposits	7.2	1,106	1,008
Provisions	7.3	1,355	1,416
Lease liabilities	7.4	10	9
Contract liabilities	7.5	1,074	1,222
Interest-bearing loans and borrowings	8.1	220	425
Total current liabilities		5,606	6,042
Non-current liabilities			
Provisions	7.3	99	109
Lease liabilities	7.4	14	18
Interest-bearing loans and borrowings	8.1	2,110	2,330
Trade and other payables	7.1	9	10
Total non-current liabilities		2,232	2,467
Total liabilities		7,838	8,509
Net Assets		353,375	323,729
Equity			
Accumulated surplus		129,668	121,005
Reserves	9.1	223,707	202,724
Total Equity		353,375	323,729

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

* Certain numbers shown here do not correspond to the 2021-2022 Financial Statements and reflect adjustments made as detailed within Note 6.2

Statement of Cash Flows

For the Year Ended 30 June 2023

		2023 Inflows/ (Outflows) \$'000	2022 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates		16,534	15,518
Statutory fees and fines		586	666
User charges and other fines (inclusive of GST)		746	773
Grants (inclusive of GST)		3,652	3,310
Contributions - cash (inclusive of GST)	2.5	561	223
Interest received		432	167
Investment revenue from water corporation	2.9	389	389
Other receipts (inclusive of GST)		573	228
Net GST refund/(payment)		657	587
Payments to suppliers (inclusive of GST)		(9,184)	(7,286)
Payments to employees		(6,931)	(6,861)
Finance costs paid		(64)	(104)
Net cash provided by (used in) operating activities	9.2	7,951	7,610
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(6,497)	(13,123)
Proceeds from sale of property, infrastructure, plant and equipment		181	360
Capital grants		1,723	9,405
Proceeds/(payments) for investments		(6,078)	(27)
Repayment of long term recoverable property debt		(1)	1
Net cash provided by (used in) investing activities		(10,672)	(3,384)
Cash flows from financing activities			
Proceeds from trust funds and deposits		517	396
Repayment of trust funds and deposits		(431)	(181)
Repayment of lease liabilities (principal repayments)		(4)	(9)
Proceeds from interest bearing loans and borrowings			1,226
Repayment of interest bearing loans and borrowings		(425)	(1,628)
Net cash provided by (used in) financing activities	9.3	(343)	(196)
Net increase (decrease) in cash and cash equivalents		(3,063)	4,030
Cash and cash equivalents at the beginning of the financial year		10,102	6,072
Cash and cash equivalents at the end of the financial year	9.4	7,039	10,102
Restrictions on cash assets	4.1	3,634	3,755

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

Statement of Changes in Equity For the Year Ended 30 June 2023

	Note	Accumulated Surplus*	Asset Revaluation Reserve	Fair Value Reserve	Other Reserves	Total Equity
2023		2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000
Balance at beginning of the financial year		121,005	206,484	(4,810)	1,050	323,729
Net result for the year		8,663	-	-	-	8,663
Other comprehensive income:						
Fair value adjustment on equity investment assets	5.2,9.1	-	-	733	-	733
Net asset revaluation increment/(decrement)	9.1	-	20,250	-	-	20,250
Total comprehensive income		129,668	226,734	(4,077)	1,050	353,375
Transfers between reserves		-	-	-	-	-
Balance at end of the financial year		129,668	226,734	(4,077)	1,050	353,375

		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
Effect of correction of error		24	-	-	-	24
Restated balance as at beginning of the financial year		107,737	199,796	(5,507)	1,050	303,076
Net result for the year		13,297	-	-	-	13,297
Effect of correction of error		(29)	-	-	-	(29)
Restated net result for the year		13,268	-	-	-	13,268
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		121,005	206,484	(4,810)	1,050	323,729
Transfers between reserves		-	-	-	-	-
Balance at end of the financial year		121,005	206,484	(4,810)	1,050	323,729

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

* Certain numbers shown here do not correspond to the 2021-2022 Financial Statements and reflect adjustments made as detailed within Note 6.2

Note 1 Overview

Note 1.1 Reporting entity

- (a) The Sorell Council was established in 1862 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, 6.3, 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 Material budget variations

Council's original budget was adopted by Council at the 20 June 2022 Ordinary Council Meeting. In January 2023 and February 2023 Council reviewed and amended the original budget and completed the Mid Year Budget Review. The Mid Year Budget Review was adopted by Council at the 21 February 2023 Ordinary Council Meeting. The original projections on which the budget was based have been affected by a number of factors. These include State and Commonwealth Government decisions, new grant programs, changing economic activity, the weather, and decisions made by Council. Material variations, from the Mid Year Budget Review figures, of more than 10% are explained below.

Revenues

1 User fees

User fees income was above budget by \$100,000 (16%) for the 2022-23 financial year. The Sorell municipality continued to enjoy population growth and high levels of development during the 2022-23 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 \$18,000 (24%) and income from plumbing applications were above budget by \$28,000 (22%).

2 Grants

Grants was above budget by \$2.837m (379%) for the 2022-23 financial year. This was 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 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 2023 Council received an advance FAG funding payment for the 2023-24 financial year of \$2.783m. The effects of the early receipt of instalments each year has resulted in FAG funding being above the budget in 2022-23 by \$2.783m and 2021-22 by \$1.955m. This has impacted the Statement of Comprehensive Income resulting in the net result for the year being higher in both years.

3 Contributions - cash

Contributions - cash income was above budget by \$334,000 (147%) for the 2022-23 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.

4 Capital grants received specifically for new or upgraded assets

Capital grants were below budget by \$1.717m (45%) for the 2022-23 financial year. This is due to works not progressing as predicted in relation to Federal Government grants for the Sorell streetscape upgrade and Devenish Drive, Sorell stormwater upgrade to the value of \$793,000. Likewise, Roads to Recovery funding received is less than budgeted by \$271,000. Additionally, due to works not progressing as predicted in relation to State Government grants for Jobs Hub, Pembroke Park function centre and road work grants under Black Spot funding, funding was lower to the value of \$566,000.

5 Contributions - non-monetary assets

Contributions - non-monetary assets was above budget by \$1.043m (59%) for the 2022-23 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 one subdivision in the second half of the 2022-23 financial year.

6 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 \$675,000 (153%) for the 2022-23 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 2022-23 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.

7 Other capital income

A majority of capital income was not budgeted for in the 2022-23 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

Most expenditure categories were within 10% of budget and did not experience any material variances.

Notes to the Financial Report For the Year Ended 30 June 2023

Note 1.5 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						
2022 - 2023	2,055	16,574	18,629	5,264	13,365	87,167
2021 - 2022	1,671	14,902	16,573	5,547	11,026	79,339
Transport infrastructure						
2022 - 2023	1,742	197	1,939	6,545	(4,606)	208,102
2021 - 2022	4,191	1,463	5,654	6,669	(1,015)	188,032
Stormwater						
2022 - 2023	394	1,621	2,015	1,342	673	52,156
2021 - 2022	-	1,084	1,084	1,199	(115)	50,207
Waste management						
2022 - 2023	-	2,854	2,854	2,426	428	-
2021 - 2022	-	2,625	2,625	1,993	632	-
Environmental health/management						
2022 - 2023	8	128	136	588	(452)	-
2021 - 2022	14	87	101	463	(362)	-
Planning services						
2022 - 2023	-	968	968	428	540	-
2021 - 2022	-	669	669	420	249	-
Building control						
2022 - 2023	-	389	389	152	237	-
2021 - 2022	-	427	427	311	116	-
Community amenities						
2022 - 2023	1,493	284	1,777	3,198	(1,421)	13,787
2021 - 2022	5,256	401	5,657	2,771	2,886	14,659
Community services						
2022 - 2023	2	173	175	277	(102)	-
2021 - 2022	23	79	102	251	(149)	-
Total						
2022 - 2023	5,693	23,191	28,884	20,221	8,663	361,213
2021 - 2022	11,155	21,737	32,892	19,624	13,268	332,238

Note 1.5 Functions/Activities of the Council (Continued)

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

	2023 \$'000	2022 \$'000
Current assets	20,462	16,843
Non-current assets	340,751	315,395
	361,213	332,238

(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 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, stadium, 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 2023

		2023	2022
		\$'000	\$'000
Note 2	Revenue		
Note 2.1	Rates and charges		
	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.		
	The valuation base used to calculate general rates for 2022-23 was \$198.365m. The 2022-23 general rate is a two tiered rating system with 37% of the general rate generated by a fixed rate of \$507.68, and the remaining generated by a rate of \$0.038 in the dollar of the adjusted assessed annual value, varied according to the subcategories of use or predominant use of land and/or locality.		
	Residential	10,565	10,168
	Commercial	1,174	1,117
	Industrial	136	124
	Primary production	685	556
	Community service	188	182
	Vacant land	1,033	919
	Boat sheds	105	100
	Supplementary rates and rate adjustments	173	93
	Fire levy	636	598
	Garbage charge	2,746	2,521
	Less: Other remissions	(840)	(838)
	Total rates and charges	16,601	15,540

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

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 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	21	11
	Town planning fees	408	497
	Land information certificates	153	154
	Permits	6	4
	Total statutory fees and fines	588	666

Accounting policy

Fees and fines (including parking 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	161	71
	Building services	77	123
	Caravan licences	18	6
	Engineering services	93	202
	Fire abatements	9	10
	Health services	44	45
	Recreational vehicles	19	12
	Kennel licences	-	3
	Plumbing application and inspections	299	291
	Other fees and charges	21	13
	Total user fees	741	777

Accounting policy

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.

Notes to the Financial Report For the Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
Note 2.4 Grants		
Grants were received in respect of the following:		
Summary of grants		
Federally funded grants	4,963	7,291
State funded grants	274	3,829
Other grants	457	35
Total	5,694	11,155
Grants - Recurrent		
Federal Financial Assistance Grant - general purpose	2,050	1,671
Federal Financial Assistance Grant - roads	1,429	1,519
Federal Financial Assistance Grant - bridges	11	33
Federal - Department of Education	5	10
State - Department of Health	1	2
State - Transport (Dept. of State Growth)	65	14
State - culture sport and recreation	2	23
State - Department of Natural Resources and Environment	7	13
State - Department of Police Fire and Emergency Management	15	10
Total recurrent grants	3,585	3,295
Capital grants received specifically for new or upgraded assets		
Federal - roads to recovery	116	387
Federal - culture, sport and recreation	800	3,584
Federal - stormwater	394	-
Federal - land improvement	157	86
State - culture, sport and recreation	-	1,759
State - Marine and Safety Tasmania	-	2
State - Transport (Dept. of State Growth)	106	1,996
State - buildings	80	11
Other	455	35
Total capital grants	2,108	7,860
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	6	42
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-
Add: Funds received and not recognised as revenue in the current year	-	-
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(6)	-
Less: Funds received in prior year but revenue recognised and funds spent in current year	-	(36)
Balance of unspent funds at 30 June	-	6
Capital		
Balance of unspent funds at 1 July	1,217	3,249
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-
Add: Funds received and not recognised as revenue in the current year	572	1,040
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	-	-
Less: Funds received in prior year but revenue recognised and funds spent in current year	(715)	(3,072)
Balance of unspent funds at 30 June	1,074	1,217
Total unspent funds	1,074	1,223

Accounting policy

Council recognises untied grant revenue and those without performance obligations when received. In cases where there is an enforceable agreement which contains sufficiently specific performance obligations, revenue is recognised as or when control of each performance obligation is satisfied. (i.e. when it transfers control of a product or provides a service.) A contract liability is recognised for unspent funds received in advance and then recognised as income as obligations are fulfilled.

Notes to the Financial Report For the Year Ended 30 June 2023

		2023	2022
		\$'000	\$'000

Note 2.4 Grants (continued)

Accounting policy

Grants

Council recognises untied grant revenue and those without performance obligations when received. In cases where funding includes specific performance obligations or is to acquire or construct a recognisable non-financial asset, a liability is recognised for funds received in advance and income is recognised as obligations are fulfilled. For a detailed explanation of Council's total unspent funds as at 30 June 2023 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. Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have a 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 the acquisitions of assets, 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 2022-23 by \$2.783m, (2021-22, \$1.955m). 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	445	169
Traffic management	116	-
Other cash contributions	-	54
Total	561	223

(b) Non-monetary assets

Land	-	-
Land under roads	118	150
Buildings and other structures	-	-
Roads	611	650
Footpaths and cycle ways	139	160
Kerb and channel	128	155
Other transport infrastructure	61	45
Stormwater	1,618	1,097
Land improvements	-	30
Formation earthworks	128	147
Total	2,803	2,434

Total contributions

3,364	2,657
--------------	--------------

Accounting policy

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	116	119
Interest on cash and cash equivalents	529	57
Total	645	176

Accounting policy

Interest income

Interest is recognised progressively as it is earned.

	2023	2022
	\$'000	\$'000
Note 2.7 Other income		
Community facility hire income	207	154
Copping Refuse Disposal Site land rental	94	87
Copping Refuse Disposal Site Joint Authority profit share	11	15
Leased properties rental income	73	125
Donations received	-	1
Diesel fuel rebate	22	20
Insurance recoveries	8	-
Workers compensation reimbursements	31	6
External labour hire recoveries	25	370
Other income	142	164
Total other income	613	942

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	181	360
Write down value of assets disposed	(1,314)	(396)
Total	(1,133)	(36)
(b) Net gain/(loss) on de-recognition/recognition of property, infrastructure, plant and equipment		
De-recognition of property, infrastructure, plant and equipment	-	-
Recognition of property, infrastructure, plant and equipment	16	33
Total	16	33

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	389
Total investment revenue from water corporation	389	389

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 2023

		2023 \$'000	2022 \$'000
Note 3	Expenses		
Note 3.1	Employee benefits		
	Wages and salaries	5,620	5,599
	Workers compensation	198	243
	Superannuation	754	744
	Fringe benefits tax	45	33
	Payroll tax	310	305
	Employee associated costs	95	79
		<u>7,022</u>	<u>7,004</u>
	Less amounts capitalised	(251)	(193)
	Total employee benefits	<u>6,771</u>	<u>6,811</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	84	88
	Information technology	280	249
	Consultants and contractors	390	723
	Cleaning	224	180
	Legal	108	110
	Maintenance	2,267	2,240
	Operating capital	50	63
	Plant registration fees	40	38
	Printing	30	27
	Security services	17	16
	Stationery and office consumables	31	26
	Utilities	334	295
	Valuation costs	56	37
	Waste	2,399	1,955
	Other materials and services	7	4
	Total materials and services	<u>6,317</u>	<u>6,051</u>

Accounting policy

Materials and services

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

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

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

Accounting policy

Impairment of receivables

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

Notes to the Financial Report For the Year Ended 30 June 2023

	2023	2022
	\$'000	\$'000
Note 3.4 Depreciation and amortisation		*Restated
<i>Property</i>		
Buildings and other structures	457	496
<i>Plant and Equipment</i>		
Plant, machinery and equipment	463	448
Fixtures, fittings and furniture	23	23
Computers and telecommunications	30	53
<i>Infrastructure</i>		
Roads	2,515	2,476
Bridges	251	250
Footpaths and cycle ways	191	178
Kerb and channel	82	78
Other transport infrastructure	117	117
Stormwater	748	628
Land improvements	387	367
<i>Intangible assets</i>		
Intangible assets	17	46
<i>Right-of-use of assets</i>		
Right-of-use of assets	8	8
Total	5,289	5,166

* Certain numbers shown here do not correspond to the 2021-2022 Financial Statements and reflect adjustments made as detailed within Note 6.2

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
Other transport infrastructure	
Bus shelters	40 - 100 years
Bus stops	10 - 240 years
Car parks	10 - 240 years
Traffic management devices	6 - 60 years

	2023 \$'000	2022 \$'000
Stormwater		
Gross pollution traps (GPTs)		50 years
End structures		80 years
Drains		100 years
Pits		80 years
Culverts including headwalls		100 years
Open drains and raingardens		20 - 100 years
Land improvements		
Fences		40 - 100 years
Formal park assets		80 - 200 years
Park infrastructure		25 - 100 years
Park passive areas		20 - 400 years
Play equipment		20 years
Playgrounds		15 - 80 years
Signs		20 - 60 years
Intangible assets		3 - 5 years
Right-of-use of assets		5 years
During the 2022-23 financial year, Council completed a Land Improvements revaluation. As part of this revaluation the following asset components had their useful lives amended:		
Type and component	Previous useful life	New useful life
Irrigation	15 - 80 years	15 - 50 years
Lighting	50 years	15 - 50 years
Open space furniture	10 - 100 years	20 - 100 years
Park active areas	20 - 60 years	10 - 80 years
Retaining walls	80 years	70 - 100 years

Notes to the Financial Report For the Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
Note 3.5 Finance costs		
Interest - borrowings	61	101
Interest - lease liabilities	1	1
Total	62	102
Less capitalised borrowing costs on qualifying assets	-	-
Total finance costs	62	102

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)	44	27
Audit panel members' remuneration	7	7
Bank fees and charges	29	33
Councillors' allowances and expenses	207	211
Collection costs	26	22
Community development	21	38
Donations section 77	36	25
Election expenses	122	7
Environmental management expenses	62	13
Government fire contributions	602	562
Insurance	267	278
Land tax	96	58
Licences, memberships and subscriptions	69	74
Operating leases	10	6
Postage	48	41
Internet, telephone and other communication charges	49	46
Other expenses	84	44
Total other expenses	1,780	1,492

Accounting policy

Other expenses

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

Note 4 Current Assets		
Note 4.1 Cash and cash equivalents		
Cash on hand	2	2
Cash at bank	1,239	872
Investments at call	5,798	9,228
Total cash and cash equivalents	7,039	10,102
Council's cash and cash equivalents are subject to a number of external restrictions and internal commitments that limit amounts available for discretionary or future use. These include:		
Restricted funds		
i) Trust funds and deposits (note 7.2)	1,106	1,008
ii) Unspent grant funds with conditions (note 2.4)	1,074	1,222
	2,180	2,230
Internal committed funds		
iii) Employee provisions (note 7.3)	1,454	1,525
Committed funds	3,634	3,755
Total uncommitted cash and cash equivalents	3,405	6,347
Total Investments (note 4.3)	11,388	5,310
Total uncommitted funds	14,793	11,657

2023
\$'000

2022
\$'000

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 and internally committed funds include:

- 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) Monies set aside to meet employee provision obligations

Note 4.2 Trade and other receivables

Current

Rates debtors	417	325
Other debtors	942	317
Provision for expected credit loss - other debtors	(1)	(1)
Midway Point Improvement Act debtors	-	1
Net GST receivable	123	173
Total	1,481	815

Non-current

Midway Point Improvement Act debtors	30	29
Long term recoverable property debt	4	4
Total	34	33

Total trade and other receivables

1,515	848
--------------	------------

Reconciliation of movement in expected credit loss

Carrying amount at 1 July	1	3
Amounts written off during the year	-	-
Amounts recovered during the year	(1)	(3)
Increase/ (decrease) in provision recognised in profit or loss	1	1
Carrying amount at 30 June	1	1

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

Accounting policy

Trade and other receivables

Trade receivables that do not contain a significant financing component are measured at amortised cost, which represents their transaction value. Impairment is recognised on an expected credit loss (ECL) basis. When determining whether the credit risk has increased significantly since initial recognition, and when estimating the ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience, an informed credit assessment and forward-looking information. Council has established a provision matrix to facilitate the impairment assessment.

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

		2023	2022
		\$'000	\$'000
Note 4.3	Investments		
	Term deposits - more than 3 months	11,388	5,310
	Total investments	11,388	5,310

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	85	58
	Total inventories	85	58

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	Assets held for sale		
	Internal transfer from land	-	-
	Total	-	-

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 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 2023 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

Assets 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 2023

		2023 \$'000	2022 \$'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)	5,512	4,327
	Total	5,512	4,327

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% (2021-22 24%).

Council's share of accumulated surplus (deficit)

Council's share of accumulated surplus(deficit) at start of year	2,619	2,458
Prior year adjustment	-	-
Reported surplus(deficit) for year	1,115	161
Transfers (to) from reserves	-	-
Council's share of accumulated surplus (deficit) at end of year	3,734	2,619

Council's share of reserves

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

Movement in carrying value of specific investment

Carrying value of investment at start of year	4,327	3,735
Council's share of prior year adjustments	-	266
Council's share of surplus(deficit) for year	1,115	161
Council's share of contributions by owners for year	70	165
Carrying value of investment at end of year	5,512	4,327

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	24,497	23,800
	Fair value adjustments on equity investment assets	733	697
	Total investment in water corporation	25,230	24,497

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 2023, Council held a 1.44% (2021-22, 1.48%) ownership interest in TasWater which is based on Schedule 2 of the Corporation's Constitution.

Notes to the Financial Report
For the Year Ended 30 June 2023

Note 6	Non-current assets		*Restated
Note 6.1	Property, infrastructure, plant and equipment	2023 \$'000	2022 \$'000
	Summary		
	at fair value as at 30 June	435,447	396,362
	Less accumulated depreciation	(138,984)	(124,299)
		296,463	272,063
	at cost as at 30 June	14,928	15,757
	Less accumulated depreciation	(2,282)	(1,989)
		12,646	13,768
	Total	309,107	285,831
	Property		
	Land		
	at fair value as at 30 June	9,131	9,131
		9,131	9,131
	Land under roads		
	at fair value as at 30 June	18,250	18,132
		18,250	18,132
	Total land	27,381	27,263
	Buildings and other structures		
	at fair value as at 30 June	21,628	22,028
	Less accumulated depreciation	(3,534)	(3,401)
	Total Buildings	18,094	18,627
	Total Property	45,475	45,890
	Plant and equipment		
	Plant, machinery and equipment		
	at cost	3,759	3,853
	Less accumulated depreciation	(1,776)	(1,489)
		1,983	2,364
	Fixtures, fittings and furniture		
	at cost	300	300
	Less accumulated depreciation	(211)	(188)
		89	112
	Computers and telecommunications		
	at cost	440	345
	Less accumulated depreciation	(295)	(312)
		145	33
	Total plant and equipment	2,217	2,509

* Certain numbers shown here do not correspond to the 2021-2022 Financial Statements and reflect adjustments made as detailed within Note 6.2

Note 6.1 Property, infrastructure, plant and equipment (continued)	*Restated	
	2023	2022
	\$'000	\$'000
Infrastructure		
Roads		
at fair value as at 30 June	173,482	153,630
Less accumulated depreciation	(94,566)	(83,628)
	78,916	70,002
Bridges		
at fair value as at 30 June	22,849	19,893
Less accumulated depreciation	(8,942)	(7,765)
	13,907	12,128
Footpaths and cycle ways		
at fair value as at 30 June	13,551	11,829
Less accumulated depreciation	(4,008)	(3,464)
	9,543	8,365
Kerb and channel		
at fair value as at 30 June	6,646	6,391
Less accumulated depreciation	(2,204)	(2,123)
	4,442	4,268
Other transport infrastructure		
at fair value as at 30 June	7,358	6,264
Less accumulated depreciation	(1,236)	(1,162)
	6,122	5,102
Stormwater		
at fair value as at 30 June	69,811	67,805
Less accumulated depreciation	(18,595)	(17,859)
	51,216	49,946
Land improvements		
at fair value as at 30 June	16,487	13,211
Less accumulated depreciation	(5,900)	(4,898)
	10,587	8,314
Formation earthworks		
at fair value as at 30 June	76,253	68,048
	76,253	68,048
Total Infrastructure	250,985	226,173

* Certain numbers shown here do not correspond to the 2021-2022 Financial Statements and reflect adjustments made as detailed within Note 6.2

Note 6.1 Property, infrastructure, plant and equipment (continued)	2023 \$'000	2022 \$'000
Works in progress		
Land improvements at cost	170	453
Buildings at cost	8,648	8,541
Plant and equipment at cost	-	18
Roads, footpaths and cycle ways, kerb and channel and formation earthworks at cost	671	1,976
Bridges at cost	-	10
Stormwater at cost	940	261
Total Works in progress	10,429	11,259
Total property, infrastructure, plant and equipment	309,107	285,831

Notes to the Financial Report For the Year Ended 30 June 2023

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

Reconciliation of property, infrastructure, plant and equipment

	* Restated 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
2023									
Property									
Land	9,131	-	-	-	-	-	-	-	9,131
Land under roads	18,132	118	-	-	-	-	-	-	18,250
Total land	27,263	118	-	-	-	-	-	-	27,381
Buildings	18,627	-	1,822	(457)	-	-	570	(2,468)	18,094
Total buildings	18,627	-	1,822	(457)	-	-	570	(2,468)	18,094
Total property	45,890	118	1,822	(457)	-	-	570	(2,468)	45,475
Plant and Equipment									
Plant, machinery and equipment	2,364	-	-	(463)	(82)	-	184	-	1,983
Fixtures, fittings and furniture	112	-	-	(23)	-	-	-	-	89
Computers and telecommunications	33	-	-	(30)	-	-	142	-	145
Total plant and equipment	2,509	-	-	(516)	(82)	-	306	-	2,217
Infrastructure									
Roads	70,002	811	7,904	(2,515)	(379)	-	3,293	-	78,916
Bridges	12,128	-	1,808	(251)	(321)	-	544	-	13,907
Footpaths and cycleways	8,365	139	911	(191)	(40)	-	359	-	9,543
Kerb and channel	4,268	127	-	(82)	(14)	-	143	-	4,442
Other transport infrastructure	5,102	60	613	(117)	(372)	-	835	-	8,121
Stormwater	49,947	1,834	-	(748)	(51)	-	433	-	51,215
Land improvements	8,314	-	(444)	(387)	(5)	-	642	2,468	10,587
Formation earthworks	68,048	129	7,637	-	(48)	-	487	-	76,253
Total infrastructure	226,174	2,700	18,428	(4,291)	(1,230)	-	6,736	2,468	250,988
Works in progress									
Land improvements	453	359	-	-	-	-	(642)	-	170
Buildings	8,541	877	-	-	-	-	(570)	-	9,848
Plant and equipment	18	268	-	-	-	-	(306)	-	-
Roads, footpaths and cycle ways, kerb and channel, formation earthworks and other transport infrastructure	1,975	3,813	-	-	-	-	(5,117)	-	671
Bridges	10	534	-	-	-	-	(544)	-	-
Stormwater	261	1,112	-	-	-	-	(433)	-	940
Total works in progress	11,258	6,784	-	-	-	-	(7,612)	-	10,429
Total property, infrastructure, plant and equipment	285,831	9,602	20,250	(5,264)	(1,312)	-	-	-	309,107

* Certain numbers shown here do not correspond to the 2021-2022 Financial Statements and reflect adjustments made as detailed within Note 6.2

** Marine Structures were transferred from Building & Other Structures to Land Improvements

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

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

	* Restated Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 9.1)	* Restated Depreciation and amortisation (note 3.4)	Written down value of disposals	Written down value of de- recognitions	Transfers	** Transfers between classes (a)	* Restated Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022									
Property									
Land	9,131	-	-	-	-	-	-	-	9,131
Land under roads	17,983	149	-	-	-	-	-	-	18,132
Total land	27,114	149	-	-	-	-	-	-	27,263
Buildings and other structures	19,052	24	-	(496)	-	-	47	-	18,627
Total buildings and other structures	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	78	-	-	(53)	-	-	13	(2)	33
Total plant and equipment	2,592	-	-	(523)	(147)	-	591	(2)	2,509
Infrastructure									
Roads	69,734	850	-	(2,476)	(138)	-	2,232	-	70,002
Bridges	11,923	-	-	(250)	(64)	-	518	-	12,128
Footpaths and cycle ways	7,679	160	-	(178)	(7)	-	711	-	8,365
Kerb and channel	3,956	155	-	(78)	-	-	235	-	4,268
Other transport infrastructure	4,819	46	-	(117)	-	-	354	-	5,102
Stormwater	42,457	1,108	6,888	(828)	(36)	-	360	-	49,947
Land improvements	8,289	30	-	(367)	(4)	-	367	-	8,314
Formation earthworks	68,784	147	-	-	-	-	1,117	-	69,048
Total infrastructure	215,641	2,294	6,888	(4,094)	(249)	-	5,894	-	226,174
Works in progress									
Land improvements	109	711	-	-	-	-	(367)	-	453
Buildings	3,184	5,404	-	-	-	-	(47)	-	8,541
Plant, machinery and equipment	3	806	-	-	-	-	(591)	-	18
Roads, footpaths and cycle ways, kerb and channel and formation earthworks	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	268,973	15,682	6,888	(5,113)	(396)	-	-	(2)	285,831

* Certain numbers shown here do not correspond to the 2021-2022 Financial Statements and reflect adjustments made as detailed within Note 6.2

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

Notes to the Financial Report For the Year Ended 30 June 2023

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, 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	50%
	but < \$5	
	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

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. Council does not recognise land under roads that it controlled prior to that period.

Notes to the Financial Report For the Year Ended 30 June 2023

Note 6.2 Prior Period Adjustment

Nature of Error

During the 2022-23 financial year, Council completed a land improvements asset revaluation. During the land improvements asset revaluation Council reviewed the land improvement assets and identified land improvement assets that had not been previously recorded, and land improvement assets that were duplicated. An adjustment was made to record these assets as a prior period error, with the opening balances of the Statement of Financial Position as at 1 July 2021 restated. The gross amount of (\$1,803m) was made up of duplicate assets and found assets, (\$5,870m) and \$4,067m respectively. The accumulated depreciation amount of \$1,855m was made up of duplicate assets and found assets, \$3,438m and (\$1,583m) respectively. The duplicate assets were park passive areas and the found assets were street lighting poles. The land improvements asset revaluation also resulted in revalued land improvements asset values. A revaluation decrement was identified and was recognised in the 2022-23 financial year.

	Prior Period Adjustment - impact as at 1/7/2021				Prior Period Adjustment - impact as at 30/6/2022		
	Published Statements 1/7/2021	Prior Period Asset Adjustment	Prior Period Depreciation Adjustment 2020/2021	Restated Balance 1/7/2021	Published Statements 1/7/2021	Prior Period Depreciation Adjustment 2021/2022	Restated Balance 30/06/2022
Infrastructure							
Land improvements							
Gross	14,527	(1,803)	-	12,824	15,014	-	13,211
Accumulated depreciation	(6,352)	1,855	(29)	(4,536)	(6,895)	(29)	(4,898)
Land improvements written down value	8,265	53	(29)	8,289	8,319	(29)	8,314
Equity							
Accumulated surplus	107,713	53	(29)	107,737	121,010	(29)	121,005
Total property, infrastructure, plant and equipment	268,949	53	(29)	268,973	285,836	(29)	285,831
Depreciation and amortisation					5,137	29	5,166
Results from continuing operations					13,297	(29)	13,268
Total comprehensive result					20,683	(29)	20,654

Notes to the Financial Report For the Year Ended 30 June 2023

Note 6.3 Investment property

Balance at beginning of financial year
Fair value adjustments
Balance at end of financial year

2023	2022
\$'000	\$'000
403	403
182	-
585	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.

Note 6.4 Intangible assets

Municipal revaluation costs
Water rights
Computer software
Total

-	-
230	230
30	48
260	278

Works in progress

Computer software
Total

-	-
-	-

Total intangible assets

260	278
------------	------------

Reconciliation of intangible assets

Gross carrying amount

Balance at 1 July 2021
Transfer of assets
Balance at 30 June 2022
Transfer of assets
Balance at 30 June 2023

Computer software	Municipal revaluation	Water rights	Total
\$'000	\$'000	\$'000	\$'000
28	166	230	424
223	-	-	223
251	166	230	647
-	-	-	-
251	166	230	647

Accumulated amortisation and impairment

Balance at 1 July 2021
Amortisation expense
Balance at 30 June 2022
Amortisation expense
Balance at 30 June 2023

10	137	-	147
193	29	-	222
203	166	-	369
18	-	-	18
221	166	-	387

Works in progress

Balance at 1 July 2021
Acquisition of assets
Transfer of assets
Balance at 30 June 2022
Acquisition of assets
Transfer of assets
Balance at 30 June 2023

299	-	-	299
(254)	-	-	(254)
(45)	-	-	(45)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

Net book value at 30 June 2022
Net book value at 30 June 2023

48	-	230	278
30	-	230	260

Notes to the Financial Report For the Year Ended 30 June 2023

Note 6.4 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 6.5 Right-of-use assets

	Plant and equipment \$'000	Total \$'000
2023		
Gross carrying amount		
Opening Balance at 1 July 2022	26	26
Additions	6	6
Disposals	-	-
Depreciation expense	(9)	(9)
Balance at 30 June 2023	23	23
2022		
Opening Balance at 1 July 2021	34	34
Additions	-	-
Disposals	-	-
Depreciation expense	(8)	(8)
Balance at 30 June 2022	26	26

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 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 6.6 Other assets

	2023 \$'000	2022 \$'000
Current		
Prepayments	135	116
Accrued Income	334	442
Total	469	558

Notes to the Financial Report For the Year Ended 30 June 2023

Note 7 Current liabilities		2023	2022
Note 7.1 Trade and other payables		\$'000	\$'000
Current			
Trade payables		636	1,125
Rates and charges in advance		398	373
Accrued expenses		676	329
Other		131	135
Total		1,841	1,962
Non-current			
Other		9	10
Total		9	10
Total trade and other payables		1,850	1,972

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.

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

Note 7.2 Trust funds and deposits		2023	2022
Refundable application deposits		480	531
Retention amounts		626	477
Total trust funds and deposits		1,106	1,008

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
2023		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year		627	826	34	38	1,525
Additional provisions		499	204	114	53	870
Amounts used		(518)	(261)	(103)	(59)	(941)
Balance at the end of the financial year		608	769	45	32	1,454
Current		608	670	45	32	1,355
Non-current		-	99	-	-	99
Total		608	769	45	32	1,454
2022						
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		627	826	34	38	1,525

Notes to the Financial Report For the Year Ended 30 June 2023

Note 7.3 Provisions (continued)

(a) Employee benefits	2023	2022
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	3.50%	4.00%
Weighted average discount rates	4.03%	3.20%
Employee numbers (full time equivalent)	68	67

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). 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 2023

	2023	2022
	\$'000	\$'000
Note 7.4 Lease liabilities		
Lease liabilities	24	27
Total lease liabilities	24	27
Current	10	9
Non-current	14	18

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

As at 30 June 2023	Minimum lease payments due						Total
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Lease payments	10	10	3	1	1	-	25
Finance charges	(1)	-	-	-	-	-	(1)
Net present value	9	10	3	1	1	-	24
As at 30 June 2022							
Lease payments	9	9	9	2	-	-	29
Finance charges	(1)	(1)	-	-	-	-	(2)
Net present value	8	8	10	2	-	-	27

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.

	2023	2022
	\$'000	\$'000
Note 7.5 Contract liabilities		
Current		
Funds received to acquire or construct an asset controlled by Council	1,074	1,222
Total contract liabilities	1,074	1,222

Accounting policy

Council recognised the following contract liabilities:

The funds received are under a 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.

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

- 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.
- To construct a low wall at the entrance of the Sorell Memorial Hall to enhance and formalise the cenotaph for the Sorell RSL and provide additional space for their memorial plaques.
- Widen Wiggins Road to improve sight lines and provide sufficient space for two vehicles to pass in opposing directions.
- Development of a Tracks and Trails Strategy for the planning and development of tracks and trails that enable greater community connection and opportunities for recreation and active transport, ultimately promoting Mental Health & Wellbeing, Active Living and Climate Change and Health/Liveability outcomes
- To promote connectivity and linkages for our community by promoting active transport with accessible tracks and trails along our urban growth corridors at Miena Park and Penna Beach.

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

Funds to construct Council controlled assets	715	3,108
	715	3,108

Note 8	Non-current	2023	2022
Note 8.1	Interest-bearing loans and borrowings	\$'000	\$'000
	Current		
	Borrowings - secured	220	425
		220	425
	Non-current		
	Borrowings - secured	2,110	2,330
		2,110	2,330
	Total	2,330	2,755

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	220	425
Later than one year and not later than five years	927	947
Later than five years	1,183	1,383
Total	2,330	2,755

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 2023

Note 9	Other financial information	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
Note 9.1	Reserves	\$'000	\$'000	\$'000	\$'000
	(a) Asset revaluation reserve				
	2023 Property				
	Land	7,602	-	-	7,602
	Land under roads	2,335	-	-	2,335
	Land improvements	4,756	-	(444)	4,312
	Buildings	10,807	1,822	-	12,629
		25,500	1,822	(444)	26,878
	Infrastructure				
	Roads (all infrastructure excluding asset groups below)	136,289	17,064	-	153,353
	Bridges	6,295	1,808	-	8,103
	Stormwater	38,345	-	-	38,345
		180,929	18,872	-	199,801
	Investment in associates (note 5.1)	55	-	-	55
		55	-	-	55
	Total asset revaluation reserve	206,484	20,694	(444)	226,734
	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 (all infrastructure excluding asset groups below)	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

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

2023 Equity investment assets				
Investment in water corporation	(4,810)	733	-	(4,077)
Total fair value reserve	(4,810)	733	-	(4,077)
2022 Equity investment assets				
Investment in water corporation	(5,507)	697	-	(4,810)
Total fair value reserve	(5,507)	697	-	(4,810)

Council has designated 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.

Notes to the Financial Report For the Year Ended 30 June 2023

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				
2023				
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
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

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

	2023 \$'000	2022 \$'000
Total Reserves	223,707	202,724

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

Result from continuing operations	8,663	13,268
Depreciation/amortisation	5,281	5,158
Depreciation of right-of-use assets	8	8
(Profit)/loss on disposal of property, infrastructure, plant and equipment	1,133	36
(Profit)/loss on de-recognition/recognition of property, infrastructure, plant and equipment	(16)	(33)
Contributions - non-monetary assets	(2,803)	(2,434)
Share of net (profits)/losses of associates accounted for by the equity method	(1,185)	(592)
Fair value adjustments for investment property	(182)	-
Capital grants received specifically for new or upgraded assets	(2,108)	(7,860)
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	(642)	29
Decrease/(increase) in other assets	20	(551)
Decrease/(increase) in inventories	(27)	(6)
Increase/(decrease) in trade and other payables	(121)	648
Increase/(decrease) in provisions	(70)	(61)
Increase/(decrease) in other liabilities	-	-
Net cash provided by (used in) operating activities	7,951	7,610

Notes to the Financial Report For the Year Ended 30 June 2023

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 30 June 2022	2,755	27	1,007
Changes from financing cash flows:			
Cash received	-	-	517
Cash repayments	(425)	(4)	(431)
Right of use asset recognition (non-cash)	-	-	-
Balance as at 30 June 2023	2,330	23	1,093
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

Note 9.4 Reconciliation of cash and cash equivalents

Cash and cash equivalents (note 4.1)

Total reconciliation of cash and cash equivalents

7,039	10,102
7,039	10,102

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 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 2023 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 2020.

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

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

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

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

Notes to the Financial Report For the Year Ended 30 June 2023

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 15.2 of the Spirit Super 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. 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.
- The application of Fund assets on Spirit Super being wound-up is set out in Rule 20.2. 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 Spirit Super. However it is likely that Rule 15.2 would be applied in this case (as detailed above).

- The Fund is a defined benefit Fund.
- The 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 \$9,511 (2021-22, \$8,871), and the amount paid to accumulation schemes was \$744,189 (2021-22, \$721,694).
- During the next reporting period the expected amount of superannuation contributions to be paid to defined benefits schemes is \$9,870 and the amount to be paid to accumulation schemes is \$874,458.
- 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 2022, showed that the Fund had assets of \$49.53 million and members' Vested Benefits were \$40.79 million. These amounts represented 0.20% and 0.17% respectively of the corresponding total amounts for Spirit Super.
- As at 30 June 2022 the Fund had 77 members and the total employer contributions and member contributions for the year ending 30 June 2022 were \$780,908 and \$229,521 respectively.

Fund	2023 \$'000	2022 \$'000
Defined benefits fund		
Employer contributions to Quadrant Defined Benefits Fund	10	9
	10	9
Employer contributions payable to Quadrant Defined Benefits Fund at reporting date	1	1
	1	1
Accumulation funds		
Employer contributions to Tasplan Superannuation Fund	202	263
Employer contributions to all other superannuation funds	542	459
	744	722
Employer contributions payable to Tasplan Superannuation Fund at reporting date	18	16
Employer contributions payable to all other superannuation funds at reporting date	50	41
	68	57

Notes to the Financial Report For the Year Ended 30 June 2023

Note 9.6	Commitments	2023	2022
	Capital expenditure commitments	\$'000	\$'000
	Buildings	8	569
	Community	1,171	15
	Stormwater	337	310
	Roads	955	622
	Plant, machinery and equipment	252	46
	Total capital expenditure commitments	2,723	1,562

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 30 June 2024)	1,030	1,177
Street bins, green waste and hard waste contract (expires 30 September 2029)	2,603	868
Recycling centre management contract (expires 30 June 2024)	182	228
Recycling disposal contract (expires 1 December 2031)	1,642	1,857
Cleaning contract (expires 30 June 2024)	287	446
Legal services contract (expires 30 June 2024)	66	66
Total contractual commitments	5,810	4,642

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	161	110
Year 2	162	113
Year 3	119	113
Year 4	105	114
Year 5	103	106
Later than 5 years	1,871	1,964
Total	2,521	2,520

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

Lease income on operating leases	178	227
----------------------------------	-----	-----

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 2023.

Guarantees for loans to other entities

Council had not guaranteed any loans to other entities for the year ended 30 June 2023.

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 2023.

Notes to the Financial Report For the Year Ended 30 June 2023

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.

2023

	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	4.14%	7,039	-	-	-	-	7,039
Investments	4.58%	-	11,388	-	-	-	11,388
*Midway Point Improvement Act loan receivable	-	-	-	-	30	-	30
Trade and other receivables	3.00%	417	-	-	-	1,068	1,486
Investment in water corporation	-	-	-	-	-	25,230	25,230
Total financial assets		7,456	11,388	-	30	26,298	45,173
Financial liabilities							
Trade and other payables	-	-	-	-	-	1,850	1,850
Trust funds and deposits	-	-	-	-	-	1,106	1,106
Interest-bearing loans and borrowings	3.25%	-	220	927	1,183	-	2,330
Total financial liabilities		-	220	927	1,183	2,956	5,286
Net financial assets (liabilities)		7,456	11,168	(927)	(1,153)	23,342	39,887

* During the 2022-23 financial year, Council made a decision to release all remaining Midway Point Improvement Act debtors of any interest obligations, thus the interest rate reduced to 0%.

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	3.00%	325	-	-	-	493	818
Investment in water corporation	-	-	-	-	-	24,497	24,497
Total financial assets		10,427	5,310	-	29	24,990	40,756
Financial liabilities							
Trade and other payables	-	-	-	-	-	1,972	1,972
Trust funds and deposits	-	-	-	-	-	1,008	1,008
Interest-bearing loans and borrowings	3.48%	-	425	947	1,383	-	2,755
Total financial liabilities		-	425	947	1,383	2,981	5,736
Net financial assets (liabilities)		10,427	4,885	(947)	(1,354)	22,009	35,020

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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	7,039	10,102	7,039	10,102
Other financial assets	11,388	5,310	11,388	5,310
Trade and other receivables	1,515	848	1,515	848
Investment in water corporation	25,230	24,497	25,230	24,497
<i>Total financial assets</i>	<u>45,173</u>	<u>40,757</u>	<u>45,173</u>	<u>40,757</u>
<i>Financial liabilities</i>				
Trade and other payables	1,850	1,971	1,850	1,971
Trust funds and deposits	1,106	1,008	1,106	1,008
Lease liabilities	24	27	24	27
Interest-bearing loans and borrowings	2,330	2,755	2,330	2,755
<i>Total financial liabilities</i>	<u>5,310</u>	<u>5,761</u>	<u>5,310</u>	<u>5,761</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.

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)	Other	Total
2023					
Cash and cash equivalents	7,000	-	39	-	7,039
Trade and other receivables	-	-	-	1,515	1,515
Investments and other financial assets	5,500	5,889	-	-	11,389
Total contractual financial assets	12,500	5,889	39	1,515	19,943
2022					
Cash and cash equivalents	10,064	-	38	-	10,102
Trade and other receivables	-	-	-	848	848
Investments and other financial assets	-	5,310	-	-	5,310
Total contractual financial assets	10,064	5,310	38	848	16,260

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:

	2023 \$'000	2022 \$'000
Rates - secured on property	418	325
Current - not yet due	196	288
Current - past due by up to 30 days	564	155
Current - past due between 31 and 180 days	192	8
Current - past due between 181 and 365 days	22	26
Non-current - past due by more than 1 year	123	46
Total Trade and Other receivables	1,515	848

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 (2021-22 \$1,000) were impaired. The amount of the provision raised against these debtors was \$1,000 (2021-22 \$1,000). 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:

	2023 \$'000	2022 \$'000
Current - not yet due	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	1	1
Total Trade and Other receivables	1	1

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).

2023	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	1,841	-	9	-	-	1,850	1,850
Trust funds and deposits	18	1,088	-	-	-	1,106	1,106
Interest-bearing loans and borrowings	109	111	394	533	1,183	2,330	2,330
Total financial liabilities	1,968	1,199	403	533	1,183	5,286	5,286

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	988	-	-	-	1,008	1,008
Interest-bearing loans and borrowings	210	215	446	502	1,382	2,755	2,755
Total financial liabilities	2,192	1,203	456	502	1,382	5,735	5,735

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:

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

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

		Interest rate risk			
		-2%		2%	
		-200 basis points		+200 basis points	
		Profit	Equity	Profit	Equity
2023	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	7,039	(141)	(141)	141	141
Investments	11,388	(228)	(228)	228	228
Financial liabilities:					
Interest-bearing loans and borrowings	2,330	(47)	(47)	47	47

		Interest rate risk			
		-2%		2%	
		-200 basis points		+200 basis points	
		Profit	Equity	Profit	Equity
2022	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	10,102	(202)	(202)	202	202
Investments	5,310	(106)	(106)	106	106
Financial liabilities:					
Interest-bearing loans and borrowings	2,755	(55)	(55)	55	55

Notes to the Financial Report For the Year Ended 30 June 2023

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 2023.

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 2023

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Investment property	6.3	-	585	-	585
Investment in water corporation	5.2	-	-	25,230	25,230
Land	6.1	-	9,131	-	9,131
Land under roads	6.1	-	18,250	-	18,250
Buildings and other structures	6.1	-	9,148	8,946	18,094
Transport infrastructure	6.1	-	-	175,275	175,275
Bridges	6.1	-	-	13,907	13,907
Stormwater	6.1	-	-	51,216	51,216
Land improvements	6.1	-	-	10,587	10,587
		-	37,114	285,161	322,275
Non-recurring fair value measurements					
Assets held for sale	4.5	-	-	-	-
		-	-	-	-

Note 9,10 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

As at 30 June 2022

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Investment property	6.3	-	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	-	-	8,314	8,314
		-	36,814	260,149	296,963
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 6.3. Fair value was determined by using Council's ownership interest against the land fair value at balance date. At 30 June 2023, Council held a 30% ownership interest in the land. The land fair value was determined by the Valuer-General, using the municipal fresh valuations, effective 1 July 2016. Adjustments using the Valuer-General adjustment factors are applied to the land fair value until the next fresh valuation is completed. The land fair value was adjusted as at 30 June 2023 to reflect the Valuer-General's 2023 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.

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 2023, Council held a 1.44% (2021-22, 1.48%) ownership interest in TasWater, which is based on schedule 2 of the corporation's constitution and reflects the Council's voting rights. Any unrealised gains and losses are recognised through the Statement of Comprehensive Income.

Land

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

Land held for sale

Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification. 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. Since that date, Council have applied an index of 11.2% as at 30 June 2023, using the Rawlinson's (Australian Construction Handbook) 2023 as a base resource. The next full valuation is planned for 30 June 2026.

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. For further information please refer to introductory paragraph in Note 9.9 (c) - Building and Other Structures (inclusive of marine structures).

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. For further information please refer to introductory paragraph in Note 9.9 (c) - Building and Other Structures (inclusive of marine structures).

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. For further information please refer to introductory paragraph in Note 9.9 (c) - Building and Other Structures (inclusive of marine structures).

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. For further information please refer to introductory paragraph in Note 9.9 (c) - Building and Other Structures (inclusive of marine structures).

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.

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.

Council have applied an index of 11.13% to Roads, 10.55% to Footpaths and Cycleways, 11.13% to Other Transport Infrastructure and 11.13% to Formation Earthworks as at 30 June 2023, using the Rawlinson's (Australian Construction Handbook) 2023 as a base resource. The next full valuation is planned for 30 June 2025.

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.

Council have applied an index of 14.94% as at 30 June 2023, using the Rawlinson's (Australian Construction Handbook) 2023 as a base resource. The next full valuation is planned for 30 June 2025.

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 in 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 2023 (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) 2023, 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.

Notes to the Financial Report For the Year Ended 30 June 2023

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	18,094	Condition, useful and remaining life, and unit rates	Condition 0 - as new to condition 6 - unserviceable Refer to note 3.4 for useful life	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	175,275		Condition 0 - as new to condition 6 - unserviceable Refer to note 3.4 for useful life	
Bridges	13,907		Condition 0 - as new to condition 6 - unserviceable Refer to note 3.4 for useful life	
Stormwater	51,216		Condition 0 - as new to condition 6 - unserviceable Refer to note 3.4 for useful life	
Land improvements	10,587		Condition 0 - as new to condition 6 - unserviceable Refer to note 3.4 for useful life	
Investment in water corporation	25,230	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).

(f) Valuation processes

Council's current policy for the valuation of property, infrastructure, plant and equipment, investment in water corporation and investment property (recurring fair value measurements) is set out in notes 5.1, 6.1, and 6.3 respectively.

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

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

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

Council borrowings are measured at amortised cost with interest recognised in Statement of Comprehensive Income when incurred. The fair value of borrowings disclosed in note 8.1 is provided by Tascorp (level 2).

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

Note 9.11 Events occurring after balance date

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

Notes to the Financial Report For the Year Ended 30 June 2023

Note 10 Other matters Note 10.1 Related party transactions

(i) Councillor Remuneration 2023

Name	Position	Period	Short term employee benefits		Expenses ¹	Total allowances and expenses section 72
			Allowances	Total compensation AASB 124		
			\$	\$	\$	\$
K Vincent	Mayor	Full Year	57,867	57,867	1,201	59,068
N Reynolds	Deputy Mayor (To 31/10/2022) & Councillor	Full Year	21,676	21,676	234	21,912
C Wooley	Deputy Mayor	From 1/11/2022	21,703	21,703	618	22,321
M Brown	Councillor	From 1/11/2022	11,131	11,131	150	11,280
S Campbell	Councillor	From 1/11/2022	11,131	11,131	1,018	12,149
K Degraess	Councillor	To 31/10/2022	5,409	5,409	75	5,484
V Gala	Councillor	To 31/10/2022	5,409	5,409	164	5,573
J Gatehouse	Councillor	From 1/11/2022	11,131	11,131	-	11,131
G Jackson	Councillor	To 31/10/2022	5,409	5,409	62	5,471
M Le Roux	Councillor	From 1/11/2022	11,131	11,131	386	11,517
B Nichols	Councillor	To 31/10/2022	5,409	5,409	212	5,621
M Reed	Councillor	Full Year	16,540	16,540	702	17,242
C Torenus	Councillor	Full Year	16,540	16,540	468	17,008
Total			200,505	200,505	5,300	205,806
Councillor remuneration 2022						
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 Degraess	Councillor	Full Year	16,110	16,110	322	16,432
D De Williams	Councillor	Full Year	16,110	16,110	-	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

¹ Section 72(1)(b) of the Local Government Act 1993 requires the disclosure of expenses paid to Councillors. Expenses in the 2021-22 and 2022-23 financial year are for travel.

Note 10.1 Related party transactions (continued)

(ii) Key management personnel remuneration 2023

Name	Position	Period	Remuneration band	Short term employee benefits			Post employment benefits		Total
				Salary ¹	Vehicles ²	Other allowances and benefits ¹	Superannuation ¹	Non-monetary benefits ³	
				\$	\$	\$	\$	\$	\$
R Higgins	General Manager	Full Year	\$260 001 - \$280 000	216,477	24,882	-	31,410	(5,328)	267,540
R Fox	Director, Service Delivery ⁴	Full Year	\$200 001 - \$220 000	159,773	20,721	-	23,024	1,052	204,570
J Hitchen	Director, People & Performance ⁴	Full Year	\$150 001 - \$180 000	126,778	22,538	-	18,234	2,098	169,648
Sub-total				503,028	68,241	-	72,668	(2,178)	641,759
Total				503,028	68,241	-	72,668	(2,178)	641,759

Notes to the Financial Report For the Year Ended 30 June 2023

Note 10.1 Related party transactions (continued) (ii) Key management personnel remuneration (continued)

Key management personnel remuneration 2022				Short term employee benefits			Post employment benefits	Non-monetary benefits ²	Total
Name	Position	Period	Remuneration band	Salary ¹	Vehicles ³	Other allowances and benefits ⁴	Superannuation ⁵		
				\$	\$	\$	\$	\$	\$
R Higgins	General Manager	Full Year	\$250 001 - \$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 Hinchen	Manager Human Resources, Customer & Community Services	Full Year	\$140 001 - \$160 000	122,491	19,610	-	17,609	(1,578)	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

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

² Includes total cost of providing and maintaining vehicles provided for private use, including registration, insurance, fuel and other consumables, maintenance costs, fringe benefits tax and parking (including notional value of parking provided at premises that are owned or leased and fringe benefits tax).

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

⁴ Superannuation means the contribution to the superannuation fund of the individual. Superannuation benefits for members of a defined benefit scheme were not applicable to any of the key management personnel for the 2021-22 and 2022-23 financial years.

⁵ Non-monetary benefits include annual and long service leave movements and non-monetary benefits (such as housing, subsidised goods or services etc).

⁶ An organisational restructure occurred during the 2022-23 financial year, resulting in a change to key management personnel position names.

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 2023

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 2022-23 financial year Council maintained an ownership interest of 24% (2021-22, 24%).

All transactions between Council and Southern Waste Solutions during the 2022-23 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 2022-23 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>
<i>Council expense - waste disposal fees</i>	\$189,314	Accounts Payable - Nil	30 day invoice terms
<i>Council income - Copping Refuse Disposal Site land rental</i>	\$81,510	Accounts Receivable - \$6,793	In accordance with the signed lease agreement, the Copping Refuse Disposal Site land valuation and Council's ownership interest
<i>Council income - Copping Refuse Disposal Site 2022-23 land tax</i>	\$19,562	Nil	In accordance with the signed lease agreement.
<i>Council income - Council's share of CRDSJA's 2022-23 profit share</i>	\$12,470	Nil	In accordance with the signed lease agreement and Council's ownership interest
<i>CRDSJA income tax equivalents received by Council and reinvested in CRDSJA</i>	\$228,729	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 2023

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	\$10,650	Accounts Payable - Nil	30-day terms on invoices	Nil	Nil
SERDA contributions ²	\$0	Accounts Payable - Nil	30-day terms on invoices	Nil	Nil
SERDA expenditure reimbursements ³	\$27,322	Accounts Receivable - Nil	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 Council's Mayor. 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 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 2022-23 financial year, with a total balance of \$1,553,100 at 30 June 2023. This balance made up 8% of Council's total cash, cash equivalents and investments as at 30 June 2023. 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 2022-23 financial year were made in accordance with Council's Investment Policy.

Council's Mayor is the Chairman on the Board of Business and Employment Southeast Tasmania Inc. (BEST). BEST provides Council free social media advertising for recruitment purposes. Note this service is not exclusive to Council, all customers of BEST receive this free service.

(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 2023 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

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 2023

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.

(i) AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.

This Standard modifies AASB 13 *Fair Value Measurement* for application by not-for-profit public sector entities such as Council. It includes authoritative implementation guidance when fair valuing non-financial assets, not held primarily for their ability to generate cash inflows. This includes guidance and clarification regarding the determination of an assets highest and best use, the development and use of internal assumptions for unobservable inputs and allows for greater use of internal judgements when applying the cost approach in the measurement and determination of fair values. Although Council is yet to fully determine the impact of this standard, the changes will be evaluated in the future assessment of all property and infrastructure assets measured at fair value. The Standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

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

Note 10.4 Significant business activities

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

Recreational Vehicle (RV) park

During the 2018-19 financial year the Office of the Tasmanian Economic Regulator (OTTER) wrote to Council concerning Council's Recreational Vehicle (RV) park and a complaint that Council is contravening the competitive neutrality principles by providing low cost RV camping services in Sorell. OTTER originally proposed that this was a significant business activity of Council, however Council have challenged this and the determination has been referred to the Treasurer for further consideration. Council are currently waiting to hear back from the Treasurer and as at 30 June 2023 had not been provided with a determination from the Treasurer.

Note 10.5 Management indicators

	Benchmark	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000
(a) Underlying surplus or deficit					
Net result for the year		8,663	13,268	6,886	7,153
Less non-operating income					
Capital grants		2,108	7,860	4,598	1,277
Contributions - non-monetary assets		2,803	2,434	1,212	5,298
Net gain/(loss) on disposal of property, infrastructure, plant and equipment		(1,133)	(36)	-	-
Net gain/(loss) on de-recognition/recognition property, infrastructure, plant and equipment		16	33	80	-
Share of net profits/(losses) of associates and joint ventures accounted for by the equity method		1,185	592	-	-
Fair value adjustments for investment property		182	-	38	9
Commonwealth Financial Assistance Grant received in advance		828	829	(131)	159
Add non-operational expenses		-	-	-	-
Underlying surplus/deficit	> \$0	2,673	1,555	1,089	410

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>		2,673	1,555	1,089	410
Recurrent income*		22,895	21,179	19,890	18,974
Underlying surplus ratio %	> 0%	12%	7%	5%	2%

*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 2023 further demonstrates financial operating effectiveness.

(c) Net financial liabilities

Liquid assets**	19,521	16,297	15,164	11,811
Less total liabilities	7,838	8,509	10,190	6,057
Net financial liabilities	11,683	7,788	4,974	5,754

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.

**Liquid assets	Note				
Cash and cash equivalents	4.1	7,039	10,102	6,072	4,469
Investments	4.3	11,388	5,310	5,282	6,891
Other	6.5	334	442	224	40
Trade and other receivables - current - not yet due	9.9 (d)	196	288	3,582	402
Trade and other receivables - current - past due by up to 30 days	9.9(d)	564	155	4	9
		19,521	16,297	15,164	11,811

Note 10.5 Management indicators (continued)

Benchmark

2023
\$'000

2022
\$'000

2021
\$'000

2020
\$'000

(d) Net financial liabilities ratio

Net financial liabilities

11,683

7,788

4,974

5,754

Recurrent income*

22,895

21,179

19,890

18,974

Net financial liabilities ratio %

0% - (50%)

51%

37%

25%

30%

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

A positive result for Council in 2023, 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.

Transport infrastructure

Fair value (carrying amount)

189,182

167,913

164,895

163,517

Current replacement cost

300,139

266,055

260,866

258,000

Asset consumption ratio %

> 60%

63%

63%

63%

63%

Buildings

Fair value (carrying amount)

18,094

18,627

19,052

19,039

Current replacement cost

21,628

22,028

21,951

24,986

Asset consumption ratio %

> 60%

84%

85%

87%

76%

Stormwater

Fair value (carrying amount)

51,215

49,947

42,457

41,735

Current replacement cost

69,811

67,805

57,019

55,726

Asset consumption ratio %

> 60%

73%

74%

74%

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.

Transport infrastructure

Projected capital funding outlays***

49,679

46,372

48,875

51,303

Projected capital expenditure funding****

46,464

44,158

46,550

50,321

Asset renewal funding ratio %

90-100%

107%

105%

105%

102%

Buildings

Projected capital funding outlays***

13,067

11,208

12,103

12,909

Projected capital expenditure funding****

13,489

11,640

12,530

13,177

Asset renewal funding ratio %

90-100%

97%

96%

97%

98%

Stormwater

Projected capital funding outlays***

10,992

10,455

8,902

9,513

Projected capital expenditure funding****

11,633

11,041

9,492

9,762

Asset renewal funding ratio %

90-100%

94%

95%

94%

97%

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

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

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

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

Note 10.5 Management indicators (continued)

Benchmark

	2023	2022	2021	2020
	\$'000	\$'000	\$'000	\$'000
(g) Asset sustainability ratio				
<u>Capex on replacement/renewal of existing assets</u>	3,963	4,586	4,800	4,925
Annual depreciation expense	5,289	5,166	5,229	5,153
Asset sustainability ratio %	100%	75%	89%	92%

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 2022-23 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 2023-24 financial year.

	Capital renewal expenditure	Capital new /upgrade expenditure	Total capital expenditure
2023	\$'000	\$'000	\$'000
By asset class			
Transport infrastructure	3,506	996	4,502
Stormwater	67	871	937
Land and buildings	34	779	813
Other	355	176	531
Total	3,963	2,821	6,783
2022			
By asset class	\$'000	\$'000	\$'000
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

Certification of the Financial Report

The financial report presents fairly the financial position of the Sorell Council as at 30 June 2023 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: 28/9/2023

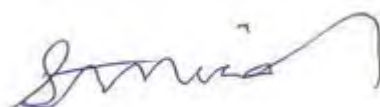
Management Certification of the Financial Report

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 2023 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



Scott Nicol
Manager Finance
Date: 28/9/2023



Independent Auditor's Report

To the Councillors of 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 2023 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 signed 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 2023 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, nor 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
Fair value of property and infrastructure assets <i>Refer to notes 6.1 and 9.10</i>	
<p>At 30 June 2023, 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 formation earthworks, valued at fair value totalling \$296.46 million. The fair values of these assets are based on market values and current replacement costs.</p> <p>Council undertakes revaluations on a regular basis to ensure valuations represent fair value. In between valuations, Council considers the application of indexation to ensure the carrying values reflect fair values.</p> <p>During 2022-23, Council undertook a full revaluation of land improvement assets. Indexation was applied to buildings, road, bridges, footpaths and cycleways, other transport infrastructure, and formation earthworks assets.</p> <p>In determining the fair values, Council exercised significant judgement and the valuations are highly dependent on a range of assumptions and estimates.</p>	<ul style="list-style-type: none"> Assessing the scope, expertise and independence of the experts engaged to assist in the valuations. Evaluating the appropriateness of the valuation methodologies applied to determine fair values. Critically assessing assumptions and other key inputs into the valuation model. Testing, on a sample basis, the mathematical accuracy of the valuation model calculations. Reviewing management's approach to revaluations to ensure that carrying amounts remain fairly presented. Evaluating indexation applied to assets between formal valuations. Evaluating the adequacy of disclosures made in the financial report, including those regarding key assumptions.

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
Delegate of the Auditor-General
Tasmanian Audit Office

28 September 2023
Hobart



Community. Coast. Country.



47 Cole Street, Sorell TAS 7172
PO Box 126, Sorell TAS 7172
P: 6269 0000
E: sorell.council@sorell.tas.gov.au
www.sorell.tas.gov.au