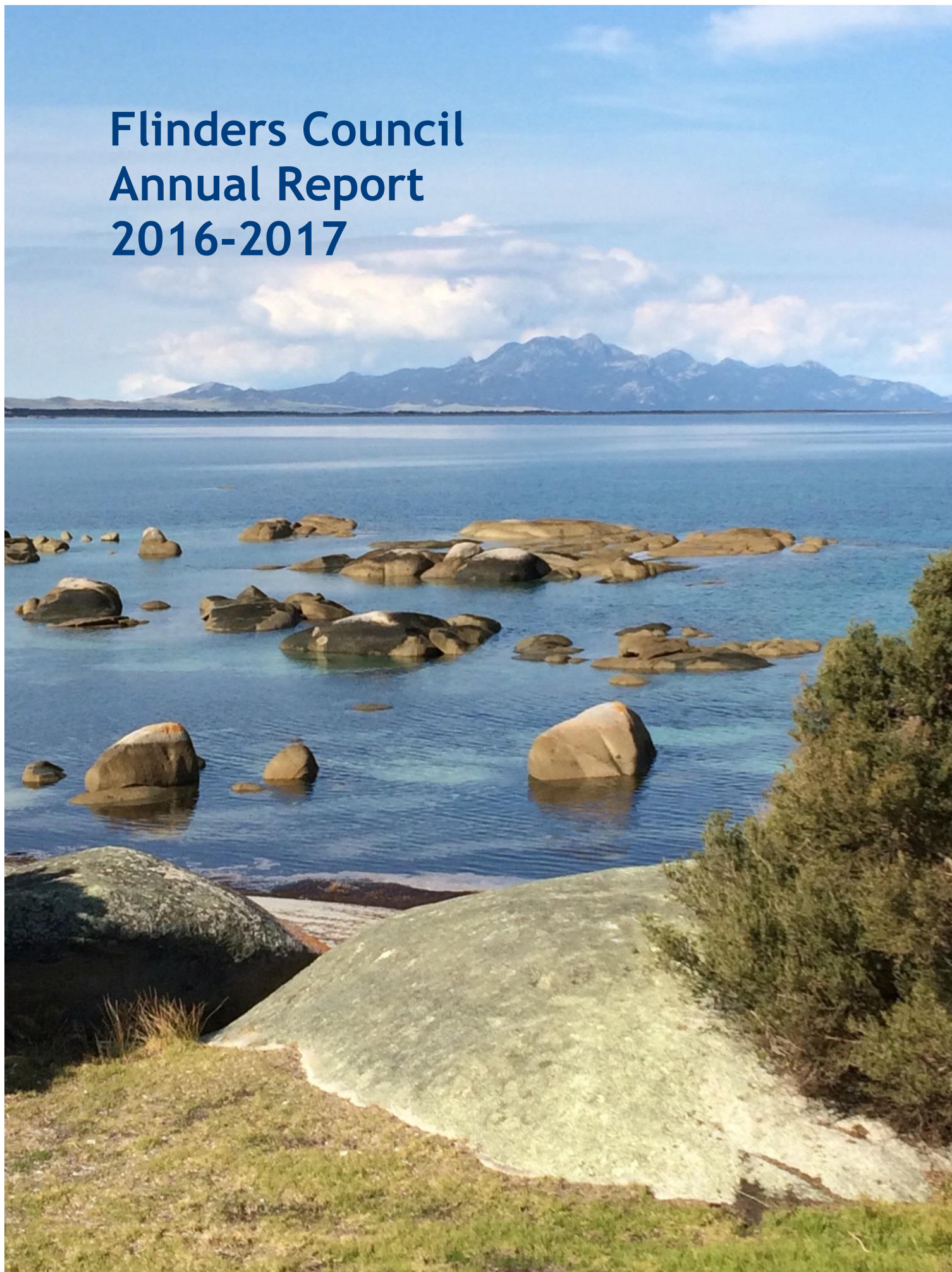


Flinders Council Annual Report 2016-2017





CONTENTS

	Page
STRATEGIC OBJECTIVES	4
STRATEGIC FOCUS AREAS.....	5
FLINDERS COUNCIL	7
COUNCILLOR MEETING ATTENDANCE	9
COMMUNITY AND COMMITTEE REPRESENTATION.....	10
COUNCIL COMMITTEE ATTENDANCE	11
ORGANISATIONAL CHART	12
MANAGEMENT	13
THE YEAR IN REVIEW.....	14
MAYOR'S REPORT.....	15
GENERAL MANAGER'S REPORT	18
LEGISLATIVE REQUIREMENTS	19
FINANCIAL OUTCOMES AT A GLANCE	19
PROGRESS ON 2016-2017 ANNUAL PLAN ACTIONS	19
FINANCIAL REPORT	19



STRATEGIC OBJECTIVES

Flinders Council's Vision

To retain our lifestyle and unique landscapes through positive leadership that encourages innovation, population growth, asset attraction, partnerships, and improved health and wellbeing for our Community.

Our Mission

To provide leadership, services and support which contribute to the wellbeing and sustainability of the Furneaux Community and its environment.

Our Core Values

Flinders Council has designed its strategies by carefully considering the match between the Municipality's current characteristics and the future ambitions, underlying values and desired characteristics identified by the Community over a number of years. From this Council has refined its focus and how it can best deliver services and support to progress these needs and ambitions. Using a local/regional development approach, Council has sought to define how it can best focus and apply its resources to:

- effectively deliver essential services and legislative obligations;
- provide a framework of plans and policy that assists the Community to progress; and
- play a beneficial problem solving and opportunity realisation role, as appropriate.

Each of Council's programs is designed to help us progress as a community and achieve important outcomes. Council has defined five program areas that, in combination, contribute to Flinders' preferred future. They are our Strategic Focus Areas.



STRATEGIC FOCUS AREAS

Population Growth

Focusing on strategies, projects and policy initiatives that support the Community, economic development and investment attraction.

Infrastructure and Services

An Islands' specific approach to planning and delivery to ensure community and environmental values are maintained.

Access and Connectivity

Work with service providers and other relevant stakeholders to improve security, reliability and cost effectiveness.

Strategic, Efficient and Effective Organisation

Responding to risks and opportunities.

Livability

Protect, improve and promote the health and wellbeing of the Islands' communities.



COUNCIL SERVICES

Council Office

4 Davies Street Whitemark TASMANIA 7255

Office Hours

Monday to Friday 9.00am - 4.30pm

P: (03) 6359 5001

F: (03) 6359 2211

E: office@flinders.tas.gov.au

Postal Address

All Correspondence to the General Manager

PO Box 40

Whitemark TASMANIA 7255

After Hours Emergencies

Works & Services Manager

M: 0427 592 069

Airport

Palana Road, Whitemark TASMANIA 7255

Weekdays 8.00am - 4.30pm

P: (03) 6359 2144

F: (03) 6359 2145

E: airport@flinders.tas.gov.au

Works Depot

21 Patrick Street, Whitemark TASMANIA 7255

Monday to Friday 8.00am - 5.00pm

P: (03) 6359 5020 / 5021

F: (03) 6359 2069

Visitor Information Centre

4 Davies Street, Whitemark TASMANIA 7255

Monday to Friday 9.00am-4.30pm

P: (03) 6359 5002

F: (03) 6359 2211





FLINDERS COUNCIL

Flinders Council is represented by seven Councillors and is led by the Mayor and the Deputy Mayor. The Council is elected to represent the Community and its aspirations and needs. The Council is authorised by the *Local Government Act 1993*, as amended, to make a broad range of decisions. The scope of the Council's responsibilities includes:

- the allocation of resources and the determination of funding priorities;
- policy determination and the establishment of corporate goals and objectives;
- reviewing and monitoring performance of the Council management structure and team;
- overall performance of the corporate body; and
- reporting to and liaising with the Community.

Your Councillors



Cr Gerald
Willis

Cr Chris
Rhodes

Cr David
Williams

Mayor
Carol Cox

Cr Ken
Stockton

Deputy Mayor
Marc Cobham

Cr Peter
Rhodes



Council Meetings

Ordinary Meetings of Council are usually held on the third Thursday of each month. Meetings commence at 1.00 pm and are open to the public. A list of Ordinary Meeting dates for the year ahead is available from Council Offices after the November meeting each year.

Councillor Allowances

In 2016-17 the Council provided the following allowances and reimbursements for reasonable expenses to the Mayor, Deputy Mayor and Councillors:

ALLOWANCES:	\$93,199
EXPENSES:	\$ 5,343





COUNCILLOR MEETING ATTENDANCE

Ordinary Council Meetings

Date	Mayor C Cox	Deputy Mayor M Cobham	Cr C Rhodes	Cr P Rhodes	Cr K Stockton	Cr D Williams	Cr G Willis
14.07.16	√	√	√	√	√	√	√
18.08.16	√	√	√	X	√	√	√
22.09.16	√	X	√	√	√	√	√
20.10.16	√	√	√	√	√	√	√
17.11.16	√	√	√	√	X	√	√
15.12.16	√	√	√	√	√	√	√
19.01.17	√	√	X	√	√	√	X
16.02.17	√	√	√	√	√	√	√
23.03.17	√	√	√	√	√	X	√
20.04.17	√	√	√	√	√	√	√
18.05.17	√	√	√	√	X	√	√
15.06.17	√	√	√	√	√	√	√
Totals	12	11	11	11	10	11	11

Special Meetings

Date	Mayor C Cox	Deputy Mayor M Cobham	Cr C Rhodes	Cr P Rhodes	Cr K Stockton	Cr D Williams	Cr G Willis
01.08.16	√	√	√	X	√	√	√
06.10.16	√	√	√	√	√	√	√
04.11.16	√	X	X	√	X	√	√
09.11.16	√	√	√	√	X	√	√
Totals	4	3	3	3	2	4	4

Annual General Meeting

Date	Mayor C Cox	Deputy Mayor M Cobham	Cr C Rhodes	Cr P Rhodes	Cr K Stockton	Cr D Williams	Cr G Willis
15.12.16	√	√	√	√	√	√	√
Totals	1	1	1	1	1	1	1



COMMUNITY AND COMMITTEE REPRESENTATION

Special Committees

Furneaux Community Health Special Committee	Cr G Willis (Chair) and Mayor C Cox
Furneaux (Emita) Hall and Recreation Ground Special Committee	Cr M Cobham (Chair)
Furneaux Group Aviation Special Committee	Mayor C Cox (Chair), Cr P Rhodes and Cr K Stockton
Furneaux Group Shipping Special Committee	Mayor C Cox (Chair), Deputy Mayor M Cobham and Cr P Rhodes
Lady Barron Hall & Recreational Special Committee	Cr D Williams (Chair)

Council Committees

General Manager's Performance Review Committee	Mayor C Cox (Chair), Cr K Stockton and Cr G Willis
Ideas and Innovations Committee	Cr G Willis (Chair), Cr C Rhodes, Cr P Rhodes and Cr K Stockton

Legislated Committees

Flinders Council Audit Panel	Cr K Stockton and Cr G Willis (01.07.16 - 23.03.17 at which time Councillors' roles on the Audit Panel ceased)
Municipal Emergency Management Committee	Mayor C Cox

Local Government Organisations

Local Government Association of Tasmania	Mayor C Cox, Deputy Mayor M Cobham and General Manager B Boehm
Northern Tasmanian Development (01.07.16 – 30.12.16) / Northern Tasmanian Development Corporation (01.01.17 – 30.06.17) Representative	Mayor C Cox and General Manager B Boehm
OTTER Customer Consultative Committee - Office of the [Tasmanian] Economic Regulator	Cr P Rhodes
TasWater Owners' Representative	Cr G Willis

Community Organisations

Clean Up Australia Day	Cr P Rhodes and Cr K Stockton
Flinders Island District High School Association	Cr P Rhodes
Flinders Island Tourism and Business Incorporated	Cr G Willis (14.07.16 – 30.06.17)



COUNCIL COMMITTEE ATTENDANCE

General Manager's Performance Review Committee

Date	Mayor C Cox	Cr K Stockton	Cr G Willis
12.04.17	√	√	√
26.06.17	√	√	√
Totals	2	2	2

Ideas and Innovations Committee

No meetings were held during the year.





ORGANISATIONAL CHART

Mayor & Councillors

General Manager^{^*}

Community Economic Development	Corporate Services	Development Services	Governance	Works & Services
Business Tourism Youth Community Arts Events Community Health Communications	Finance Rates Debtors Creditors Human Resources Customer Service Staff Health & Wellbeing WH&S Halls	Building Planning Environmental Health Special Projects	Governance Support Communications Records Management Funerals	Roads Streets Waste Management Parks Reserves Airport Buildings Special Projects
Community Development Officer (3) Casual program delivery staff on as need basis	Corporate Services Manager^{^*} Corporate Services Officer* Corporate Services Officer Services Coordinator Finance Officer Receptionist (2) Cleaner (Casual)	Strategic Planner Projects Officer Development Services Coordinator Environmental Health Officer Projects Officer*	Executive Officer Funeral Director	Works & Services Airport Manager^{^*} Works Foreman* Workshop Coordinator* Works Officers (5)* Airport Reporting Officer* Airport Reporting Officer Works Airport Reporting Officer (Casual)

[^] Senior position as designated by Council for remuneration reporting.

* Full time position. Balance part-time / casual.

Several Works Officers are also trained as Airport Reporting Officers and assist on an as needs basis.

Staff are interactive and work over a number of areas.



MANAGEMENT

Council's functions are performed by a small collection of interactive staff in a range of full and part time roles. Overall, all staff operate collegiately with a Senior Management Team in place to guide Council's operation.

Governance

General Manager: Raoul Harper (01.07.16 – 05.07.16) (on leave)

Acting General Manager: Sophie Pitchford (01.07.16 – 02.01.17)

General Manager: Bill Boehm (03.01.17 – 30.06.17)

Corporate Services Manager: Sophie Pitchford

Community Economic Development

Manager: Jana Harper (01.07.16 – 22.07.16)

Officers: Stacey Wheatley & Claire Nicholl

Planning Development

Strategic Planner: Robyn Cox

Development Coordinator: Jacci Viney

Works & Services

Works & Services Manager: Brian Barnewall

Airport Manager: Vacant (01.07.16 - 09.08.16)

Acting Airport Manager: Ben Foot (10.08.16 - 18.05.17)

Airport Manager: Brian Barnewall (19.05.17 – 30.06.17)



THE YEAR IN REVIEW

The following reports have been prepared in accordance with the requirements of the *Local Government Act 1993*. The matters reported are to a large extent prescribed in the Act. The reports relate to Council's Annual and Strategic Plans and refer to the Financial Year ending 30th June 2017, providing an overview of Council's operations and achievements during this period.





MAYOR'S REPORT



The 2016-17 year was a difficult one for Council, with many stress points and pressures throughout the year and I would like to say from the onset of this report that I am extremely proud of and owe a deep gratitude to the staff for continuing the business of Council and for making sure the vital actions occurred during the period of transition between General Managers, even when short staffed.

The selection process for a General Manager was triggered in early July 2016, with the departure of then General Manager, Raoul Harper. It was an intensive process that involved all Councillors, with some input from staff as to their wishes for the characteristics they would like to have in their boss. There was a great deal of interest in the position and through an intensive and supportive process run by the Searchlight Group, including on-island interviews with short listed applicants, Mr Bill Boehm was unanimously approved to fill the position and began with Council on the 3rd of January 2017.

A huge thank you to Sophie Pitchford for capably filling the role of Acting General Manager for the first half of this year. This was a difficult period for Council, with the Community Economic Development Manager also resigning early in July, leaving Council short staffed, and I thank Sophie for making responsible employment decisions and, with the aid of her staff, keeping the wheels turning and projects rolling.

It was during this period that Council joined with others in a consortium, led by the Royal Flying Doctor Service (RFDS),

to apply for primary health funding under the new tendering regime. This funding, although short term (18 months), has enabled Council to engage the services of a Rural Health Worker, Mental Health Worker and a Physical Health Worker.



Council also took advantage of the state government's Northern Economic Stimulus Package to borrow, interest free, \$1.4 million to bring forward infrastructure projects identified in the long term asset management plan to be undertaken within the next 5 years. The stabilisation trial of our gravel roads, especially the Coast and Port Davies Roads, was undertaken this year under this project. Other projects will be brought forward to be undertaken in the next financial year.

Poor telecommunications has long been identified as a problem for the islands. A state election funding commitment to Council by the Liberal Party in 2014 enabled the initial feasibility study from which was born the Flinders and Cape Barren Islands Telecomms Transformation Project.



I thank Council's previous General Manager, Raoul Harper, for doing the ground work following on from the feasibility study and for forging the partnership of Council, Telstra and the state government, which enabled Council to make a strong application for federal funding to the National Stronger Regions Fund. I thank Bill for taking on board the information Sophie had gathered in late 2016 on the reasons for the failure of that grant application and, with Council's support and funding, resubmitting the grant application to the Building Better Regions Fund.

I must thank all involved for whilst not known in this financial year, this grant application was successful and work began on the project in the 2017-18 year. Given the size of the grant, \$7.9 million of the \$11 million dollar project, I must thank the state government and Telstra for their respective contributions of \$350,000 and \$1.8 million and recognise the skill involved of all who contributed to making the mammoth and detailed application. Council's commitment of \$770,000 to the project is testament to the Council's view that this infrastructure development is vital to the future of the islands. I would also like to thank our political representatives who across the board gave support to this project, in whatever capacity they were able.

2016-17 was a municipal revaluation year and Council took the opportunity to review the rating system used and to move to a Capital Value based rate calculation whilst also introducing a Fixed Charge and removing the Waste Management Levy. The transition went smoothly and with the number of property sales increasing on the Island, and housing, or lack thereof, being a major issue, Council's rate base is set to grow. The census held in August 2016 confirms what has been felt by local businesses over recent times and that is that the Island's population is growing. A 17% increase in the municipal population was recorded over the period between the two censuses (from 773 to 906); this is against state predictions of a nil or very

small increase in population over that period and into the future.

Waste has long been an issue for Council for some time, with regulations becoming more and more stringent around the use of landfill and costs escalating. This year Council initiated the process of Early Contractor Involvement for Council to work with an experienced waste handling entity to try to determine an efficient, practical and economically viable method of solid waste handling that would keep the waste volume going to landfill as low as possible, and that would bring our landfill site up to a standard acceptable to the Environmental Protection Agency. This is no easy task and the project is ongoing.

Council consolidated its gravel supply for road making through the purchase of a property incorporating the quarry known as "Cannes Hill" at a cost of \$530,000. The Cannes Hill gravel quarry is strategically important in servicing the southern part of the Island and is now complemented by the Lughrata Quarry in the north.

The Lady Barron Hall upgrade to include an extension for a community gym/fitness area was completed. The new gym, kitchen and other improvements to the Lady Barron Memorial Hall have been largely as a result of the hard work and dedication of the community members and the executive of the Lady Barron Hall & Recreational Special Committee of Council. The gym is now operating on a buddy basis. I want to thank the staff for the many induction sessions provided to enable as many community members as possible to make use of this great facility.





The Furneaux (Emita) Hall, since its upgrade, has become a hub for family and community activity in that area and the Flinders Arts and Entertainment Centre is well utilised by the Community with the audio/visual capabilities enabling a variety of artistic events to occur.



The Citizen of the Year award is recognition by the Community of a person who gives of their time freely and generously for community benefit. This year the persons nominated by community and selected by Council to receive this award gracefully declined, wishing instead that the greater mass of volunteers who help out in any way be recognised for the part they play in making this community so great, so friendly and so supportive in time of need. The 2016 award is dedicated to the members of our local ambulance, SES and fire services and the many more people who help and support their fellow community members in so many unique ways. It is second nature to members of this community to give freely of time and money to assist others. To all volunteers, thank you; Council recognises that its role is made so much easier through the actions of you as a caring and giving community.

Resource sharing and voluntary amalgamation is still on the state government's agenda and Flinders Council has joined with other northern councils in a benchmarking exercise and study into resource sharing options between the northern councils. Flinders Council already utilises the resources of other Councils to provide services that it is not viable for Council to employ individual

staff to do, such as in the planning and building permit area.

On island resource sharing is growing with Hydro Tasmania, TasWater and the Flinders Island District High School communicating and sharing opportunities for staff training and professional development.

Prior to the end of this year legal matters relating to General Manager, Raoul Harper's, departure from Council were resolved to the satisfaction of both parties. I thank Raoul for the 6 plus years he invested in the job and the Flinders Municipality and wish him well in his future endeavours.

Flinders Council, through the elected members, Acting General Manager, current General Manager and staff, have worked through the tough 2016-17 year, with the ratepayers and the Community in mind, to keep this Council as a productive, compliant and effectively operating entity, proving it can continue to provide for the Community it serves.



There are many achievements I have not covered, and I encourage you to read the rest of the Annual Report for a full picture of the operations of the Council.

Again, thank you to all and I look forward as your Mayor to dealing with the challenges and opportunities that the 2017-18 year will bring.

Carol Cox
Mayor





GENERAL MANAGER'S REPORT



Since commencing my term as General Manager in January 2017, I have been delighted to be part of an excellent team of Councillors and staff who care greatly about the Community and try extremely hard to balance many divergent needs whilst operating on a small income base.

The Annual Report presents the extent to which strategies, as outlined in our Strategic Plan, have been addressed for the financial year. The Strategic Plan is a statement of Council's agreed direction. In a small but diverse organisation such as ours, the Strategic Plan is an important policy document that guides how best to apply limited resources to meet the expectations of our Community.

In delivering on the directions outlined in the Strategic Plan, Council sets an Annual Plan that provides details of programs, their strategies and performance measures, while the Annual Budget determines how these operations will be financed. The Annual Report presented is the culmination of both the planning and reporting cycles of Council and provides an opportunity to outline to the Community the efforts of staff and Councillors for the past year.

There are many actions that have been undertaken during the year, reported elsewhere in the Annual Report, and I encourage all to view this summary. Punching above our weight is the norm and I am pleased to be able to present an overall snapshot of some of these activities and achievements.

Infrastructure

Council continued its focus on improved infrastructure development and asset renewal as a core feature.

In 2015/16, the purchase of a new bitumen truck and automated spreader boxes proved to be very cost effective and allowed for more precise management of bitumen and aggregate quantities as a completely in-house operation. This led to a significant decrease in the costs of bituminous sealing leading to an expanded seal / reseal roads program of some 21.5km in 2016/17 with Council's short Airport runway 05/23 also being resealed. Council also undertook cement / lime stabilisation of sections of failed sealed road and applied this treatment to 2.8km of gravel road thereby allowing, for the first-time in over 20 years, an extension of the length of Council's rural sealed road network; a major transformation for our small island.



Importantly foam bitumen stabilisation was also trialled on 5000sqm of our Airport runway in early March 2017 with excellent results. This rectified most of the problematic areas of long runway 14/32 and not only meant greater surety for air



services travelling to Flinders Island but provided a potential realistic, cost effective option for reconstruction of the runway in the not too distant future.

Community Economic Development

While infrastructure and investment are significant contributors to the Island's economic sustainability and future prosperity, it is the Community and people of the Islands that are our greatest assets. During the year Council continued to deliver a range of projects to support the Community. Council's efforts in community economic development continue to be an important supportive feature.

The Lady Barron Hall upgrade was completed during the year after considerable work by staff and the Lady Barron Hall Special Committee of Council. During this redevelopment Community Development staff were instrumental in facilitating and modernising the operational management of the Lady Barron Fitness Facility. With the facility now open it is supporting the delivery of activity based programs by others in the Community.

Community Development staff also worked with community groups, businesses and organisations to foster and support a number of cultural activities including collaborating with the Flinders Island Aboriginal Association Inc. (FIAAI) to participate in and support the NAIDOC week celebrations during the Winter School Holiday Program, working closely with FIAAI and the Flinders Island Branch of Tas Regional Arts (TRA) to deliver live entertainment, comedy, performing arts and dance as a part of the Furneaux Islands Festival 2017, and sponsoring and supporting local events such the delivery of the 10 Days on the Island event and the CROON Royal Flying Doctor Service fundraising concerts.



A key feature of Council is the proactive way we work with and assist divergent numbers of community groups and organisations in a general support sense, through reductions in facility hire fees and through community grants for specific initiatives. Council staff are also actively involved in regularly supporting the Flinders Island Tourism and Business Inc. (FITBI). Support for the sub-committee of TRA and assisting in their investigation of incorporation as a result of the demise of their Tasmanian parent organisation, resulted in the identification of appropriate insurance, incorporation and a name change.

In 2016/17, FITBI produced a four-year Flinders Island Brand and Marketing Strategy with funding assistance from an election commitment grant to Flinders Council. The Marketing Strategy provides a set of marketing tools, strategies and actions that will deliver improved recognition of the Furneaux Islands and boost investment in Flinders Island products, services and experiences specifically.





Strategic Policy Planning and Development

Some of the more passive but extremely important work undertaken involves a range of strategic policy and planning activities in various areas. In part, this includes ensuring that Council operates in a fair, transparent and equitable manner through development of sound policies but also acts strategically. In many cases final outcomes in relation to projects will be achieved in subsequent years but during 2016/17 a number of significant actions were progressed.

The application for grant funding Council made last financial year to the Federal Government Stronger Regions Fund for a major telecommunications upgrade was not successful. Council agreed to resubmit an amended application under the Better Regions Infrastructure Program. A separate application for a Flinders Business Economic and Social Structural Review was also submitted. At the end of 2016/17 Council was awaiting the outcome, although at the time of preparing this report, both were successful.

A final Draft Masterplan & Business Case for the Flinders Island Sports and RSL Club redevelopment was presented to Council along with representatives of the Sports and RSL Club. Council adopted the Masterplan in principle. Further implementation is subject to grant funding but in the meantime, to assist this development and that of Whitemark generally, an associated flood study and wave inundation investigation was commissioned alongside a Structure Plan to guide development in Whitemark.

Burbury Consultants was engaged to prepare a business case for a Safe Harbour development at Lady Barron. An Inception and Site Assessment Report was prepared early in the year with the draft Business Case being received in late June with finalisation early in 2017/18. This project promises to be transformational for the development of the Island.



Work continues on the transition in waste management with a view to having kerbside collection and contracted management of the Whitemark landfill site, including GCL lined putrescible cells, recycling streams and environmentally compliant leachate collection systems. Potential Expressions of Interest and ultimate tenders will be finalised in 2017/18.

Work on the Flinders Planning Scheme Structure Plan has identified liveability outcomes related to open space and public access, scenic quality, hazard management and sustainable development. The Land Use Table (draft zoning strategy) exhibited with the Structure Plan is the basis for the Local Provisions Schedule (LPS) and illustrates how each locality will reflect liveability objectives in either a Specific Area Plan, Specific Area Qualification or Particular Purpose Zone in the new scheme. No LPS can be completed until the State Planning Scheme has been declared. Final alterations are expected in 2017/18.

During the year, in part through changes to staff arrangements at the Airport, a systematic holistic approach to the redevelopment of the Airport commenced including consideration of potential redevelopment of the terminal, development of commercial and private hangars, fees and charges, and fuel facility management. Significant local stakeholder consultation has been undertaken with more definitive plans expected in 2017/18.



Whilst as a matter of course Council reviewed a number of policies during the year, Council also received new property valuation data as part of a 6-year property valuation cycle. As such, considerable work was undertaken to review fairness and equity considerations associated with Council's rate base, with changes to be implemented in 2017/18.



Financial

Council continues to work towards operating in a financially sustainable manner but this is obviously hampered by our very small population and rate base and the effects of being an isolated island community. From an operating perspective, our finances will generally make it difficult to achieve an operating surplus, but nevertheless, being prudent with our expenditure and partnering and working with the Community, the standard of services delivered continues to meet community expectations. Population growth and investment are critical aspects to not only the Island's long-term sustainability, but also to Council, so many of the actions undertaken have this goal in mind.

Council continues to improve its Sustainability Indicators. Whilst indicators often don't compare "apples with apples" given our remote island nature, they do provide the Community with a benchmark of our performance in specific areas of organisational service and asset delivery and for the reporting period Flinders Council maintained progress in all areas under review.

The continued low interest rate returns available in the market contributed to low returns from Council's investments. Council developed a new Investment Policy in 2016/17 and is investing funds in an effort to drive higher returns, tempered by the fact that the investment of public funds requires diligence and a high aversion to risk.

Council is required to report the operating, capital and competitive neutrality costs in respect of each significant business activity undertaken by the Council. At the direction of the Auditor General, Council has determined, based upon materiality, that the operation of the Flinders Island Airport and Private Works activities as defined in the Annual Financial Report are significant business activities.

Council continues to have healthy cash reserves and has taken the opportunity to use debt to fund key revenue generating assets in 2016/17. The prudent use of debt, given the low cost of finance, is seen as an area that could drive benefit for Council in the years ahead, especially at a time of historically low interest rates.

Summary

I would like to thank all staff for their hard work and passion and especially their ongoing support throughout the year as I have commenced a transition into a new but terrific operating environment. 2017/18 augurs well.

Bill Boehm
General Manager





LEGISLATIVE REQUIREMENTS

Flinders Council has prepared its Annual Report in accordance with Section 72 of the *Local Government Act 1993*, which can be accessed at www.thelaw.tas.gov.au.



Code of Conduct Complaints

No Code of Conduct complaints were upheld during the year however total costs in respect to all code of conduct complaints dealt with by Council was \$670.

Donation of Land

Under Section 177 of the *Local Government Act 1993*, Council is required to report on any land donated by Council during the year. Council did not resolve to donate any land in accordance with the Act during the 2016-17 year.

Public Health

Council's Development Services Department includes all Environmental Health functions and Council employs an Environmental Health Officer. Utilisation of the Island's doctor also complemented resources allocated to immunisation functions.

The Public Health and Environmental Management programs address a range of functions under the *Local Government Act 1993*, *Public Health Act 1997*, *Food Act 2003*, *Burial & Cremation Act 2002*, *Litter Act 2007*, *Dog Control Act 2000* and the *Environmental Management & Pollution Control Act 1994*. These functions include:

- Food Safety
- Disease Prevention and Control
- Public Health Education and Promotion
- Public Health Risk Activities
- Immunisations
- Burials
- Exhumations
- On-Site Waste Disposal Systems
- Unhealthy Premises
- Warm Water Systems
- Recreational and Bathing Water Quality
- Public Health Nuisances
- Air, Water and Soil Pollution
- Public Health Emergency Management
- Fire Hazard Abatement
- Nuisances and Complaints
- Dog Control

Public Interest Disclosure

Flinders Council is committed to the aims and objectives of the *Public Interest Disclosures Act 2002*. It does not tolerate improper conduct by its employees, officers or members, nor the taking of reprisals against those who come forward to disclose such conduct. It also recognises the value of transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct involving a substantial mismanagement of public resources or conduct involving a substantial risk to public health and safety or the environment.

Flinders Council procedures in relation to the *Public Interest Disclosures Act 2002* are available on Council's website at www.flinders.tas.gov.au/public-interest-disclosure. The following is a summary of Council's Public Interest Disclosure activity during 2016/17:

- There were no disclosures made to Council;
- There were no public interest disclosures investigated;
- There were no disclosed matters referred to Council by the Ombudsman;
- There were no disclosed matters referred by Council to the Ombudsman to investigate;
- There were no investigations of disclosed matters taken over by the Ombudsman from Council;
- There were no disclosed matters that Council decided not to investigate; and
- There were no disclosed matters that were substantiated on investigation.





Public Tenders

The *Local Government (General) Regulations 2005* requires Council to report any contract for the supply or provision of goods and services valued at or above \$100,000 (excluding GST) during the financial year.

Council conducted a Request for Tender to identify a preferred tenderer to supply and deliver 320,000L of bitumen to Council over a period of 3 months commencing December 2016. A further 154,000L of bitumen was purchased from the winning tenderer for road and airport stabilisation in March and April 2017. The bitumen was used by Council as part of a major road resealing and upgrade project on Flinders Island. This project involved roads owned by both Council and the Department of State Growth as well as Airport runway repairing and resealing. The bitumen supplied to Council consisted of a total of 474,000L of C170.

The winning contractor was Sami Bitumen Technologies of 3 Oban Court, Laverton North, Victoria for a total cost of \$505,154.28 delivered on site to Council's Depot. The contract duration was from December 1st to April 8th 2017.

Council conducted a Request for Tender to identify a preferred tenderer to supply and deliver stabilisation equipment and expertise to Council over a period of 3 weeks commencing in March 2017. The stabiliser was used to repair failed sections of council and state roads, to improve and seal sections of gravel roads and to use foam bitumen stabilisation to repair and seal identified sections of the Airport main runway.

The winning contractor was Hiway Stabilizers Australia of 35A Bell St, Yarra Glen, Victoria for a total cost of \$387,569.86. The contract duration was from March 1st to March 21st 2017.

Council awarded a contract to Vos Construction and Joinery Pty Ltd of 3 Hudson Fysh Drive, Western Junction,

Tasmania for building works associated with the upgrade of the Lady Barron Hall. Total project value of \$407,331. Works commenced in September 2016 with final contract payment made in March 2017.

The upgrade of the hall was initiated by the Lady Barron Hall and Recreation Special Committee of Council. The Committee, with the support of Council, applied for a Tasmanian Community Fund and was successful in securing a \$160,000 grant to provide a safe and effective kitchen and an extension to more effectively cater for the existing community gymnasium.

Right to Information

During the year Council received no requests for information under the *Right to Information Act 2009*.

Senior Officer Remuneration

In accordance with Section 72(1)(cd) of the *Local Government Act 1993*, Council is required to report the total annual remuneration paid to employees who hold positions designated by Council as senior positions. Remuneration includes salary, employer contribution to superannuation, the value of the use of motor vehicles and the value of allowances and/or benefits provided to the employee. Council's Annual Financial Statements include details of all staff that acted in these positions during the year, but this included a number of part year roles. Remuneration for the designated senior positions at the end of 2016/17 is shown in the table below. This is representative of the Council operation at the end of the financial year and is a reduction from previous years.

Remuneration Band	Number of Positions
\$140,001 - \$160,000	2
\$160,001 - \$180,000	1

Bill Boehm
General Manager





FINANCIAL OUTCOMES AT A GLANCE



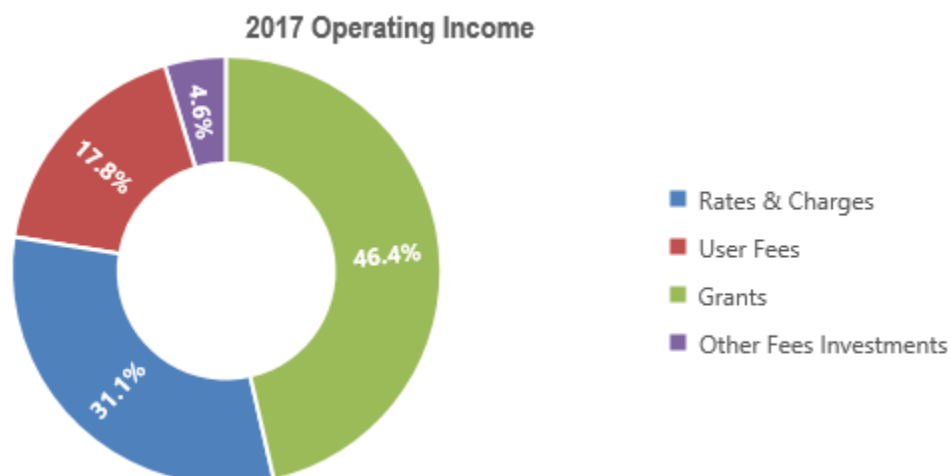


Financial Summary

	2017	2016
	\$'000	\$'000
Continuing Operations		
Recurrent Income	4,999	3,952
Capital Income	923	775
Total Income	<u>5,922</u>	<u>4,727</u>
Total Expenses	<u>5,442</u>	<u>5,498</u>
Results from continuing operations	480	(771)
Financial Position		
Current Assets	6,657	6,675
Non-Current Assets TasWater	3,329	3,307
Non-Current Assets Community Infrastructure	52,428	46,485
Other Assets	99	59
Total Liabilities	<u>2,999</u>	<u>1,744</u>
Total Community Equity	59,514	54,782

Operating Income Chart

This chart depicts Council's operating income by source for the 2016/17 Financial Year. The majority of operating grants are attributed to Financial Assistance Grants (FAGS) received from the Australian Government for General Purposes and Roads. These sources of revenue are made available to all Australian Local Governments and are mainly derived using an equalisation methodology that is designed to assist Councils who have less financial resources due to size, location or other specific circumstances. This methodology is much like the approach taken by the Commonwealth towards mainland Tasmania and some other States.





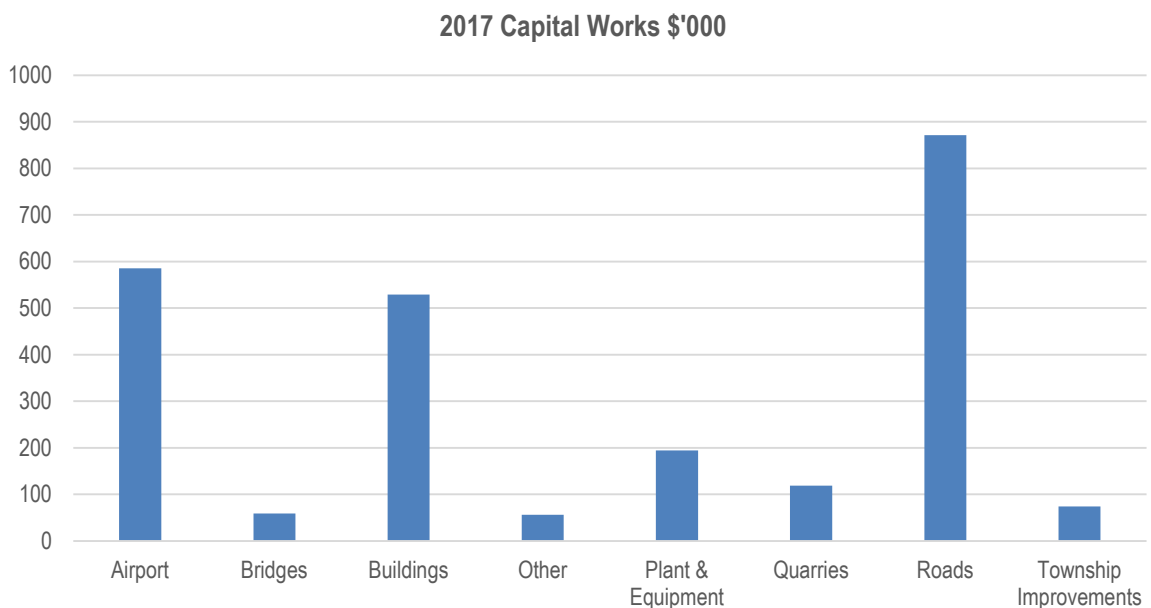
Operating Expenditure Chart

This chart depicts Council's operating expenditure by type for the 2016/17 Financial Year. Depreciation is a non-cash component representing the financial estimate of how much value has been consumed during the year.



Capital Works

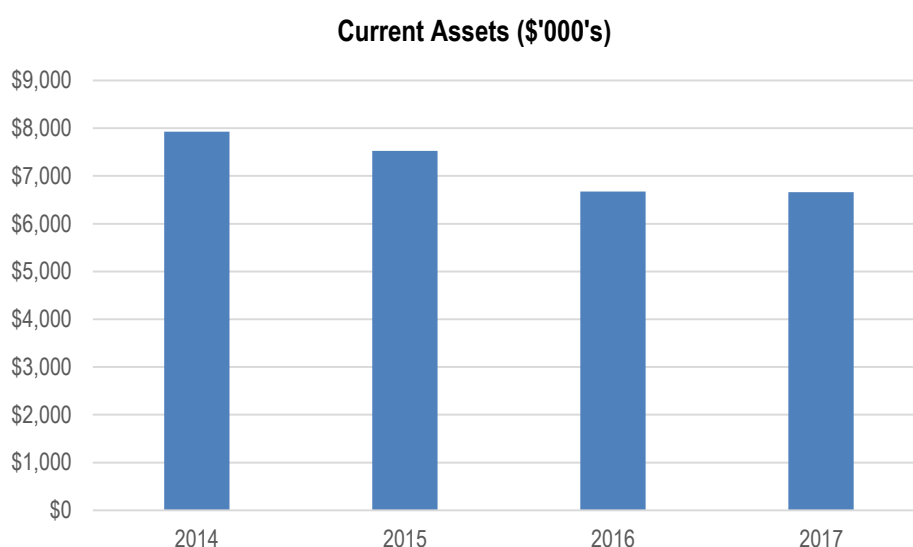
During 2016/17 Council undertook \$2.48 million in capital works across a variety of areas. This chart depicts Council's capital expenditure by asset type for the 2016/17 Financial Year.





Current Assets

Council's Current Assets include trades and other receivables, Financial Assets, Inventories and Cash and changes in Cash and Cash equivalents which are increases or decreases in cash or items that are easily converted into cash. Examples of cash equivalents are: money market accounts, treasury bills, and short-term government bonds. Cash and cash equivalents are a business's most liquid assets. As a snapshot, this chart shows that by this measure Council has retained over the past 4 years a modest level of financial resources.



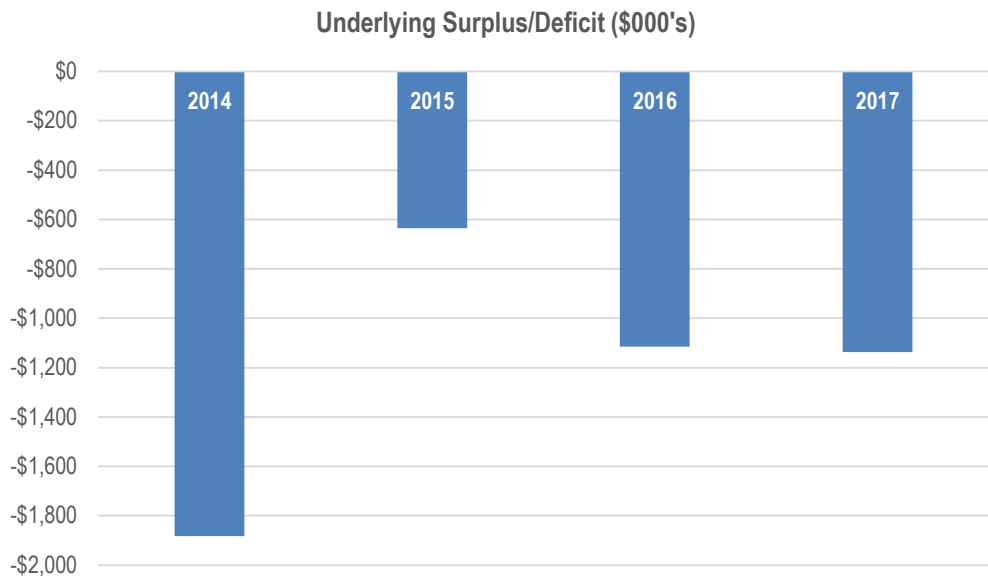
Management Indicators

Council continues to improve its Sustainability Indicators. Whilst indicators often don't compare "apples with apples", given our remote island nature, they do provide the Community with a benchmark of our performance in specific areas of organisational service and asset delivery. For the reporting period Flinders Council maintained progress in all areas under review.

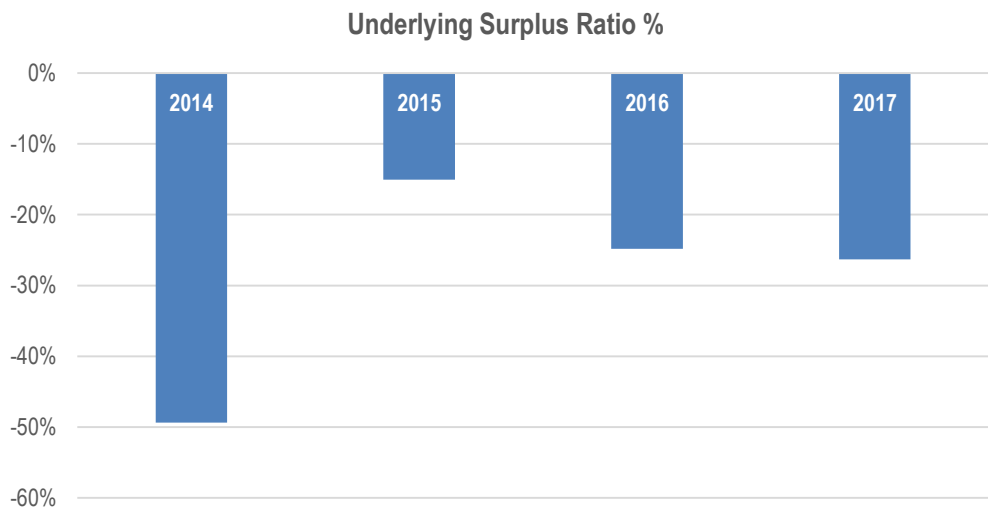
Recurrent income excludes income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature.

The early receipt of instalments resulted in Commonwealth Government Financial Assistant Grants being above that originally budgeted in 2016-17 by \$667,861. This has impacted the Statement of Profit or Loss and Other Comprehensive Income resulting in the Surplus/(deficit) being higher in 2016-17 by \$667,861.





The Underlying Surplus Ratio and underlying surplus serves as an overall measure of financial operating effectiveness and highlights that the cost of services provided to the Community exceeds revenue generated. Negative indicators are not desirable and raise questions of financial sustainability which also need to be addressed in the context of our overall locational disadvantage as a small island.

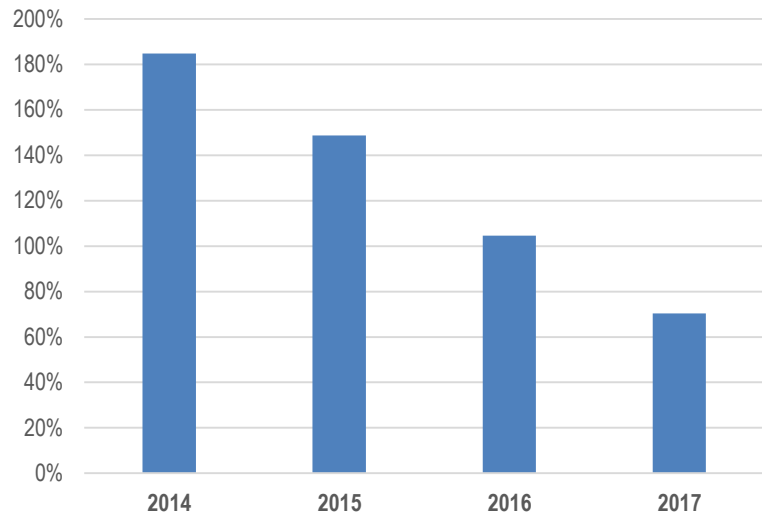


Flinders Council's current position is not favourable as it raises the questions of sustainability although mitigated due to cost factors associated with our remoteness and local, island cost factors. The ratio has improved from prior years due to the pre-payment of the Financial Assistant Grants.



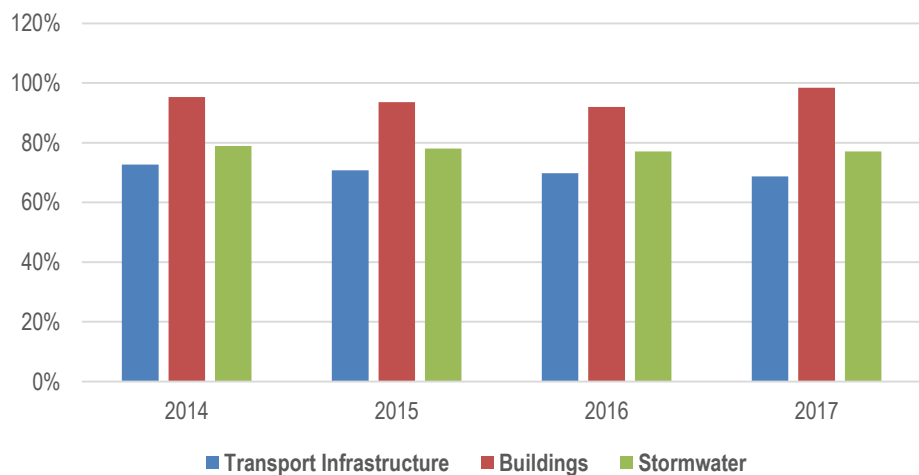


Net Financial Liabilities Ratio %



The Net Financial Liabilities Ratio indicates the net financial obligations of Council compared to its recurrent income. Flinders Council is placed well with the level of cash reserves. Council has identified that the ratio is outside of the desired benchmark and has accessed borrowings in 2016-17 to fund capital equipment to bring the ratio more in line with the desired result.

Asset Consumption Ratio

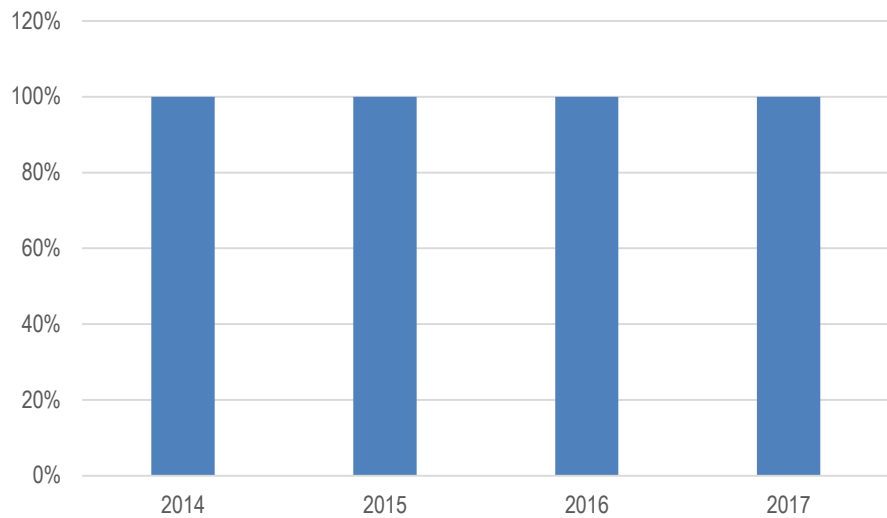


The Asset Consumption Ratio seeks to highlight the aged condition of the Council's stock of physical assets. The ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost. The ratio highlights that the Council is maintaining, renewing and replacing its assets in accordance with the Asset Management Plan and meets the benchmark of greater than 60%.



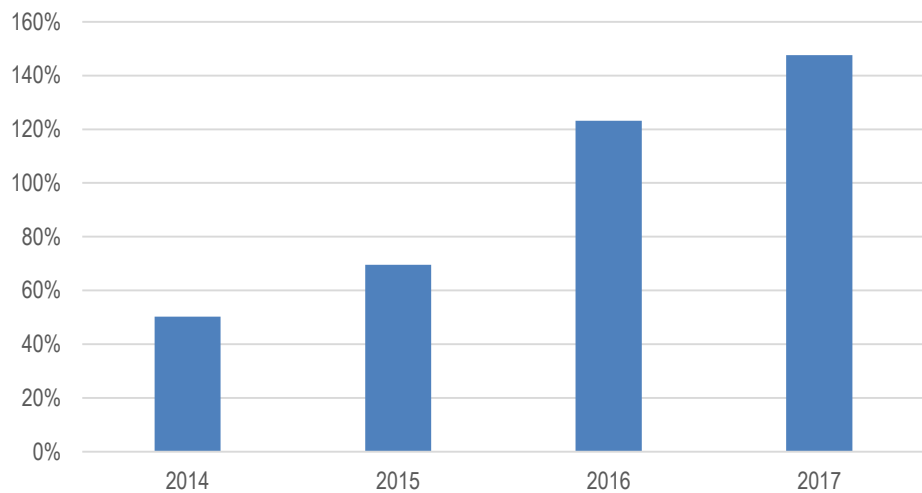


Asset Renewal Funding Ratio %



The Asset Renewal Funding Ratio indicates whether the Council has the financial capacity to fund asset renewal as required, and can continue to provide existing levels of services in the future, without additional operating income; or reduction in operating expenses. The ratio highlights that the Council is well positioned to fund asset renewals as required and meets the required benchmark of at least 90%.

Asset Sustainability Ratio %



The Asset Sustainability Ratio indicates the extent to which existing non-financial assets are being reviewed and replaced, compared with what is needed to cost-effectively maintain service levels. A declining indicator shows that capital expenditure levels are not being optimised so as to minimise life cycle costs of assets. There has been an increase in the Asset Sustainability Ratio with the purchase of key road assets, namely the Bitumen and Volvo Truck and construction of three of the four new Public Toilets in 2015/16 with considerable repair work being carried out at the Airport. The benchmark is set at 100%, which Council has exceeded in the 2015/16 and 2016/17.



PROGRESS ON 2016-2017 ANNUAL PLAN ACTIONS





1. Population Growth - Focusing on strategies, projects and policy initiatives that support the community, economic development, innovation and investment attraction.

Strategic Direction: 1.1 Increase the supply of affordable housing.		
Annual Plan Actions	Progress on Actions	Status
1.1.1 Land use planning policy that provides an enabling environment for housing and investments.	Structure Plan and consultation submissions have been the basis for the final Land Use Strategy which was work-shopped with Councillors and subsequently exhibited as the detailed basis for the Local Provisions Schedules (LPS). Strategic requirements such as mapping, Local Area Character Statements, local area statutory implications, zone intent identified for each allotment on Flinders Island and issues matrix are substantially complete. Significant delays with State Planning Policies (SPPs) have affected the ability to commence drafting the Local Provisions and work will continue in the next financial year.	<i>Ongoing</i>
1.1.2 A strategy and action plan that identifies affordable housing options.	No activity to report.	<i>Ongoing</i>

Strategic Direction: 1.2 Increase "the working age" population.		
Annual Plan Actions	Progress on Actions	Status
1.2.1 Services and activities for young people that also aim to attract and retain young families to the Islands.	Delivered the Winter and Spring School Holiday Programs and Dance Fit Program for the young people of Flinders Island.	<i>Complete and ongoing</i>
	Facilitated an 8 week surf program for school students as part of their outdoor options on a Friday afternoon. Approximately 11 students participated each week, total participation of 88.	<i>Complete</i>
	Advocated for youth as part of the Rural Primary Health Services funding to address youth health services and identified needs of young people. Coordinated and collaborated with mental health worker Robyn McKinnon to provide mental health support and counselling services to the Flinders Island District High School and to provide support and coordination of current youth mental health services to the Island.	<i>Complete and ongoing</i>
	Attended the Cape Barren Island School Strategic Planning meeting and the Flinders Island District High School (FIDHS) Symposium and committed to a stronger inter-agency approach to providing Cape Barren Island students with more off-island opportunities through the constitution of quarterly inter-agency meetings of the Multi-purpose Centre, Council, FIDHS and the Flinders Island Aboriginal Association Inc.	<i>Complete and ongoing</i>
	Promoted and advertised youth programs and community events on the Council Facebook page and online calendar.	<i>Complete and ongoing</i>
1.2.2 An islands specific population growth strategy.	Due to resources no activity was undertaken.	<i>Ongoing</i>
1.2.3 Study the existing constraints to increasing the level of the locally based population.	Due to limited resources no activity was undertaken.	<i>Ongoing</i>
1.2.4 A banking model that supports community aspirations.	Bendigo Bank established an agency in the old Westpac agency site. Council provided Bendigo Bank with ongoing support while they established the business in alliance with Postmasters John & Leanne Clifford.	<i>Complete</i>

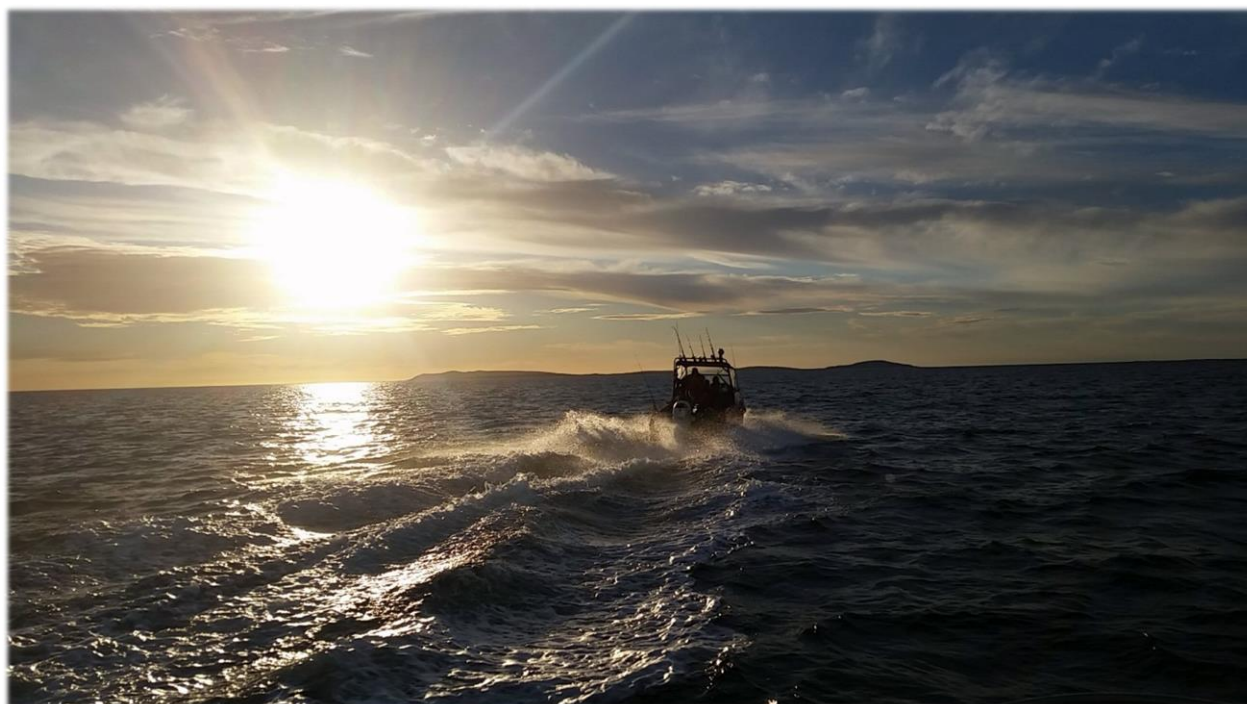


Strategic Direction: 1.3 Value-add to local commodities.		
Annual Plan Actions	Progress on Actions	Status
1.3.1 Opportunities for value-adding of local commodities are identified and promoted.	The Furneaux Islands Festival Market Day showcased locally grown foods, crafts and other handmade island produce. Approximately 250-300 people attended the event.	<i>Complete</i>
	Staff facilitated an opportunity for a Cape Barren Island resident to liaise with Steve Backhaus to discuss an opportunity for growth in the Kunzea Oil industry.	<i>Complete</i>
	Staff discussed opportunities for further track development and other ideas for enhancing visitor experience with the Parks and Wildlife Service staff.	<i>Complete and ongoing</i>
	Planning for the next Fert-ISLE Flinders Forum commenced in conjunction with Flinders Island Tourism and Business Inc.	<i>Ongoing</i>
1.3.2 Support the growth of local sustainable fishing and aquaculture enterprises.	No activity to report.	<i>Ongoing</i>
1.3.3 Promote Flinders Island as a high quality food producing region with a clean, green image.	Successfully secured an Oz Day Grant to bring two chefs to the Island to prepare and provide local food as part of the Furneaux Islands Festival. The chefs from Melbourne and Sydney utilise our local produce and are passionate about promoting our lamb, wallaby and other produce. Local food was sourced and utilised over the entire weekend and showcased by the chefs and the local providers at the Market Day and the Community BBQ. The Market Day consisted of 33 stalls that promoted locally grown produce with approximately 250-300 people in attendance. Promoted the 2017 Erita Sports, Music in the Vines and Furneaux Islands Festival events in the Sharp Airlines Newsletter which highlighted local food and produce.	<i>Complete and ongoing</i>
1.3.4 Productive and sustainable agricultural sector.	Meetings held with Kunzea Oil Distillery to discuss grant opportunities for the growing business. Planned future developments will include a cooperative of local land owners growing produce for the Essential Oils industry.	<i>Complete and ongoing</i>
1.3.5 A strong Flinders Island Brand that underpins growth and development of local value-added commodities.	Staff presented at monthly Flinders Island Tourism and Business Incorporated (FITBI) meetings and assisted in the launch of the Marketing Strategy March 2017. Council confirmed the 2017-18 funding commitment to the Flinders Island Marketing and Brand Activation Strategy from FITBI.	<i>Complete and ongoing</i>

Strategic Direction: 1.4 Foster and support entrepreneurial activity.		
Annual Plan Actions	Progress on Actions	Status
1.4.1 Streamlined and customer focused development application and assessment processes, including pre-lodgement information and advisory services.	The new <i>Building Act 2016</i> has meant a wide variety of changes to procedures around building approvals. The State has created an on-line platform to assist with queries. Liaison with West Tamar Council has been helpful though some procedural issues needed to be addressed. Efficiencies are continually being sought whilst maintaining positive assistance to ratepayers.	<i>Complete and ongoing</i>
1.4.2 Build local entrepreneurial capability.	Supported and promoted Digital Ready workshops delivered to the Flinders Island Community. The course was fully subscribed.	<i>Complete</i>
	Facilitated an opportunity for a Cape Barren Island resident to liaise with Steve Backhaus to discuss an opportunity for growth in the Kunzea Oil industry.	<i>Complete</i>
	The Furneaux Islands Festival Market Day supported small business owners with an opportunity to showcase their locally made and grown produce and was attended by approximately 250- 300 people. Survey of stallholders indicated that another market would be viable for them in September.	<i>Complete</i>
	Planning for the Fert-ISLE Forum is in progress. This event will provide small business with the opportunity to access resources, ideas and people to explore avenues to grow entrepreneurial activity on the Island.	<i>Ongoing</i>



Strategic Direction: 1.4 Foster and support entrepreneurial activity.		
Annual Plan Actions	Progress on Actions	Status
1.4.3 Promotion of the region's natural and cultural environment.	Council staff attend and contribute at monthly Flinders Island Tourism and Business Incorporated (FITBI) meetings. Community Development staff represent Council on the Destination Action Plan (DAP) leadership group. Progress of the working group against the 6 DAP priorities was presented to Council by Michael Buck in May. The DAP was a FITBI initiative.	<i>Complete and ongoing</i>
1.4.4 Employment opportunities are enhanced through development of projects and initiatives with education service providers and employers.	The development of a partnership with HydroTas to deliver and resource-share on community and staff training was established. Working Safely at Heights was the first collaborative training to be offered. 8 people were in attendance.	<i>Complete and ongoing</i>
	Community Grant Writing Workshops with Rebecca King were provided and promoted by staff. 16 people were in attendance.	<i>Complete</i>
	Staff produced an employee survey as part of its involvement in the implementation of the Destination Action Plan (DAP). The survey is part of action under Priority #5 of the DAP, 'to optimise education skills and services on the Island'. Information from the survey will help inform a workforce planning strategy with the goal of aligning training and skill development with current and future employer needs.	<i>Complete and ongoing</i>
	Staff met with Indigenous affairs to discuss options and opportunities to collaborate on programs for youth and community. It was identified that a program that could support training and/or employment would be of value.	<i>Complete and ongoing</i>
1.5.1 Planning scheme provides facilitating environment for population growth.	The delivery of a planning scheme has multiple steps and will not be completed until April 2018. The current steps relate to the finalisation of the State Planning Scheme which is the template for any new scheme and the creation of a zoning strategy based on the Structure Plan. Prior to the zoning strategy a submissions report must be completed that takes account of all the submissions received during the Structure Plan consultation as well as attendance at hearings on the Codes will occur.	<i>Ongoing</i>





2. Infrastructure and Services - An Islands' specific approach to planning and delivery to ensure community and environmental values are maintained.

Strategic Direction: 2.1 Plan, deliver and operate community infrastructure to provide levels of service that align with community needs and demand.		
Annual Plan Actions	Progress on Actions	Status
2.1.1 Recreational and community facilities upgraded as recommended by the Recreational and Community Facilities Assessment and Infrastructure Plan.	The Whitemark Foreshore Project Stage 1 continued with commencement of work on the erection of a fence around the Exersite area.	<i>Complete and ongoing</i>
	Sandro Donati resigned from his position of maintenance officer at the Furneaux Museum. This position is now covered by the current Works and Services staff.	<i>Complete and ongoing</i>
	Maintenance at the Whitemark Showgrounds is ongoing and performed as necessary. An electronic bird scarer was installed in the main pavilion to keep starlings out. The kiosk was lined out to comply with health regulations and electricity points rewired. Other minor works to the fencing and shearing stand area were completed.	<i>Complete and ongoing</i>
	The design and planning of a Playscape at the Furneaux (Emita) Hall was completed in collaboration with the Furneaux (Emita) Hall Special Committee. Works will commence in the next financial year.	<i>Complete and ongoing</i>
	Council's Federal Government Infrastructure Grant submission included a project to plan toilet and BBQ infrastructure installation for 2017-18. Planning of sites and locations will commence in the New Year. Discussions were held with Parks and Wildlife Services regarding structures to be built on Crown Land. Further work on this project will be undertaken in the next financial year.	<i>Ongoing</i>
	The Killiecrankie public toilet was completed. Works to establish disabled car parking and access will be completed in the next financial year.	<i>Complete and ongoing</i>
	The Lady Barron Hall refurbishment and construction of the new Fitness Facility were completed and the grant acquittal lodged.	<i>Complete</i>
	An application for funding of the Badger Corner Boat Ramp was lodged with MAST however was unsuccessful.	<i>Complete</i>
2.1.2 An efficient and sustainable source of resource materials to support public and private works.	A final Draft Masterplan & Business Case for the Flinders Island Sports and RSL Club redevelopment was presented to the April 2017 Council Workshop, along with representatives of the Sports and RSL Club, by consulting architects. Council adopted the Masterplan in principle. Further implementation is subject to grant funding and completion of an associated flood study and wave inundation investigation.	<i>Complete and ongoing</i>
	Council finalised works at the Lughrata Quarry and gravel excavation commenced in the last quarter of the year. The gravel was used in the resheeting program.	<i>Complete and ongoing</i>
2.1.3 Public open space fund to support community recreation and access opportunities.	A potential source of aggregates has been identified on the Island and a sample was sent to Mineral Resources Tasmania for x-ray diffraction analysis to determine the mineral composition and offer guidance on future uses e.g. concrete and sealing aggregates. Results have shown that it is made up of predominantly quartz (43%) and mica (32%). Mica can be detrimental to both road bases and concrete and further testing would be required before a roads authority would approve its use; however it may still be suitable for resealing aggregate on Council owned roads. Council is now waiting for the Department of State Growth's new standards to ascertain the benefits of proceeding further.	<i>Ongoing</i>
	No activity to report.	<i>Ongoing</i>
2.1.4 Asset Management Plan implemented.	Considerable repairs and maintenance of roads, culverts and drainage were required over winter as a result of the damage caused by very wet weather. Road maintenance continued throughout the rest of the year with road grading, bitumen repairs, roadside slashing, herbicide spraying, potholing and vegetation control.	<i>Complete and ongoing</i>



Strategic Direction: 2.1 Plan, deliver and operate community infrastructure to provide levels of service that align with community needs and demand.		
Annual Plan Actions	Progress on Actions	Status
	Resheeting was carried out on West End Rd.	<i>Complete and ongoing</i>
	The tender process for the supply and delivery of 320,000 litres of bitumen was finalised and awarded to SAMI Bitumen Technologies Pty Ltd. Three shipments of bitumen were used to reseal a total length of 21.5km - 6.3km of Palana Rd, 3.6km of Memana Rd, approximately 10km of Lackrana Rd, Davies St and the short runway at the airport.	<i>Complete and ongoing</i>
	Roads and bridges were maintained. Many culverts were blocked due to the severe weather and some needed to be fully cleaned.	<i>Ongoing</i>
	Hiway Stabilisers Australia won the tender to lime & cement stabilise 1,200m of Coast Rd, 1,000m of Palana Rd, 150m of Lagoon Rd and 3,200m of Port Davies Rd and 6,000sqm of reconstruction on Lackrana Road. Foam bitumen stabilisation of 5,000sqm of the airport long runway was also undertaken. Sections of sealed roads were reconstructed and stabilised prior to sealing (Palana Rd 700m and Lagoon Rd 150m). For the first time in over 20years sections of gravel road were reconstructed and sealed (Port Davies Rd 1,800m and Coast Rd 1,000m).	<i>Complete and ongoing</i>
	Work commenced to provide drainage, kerbing and footpath to West St, Lady Barron in April however poor weather and contractor breakdowns lead to unexpected delays. Further works have been deferred until next year.	<i>Ongoing</i>
	Works on bridge railings were completed and more railings ordered for the next financial year.	<i>Complete and ongoing</i>
	A new Fuso Canter dual cab truck, new Volkswagon Amarok dual cab utility and a new Hercules Pig Trailer were purchased. The Nissan Navara was not traded-in but kept it to be used by the cleaner and town maintenance workers.	<i>Complete</i>
2.1.5 Crown owned land is obtained for Council/Community need.	Liaison with Crown Lands on lease arrangements at the Port resulted in replacement of an asbestos roof on the aquaculture shed and planned removal of wire enclosure and tanks from the waterfront to establish a public thoroughfare.	<i>Complete and ongoing</i>
2.1.6 Stormwater Management Plan developed.	A Stormwater Management Plan which covers the period 2014-2017 is already in place. This action has been deferred until the next financial year.	<i>Ongoing</i>
2.1.7 Lagoon Road Recreational Facility and stormwater management area established.	This project has been included in the State Government's Infrastructure Loan Program but will be subject to the results of Whitemark's Flood and Coastal Inundation study.	<i>Ongoing</i>

Strategic Direction: 2.2 Explore alternative investment and operating models for core and critical Island infrastructures and services.		
Annual Plan Actions	Progress on Actions	Status
2.2.1 Alternate operational structures for the delivery of infrastructure based services are explored.	A preliminary business case for the replacement/new long runway was submitted to the State Government last financial year and Council was verbally advised that the business case was accepted. The government advised it would work through a number of models to determine how funding a new runway could be achieved. Meanwhile resealing, pavement stabilisation and repairs have significantly improved the short to medium term prospects for maintaining the existing runway assets.	<i>Ongoing</i>
	In 2015-16 the State Government issued guidelines for strategic road 'swaps' with Local Government. As part of advocating for State ownership of 90kms of road on Flinders Island, Council submitted a report and project proposal to Infrastructure Tasmania who is facilitating the road swapping process. Other potential options were identified and preliminary discussions have been held on a revised approach.	<i>Ongoing</i>



Strategic Direction: 2.3 Minimise environmental and health risks from waste collection and disposal and maximise opportunities to reduce, reuse or recycle resources.

Annual Plan Actions	Progress on Actions	Status
2.3.1 Waste Management Strategy Implemented.	A consultant was engaged to oversee a transition in waste management with a view to having kerbside collection and contracted management of the Whitemark landfill site, including GCL lined putrescible cells, recycling streams and environmentally compliant leachate collection systems.	<i>Complete and ongoing</i>
	An Early Contractor Involvement for outsourcing waste management operations and Expressions of Interest for community involvement was advertised and won by Toxfree who proceeded to draw up a scope of works and financial implications. Meetings took place between Toxfree, major waste stakeholders, council officers and consultants to develop what we believe to be the appropriate working model for pricing. We are now waiting for a final pricing document from Toxfree.	
	In order to improve efficiencies of Waste Transfer Stations, a third 15 cubic metre waste bin was put in operation which has reduced plant and labour times within waste transfers by approximately 2 hours per week. The removal of the bins at the gate of the Whitemark Tip has reduced plant and labour times by another 2 hours per week.	<i>Complete and ongoing</i>
	Unfortunately, due to green waste at the Lady Barron Waste Transfer Station being set alight on a number of occasions, Council closed the area during the bushfire season as it was deemed high risk.	<i>Complete and ongoing</i>

Strategic Direction: 2.4 Develop and implement solutions that mitigate environmental and health risks from wastewater treatment and disposal.

Annual Plan Actions	Progress on Actions	Status
2.4.2 A "pump out" based wastewater collection, transport, treatment and disposal system.	This project is on hold. Council has not purchased the land that is integral to the project and does not appear to be doing so in the immediate future. Enquiries to Council by a private investor wishing to operate in this space may prove effective for Council who ultimately has the responsibility to deal with this issue.	<i>Deferred</i>





Strategic Direction: 2.5 Work proactively with other infrastructure service providers.		
Annual Plan Actions	Progress on Actions	Status
2.5.1 Infrastructure services that are appropriate for island conditions, sustainable and are accepted and valued by the local community.	The Department of State Growth informed Council it would not be undertaking a major reseal project on the State Road this year. It will be undertaken bi-annually.	<i>Ongoing</i>
	As Hiway Stabilisers were on the Island, the Department of State Growth agreed to lime and cement stabilise, prime and seal 2,600 square metres of road on a trial basis. The trial included some of the worst patches of Lady Barron Rd.	<i>Complete</i>
2.5.2 Increased penetration of renewable energy into the Island's energy systems.	In the last week of November Hydro Tas held the Connect Conference with 60 international delegates in attendance. Hydro Tas staff and the conference organisers reported that the conference was a success, all made an excellent conference venue, they had a very positive experience on the Island and the Community was very welcoming. Unfortunately, the official opening of the new renewable energy system on Flinders Island, planned to occur during the conference, had to be postponed until 2017 as the new energy system was not operational in time.	<i>Complete and ongoing</i>

Strategic Direction: 2.6 Protect and enhance high quality natural values and environmental assets.		
Annual Plan Actions	Progress on Actions	Status
2.6.1 Parks and Wildlife Services (PWS) and Council cooperatively operate and maintain relevant facilities (toilets, camp grounds, picnic areas etc.).	The Parks and Wildlife Service advised that the previous Memorandum of Understanding was now not relevant but that a wider strategic partnership was worth pursuing. Allocation of funds for a more comprehensive review identified in 2017-18 Budget.	<i>Ongoing</i>
2.6.2 A plan for the expansion of the walking trails network on Flinders Island.	Council and the Parks and Wildlife Service collaborated to complete the upgrade of the Dock to Killiecrankie walk. Work included the installation of new signage at each end plus tables and seating at Killiecrankie and Stackeys Bite and track improvements for access to Stackeys Bite. Remaining funds contributed to a seat for the Strzelecki track, an improved shelter at the commencement of the track and new interpretive signage for Strzelecki. The project finalisation report outlined the process for dealing with Parks etc. so that the project can be used as a model template for future walking track collaborations.	<i>Ongoing</i>
2.6.3 Advocacy for higher levels of maintenance and funding for walking trails and associated assets.	The Parks and Wildlife Service received considerable funding to upgrade existing tracks and Council assisted with maintenance work. Preliminary discussions were held with local and state Parks and Wildlife Service staff with respect to a revised approach to collaboration. Allocation of funds for a more comprehensive review have been identified in the 2017-18 Budget.	<i>Complete and ongoing</i>
2.6.4 Planning scheme supports visual amenity and open space, contributing to recreation and tourism experiences.	Open space and public access have been identified and recorded for the Structure Plan consultation draft. This will be a significant contribution to an open space strategy and policy and is a direct consequence of land use planning. Attendance at the hearing on the Scenic Management Code and Natural Assets Code assisted in understanding how the State Codes will affect the Local Provisions Schedule of the new Planning Scheme. Priority habitat mapping provided a report and associated maps to be used for ascertaining buffer areas, key open space and habitat connections, fire refugia etc.	<i>Ongoing</i>



3. Access and Connectivity - Work with service providers and other relevant stakeholders to improve security, reliability and cost effectiveness.

Strategic Direction: 3.1 Maintain or better the standard of sea access to the Islands.		
Annual Plan Actions	Progress on Actions	Status
3.1.1 Advocacy for improved port and freighting operations.	The Furneaux Group Shipping Special Committee of Council continued to support community ideas and concerns as they relate to shipping.	<i>Complete and ongoing</i>
3.1.2 Economic viability of developing an all-weather recreational and leisure vessel harbour investigated.	Burbury Consultants was engaged to prepare a business case for a Safe Harbour development at Lady Barron. They completed an Inception and Site Assessment Report early in the year. A Draft Business Case was received late June and will be provided to Council and stakeholders early in the next financial year.	<i>Complete and ongoing</i>

Strategic Direction: 3.2 Maintain air access to the Island and improve performance of the airport.		
Annual Plan Actions	Progress on Actions	Status
3.2.1 Improved operation and financial performance of airport.	Each quarter Aurecon conducts a full visual inspection of all pavement areas of the Flinders Island Airport and provides Council with a priority pavement repair plan and a letter notifying CASA of the current runway serviceability condition. Council carries out the repair program as recommended. As part of the repair program Council agreed to trial stabilisation on a section of the runway. Hiway Stabilisers was the successful tenderer who carried out over 5000sqm of runway stabilisation in early March with excellent results. This rectified most of the problematic areas of runway 14/32. Sealing works for the stabilised areas took place on the 8th April 2017. Minor patching works continue as issues arise.	<i>Complete and ongoing</i>
	A draft Airport Hangar Report was prepared and reviewed by the Furneaux Group Aviation Special Committee and presented to Council. The high-level report generated discussion on the merits of proceeding with a business case or not. A more detailed report was provided to Council with the initial decision to proceed with survey and drafting of leases. This aspect was included in an overall fees and charges review which was presented, along with other wider research on the operation of the airport, to Council at the June 2017 workshop. This combined research redefines a systematic holistic approach to the redevelopment of the Airport in 2017/18.	<i>Ongoing</i>
	The Furneaux Group Aviation Special Committee met in September 2016. An update on the runway was provided along with the current staffing arrangements. Draft Airport Hangar and Fuel Facility reports were presented and reviewed by the committee and recommended to go to the October Council meeting.	<i>Complete and ongoing</i>





Strategic Direction: 3.3 Improved telecommunications for the benefit of local community and economy.		
Annual Plan Actions	Progress on Actions	Status
3.3.1 Improved communications with telecommunication service providers in order to encourage new investment and improved services.	The application for grant funding Council made last financial year to the Federal Government Stronger Regions Fund for a major telecommunications upgrade was not successful. Council agreed to resubmit an amended application under the Better Regions Infrastructure Program. At the end of 2016/17 Council was awaiting the outcome.	<i>Complete and ongoing</i>
	The Mayor and Acting General Manager met with Ross Hart and voiced the Community's concerns about the slow speed of the roll-out of the NBN service. An additional technician was sent to the Island to assist with the installation of the satellites. Reliability remains an issue.	<i>Complete and ongoing</i>





4. Strategic, Efficient and Effective Organisation - Responding to risks and opportunities.

Strategic Direction: 4.1 Remain actively engaged with internal and external stakeholders providing regional leadership.		
Annual Plan Actions	Progress on Actions	Status
4.1.1 The Furneaux Islands' unique circumstances, isolated community and specific financial needs are understood by key external stakeholders.	Council resolved to support the winding up of Northern Tasmania Development (NTD), the setting up of a new Northern Tasmania Development Corporation (NTDC) and to continue as a member. The Mayor attended the final meeting of NTD which was also an inaugural meeting between the new Board Chair Mr John Pitt and Shareholders. It was a great opportunity for the group to reinforce its common purpose - facilitating a significant improvement in prosperity throughout the region. The NTDC came into existence from 1 January 2017 and an updated Annual Plan was agreed to by stakeholders. The new Board Chair, John Pitt, visited the Island and met with Council and Flinders Island Tourism and Business Incorporated.	<i>Complete and ongoing</i>
	Councillors and staff actively engaged with the Local Government Association of Tasmania (LGAT) attended the LGAT Conference and training sessions and provided feedback to LGAT on the submission to the State Budget process for 2017-18.	<i>Complete and ongoing</i>
	Council's membership of Tourism North Tasmania (TNT) was renewed for a further three years. Staff continued to meet with TNT and Flinders Island Business and Tourism Inc. and participated in the Destination Action Plan (DAP) workshop.	<i>Complete and ongoing</i>
	Council worked with TasWater on the commissioning of the water treatment plants at Lady Barron & Whitemark. Council put in a submission to TasWater's business plan to explore sewerage of Lady Barron as a priority capital project and formally endorsed LGAT and TasWater's position to not approve of the Government's proposed takeover of TasWater.	
4.1.2 Cooperative and coordinated delivery of Indigenous community services.	The Mayor and staff met with Justin Noble and Candace Jupp who work with the Indigenous Affairs Group of the Department of the Prime Minister and Cabinet in the Hobart Office. Their roles include managing a range of funded activities across Safety and Wellbeing, Culture and Capability, Children and Schooling and Jobs, and Land and Economy programme areas. The purpose of the meeting was to get to know the regions and key stakeholders so that all are informed of others' activities and how they may work in a coordinated way.	<i>Complete and ongoing</i>
	Council continued to work cooperatively with the Flinders Island Aboriginal Association Inc. (FIAAI) on a number of projects and FIAAI jointly funded and supported Council's Furneaux Islands Festival.	<i>Complete and ongoing</i>
	Council continued to lobby for funding for the Telecommunications Upgrade Project that, if successful, would improve telecommunications in Lady Barron and on Cape Barren Island.	<i>Complete and ongoing</i>

Strategic Direction: 4.2 Support processes, accountability and project delivery through transparent reporting.		
Annual Plan Actions	Progress on Actions	Status
4.2.1 Priorities, actions and achievements are planned and reported through an integrated governance and management framework.	Council's 2016-17 Annual Plan actions were entered into Council's reporting system. Progress updates on all Annual Plan actions were recorded into the reporting system and quarterly reports generated for Council's consideration.	<i>Complete and ongoing</i>
	Quarterly financial and investment reports were prepared and presented to Council for consideration. Council's financial adviser recommended that Council's Investment Policy be revised to reflect the use of derivatives purely from a defensive position. The Investment Policy will be reviewed in the 2017-18 financial year.	<i>Complete and ongoing</i>
4.2.2 Efficient and coordinated delivery of projects across the organisation.	The project management framework is continually proving to be a successful tool for staff managing their key projects.	<i>Complete and ongoing</i>



Strategic Direction: 4.2 Support processes, accountability and project delivery through transparent reporting.		
Annual Plan Actions	Progress on Actions	Status
4.2.3 Administrative support provided to Council.	Staff prepared and distributed agendas and minutes and acted as minute secretary for all Council Meetings, Council Workshops and a number of Special Committee Meetings.	<i>Complete and ongoing</i>
	All public documents and reports were uploaded to Council's website in a timely manner including the 2016-17 Annual Plan and Budget Estimates and Revised Budget; Council Meeting Agendas and Minutes, Annual Report, Unconfirmed Minutes of the Flinders Council Annual General Meeting and policies under review.	<i>Complete and ongoing</i>
	Council considered applications to the 2017-18 Community Grants and Gunn Bequest funding program at the May Council Meeting. A total of \$7,955 in Community Grants was awarded to 6 community organisations being \$2,000 to the Flinders Island Show Society Inc., \$1,500 to the Lions Club of Flinders Island, \$1,155 to the Furneaux Group CWA Rest Room Committee, \$1,500 to the Friends of Bass Strait Islands, \$800 to the Furneaux Field & Game Association Inc. and \$1,000 to the Furneaux Islands Motocross Association. A total of \$2,491.94 from the Gunn Bequest was awarded to 7 community sporting organisations being \$370 to the Flinders Island Pony & Riding Club, \$750 to the Flinders Island Harriers Inc., \$329.94 to the Flinders Island Netball Association, \$370 to the Flinders Island Netball, \$500 to the Flinders Island Golf Club and \$172 to the Furneaux Field & Game Association Inc.	<i>Complete and ongoing</i>
	Nominations for the Citizen of the Year Award were received and Council selected a worthy recipient. The chosen recipient declined to accept the award so the Mayor dedicated the 2016 Award to all volunteers in the local community at the Flinders Island Show on 14th October 2016.	<i>Complete and ongoing</i>





Strategic Direction: 4.3 Ensure Council meets its statutory obligations and manages corporate and community risk.		
Annual Plan Actions	Progress on Actions	Status
4.3.1 Development undertaken in accordance with relevant development standards and legislative requirements.	Non-compliant buildings and structures or illegal works were investigated by Council as allegations were received. Annual inspections of buildings reported at Health and Safety meetings.	<i>Complete and ongoing</i>
4.3.2 Regulatory building processes comply with Department of Justice requirements.	The building audit process does not occur each year and no advice was received from the Department of Justice regarding an audit being undertaken for Flinders Council this year. We will respond accordingly when they advise of a pending audit.	<i>Ongoing</i>
4.3.3 Annual Plans and Reports prepared in accordance with the <i>Local Government Act 1993</i>.	The Annual Plan for 2016-17 was adopted by Council in July and the Annual Report was received and accepted at the Flinders Council Annual General Meeting in December. The 2017-18 Annual Plan will be completed and presented to Council at the July Council Meeting.	<i>Complete and ongoing</i>
4.3.5 Requirements of the <i>Archives Act 1983</i> substantially complied with through improved records management processes.	The Tasmanian Archives and Heritage Office conducted an audit of Council's business records in September 2016 to provide a baseline measurement of recordkeeping maturity, focusing on the physical storage, security and management of Council's records. A report with recommendations was received. The report highlighted three key recommendations, the first of which was to finalise and implement an Information Management Policy. The Information Management Policy was formally adopted at the March 2017 Council Meeting. The remaining two key recommendations are to compile an Information Asset Register and to develop and implement records management procedures and standards. These will be included in the 2017-18 Annual Plan.	<i>Complete and ongoing</i>
	Council identified the need to review the phone system to reduce cost exposure and minimise problems being experienced. The internet runs through the phone system so when there is a problem with Telstra, the whole of Council is affected.	<i>Complete and ongoing</i>
	Software was upgraded according to the IT schedule and hardware upgraded as per the Long Term Asset Management Plan.	<i>Complete and ongoing</i>
	Staff attended training in Digital Recordkeeping on a Shoestring Budget being offered by the Government Information Strategy Unit. The training provided some useful strategies to work on as well as reassurance that strategies already implemented are appropriate for the organisation.	<i>Complete</i>
4.3.6 Register of Interests for staff and Elected members maintained as required under the <i>Local Government Act 1993</i>.	Staff and Elected Members' Registers of Interests were maintained and updated as and when received.	<i>Complete and ongoing</i>
4.3.7 General Manager's Roll maintained for election purposes as required under the <i>Local Government Act 1993</i>.	The General Manager's Roll was maintained and updated as and when received.	<i>Complete and ongoing</i>
4.3.8 Municipal Revaluation and valuation adjustment factors.	In light of pending municipal-wide revaluation, Council authorised the General Manager to proceed with a range of rating options including use of Capital Value instead of Adjusted Annual Value for potential inclusion for the 2017/18 year.	<i>Complete</i>
	Council's development system (RegApps) maintains a register of development and improvements. Supplementary Valuations Lists (SVLs) and random enquiries were provided to the Valuer General's Office as a way to ensure that properties are valued, and therefore rated appropriately. Processes around reporting properties requiring supplementary valuation have been included in the monthly levy payment schedule, as done by building administration, and is working well.	<i>Complete and ongoing</i>
4.3.9 Maintain Council's Policy Manual and Instrument of Delegation.	The Instrument of Delegation was reviewed and adopted in August 2016.	<i>Complete and ongoing</i>



Strategic Direction: 4.3 Ensure Council meets its statutory obligations and manages corporate and community risk.		
Annual Plan Actions	Progress on Actions	Status
	During the 2016-17 year Council reviewed and adopted the Corporate Credit Card Council Committee Structure, Membership and Councillor Committee Representation, Dog Management Policy and related Code, Provision of Electronic Services for Elected Members, and Public Question Time – Council Meetings polices; adopted the new Information Management Policy; and rescinded the Aboriginal Reconciliation, Tidy Towns Competition and Land Transfer policies.	<i>Complete and ongoing</i>
4.3.10 Requirements of the Public Interest Disclosure Act 2002 complied with by responding to disclosures.	No Public Interest Disclosure applications were received.	<i>Complete and ongoing</i>
4.3.11 Requirements of the Right to Information Act 2009 complied with by responding to applications for information disclosure.	No applications for information disclosure were received.	<i>Complete and ongoing</i>
4.3.12 Annual budget estimates and reviews.	The 2016-17 Budget was adopted in July and the half yearly review completed and adopted at the March Council Meeting. Workshops on the 2016-17 budget were completed to inform the preparation of the 2017-18 Budget.	<i>Complete and ongoing</i>
4.3.13 Financial management processes comply with Tasmanian Audit Office requirements.	Council worked with the Tasmanian Audit Office to complete the 2016-17 Financials which were submitted on time and signed off in accordance with the <i>Local Government Act 1993</i> and Australian Accounting Standards.	<i>Complete and ongoing</i>
4.3.14 Input into the State Government "Sustainability Indicators" project provided.	The Local Government Division (LGD) Consolidated Data Collection (CDC) 2015-16 for Flinders Council was submitted within the required timeframe.	<i>Complete and ongoing</i>
4.3.15 Flinders Council Audit Panel functions effectively and efficiently.	The Audit Panel held three meetings throughout the year and reviewed the 16-17 Budget and Annual Plan. Debbie Scott from the Audit Office provided a thorough overview of the audit strategy for the 2015-16 Audit. In February 2017, the Audit Panel recommended reviewing the current structure of the panel including finding an independent Chairperson from off-island. The recommendation was adopted at the March Council Meeting. The General Manager was asked to source two prospective chairpersons for consideration by Council in the new financial year.	<i>Complete and ongoing</i>
4.3.16 Enterprise Agreement 2016-2019 that complies with Fair Work Act 2009.	After extensive review and negotiation, staff voted early in October to accept the new 2016-19 Enterprise Agreement and it was submitted to the Fair Work Commission for final acceptance.	<i>Complete</i>
4.3.17 Public officers educated and trained in ethical conduct to comply with Section 32 of the Integrity Commission Act 2009.	All staff undertook an online training module in ethical conduct provided by the Integrity Commission.	<i>Complete</i>
4.3.18 Furneaux Fire Area Management Committee functions efficiently and effectively.	Council supported the functions of the Furneaux Fire Management Area Committee (FMAC) by attending regular meetings; attending briefings on bushfire season; assisting with the review of the Furneaux Fire Management Area Plan which was sent to the State Fire Management Council (SFMC) for approval and working through strategic water points on the Island and the fire trail network.	<i>Complete and ongoing</i>
4.3.19 Appropriate plans and available resources in place to where possible mitigate and respond to identified risks and incidents.	The Flinders Municipal Emergency Management Committee met in October 2016 and discussed the Airport Emergency Exercise, National Disaster Resilience Program Funding (NDRP), the new SES Truck and communication issues. The Municipal Emergency Management Coordinator left Council employment in May. A replacement is being sought.	<i>Complete</i>
	The Flinders Municipal Emergency Management Plan (MEMP) and the Flinders Recovery Plan were due for review in March 2017. The October 2016 meeting of the Municipal Emergency Management Committee discussed the upcoming review of the	<i>Ongoing</i>



Strategic Direction: 4.3 Ensure Council meets its statutory obligations and manages corporate and community risk.		
Annual Plan Actions	Progress on Actions	Status
	MEMP. Some items for change were suggested such as adding the new Operation Centre that has been constructed in the Emergency Services building in Whitemark. The review of the MEMP and the Recovery Plan will be finalised when a new Municipal Emergency Management Coordinator has been appointed.	
	On the 29th September the Airport held its emergency exercise which involved all responding agencies and enabled Council and Airport staff to work alongside emergency services to identify areas of risk. The exercise gave all involved an overall picture of the capabilities of the Island's emergency response and resource capacity. A report on the Airport Emergency Exercise identified areas that required further training. These issues will be addressed not only through individual agencies but as a group and reflected in the appropriate plans. Through this exercise, a greater understanding of what resources are available/not available to the Island in an emergency was achieved. This will be taken into consideration when reviewing the Municipal Emergency Management Plan (MEMP).	<i>Complete</i>
	The State Emergency Service has offered basic training for committee members, which will be conducted over the next 12 months, and will include introduction to emergency management and coordination centre training. The biggest issue that arose from the Airport Emergency Exercise was the lack of training around the Forward Command Post/Incident Control. This has been identified as an area that needs attention. The Tasmania Fire Service has offered to conduct this training in the near future.	<i>Ongoing</i>
	Biosecurity Tasmania (BT) is developing a Biosecurity Plan for the Furneaux Islands. Council has liaised with both the BT Regional Manager and Regional Director however a failure in communication around the Bovine Johnes Disease status of the Island occurred. Multiple aspects of the plan affect the Island including the succession planning of a Vet. John O'Dell is currently employed by BT as a BT officer and operates on the Island as a private vet. Discussions with BT around this circumstance were highlighted with BT. Biosecurity Tasmania undertook a stakeholder engagement exercise in June which was well attended. Council met separately with Biosecurity Tasmania and agreed to work constructively to put in place improvements that would aid in the sustainability of the service with other potential veterinary needs.	<i>Completed and ongoing</i>
	Council received a number of letters requesting that weeds be removed from their properties - mainly roadsides. This is not in keeping with the discussions held on the Island around the prioritisation and treatment of weeds.	<i>Ongoing</i>
	4.3.20 Compliance of airport operations with requirements of CASA and other regulators.	The Flinders Island Airport Annual Technical Inspection was carried out by Aerodrome Operation Support who provided Flinders Airport with support over the past 12 months and has a thorough knowledge of the issues that are faced here on the Island. Technical Inspector Andrew Stewart conducted a full technical inspection of all airport assets as well as documents and procedures. The report received identified the need to update the Aerodrome Manual to reflect recent changes within the Airport and to continue with the current runway repair program as corrective actions. These were addressed and documented.
	The Obstacle Survey of all runways was carried out in December by Airport Survey Consultant Paul Fitzgerald. The report received identified one corrective action to be addressed (tree encroaching on the approach surface). The tree was removed.	<i>Completed and ongoing</i>
	The annual Airport Lighting Inspection was carried out early December and January by airport electrician Quinten Paske. The annual inspection involves thorough maintenance on all lighting systems at the airport and provides Council with a detailed report on the serviceability of the lighting. The report received identified some minor lighting repairs (mainly due to recent reseal works) as the only corrective actions.	<i>Completed and ongoing</i>
	Changes were made to the Aerodrome Manual regarding changing staff particulars and were sent to CASA as per requirements.	<i>Complete and ongoing</i>



Strategic Direction: 4.3 Ensure Council meets its statutory obligations and manages corporate and community risk.		
Annual Plan Actions	Progress on Actions	Status
	Airport staff attend monthly Safety Management System (SMS) meetings which include reports of newly identified hazards as well as the continued review of existing hazards and their risk safety measures. Meeting outcomes inform monthly work plans and airside safety issues are dealt with as they arise.	<i>Completed and ongoing</i>
	The Flinders Airport Drug and Alcohol Management Plan (DAMP) was formalised and implemented, with the exception of compulsory drug and alcohol testing of persons conducting works airside. DAMP training now forms part of the Flinders Airport induction process which all persons performing duties at the airport are required to complete. Airport staff also receive regular education at monthly SMS meetings. A drug and alcohol testing program has been costed and approved by Council and will be implemented next financial year.	<i>Completed and ongoing</i>
4.3.21 An integrated and strategic approach to financial and asset management.	The Long Term Financial Plan was updated to reflect the 2016-17 budget, reviewed by the Audit Panel in October and adopted at the November Council Meeting.	<i>Completed</i>
	The Long Term Asset Management Plan (AMP) was reviewed in line with the setting of the 2016-17 Budget and again in line with the revaluations of the road network. The updated AMP will be presented to Council in the new financial year.	<i>Ongoing</i>
4.3.22 Financial Statements include Financial and Asset Management Sustainability Indicators in accordance with the Local Government Act 1993.	The Financial and Asset Management Sustainability Indicators were finalised and included in the 2015-16 Annual Report as part of the Audited Financials.	<i>Completed and ongoing</i>
4.3.23 Create annual rates invoice, supplementary valuations and annual adjustment factors processed.	The 2016-17 rates were raised in July in accordance with the <i>Local Government Act 1993</i> . Supplementary valuations were processed as and when received. The Municipal Valuations were received and loaded into Propertywise so that the new valuations will be reflected in the 2017-18 rates. Seven properties that could possibly be sold for unpaid rates under s137 were identified. Investigations continue regarding these properties with legal advice being sought around some complexities.	<i>Completed and ongoing</i>
4.3.24 Roads to Recovery reporting requirements met.	The 2015-16 Annual Report for Roads to Recovery was audited by the Tasmanian Audit Office and submitted by the 30 th October. Quarterly reports detailing activity under the program were submitted on time.	<i>Completed and ongoing</i>
4.3.25 Mineral Resource returns to Mineral Resource Tasmania.	Quarterly reports to Mineral Resource Tasmania on Mineral Resource returns were submitted on time.	<i>Completed and ongoing</i>
4.3.26 Superannuation and Taxation obligations met.	Business Activity Statements, Superannuation contributions, Payroll Tax and the annual Fringe Benefits Tax Return were all submitted within the required timeframe.	<i>Completed and ongoing</i>
4.3.27 Annual Fire Levy returns submitted to the State Fire Commission.	The annual fire levy return for 2015-16 was submitted in August 2016 and the return for 2016-17 was submitted in June 2017.	<i>Completed and ongoing</i>
4.3.28 Requirements of the Public Health Act 1997 are met.	Private water suppliers, the school and the Multipurpose Centre, are required to be registered in accordance with the Drinking Water Quality Guidelines. Monthly samples were taken by Council. Another private water supply that has been operational for many years has also registered.	<i>Completed and ongoing</i>
	Now that TasWater is providing a potable water supply, accommodation businesses within the Whitemark and Lady Barron Townships are no longer required to warn their occupants of the quality of the water. Registration of all accommodation businesses (or suppliers of water), outside of the reticulated water supply, as private water suppliers commenced. A number have yet to register. A Flinders ratepayer, who is both an accommodation business owner and an Epidemiologist, made some relevant suggestions surrounding the implementation of the private water registration. These comments were fed back to the State Water Officer who has taken such comments on board and agreed to provide supporting	<i>Completed and ongoing</i>



Strategic Direction: 4.3 Ensure Council meets its statutory obligations and manages corporate and community risk.		
Annual Plan Actions	Progress on Actions	Status
	material to all Tasmanian Council's to work with. The follow up of registrations will recommence when this has been received.	
	The Multipurpose Centre (MPC) is the Municipality's only supplier of warm water and they completed their registration for the year.	<i>Completed and ongoing</i>
	The annual recreational water sampling program which includes Allports, Killiecrankie, Whitemark (jetty) and Lady Barron (slip), was completed for another season and the report to the Department of Health and Human Services has been submitted for the 2016-17 period.	<i>Completed and ongoing</i>
	Council provides a structured inspection program for all environmental health related facilities and activities and provides support as required. The main environmental health related program is food and food registration falls due on the 1st of August each year. All food premises - being full registration, minimal operations or temporary food - requiring re-registration were completed and no notices were issued. Routine inspections continue and volunteer food safety seminars were conducted.	<i>Completed and ongoing</i>
	The 2016 School Based Immunisation Program (SBIP) was completed with Council continuing to partner with the medical surgery. Council continues to oversee and report to State Government, ACIR and HPV register. A change in surgery nurse who is not a trained immuniser means a doctor must attend the SBIP. The 2017 School Based Immunisation program commenced and Council continues to partner with the Medical Surgery for the use of the Doctor (to visit the school) and staff to order and maintain vaccines and associated data. Council continues to oversee and report to State Government, ACIR and HPV register.	<i>Complete and ongoing</i>
4.3.29 Requirements of the Dog Control Act 2000 are met.	Primary functions of the Dog Control Act such as registration, microchipping, dogs at large and dog nuisances, were prioritised and upheld as much as possible. Council's Contract Dog Officer continued to visit the Island at random times to investigate non-compliances. Infringement notices for failure to register dogs for the current year were issued with 3 issued to the Monetary Penalties Enforcement Service (MPES) for recovery.	<i>Completed and ongoing</i>
	The Dog Management Policy was reviewed and updated and a Code for Responsible Dog Ownership developed as per the requirement under the <i>Dog Control Act 2000</i> .	<i>Complete</i>
4.3.30 Requirements of the Building Control Act 2000 are met.	The new inspection regime implemented the previous financial year to undertake health and safety audits of Council's built assets to ensure compliance of Council buildings continues to be finessed. User groups and leasee responsibilities form part of the schedule and require further attention. Inspections continue but a process is yet to be determined to outline frequency and maintenance requests from inspection results. Ideas were workshopped around best approach to user groups, responsibilities, cleaning etc.	<i>Completed and ongoing</i>
4.3.31 Requirements of the Environment Protection Agency (EPA) regulations are met.	Work continued to substantially comply with the Environmental Protection Agency's (EPA) Notice relating to the operation of the Whitemark waste resource centre. QC ³ Consultancy was engaged to develop an Early Contractor Involvement (ECI) package for Council to release to effectively engage a qualified contractor to assist with formulating the scope of works required to manage waste on the Island; effectively leading to compliance with the current EPA Notice. An excellent response to the ECI tender and the call for Expressions of Interest from the Community was received. Council is currently working with the successful industry applicant to develop the "scope of works" as stage 1 of the project. Council aims to engage both the successful industry tenderer and the successful community member early in the new financial year. Although no work has been undertaken at the site as yet, the EPA is extremely happy with the progress Council has made to date in preparation for site amendments.	<i>Ongoing</i>
	No assessments of asbestos transport operations and disposal were required.	<i>Complete and ongoing</i>





Strategic Direction: 4.4 Drive continuous improvement through a focus on customer service, community engagement, efficient systems and processes, innovation, capacity building and workforce development.

Annual Plan Actions	Progress on Actions	Status
<p>4.4.1 A healthy and safe place to work.</p>	<p>A Workplace Health and Safety Committee was established and meets quarterly. Attended the Northern Council's OHS Reference Group Meeting to discuss combined Councils' OHS issues.</p> <p>Monthly Safety Meetings held at the Works and Services Depot and monthly Safety Management System Meetings held at the Airport.</p> <p>WorkSafe Tasmania Safety Advisors facilitated safety workshops for Council staff and the wider community. Staff attended training in order to improve Council's Quarry Safety Management System.</p> <p>A Flinders Island Health and Safety Forum Survey was developed and sent to relevant stakeholders to gain interest in a Forum to be held in November 2016.</p>	<p><i>Complete and ongoing</i></p>
	<p>A Mental Health and Wellbeing Policy was developed and adopted and a Mental Health and Wellbeing Program for employees was developed and implemented. New Employee Assistance Program (EAP) appointed on a trial basis to provide more support to Council employees. Regular meetings scheduled with Social Worker / Counsellor Robyn McKinnon to continue to improve this new relationship.</p>	<p><i>Complete and ongoing</i></p>
	<p>Risk Register updated and management plan for current risks developed. Emergency Evacuation Plans and Procedures were developed for the Flinders Arts and Entertainment Centre, Lady Barron Hall, Showgrounds and the Furneaux (Emita) Hall. New Contractor Management System implemented across Council. Induction/Exit processes reviewed for new employees and employees exiting the business.</p>	<p><i>Complete and ongoing</i></p>
	<p>Due to limited resources there was no activity undertaken.</p>	<p><i>Ongoing</i></p>
<p>4.4.2 Continuous improvement program.</p>	<p>Staff received professional development opportunities during the year as opportunities arose.</p>	<p><i>Complete and ongoing</i></p>
<p>4.4.4 Compliance with the requirements of the <i>Work Health and Safety Act 2012</i>. A safe working environment where staff, volunteers and contractors understand safety issues, are supported and take individual responsibility for safety.</p>	<p>Council's Risk Register was reviewed by all staff in September and the top risks identified. The top ten risks were reported to the Audit Panel Committee. Risk Treatment Plans were put in place for all risks rated HIGH or VERY HIGH and the Risk Register was reviewed on a regular basis.</p>	<p><i>Complete and ongoing</i></p>
	<p>Monthly safety meetings were held with the Works and Services Department focusing on Standard Operating Procedures, Job Safety Analysis (JSA), Manual Handling and Plant and Equipment Safety. All JSA's updated and signed off by Works and Services staff.</p>	<p><i>Complete and ongoing</i></p>
	<p>The Contractor Insurance Register was updated and contractor management training completed. Worked with the Institute of Project Management to develop a new online Contractor Management System. Contractors were trained in how to follow the new process and add details to the system. Ability to also record Council employee information in this system including training records and qualifications.</p>	<p><i>Complete and ongoing</i></p>
	<p>New Contractor Online Safety Induction Program developed and implemented by DBIS (supplier) for Contractors, Volunteers and New Employees. Council's Safety System was reviewed by WorkSafe Tasmania Advisor with a few recommendations made. A Contractor Sign In/Out process is being trialed for Contractors and Visitors reporting to the front office and at the Airport.</p>	<p><i>Complete and ongoing</i></p>
	<p>Inductions for the Lady Barron Hall Fitness Facility were delivered to around 60 people. New OHS assistance program Montie is now available to be used to educate and train employees. Office Fire Drill completed in line with Business Continuity Plan. New Service Request Process implemented. Bullying and Harassment Awareness and Working at Heights Training was conducted.</p>	<p><i>Complete and ongoing</i></p>



Strategic Direction: 4.4 Drive continuous improvement through a focus on customer service, community engagement, efficient systems and processes, innovation, capacity building and workforce development.		
Annual Plan Actions	Progress on Actions	Status
	Work commenced on developing a Hazardous Chemicals Register and an Asbestos Register for Council.	<i>Complete and ongoing</i>
4.4.5 An effective and dynamic online presence (Council website).	Corporate services staff undertook regular review of the website content and made changes to bring the content up to date as and when required.	<i>Complete and ongoing</i>
	Community members are now able to submit a Request for Service via the Council website. This new service has streamlined the process and provides timely feedback to those who submit a request.	<i>Complete</i>
4.4.6 A central source of information for tourists and visitors to the Island.	The visitor information service was provided throughout the year. The number of inquiries and time spent providing visitor information was recorded on a daily basis.	<i>Complete and ongoing</i>
4.4.7 New Residents' Kits.	The New Residents' Kit has been updated and will be released in the 2017-18 financial year.	<i>Ongoing</i>

Strategic Direction: 4.5 Build financial and organisational resilience and maximise returns from Council's capital resources.		
Annual Plan Actions	Progress on Actions	Status
4.5.1 Resources utilised to maximise financial and community returns.	The Works and Services Department constantly seeks further revenue streams in the form of Private and Agency Works. Private works are only undertaken on the basis that they do not prevent Council's own works schedule from being achieved. Private and Agency Works make up approximately 13% of Council's operating income.	<i>Completed and ongoing</i>
	Private Works undertaken this year include work on the Hydro Tasmania access road and lay down area for the new wind turbine for Shaw Contracting and upgrading the Docks Road, Badger Corner Track, Fotheringate Bay Road and the Darling Range Fire Trail for the Parks and Wildlife Service. The latter is 80% complete with some gravel carting yet to take place on Badger Corner Track and the Darling Range Fire Trail when it becomes dry enough to access the tracks with heavy trucks.	
4.5.2 Sustainable organisation.	All internal audits of financial procedures were completed throughout the year.	<i>Ongoing</i>
	Due to limited staffing no work was undertaken on updating the 10 year financial assessment to identify key funding and financing gap risks.	<i>Ongoing</i>





5. Liveability - Protect, improve and promote the safety, creativity, health and wellbeing of the Islands' communities.

Strategic Direction: 5.1 Improve the health and wellbeing of the Island communities through leadership and co-ordination.		
Annual Plan Actions	Progress on Actions	Status
5.1.1 Integrated delivery of health promotion activities.	Council staff managed and facilitated the new Primary Health Tasmania (PHT) funding which includes the role of the Mental Health Worker (Robyn McKinnon) and Rural Health Worker and Physical Health Worker (David Heap) and focuses on Chronic Disease Management and Health Promotion. 32 people referred to the service to support their Chronic Disease Management Plan. 20 of these clients have direct contact with the Mental Health Worker.	<i>Complete and ongoing</i>
	A network of local stakeholders including Council staff, the local GP, Multipurpose Centre, Mental Health Worker, Flinders Island Aboriginal Association Inc. (FIAAI), Flinders Island District High School (FIDHS) and Cape Barren Island Aboriginal Association Inc. (CBIAAI) meet on a monthly basis to discuss the program.	
	Liaised with Robyn McKinnon, Youth Mental Health Worker, to devise a youth-led wellbeing program in collaboration with Flinders Island District High School.	<i>Complete and ongoing</i>
	Round 3 of the Moms on the Move (MOM) 9 week health and well-being program that incorporated both physical activity and education was delivered. Round 2 of the Working on Women (WOW) program was delivered. This initiative gives women who are often in sedentary roles the opportunity to engage in physical activity during their working day.	<i>Complete</i>
	The Winter School Holiday Program was delivered in partnership with FIAAI and FIDHS. A total of 98 participants attended the activities - NAIDOC Celebrations and Flag Raising Ceremony; Junior and Senior Footy Clinics with North Launceston Football Club; Glowing in the Dark; Movie Matinee and Dance Fit.	<i>Complete and ongoing</i>
	The Spring School Holiday Program included a Movie Matinee; abseiling and rock climbing with Scotch Oak-Burn College; creative arts workshops and Moulage and Role Play where staff and youth acted as victims to support the Airport Emergency Exercise. Council partnered with Little Athletics to provide a taster day with coaches from Launceston delivering the event and providing Official's training for local members.	
	The Summer School Holiday Program included Surf School; boat building for the Emita Sports Day and performing arts workshops so the youth could perform at the Furneaux Islands Festival.	
	For the Autumn School Holiday Program, FIAAI ran a two day motorbike maintenance workshop and Council facilitated a Tie Dye Workshop, The Dock to Killiecrankie walk, an online coding activity and rollerblading at the Furneaux (Emita) Hall.	
	Council staff facilitated the opening and inductions of around 60 community members for the Lady Barron Hall Fitness Facility. Staff also delivered Nordic Walking training to the Community.	<i>Complete</i>
	Worked with Healthy Tasmania, FIAAI Health Services, Community Health Nurse Fiona Turley, David Heap as local Physiotherapist and John Loudon from the Multipurpose Centre to apply for Tazreach funding to deliver and promote a Healthy Men's Program on the Island. Unfortunately the application was unsuccessful.	<i>Complete</i>
5.1.2 Rural Primary Health Service program funding is administered for delivery of health services to the Community.	The 2016 Rural Primary Health Services (RPHS) Program, funded until the 31st December 2016, financed the Community Health Nurse and Youth Health Programs. The 2017 Program changed to a tender process with applicants required to bid for the funds. A consortium of local governments, with the Royal Flying Doctor Service (RFDS) as the lead coordinating agency, submitted a successful tender for the program. The new program, under the RFDS managed Integrated Primary Health Consortium, supports the delivery of primary health care to people with chronic conditions and includes services provided by 3 new part-time positions - the Mental	<i>Complete and ongoing</i>



Strategic Direction: 5.1 Improve the health and wellbeing of the Island communities through leadership and co-ordination.		
Annual Plan Actions	Progress on Actions	Status
	<p>Health Worker, Rural Health Worker/Exercise Physiologist.</p> <p>The role of Council's Community Development Officers under this program is to work in partnership with the RFDS on the day-to-day service delivery, identify appropriate service delivery models, participate in governance forums and identify opportunities for further integrating the services offered under the funding in our Local Government Area.</p>	
5.1.3 Improved health and wellbeing of the community supported through education and health services.	<p>Community Development staff supported the delivery of a number of health and activity based programs and events for the Community including:</p> <ul style="list-style-type: none"> Two hour Palliative Care Workshop "What to say when you don't know what to say" provided support for dealing with end of life wishes and supporting someone with life limiting illness. Seven community members attended. First Aid and Bronze Medallion training by St John and Surf Lifesaving Tasmania to staff and community members. Kayaking Come and Try Day provided to the community by 40⁰ South as a thank you for supporting their tours on the Island. 11 people participated. Working on Women (WOW) program for the lunch time exercise classes. <p>Please see action 5.1.1.1 and 5.1.1.2 for more detail on health and activity based programs for the Community.</p>	<i>Complete and ongoing</i>
	<p>Community Development was instrumental in facilitating the operational management of the Lady Barron Fitness Facility. With the facility now open it is supporting the delivery of activity based programs by others in the Community such as Kathleen Ives-Heap who runs fitness sessions there.</p>	<i>Complete</i>
	<p>The funeral service was maintained to meet community need.</p>	<i>Complete and ongoing</i>





Strategic Direction: 5.2 Support cultural activities that foster social engagement and emotional wellbeing and provide opportunities for creative expression.		
Annual Plan Actions	Progress on Actions	Status
5.2.1 Arts and cultural activities are encouraged and supported.	<p>Community Development staff worked with community groups, businesses and organisations to foster and support a number of cultural activities including the following:</p> <ul style="list-style-type: none"> • Collaborated with Flinders Island Aboriginal Association Inc. (FIAAI) to participate in and support the NAIDOC week celebrations during the Winter School Holiday Program. Transport was provided for young people to attend the event. • Worked closely with FIAAI and Flinders Island branch of Tas Regional Arts (TRA) to deliver live entertainment, comedy, performing arts and dance as a part of the Furneaux Islands Festival 2017. • Council sponsored two flights to support the 9-piece band that went to the Music in the Vines event. • Worked with TRAs to support the delivery of the 10 Days on the Island event. • Supported the CROON Royal Flying Doctors Service fundraising concerts. • Worked with the Furneaux (Emita) Hall Special Committee to deliver a boat building workshop in support of Emita Sports Day 2017. • Worked with a sub-committee of Regional Arts to assist in their investigation of incorporation as a result of the demise of their Tasmanian parent organisation. This resulted in the identification of appropriate insurance, incorporation and a name change. 	<i>Complete and ongoing</i>
5.2.2 Community events and activities are supported, encouraged and delivered.	<p>Council partnered with the Flinders Island Aboriginal Association Inc. (FIAAI) to deliver the fourth Furneaux Islands Festival in January 2017 consisting of 4 events over 3 days - Acoustic Supper (sold out), Market Day, Verandah Music and Community Day. With the assistance of FIAAI and Samantha Gowthorpe, a successful grant application to the OZ Day 'Great Ideas' grant program secured \$3,000 to bring two chefs from Melbourne and Sydney to the Island to prepare and provide local food as part of the festival Market Day and Community BBQ. Overall attendance for the weekend was estimated at 920.</p> <p>Planning for the 2018 Furneaux Islands Festival began in June 2017.</p>	<i>Complete and ongoing</i>
	<p>Staff collaborated with the local Little Athletics Group to deliver a taster day as part of the School Holiday Program. Flinders Island District High School provided the oval facility for the event.</p>	<i>Complete</i>
	<p>The Works and Services Department actively assists with community events when requested.</p>	<i>Complete and ongoing</i>

Strategic Direction: 5.3 Land use planning conserves natural and cultural values and addresses natural hazards and climate adaption.		
Annual Plan Actions	Progress on Actions	Status
5.3.1 Municipal climate change strategy.	<p>A draft Climate Change Strategy for the Municipality has been prepared and attendance at a forum for a new climate adaption tool was useful to improving the first draft. This will not be finalised until the main body of planning scheme work is completed.</p>	<i>Ongoing</i>
5.3.2 Hazard management and climate adaption integrated into specific area plans.	<p>Specific Area Plans cannot be drafted until the parameters of the Local Provisions Schedule (LPS) are clear however significant progress has been made on identification of local issues to inform their development. Hazard mapping for the LPS is likely to commence September 2017 following designation of zones and drafting of Specific Area Plans.</p> <p>The State notified Council that a hazard report will be required for applications within the 'investigation area' on LIST maps for coastal inundation. Staff explored the</p>	<i>Ongoing</i>



Strategic Direction: 5.3 Land use planning conserves natural and cultural values and addresses natural hazards and climate adaption.		
Annual Plan Actions	Progress on Actions	Status
	possibility of contracting height datum mapping for Flinders Island areas identified for future settlement to avoid this extra cost for future applicants. Identification of hazard issues in work for Structure Plan completed and multiple hazard map prepared for final (TPC version) of the Land Use Strategy.	
5.3.3 Biosecurity risks identified and a program to address those risks developed.	Refer 4.3.19.2	<i>Ongoing</i>
5.3.4 Planning scheme enhances liveability and protects distinctive local characteristics.	Structure Plan work identified liveability outcomes related to open space and public access, scenic quality, hazard management and sustainable development. The Land Use Table (draft zoning strategy) exhibited with the Structure Plan is the basis for the Local Provisions Schedule (LPS) and illustrates how each locality will reflect liveability objectives in either a Specific Area Plan, Specific Area Qualification or Particular Purpose Zone in the new scheme. No LPS can be completed until the State Planning Scheme has been declared.	<i>Ongoing</i>





FINANCIAL REPORT

For the Year Ended 30 June 2017



**Flinders Council
Financial Report
Table of Contents**

FINANCIAL REPORT		Page
Financial Statements		
Statement of Profit or Loss and Other Comprehensive Income		1
Statement of Financial Position		2
Statement of Changes in Equity		3
Statement of Cash Flows		4
Notes to Financial Statements		
Note 1	Reporting entity	5
Note 2	Basis of accounting	5
Note 3	Use of estimates and judgements	5
Note 4	Functions/Activities of the Council	6
Note 5	Rates and charges	8
Note 6	Statutory fees and fines	8
Note 7	User fees	8
Note 8	Grants	9
Note 9	Contributions	10
Note 10	Interest	10
Note 11	Other income	10
Note 12	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	11
Note 13	Investment revenue from water corporation	11
Note 14	Employee benefits	11
Note 15	Materials and services	11
Note 16	Impairment of receivables	11
Note 17	Depreciation and amortisation	12
Note 18	Finance costs	13
Note 19	Other expenses	13
Note 20	Investment in water corporation	13
Note 21	Cash and cash equivalents	13
Note 22	Trades and other receivables	14
Note 23	Financial assets	14
Note 24	Inventories	14
Note 25	Other assets	14
Note 26	Property, infrastructure, plant and equipment	15
Note 27	Intangible assets	21
Note 28	Trade and other payables	21
Note 29	Trust funds and deposits	21
Note 30	Provisions	21
Note 31	Interest bearing loans and borrowings	24
Note 32	Reserves	25
Note 33	Reconciliation of cash flows from operating activities to surplus or deficit	26
Note 34	Reconciliation of cash and cash equivalents	26
Note 35	Financing arrangements	26
Note 36	Superannuation	27
Note 37	Operating leases	28
Note 38	Contingent liabilities and contingent assets	28
Note 39	Financial instruments	29
Note 40	Events occurring after balance date	35
Note 41	Related party transactions	35
Note 42	Special committees and other activities	36
Note 43	Significant Business Activities	37
Note 44	Management indicators	38
Note 45	Fair value measurements	40
Note 46	Material budget variations	44
Note 47	Other significant accounting policies and new accounting standards	45
	Certification of the Financial Report	58

**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2017**

	Note	Budget 2017 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
Income from continuing operations				
Recurrent Income				
Rates and charges	5	1,655	1,555	1,501
Statutory fees and fines	6	46	37	49
User fees	7	758	892	1,118
Grants	8	2,027	2,321	976
Contributions - cash	9	-	-	26
Interest	10	210	88	161
Other income	11	41	52	67
Investment revenue from water corporation	13, 20	54	54	54
		4,791	4,999	3,952
Capital income				
Capital grants received specifically for new or upgraded assets	8	186	743	876
Contributions - non-monetary assets	9	-	-	145
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	12	185	(13)	(111)
Recognition of land under roads		-	-	-
		371	730	910
Total income from continuing operations		5,162	5,729	4,862
Expenses from continuing operations				
Employee benefits	14	(2,132)	(1,967)	(2,087)
Materials and services	15	(1,767)	(1,821)	(1,855)
Impairment of debts	16	-	-	-
Depreciation and amortisation	17	(1,468)	(1,499)	(1,431)
Finance costs	18	(26)	(25)	(17)
Other expenses	19	(121)	(131)	(109)
Total expenses from continuing operations		(5,514)	(5,442)	(5,498)
Result from continuing operations		(352)	287	(636)
Net result for the year		(352)	287	(636)
Other comprehensive income				
Items that will not be reclassified to surplus or deficit				
Net asset revaluation increment/(decrement)	32	-	4,209	-
		-	4,209	-
Items that may be reclassified subsequently to surplus or deficit				
Fair value adjustments for financial assets at fair value	23	-	21	-
Financial assets available for sale reserve				
— Fair Value adjustment on Available for Sale Assets	32	-	22	55
		-	43	55
Total Other Comprehensive Income		-	4,252	55
Total Comprehensive result		(352)	4,538	(582)

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

**Statement of Financial Position
As at 30 June 2017**

	Note	2017 \$'000	2016 \$'000
Assets			
Current assets			
Cash and cash equivalents	21	4,164	5,197
Trade and other receivables	22	442	358
Financial assets	23	1,911	890
Inventories	24	132	224
Other assets	25	8	6
Total current assets		6,657	6,675
Non-current assets			
Investment in water corporation	20	3,329	3,307
Property, infrastructure, plant and equipment	26	52,428	46,678
Intangible assets	27	40	-
Other assets	25	59	59
Total non-current assets		55,856	50,044
Total assets		62,513	56,719
Liabilities			
Current liabilities			
Trade and other payables	28	267	411
Trust funds and deposits	29	67	67
Provisions	30	254	204
Interest-bearing loans and borrowings	31	37	36
Total current liabilities		625	718
Non-current liabilities			
Provisions	30	317	379
Interest-bearing loans and borrowings	31	2,057	647
Total non-current liabilities		2,374	1,026
Total liabilities		2,999	1,744
Net Assets		59,514	54,975
Equity			
Accumulated surplus		42,854	41,974
Reserves	32	16,660	13,001
Total Equity		59,514	54,975

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

Statement of Changes in Equity
For the Year Ended 30 June 2017

	Note	Accumulated		Asset	Fair	Other
		Total	Surplus	Revaluation	Value	Reserves
2017		2017	2017	2017	2017	2017
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		54,975	41,974	8,720	(107)	4,388
Adjustment due to compliance with revised accounting standard		-	-	-	-	-
Adjustment on change in accounting policy		-	-	-	-	-
Surplus / (deficit) for the year		287	287	-	-	-
Other Comprehensive Income:						
Fair value adjustments for financial assets at fair value	23	21	-	-	21	-
Financial assets available for sale reserve						
— Fair Value adjustment on Available for Sale Assets	20	22	-	-	22	-
Net asset revaluation increment/(decrement)	32	4,209	-	4,209	-	-
Transfers between reserves		-	593	-	-	(593)
Balance at end of the financial year		59,514	42,854	12,929	(64)	3,795
2016		Total	Accumulated	Asset	Fair	Other
		2016	Surplus	Revaluation	Value	Reserves
		\$'000	2016	Reserve	Reserve	2016
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		55,556	42,610	8,720	(162)	4,388
Adjustment due to compliance with revised accounting standard		-	-	-	-	-
Adjustment on change in accounting policy		-	-	-	-	-
Surplus / (deficit) for the year		(636)	(636)	-	-	-
Other Comprehensive Income:						
Fair value adjustments for financial assets at fair value		-	-	-	-	-
Financial assets available for sale reserve						
— Fair Value adjustment on Available for Sale Assets	20	55	-	-	55	-
Net asset revaluation increment/(decrement)	32	-	-	-	-	-
Transfers between reserves		-	-	-	-	-
Balance at end of the financial year		54,975	41,974	8,720	(107)	4,388

The above statement should be read with the accompanying notes.

**Statement of Cash Flows
For the Year Ended 30 June 2017**

	Note	2017 Inflows/ (Outflows) \$'000	2016 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates		1,583	1,440
Statutory fees and fines		37	49
User charges and other fines (inclusive of GST)		911	1,134
Grants (inclusive of GST)		2,333	991
Interest		88	161
Investment revenue from water corporation		54	54
Other receipts (inclusive of GST)		52	93
Net GST refund/payment		84	23
Payments to suppliers (inclusive of GST)		(2,165)	(1,518)
Payments to employees (including redundancies)		(1,923)	(2,071)
Other payments (inclusive of GST)		(131)	(109)
Finance costs		(22)	(17)
Net cash provided by (used in) operating activities	33	901	230
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(3,061)	(2,595)
Proceeds from sale of property, infrastructure, plant and equipment		3	86
Capital grants (inclusive of GST)		761	876
Payments for intangible assets		(48)	-
Proceeds from sale of other financial assets		-	3,725
Net cash provided by (used in) investing activities		(2,345)	2,092
Cash flows from financing activities			
Transfers to financial assets		(1,000)	-
Proceeds from interest bearing loans and borrowings		1,447	700
Repayment of interest bearing loans and borrowings		(36)	(17)
Net cash provided by (used in) financing activities		411	683
Net increase (decrease) in cash and cash equivalents		(1,033)	3,005
Cash and cash equivalents at the beginning of the financial year		5,197	2,192
Cash and cash equivalents at the end of the financial year	34	4,164	5,197
Financing arrangements	35	13	10
Restrictions on cash assets	21	638	650

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

Note 1 Reporting entity

- (a) The Flinders Council was established on 26 February 1908 and is a body corporate with perpetual succession and a common seal. Council's main office is located at 4 Davies S, Whitemark, 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 2 Basis of accounting

These financial statements are a general purpose financial report that consists of a Statement of Profit or Loss and Other Comprehensive Income, 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 (LGA1993) (as amended)*. Council has determined that it does not have profit generation as a prime objective. Consequently, where appropriate, Council has elected to apply options and exemptions within accounting standards that are applicable to not-for-profit entities.

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 20, 23 and 26.

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. Details of entities not included in this financial report based on their materiality are detailed in Note 42.

Note 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 30.

Fair value of property, plant & equipment

Assumptions and judgements are utilised in determining the fair value of Council's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in note 26.

Investment in water corporation

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 20.

Quarry

rehabilitation

Assumptions and judgements are utilised in determining the provision for quarry rehabilitation are discussed in note 30.

Landfill rehabilitation

Assumptions and judgements are utilised in determining the provision for landfill rehabilitation are discussed in note 30.

Note 4 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
Government and administration						
2016 - 2017	918	1,521	2,439	1,762	677	19,664
2015 - 2016	365	1,512	1,877	1,577	300	18,586
Roads, streets and bridges						
2016 - 2017	1,763	501	2,264	1,377	887	35,867
2015 - 2016	1,145	767	1,912	1,517	395	31,449
Waste management						
2016 - 2017	-	185	185	112	73	530
2015 - 2016	-	181	181	140	41	557
Environmental health, building & planning services						
2016 - 2017	-	62	62	371	(309)	-
2015 - 2016	-	102	102	365	(263)	-
Town maintenance						
2016 - 2017	147	58	205	269	(64)	-
2015 - 2016	-	94	94	204	(110)	-
Depot & plant						
2016 - 2017	-	2	2	716	(714)	2,115
2015 - 2016	-	41	41	754	(713)	2,226
Airport						
2016 - 2017	26	333	359	492	(133)	4,337
2015 - 2016	238	305	543	574	(31)	3,901
Community & economic development						
2016 - 2017	210	3	213	343	(130)	-
2015 - 2016	104	8	112	367	(255)	-
Total						
2016 - 2017	3,064	2,665	5,729	5,442	287	62,513
2015 - 2016	1,852	3,010	4,862	5,498	(636)	56,719

(b) Reconciliation of Assets from note 4(a) with the Statement of Financial Position at 30 June:

	2017	2016
Current assets	6,657	6,675
Non-current assets	55,856	50,044
	62,513	56,719

(c) Governance and administration:

Operation and maintenance of council chambers, administration offices, and councillors

Roads, streets and bridges

Construction, maintenance and cleaning of road, streets, footpaths, bridges, parking facilities and street lighting.

Waste Management

Collection, handling, processing and disposal of all waste materials.

Environmental health, building & planning services

Environmental health includes disease control food surveillance, public-use building standards, health education and promotion, water quality, workplace safety and cemeteries. Environmental management includes strategies and programs for the protection of the environment and regulations of activities affecting the environment. Building includes the development and maintenance of building construction standards. Planning includes the administration of the town planning scheme, subdivisions and urban and rural renewal programs.

Town maintenance

Operation and maintenance of all recreational and sporting facilities (including community halls & playgrounds). Operation and maintenance of Council owned buildings, public land and facilities to a standard expected within the local community.

Depot & plant

Operation and maintenance of all plant times, equipment, machinery, council workshop and supplies.

Airport

Operation and maintenance of the Flinders Island Airport with all required aviation standards and procedures

Community & economic development

Operation and support of health services, performing arts & culture, youth services and the presentation of community events. Economic Development which provides the implementation of a process and marketing support by which strategies and plans can be developed so that the Council can fulfil their general responsibility for enhancing the quality of life of the whole community.

2017
\$'000

2016
\$'000

Note 5 Rates and charges

Council uses Assessed Annual Valuation as the basis of valuation of all properties within the municipality. The Assessed Annual Value of a property is its rental capacity value for each given year.

The valuation base used to calculate general rates for 2016-17 was \$14.61 million (2015-16 \$14.54 million). The 2016-17 rate in the Assessed Annual Value dollar was \$0.09659808 (2015-16, \$0.094704).

General rates	1,292	1,260
Fire levy	60	60
Waste management charges	185	181
Rates and charges in advance	18	-
Total rates and charges	1,555	1,501

The date of the latest general revaluation of land for rating purposes within the municipality was 1 October 2010, and the valuation was first applied in the rating year commencing 1 July 2011. Adjusted Assessed Annual Values were last applied for rating purposes on 1 July 2015.

Accounting policy

Rates and charges income

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

Note 6 Statutory fees and fines

Infringements and costs	-	1
Town planning fees	21	32
Land information certificates	12	9
Permits	4	7
Total statutory fees and fines	37	49

Accounting policy

Statutory fee and fine income

Fees and fines are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs. A provision for impairment is recognised when collection in full is no longer probable.

Note 7 User fees

Community facilities hire fees	2	4
Dog registration fees	6	6
Food premises registrations	5	4
Building services fees	20	24
Airport fees and charges	314	298
DIER contract	117	155
Private works	386	612
Cemetery fees	34	13
Other fees and charges	3	2
Dog registration fees received in advance	5	-
Total user fees	892	1,118

Ageing analysis of contractual receivables

Please refer to note 39(c) for the ageing analysis of contractual receivables.

Accounting policy

User fee income

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

2017
\$'000

2016
\$'000

Note 8 Grants

Grants were received in respect of the following:

Summary of grants

Federally funded grants	2,476	1,490
State funded grants	588	362
Total	3,064	1,852

Grants - Recurrent

Commonwealth Government Financial Assistance Grants - General Purpose (relating to 2015/16)	-	296
Commonwealth Government Financial Assistance Grants - Roads (relating to 2015/16)	-	369
Commonwealth Government Financial Assistance Grants - General Purpose (relating to 2016/17)	608	-
Commonwealth Government Financial Assistance Grants - Roads (relating to 2016/17)	692	-
Commonwealth Government Financial Assistance Grants - (received in advance for 2017/18)	668	-
Community Health	119	100
Transport	231	209
Other	3	2
Total recurrent grants	2,321	976

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2016-17 the Commonwealth made early payment of the two quarterly instalments for the following year. In accordance with AASB1004 *Contributions*, Council recognises these grants as revenue when it receives the funds and obtains control. The early receipt of instalments resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2016-17 by \$667,861. This has impacted the Statement of Profit or Loss and Other Comprehensive Income resulting in the Surplus/(deficit) being higher in 2016-17 by \$667,861.

Capital grants received specifically for new or upgraded assets

Commonwealth Government - roads to recovery	482	567
Airport Upgrade	27	238
Marine safety & access	-	51
Lady Barron Hall	184	-
Other	50	20
Total capital grants	743	876

Conditions on grants

Non-reciprocal grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:

Community health	19	-
Marine safety & access	-	8
Other - election commitment grant	-	43
Total	19	51

Non-reciprocal grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:

Community health	-	94
Shipping	-	110
Emergency services	-	3
Other - election commitment grant	39	207
Total	39	414

Net increase (decrease) in non-reciprocal grant revenues for the year: **(20)** **(363)**

Accounting policy

Grant income - operating and capital

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

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

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date and conditions include a requirement to refund unused contributions. Revenue is then recognised as the various performance obligations under an agreement are fulfilled. Council does not currently have any reciprocal grants.

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

2017
\$'000

2016
\$'000

Note 9 Contributions

(a) Cash		
Parks, open space and streetscapes	-	26
Total	-	26
(b) Non-monetary assets		
Land	-	145
Total	-	145
Total contributions	-	171

Accounting policy

Contribution income

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

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

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

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

Note 10 Interest

Interest on financial assets	35	102
Interest on rates	26	32
Interest on cash and cash equivalents	27	27
Total	88	161

Accounting policy

Interest income

Interest is recognised progressively as it is earned.

Note 11 Other income

Rent	11	14
Reversal of impairment income	5	-
Reimbursements	2	1
Other	34	52
Total other income	52	67

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.

Reversal of impairment income

Reversals of impairment losses are recognised when payment is received.

Other income

Other income is recognised when the payment is due or received, whichever first occurs.

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 depreciated 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. 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 be reliably measured at balance date.

Note 12 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

Proceeds of sale	3	87
Write down value of assets disposed	(16)	(198)
Total	(13)	(111)

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.

	2017	2016
	\$'000	\$'000
Note 13 Investment revenue from water corporation		
Dividend revenue received	35	37
Tax equivalent received	16	13
Guarantee fee received	3	4
Total investment revenue from water corporation	<u>54</u>	<u>54</u>

Accounting policy

Investment revenue

Dividend revenue is recognised when Council's right to receive payment is established.

Note 14 Employee benefits		
Wages and salaries (incl. leave)	1,823	1,869
Workers compensation	42	35
Superannuation	192	194
Fringe benefits tax	5	8
Other employee related expenses	84	126
	<u>2,146</u>	<u>2,232</u>
Less amounts capitalised	(179)	(145)
Total employee benefits	<u>1,967</u>	<u>2,087</u>

Accounting policy

Employee benefits

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

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 15 Materials and services		
Consultant & contractor payments	527	356
Materials, supplies & services	785	967
Plant and equipment maintenance & operating costs	107	112
Insurance	73	81
Utilities, internet & phone	102	111
Councillors' expenses	24	24
Leases & licences	86	82
Donations & gifts	11	21
Fire service levy	58	53
Land tax	31	31
Settlement discount on rates	17	17
Total materials and services	<u>1,821</u>	<u>1,855</u>

Accounting policy

Materials and services expense

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

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 16 Impairment of receivables		
Sundry debtors	-	-
Total impairment of receivables	<u>-</u>	<u>-</u>

Accounting policy

Impairment expense

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

An impairment expense is recognised when there is objective evidence that amounts owed to Council are not probable of collection and resulting impairment loss has occurred.

Note 17 Depreciation and amortisation		
<i>Property</i>		
Buildings		
Building improvements	42	73
Leasehold improvements	9	47
<i>Plant and Equipment</i>		
Plant, machinery and equipment	305	285
Fixtures, fittings and furniture	17	19
<i>Infrastructure</i>		
Roads	808	772
Bridges	130	78
Footpaths and cycleways	29	28
Stormwater	7	4
Waste management	15	8
Airport infrastructure	129	117
<i>Intangible Assets</i>		
Municipal valuation amortisation	8	-
Total depreciation and amortisation	<u>1,499</u>	<u>1,431</u>

2017
\$'000

2016
\$'000

Accounting policy	
Depreciation and amortisation expense	
Expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.	
Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.	
Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and remaining values and a separate depreciation rate is determined for each component.	
Land, heritage, artwork and road earthwork assets are not depreciated on the basis that they are assessed as not having a limited useful life.	
The non-depreciation of road earthwork assets shall be reviewed at least at the end of each reporting period, to ensure that the accounting policy applied to particular earthwork assets reflects the most recent assessment of the useful lives of the assets, having regard to factors such as asset usage, physical deterioration and technical and commercial obsolescence.	
Straight line depreciation is charged based on the residual useful life as determined each year.	
Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:	
	Period
Buildings	
buildings	50 years
Leasehold improvements	
leasehold building improvements	40-50 years
Plant and Equipment	
plant, machinery and equipment	10-15 years
fixtures, fittings and furniture	4-10 years
computers and telecommunications	4 years
Roads	
road seals	10-15 years
road pavement	70 years
road substructure	50 years
road formation and earthworks	not depreciated
road kerb, channel and minor culverts	50-80 years
Bridges	
bridges deck	40-80 years
bridges substructure	40-80 years
bridges guards	10 years
Other Infrastructure	
footpaths and cycleways	40 years
drainage	50-100 years
recreational, leisure and community facilities	40 years
waste management	50 years
parks, open space and streetscapes	40 years
airport	10-50 years
Intangible assets	
intangible assets	5 years

Note 18 Finance costs

Interest - Borrowings	25	17
Interest - Finance leases	-	-
Total	25	17
Less capitalised borrowing costs on qualifying assets	-	-
Total finance costs	25	17

2017
\$'000

2016
\$'000

Accounting policy

Finance expense

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

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

Finance costs are expensed as incurred using the effective interest method. Borrowing costs include interest on bank overdrafts, interest on borrowings, unwinding of discounts, and finance lease charges.

Note 19 Other expenses

External auditors' remuneration (Tasmanian Audit Office)	30	25
Councillors' allowances	101	84
Total other expenses	131	109

* Includes base audit fee for 2016-17 audit of \$22 (2015-16 \$21)

Accounting policy

Other expenses

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

Note 20 Investment in water corporation

Opening Balance	3,307	3,252
Fair Value adjustments on Available-for-Sale Assets	22	55
Total investment in water corporation	3,329	3,307

Council has derived returns from the water corporation as disclosed at note 13.

Accounting policy

Investment assets

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2017, Council held a 0.21% (2016: 0.21%) ownership interest in TasWater which is based on Schedule 2 of the Corporation's Constitution which reflects the council's voting rights. Any unrealised gains and losses are recognised through the Statement of Profit or Loss and Other Comprehensive Income to a Financial assets available for sale Reserve each year (refer note 32).

Council's investment is not traded in an active market and is only sensitive to fluctuations in the value of TasWater's net assets.

Council has classified this asset as an Available-for-Sale financial asset as defined in AASB 139 Financial Instruments: Recognition and Measurement and has followed AASB 132 Financial Instruments: Presentation and AASB 7 Financial Instruments: Disclosures to value and present the asset in the financial report.

Note 21 Cash and cash equivalents

Cash at bank	3,648	4,688
Money market call account	516	509
Total cash and cash equivalents	4,164	5,197

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

- Trust funds and deposits (note 29)	67	67
- Leave provisions (note 30)	342	325
- Quarry reinstatement & redevelopment provision (note 30)	109	125
- Landfill restoration provision (note 30)	120	133
Restricted funds	638	650
Total unrestricted cash and cash equivalents	3,526	4,547

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.

Note 22 Trade and other receivables

Current

Rates debtors	130	159
Other debtors	263	196
Provision for impairment - other debtors	(1)	(1)
Net GST receivable	50	4
Total	442	358

Accounting policy

Trade and other receivables

Receivables are carried at amortised cost using the effective interest rate method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred.

	2017	2016
	\$'000	\$'000
Note 23 Financial assets		
Current		
Term Deposits	890	890
Managed Fund Investment	1,000	-
Fair Value adjustments in managed fund	21	-
Total investment in managed fund	<u>1,021</u>	<u>-</u>
Total financial assets	<u>1,911</u>	<u>890</u>

Accounting policy

Financial assets

Managed funds are valued at fair value, being market value, at balance date. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

Note 24 Inventories		
Inventories held for distribution	132	224
Total inventories	<u>132</u>	<u>224</u>

Accounting policy

Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential.

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 25 Other assets		
Current		
Prepayments	-	3
Accrued income	8	3
Total	<u>8</u>	<u>6</u>
Non-current		
Other	59	59
Total	<u>59</u>	<u>59</u>

* Accrued income only includes items that are reciprocal in nature.

Note 26 Property, infrastructure, plant and equipment

	2017	2016
	\$'000	\$'000
Summary		
at cost	12,020	10,140
Less accumulated depreciation	3,668	3,206
	<u>8,352</u>	<u>6,934</u>
at fair value as at 30 June	59,293	52,938
Less accumulated depreciation	15,217	13,194
	<u>44,076</u>	<u>39,744</u>
Total	<u>52,428</u>	<u>46,678</u>
Property		
Land		
at fair value as at 30 June	2,797	2,721
	<u>2,797</u>	<u>2,721</u>
Land under roads		
at fair value at 30 June	1,928	1,928
	<u>1,928</u>	<u>1,928</u>
Total Land	<u>4,725</u>	<u>4,649</u>
Buildings & improvements		
at fair value as at 30 June	3,725	3,702
Less accumulated depreciation	72	317
	<u>3,653</u>	<u>3,385</u>
Leasehold improvements		
at fair value as at 30 June	2,419	2,527
Less accumulated amortisation	21	183
	<u>2,398</u>	<u>2,344</u>
Total Buildings	<u>6,051</u>	<u>5,729</u>
Total Property	<u>10,776</u>	<u>10,378</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note	26	Property, infrastructure, plant and equipment (cont.)	2017 \$'000	2016 \$'000
		Plant and Equipment		
		Plant, machinery and equipment		
		at cost	4,199	3,916
		Less accumulated depreciation	2,216	1,914
			<u>1,983</u>	<u>2,002</u>
		Fixtures, fittings and furniture		
		at cost	274	267
		Less accumulated depreciation	224	207
			<u>50</u>	<u>60</u>
		Total Plant and Equipment	<u>2,033</u>	<u>2,062</u>
		Infrastructure		
		Roads		
		at fair value as at 30 June	40,143	34,138
		Less accumulated depreciation	12,208	9,963
			<u>27,935</u>	<u>24,175</u>
		Bridges		
		at fair value as at 30 June	6,551	6,250
		Less accumulated depreciation	2,285	2,155
			<u>4,266</u>	<u>4,095</u>
		Footpaths and cycleways		
		at fair value as at 30 June	1,278	1,231
		Less accumulated depreciation	523	475
			<u>755</u>	<u>756</u>
		Stormwater		
		at fair value as at 30 June	452	441
		Less accumulated depreciation	108	101
			<u>344</u>	<u>340</u>
		Waste Management		
		at cost	540	553
		Less accumulated depreciation	42	27
			<u>498</u>	<u>526</u>
		Airport Infrastructure		
		at cost	5,411	4,820
		Less accumulated depreciation	1,186	1,058
			<u>4,225</u>	<u>3,762</u>
		Total Infrastructure	<u>38,023</u>	<u>33,654</u>
		Works in progress		
		Roads	20	-
		Buildings	813	85
		Land	559	-
		Land improvements	-	24
		Airport infrastructure	112	139
		Bridges at cost	53	148
		Footpath	7	7
		Leasehold improvements	-	150
		Waste management	32	31
		Total Works in progress	<u>1,596</u>	<u>584</u>
		Total property, infrastructure, plant and equipment	<u>52,428</u>	<u>46,678</u>

Note 26 Property, plant and equipment, infrastructure (cont.)

Reconciliation of property, plant and equipment and infrastructure

2017	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 32)	Depreciation and amortisation (note 17)	Written down value of disposals	Newly recognised assets	Impairment losses recognised in profit or loss (a)	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property									
land	2,721	-	77	-	-	-	-	-	2,797
land under roads	1,928	-	-	-	-	-	-	-	1,928
Total land	4,649	-	77	-	-	-	-	-	4,725
buildings & improvements	3,385	-	267	42	-	-	-	43	3,653
leasehold improvements	2,344	-	-	9	-	-	-	63	2,398
Total buildings	5,729	-	267	51	-	-	-	106	6,050
Total property	10,378	-	344	51	-	-	-	106	10,776
Plant and Equipment									
plant, machinery and equipment	2,002	288	-	305	1	-	-	-	1,983
fixtures, fittings and furniture	60	6	-	17	-	-	-	-	50
Total plant and equipment	2,062	294	-	322	1	-	-	-	2,033
Infrastructure									
roads	24,175	-	3,680	808	15	-	-	904	27,935
bridges	4,095	-	147	130	-	-	-	154	4,266
footpaths and cycleways	756	-	28	29	-	-	-	-	755
stormwater	340	-	10	7	-	-	-	-	344
waste management	526	-	-	15	-	(13)	-	-	498
airport infrastructure	3,762	-	-	129	-	-	-	591	4,225
Total infrastructure	33,654	-	3,865	1,118	15	(13)	-	1,649	38,023
Works in progress									
buildings & leasehold improvements	236	599	-	-	-	-	-	(22)	813
footpaths and cycleways	7	-	-	-	-	-	-	-	7
land	-	559	-	-	-	-	-	-	559
land improvements	24	60	-	-	-	-	-	(84)	-
roads	-	924	-	-	-	-	-	(904)	20
bridges	147	60	-	-	-	-	-	(154)	53
waste management	31	1	-	-	-	-	-	-	32
airport infrastructure	139	564	-	-	-	-	-	(591)	112
Total works in progress	584	2,767	-	-	-	-	-	(1,755)	1,596
Total property, plant and equipment, infrastructure	46,678	3,061	4,209	1,491	16	(13)	-	-	52,428

Note 26 Property, plant and equipment, infrastructure (cont.)

Reconciliation of property, plant and equipment and infrastructure

2016	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 32)	Depreciation and amortisation (note 17)	Written down value of disposals	Newly recognised asset	Impairment losses recognised in profit or loss (a)	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property									
land	2,586	-	-	-	15	150	-	-	2,721
land under roads	1,928	-	-	-	-	-	-	-	1,928
Total land	4,514	-	-	-	15	150	-	-	4,649
buildings & improvements	3,388	-	-	73	-	-	-	70	3,385
leasehold improvements	2,179	-	-	47	-	-	-	212	2,344
Total buildings	5,567	-	-	120	-	-	-	282	5,729
Total property	10,081	-	-	120	15	150	-	282	10,378
Plant and Equipment									
plant, machinery and equipment	1,532	805	-	285	50	-	-	-	2,002
fixtures, fittings and furniture	51	28	-	19	-	-	-	-	60
Total plant and equipment	1,583	833	-	304	50	-	-	-	2,062
Infrastructure									
roads	24,414	-	-	772	133	-	-	666	24,175
bridges	4,173	-	-	78	-	-	-	-	4,095
footpaths and cycleways	784	-	-	28	-	-	-	-	756
stormwater	344	-	-	4	-	-	-	-	340
waste management	382	-	-	8	-	133	-	19	526
airport infrastructure	3,250	-	-	117	-	-	-	629	3,762
Total infrastructure	33,347	-	-	1,007	133	133	-	1,315	33,654
Works in progress									
buildings	222	296	-	-	-	-	-	(282)	236
footpaths and cycleways	2	5	-	-	-	-	-	-	7
land improvements	-	24	-	-	-	-	-	-	24
roads	37	629	-	-	-	-	-	(666)	-
bridges	103	45	-	-	-	-	-	-	148
waste management	15	35	-	-	-	-	-	(19)	31
airport infrastructure	45	723	-	-	-	-	-	(629)	139
Total works in progress	424	1,757	-	-	-	-	-	(1,597)	585
Total property, plant and equipment, infrastructure	45,435	2,590	-	1,431	198	283	-	-	46,678

Note 26 Property, plant and equipment, infrastructure (cont.)

Accounting policy	
Recognition and measurement of assets	
Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.	
Property, infrastructure, plant and equipment 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:	
	Threshold \$'000
Land	
land	1
land under roads	1
land improvements	1
Buildings	
buildings	1
building improvements	1
leasehold building improvements	1
Plant and Equipment	
plant, machinery and equipment	1
fixtures, fittings and furniture	1
computers and telecommunications	1
leased plant and equipment	1
Roads	
road pavements and seals	1
road substructure	1
road formation and earthworks	1
road kerb, channel and minor culverts	1
Bridges	
bridges deck	1
bridges substructure	1
bridges guards	1
Other Infrastructure	
footpaths and cycleways	1
drainage	1
recreational, leisure and community facilities	1
waste management	1
parks, open space and streetscapes	1
airport	1
Intangible assets	
intangible assets	1
Revaluation	
Council has adopted the following valuation bases for its non-current assets:	
Land	fair value
Plant and machinery	cost
Furniture, fittings and office equipment	cost
Stormwater and drainage infrastructure	fair value
Roads and streets infrastructure	fair value
Bridges	fair value
Buildings	fair value
Intangibles	cost
Parks, recreation facilities and community amenities	cost
Leasehold improvements	cost
Investment in water corporation	fair value
Airport	cost
Waste Management	cost

Note 26 Property, plant and equipment, infrastructure (cont.)

Accounting policy (cont.)

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

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

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

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

Impairment of assets

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

Reversals of impairment losses are recognised in the statement of comprehensive income under other revenue.

Land under roads

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

Recognition of assets - prior period error

Council identified in 2017 a number of land assets that it owned but had not previously recognised. Some were contributed to council late in the 2016 financial year, the remainder were received during the prior year. As these assets existed in the prior period, but were not recognised by Council they have been treated as prior period errors in accordance with AASB108 Accounting Policies, Changes in Accounting Estimates and Errors.

The following table discloses the impact on the 2015-16 balances that have been restated:

	2016 Original	Adjustment	2016 Adjusted
Statement of Profit & Loss			
Contribution of non-monetary assets	10	135	145
Total income from continuing operations	4,727	135	4,862
Net result for the year	(771)	135	(636)
Total comprehensive result for the year	(717)	135	(582)
Statement of Financial Position			
Property, infrastructure, plant & equipment	46,485	193	46,678
Total assets	56,526	193	56,719
Net assets	54,782	193	54,975
Accumulated surplus	41,781	193	41,974
Total equity	54,782	193	54,975
Note 26			
Land assets at fair value	2,528	193	2,721

	2017 \$'000	2016 \$'000
Note 27 Intangible assets		
Municipal revaluation	40	-
Total intangible assets	40	-
Reconciliation of intangible assets	Other	Total
	\$'000	\$'000
Gross carrying amount		
Balance at 1 July 2015	43	43
Balance at 1 July 2016	43	43
Balance at 1 July 2017	48	43
Accumulated amortisation and impairment		
Balance at 1 July 2015	43	43
Amortisation expense	-	-
Balance at 1 July 2016	43	43
Amortisation expense	8	-
Balance at 1 July 2017	8	43
Net book value at 30 June 2016	-	-
Net book value at 30 June 2017	40	-

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.	
The estimated useful lives for current and comparative periods are as follows:	
Municipal revaluation	6 years

Note 28 Trade and other payables		
Trade payables	189	367
Accrued expenses	78	44
Total trade and other payables	267	411

Note 29 Trust funds and deposits		
Refundable building deposits	2	2
Refundable airport terminal deposits	2	2
Retention amounts - prepaid funerals & grave sites	41	41
Public open space	1	1
Other refundable deposits	21	21
Total trust funds and deposits	67	67

Note 30 Provisions

	Annual leave	Long service leave	Quarry restoration	Landfill restoration	Other	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
2017						
Balance at beginning of the financial year	101	171	125	133	52	582
Additional provisions	111	44	5	-	31	191
Amounts used	(94)	(18)	-	-	(23)	(135)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate		(33)	(21)	(13)	-	(67)
Balance at the end of the financial year	118	164	109	120	60	571
2016						
Balance at beginning of the financial year	130	153	118	-	51	452
Additional provisions	122	42	-	133	1	298
Amounts used	(151)	(32)	(10)	-	-	(193)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	8	17	-	-	25
Balance at the end of the financial year	101	171	125	133	52	582
					2017	2016
(a) Employee benefits					\$'000	\$'000
(i) Current						
Annual leave					118	101
Long service leave					91	70
Superannuation					26	21
Other					19	12
					254	204
(ii) Non-current						
Long service leave					73	101
Oncosts					15	21
					88	121
Aggregate carrying amount of employee benefits:						
Current					254	204
Non-current					88	121
					342	325
The following assumptions were adopted in measuring the present value of employee benefits:						
Weighted average increase in employee costs					3.00%	4.50%
Weighted average discount rates					2.06%	1.65%
Weighted average settlement period					12	12
(iii) Current						
All annual leave and the long service leave entitlements representing 10 or more years of continuous service						
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value					207	164
- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value					47	40
					254	204
(iv) Non-current						
Long service leave representing less than 10 years of continuous service measured at present value					88	121
(v) Employee Numbers						
Total number of staff (including fulltime, part-time & casual)					27	29
Full time equivalent					22	22

Note 30 Provisions (cont.)

b) Other provisions

Non-current - quarry pit reinstatement & redevelopment	109	125
Landfill restoration	120	133
Total other provisions	229	258

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.

(b) Land fill restoration

Under Environmental Management and Pollution Control Act 1994 and Council's Environmental Protection Notice, issued by the Environmental Protection Authority, Council is obligated to restore the Whitemark landfill site to a particular standard. Current engineering projections indicate that the putrescible cell at Whitemark landfill site will cease operation in 2017/18 and restoration work is expected to commence shortly thereafter, therefore no provision has been made for this work. The forecast life of the putrescible cell is based on current estimates of remaining capacity and the forecast rate of infill. Current projections indicate that the inert cell at Whitemark landfill site will continue operating until 2037 (20 years). The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken, this has been inflated by the long term construction inflation rate of 3.5% and discounted using the weighted average discount rate over 20 years of 3.72%. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard and independent specialist advice. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Council does not expect to receive reimbursement from a third party.

(c) Quarry Reinstatement

Mineral Resource Tasmania requires that the initial estimate of the costs of future reinstatements of a site be recognised as part of the cost of the asset. A provision for reinstatement for Flinders Council's Quarries has been recognised and measured in accordance with AASB 137 Provision, Contingent Liabilities and Contingent Assets.

Flinders Council recognises the provision as the best estimate of the expenditure required to settle the present obligation at the reporting date. In doing so, Council has inflated the liability by the long term construction inflation rate of 3.5% and discounted using the weighted average discount rate over 10 years of 3.039% and 15 years of 3.47%.

	2017 \$'000	2016 \$'000
Note 31 Interest-bearing loans and borrowings		
Current		
Borrowings - secured	37	36
	<u>37</u>	<u>36</u>
Non-current		
Borrowings - secured	2,057	647
	<u>2,057</u>	<u>647</u>
Total	<u>2,094</u>	<u>683</u>
Borrowings		
Borrowings are with Tasmanian Public Finance Corporation for a term of 10 years with a balloon payment at the final payment.		
The maturity profile for Council's borrowings is:		
Not later than one year	37	36
Later than one year and not later than five years	1,612	201
Later than five years	445	446
Total	<u>2,094</u>	<u>683</u>

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

Leases

i) Finance leases as lessee

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to Council where it is likely that Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Council does not have any finance leases.

ii) Operating leases as lessee

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

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

Lease income from operating leases where Council is a lessor is recognised in income on a straight-line basis over the lease term.

iii) Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 40 to 50 year period.

Note 32 Reserves

	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
(a) Asset revaluation reserve	\$'000	\$'000	\$'000	\$'000
2017				
Property				
Land	481	163	(86)	558
Land under roads	2	-	-	2
Buildings	1,664	319	(52)	1,931
	2,147	482	(138)	2,491
Infrastructure				
Roads	4,550	6,737	(3,057)	8,230
Bridges	1,973	147	-	2,120
Footpaths	40	47	(19)	68
Stormwater	10	10	-	20
	6,573	6,941	(3,076)	10,438
Total asset revaluation reserve	8,720	7,423	(3,214)	12,929
2016				
Property				
Land	481	-	-	481
Land under roads	2	-	-	2
Buildings	1,664	-	-	1,664
	2,147	-	-	2,147
Infrastructure				
Roads	4,550	-	-	4,550
Bridges	1,973	-	-	1,973
Footpaths	40	-	-	40
Stormwater	10	-	-	10
	6,573	-	-	6,573
Total asset revaluation reserve	8,720	-	-	8,720

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

	Balance at beginning of reporting year	Increment	(decrement)	Balance at end of reporting year
(b) Fair value reserve	\$'000	\$'000	\$'000	\$'000
2017				
Available-for-sale assets				
Managed fund investment	-	21	-	21
Investment in water corporation	(107)	22	-	(85)
Total fair value reserve	(107)	43	-	(64)
2016				
Available-for-sale assets				
Investment in water corporation	(162)	55	-	(107)
Total fair value reserve	(162)	55	-	(107)

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

Note 32 Reserves (cont)

	Balance at beginning of reporting year	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting year
(c) Other reserves	\$'000	\$'000	\$'000	\$'000
2017				
Asset replacement reserves	4,280	-	(594)	3,686
Gunn bequest reserve	108	1	-	109
Total Other reserves	4,388	1	(594)	3,795
2016				
Asset replacement reserves	4,280	-	-	4,280
Gunn bequest reserve	108	-	-	108
Total Other reserves	4,388	-	-	4,388

	2017 \$'000	2016 \$'000
Total Reserves	16,660	13,001

Note 33 Reconciliation of cash flows from operating activities to surplus (deficit)

Result from continuing operations	287	(636)
Depreciation/amortisation	1,499	1,431
(Profit)/loss on disposal of property, plant and equipment, infrastructure	13	111
Recognition of newly found assets	-	-
Contributions - non-monetary assets	-	(145)
Recognition of make-good asset	-	(133)
Capital grants received specifically for new or upgraded assets	(761)	(876)
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	(84)	(119)
Decrease/(increase) in other assets	(2)	61
Decrease/(increase) in inventories	92	241
Increase/(decrease) in trade and other payables	(144)	141
Increase/(decrease) in employee provisions	1	132
Increase/(decrease) in trust funds	-	22
Net cash provided by/(used in) operating activities	901	230

Note 34 Reconciliation of cash and cash equivalents

Cash and cash equivalents (see note 21)	4,164	5,197
Less bank overdraft	-	-
Total reconciliation of cash and cash equivalents	4,164	5,197

Note 35 Financing arrangements

Credit Cards	14	13
Used facilities	(1)	(3)
Unused facilities	13	10

Note 36 Superannuation

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

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

Fund	2017 \$'000	2016 \$'000
Accumulation funds		
Employer contributions to Quadrant	-	54
Employer contributions to Tasplan	71	86
Employer contributions to other funds	130	80
	<u>201</u>	<u>220</u>
Employer contributions payable to Tasplan at reporting date	12	11
Employer contributions payable to other funds at reporting date	26	12
	<u>38</u>	<u>23</u>

		2017	2016
		\$'000	\$'000
Note 37	Operating leases		
	(a) Operating lease commitments		
	Flinders Council has an equipment lease with Macquarie Equipment Finance Pty Ltd and three with BOQ. At the reporting date, Council had the following obligations under non-cancellable operating leases for the lease of equipment for use within Council's activities (these obligations are not recognised as liabilities):		
	Not later than one year	3	7
	Later than one year and not later than five years	-	3
	Later than five years	-	-
		3	10

Note 38 **Contingent liabilities and contingent assets**

Contingent liabilities

The current projection for the putrecible cell at the Whitemark Landfill, is that it will require rehabilitation in the next 1-2 years. The estimated current cost for these works is \$199,680. No provision has been made for these works given that they will occur in the near future. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard and independent specialist advice. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs

Note 39 Financial Instruments

(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	21	Cash on hand and at bank and money market call accounts are valued at face value. Interest is recognised as it accrues. Investments and bills are valued at cost. Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue.	On call deposits returned a floating interest rate of 1.75% (2.25% in 2015-16). The interest rate at balance date was 1.5% (2.0% in 2015/16). Term deposits provided return of 2.87% (2.36% in 2015/16) excluding unrealised gains/losses
Trade and other receivables			
Other debtors	22	Receivables are carried at amortised cost using the effective interest method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and arrears attract an interest rate of 0% (0% in 2015/16). Credit terms are based on 30 days.
Available for sale financial assets			
Investment in Water Corporation	20	The investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date.	Investment in TasWater provided return of 1.63% (1.63% in 2015/16) excluding unrealised gains/losses
Financial Liabilities			
Trade and other payables	28	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within 14 days of invoice receipt.
Interest-bearing loans and borrowings	31	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 3.9% (3.9% in 2015/16).

Note 39 Financial Instruments (cont.)

(b) Interest Rate Risk

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

2017

	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	1.75%	4,164	-	-	-	-	4,164
Other financial assets	2.87%	-	1,911	-	-	-	1,911
Trade and other receivables	18.43%	130	-	-	-	312	442
Investment in water corporation		-	-	-	-	3,329	3,329
Total financial assets		4,294	1,911	-	-	3,641	9,846
Financial liabilities							
Trade and other payables		-	-	-	-	267	267
Trust funds and deposits		-	-	-	-	67	67
Interest-bearing loans and borrowings	3.90%	-	37	1,612	445	-	2,094
Total financial liabilities		-	37	1,612	445	334	2,428
Net financial assets (liabilities)		4,294	1,874	(1,612)	(445)	3,307	7,418

2016

	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	2.25%	5,197	-	-	-	-	5,197
Other financial assets	2.45%	-	890	-	-	-	890
Trade and other receivables	18.43%	159	-	-	-	199	358
Investment in water corporation		-	-	-	-	3,307	3,307
Total financial assets		5,356	890	-	-	3,506	9,752
Financial liabilities							
Trade and other payables		-	3	-	-	408	411
Trust funds and deposits		-	-	-	-	67	67
Interest-bearing loans and borrowings	3.90%	-	36	201	446	-	683
Total financial liabilities		-	39	201	446	475	1,161
Net financial assets (liabilities)		5,356	851	(201)	(446)	3,031	8,591

Note 39 Financial Instruments (cont.)

(c) Fair Value

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	4,164	5,197	4,164	5,197
Other financial assets	1,911	890	1,911	890
Trade and other receivables	442	358	442	358
Investment in water corporation	3,329	3,307	3,329	3,307
<i>Total financial assets</i>	<u>9,846</u>	<u>9,752</u>	<u>9,846</u>	<u>9,752</u>
<i>Financial liabilities</i>				
Trade and other payables	267	411	267	411
Trust funds and deposits	67	67	67	67
Interest-bearing loans and borrowings	2,094	683	2,094	683
<i>Total financial liabilities</i>	<u>2,428</u>	<u>1,161</u>	<u>2,428</u>	<u>1,161</u>

(d) Credit Risk

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

(e) Risks and mitigation

The risks associated with 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 Tasmanian Public Finance Corporation. 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 Federal regulations and standards,
- capital protection,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

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

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in our Statement of Financial Position. To help manage this risk we only invest surplus funds with financial institutions which have a recognised credit rating specified in our Investment policy.

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

It is Council's policy that some customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their credit rating, financial position, past experience and industry reputation.

In addition, receivable balance are monitored on an ongoing basis with the result that Council's exposure to bad debts is not significant.

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 our contingent liabilities are disclosed in note 38.

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

	Financial Institutions (AAA credit rating)	Government agencies (BBB credit rating)	Other (min BBB credit rating)	Total
2017				
Cash and cash equivalents	4,164	-	-	4,164
Trade and other receivables	-	-	442	442
Investments and other financial assets	1,911	3,329	-	5,240
Total contractual financial assets	6,075	3,329	442	9,846
2016				
Cash and cash equivalents	5,197	-	-	5,197
Trade and other receivables	-	-	358	358
Investments and other financial assets	890	3,307	-	4,197
Total contractual financial assets	6,087	3,307	358	9,752

Movement in Provisions for Impairment of Trade and Other Receivables	2017 \$'000	2016 \$'000
Balance at the beginning of the year	1	1
New Provisions recognised during the year	-	-
Amounts already provided for and written off as uncollectible	-	-
Amounts provided for but recovered during the year	-	-
Balance at end of year	1	1

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:

	2017 \$'000	2016 \$'000
Current (not yet due)	283	121
Past due by up to 30 days	39	23
Past due between 31 and 180 days	8	123
Past due between 181 and 365 days	35	-
Past due by more than 1 year	77	91
Total Trade & Other Receivables	442	358

Ageing of individually impaired Trade and Other Receivables

At balance date, other debtors representing financial assets with a nominal value of \$1,336 (2015-16 \$1,336) were impaired. The amount of the provision raised against these debtors was \$1,336 (2015-16 \$1,336). The individually impaired debtors relate to general and sundry debtor 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:

	2017	2016
	\$'000	\$'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 & 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 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 Financial Liabilities.

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

2017	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	267	-	-	-	-	-	267
Trust funds and deposits	5	-	1	-	61	-	67
Interest-bearing loans and borrowings	18	19	209	1,495	353	-	2,094
Total financial liabilities	290	19	210	1,495	414	-	2,428

2016	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	411	-	-	-	-	-	411
Trust funds and deposits	5	-	2	31	30	-	67
Interest-bearing loans and borrowings	18	18	37	121	489	-	683
Total financial liabilities	433	18	39	152	519	-	1,161

(f) Sensitivity disclosure analysis

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

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

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			
		-1 %		+1%	
		-100 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2017	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	4,164	(42)	(42)	42	42
Term Deposits	890	(9)	(9)	9	9
Trade and other receivables	442	(4)	(4)	4	4
Financial liabilities:					
Interest-bearing loans and borrowings	2,094	(21)	(21)	21	21

		Interest rate risk			
		-1 %		+1%	
		-100 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2016	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	5,197	(52)	(52)	52	52
Term Deposits	890	(9)	(9)	9	9
Trade and other receivables	358	(4)	(4)	4	4
Financial liabilities:					
Interest-bearing loans and borrowings	683	(7)	(7)	7	7

Note 40 Events occurring after balance date

(a) Nil

Note 41 Related party transactions

(i) Responsible Persons

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

Councillors	Councillor Carol Cox (Mayor 01/11/05 to current)
	Councillor Mark Cobham (Deputy Mayor 01/11/09 to current)
	Councillor David Williams (Councillor 01/11/11 to current)
	Councillor Peter Rhodes (Councillor 01/11/11 to current)
	Councillor Chris Rhodes (Councillor 1/11/14 to current)
	Councillor Gerald Willis (Councillor 01/11/11 to current)
	Councillor Ken Stockton (Councillor 01/11/14 to current)
General Manager	Mr William Boehm

	2017	2016
	\$'000	\$'000
Total Remuneration for the reporting year for Councillors' Emoluments and reimbursements amounted to:	99	100
Total Remuneration for the reporting year for key management personnel amounted to:	651	551

(ii) Councillor Remuneration

2017	Allowances	Vehicles ²	Other Benefits ³	Non-monetary Benefits ³	Total Compensation AASB 124	Expenses	Total
	\$	\$	\$	\$	\$	\$	\$
Councillor Carol Cox	30,987	-	-	-	30,987	1,852	32,839
Councillor Marc Cobham	18,198	-	-	-	18,198	-	18,198
Councillors	44,014	-	-	-	44,014	3,491	47,505
Total	93,199	-	-	-	93,199	5,343	98,542

2016	Allowances	Vehicles ¹	Other Benefits ²	Non-monetary Benefits ³	Reimburse-ments	Total
	\$	\$	\$	\$	\$	\$
Councillor Carol Cox	30,291	-	-	-	3,946	34,237
Councillor Marc Cobham	17,790	-	-	-	-	17,790
Councillors	43,275	-	-	-	4,694	47,969
Total	91,356	-	-	-	8,640	99,996

¹ Includes total cost of providing and maintaining vehicles provided for private use, including registration, insurance, fuel and other consumables, maintenance cost and parking (including notional value of parking provided at premises that are owned or leased and fringe benefits tax).

² Other benefits includes all other forms of allowances (excludes reimbursements such as travel, accommodation or meals) and any other compensation paid and

³ Other non-monetary benefits (such as housing, subsidised goods or services etc)

(iii) Key Management Personnel Remuneration

2017 Remuneration band	Number of employees	Short term employee benefits				Post employment benefits			Non-monetary Benefits ⁸ \$	Total \$
		Salary ¹ \$	Short-term Incentive Payments ² \$	Vehicles ³ \$	Other Allowances and Benefits ⁴ \$	Super-annuation ⁵ \$	Other Long-term Benefits ⁶ \$	Termination Benefits ⁷ \$		
		\$ 0 - \$ 20,000	1	9,943	-	-	-	1,243		
\$ 80,001 - \$100 000	3	161,027	-	-	-	25,056	-	76,916	(2,303)	260,696
\$100 001 - \$120 000	1	112,988	-	-	-	9,642	-	-	(16,455)	106,175
\$120 001 - \$140 000	1	109,599	-	-	-	13,049	-	-	5,435	128,083
\$140,001 - \$160,000	1	124,009	-	5,000	-	15,501	-	-	7,677	152,187
Total		517,566	-	5,000	-	64,491	-	76,916	(12,832)	651,141

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

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

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

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

⁵ Superannuation means the contribution to the superannuation fund of the individual.

⁶ other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation; other non-monetary benefits (such as housing, subsidised goods or services etc).

⁷ Termination benefits include all forms of benefit paid or accrued as a consequence of termination.

⁸ Other non-monetary benefits include annual and long service leave movements and non-monetary benefits (such as housing, subsidised goods or services etc).

(iv) Remuneration Principles

Councillors

Remuneration for Councillors is set in accordance with the *Local Government Act 1993* as prescribed in Schedule 4 of the *Local Government (General) Regulations 2005*.

Executives

Remuneration levels for key management personnel are set in accordance with industry standards, individual performance, experience and qualifications. For Senior Executives (excluding the General Manager) this is linked to bands within the Flinders Council Enterprise Agreement.

The employment terms and conditions of the General Manager are contained in an individual employment contract that prescribes total remuneration, superannuation, annual and long service leave, vehicle and salary sacrifice provisions. The employment terms and conditions for all other Senior Executives are contained in the Flinders Council Enterprise Agreement.

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 of up to 6 months prior to termination of the contract. Whilst not automatic, contracts can be extended.

Short term incentive payments

The Council sets fixed performance targets with goals and indicators aligned to Council's Annual Plan.

No short term incentive payments were awarded during the current year.

Termination benefits

Termination payments during the current year to key management personnel represented payment of residual contract terms.

(v) Transactions with related parties

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

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

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

- Payment of rates on primary residence
- Payment of dog registrations

Note 42 Special committees and other activities

Council have the following Special Committees:
Furneaux Group Shipping Special Committee
Furneaux Group Aviation Special Committee
Lady Barron Hall & Recreation Special Committee
Furneaux (Emita) Hall & Recreation Ground Special Committee
Furneaux Community Health Special Committee
Audit Panel

Note 43 Significant Business Activities

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

	Aiport		Private Works	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
<i>Revenue</i>				
Rates	-	-	-	-
User Changes	314	275	501	767
Grants	26	269	-	-
Total Revenue	340	544	501	767
<i>Expenditure</i>				
<i>Direct</i>				
Employee Costs	223	320	88	92
Materials and Contacts	142	128	111	230
Interest	-	-	-	-
Utilities	-	-	-	-
<i>Indirect</i>				
Engineering & Administration	-	-	-	-
Total Expenses	365	448	199	322
<i>Notional cost of free services received</i>				
<i>Capital Costs</i>				
Depreciation and amortisation	145	126	7	25
Opportunity cost of capital	114	91	1	5
Total Capital Costs	259	217	8	30
<i>Competitive neutrality adjustments</i>				
Rates and land tax	9	18	-	-
Loan guarantee fees	-	-	-	-
	9	18	-	-
<i>Calculated Surplus/(Deficit)</i>				
Tax Equivalent rate	(179)	(48)	295	420
Taxation equivalent	-	0.30	0.30	0.30
	-	-	91	126
Total fully attributable costs	633	683	207	352

Accounting policy

Significant business activities

Council is required to report the operating, capital and competitive neutrality costs in respect of each significant business activity undertaken by the Council. Council's disclosure is reconciled above. Council has determined, based upon materiality that the operation of the Flinders Island Airport and Private Works activities as defined above are considered significant business activities. Competitive neutrality costs include notional costs i.e. income tax equivalent, rates and loan guarantees. In preparing the information disclosed in relation to significant business activities, the following assumptions have been applied:

- Opportunity costs based on 3.00%

Note	44 Management indicators	Benchmark	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
------	--------------------------	-----------	----------------	----------------	----------------	----------------

(a) Underlying surplus or deficit

Recurrent income* less			4,331	4,605	4,223	3,814
recurrent expenditure			5,455	5,609	4,858	5,697
Underlying surplus/deficit	-		(1,124)	(1,004)	(635)	(1,883)

* Recurrent income excludes income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature.

The early receipt of instalments resulted in Commonwealth Government Financial Assistant Grants being above the originally budgeted in 2016-17 by \$667,861. This has impacted the Statement of Profit or Loss and Other Comprehensive income resulting in the Surplus/(deficit) being higher in 2016-17 by \$667,861.

(b) Underlying surplus ratio

Underlying surplus or deficit			(1,124)	(1,004)	(635)	(1,883)
Recurrent income*			4,331	4,605	4,223	3,814
Underlying surplus ratio %	0%		-26%	-22%	-15%	-49%

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

Flinders Councils current position is not favourable as it raises the question of sustainability. The ratio has improved from prior years due to the pre payment of the Financial Assistant Grants.

(c) Net financial liabilities

Liquid assets less			6,517	6,445	6,993	7,797
total liabilities			2,999	1,744	714	752
Net financial liabilities	-		3,518	4,701	6,279	7,045

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.

Council has sufficient surplus funds to meet total liabilities as they fall due.

(d) Net financial liabilities ratio

Net financial liabilities			3,518	4,701	6,279	7,046
Recurrent income*			4,999	4,605	4,223	3,814
Net financial liabilities ratio %	0% - (50%)		70%	102%	149%	185%

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

Flinders Council is placed well with the level of cash reserves. Council has identified that the ratio is outside of the desired benchmark and has accessed borrowings in 2016-17 to fund capital equipment to bring the ratio more in line with the desired result.

(e) Asset consumption ratio

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

<i>Transport Infrastructure</i>						
Depreciated replacement cost			33,300	29,366	29,371	30,165
Current replacement cost			48,424	42,060	41,512	41,471
Asset consumption ratio %			69%	70%	71%	73%
<i>Buildings</i>						
Depreciated replacement cost			6,050	5,728	5,567	5,396
Current replacement cost			6,144	6,229	5,947	5,664
Asset consumption ratio %			98%	92%	94%	95%
<i>Stormwater</i>						
Depreciated replacement cost			340	340	344	348
Current replacement cost			441	441	441	441
Asset consumption ratio %			77%	77%	78%	79%

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

The asset consumption ratio highlights that the Council is maintaining, renewing and replacing its assets in accordance with the Asset Management Plan and is in line with the benchmark.

Note	44 Management indicators (cont.)	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
	(f) Asset renewal funding ratio				
	An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.				
	<i>Transport Infrastructure</i>				
	<u>Projected capital funding outlays**</u>	6,072	6,827	7,426	7,320
	Projected capital expenditure funding***	6,072	6,827	7,426	7,320
	Asset renewal funding ratio % 90-100%	100%	100%	100%	100%
	<i>Buildings</i>				
	<u>Projected capital funding outlays**</u>	400	450	725	900
	Projected capital expenditure funding***	400	450	725	900
	Asset renewal funding ratio % 90-100%	100%	100%	100%	100%
	<i>Stormwater</i>				
	<u>Projected capital funding outlays**</u>	80	90	100	90
	Projected capital expenditure funding***	80	90	100	90
	Asset renewal funding ratio % 90-100%	100%	100%	100%	100%

** 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.

Council is well positioned to fund future asset replacement requirements.

(g) Asset sustainability ratio

<u>Capex on replacement/renewal of existing assets</u>		2,213	1,762	1,016	722
Annual depreciation expense		1,499	1,431	1,460	1,437
Asset sustainability ratio %	100%	148%	123%	70%	50%

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

The asset sustainability ratio has increased in 2016-17 due to the extensive emergency repairs carried out at the airport.

2017	Capital renewal expenditure \$'000	Capital new /upgrade expenditure \$'000	Total Capital Expenditure \$'000
Land	-	559	559
Land improvements	60	-	60
Bridges	60	-	60
Buildings & leasehold improvements	599	-	599
Fixtures, fittings and furniture	-	6	6
Plant & equipment	-	288	288
Roads	924	-	924
Waste management	1	-	1
Infrastructure	564	-	564
Total	2,208	853	3,061

2016	Capital renewal expenditure \$'000	Capital new /upgrade expenditure \$'000	Total Capital Expenditure \$'000
Buildings	296	-	296
Leasehold improvements	24	-	24
Fixtures, fittings and furniture	-	28	28
Plant & equipment	-	805	805
Roads	634	-	634
Footpaths	5	-	5
Bridges	45	-	45
Waste management	35	-	35
Infrastructure	723	-	723
Total	1,762	833	2,595

Note 45

Fair Value Measurements

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

- Investment in water corporation
- Managed Fund Investment
- Property, infrastructure plant and equipment
 - Land, including land under roads
 - Buildings, including leasehold improvements
 - Stormwater
 - Roads, including footpaths & cycleways
 - Bridges

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

(a) Fair Value Hierarchy

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

Level 1	Unadjusted quoted prices in active 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 2017.

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 2017

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Land, including land under roads	26	-	2,797	1,928	4,725
Buildings, including leasehold improvements	26	-	3,653	2,398	6,051
Roads, including footpaths & cycleways	26	-	-	28,690	28,690
Bridges	26	-	-	4,266	4,266
Stormwater	26	-	-	344	344
		-	6,450	37,626	44,076

As at 30 June 2016

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Land, including land under roads	26	-	2,721	1,928	4,649
Buildings, including leasehold improvements	26	-	3,385	2,344	5,729
Roads, including footpaths & cycleways	26	-	-	24,931	24,931
Bridges	26	-	-	4,095	4,095
Stormwater	26	-	-	340	340
		-	6,106	33,638	39,744

Note 45 Fair Value Measurements (cont.)

Transfers between levels of the hierarchy

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

(b) Highest and best use

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 in water corporation

Refer to Note 20 for details of valuation techniques used to derive fair values."

Managed Fund Investment

Managed Fund Investment is valued based on the market value provided by the funds administrators (BT Investments) as at 30 June 2017.

Land

Land was valued utilising the municipal valuations undertaken by the Office of the Valuer General as at 30 June 2017. The valuations of buildings is at fair value less accumulated depreciation at the date of the valuation. The valuation of land is at Fair Value based on highest and best use permitted by relevant land planning provisions.

Land under roads

Land under roads is based on Council valuations at 30 June 2015 using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights, private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation.

Buildings

The fair value of buildings were also determined by the Office of the Valuer General as at 30 June 2017. Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant input into this valuation approach was price per square metre.

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

Note 45 Fair Value Measurements (cont.)

Infrastructure assets

All Council infrastructure assets, except Flinders Airport and Waste Management, 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 and residual values are disclosed in Note 17.

The calculation of DRC involves a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made by qualified and experienced staff, different judgements could result in a different valuation.

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

Roads, including footpaths & cycleways

Council categorises its road infrastructure as rural roads and then further sub-categorises these into sealed and unsealed roads. Rural roads are managed in 2km segments. All road segments are then componentised into formation, pavement, sub-pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC is based on the road area multiplied by a unit price; the unit price being an estimate of labour and material inputs, services costs, and overhead allocations. For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and labour wage rates are based on Council's Enterprise Agreement (EA). Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years.

Roads were valued at 30/06/2017 by the Council's Engineer - Gavin Boyd (Brighton Council). The combined replacement value of these assets at 30 June 2016 was \$37,296,207. The revaluation process reviewed the currency and accuracy of the Council's road asset register and updated unit rates and useful lives using evidence based techniques in accordance with the relevant Australian Accounting Standards. In line with the AIFMG (Australian Infrastructure Financial Management Guide) and IIMM (International Infrastructure Management Manual) to determine if the reported figures are a true reflection of Council's financial position. The revaluation has resulted in an increase of \$6,783,544 in the replacement value of the road asset class and an increase in depreciation per annum of \$36,597.

Bridges

A full valuation of bridges assets was undertaken by independent valuers - AusSpan effective 30 June 2014. Each bridge is assessed individually and componentised into sub-assets representing the deck and sub-structure. The valuation is based on the material type used for construction and the deck and sub-structure area.

Stormwater

A full valuation of stormwater infrastructure was undertaken by Council's Technic Consultant - Simon Pullford (Brighton Council), effective 30 June 2014. Similar to roads, stormwater assets are managed in segments; pits and pipes being the major components.

Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC is based on the unit price for the component type. For pipes, the unit price is multiplied by the asset's length. The unit price for pipes is based on the construction material as well as the depth the pipe is laid.

Note 45 Fair Value Measurements (cont.)

(d) Changes in recurring level 3 fair value measurements

There has been no changes in fair value of level 3 infrastructure assets during the year. Investment in water corporation, which is classified as level 3 has been separately disclosed in note 20.

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

(e) Valuation processes

Council's current policy for the valuation of property, infrastructure, plant and equipment and investment in water corporation (recurring fair value measurements) is set out in notes 26 and 20 respectively.

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

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

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes. (refer note 39)

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 39 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 46 Material Budget Variations

Council's original budget was adopted by the Council on **14 July 2016**. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grant programs, changing economic activity, the weather, and by decisions made by the Council. Material variations of more than 10% are explained below:

Revenues

1 Interest

Council predominately invests surplus funds in term deposits. Due to low interest rates returns have been lower than anticipated. Council have revised the Investment Policy in order to achieve better asset allocation and diversification which will be central to the goal of achieving superior long-term, risk-weighted returns. The positive impact will be evident in future years.

2 Grants

The variation in Grants is predominately due to the prepayment of the first six months of the 2017-18 Financial Assistance Grants.

Note 47 Other significant accounting policies and new accounting standards

(a) Taxation

Council is exempt from all forms of taxation except Fringe Benefits Tax, Payroll Tax and the Goods and Services Tax.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

(b) Impairment of 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 Profit or Loss and 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 Profit or Loss and Other Comprehensive Income represent revised budget amounts and are not audited.

Note 47 Other significant accounting policies and new accounting standards (cont)

(g) Adoption of new and amended accounting standards

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

(i) AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not for Profit Public Sector Entities (effective from 1 July 2016)

Council has applied AASB 124 *Related Party Disclosures* for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. The standard further extends that required under the LGA 1993. This information is presented in Note 41

(h) Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments* and the relevant amending standards (effective from 1 January 2018)
AASB 9 is one of a series of amendments that are expected to replace AASB 139 *Financial Instruments: Recognition and Measurement*. The main impact of the standard is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four categories of financial assets in AASB 139 will be replaced with two measurement categories: fair value and amortised cost.

Amortised cost is to be used for assets with contractual terms giving rise to principal and interest payments.

Fair value is to be used for all other financial assets. Gains or losses on financial assets at fair value are to be recognised in profit and loss unless the asset is part of a hedging relationship or an irrevocable election has been made to present in other comprehensive income changes in the fair value of an equity instrument not held for trading .

When adopted, the standard will affect, in particular, Council's accounting for its available-for-sale financial assets. Currently, Council recognises changes in the fair value of its available-for-sale assets through other comprehensive income. Under AASB 9 fair value gains and losses on available-for-sale assets will have to be recognised directly in profit or loss.

However, investments in equity instruments can be designated as 'fair value through other comprehensive income' assets. This designation is irrevocable. Council is likely to designate its investment in TasWater as 'fair value through other comprehensive income' and therefore the adoption of this standard will not impact the way movements in the fair value are accounted for.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

Note 47 Other significant accounting policies and new accounting standards (cont)

- (ii) AASB 1058 Income of Not-for-Profit Entities, AASB 15 *Revenue from Contracts with Customers*, and AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*. AASB 2015-8 *Amendments to Australian Accounting Standards arising from AASB 15* provides for an effective of application from 1 January 2019.

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Council has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. Potential future impacts identifiable at the date of this report include:

- Grants received to construct non-financial assets controlled by Council will be recognised as a liability, and subsequently recognised progressively as revenue as Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

- Under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. Council is yet to evaluate the existing grant arrangements as to whether revenue from those grants could be deferred under the new requirements. At present, such grants are recognised as revenue upfront. When the new standard becomes effective, Council will evaluate all grant agreements in place at that time to determine whether revenue from those grants could be deferred under the new requirements.

- Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants for which there are no sufficiently specific performance obligations, for example the Commonwealth Financial Assistance Grants. These grants are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

- Rates received in advance, which are currently required to be recognised as revenue when received will be deferred under the new requirements until the commencement of the rating period to which they relate

- Volunteer services and transactions where the consideration is significantly less than the fair value of that asset acquired, or no consideration is provided (for example below market leases) will be required to be recognised when certain recognition criteria are met. Council has not yet fully determined the impact of these requirements on its financial statements.

- Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of goods and services such that some revenue may need to be deferred to a later reporting period to the extent that Council has received cash, but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime). An example of this is rates received in advance, which is currently required to be recognised as revenue when received. Council is yet to fully complete its analysis of existing arrangements for sale of its goods and services and the impact on revenue recognition has not yet been fully determined.

- (vii) AASB 16 *Leases* (effective from 1 January 2019)

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

The impact has been assessed and it is deemed to be immaterial.

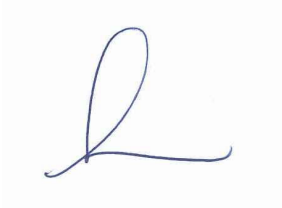
- (viii) *Disclosure Initiative - Amendments to AASB 107* (effective from 1 January 2017)

Amendments to AASB 107 will see the introduction of additional disclosures to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as effects of changes in foreign exchange rates and changes in fair values).

There are additional disclosures anticipated in the financial statements regarding movements in financial liabilities

Certification of the Financial Report

The financial report presents fairly the financial position of the Flinders Council as at 30 June 2017, the results of its operations for the year then ended and the cash flows of the Council, in accordance with the *Local Government Act 1993* (as amended), Australian Accounting Standards (including interpretations) and other authoritative pronouncements issued by the Australian Accounting Standards Board.

A handwritten signature in blue ink, appearing to be 'Bill Boehm', is centered on a light gray rectangular background.

Bill Boehm
General Manager

Date : 29/09/2017

Independent Auditor's Report

To the Councillors of Flinders Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Flinders Council (Council), which comprises the statement of financial position as at 30 June 2017 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 General Manager's statement.

In my opinion the accompanying financial report:

- (a) presents fairly, in all material respects, Council's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

Basis for Opinion

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

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

My audit responsibility does not extend to the budget figures included in the statement of comprehensive income, the asset renewal funding ratio disclosed in note 44, nor the Significant Business Activities disclosed in note 43 to the financial report and accordingly, I express no opinion on them.

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

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.

...2 of 3

- 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 represents the underlying transactions and events in a manner that achieves fair presentation.

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



D A Scott
Group Leader – Financial Audit
Delegate of the Auditor-General

Tasmanian Audit Office

29 September 2017
Launceston

...3 of 3



Flinders Council
4 Davies St Whitemark
TASMANIA 7255
Ph: (03) 6359 5001
E: office@flinders.tas.gov.au