



FLINDERS  
COUNCIL



# Annual Report

2019-2020

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# Strategic Objectives

## Our 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.

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



## Council Services

### Council Office

4 Davies Street Whitemark TASMANIA 7255

### All Correspondence to the General Manager

PO Box 40  
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](mailto:office@flinders.tas.gov.au)

### 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](mailto:airport@flinders.tas.gov.au)

### Visitor Information Centre

4 Davies Street Whitemark TASMANIA 7255

Monday to Friday 9:00am-4:30pm

P: (03) 6359 5002

F: (03) 6359 2211

### After Hours Emergencies

Works & Airport Manager

M: 0427 592 069

### Works Depot

21 Patrick Street, Whitemark TASMANIA 7255

Monday to Friday 8.00am - 5.00pm

P: (03) 6359 5020 / 5021

F: (03) 6359 2069





# Flinders Municipality





## Overview

Flinders 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:

- ✚ 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.



## Councillors

Flinders Council is represented by seven Councillors and is led by the Mayor and the Deputy Mayor. Each elected member also has delegated responsibilities for various Committees and organisations.

**Cr Annie Revie  
Mayor**



- Furneaux Community Health Special Committee ( - 30.06.2020)
- Furneaux Group Aviation Special Committee
- Furneaux Group Shipping Special Committee
- General Manager's Performance Review Committee
- Local Government Association of Tasmania
- Northern Tasmania Development Corporation – Local Government Committee

**Cr David Williams  
Deputy Mayor**



- General Manager's Performance Review Committee
- Lady Barron Hall and Recreational Special Committee
- Local Government Association of Tasmania (proxy)
- Municipal Emergency Management Committee (Chair)

**Cr Sharon Blyth**



- Furneaux Group Aviation Special Committee
- Furneaux Community Health Special Committee (01.07.2019 - )
- Housing Working Party
- Flinders Island Business Inc.
- Safe Harbour Working Party

**Cr Aaron Burke**



- Furneaux Group Shipping Special Committee
- Natural Resource Management (NRM) North Association

**Cr Vanessa Grace**



- Furneaux Group Shipping Special Committee
- Housing Working Party
- Natural Resource Management (NRM) North Association
- Safe Harbour Working Party

**Cr Peter Rhodes**



- Furneaux Group Aviation Special Committee
- TasWater – Shareholder's Group
- Office of the Tasmanian Economic Regulator's Customer Consultative Committee
- Safe Harbour Working Party

**Cr Rachel Summers**



- Flinders Island District High School Association
- Furneaux (Emita) Hall and Recreation Ground Special Committee
- General Manager's Performance Review Committee
- Housing Working Party
- Whitemark Community Gym Special Committee

## Councillor Meeting Participation

Ordinary Meetings of Council were generally held on the fourth Tuesday of each month at 9.30am. A list of Ordinary Meeting dates for the year ahead is available from Council Offices after the November meeting each year. Councillors also regularly attend a range of workshops in which, amongst other things, further explanatory information and training is conducted, a summary of which is recorded in the next Council Meeting Agenda following the workshop. No actual decisions are made at these workshops.

All councillors participate extensively in the performance of their duties. Attendance at council meetings is expected whereas attendance at workshops is not compulsory. The following snapshot of each elected member's participation in meetings and workshops is shown as follows:

Item	Council Meeting	Workshops	Special Meetings	Annual General Meeting	Total
	12 held	28 held	3 held	1 held	44 held
Mayor Cr Annie Revie	11	22	3	1	37
Deputy Mayor Cr David Williams	8	21	2	0	31
Cr Sharon Blyth	10	19	2	1	32
Cr Aaron Burke	10	19	2	0	31
Cr Vanessa Grace	12	28	3	1	44
Cr Peter Rhodes	11	25	3	1	40
Cr Rachel Summers	10	22	2	1	35

## Councillor Allowances

In accordance with section 72(1)(cb) of the *Local Government Act 1993*, Council is required to report the total allowances and expenses paid to the mayor, deputy mayor and councillors. The 2019/20 summary is as follows:

Allowances \$99,775.27

Expenses \$9,707.27

## Senior Management Team

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

### Governance

Acting General Manager (01.07.2019 – 02.02.2020)

Heidi Marshall

General Manager (03.02.2019 – 30.06.2020)

Warren Groves

### Works Services Airport

Works and Services Manager

Brian Barnewall

### Corporate Services

Financial Organisational Performance Manager

Heidi Marshall



## The Year in Review

The following reports have been prepared in accordance with the requirements of the *Local Government Act 1993*.

The reports relate to Annual Report Requirements as detailed in section 72 of the Act, Council's Annual and Strategic Plans, and the Financial Report for the year ending 30 June 2019.

An overview of Council's operations and achievements during this period is also provided.







*"I commend this Annual Report on the achievement of Council over the 2019/20 year and commit to Council's continued effort to making this Municipality the best we can make it."*

## Mayor's Report

It is with pleasure that I write this introduction to the 2019/20 Annual Council Report. This current group of councillors have now been working together for two years. I must say that, as Mayor, I enjoy working with them. We are a diverse group, which means that we all have different experience and thought processes to bring to the table. We often have different ideas about the issues we face as a Council, but we can disagree then move on to the next issue – a healthy way to work together. The year 2019 / 20 has been challenging for many reasons, mainly because of Covid-19. Over and above the Ordinary Council Meetings and occasional special Meetings, there are the workshops. Generally, workshops happen once per month – or so I am told. But this Council, from the beginning of its term of office, has met practically every week, sometimes even more - there have been so many things to learn and discuss.

I enjoy what my role as Mayor entails. The workshops give councillors the opportunity to share how they see and

understand things, while the meetings are where the decisions are made. Below are some key things that Council has engaged in over the 2019/20 year, both in workshops and in more formal meetings.

The Safe Harbour Project and Long Runway Upgrade have brought many challenges. \$4.8 million for the Safe Harbour and \$1.8 million for the runway upgrade, literally landed on Council's lap in the lead-up to the 2019 Federal Election. Councillors at that point were greatly concerned about the scarcity of finances and Council's ability to afford the Safe Harbour project. Funding offered by the Federal Government was not enough to complete either project. In late 2019, Council approached Bass MP Bridget Archer, who endorsed the transfer of \$1.8 million from the Safe Harbour original amount in order to complete the runway, given that an effective airport was considered a Flinders priority.

The successful upgrade of the airport runway was completed in March 2020. This was a major project for the



Island and improved the overall access issue. \$3 million of the original federal funding remains to complete what is possible of the original Safe Harbour concept: specifically, a rock wall breakwater plus additional ancillary structures that can be afforded within the \$3 million.

Some of the Annual Plan objectives are integrated, one supporting another: for example – the very successful School Holiday Program; FIBI's Signage Project; an approximate 24% rise in Flinders population; and a rise in the number of Island small businesses, especially in the food and accommodation provision, combined to bring about more than a 20% population growth.

COVID-19 has led to an extraordinary nine-month period. It is significant that Flinders and King Island Councils worked jointly with the Premier's office to support the ability of both councils to address the pandemic-associated risks. As a result, no known cases of coronavirus have emerged on either Island to date.

The resignation of Flinders' previous General Manager in June 2019 led to the appointment of Heidi Marshall as Acting General Manager. I cannot thank Heidi enough for the way she led Council: continuing major projects such as Safe Harbour and the Flinders and Cape Barren Islands Telecommunications Upgrade; providing Council with appropriate information; bringing her amazing financial knowledge and skills to improving our financial status; exploring and solving issues around federal assistance grants; and much more.

Council made the decision around September 2019 to carry out the recruitment of a new General Manager internally. Councillors, with the support of Council's Human Resources Consultant, Kristy Scott, identified a top grade recruitment process, that included: tightening up selection criteria; advertising the position; identifying a primary short list; interviewing initially via zoom, then conducting face to face interviews with four short-listed applicants. Council was unanimous in selecting Warren Groves as the GM. Warren began his contract with Council in February 2020. His appointment is considered by all to

be excellent. Council is operating well, with cultural improvements already being demonstrated: for example, customer service data is already showing progression.

Under Warren's leadership, Council decided to conduct its own Strategic Planning process. This has been very successful, as has the level of community engagement that has occurred. Councillors worked with Warren to identify Council's vision, goals, strategies, and assessment criteria to lead its direction over the next ten years to 2030. Due to be completed by December 2020, the work has been both challenging and time-consuming, but the gains have been exceptional. An additional factor from the process has been the level of collaboration among Councillors and participating staff, as well as commendable ownership of the plan. The Recruitment and Strategic Planning processes conducted as they were, within and by Council, have had the extra bonus of saving Council a great deal of money, potentially up to \$100,000.

A major achievement has been the Flinders and Cape Barren Islands Telecommunications Upgrade, put in place by the previous council and carried out over 2018/19, with the final tower constructed on Cape Barren Island in June 2020. This project allows the majority of community members greatly improved connectivity to the rest of Australia and the world. This was well utilised during the major COVID-19 period, with video conferences being easily conducted at family and organisation levels. The potential that this offers the Flinders and Cape Barren communities into the future for education, training, social and recreational activities, is endless. We are appreciative of the joint funding arrangements won by the previous council and of the way Heidi Marshall, as Acting General Manager and as Finance Organisational Performance Manager, collaborated with multiple agencies to see the project through to fruition.

Council was pleased to announce at the 2019 Flinders Island Show that the Citizen of the Year Award went to Gerald Dilger. Gerald was a deserving recipient of the award, having given so much of his time and efforts to such a variety of organisations, including sporting, recreational

and social, all of which benefitted the Flinders Community.

Council's major current project is to complete an upgraded Waste Management Strategy. The planning for this project commenced during this year. It is Council's intention to have face-to-face discussions with interested community members in locations across the Island. It is also intended to work with a focus group which will add to the community engagement. Council's aim is to facilitate a continuous improvement approach to sorting of waste which, it is hoped, may lead to a sustainable circular economy method of addressing the whole waste issue. It will take time, but I hope the wait will prove worthwhile. The strategy will have built-in flexibility so that community thinking can continue to influence action over the next four or five years.

Following a visit of councillors to King Island, Council successfully collaborated with the King island Council during the COVID-19 response. It is hoped that Council will continue collaboration with King Island and that this will lead to resource-sharing as well as both operational and strategic idea-sharing for the future.

The upgrade of the Henderson Dam by TasWater was interrupted by the coronavirus pandemic. It is hoped that this project will soon continue to completion.

Lastly, I want to highlight Council's decision to offer an Acknowledgement of Country at the beginning of every Council meeting. It is Council's belief that this pays rightful tribute to Aboriginal Elders past, present and emerging, who have contributed, and continue to contribute, so much to this group of Islands that form our Municipality. Taking responsibility for our past and present, will surely lead to our preferred future.

I commend this Annual Report on the achievement of Council over the 2019/20 year and commit to Council's continued effort to making this Municipality the best we can make it.

Annie Revie  
Mayor







## General Manager's Report

I would like to start this report by expressing my sincere appreciation to a number of groups throughout the Islands. Thank you to our Councillors for their time and passion for the Islands and placing their trust in me and sharing our mutual vision for the betterment of the Islands.

Thank you to our staff who were welcoming and accepting of different ideas and methodologies, as well as a significant change in organisational focus. A big thank you to Heidi Marshall who performed the dual roles of Finance Organisational Performance Manager and Acting General Manager for a good half of this year, negotiating strongly to ensure the success of the Flinders and Cape Barren Islands Telecommunication Upgrade Project. Finally, I would like to thank the various members of the Community who have been outstanding in welcoming a newcomer to the Municipality; sharing their knowledge and passion for the Islands, our lifestyle and the endless possibilities into the future.

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The challenges for a small population on a group of islands are well known to us and are shared to a large extent by our island neighbours at King Island. Whilst State and Federal Governments believe they understand the challenges, it has been my experience that the practical applications of this are lost on 'main landers'. As a way of strengthening our advocacy position, as well as sharing resources, knowledge and skills and exploring other efficiencies, the Flinders and King Island Municipalities worked informally together throughout the COVID-19 pandemic and on a number of occasions achieved extra health protection measures to ensure the health and safety of our communities.



The Annual Report outlines the progress of Council against strategies detailed in our Strategic Plan. The Strategic Plan is Council's long-term plan or vision for what it intends to achieve for the ongoing improvement of our communities' services, infrastructure and amenity within the constraints of resources, budget and funding opportunities. Each year, actions that deliver on these strategies are determined and outlined in the Annual Plan which provides details of these programs and their performance measures. The Annual Budget outlines allocations that ensure these operations are appropriately financed.

With the completion of the Flinders and Cape Barren Island Telstra Telecommunication Upgrade project, our islands' communities are enjoying improved connectivity. We are extremely grateful to the federal and state governments and Telstra for partnering with us on this project.

Council, stakeholders and the Community continued to work through the intricacies of the Flinders Island Marine Access and Safe Harbour Project (FIMASH) throughout the year. During the short time I have been involved in this project, it has at times been challenging. The high level of community participation in the FIMASH survey and its definitive result was a significant milestone in the progression of the project. I am confident that a suitable Community based outcome will be achieved.

The Airport Runway project was completed within timeframes and under budget and I commend the work undertaken by our Works and Service Manager and Team and our Finance Organisational Performance Manager for their motivation, dedication and selfless devotion to completing the work under difficult circumstances.

As General Manager and having previous experience in Emergency management (EM), I applied for and was appointed as Municipal Emergency Management Coordinator. I did this in order to reflect the importance of integrated emergency management to the Islands and to influence strong EM relationships, capacity and capability.

In conjunction with Emergency Management Stakeholders within the Municipality, Council established an executive sub-committee of the Municipal Emergency Management Committee (MEMC) as a smaller, more agile and targeted group of members directly involved in the COVID-19 response and authorized to make decisions on behalf of their agencies. This allowed for expedited decisions to be made and implemented to ensure the strength and certainty of quarantine protections for the Municipality.

Council has been involved in co ordinating significant training opportunities in conjunction with our SES and TFS partners as well as planning for an emergency exercise at the airport in the second half of the calendar year.



Council's Policy Manual is a very important document of Council as it provides direction to Staff, Management and Councillors. Many of the policies are required by, or relate to, legislation and in most instances, help manage Council's exposure to risk and provide guidelines to decision making and standards.

Council has commenced an ongoing process of review of the Council Policy Manual. Operational policies were identified and an operational policy manual was created. These policies will be reviewed internally. The remaining council policies were prioritised for review and the process commenced.

As a result of the review of Council's development pre-lodgement and advisory service undertaken in the 2018/19 year, building permit privatisation commenced on 1 July 2020. Over the course of the year, Council's Development Services Department processed 60 Development Applications and 45 Building Applications between 01/07/2019 and 30/06/2020. Applications were predominantly submitted for Single-Residential, Commercial, and Tourism Use Classes.

## Community Support

During the year, Council has supported many organisations economically through grants, donations, fee waivers and in-kind support. Council provides two major event programs for the community benefit. Below is a summary of support given throughout the year.



COMMUNITY GRANTS & DONATIONS 2019 / 20	
<b>Gunn Bequest</b>	\$ 900.00
Furneaux Field & Game	\$ 500.00
Flinders Island Junior Football	\$ 400.00
<b>Donations</b>	\$ 500.00
Flinders Island District High School Dux Award	\$ 500.00
<b>Fee Waiver &amp; In-kind Support</b>	\$ 14,000.00
RFDS - Health Visits Whitemark Gym	\$ 5,600.00
Hall & Showgrounds Hire	\$ 4,095.00
Equipment Hire	\$ 850.00
Audio Visual	\$ 640.00
Printing Costs	\$ 240.00
Community Shed Building Application	\$ 1,975.00
Rubbish Removal	\$ 600.00
<b>Community Grants</b>	\$ 4,110.00
Show Society	\$ 2,000.00
Sports and RSL Club	\$ 500.00
Flinders Is Sub-Branch of RSL	\$ 860.00
FOBSI - Friends of Bass Strait Islands	\$ 750.00
<b>Council Events &amp; Programs</b>	\$ 33,749.00
Furneaux Festival	\$ 25,000.00
School Holiday Program	\$ 8,749.00

- Assistance and support was provided for the Our Health, Our Future projects cultural competence survey and provision of sporting equipment at tennis courts in Lady Barron and at island beaches initiatives; Flinders Health Organisations Committee Meetings (FHOCM); and Flinders Island Aboriginal Association Inc.'s fluvox clinic through the National Immunisation program during the COVID-19 lockdown period.
- Received a \$10,000 Healthy Tasmania grant to deliver the Furneaux Healthy Lifestyle kitchen garden and cooking program for adults. Due to COVID-19 restrictions this will be delivered next financial year.
- Grant writing and acquittal support for Council auspiced grants for Sizzling Seniors Program; Lady Barron 'Let's Get Physical' project and WOMBATS (Women On the Move with Bars And Thera-bands) health and wellbeing program.
- Community gyms at Whitemark and Lady Barron continue to be well patronised with membership growing steadily. The RFDS program at the Whitemark gym was supported for 1120 individual gym visits. The 'Let's Get Physical' project at the Lady Barron gym increased gym membership considerably and led to Council supporting regular personal training sessions at the gym.







Readers of this document will notice that partnerships are a strong focus of Council. In my view this is a critical aspect of Council. In a small, remote Municipality with a limited rate base and restricted access to some services, working with community partners or stakeholders such as Flinders Island Aboriginal Association Inc., Flinders Island Business Inc., our School, Hydro, TasWater, TasPorts and a number of others enables common goals to be achieved more efficiently and effectively.

Council have also realised internal efficiencies by conducting processes which have previously been performed by consultants. My own recruitment and the long-term strategic planning process are examples of these types of cost savings. These processes have the additional benefit of up-skilling staff and Councillors alike.

Despite the impositions of COVID-19, I have introduced a number of processes focussed on internal structure and culture. I am strongly focussed on continuous improvement, accountability, transparency, valuing our staff, staff

development and cross-training to ensure interoperability and above all, communication. In any organisation there are usually opportunities for improvement and in this, I see Council as no different.

I have always had a very strong focus on safety throughout my working career and I intend to imbed this principle into the workplace and its practices.

I have also commenced work on restructuring aspects of Council. Some of this was influenced by COVID-19 resource restrictions and some is based on changes of emphasis to existing roles and not replacing others. The rationale behind the re-structure being to re-align resources, to set the platform to achieve the high levels of service delivery, efficiency and communication that I believe the community deserves of its' Council

Warren Groves  
General Manager



## Other Legislative Requirements

### Code of Conduct Complaints

No Code of Conduct complaints were received.

### Donation of Land

Council did not resolve to donate any land in accordance with Section 177 of the *Local Government Act 1993* during the 2018/19 year.

### Key Management Personnel

In accordance with section 72(1)(cd) of the *Local Government Act 1993* Council is required to report the total annual remuneration, which includes salary, assessed

benefits including motor vehicles, and superannuation, as applicable to employees who hold positions designated by Council as senior positions.

The 2019/20 Summary is as follows:

Remuneration Band	No. Employees
\$80,001 - \$100,000	1
\$100,001 - \$120,000	0
\$120,001 - \$140,000	1
\$140,001 - \$160,000	1

### Public Health

Council's Environmental Health Officer is responsible for the monitoring and regulation of environmentally relevant activities, whilst working to maintain a healthy community through public health programs, such as the school based immunisation program.

One of the roles of the Environmental Health Officer is to ensure food prepared and sold within the municipal area is safe for human consumption, meets food standards and complies with the Australian Food Standards Code. This is achieved through the regular inspection of food premises, free food safety seminars and provision of advice.

There were 37 registered food businesses in the municipal area during the 2019/2020 financial year which included permanent food premises (shops) and catering permits. To provide for one-off events, 7 temporary registrations were issued.

The Environmental Health Officer is required to act as the Authorised Officer, or delegate, under the:

- *Public Health Act 1997*;
- *Food Act 2003*; and the
- *Environmental Management & Pollution Control Act 1994*.

These Acts form the head of power for other regulations and guidelines required to be adhered to.

To ensure that each Council is upholding their requirements, annual reporting is also required to be submitted to the State Government. These can be found at:

[https://dhhs.tas.gov.au/tho/annual\\_reports](https://dhhs.tas.gov.au/tho/annual_reports)





Within the period, Council's environmental health team also provided for the:

- School based immunisation program;
- Recreational Water Quality Monitoring;
- Legionella testing (warm water suppliers);
- Notifiable disease investigation;
- Private interment on land other than a cemetery;
- Food safety training; and
- On site wastewater management system assessment and inspection.

## Public Interest

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](http://www.flinders.tas.gov.au/public-interest-disclosure).

The following is a summary of Council's Public Interest Disclosure activity during 2019/20:

- 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.



## Right to Information

Council received one request for information under the *Right to Information Act 2009* which was accepted for decision and information provided in full.

## Tenders & Contracts

The Local Government (General) Regulations 2015 requires Council to report any contract for the supply or provision of goods and services valued either at above \$250,000 and at or above \$100,000 (excluding GST) during the financial year. The following are applicable:

- Fulton Hogan Industries Pty Ltd, of Level 2, Building A, 500 Princes Highway, Noble Park, Victoria, for the supply and delivery of 885,000 litres of C170 Bitumen to Flinders Island Airport, at a cost of \$1,503,888 (excl. GST) with a contract period of sixteen weeks.
- Hyway Stabilizers Australia Pty Ltd, of 503 Sandy Creek Road, Josephville, QLD, for the in situ foam bitumen stabilisation of Runway 14/32 for Flinders Island Airport Runway Rehabilitation, at a cost of \$1,136,924 (excl. GST) with a contract period of sixteen weeks.



# Progress on 2019-2020 Annual Plan





## Population Growth

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

- ✦ Winter, Spring and Summer School Holiday Programs were delivered in partnership with Netball Tasmania, AFL Tasmania, Flinders Show Society, Kites Tasmania, Robyn McKinnon Consulting, Flinders Island Aboriginal Association Inc. and Tasmanian Parks and Wildlife Service. Activities included netball and AFL coaching, rollerblading, spray painting, kite making, mindfulness sessions and Discovery Ranger program.
- ✦ Due to COVID-19, the Autumn School Holiday Program became virtual. The Island Kids app was created, in collaboration with the Flinders Island Aboriginal Association Inc., which contained a variety of activities, tasks and challenges for our Island kids to stay connected. Easter Activity Packs were created and mailed out to the children. An online ZOOM Dance Party was also held.
- ✦ The Furneaux Islands Festival 2020 was extended to a month-long celebration throughout January. The main weekend held on 17-19 January consisted of a Friday night food and craft fair at the Whitemark Showgrounds and a Community BBQ held at the Furneaux Museum at Emita. Council supported the Community to present a range of events and activities throughout the month which were promoted in the festival program. A Flinders Island Events app was created for the Festival and is now being used for publication of Community Events and local business information on a regular basis.
- ✦ Options for Council's North East River campground land were investigated and a quote for a Bushfire Hazard Management Plan for the land was obtained.
- ✦ As a result of the review of Council's development pre-lodgement and advisory service undertaken in the 2018/19 year, building permit privatisation commenced on 1 July 2020.
- ✦ The Tasmanian Planning Commission undertook the initial assessment of the Flinders Council's Draft Local Provisions Schedule for the Flinders Planning Scheme. A Strategic (Town) Planning consultant has been engaged to work through the Commission's findings and recommendations and to complete outstanding requirements.
- ✦ Incentives for new housing have been included in the Local Provisions Schedule.
- ✦ A scoping paper on the need for a veterinary service for the Furneaux Group was presented to the State Government.
- ✦ Roadside Parramatta Grass trial areas were inspected and found to be promising with an approximate 90% kill rate. The treatment has also proven to be selective in that it is killing Parramatta Grass only and not affecting other grasses.







## Infrastructure and Services

An Islands specific approach to planning and delivery to secure community and environmental values are maintained

- ✚ Council commenced baling aluminium cans in support of the Flinders Island District High School Cash 4 Cans recycling initiative at the Whitemark Landfill site.
- ✚ Four self-tipping bins were installed at the Whitemark Landfill site.
- ✚ Preparation of scrap steel, electronic waste and white goods for baling commenced at the Whitemark Landfill site. The excavator was fitted with a log grab for pulling scrap steel from the hard waste pile to mix with white goods and electronic waste. A contractor was engaged to stack cars ready for baling.
- ✚ Approval from the Environment Protection Authority (EPA) for the Leachate Waste Management Plan and waste cell design was not received in time to commence work on construction of the waste cell this financial year.
- ✚ 16.5km of council road was resheeted, 5.5km of council road was resealed and 1.5km of council road was reconstructed.
- ✚ Road reseals and reconstruction were undertaken on the Department of State Growth road (Lady Barron Road) as per Department of State Growth Instruction.
- ✚ Council continued to explore options for sealing Palana Road, including advocating for State ownership.
- ✚ Replacement of cracked areas of footpaths were postponed to next financial year.
- ✚ Bridge guard rail replacements for Chewtobacco Creek and Patriachs Drain has been purchased and will take place next financial year when contractor becomes available.
- ✚ The oldest Works Depot Shed was replaced with a new prefabricated steel shed.
- ✚ A baby change facility was installed in the Flinders Arts and Entertainment Centre.
- ✚ Preliminary discussions were held with suitable consultants to scope Stormwater Management Plan requirements for townships.
- ✚ Discussions were held with a plumber and wastewater designer to develop a suitable design to upgrade the Council Office / Flinders Arts and Entertainment Centre septic system.
- ✚ Develop and implement a long term
- ✚ A short-term alliance with TasWater exists and investigations into developing a long-term alliance to manage and operate TasWater's water supply network will occur in the next financial year.
- A sustainable long-term management plan for the operation of a network of co-funded walking / fire trails was discussed with Parks and Wildlife services and the Fire Management Area Committee.







## Access and Connectivity

Focusing on strategies projects and policy initiatives that support the community, economic development, innovation and investment attraction

- ✚ In November 2019, Council requested the Federal Government allocate \$1.8 million, of the \$4.8 million offered to Flinders Council for the Flinders Island Marine Access and Safe Harbour Project (FIMASH Project), to the Airport Runway Upgrade Project (Airport Project), thereby fully funding the Airport Project. This left \$3 million for a stage one FIMASH Project, consisting of a breakwater, with associated structures, if affordable. In January 2020, the Federal Government confirmed the allocation of funding to the Airport Project and the remaining \$3 million allocation to the FIMASH Project. The project plan and methodology were fully reviewed. A community survey was undertaken to establish support for the project for the grant application; the results of which were positive. Seven contractors were invited to submit an expression of interest in building the project and two were received in response. Council continued to consult with TasPorts, Marine and Safety Tasmania (MAST) and the State Government to determine the best way to progress the project.
- ✚ The \$3.6 million Airport Runway Upgrade Project (Airport Project), fully funded by the Federal Government, was completed. The Airport Project consisted of a recently developed but proven method using foam bitumen stabilisation for the reconstruction of the entire north-south runway, along with a two-coat bitumen spray seal, fencing, signage and new aerodrome markers. Works were scheduled in consultation with Hyway Stabilizers (contractors) and Sharp Airlines to ensure minimal disruption to air traffic. Works commenced 5 February 2020 and the program was completed by Council's outdoor workforce and Hyway Stabilizers within timeframes and under budget, with the Airport reopening for full service on 5 March 2020.
- ✚ The Airport fuel tank was refurbished by local contractor Wilkins Welding and was operational 10 January 2020.
- ✚ The cash sustainability of the Airport was reviewed with the assistance of the State Government.
- ✚ The last outstanding element of the telecommunications upgrade on Flinders and Cape Barren Islands, being the Telstra tower on Cape Barren Island, was completed. Council's additional support of the Cape Barren Island tower (\$80,000) allowed an agreement to be reached between Telstra and the Aboriginal Land Council of Tasmania, to facilitate the building of the Cape Barren Island tower. With the project completed, the Telstra independent audit was then finalised and submitted to Building and Better Regions Funding for acquittal.

# Strategic Efficient and Effective Organisation

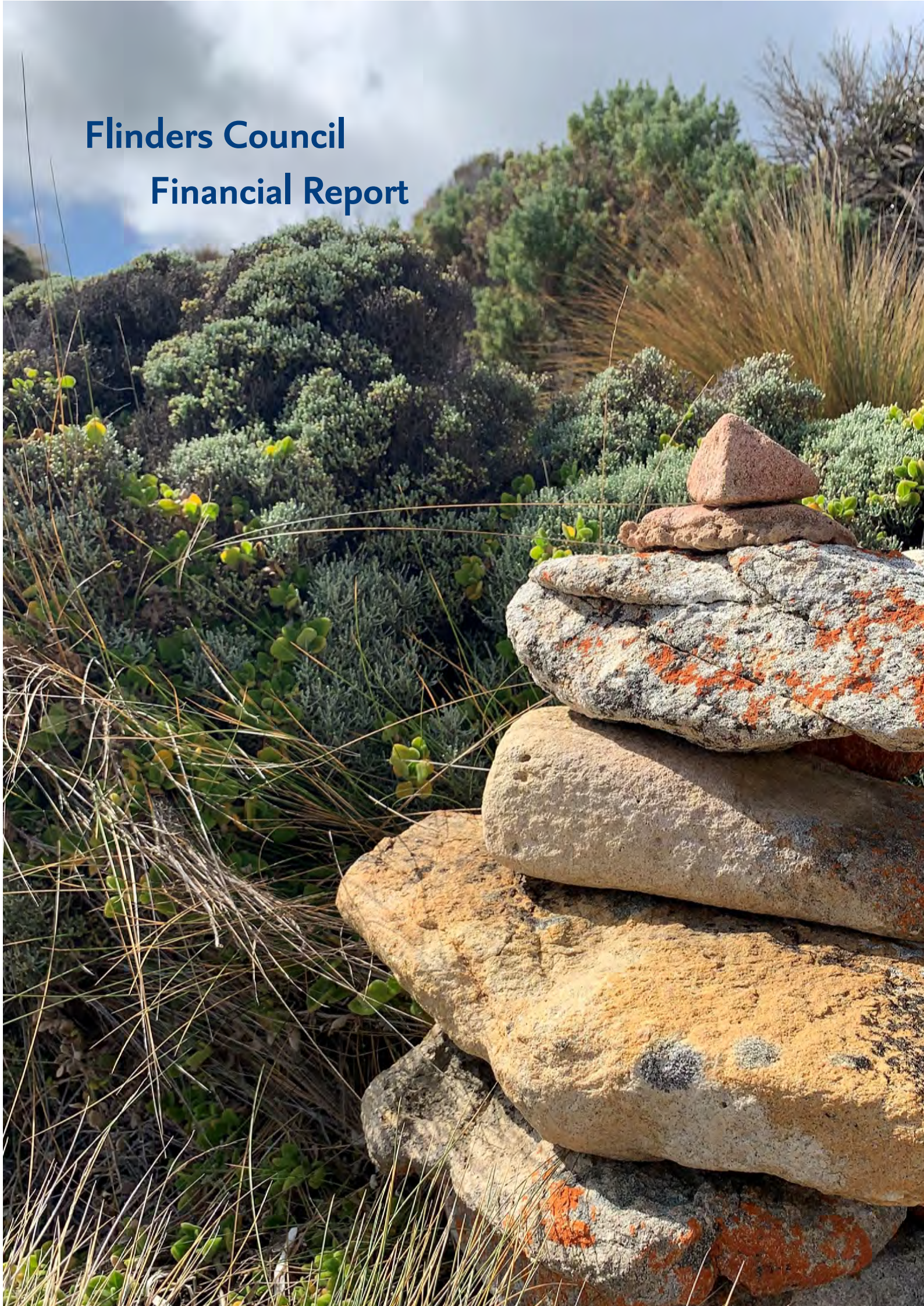
## Responding to risks and opportunities

- ✚ Council commenced the development of a new 10 year Strategic Plan and Priority Projects list. Scheduled for completion in the next financial year.
- ✚ Investigations into improving records management procedures and standards was postponed until the next financial year.
- ✚ The 2019 – 2023 Enterprise Bargaining Agreement (EBA) was negotiated with staff and voted in December 2019.
- ✚ Strategic (Town) Planning Consultant, Mick Purves, has been engaged by Council to finalise the Local Provisions Schedule for the Flinders Planning Scheme. The Tasmanian Planning Commission (TPC) provided feedback on the Council's first draft of the Local Provisions Schedule at a post-lodgement conference in March 2020.
- ✚ Review of website functionality was postponed until the next financial year.
- ✚ The review of communications resources and the development of a Communications Strategy was postponed until the next financial year.





# Flinders Council Financial Report

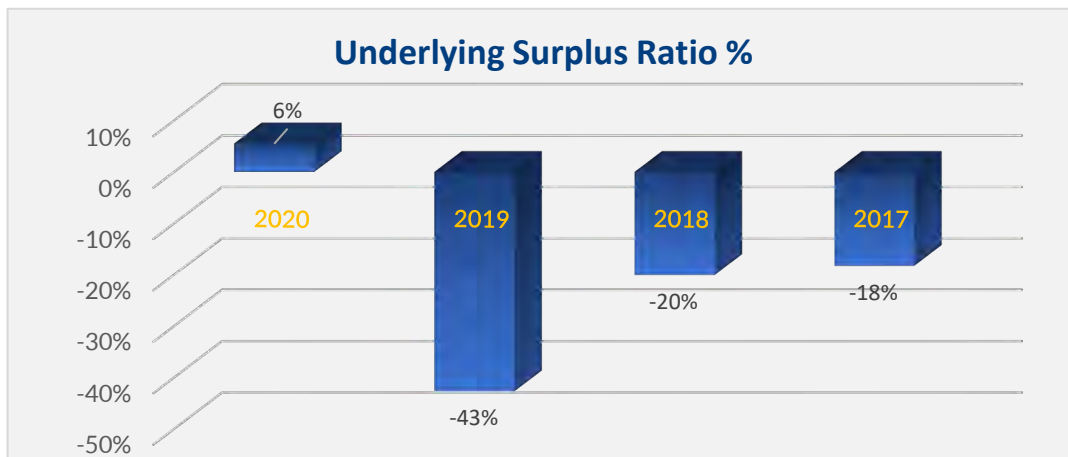




## Overview of Financial Performance at Year End 30th June 2020

### Statement of Comprehensive Income and Expenditure

Operating result	2020 Actual 000's	2019 Actual 000's	2018 Actual 000's	2017 Actual 000's
<u>Underlying Surplus or Deficit</u>	351	(3,284)	(1,593)	(1,451)
Recurrent Income	6,343	7,695	7,945	7,945
Underlying Surplus Ratio %	6%	-43%	-20%	-18%



The Underlying Surplus Ratio compares Council's Operating Income as a percentage of its Operating Expenses. The significant improvement from last year is mainly due to the closing out of the Telstra Communications project, which in prior year saw timing differences, which negatively impacted the underlying surplus.

Income & Expenditure by Division	2020 Budget Total 000's	2020 Actual Total 000's	2020 Municipal 000's	2020 Airport 000's
<b>INCOME</b>				
Income - Operational	6,230	6,383	5,828	555
Income - Capital Grants	2,099	300	300	0
	8,329	6,683	6,128	555
<b>EXPENDITURE</b>	0	0	0	0
Employee Costs	(2,099)	(1,887)	(1,647)	(240)
Materials & Services	(1,928)	(1,397)	(1,183)	(214)
Impairment of Receivables	0	(1)	(1)	0
Depreciation & Amortisation (Non-Monetary)	(1,602)	(1,658)	(1,348)	(310)
Finance Costs	(88)	(57)	(57)	0
Other Expenses	0	(42)	(42)	0
Other Expenses - Telstra Project	(350)	(350)	(350)	0
	(6,067)	(5,392)	(4,629)	(763)
Net Asset Adjustments - mainly Revaluations	Note 1	0	(902)	(447)
<b>Net result</b>		2,262	597	(655)

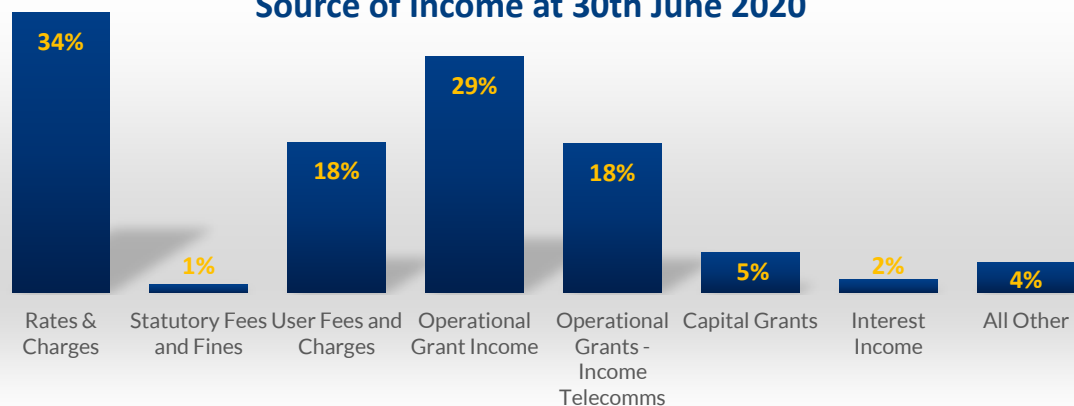
Note 1: Net Asset Adjustment write-off relates mainly to devaluation in Investment in Water Corporation (\$946k) and disposal of Airport Runway and Road Infrastructure (\$600k).



Income	Budget 2020 000's	2020 Actual 000's	2019 Actual 000's	2018 Actual 000's	2017 Actual 000's
Rates and Charges tracked well to budget, with only minor variations.	2,048	2,057	1,764	1,614	1,555
Statutory Fees and Fines are 48% / \$19k above budget.	40	59	51	43	37
User Fees and Charges are mainly derived from Airport fees and charges and Private Works for the State Roads. Airport fees declined due to the impact of COVID-19, and the downturn in travel during the airport runway upgrade in February 2020. Private Works fees income increased, which compensated for the downturn in air travel.	1,144	1,108	918	931	892
Operational Grant Income is significantly above budget by 83% / \$786k. This was due to an advance payment of the Financial Assistance Grant for FY2021.	949	1,735	1,740	1,699	2,321
Operational Grants - Telstra Project. The Telstra Grant income was 42% / \$788k below budget due to the delay in receiving the final payment from the Building Better Regions Fund Grant body.	1,887	1,099	2,935	3,409	0
Contributions - are above budget by \$47k due to land subdivision income for Public Open Space contributions.	0	47	15	3	0
Interest income exceeded budget by 41% / \$29k.	70	99	131	157	88
Other Income exceeded budget by 188% / \$105k.	56	161	143	48	52
Investment Revenue from Water Corporation is below budget by 50% / \$18k, due to TasWater suspension of dividends.	36	18	36	54	54
Capital Grants are 86% / \$1800k below budget due to the Airport Runway grant not received by year end 30 June 20.	2,099	300	351	573	743
Contributions - non-monetary assets.	0	0	0		(193)
Net Gain/(Loss) on disposal of Property, infrastructure, plant & equipment has a total loss of \$600k write down of assets disposed. These comprise \$153k of Infrastructure-Roads and \$447k of Airport Infrastructure.	0	(600)	(126)	(268)	(13)
<b>Total Income from Continuing Operations</b>	<b>8,329</b>	<b>6,083</b>	<b>7,958</b>	<b>8,263</b>	<b>5,536</b>

Sources of Income	Actual 2020	Actual 2019	Actual 2018	Actual 2017
Rates & Charges	34%	22%	20%	28%
Statutory Fees and Fines	1%	1%	1%	1%
User Fees and Charges	18%	12%	11%	16%
Operational Grant Income	29%	22%	21%	42%
Operational Grants - Telecommunications	18%	37%	41%	0%
Capital Grants	5%	4%	7%	13%
Interest Income	2%	2%	2%	2%
All Other Income	4%	2%	1%	2%
Non-Monetary Income	-10%	-2%	-3%	-4%

### Source of Income at 30th June 2020



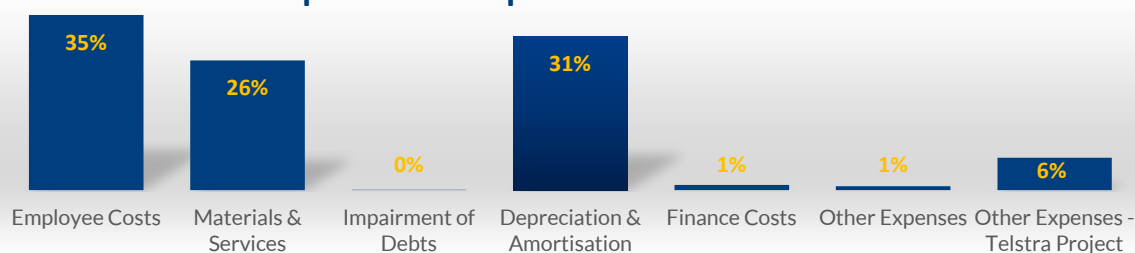
The 2020 Source of Revenue has shown major shifts as compared to 2019.

This is due to the reduction in claimed Grant income for the Telstra Communications project, as it approached its final milestones for completion.

Operational Expenditure	Budget 2020 000's	2020 Actual 000's	2019 Actual 000's	2018 Actual 000's	2017 Actual 000's
Employee Costs are below budget by 10% / \$212k.	(2,099)	(1,887)	(2,174)	(2,033)	(1,967)
Materials & Services are 28% / \$531k below budget. This is due to gains achieved through plant recharges and quarry recharges for capital works on roads.	(1,928)	(1,397)	(1,855)	(1,860)	(1,819)
Impairment of Receivables	0	(1)	(1)	(36)	(1)
Depreciation & Amortisation is above budget by 3% / \$56k.	(1,602)	(1,658)	(1,609)	(1,491)	(1,499)
Finance Costs are 35% / \$31k below budget.	(88)	(57)	(86)	(85)	(25)
Other Expenses - Other	0	(42)	(128)	(115)	(131)
Other Expenses - Telstra Project was on par with budget.	(350)	(350)	(5,000)	(3,650)	0
<b>Total Expenses from Continuing Operations</b>	<b>(6,067)</b>	<b>(5,392)</b>	<b>(10,853)</b>	<b>(9,270)</b>	<b>(5,442)</b>

Application of Expenses	2020	2019	2018	2017
<b>Operation Expense Comparison</b>				
Employee Costs	35%	20%	22%	36%
Materials & Services	26%	17%	20%	33%
Impairment of Debts	0%	0%	0%	0%
Depreciation & Amortisation (Non-Monetary)	31%	15%	16%	28%
Finance Costs	1%	1%	1%	0%
Other Expenses - Other	1%	1%	1%	2%
Other Expenses - Telstra Project	6%	46%	39%	0%

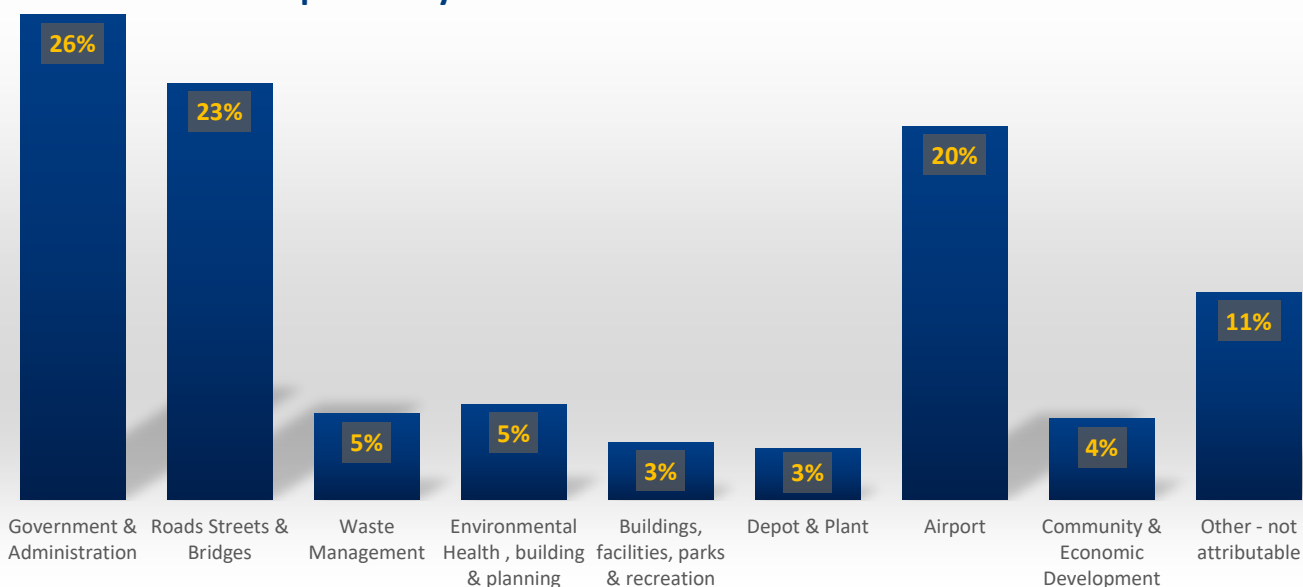
### Operational Expenses at 30th June 2020



The ratio's in the last two years were significantly altered by the large Telstra Communications project costs. In June 2020 the ratios have reverted to similar patterns as 2017.

### Operational Expense Comparison by Function

### Expenses by Function at 30th June 2020



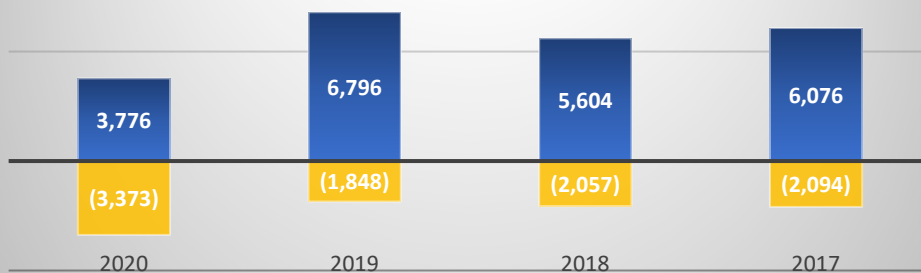


## Statement of Financial Position

Statement of Financial Position Summary		2020 000's	2019 000's	2018 000's	2017 000's
<b>Assets</b>					
Current Assets	- Cash, Investments, Debtors Inventories	4,320	7,510	9,643	6,658
Non-Current Assets	- Property, Infrastructure Plant and Equipment	56,488	55,105	55,280	55,856
		60,808	62,615	64,923	62,514
<b>Liabilities</b>					
Current Liabilities	- Creditors and Provisions	(821)	(4,319)	(3,981)	(626)
Non-Current Liabilities	- Loans and Borrowings	(3,660)	(1,911)	(2,106)	(2,374)
		(4,481)	(6,230)	(6,087)	(3,000)
Net Assets		56,327	56,385	58,836	59,514
<b>Total Equity</b>		<b>56,327</b>	<b>56,385</b>	<b>58,836</b>	<b>59,514</b>
<b>Cash, Investments and Loans</b>					
		2020 000's	2019 000's	2018 000's	2017 000's
Cash and Cash Equivalents		3,664	2,328	3,714	4,165
Financial Assets		112	4,468	1,890	1,911
Cash and Investments		3,776	6,796	5,604	6,076
Loans and Borrowings		(3,373)	(1,848)	(2,057)	(2,094)
<b>Net Liquidity</b>		<b>403</b>	<b>4,948</b>	<b>3,547</b>	<b>3,982</b>

### Cash, Investments and Loans

■ Cash and Investments

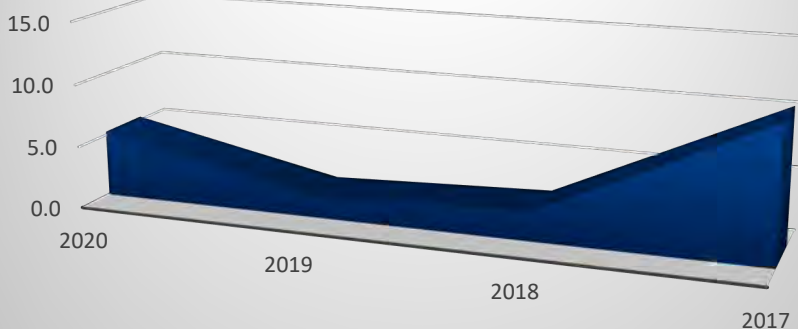


Cash reserves at the 30th June 2020 had declined due to payments made for the Airport Runway Upgrade and final Telstra Communications project.

For both these projects, the grant bodies had not made payment until the following year 2021. Loans increased by \$1.8 million in 2020 to bridge the delay in receiving the Airport Funding. This loan will be repaid when the funding is received.

Working Capital		2020 000's	2019 000's	2018 000's	2017 000's
Current Assets		4,320	7,510	9,643	6,658
Current Liabilities		(821)	(4,319)	(3,981)	(626)
<b>Current Ratio</b>		<b>5.3</b>	<b>1.7</b>	<b>2.4</b>	<b>10.6</b>

### Current Ratio



Current ratio: Current Assets / Current Liabilities, indicates whether a company has enough short-term assets to cover its short-term debt.

A good working capital ratio is considered anything between 1.2 and 2.0. The current trend showed a decline in the current ratio during 2018 and 2019 as large creditor balances were held for the Telstra Communications project.

In 2020 the Telstra project completed, which has shown a positive effect on the working capital ratio.

## **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 2020 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the statement of certification by the General Manager.

In my opinion the accompanying financial report:

- (a) presents fairly, in all material respects, Council's financial position as at 30 June 2020 and its financial performance and its cash flows for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

#### **Basis for Opinion**

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

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

My audit responsibility does not extend to the budget figures included in the financial report, the asset renewal funding ratio disclosed in note 10.5(f), nor the Significant Business Activities disclosed in note 10.4 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.
- Conclude on the appropriateness of the General Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

...2 of 3

- 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.



Stephen Morrison  
**Assistant Auditor-General Financial Audit Services**  
**Delegate of the Auditor-General**

**Tasmanian Audit Office**

25 September 2020  
Hobart



## **Flinders Council 2019 / 2020 Financial Report**

**Flinders Council  
Financial Report  
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## Statement of Comprehensive Income For the Year Ended 30 June 2020

	Note	Budget 2020 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
<b>Income from continuing operations</b>				
<b>Recurrent income</b>				
Rates and charges	2.1	2,048	2,057	1,764
Statutory fees and fines	2.2	40	59	51
User fees	2.3	1,144	1,108	918
Grants	2.4	2,836	2,834	4,675
Contributions - cash	2.5	-	47	15
Interest	2.6	70	99	131
Other income	2.7	56	161	143
Investment revenue from water corporation	2.9, 4.1	36	18	36
		<b>6,230</b>	<b>6,383</b>	<b>7,733</b>
<b>Capital income</b>				
Capital grants received specifically for new or upgraded assets	2.4	2,099	300	351
Contributions - non-monetary assets	2.5	-	-	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	2.8	-	(600)	(126)
		<b>2,099</b>	<b>(300)</b>	<b>225</b>
<b>Total income from continuing operations</b>		<b>8,329</b>	<b>6,083</b>	<b>7,958</b>
<b>Expenses from continuing operations</b>				
Employee benefits	3.1	(2,099)	(1,887)	(2,174)
Materials and services	3.2	(1,928)	(1,397)	(1,855)
Impairment of receivables	3.3	-	(1)	(1)
Depreciation and amortisation	3.4	(1,602)	(1,658)	(1,609)
Finance costs	3.5	(88)	(57)	(86)
Other expenses	3.6	(350)	(392)	(5,128)
<b>Total expenses from continuing operations</b>		<b>(6,067)</b>	<b>(5,392)</b>	<b>(10,853)</b>
<b>Result from continuing operations</b>		<b>2,262</b>	<b>691</b>	<b>(2,895)</b>
<b>Result from discontinued operations</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Net result for the year</b>		<b>2,262</b>	<b>691</b>	<b>(2,895)</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to surplus or deficit</b>				
Net asset revaluation increment/(decrement)	9.1	-	125	-
Fair value adjustments for financial assets at fair value	9.1	-	-	(28)
Fair value adjustments for equity investment assets	9.1	-	(874)	533
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>(749)</b>	<b>505</b>
<b>Total Comprehensive result</b>		<b>2,262</b>	<b>(58)</b>	<b>(2,390)</b>

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



**Statement of Financial Position  
As at 30 June 2020**

	Note	2020 \$'000	2019 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	3,664	2,328
Trade and other receivables	5.2	452	603
Financial assets	5.3	112	4,468
Inventories	5.4	89	107
Other assets	6.1	3	4
<b>Total current assets</b>		<b>4,320</b>	<b>7,510</b>
<b>Non-current assets</b>			
Investment in water corporation	4.1	3,030	3,905
Property, plant and equipment and infrastructure	6.2	53,372	51,095
Intangible assets	6.3	27	40
Other assets	6.1	59	65
<b>Total non-current assets</b>		<b>56,488</b>	<b>55,105</b>
<b>Total assets</b>		<b>60,808</b>	<b>62,615</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7.1	342	3,553
Trust funds and deposits	7.2	67	139
Provisions	7.3	370	352
Interest-bearing loans and borrowings	8.1	42	275
<b>Total current liabilities</b>		<b>821</b>	<b>4,319</b>
<b>Non-current liabilities</b>			
Provisions	7.3	329	338
Interest-bearing loans and borrowings	8.1	3,331	1,573
<b>Total non-current liabilities</b>		<b>3,660</b>	<b>1,911</b>
<b>Total liabilities</b>		<b>4,481</b>	<b>6,230</b>
<b>Net Assets</b>		<b>56,327</b>	<b>56,385</b>
<b>Equity</b>			
Accumulated surplus		43,205	38,880
Reserves	9.1	13,122	17,505
<b>Total Equity</b>		<b>56,327</b>	<b>56,385</b>

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

## Statement of Changes in Equity For the Year Ended 30 June 2020

	Note	Total 2020 \$'000	Accumulated Surplus 2020 \$'000	Asset Revaluation Reserve 2020 \$'000	Fair Value Reserve 2020 \$'000	Other Reserves 2020 \$'000
2020						
Balance at beginning of the financial year		56,385	38,880	13,221	491	3,793
Adjustment due to compliance with revised accounting standard		-	-	-	-	-
Adjustment on change in accounting policy		-	-	-	-	-
Surplus / (deficit) for the year		691	691	-	-	-
Other Comprehensive Income:						
Fair value adjustments for financial assets at fair value		-	-	-	-	-
Financial assets available for sale reserve						
— Fair Value adjustment on equity investment assets	4.1	(874)	-	-	(874)	-
Net asset revaluation increment/(decrement)	9.1	125	-	125	-	-
Transfers between reserves		-	3,634	-	-	(3,634)
<b>Balance at end of the financial year</b>		<b>56,327</b>	<b>43,205</b>	<b>13,346</b>	<b>(383)</b>	<b>159</b>
2019						
Balance at beginning of the financial year		58,836	41,835	13,221	(14)	3,794
Adjustment due to compliance with revised accounting standard		-	-	-	-	-
Adjustment on change in accounting policy		-	-	-	-	-
Surplus / (deficit) for the year		(2,895)	(2,895)	-	-	-
Other Comprehensive Income:						
Fair value adjustments for financial assets at fair value		(28)	-	-	(28)	-
Financial assets available for sale reserve						
— Fair Value adjustment on Available for Sale Assets	4.1	533	-	-	533	-
Net asset revaluation increment/(decrement)	9.1	-	-	-	-	-
Transfers between reserves		(61)	(60)	-	-	(1)
<b>Balance at end of the financial year</b>		<b>56,385</b>	<b>38,880</b>	<b>13,221</b>	<b>491</b>	<b>3,793</b>

The above statement should be read with the accompanying notes.



**Statement of Cash Flows**  
**For the Year Ended 30 June 2020**

	Note	2020 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates		2,021	1,728
Statutory fees and fines		59	51
User charges and other fines (inclusive of GST)		978	1,023
Grants (inclusive of GST)		2,835	8,158
Interest		100	145
Investment revenue from water corporation		18	36
Other receipts (inclusive of GST)		208	158
Net GST refund/payment		102	532
Payments to suppliers (inclusive of GST)		(1,163)	(2,193)
Payments to employees (including redundancies)		(1,858)	(2,006)
Finance costs		(57)	(86)
Other payments		(3,692)	(5,394)
<b>Net cash provided by (used in) operating activities</b>	9.2	<b>(449)</b>	<b>2,152</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(4,397)	(1,041)
Proceeds from sale of property, infrastructure, plant and equipment		-	15
Capital grants (inclusive of GST)		300	364
Payments for intangible assets		-	(7)
Transfer to financial assets		4,356	(2,606)
Transfers to trust funds and deposits		(35)	(54)
Payments for Mineral Resources Bonds		(6)	-
Proceeds from sale of other financial assets		-	-
<b>Net cash provided by (used in) investing activities</b>		<b>218</b>	<b>(3,329)</b>
<b>Cash flows from financing activities</b>			
Proceeds from interest bearing loans and borrowings		1,800	-
Repayment of interest bearing loans and borrowings		(233)	(209)
<b>Net cash provided by (used in) financing activities</b>	8.1	<b>1,567</b>	<b>(209)</b>
Net increase (decrease) in cash and cash equivalents		1,336	(1,386)
Cash and cash equivalents at the beginning of the financial year		2,328	3,714
<b>Cash and cash equivalents at the end of the financial year</b>	9.4	<b>3,664</b>	<b>2,328</b>
Restrictions on cash assets	5.1	766	829
Financing arrangements	9.5	9	12

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

## Note 1 Overview

### 1.1 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 St, 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.

### 1.2 Basis of accounting

These financial statements are a general purpose financial report that consists of a Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Local Government Act 1993 (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 4.1, 5.3, 6.2, 7.3, 8.1.

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 10.

### 1.3 Use of judgements and estimates

#### *Judgements and Assumptions*

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

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

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

#### *Employee entitlements*

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

#### *Fair value of property, infrastructure, plant & equipment*

Assumptions and judgements are utilised in determining the fair value of Council's property, infrastructure, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in note 6.2.

#### *Investment in water corporation*

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 4.1.

#### *Quarry Rehabilitation*

Assumptions and judgements are utilised in determining the provision are discussed in note 7.3.

#### *Landfill / Tip Rehabilitation*

Assumptions and judgements are utilised in determining the provision are discussed in note 7.3.



1.4 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						
2019-20	1,810	1,225	3,035	1,573	1,462	10,590
2018-19	671	2,001	2,672	1,749	923	10,779
Roads, streets and bridges						
2019-20	962	-	962	1,351	(389)	34,268
2018-19	908	(125)	783	1,373	(590)	34,615
Waste management						
2019-20	194	-	194	277	(83)	565
2018-19	187	-	187	310	(123)	569
Environmental health, building & planning services						
2019-20	-	130	130	307	(177)	-
2018-19	53	101	154	538	(384)	-
Buildings, facilities, parks & recreation						
2019-20	-	59	59	183	(124)	6,981
2018-19	85	58	143	500	(357)	7,035
Depot & plant						
2019-20	-	-	-	165	(165)	1,520
2018-19	-	5	5	179	(174)	1,606
Airport						
2019-20	154	401	555	1,210	(655)	6,877
2018-19	159	464	623	745	(122)	4,106
Community & economic development						
2019-20	14	9	23	261	(238)	-
2018-19	29	19	48	264	(216)	-
Other - not attributable						
2019-20	-	1,725	1,725	672	1,053	-
2018-19	2,934	409	3,343	5,195	(1,852)	3,905
<b>Total</b>						
<b>2019-20</b>	<b>3,134</b>	<b>3,549</b>	<b>6,683</b>	<b>5,999</b>	<b>684</b>	<b>60,801</b>
<b>2018-19</b>	<b>5,026</b>	<b>2,932</b>	<b>7,958</b>	<b>10,853</b>	<b>(2,895)</b>	<b>62,615</b>

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

	2020	2019
Current assets	4,320	7,510
Non-current assets	56,488	55,105
	<b>60,808</b>	<b>62,615</b>

(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.

*Buildings, facilities, parks & recreation*

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 aviaional 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.

*Other - not attributable*

Rates and charges and work not attributed elsewhere.



	2020 \$'000	2019 \$'000
<b>Note 2.1 Revenue</b>		
<b>Note 2.1 Rates and charges</b>		
Council uses Capital Value as the basis of valuation for all properties within the municipality.		
The valuation base used to calculate general rates for 2019-20 was \$424.543 million (2018-19 \$370.98 million). The Capital Value dollar being \$0.4123319 in 2019-20 (2018-19 \$0.392697).		
General rates	1,976	1,692
Fire Levy	71	66
Rates and charges in advance	10	6
<b>Total rates and charges</b>	<b>2,057</b>	<b>1,764</b>

The date of the latest general revaluation of land for rating purposes within the municipality was 1 October 2016, and the valuation was first applied in the rating year commencing 1 July 2017.

**Accounting policy under AASB 15 and AASB 1058 - applicable from 1 July 2019**

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

Refer to note 10.3 for accounting policy related to AASB 15 and AASB 1058.

**Accounting policy under AASB 118 and AASB 1004 - applicable for 2019 comparative**

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.

**Note 2.2 Statutory fees and fines**

Infringements and costs	1	1
Town planning fees	44	35
Land information certificates	14	11
Permits	-	4
<b>Total statutory fees and fines</b>	<b>59</b>	<b>51</b>

**Accounting policy under AASB 15 and AASB 1058 - applicable from 1 July 2019**

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

Refer to note 10.3 for accounting policy related to AASB 15 and AASB 1058.

**Accounting policy under AASB 118 and AASB 1004 - applicable for 2019 comparative**

**Statutory fee and fine income**

Fees and fines (including parking 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.

**Note 2.3 User fees**

Community facilities hire fees	3	11
Dog registration fees	7	2
Environmental fees	6	6
Building services fees	21	23
Airport fees and charges	398	452
Department of State Growth contract	468	180
Private works	159	229
Cemetery fees	42	11
Other fees and charges	2	4
Dog registration fees received in advance	2	-
<b>Total user fees</b>	<b>1,108</b>	<b>918</b>

	2020 \$'000	2019 \$'000
<b>Accounting policy under AASB 15 and AASB 1058 - applicable from 1 July 2019</b>		
Council recognises revenue from user fees and charges when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.		
Where an upfront fee is charged such as membership fees for the leisure centre, the fee is recognised on a straight-line basis over the expected life of the membership.		
Licences granted by Council are all either short-term or low value and all revenue is recognised at the time that the licence is granted rather than the term of the licence.		
Refer to note 10.3 for accounting policy related to AASB 15 and AASB 1058.		
<b>Accounting policy under AASB 118 and AASB 1004 - applicable for 2019 comparative</b>		
<b>User fee income</b>		
Fee income is recognised as revenue when the service has been provided, or the payment is received, whichever first occurs.		

**Note 2.4 Grants**

Grants were received in respect of the following:

**Summary of grants**

Federally funded grants	2,884	4,276
State funded grants	250	750
Total	<u>3,134</u>	<u>5,026</u>

**Grants - Recurrent**

Commonwealth Government Financial Assistance Grants - General Purpose	343	332
Commonwealth Government Financial Assistance Grants - Roads	374	366
Commonwealth Government Financial Assistance Grants - (received in advance)	759	718
Community Health	12	26
Transport	237	239
Telstra Telecommunications Infrastructure Project	1,099	2,935
Other	10	59

**Total recurrent grants**

<u>2,834</u>	<u>4,675</u>
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The Australian Commonwealth Government provides untied Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2019-20 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 2019-20 by \$758,584 (2018-19 by \$718,522). This has impacted the Statement of Comprehensive Income resulting in the Surplus/(deficit) being higher in 2019-20 by \$758,584 (2018-19 by \$718,522).

**Capital grants received specifically for new or upgraded assets**

Commonwealth Government - roads to recovery	300	209
Airport	-	10
Emita Hall	-	82
Other	-	50
<b>Total capital grants</b>	<u>300</u>	<u>351</u>

**Conditions on grants**

Non-reciprocal grants which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

Unexpended at the close of the previous reporting period	6	88
Less: expended during the current period from revenues recognised in previous reporting periods	<u>(6)</u>	<u>(88)</u>
	-	-
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions		
Community health	11	6
Community Facilities	-	-
	<u>11</u>	<u>6</u>
<b>Unexpended at the close of this reporting period</b>	<u>11</u>	<u>6</u>
Net increase (decrease) in non-reciprocal grant revenues for the year:	<u>5</u>	<u>(82)</u>

2020  
\$'000

2019  
\$'000

**Accounting policy under AASB 15 and AASB 1058 - applicable from 1 July 2019**

Council recognises untied grant revenue and those without performance obligations when received. In cases where funding includes specific performance obligations or is to acquire or construct a recognisable non-financial asset, a liability is recognised for funds received in advance and recognises income as obligations are fulfilled.

The performance obligations are varied based on the agreement, but include delivering community health programs.

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

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

Refer to note 10.3 for accounting policy related to AASB 15 and AASB 1058.

**Accounting policy under AASB 1004 - applicable for 2019 comparative**

The Australian Commonwealth Government provides untied Financial Assistance Grants to Council for general purpose use and the provision of local roads. Previously, in accordance with AASB1004: Contributions, Council recognised these grants as revenue when it received the funds and obtained control.

**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.

**Note 2.5 Contributions**

**(a) Cash**

Parks, open space and streetscapes	47	15
<b>Total contributions</b>	<b>47</b>	<b>15</b>

**Accounting policy under AASB 15 - applicable from 1 July 2019**

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

Refer to note 10.3 for accounting policy related to AASB 15 and AASB 1058.

**Accounting policy under AASB 1004 - applicable for 2019 comparative**

**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 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 2.6 Interest**

Interest on financial assets	60	45
Interest on rates	11	42
Interest on cash and cash equivalents	28	44
<b>Total</b>	<b>99</b>	<b>131</b>

**Accounting policy**

**Interest income**

Interest is recognised progressively as it is earned.



	2020 \$'000	2019 \$'000
<b>Note 2.7 Other income</b>		
Rental income	36	36
Other	125	107
<b>Total other income</b>	<u>161</u>	<u>143</u>

**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.

**Volunteer services**

Council recognises the inflow of resources in the form of volunteer services where the fair value of those services can be reliably measured and Council would have purchased those services if they had not been donated.

**Operating Leases or 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 *Investment Properties*. These properties are recognised at fair value. These leases may include incentives which have not been recognised in the statement of financial position, on the basis the amounts are unlikely to be material and could be reliably measured at balance date.

<b>Note 2.8 Net gain/(loss) on disposal of property, plant and equipment and infrastructure</b>		
Proceeds of sale	-	15
Write down value of assets disposed	(600)	(141)
<b>Total</b>	<u>(600)</u>	<u>(126)</u>

**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.

<b>Note 2.9 Investment revenue from water corporation</b>		
Dividend revenue received	15	19
Tax equivalent received	3	12
Guarantee fee received	-	5
<b>Total investment revenue from water corporation</b>	<u>18</u>	<u>36</u>

**Accounting policy**

**Investment revenue**

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

<b>Note 3 Expenses</b>		
<b>Note 3.1 Employee benefits</b>		
Wages and salaries (incl. leave)	1,832	1,925
Workers compensation	54	55
Superannuation	199	211
Fringe benefits tax	6	6
Other employee related expenses	50	55
Redundancy	13	-
	<u>2,154</u>	<u>2,252</u>
Less amounts capitalised	(267)	(78)
<b>Total employee benefits</b>	<u>1,887</u>	<u>2,174</u>

	2020 \$'000	2019 \$'000
<b>Accounting policy</b>		
<b>Employee benefits</b>		
Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.		
Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.		

**Note 3.2 Materials and services**

Consultant & contractor payments	352	733
Materials, supplies & services	490	585
Plant and equipment maintenance & operating costs	166	168
Insurance	138	112
Utilities, internet & phone	81	103
Councillors' expenses	10	16
Leases & licences	28	38
Donations & gifts	27	1
Fire service levy	67	63
Land tax	38	35
Settlement discount on rates	-	1
<b>Total materials and services</b>	<u>1,397</u>	<u>1,855</u>

<b>Accounting policy</b>		
<b>Materials and services expense</b>		
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 3.3 Impairment of receivables**

Sundry debtors	1	1
<b>Total impairment of receivables</b>	<u>1</u>	<u>1</u>

<b>Accounting policy</b>		
<b>Impairment expense</b>		
Expenses are recognised when Council has determined there to be an increase in the credit risk of a financial asset since initial recognition. Council's policy and events giving rise to impairment losses are disclosed in Note 5.2.		

**Note 3.4 Depreciation and amortisation**

<i>Property</i>		
Buildings		
Building improvements	99	84
Leasehold improvements	50	50
Quarries	12	12
<i>Plant and Equipment</i>		
Plant, machinery and equipment	268	260
Fixtures, fittings and furniture	19	9
<i>Infrastructure</i>		
Roads	777	777
Bridges	88	88
Footpaths and cycleways	35	33
Recreation, leisure and community facilities	21	11
Stormwater	5	5
Waste management	16	15
Airport infrastructure	255	255
<i>Intangible Assets</i>		
Municipal valuation amortisation	13	10
<b>Total</b>	<u>1,658</u>	<u>1,609</u>

2020  
\$'000

2019  
\$'000

<b>Accounting policy</b>	
<b>Depreciation and amortisation expense</b>	
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:	
	<b>Period</b>
Buildings	
buildings	50 years
Leasehold improvements	
leasehold building improvements	40-50 years
Land improvements	
quarries	10-50 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	6 years

**Note 3.5 Finance costs**

Unwind rehabilitation provision	2	20
Interest - Borrowings	55	66
<b>Total</b>	<b>57</b>	<b>86</b>
Less capitalised borrowing costs on qualifying assets	-	-
<b>Total finance costs</b>	<b>57</b>	<b>86</b>



	2020 \$'000	2019 \$'000
<b>Accounting policy</b>		
<b>Finance expense</b>		
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 3.6 Other expenses**

External auditors' remuneration (Tasmanian Audit Office)*	15	31
Councillors' allowances	100	97
Telstra Telecommunications Infrastructure Project Payments	277	5,000
<b>Total other expenses</b>	<b>392</b>	<b>5,128</b>

\* Includes base audit fee for 2019-20 audit of \$22,850 (2018-19 \$22,850)

<b>Accounting policy</b>		
<b>Other expenses</b>		
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 4 Investments**

**Note 4.1 Investment in water corporation**

Opening Balance	3,905	3,372
Fair value adjustment on available for sale assets	(874)	533
<b>Fair value adjustment on equity investment assets</b>	<b>3,030</b>	<b>3,905</b>

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

<b>Accounting policy under AASB 9</b>		
<b>Equity Investment</b>		
As Council's investment is held for long-term strategic purposes, Council has elected under AASB 9: <i>Financial Instruments</i> to irrevocably classify this equity investment as designated as fair value through comprehensive income. Subsequent changes in fair value on designated investments in equity instruments are recognised in other comprehensive income (for fair value reserve, refer to note 9.1) and not reclassified through the profit and loss when derecognised. Dividends associated with the equity investments are recognised in profit and loss when the right of payment has been established and it can be reliably measured.		
Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2020, Council held a 0.21% (2019 0.21%) ownership interest in TasWater which is based on Schedule 2 of the Corporation's Constitution which reflects the council's voting rights.		

**Note 5 Current Assets**

**Note 5.1 Cash and cash equivalents**

Cash on hand	-	-
Cash at bank	3,638	2,302
Money market call account	26	26
<b>Total cash and cash equivalents</b>	<b>3,664</b>	<b>2,328</b>

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 7.2)	67	139
- Leave provisions (note 7.3)	394	383
- Quarry reinstatement & redevelopment provision (note 7.3)	139	144
- Landfill restoration provision (note 7.3)	166	163
<b>Restricted funds</b>	<b>766</b>	<b>829</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>2,898</b>	<b>1,499</b>

2020  
\$'000

2019  
\$'000

**Accounting policy**

**Cash and cash equivalents**

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

**Note 5.2 Trade and other receivables**

**Current**

Rates debtors	156	120
Prepaid expenses	7	-
Other debtors	195	127
Provision for impairment - other debtors	(4)	(2)
Net GST receivable	98	358
<b>Total trade and other receivables</b>	<b>452</b>	<b>603</b>

**Accounting policy under AASB9**

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

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

**Note 5.3 Financial assets**

**Current**

Term Deposits	112	4,468
<b>Total financial assets</b>	<b>112</b>	<b>4,468</b>

**Accounting policy under AASB9**

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of business model. As Council's managed funds are actively managed and their performance is evaluated on a fair value basis, these investments are mandatorily required to be measured at fair value through profit and loss.

**Note 5.4 Inventories**

Inventories held for distribution	89	107
<b>Total inventories</b>	<b>89</b>	<b>107</b>

**Accounting policy**

**Inventories**

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Other inventories are measured at the lower of cost and net realisable value.

Where inventories are acquired at no cost, or for nominal consideration, the cost shall be the current replacement cost as at the date of acquisition.

**Note 6 Non-current assets**

**Note 6.1 Other assets**

**Current**

Accrued income*	3	4
<b>Total</b>	<b>3</b>	<b>4</b>

**Non-current**

Other - Mineral resources bond	59	65
<b>Total</b>	<b>59</b>	<b>65</b>

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

Note 6 Non-current assets		
Note 6.2 Property, infrastructure, plant and equipment	2020	2019
	\$'000	\$'000
<b>Summary</b>		
at cost	7,629	7,420
Less accumulated depreciation	<u>(3,207)</u>	<u>(2,829)</u>
	<b>4,422</b>	<b>4,591</b>
at fair value as at 30 June	67,980	67,575
Less accumulated depreciation	<u>(19,030)</u>	<u>(21,071)</u>
	<b>48,950</b>	<b>46,504</b>
<b>Total</b>	<b>53,372</b>	<b>51,095</b>
<b>Property</b>		
<b>Land</b>		
at fair value as at 30 June	<u>3,197</u>	<u>3,197</u>
	<b>3,197</b>	<b>3,197</b>
<b>Land under roads</b>		
at fair value at 30 June	<u>2,053</u>	<u>1,928</u>
	<b>2,053</b>	<b>1,928</b>
<b>Total Land</b>	<b>5,250</b>	<b>5,125</b>
<b>Buildings</b>		
at fair value as at 30 June	4,700	4,583
Less accumulated depreciation	<u>(330)</u>	<u>(231)</u>
	<b>4,370</b>	<b>4,352</b>
<b>Land improvements - quarries</b>		
at cost as at 30 June	155	155
Less accumulated depreciation	<u>(36)</u>	<u>(24)</u>
	<b>119</b>	<b>131</b>
<b>Leasehold improvements</b>		
at fair value as at 30 June	403	403
Less accumulated amortisation	<u>(46)</u>	<u>(38)</u>
	<b>357</b>	<b>365</b>
at replacement cost as at 30 June	2,063	2,064
Less accumulated depreciation	<u>(84)</u>	<u>(42)</u>
	<b>1,979</b>	<b>2,022</b>
<b>Total Leasehold Improvements</b>	<b>2,336</b>	<b>2,387</b>
<b>Total Buildings</b>	<b>6,825</b>	<b>6,870</b>
<b>Total Property</b>	<b>12,075</b>	<b>11,995</b>
<b>Plant and Equipment</b>		
<b>Plant, machinery and equipment</b>		
at cost	4,207	4,025
Less accumulated depreciation	<u>(2,794)</u>	<u>(2,526)</u>
	<b>1,413</b>	<b>1,499</b>
<b>Fixtures, fittings and furniture</b>		
at cost	240	228
Less accumulated depreciation	<u>(173)</u>	<u>(154)</u>
	<b>67</b>	<b>74</b>
<b>Total Plant and Equipment</b>	<b>1,480</b>	<b>1,573</b>



Note 6.2 Property, infrastructure, plant and equipment (cont.)	2020	2019
	\$'000	\$'000
<b>Infrastructure</b>		
<b>Roads</b>		
at fair value as at 30 June	40,619	40,428
Less accumulated depreciation	(13,947)	(13,364)
	<u>26,672</u>	<u>27,064</u>
<b>Bridges</b>		
at fair value as at 30 June	6,791	6,730
Less accumulated depreciation	(2,545)	(2,457)
	<u>4,246</u>	<u>4,273</u>
<b>Footpaths and cycleways</b>		
at fair value as at 30 June	1,456	1,457
Less accumulated depreciation	(608)	(573)
	<u>848</u>	<u>884</u>
<b>Recreation, leisure and community facilities</b>		
at cost as at 30 June	307	307
Less accumulated depreciation	(32)	(11)
	<u>275</u>	<u>296</u>
<b>Drainage</b>		
at fair value as at 30 June	452	452
Less accumulated depreciation	(122)	(117)
	<u>330</u>	<u>335</u>
<b>Waste Management</b>		
at cost	565	553
Less accumulated depreciation	(88)	(72)
	<u>477</u>	<u>481</u>
<b>Airport Infrastructure</b>		
at fair value as at 30 June	8,309	8,397
Less accumulated depreciation	(1,432)	(4,291)
	<u>6,877</u>	<u>4,106</u>
<b>Total Infrastructure</b>	<u>39,725</u>	<u>37,439</u>
<b>Works in progress</b>		
Buildings at cost	4	-
Waste management at cost	88	88
<b>Total Works in progress</b>	<u>92</u>	<u>88</u>
<b>Total property, infrastructure, plant and equipment</b>	<u>53,372</u>	<u>51,095</u>

Note 6.2 Property, infrastructure, plant and equipment (cont.)

Reconciliation of property, infrastructure, plant and equipment

2020	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 9.1)	Depreciation and amortisation (note 3.4)	Written down value of disposals	Impairment losses recognised in profit or loss (a)	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>								
land	3,197	-	-	-	-	-	-	3,197
land under roads	1,928	-	125	-	-	-	-	2,053
<b>Total land</b>	<b>5,125</b>	<b>-</b>	<b>125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,250</b>
buildings	4,352	-	-	(99)	-	-	116	4,370
quarries	131	-	-	(12)	-	-	-	119
leasehold improvements	2,387	-	-	(50)	-	-	-	2,336
<b>Total buildings</b>	<b>6,870</b>	<b>-</b>	<b>-</b>	<b>(161)</b>	<b>-</b>	<b>-</b>	<b>116</b>	<b>6,825</b>
<b>Total property</b>	<b>11,995</b>	<b>-</b>	<b>125</b>	<b>(161)</b>	<b>-</b>	<b>-</b>	<b>116</b>	<b>12,075</b>
<b>Plant and Equipment</b>								
plant, machinery and equipment	1,499	181	-	(268)	-	-	-	1,413
fixtures, fittings and furniture	74	11	-	(19)	-	-	-	67
<b>Total plant and equipment</b>	<b>1,573</b>	<b>192</b>	<b>-</b>	<b>(287)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,480</b>
<b>Infrastructure</b>								
roads	27,064	-	-	(777)	(153)	-	538	26,672
bridges	4,273	-	-	(88)	-	-	61	4,246
footpaths and cycleways	884	-	-	(35)	-	-	-	849
recreation, leisure and community facilities	296	-	-	(21)	-	-	-	275
stormwater	334	-	-	(5)	-	-	-	329
waste management	481	-	-	(16)	-	-	12	477
airport infrastructure	4,107	-	-	(255)	(447)	-	3,472	6,877
<b>Total infrastructure</b>	<b>37,439</b>	<b>-</b>	<b>-</b>	<b>(1,197)</b>	<b>(600)</b>	<b>-</b>	<b>4,083</b>	<b>39,725</b>
<b>Works in progress</b>								
buildings & leasehold improvements	-	120	-	-	-	-	(116)	4
roads	-	538	-	-	-	-	(538)	-
bridges	-	61	-	-	-	-	(61)	-
waste management	88	12	-	-	-	-	(12)	88
airport infrastructure	-	3,472	-	-	-	-	(3,472)	-
<b>Total works in progress</b>	<b>88</b>	<b>4,203</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,199)</b>	<b>92</b>
<b>Total property, infrastructure, plant and equipment</b>	<b>51,095</b>	<b>4,395</b>	<b>125</b>	<b>(1,645)</b>	<b>(600)</b>	<b>-</b>	<b>-</b>	<b>53,372</b>

Note 6.2 Property, infrastructure, plant and equipment (cont.)

Reconciliation of property, infrastructure, plant and equipment

2019	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)  (note 9.1)	Depreciation and amortisation  (note 3.4)	Written down value of disposals	Newly recognised assets	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>								
land	3,197	-	-	-	-	-	-	3,197
land under roads	1,928	-	-	-	-	-	-	1,928
<b>Total land</b>	<b>5,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,125</b>
buildings	3,598	-	-	(84)	-	-	838	4,352
quarries	143	-	-	(12)	-	-	-	131
leasehold improvements	2,350	-	-	(50)	-	-	87	2,387
<b>Total buildings</b>	<b>6,091</b>	<b>-</b>	<b>-</b>	<b>(146)</b>	<b>-</b>	<b>-</b>	<b>925</b>	<b>6,870</b>
<b>Total property</b>	<b>11,216</b>	<b>-</b>	<b>-</b>	<b>(146)</b>	<b>-</b>	<b>-</b>	<b>925</b>	<b>11,995</b>
<b>Plant and Equipment</b>								
plant, machinery and equipment	1,606	169	-	(260)	(16)	-	-	1,499
fixtures, fittings and furniture	45	38	-	(9)	-	-	-	74
<b>Total plant and equipment</b>	<b>1,651</b>	<b>207</b>	<b>-</b>	<b>(269)</b>	<b>(16)</b>	<b>-</b>	<b>-</b>	<b>1,573</b>
<b>Infrastructure</b>								
roads	27,582	-	-	(777)	(115)	-	374	27,064
bridges	4,182	-	-	(88)	-	-	179	4,273
footpaths and cycleways	727	-	-	(33)	(10)	-	200	884
recreation, leisure & community facilities	159	-	-	(11)	-	-	148	296
stormwater	339	-	-	(5)	-	-	-	334
waste management	496	-	-	(15)	-	-	-	481
airport infrastructure	4,362	-	-	(255)	-	-	-	4,107
<b>Total infrastructure</b>	<b>37,847</b>	<b>-</b>	<b>-</b>	<b>(1,184)</b>	<b>(125)</b>	<b>-</b>	<b>901</b>	<b>37,439</b>
<b>Works in progress</b>								
buildings	635	290	-	-	-	-	(925)	-
marine	81	(81)	-	-	-	-	-	-
footpaths and cycleways	114	86	-	-	-	-	(200)	-
land improvements	-	148	-	-	-	-	(148)	-
roads	-	374	-	-	-	-	(374)	-
bridges	135	44	-	-	-	-	(179)	-
waste management	62	26	-	-	-	-	-	88
airport infrastructure	60	(60)	-	-	-	-	-	-
<b>Total works in progress</b>	<b>1,087</b>	<b>827</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,826)</b>	<b>88</b>
<b>Total property, infrastructure, plant and equipment</b>	<b>51,801</b>	<b>1,034</b>	<b>-</b>	<b>(1,599)</b>	<b>(141)</b>	<b>-</b>	<b>-</b>	<b>51,095</b>



Note 6.2 Property, infrastructure, plant and equipment (cont.)

<b>Accounting policy</b>	
<b>Recognition and measurement of assets</b>	
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:	
	<b>Threshold \$'000</b>
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

Note 6.2 Property, infrastructure, plant and equipment (cont.)

**Revaluation**

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

Land	fair value
Land under roads	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	fair value
Investment in water corporation	fair value
Airport	replacement cost
Waste Management	cost

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, furniture, fixtures and fittings, waste management, intangibles, parks, recreation facilities and community amenities are measured at their fair value or replacement cost 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, land under roads, buildings, and infrastructure assets on a regular basis to ensure 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.

*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.

	2020 \$'000	2019 \$'000
<b>Note 6.3 Intangible assets</b>		
Municipal revaluation	27	40
<b>Total intangible assets</b>	<b>27</b>	<b>40</b>
<b>Reconciliation of intangible assets</b>	<b>Other</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Gross carrying amount</b>		
Balance at 1 July 2018	61	48
Balance at 1 July 2019	68	61
Balance at 1 July 2020	<b>68</b>	<b>68</b>
<b>Accumulated amortisation and impairment</b>		
Balance at 1 July 2018	43	43
Amortisation expense	-	-
Balance at 1 July 2019	28	18
Amortisation expense	13	10
Balance at 1 July 2020	<b>41</b>	<b>28</b>
Net book value at 30 June 2019	40	40
Net book value at 30 June 2020	<b>27</b>	<b>40</b>

\*Final payment of \$7,000 was paid to the Office of the Valuer General during 2018/19 (2017/18 \$13,000) in relation to the 2017 Municipal Revaluation.

#### 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
-----------------------	---------

	2020 \$'000	2019 \$'000
<b>Note 7 Current liabilities</b>		
<b>Note 7.1 Trade and other payables</b>		
Trade payables*	300	3,499
Accrued expenses	42	54
<b>Total trade and other payables</b>	<b>342</b>	<b>3,553</b>
*Includes \$3,300,000 in 2018/19 payable to Telstra for the Telecommunication Infrastructure project.		
<b>Note 7.2 Trust funds and deposits</b>		
Refundable airport terminal deposits	-	2
Retention amounts - prepaid funerals & grave sites	34	48
Public open space	-	46
Whitemark gym	6	2
School gym	25	25
Other refundable deposits	2	16
<b>Total trust funds and deposits</b>	<b>67</b>	<b>139</b>

#### Accounting policy

##### Tender deposits

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



Note 7.3 Provisions

	Annual leave	Long service leave	Quarry restoration	Landfill restoration	Other	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>2020</b>						
Balance at beginning of the financial year	134	172	144	163	77	690
Additional provisions	121	69	13	-	8	211
Amounts used	(121)	(25)	(11)	-	(11)	(168)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	(30)	(8)	3	-	(35)
Balance at the end of the financial year	<b>134</b>	<b>186</b>	<b>138</b>	<b>166</b>	<b>74</b>	<b>698</b>

	Annual leave	Long service leave	Quarry restoration	Landfill restoration	Other	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>2019</b>						
Balance at beginning of the financial year	114	159	94	144	61	572
Additional provisions	138	82	45	-	56	321
Amounts used	(118)	(26)	(10)	-	(40)	(194)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate		(43)	15	19	-	(9)
Balance at the end of the financial year	<b>134</b>	<b>172</b>	<b>144</b>	<b>163</b>	<b>77</b>	<b>690</b>

	2020	2019
	\$'000	\$'000
<b>(a) Employee benefits</b>		
<b>(i) Current</b>		
Annual leave	134	134
Long service leave	170	150
Superannuation	39	37
Other	27	31
	<b>370</b>	<b>352</b>
<b>(ii) Non-current</b>		
Long service leave	16	22
Oncosts	8	9
	<b>24</b>	<b>31</b>
Aggregate carrying amount of employee benefits:		
Current	370	352
Non-current	24	31
	<b>394</b>	<b>383</b>

	2020	2019
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	3.00%	3.00%
Weighted average discount rates	0.57%	2.16%
Weighted average settlement period	12	12

	2020	2019
	\$'000	\$'000
<b>(iii) Current</b>		
All annual leave and the long service leave entitlements representing 7 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	316	298
- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	54	54
	<b>370</b>	<b>352</b>
<b>(iv) Non-current</b>		
Long service leave representing less than 7 years of continuous service measured at present value	24	31
<b>(v) Employee Numbers</b>		
Total number of staff (including fulltime, part-time & casual)	26	30
Full time equivalent	22	22

Note 7.3 Provisions (cont.)

**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 Noticed, 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 (17 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 17 years of 2.72%. 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 5 years of 2.13% and 10 years of 2.30 %.

	2020 \$'000	2019 \$'000
<b>(c) Other Provisions</b>		
Non-current - quarry pit reinstatement & redevelopment	139	144
Landfill restoration	166	163
<b>Total</b>	<u>305</u>	<u>307</u>

Note	Non-current liabilities	2020	2019
Note 8.1	Interest-bearing loans and borrowings	\$'000	\$'000
	<b>Current</b>		
	Borrowings - secured	42	275
		<u>42</u>	<u>275</u>
	<b>Non-current</b>		
	Borrowings - secured	3,331	1,573
		<u>3,331</u>	<u>1,573</u>
	<b>Total</b>	<u>3,373</u>	<u>1,848</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	42	275
Later than one year and not later than five years	3,020	1,220
Later than five years	311	353
<b>Total</b>	<u>3,373</u>	<u>1,848</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.

Interest is expensed as it accrues and no interest has been capitalised during the current or comparative reporting period. There have been no defaults or breaches of any loan agreement during the period. Borrowings are secured by way of mortgages over the general rates of the Council.



Note 9 Other financial information  
Note 9.1 Reserves

	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
	\$'000	\$'000	\$'000	\$'000
<b>(a) Asset revaluation reserve</b>				
<b>2020</b>				
<b>Property</b>				
Land	558	-	-	558
Land under roads	2	125	-	127
Buildings	1,931	-	-	1,931
	<b>2,491</b>	<b>125</b>	<b>-</b>	<b>2,616</b>
<b>Infrastructure</b>				
Roads	8,230	-	-	8,230
Bridges	2,120	-	-	2,120
Footpaths	68	-	-	68
Drainage	20	-	-	20
Airport	292	-	-	292
	<b>10,730</b>	<b>-</b>	<b>-</b>	<b>10,730</b>
<b>Total asset revaluation reserve</b>	<b>13,221</b>	<b>125</b>	<b>-</b>	<b>13,346</b>
<b>2019</b>				
<b>Property</b>				
Land	558	-	-	558
Land under roads	2	-	-	2
Buildings	1,931	-	-	1,931
	<b>2,491</b>	<b>-</b>	<b>-</b>	<b>2,491</b>
<b>Infrastructure</b>				
Roads	8,230	-	-	8,230
Bridges	2,120	-	-	2,120
Footpaths	68	-	-	68
Drainage	20	-	-	20
Stormwater	292	-	-	292
	<b>10,730</b>	<b>-</b>	<b>-</b>	<b>10,730</b>
<b>Total asset revaluation reserve</b>	<b>13,221</b>	<b>-</b>	<b>-</b>	<b>13,221</b>
The asset revaluation reserve was established to capture the movements in asset valuations upon the periodic revaluation of Council's assets.				
<b>(b) Fair value reserve</b>				
<b>2020</b>				
<b>Equity Investment Assets</b>				
Investment in water corporation	491	-	(874)	(383)
<b>Total fair value reserve</b>	<b>491</b>	<b>-</b>	<b>(874)</b>	<b>(383)</b>
<b>2019</b>				
<b>Equity Investment Assets</b>				
Managed fund investment	28	44	(72)	-
Investment in water corporation	(42)	533	-	491
<b>Total fair value reserve</b>	<b>(14)</b>	<b>577</b>	<b>(72)</b>	<b>491</b>
The available-for-sale financial asset reserve was established to capture the fair value movements in Council's water corporation investment and managed fund investments.				
<b>(c) Other reserves</b>				
<b>2020</b>				
Asset replacement reserves	3,686	-	(3,686)	-
Gunn bequest reserve	107	7	(2)	112
Public Open Space	-	47	-	47
<b>Total Other reserves</b>	<b>3,793</b>	<b>54</b>	<b>(3,688)</b>	<b>159</b>
<b>2019</b>				
Asset replacement reserves	3,686	-	-	3,686
Gunn bequest reserve	108	3	(4)	107
<b>Total Other reserves</b>	<b>3,794</b>	<b>3</b>	<b>(4)</b>	<b>3,793</b>
<b>Total Reserves</b>			<b>2020 \$'000</b>	<b>2019 \$'000</b>
			<b>13,122</b>	<b>17,505</b>

	2020 \$'000	2019 \$'000
<b>Note 9.2 Reconciliation of cash flows from operating activities to surplus (deficit)</b>		
Result from continuing operations	691	(2,895)
Depreciation/amortisation	1,658	1,609
(Profit)/loss on disposal of property, plant and equipment, infrastructure	600	126
Capital grants received specifically for new or upgraded assets	(300)	(364)
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	158	3,348
Decrease/(increase) in inventories	18	(37)
Decrease/(increase) in other assets	7	13
Increase/(decrease) in trade and other payables	(3,211)	176
Increase/(decrease) in employee provisions	9	117
Increase/(decrease) in trust funds	(72)	59
<b>Net cash provided by/(used in) operating activities</b>	<b>(442)</b>	<b>2,152</b>

**Note 9.3 Reconciliation of liabilities arising from financing activities**

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

2020	Interest-bearing loans and borrowings \$'000	Lease liabilities \$'000
<b>Balance as at 1 July 2019</b>	1,848	-
Changes from financing cash flows:		
Cash Received	1,800	-
Cash Repayments	(275)	-
<b>Balance as at 30 June 2020</b>	<b>3,373</b>	<b>-</b>

**Note 9.4 Reconciliation of cash and cash equivalents**

Cash and cash equivalents (see note 5.1)	3,664	2,328
Less bank overdraft	-	-
<b>Total reconciliation of cash and cash equivalents</b>	<b>3,664</b>	<b>2,328</b>

**Note 9.5 Financing arrangements**

Credit card limit	14	14
Used facilities	(5)	(2)
<b>Unused facilities</b>	<b>9</b>	<b>12</b>

**Note 9.6 Superannuation**

Council contributes to 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	2020 \$'000	2019 \$'000
<b>Accumulation funds</b>		
Employer contributions to Tasplan	60	54
Employer contributions to other funds	162	156
	<b>222</b>	<b>210</b>
Employer contributions payable to Tasplan at reporting date	-	9
Employer contributions payable to other funds at reporting date	-	13
	<b>-</b>	<b>22</b>

Note 9.7 Commitments	2020 \$'000	2019 \$'000
<b>Contractual commitments</b>		
Contractual commitments at end of financial year but not recognised in the financial report are as follows:		
Telecommunications Infrastructure*	-	5,350
<b>Total contractual commitments</b>	<b>-</b>	<b>5,350</b>

**Note 9.8 Operating leases**

**(a) Operating lease commitments under AASB 117 - applicable for 2019 comparatives**

Flinders Council has an equipment lease with Commonwealth Bank of Australia.

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):

No later than one year	3
Later than one year and less than five years	8
Later than five years	-
	<u>11</u>

For a reconciliation of operating lease commitments under AASB 117 and lease liabilities under AASB 16, refer to note 10.3

**Note 9.9 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 \$224,741. 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 9.10 Financial Instruments**

**(a) 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:

**2020**

	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
<b>Financial assets</b>							
Cash and cash equivalents	0.64%	3,664	-	-	-	-	3,664
Other financial assets	2.00%	-	112	-	-	-	112
Trade and other receivables	2.00%	156	-	-	-	289	445
Investment in water corporation		-	-	-	-	3,030	3,030
<b>Total financial assets</b>		<b>3,820</b>	<b>112</b>	<b>-</b>	<b>-</b>	<b>3,319</b>	<b>7,251</b>
<b>Financial liabilities</b>							
Trade and other payables		-	-	-	-	342	342
Trust funds and deposits		-	-	-	-	67	67
Interest-bearing loans and borrowings	3.90%	-	275	1,220	353	-	1,848
<b>Total financial liabilities</b>		<b>-</b>	<b>275</b>	<b>1,220</b>	<b>353</b>	<b>409</b>	<b>2,257</b>
<b>Net financial assets (liabilities)</b>		<b>3,820</b>	<b>(163)</b>	<b>(1,220)</b>	<b>(353)</b>	<b>2,910</b>	<b>4,994</b>

**2019**

	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		
<b>Financial assets</b>							
Cash and cash equivalents	1.13%	2,328	-	-	-	-	2,328
Other financial assets	2.40%	-	4,468	-	-	-	4,468
Trade and other receivables	8.10%	120	-	-	-	483	603
Investment in water corporation		-	-	-	-	3,905	3,905
<b>Total financial assets</b>		<b>2,448</b>	<b>4,468</b>	<b>-</b>	<b>-</b>	<b>4,388</b>	<b>11,304</b>
<b>Financial liabilities</b>							
Trade and other payables		-	-	-	-	3,553	3,553
Trust funds and deposits		-	-	-	-	139	139
Interest-bearing loans and borrowings	3.90%	-	275	1,220	353	-	1,848
<b>Total financial liabilities</b>		<b>-</b>	<b>275</b>	<b>1,220</b>	<b>353</b>	<b>3,692</b>	<b>5,540</b>
<b>Net financial assets (liabilities)</b>		<b>2,448</b>	<b>4,193</b>	<b>(1,220)</b>	<b>(353)</b>	<b>696</b>	<b>5,764</b>



**Note 9.10 Financial Instruments**

**(b) Fair Value**

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	3,664	2,328	3,664	2,328
Other financial assets	112	4,468	112	4,468
Trade and other receivables	452	603	452	603
Investment in water corporation	3,030	3,905	3,030	3,905
<i>Total financial assets</i>	<u>7,258</u>	<u>11,304</u>	<u>7,258</u>	<u>11,304</u>
<i>Financial liabilities</i>				
Trade and other payables	342	3,553	342	3,553
Trust funds and deposits	67	139	67	139
Interest-bearing loans and borrowings	3,373	1,848	3,373	1,848
<i>Total financial liabilities</i>	<u>3,782</u>	<u>5,540</u>	<u>3,782</u>	<u>5,540</u>

**(c) Credit Risk**

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

**(d) Risks and mitigation**

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

**Market risk**

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

**Interest rate risk**

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

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

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

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

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.

#### Note 9.10 Financial Instruments

##### 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 9.9.

##### 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
<b>2020</b>				
Cash and cash equivalents	3,664	-	-	3,664
Trade and other receivables	-	-	452	452
Investments and other financial assets	112	3,030	-	3,142
<b>Total contractual financial assets</b>	<b>3,776</b>	<b>3,030</b>	<b>452</b>	<b>7,258</b>
<b>2019</b>				
Cash and cash equivalents	2,328	-	-	2,328
Trade and other receivables	-	-	603	603
Investments and other financial assets	4,468	3,905	-	8,373
<b>Total contractual financial assets</b>	<b>6,796</b>	<b>3,905</b>	<b>603</b>	<b>11,304</b>

##### Movement in Provisions for Impairment of Trade and Other Receivables

	2020 \$'000	2019 \$'000
Balance at the beginning of the year	2	1
New Provisions recognised during the year	2	1
Amounts already provided for and written off as uncollectible	-	-
Amounts provided for but recovered during the year	-	-
Balance at end of year	<b>4</b>	<b>2</b>

##### 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:

	2020 \$'000	2019 \$'000
Current (not yet due)	286	528
Past due by up to 30 days	2	42
Past due between 31 and 180 days	160	21
Past due between 181 and 365 days	4	12
Past due by more Reconciliation of liabilities arising from financing activities	-	-
<b>Total Trade &amp; Other Receivables</b>	<b>452</b>	<b>603</b>

**Note 9.10 Financial Instruments**

**Ageing of individually impaired Trade and Other Receivables**

At balance date, other debtors representing financial assets with a nominal value of \$1,336 (2016-17 \$1,336) were impaired. The amount of the provision raised against these debtors was \$1,336 (2016-17 \$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:

	2020 \$'000	2019 \$'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	2	1
Total Trade & Other Receivables	2	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

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).

2020	6 mths	6-12	1-2	2-5	>5	Contracted Cash Flow \$'000	Carrying Amount \$'000
	or less	months	years	years	years		
	\$'000	\$'000	\$'000	\$'000	\$'000		
Trade and other payables	342	-	-	-	-		342
Trust funds and deposits	2	16	71	2	48		139
Interest-bearing loans and borrowings	20	255	42	1,177	354		1,848
Total financial liabilities	364	271	113	1,179	402	-	2,329

2019	6 mths	6-12	1-2	2-5	>5	Contracted Cash Flow \$'000	Carrying Amount \$'000
	or less	months	years	years	years		
	\$'000	\$'000	\$'000	\$'000	\$'000		
Trade and other payables	3,553	-	-	-	-	-	3,553
Trust funds and deposits	2	16	71	2	48	-	139
Interest-bearing loans and borrowings	20	255	42	1,177	354	-	1,848
Total financial liabilities	3,575	271	113	1,179	402	-	5,540

**Note 9.10 Financial Instruments**  
**(e) Sensitivity disclosure analysis**

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

- A parallel shift of + 1% and -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
2020	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>					
Cash and cash equivalents	3,664	(37)	(37)	37	37
Term Deposits	112	(1)	(1)	1	1
Trade and other receivables	452	(5)	(5)	5	5
<b>Financial liabilities:</b>					
Interest-bearing loans and borrowings	3,373	(34)	(34)	34	34

		Interest rate risk			
		-1 %		+1%	
		-100 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2019	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>					
Cash and cash equivalents	2,328	(23)	(23)	23	23
Term Deposits	4,468	(45)	(45)	45	45
Trade and other receivables	603	(6)	(6)	6	6
<b>Financial liabilities:</b>					
Interest-bearing loans and borrowings	1,848	(18)	(18)	18	18



**Note 9.11 Fair Value Measurements**

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

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

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 2020.

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 2020**

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>					
Land, including land under roads	6.2	-	3,197	2,053	5,250
Buildings, including leasehold improvements	6.2	-	4,370	357	4,727
Roads, including footpaths & cycleways	6.2	-	-	27,520	27,520
Airport infrastructure	6.2	-	-	6,877	6,877
Bridges	6.2	-	-	4,246	4,246
Stormwater	6.2	-	-	330	330
Investment in Water Corporation	4.1	-	3,030	-	3,030
		-	10,597	41,383	51,980

**As at 30 June 2019**

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>					
Land, including land under roads	6.2	-	3,197	1,928	5,125
Buildings, including leasehold improvements	6.2	-	4,352	365	4,717
Roads, including footpaths & cycleways	6.2	-	-	27,948	27,948
Airport infrastructure	6.2	-	-	4,106	4,106
Bridges	6.2	-	-	4,273	4,273
Stormwater	6.2	-	-	335	335
Investment in Water Corporation	4.1	-	3,905	-	3,905
		-	11,454	38,955	50,409

**Note 9.11 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 property and investment in water corporation**

Refer to Notes 4.1 respectively for details of valuation techniques used to derive fair values.

**Land**

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

*Land under roads*

Council recognised the value of land under roads it controls at fair value. Land under roads was revalued at 30 June 2020.

**Buildings**

The fair value of buildings were also determined 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. 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.

**Infrastructure assets**

All Council infrastructure assets, except 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 6.2.

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 June 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.

**Note 9.11 Fair Value Measurements (cont.)**

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.

Airport infrastructure

A full valuation of airport infrastructure was undertaken by Council's Engineer Gavin Boyd (Consultant), effective 30 June 2018. Similar to roads, airport assets are managed in segments.

**(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 4.1.

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, investment in water corporation and investment property (recurring fair value measurements) is set out in notes 6.2.

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 6.2)

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

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

**Note 9.12 Events occurring after balance date**

(a) Nil

**Note 10 Other matters**

**Note 10.1 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:

<b>Councillors</b>	Councillor Annie Revie (Mayor 01/11/18 to current)
	Councillor David Williams (Councillor 01/11/06 to current, Deputy Mayor 01/11/18 to current)
	Councillor Peter Rhodes (Councillor 01/11/11 to current)
	Councillor Sharon Blyth (Councillor 01/11/18 to current)
	Councillor Rachel Summers (Councillor 01/11/18 to current)
	Councillor Vanessa Grace (Councillor 01/11/18 to current)
	Councillor Aaron Burke (Councillor 01/11/18 to current)
<b>Acting General Manager</b>	Ms Heidi Marshall (1/06/2019 to 03/02/2020)
<b>General Manager</b>	Mr Warren Groves (03/02/2020 to current)

(ii) **Councillor Remuneration**

2020	Allowances	Vehicles <sup>2</sup>	Other Benefits <sup>3</sup>	Non-monetary Benefits <sup>4</sup>	Total Compensation on AASB 124	Expenses	Total
	\$	\$	\$	\$	\$	\$	\$
Councillor Annie Revie	33,083	-	-	-	33,083	771	33,854
Councillor David Williams	19,429	-	-	-	19,429	1,160	20,589
Councillors	47,263	-	-	-	47,263	4,862	52,125
<b>Total</b>	<b>99,775</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,775</b>	<b>6,793</b>	<b>106,568</b>

2019	Allowances	Vehicles <sup>1</sup>	Other Benefits <sup>2</sup>	Non-monetary Benefits <sup>3</sup>	Total Compensation on AASB 124	Reimbursements	Total
	\$	\$	\$	\$	\$	\$	\$
Councillor Annie Revie	19,032	-	-	-	19,032	400	19,432
Councillor David Williams	14,970	-	-	-	14,970	781	15,751
Councillor Carol Cox	13,278	-	-	-	13,278	692	13,970
Councillor Marc Cobham	7,798	-	-	-	7,798	-	7,798
Councillors	42,048	-	-	-	42,048	4,330	46,378
<b>Total</b>	<b>97,126</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97,126</b>	<b>6,203</b>	<b>103,329</b>

<sup>1</sup> 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).

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

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

(iii) **Key Management Personnel Remuneration**

2020	Remuneration band	Number of employees	Short term employee benefits				Post employment benefits			Non-monetary Benefits <sup>8</sup>	Total
			Salary <sup>1</sup>	Short-term Incentive Payments <sup>2</sup>	Other Allowances and Benefits <sup>4</sup>	Other Long-term Benefits <sup>6</sup>	Termination Benefits <sup>7</sup>	Total			
			\$	\$	\$	\$	\$		\$		
\$ 70,001 - \$90 000	1	62,013	-	10,000	-	5,891	-	-	1,123	79,027	
\$130 001 - \$150 000	1	125,397	-	-	-	13,843	-	-	4,225	143,465	
\$170,001 - \$190,000	1	141,075	-	-	-	17,634	-	-	17,178	175,887	
<b>Total</b>		<b>328,485</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>37,368</b>	<b>-</b>	<b>-</b>	<b>22,526</b>	<b>398,379</b>	



(iii) Key Management Personnel Remuneration (Cont...)

2019  Remuneration band	Number of employees	Short term employee benefits				Post employment benefits			Non-monetary Benefits <sup>8</sup>	Total
		Salary <sup>1</sup>	Short-term Incentive Payments <sup>2</sup>	Vehicles <sup>3</sup>	Other Allowances and Benefits <sup>4</sup>	Super-annuation <sup>5</sup>	Other Long-term Benefits <sup>6</sup>	Termination Benefits <sup>7</sup>		
		\$	\$	\$	\$	\$	\$	\$		
\$ 70,001 - \$90 000	1	83,406	-	-	-	7,986	-	-	(11,423)	79,969
\$110 001 - \$130 000	2	202,456	-	-	-	25,258	-	-	13,495	241,209
\$190,001 - \$210,000	1	154,249	-	12,281	-	17,047	-	40,722	(15,033)	209,266
<b>Total</b>		<b>440,111</b>	<b>-</b>	<b>12,281</b>	<b>-</b>	<b>50,291</b>	<b>-</b>	<b>40,722</b>	<b>(12,961)</b>	<b>530,444</b>

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

<sup>2</sup> 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.

<sup>3</sup> 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).

<sup>4</sup> 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.

<sup>5</sup> Superannuation means the contribution to the superannuation fund of the individual.

<sup>6</sup> 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).

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

<sup>8</sup> 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

(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

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

**Note 10.2 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
- Whitemark Community Gym Special Committee
- Audit panel

**Note 10.3 Other significant accounting policies and pending accounting standards**

**(a) Taxation**

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

*Goods and services tax (GST)*

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

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

**(b) Impairment of non financial assets**

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

**(c) Allocation between current and non-current**

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

**(d) Financial guarantees**

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

**(e) Contingent assets, contingent liabilities and commitments**

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

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

**(f) Budget**

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

**(g) Adoption of new and amended accounting standards**

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

**(i) AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities***

Council adopted AASB15 and AASB1058 using the modified retrospective method of transition, with the date of initial application of 1 July 2019. In accordance with the provisions of this transition approach, Council recognised the cumulative effect of applying these new standards as an adjustment to opening Accumulated surpluses at the date of initial application, i.e., 1 July 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income.

As Council has applied the modified retrospective approach, it has applied the practical expedient described in AASB15.C5(c) for all contract modifications that occurred before application date. In doing so Council did not retrospectively restate the contract for those modifications in accordance with AASB15.20-21. Instead, Council reflected the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when:

- Identifying the satisfied and unsatisfied performance obligations
- Determining the transaction price
- Allocating the transaction price to the satisfied and unsatisfied performance obligation.

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

Adoption of new and amended accounting standards (continued)

(i) AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities (continued)

AASB 15 introduces a five-step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The impact of the new standard has changed in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. Under the new income recognition model applicable to not-for-profit entities, Council determines whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), Council applies the general AASB15 principles to determine the appropriate revenue recognition. If these criteria are not met, Council considers whether AASB1058 applies.

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

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

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

AASB 1058 also encompasses non-contractual statutory income such as rates, taxes and fines. Council previously recognised income when received. Under AASB 1058, income is recognised when the taxable event has occurred. An impact for Council is that prepaid rates received prior to the beginning of a rating period, has now been recognised as a financial liability until the commencement of that rating period. The impact to Council has been that revenue previously recognised when received from Rates and charges in advance as disclosed in note 2.1, is now recorded as a liability, with revenue deferred until the commencement of the applicable rating period.

For further details on individual revenue streams refer to their accompanying policy note.

The tables below highlight the impact of adopting AASB 15 and AASB 1058 on the Statement of Comprehensive income and Statement of Financial Position. There was no material impact on Council's Statement of Cash Flows.

Statement of Comprehensive Income (Extract)	Reference	Note	Amounts under AASB 118 & 1004 \$'000	Adjustment \$'000	Amounts under AASB 15 & 1058 \$'000
<b>Recurrent income</b>					
Rates and charges	2.1	1	(1,764)	6	(1,758)
Capital grants	2.4	2	(4,675)	6	(4,669)
<b>Statement of Financial Position (Extract)</b>					
<b>Current assets</b>					
Other assets	6.1	3			
<b>Current liabilities</b>					
Other liabilities	7.5	1,2	-	(12)	(12)
Other liabilities					

1 Prepaid rates received prior to the beginning of a rating period, are now held as a financial liability until the commencement of statutory rating period at which point Council recognises rate income.

2 For grant funding where specific performance obligations are yet to be completed to acquire, construct or upgrade a recognisable non-financial asset, Council recognises a liability until obligations are fulfilled.

(g) Adoption of new and amended accounting standards (continued)

(ii) AASB 16 Leases

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.

Council has a number of peppercorn leases for land and building and recognise the value of improvements at cost in accordance with the lease amendment standard.

(h) Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is that they are either no applicable to Council's activities, or have no material impact.

**Note 10.4 Significant Business Activities**

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

	Airport		Private Works	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<i>Revenue</i>				
Rates	-	-	-	-
User Changes	401	464	626	408
Grants	154	159	-	-
Total Revenue	555	623	626	408
<i>Expenditure</i>				
<i>Direct</i>				
Employee Costs	185	233	145	71
Materials and Contacts	201	210	251	139
Interest	-	-	-	-
Utilities	11	10	-	-
<i>Indirect</i>				
Engineering & Administration		-	-	-
Total Expenses	397	453	396	210
<i>Notional cost of free services received</i>				
<i>Capital Costs</i>				
Depreciation and amortisation	310	302	-	-
Opportunity cost of capital	123	123	-	-
Total Capital Costs	433	425	-	-
<i>Competitive neutrality adjustments</i>				
Rates and land tax	14	14	-	-
Loan guarantee fees	-	-	-	-
	14	14	-	-
<i>Calculated Surplus/(Deficit)</i>				
Tax Equivalent rate	(166)	(146)	230	198
Taxation equivalent	-	-	0.30	0.30
	-	-	69	59
Competitive neutrality costs	844	892	396	210

**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	10.5 Management indicators	Benchmark	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
(a)	<b>Underlying surplus or deficit</b>					
	Recurrent income* less recurrent expenditure		6,343	7,695	7,945	4,331
			5,992	10,979	9,538	5,455
		-	351	(3,284)	(1,593)	(1,124)

\* 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 2019-20 by \$758,584 (2018-19 by \$718,552). This has impacted the Statement of Profit or Loss and Other Comprehensive income resulting in the Surplus/(deficit) being higher in 2019-20 by \$758,584 (2018-19 by \$718,552).

(b)	<b>Underlying surplus ratio</b>					
	<u>Underlying surplus or deficit</u>		351	(3,284)	(1,593)	(1,451)
	Recurrent income*		6,343	7,695	7,945	7,945
	Underlying surplus ratio %	0%	6%	-43%	-20%	-18%

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)	<b>Net financial liabilities</b>					
	Liquid assets less total liabilities		4,320	7,510	9,555	6,517
			4,481	6,230	6,087	2,999
	Net financial liabilities	0	(161)	1,280	3,468	3,518

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)	<b>Net financial liabilities ratio</b>					
	<u>Net financial liabilities</u>		(161)	1,280	3,468	3,468
	Recurrent income*		6,343	7,695	7,945	7,945
	Net financial liabilities ratio %	0% - (50%)	-3%	17%	44%	44%

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

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

<i>Transport Infrastructure</i>						
	<u>Depreciated replacement cost</u>		32,042	32,517	32,820	33,300
	Current replacement cost		48,866	48,615	48,205	48,424
	Asset consumption ratio %		66%	67%	68%	69%
<i>Buildings</i>						
	<u>Depreciated replacement cost</u>		6,825	6,870	6,090	6,050
	Current replacement cost		7,321	7,205	4,148	6,144
	Asset consumption ratio %		93%	95%	147%	98%
<i>Drainage</i>						
	<u>Depreciated replacement cost</u>		330	335	340	340
	Current replacement cost		452	452	441	441
	Asset consumption ratio %		73%	74%	77%	77%

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 10.5 Management indicators (cont.)

		2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
<b>(f) Asset renewal funding ratio</b>					
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>	599	506	666	6,072
	Projected capital expenditure funding***	599	506	666	6,072
Asset renewal funding ratio %	90-100%	100%	100%	100%	100%
<i>Buildings</i>					
	<u>Projected capital funding outlays**</u>	121	245	204	400
	Projected capital expenditure funding***	121	245	204	400
Asset renewal funding ratio %	90-100%	100%	100%	100%	100%
<i>Drainage</i>					
	<u>Projected capital funding outlays**</u>	0	0	0	0
	Projected capital expenditure funding***	0	0	0	0
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>		4,216	648	522	2,208
Annual depreciation expense		1,658	1,609	1,491	1,499
Asset sustainability ratio %	100%	254%	40%	35%	147%

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.

	Capital renewal expenditure \$'000	Capital new /upgrade expenditure \$'000	Total Capital Expenditure \$'000
<b>2020</b>			
Bridges	61	-	61
Buildings & leasehold improvements	61	60	121
Fixtures, fittings and furniture	-	11	11
Plant & equipment	84	98	182
Marine	-	-	-
Recreation	-	-	-
Roads & footpaths	538	-	538
Waste management	-	12	12
Infrastructure	3,472	-	3,472
<b>Total</b>	<b>4,216</b>	<b>181</b>	<b>4,397</b>
<b>2019</b>			
Bridges	-	44	44
Buildings & leasehold improvements	195	50	245
Fixtures, fittings and furniture	35	-	35
Plant & equipment	40	127	167
Marine	-	(41)	(41)
Recreation	-	145	145
Roads	378	84	462
Waste management	-	44	44
Infrastructure	-	(60)	(60)
<b>Total</b>	<b>648</b>	<b>393</b>	<b>1,041</b>

**Note 10.6 Material Budget Variations**

Council's original budget was adopted by the Council on **16 August 2019**. 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 are explained below:

**Revenues**

**1 Statutory fees and fines**

Statutory fees and fines was higher than budgeted due to the inclusion of Property Certificates of \$14k which were budgeted under user fees.

**2 Interest**

Interest was higher than budgeted due to higher than expected earnings on Council's investments.

**3 Other income**

Rents Received of \$36k was budgeted in User Fees instead of other income; Donations of \$12k was budgeted in Contributions instead of Other Income; \$22k is Client Bond Loan Interest repaid not budgeted; and Balance of \$35k income relates to higher income from Private works jobs above budget.

**4 Investment revenue form water corporation**

TasWater did not pay their final dividend, which resulted in a 50% reduction in dividends received for the year.

**5 Capital grants**

Budget included Airport Grant of \$1.8 million for 50% the Airport Runway. This grant was cancelled and a Grant of \$3.6 million for 100% of the Airport Runway was applied for in March 2020. This Grant has not yet been finalised.

**6 Employee benefits**

The variance in employee benefits is due to staff vacancies during the year.

**7 Materials & services**

Materials & services were lower than budget due to cost cutting and reduced spending in some areas due to COVID19. Other variances related to increased Capital Works program which reduced the work program in operational areas, including higher level of plant utilisation.

## **Certification of the Financial Report**

The financial report presents fairly the financial position of the Flinders Council as at 30 June 2020, 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.

Warren Groves  
**General Manager**



**Date :**

25/09/2020



## **Management Certification of the Financial Report**

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

- Australian Accounting Standards
- the *Local Government Act 1993*

I believe that, in all material respects, the financial statements present a view which is consistent with my understanding of the Flinders Council's financial position as at 30 June 2019, financial results of its operations and its cash flows for the year then ended.

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

The completed Financial Statements Preparation and Submission Checklist is enclosed.

Marissa Walters  
**Consultant**



**Date :** 25/09/2020

## FLINDERS COUNCIL

4 Davies St  
Whitemark Tasmania 7255

T: 03 6359 5001  
E: [office@flinders.tas.gov.au](mailto:office@flinders.tas.gov.au)

[www.flinders.tas.gov.au](http://www.flinders.tas.gov.au)