



ATTACHMENTS

ORDINARY COUNCIL MEETING

Kempton Municipal Offices
85 Main Street, Kempton
Wednesday 23rd August 2023
10.00 a.m.

Item 5.1	Draft Council Meeting Minutes (Open) – 26 th July 2023
Item 5.2.1	Woodsdale Community Memorial Hall Committee Meeting Minutes – 24 th July 2023
Item 17.2.1	Tabling of Documents
Item 17.3.2	Southern Midlands Council-Financial Statements – 2022/2023 Financial Year
	Heritage Building Solutions Pty Ltd – Year Ending 30 June 2023 (Information Only)
	Heritage Education & Skills Centre Ltd – Year Ended 30 June 2023 (Information Only)

SOUTHERN
MIDLANDS
COUNCIL



MINUTES

ORDINARY COUNCIL MEETING

Wednesday, 26th July 2023
10.00 a.m.

Oatlands Municipal Offices
71 High Street, Oatlands

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OPEN COUNCIL MINUTES

MINUTES OF AN ORDINARY MEETING OF THE SOUTHERN MIDLANDS COUNCIL HELD
ON WEDNESDAY 26th JULY 2023 AT THE OATLANDS MUNICIPAL OFFICES
COMMENCING AT 10.01 A.M

1. PRAYERS

Reverend Dennis Cousens recited prayers.

2. ACKNOWLEDGEMENT OF COUNTRY

Mayor E Batt recited Acknowledgement of Country

3. ATTENDANCE

Mayor E Batt, Deputy Mayor K Dudgeon, Cllr A E Bisdee OAM, Cllr McDougall, Cllr D Fish, Cllr D Blackwell and Cllr F Miller.

Mr T Kirkwood (General Manager), Mr G Finn (Manager Development and Environmental Services), Mrs A Burbury (Finance Officer), Mrs W Young (Manager Community & Corporate Development), Ms S Holliday (Receptionist / Administration Officer) and Mrs J Crosswell (Executive Officer).

4. APOLOGIES

Nil.

5. MINUTES

5.1 Ordinary Council Meeting

The Minutes (Open Council Minutes) of the previous meeting of Council held on the 28th June 2023, as circulated, are submitted for confirmation.

RECOMMENDATION

THAT the Minutes (Open Council Minutes) of the Council Meeting held 28th June 2023 be confirmed.

DECISION

Moved by Deputy Mayor K Dudgeon, seconded by Cllr A E Bisdee OAM

THAT the Minutes (Open Council Minutes) of the Council Meeting held 28th June 2023 be confirmed.

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Clr A E Bisdee OAM	✓	
Clr D Blackwell	✓	
Clr D F Fish	✓	
Clr R McDougall	✓	
Clr F Miller	✓	

5.2 Special Committees of Council Minutes

5.2.1 Special Committees of Council - Receipt of Minutes

The Minutes of the following Special Committees of Council, as circulated, are submitted for receipt:

- Woodsdale Hall General Committee Meeting Minutes – 19th June 2023
- Lake Dulverton & Callington Park Committee Meeting Minutes – 17th July 2023

RECOMMENDATION

THAT the minutes of the above Special Committees of Council be received.

DECISION

Moved by Clr R McDougall, seconded by Clr D Fish

THAT the minutes of the above Special Committees of Council be received.

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Clr A E Bisdee OAM	✓	
Clr D Blackwell	✓	
Clr D F Fish	✓	
Clr R McDougall	✓	
Clr F Miller	✓	

5.2.2 Special Committees of Council - Endorsement of Recommendations

The recommendations contained within the minutes of the following Special Committees of Council are submitted for endorsement:

- Woodsdale Hall General Committee Meeting Minutes – 19th June 2023
- Lake Dulverton & Callington Park Committee Meeting Minutes – 17th July 2023

RECOMMENDATION

THAT the recommendations contained within the minutes of the above Special Committees of Council be endorsed.

DECISION

Moved by Deputy Mayor K Dudgeon, seconded by Cllr A E Bisdee OAM

THAT the recommendations contained within the minutes of the above Special Committees of Council be endorsed.

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Cllr A E Bisdee OAM	✓	
Cllr D Blackwell	✓	
Cllr D F Fish	✓	
Cllr R McDougall	✓	
Cllr F Miller	✓	

5.3 Joint Authorities (Established Under Division 4 Of The *Local Government Act 1993*)

5.3.1 Joint Authorities - Receipt of Minutes

Nil.

5.3.2 Joint Authorities - Receipt of Reports (Annual & Quarterly)

Nil.

6. NOTIFICATION OF COUNCIL WORKSHOPS

RECOMMENDATION

THAT the information be received.

DECISION

Moved by Cllr A E Bisdee OAM, seconded by Cllr R McDougall

THAT the information be received.

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Cllr A E Bisdee OAM	✓	
Cllr D Blackwell	✓	
Cllr D F Fish	✓	
Cllr R McDougall	✓	
Cllr F Miller	✓	

7. COUNCILLORS – QUESTION TIME

7.1 Questions (On Notice)

Regulation 30 of the *Local Government (Meeting Procedures) Regulations 2015* relates to Questions on notice. It states:

- (1) *A councillor, at least 7 days before an ordinary council meeting or a council committee meeting, may give written notice to the general manager of a question in respect of which the councillor seeks an answer at that meeting.*
- (2) *An answer to a question on notice must be in writing.*

Nil.

7.2 Questions Without Notice

Section 29 of the *Local Government (Meeting Procedures) Regulations 2015* relates to Questions without notice.

It states:

“29. Questions without notice

(1) *A councillor at a meeting may ask a question without notice –*

- (a) of the chairperson; or*
- (b) through the chairperson, of –*
 - (i) another councillor; or*
 - (ii) the general manager.*

(2) *In putting a question without notice at a meeting, a councillor must not –*

- (a) offer an argument or opinion; or*
- (b) draw any inferences or make any imputations – except so far as may be necessary to explain the question.*

(3) *The chairperson of a meeting must not permit any debate of a question without notice or its answer.*

(4) *The chairperson, councillor or general manager who is asked a question without notice at a meeting may decline to answer the question.*

(5) *The chairperson of a meeting may refuse to accept a question without notice if it does not relate to the activities of the council.*

(6) *Questions without notice, and any answers to those questions, are not required to be recorded in the minutes of the meeting.*

(7) *The chairperson of a meeting may require a councillor to put a question without notice in writing.*

An opportunity is provided for Councillors to ask questions relating to Council business, previous Agenda items or issues of a general nature.

Deputy Mayor K Dudgeon – Feral cats – commented re: the significant cat problem within Oatlands (and other areas). Can Council consider taking any response measures?

General Manager – Council can provide traps but it is then the person’s responsibility to take the cat to Ten Lives. Council do not euthanize. Council to advertise the services of Ten Lives and other organisations that can assist with de-sexing and re-homing. Educational material for cat owners to be included in Council’s Newsletter and additional trap(s) to be purchased. Council does not have the resources to take action when cats have been trapped.

Deputy Mayor K Dudgeon - Councillor Group Photos – group photograph of elected members (taken previously) to be wall mounted. Also need to arrange a photograph of the new Council elected in October 2023.

Deputy Mayor K Dudgeon - Aquatic Centre – fence at the rear of the property – to be modified to improve sight distance. Provision of the Bike rack being the responsibility of VOS Construction.

Deputy Mayor K Dudgeon – Runnymede - disposal of waste materials on property owned by Coronation Hotel – odour complaints.

The Manager Development & Environmental Services (Grant Finn) provided background information. It is a Level 2 Activity under the control of the Environment Protection Authority.

Deputy Mayor K Dudgeon - Campania Streetscape – Community Meeting – outcome of meeting held 13th July 2023.

The Manager Community & Corporate Development (Wendy Young) informed Council that the group planned to incorporate and draft Rules for Incorporation were being prepared. The group was next scheduled to meet in September 2023.

Clr A E Bisdee – Photograph of King Charles III.

Informed that the official full length photograph has yet to be released.

Clr F Miller – Digital Strategy – Council Workshop.

Awaiting advice from Mr B Mitchell MP to confirm available date and time.

Clr R McDougall – raised the issue of whether Council could consider the conduct of a ‘Volunteer Expo’ with the aim of recruiting volunteers to the various community based organisations and promoting the opportunities that exist.

To be considered. Contact to be made with Volunteering Tasmania.

Clr R McDougall - Aquatic Centre – Landscaping – trees require replacement – suggested different plantings to increase greenery.

To be arranged.

Mayor E Batt – Aquatic Centre - Artwork Proposal (forecourt area) – proposals to be considered at the August workshop.

Mayor E Batt – Council Chambers, Kempton – Clock – still not operational.

Confirmed that the electrical mechanism has been ordered.

8. DECLARATIONS OF PECUNIARY INTEREST

In accordance with the requirements of Part 2 Regulation 8 of the *Local Government (Meeting Procedures) Regulations 2015*, the chairman of a meeting is to request Councillors to indicate whether they have, or are likely to have, a pecuniary interest in any item on the Agenda.

Accordingly, Councillors are requested to advise of a pecuniary interest they may have in respect to any matter on the agenda, or any supplementary item to the agenda, which Council has resolved to deal with, in accordance with Part 2 Regulation 8 (6) of the *Local Government (Meeting Procedures) Regulations 2015*.

Nil.

9. CONSIDERATION OF SUPPLEMENTARY ITEMS TO THE AGENDA

In accordance with the requirements of Part 2 Regulation 8 (6) of the *Local Government (Meeting Procedures) Regulations 2015*, the Council, by absolute majority may decide at an ordinary meeting to deal with a matter that is not on the agenda if the General Manager has reported –

- (a) the reason it was not possible to include the matter on the agenda; and
- (b) that the matter is urgent; and
- (c) that advice has been provided under section 65 of the Act.

Nil.

10. PUBLIC QUESTION TIME (SCHEDULED FOR 10.30 A.M.)

In accordance with the requirements of Part 2 Regulation 8 of the *Local Government (Meeting Procedures) Regulations 2015*, the agenda is to make provision for public question time.

In particular, Regulation 31 of the *Local Government (Meeting Procedures) Regulations 2015* states:

- (1) *Members of the public may give written notice to the General Manager 7 days before an ordinary meeting of Council of a question to be asked at the meeting.*
- (2) *The chairperson may –*
 - (a) *address questions on notice submitted by members of the public; and*
 - (b) *invite any member of the public present at an ordinary meeting to ask questions relating to the activities of the Council.*
- (3) *The chairperson at an ordinary meeting of a council must ensure that, if required, at least 15 minutes of that meeting is made available for questions by members of the public.*
- (4) *A question by any member of the public under this regulation and an answer to that question are not to be debated.*
- (5) *The chairperson may –*
 - (a) *refuse to accept a question; or*
 - (b) *require a question to be put on notice and in writing to be answered at a later meeting.*
- (6) *If the chairperson refuses to accept a question, the chairperson is to give reasons for doing so.*

Councillors are advised that, at the time of issuing the Agenda, no Questions on Notice had been received from a member of the Public.

Julia Jabour – Southern Midlands Regional News

1. Council Structural Reform – what is Council's opinion as to whether there will be forced amalgamations?

General discussion confirmed that Council remains confident there will be no forced amalgamations.

2. 'Off-lead' Dog Park Area, Oatlands

General discussion relating to the proposed development of an 'off-lead' Dog Park area at Oatlands and the general attributes of the site(s) that have been identified. These include the 'Flaxmill Hill' site; Road Reserves in and around Oatlands; and the Council owned storage/pound in Wellington Street.

10.1 Permission to Address Council

Nil

**11. MOTIONS OF WHICH NOTICE HAS BEEN GIVEN UNDER
REGULATION 16 (5) OF THE LOCAL GOVERNMENT (MEETING
PROCEDURES) REGULATIONS 2015**

Nil.

12. COUNCIL ACTING AS A PLANNING AUTHORITY PURSUANT TO THE LAND USE PLANNING AND APPROVALS ACT 1993 AND COUNCIL'S STATUTORY LAND USE PLANNING SCHEME

Session of Council sitting as a Planning Authority pursuant to the Land Use Planning and Approvals Act 1993 and Council's statutory land use planning schemes.

12.1 Development Applications

Nil.

12.2 Subdivisions

Nil.

12.3 Municipal Seal (Planning Authority)

Nil.

12.4 Planning (Other)

12.4.1 Application to Amend the Planning Scheme (Reference DA2300/40), 1844 Midland Highway Bagdad to rezone land from the Future Urban Zone to the Village Zone

DECISION

Moved by Cllr A E Bisdee OAM, seconded by Cllr D Fish

THAT, in accordance with the provisions of the *Land Use Planning and Approvals Act 1993* (the Act), the Planning Authority undertake the following:

- A. That per Sections 38(2)(a) and 40D(a)(i) of the Act, agrees to prepare draft amendment DA2300/40 to the Southern Midlands Local Provisions Schedule, as shown in Attachment 2 to rezone the land at 1844 Midland Highway (CT 184820/1 and CT 184820/2) from the Future Urban Zone to the Village Zone; and**
- B. That in accordance with Section 40F of the Act, Council by instrument in writing affix the common seal of the Council to certify that draft amendment DA2300/40 as provided in Attachment 2 meets the LPS criteria provided in Section 34 per the requirements of Section 40F (1) of the Act.**
- C. That in accordance with Section 40FA (1) of the Act, Council directs that a copy of the draft amendment be provided to any relevant agencies or State authorities the Planning Authority considers may have an interest in the draft amendment.**
- D. That in accordance with Section 40G and Section 40Z of the Act, Council directs that draft amendment DA2300/40 be placed on public exhibition.**

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Cllr A E Bisdee OAM	✓	
Cllr D Blackwell	✓	
Cllr D F Fish	✓	
Cllr R McDougall	✓	
Cllr F Miller	✓	

**[THIS CONCLUDES THE SESSION OF COUNCIL
ACTING AS A PLANNING AUTHORITY]**

DECISION

Moved by Deputy Mayor K Dudgeon, seconded by Clr R McDougall

THAT the meeting be adjourned for morning tea at 11.04 a.m.

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Clr A E Bisdee OAM	✓	
Clr D Blackwell	✓	
Clr D F Fish	✓	
Clr R McDougall	✓	
Clr F Miller	✓	

DECISION

Moved by Clr R McDougall, seconded by Clr A E Bisdee OAM

THAT the meeting resume at 11.25 a.m.

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Clr A E Bisdee OAM	✓	
Clr D Blackwell	✓	
Clr D F Fish	✓	
Clr R McDougall	✓	
Clr F Miller	✓	

13. OPERATIONAL MATTERS ARISING (STRATEGIC THEME – INFRASTRUCTURE)

13.1 Roads

Strategic Plan Reference 1.1

Maintenance and improvement of the standard and safety of roads in the municipal area.

Nil.

13.2 Bridges

Strategic Plan Reference 1.2

Maintenance and improvement of the standard and safety of bridges in the municipality.

Nil.

13.3 Walkways, Cycle Ways and Trails

Strategic Plan Reference 1.3

Maintenance and improvement of the standard and safety of walkways, cycle ways and pedestrian areas to provide consistent accessibility.

Nil.

13.4 Lighting

Strategic Plan Reference 1.4

Ensure adequate lighting based on demonstrated need / Contestability of energy supply.

Nil.

13.5 Buildings

Strategic Plan Reference 1.5

Maintenance and improvement of the standard and safety of public buildings in the municipality.

Nil.

13.6 Sewers / Water

Strategic Plan Reference(s) 1.6

Increase the capacity of access to reticulated sewerage services / Increase the capacity and ability to access water to satisfy development and Community to have access to reticulated water.

Nil.

13.7 Drainage

Strategic Plan Reference 1.7

Maintenance and improvement of the town storm-water drainage systems.

Nil.

13.8 Waste

Strategic Plan Reference 1.8

Maintenance and improvement of the provision of waste management services to the Community.

Nil.

13.9 Information, Communication Technology

Strategic Plan Reference 1.9

Improve access to modern communications infrastructure.

Nil.

13.10 Officer Reports – Infrastructure & Works

13.10.1 Manager – Infrastructure & Works Report

QUESTIONS WITHOUT NOTICE TO MANAGER, INFRASTRUCTURE & WORKS

Clr F Miller – Colebrook Main Road - old Quarry area (north of ‘Stockdale’ property) being used to store and / or dispose of materials. Members of the public are accessing this site which is a road safety issue.

To be referred to the Department of State Growth as the responsible road authority.

Deputy Mayor K Dudgeon – Woodsdale Road – vicinity of Community Hall – bitumen patching required.

To be inspected and appropriate action taken.

Mayor- E Batt – Blackbrush Road, Mangalore – maintenance grading required. Grader is presently undertaking the work.

Manager Infrastructure & Works reported on progress with Interlaken Road. Draft plans have been received, tender to go out in September and works to begin prior to Christmas.

DECISION

Moved by Clr R McDougall, seconded by Clr A E Bisdee OAM

THAT the Infrastructure & Works Report be received and the information noted.

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Clr A E Bisdee OAM	✓	
Clr D Blackwell	✓	
Clr D F Fish	✓	
Clr R McDougall	✓	
Clr F Miller	✓	

14. OPERATIONAL MATTERS ARISING (STRATEGIC THEME – GROWTH)

14.1 Residential

Strategic Plan Reference 2.1

Increase the resident, rate-paying population in the municipality.

Nil.

14.2 Tourism

Strategic Plan Reference 2.2

Increase the number of tourists visiting and spending money in the municipality.

Nil.

14.3 Business

Strategic Plan Reference 2.3

Increase the number and diversity of businesses in the Southern Midlands / Increase employment within the municipality / Increase Council revenue to facilitate business and development activities (social enterprise).

Nil.

14.4 Industry

Strategic Plan Reference 2.4

Retain and enhance the development of the rural sector as a key economic driver in the Southern Midlands / Increase access to irrigation water within the municipality.

Nil.

15. OPERATIONAL MATTERS ARISING (STRATEGIC THEME – LANDSCAPES)

15.1 Heritage

Strategic Plan Reference – Page 22

- 3.1.1 Maintenance and restoration of significant public heritage assets.
- 3.1.2 Act as an advocate for heritage and provide support to heritage property owners.
- 3.1.3 Investigate document, understand and promote the heritage values of the Southern Midlands.

15.1.1 Heritage Project Program Report

DECISION

Moved by Cllr D Blackwell, seconded by Cllr D Fish

THAT the Heritage Projects Program Report be received and the information noted.

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Cllr A E Bisdee OAM	✓	
Cllr D Blackwell	✓	
Cllr D F Fish	✓	
Cllr R McDougall	✓	
Cllr F Miller	✓	

15.2 Natural

Strategic Plan Reference – page 23/24

- | | |
|-------|---|
| 3.2.1 | Identify and protect areas that are of high conservation value. |
| 3.2.2 | Encourage the adoption of best practice land care techniques. |

15.2.1 NRM Unit – General Report

DECISION

Moved by Cllr D Fish, seconded by Cllr A E Bisdee OAM

THAT the NRM Unit Report be received and the information noted.

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Cllr A E Bisdee OAM	✓	
Cllr D Blackwell	✓	
Cllr D F Fish	✓	
Cllr R McDougall	✓	
Cllr F Miller	✓	

15.3 Cultural

Strategic Plan Reference 3.3

Ensure that the cultural diversity of the Southern Midlands is maximised.

Nil.

15.4 Regulatory (Development)

Strategic Plan Reference 3.4

A regulatory environment that is supportive of and enables appropriate development.

Nil.

15.5 Regulatory (Public Health)

Strategic Plan Reference 3.5

Monitor and maintain a safe and healthy public environment.

Nil.

15.6 Regulatory (Animals)

Strategic Plan Reference 3.6

Create an environment where animals are treated with respect and do not create a nuisance for the community

15.6.1 Animal Management Report

DECISION

Moved by Deputy Mayor K Dudgeon, seconded by Cllr R McDougall

THAT the Animal Management Report be received and the information noted.

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Cllr A E Bisdee OAM	✓	
Cllr D Blackwell	✓	
Cllr D F Fish	✓	
Cllr R McDougall	✓	
Cllr F Miller	✓	

15.7 Environmental Sustainability

Strategic Plan Reference 3.7

Implement strategies to address the issue of environmental sustainability in relation to its impact on Councils corporate functions and on the Community.

Nil.

16. OPERATIONAL MATTERS ARISING (STRATEGIC THEME – COMMUNITY)

16.1 Community Health and Wellbeing

Strategic Plan Reference 4.1

Support and improve the independence, health and wellbeing of the Community.

16.1.1 Levendale Community Centre (former Levendale Primary School) – Disposal of Property (Deed of Surrender) – 1315 Woodsdale Road, Levendale (PID 1481598 – C/T 169535/1)

DECISION

Moved by Clr R McDougall, seconded by Clr A E Bisdee OAM

THAT

- a) the information be received;
- b) for the purpose of consulting with the Levendale Hall Management Committee in regard to future management and maintenance, Council indicate that purchase of the land is its preferred option (i.e. Option 4) as this maximises the future available options; and
- c) Prior to advising Property Services (Parks and Wildlife Service) of the preferred option, a further report be provided to Council detailing the outcomes of the discussion with the Levendale Hall Management Committee.

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Clr A E Bisdee OAM	✓	
Clr D Blackwell	✓	
Clr D F Fish	✓	
Clr R McDougall	✓	
Clr F Miller	✓	

16.2 Recreation

Strategic Plan Reference 4.2

Provide a range of recreational activities and services that meet the reasonable needs of the community.

16.2.1 Oatlands Aquatic Centre – Coordinators Report

DECISION

Moved by Cllr D Blackwell, seconded by Cllr A E Bisdee OAM

THAT the information be received and noted.

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Cllr A E Bisdee OAM	✓	
Cllr D Blackwell	✓	
Cllr D F Fish	✓	
Cllr R McDougall	✓	
Cllr F Miller	✓	

16.2.2 Oatlands Aquatic Centre – Review of Operations (Opening Hours & User Fees)

DECISION

Moved by Clr A E Bisdee OAM, seconded by Clr D Blackwell

THAT:

- a) the information be received, noting the proposed changes in operational arrangements (i.e. opening hours); and
- b) in accordance with section 205 of the *Local Government Act 2023*, the following fees be imposed effective from 1st September 2023:

Pool Fees:

- Swim - Casual (17 years and over) - \$7.00 (currently \$6.50)
- Swim Card – 17 years & over (10 sessions) - \$65 (currently \$60)
- 6 Month Membership – 17 years & over - \$330 (was \$312)
- 6 Month Membership – Family Pass

Type	Description	Price
Family Pass	One Parent (to be nominated), 1 Child	\$550 (\$21.15 per week)
Family Pass	One Parent (to be nominated), 2 Children	\$600 (\$23.08 per week)
Family Pass	Family (2 Adults, 1 to 2 Children)	\$650 (\$25 per week)
Family Pass	Family (2 Adults, 3 Children)	\$700 (\$26.92 per week)
Family Pass	Family (2 Adults, 4 + Children)	\$750 (\$28.85 per week)

To constitute a family all members must be listed on the one Medicare card.

Fitness Centre:

- Gym Only – 10 Sessions (6 months from date of purchase) - \$55.00 (no current 10 session fee option)
- Gym Only – Fortnightly direct debit \$25 per fortnight (no current fortnightly direct debit fee option)
- Class & Pool Membership - \$40.00 per fortnight (currently \$30.00)
- Personal Training Classes (interim pending confirmation of the ongoing service provision detail)
 - 30 minutes Personal Training Session \$40.00
 - 60 minutes Personal Training Session \$60.00

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Clr A E Bisdee OAM	✓	
Clr D Blackwell	✓	
Clr D F Fish	✓	
Clr R McDougall	✓	
Clr F Miller	✓	

16.3 Access

Strategic Plan Reference 4.3

Continue to explore transport options for the Southern Midlands community / Continue to meet the requirements of the Disability Discrimination Act.

Nil.

16.4 Volunteers

Strategic Plan Reference 4.4

Encourage community members to volunteer.

Nil.

16.5 Families

Strategic Plan Reference 4.5

Ensure that appropriate childcare services as well as other family related services are facilitated within the community / Increase the retention of young people in the municipality / Improve the ability of seniors to stay in their communities.

Nil.

16.6 Education

Strategic Plan Reference 4.6

Increase the educational and employment opportunities available within the Southern Midlands

Nil.

16.7 Capacity & Sustainability

Strategic Plan Reference 4.7

Build, maintain and strengthen the capacity of the community to help itself whilst embracing social inclusion to achieve sustainability.

Nil.

16.8 Safety

Strategic Plan Reference 4.8

Increase the level of safety of the community and those visiting or passing through the municipality.

Nil.

16.9 Consultation & Communication

Strategic Plan Reference 4.8

Improve the effectiveness of consultation & communication with the community.

Nil.

17. OPERATIONAL MATTERS ARISING (STRATEGIC THEME – ORGANISATION)

17.1 Improvement

Strategic Plan Reference 5.1

Improve the level of responsiveness to Community & Developer needs / Improve communication within Council / Improve the accuracy, comprehensiveness and user friendliness of the Council asset management system / Increase the effectiveness, efficiency and use-ability of Council ICT systems / maintain the Business Process Improvement & Continuous Improvement framework

17.1.1 Review and Amendment of Existing Policies - Fraud Control & Corrupt Conduct Prevention Policy

DECISION

Moved by Deputy Mayor K Dudgeon, seconded by Cllr D McDougall

THAT Council:

1. Receive and note the report;
2. Adopt the revised version of the Municipal Seal Use Policy (with no further amendments).

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Cllr A E Bisdee OAM	✓	
Cllr D Blackwell	✓	
Cllr D F Fish	✓	
Cllr R McDougall	✓	
Cllr F Miller	✓	

17.2 Sustainability

Strategic Plan Reference 5.2

Retain corporate and operational knowledge within Council / Provide a safe and healthy working environment / Ensure that staff and elected members have the training and skills they need to undertake their roles / Increase the cost effectiveness of Council operations through resource sharing with other organisations / Continue to manage and improve the level of statutory compliance of Council operations / Ensure that suitably qualified and sufficient staff are available to meet the Communities need / Work co-operatively with State and Regional organisations / Minimise Councils exposure to risk / Ensure that exceptional customer service continues to be a hallmark of Southern Midlands Council

17.2.1 Tabling of Documents

Nil.

17.2.2 Elected Member Statements

An opportunity is provided for elected members to brief fellow Councillors on issues not requiring a decision.

Deputy Mayor K Dudgeon - acknowledged Sam Banks former Central Hawks player had his AFL debut for the Richmond Football Club.

Deputy Mayor K Dudgeon – Provided the following information regarding the Bargain Centre Community pay-out.

\$30,241.02 and was divided by 2,573.5 hours. This equals \$11.75 for each hour worked by volunteers.

MMPHC Auxiliary	\$9,896.43
Uniting Church	\$5,857.38
Mt Pleasant Footy Club	\$3,008.00
Anglian Church	\$2,878.75
Make a Wish Foundation	\$2,408.75
Historical Society	\$2,355.87
Midlands Swim Club	\$872.44
Bonorong Wildlife Hospital	\$752.00
Oatlands Learn to Swim	\$628.63
Community Shed	\$569.88
MID FM	\$334.88
Rural Youth	\$3334.88
Just Cats Longford	\$235.00
Oatlands Community Hub	\$70.50
Hawthorn House	\$35.25

17.2.3 Local Government Shared Services – Quarterly Update – Information Only

DECISION

Moved by Cllr A E Bisdee OAM, seconded by Deputy Mayor K Dudgeon

That the information be received.

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Cllr A E Bisdee OAM	✓	
Cllr D Blackwell	✓	
Cllr D F Fish	✓	
Cllr R McDougall	✓	
Cllr F Miller	✓	

17.2.4 The Future of Local Government Review – Local Government Board Stage 2 Report (including the ‘Central and Midlands Community Catchment Information Pack’) – Council Draft Submission

DECISION

Moved by Deputy Mayor K Dudgeon, seconded by Clr R McDougall

THAT Council endorse the draft submission prepared in response to the Local Government Board’s Stage 2 Report and the accompanying ‘Central and Midlands Community Catchment Information Pack’, prior to 2nd August 2023.

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Clr A E Bisdee OAM	✓	
Clr D Blackwell	✓	
Clr D F Fish	✓	
Clr R McDougall	✓	
Clr F Miller	✓	

ENCLOSURE
Agenda Item 17.2.4



31st July 2023

The Hon. Sue Smith AM
Chair – Local Government Review Board
Via Email: lgboard@dpac.tas.gov.au

Dear Chair

**Re: Local Government Board – ‘The Future of Local Government Review’
Response to Stage 2 and the Community Catchment Information Packs**

The Southern Midlands Council has considered the Board's Stage 2 Report and the supporting '*Central and Midlands Community Catchment Information Pack*'.

This submission reflects the outcomes of numerous internal discussions through Council workshop processes and other internal conversations; consultation with neighbouring Councils that form part of the 'Central and Midlands Community Catchment'; and more importantly, the conduct of three (3) Public Consultation meetings held across the municipality through July 2023.

At the outset, in regard to the Southern Midlands, Council maintains its position of retaining the status quo, primarily for the following reasons:

1. The Local Government Board has not demonstrated (or substantiated) the need for structural reform;
2. There has been no evidence the ratepayer will be better off under each of the scenarios identified, or other alternatives considered by Council; (i.e. particularly in the absence of any robust Business Case);
3. There will be a dramatic reduction in the level of representation of the community by elected members; and
4. This position accords with the direction provided by the community following the conduct of public consultation meeting(s) and the fact every attendee voted to retain the status quo, with the exception of one person who was of the opinion that there would be benefits associated with structural reform.

At these public meetings, it was confirmed for Council the Southern Midlands is a vibrant and growing area, and the Council has readily responded to the community's needs and expectations. Examples and evidence cited include:

- Recent construction of the Oatlands Aquatic Centre – an all year round indoor facility that is fit-for-purpose (replaced the existing Pool constructed in the early 1950's that only operated four months of the year) – with approximately 60% being funded by Council
- Significant support for the Oatlands Heritage and Bullock Festival and the Kempton Festival, both of which has attracted thousands of local and international visitors to the townships
- Significant investment in the construction of 2 Dwelling Units to accommodate locum General Practitioners and other visiting medical specialists operating out of the Midlands Multi-Purpose Health Centre. The ongoing management and servicing of these 2 Units is in partnership with the Tasmanian Health Service (\$200,000 cash contributions from community based organisations)
- Capital financing and construction of a new Building (adjacent to the existing Child Care Centre at Bagdad) to accommodate an additional 20 child care placements. A major issue in this growing community that is attracting a large number of younger families. Local community members have committed both cash and in-kind contributions to assist with its construction and fit-out.
- Support and operational assistance for the Southern Midlands Community Radio Station
- Council having appointed a preferred proponent for the construction of a new boutique Hotel and Conference facility (43 Rooms) at Oatlands (i.e. to capitalise and expand on the visitor growth in the midlands region)
- Council's extremely active role in managing and protecting significant heritage Assets within the municipal area, including the 1837 Callington Mill; Oatlands Gaol Precinct; Oatlands Commissariat; Kempton Police Watch-house etc.
- Major investment in sport and recreation infrastructure across the municipal area (including \$500K Destination Playground at Oatlands)
- Substantial spending on the management (and eradication) of weeds in conjunction with primary production property owners and voluntary organisations. Weed management being a high priority for the primary production sector.
- Substantial investment in expert resources; infrastructure and activities to address and manage 'climate change' initiatives; and
- Ready access to both elected members and Council officers and the real likelihood this would be lost under any expanded local government structure.

Whilst Council has expressed its opposition to structural reform, it is certainly receptive to any 'resource sharing' proposal where there are proven benefits; efficiencies and/or cost savings. Council has a number of existing shared service arrangements (refer

following), and further opportunities will continue to be assessed by Council as the need arises.

Examples include:

- Animal Control Services – SMC provide services to Central Highlands
- Development Engineering Services – SMC engage Brighton Council
- Heritage Project Management – SMC provides services to Central Highlands and Derwent Valley Councils
- Land Use Planning - Statutory – SMC provides planning services to the Central Highlands Council
- Land Use Planning – Strategic - SMC provides services to Central Highlands and Tasman Councils
- Natural Values Assessments – SMC provides services to Brighton Council
- Plumbing Surveying / Permit Authority – SMC and Brighton have regular relief / exchange arrangements
- Regional Climate Change Adaptation Planning – SMC provide services to Southern TAS Councils Authority

The above arrangements ensure a high level of service is provided to the ratepayer; has achieved a number of positive outcomes for our respective communities; and assists with the recruitment and retention of a highly skilled workforce.

The South-Central Sub Region, consisting of representative(s) from the Brighton, Central Highlands, Derwent Valley and Southern Midlands Councils' should also be acknowledged. This organisation has achieved a number of things, including:

- The engagement of KPMG to prepare a 'Strategic Infrastructure Report'. This report highlights the critical infrastructure priorities for the next 5-10 years in a region that has some very high growth areas. The report was jointly funded as a collaboration between the four Councils.
- Establishment of the Jobs Hub at Pontville. The Jobs Hub is a service that connects local jobs to local people which has been very successful over the last three years. This is one of the most successful jobs hubs that exists.

At the time of drafting this submission, the Southern Midlands Council acknowledges the State Government has confirmed that there will be no forced amalgamations as an outcome of the Board's review process.

Based on Council's stated position above, it is unnecessary to provide further feedback in response to the identified scenarios.

Having said that, Council does encourage the Board to revisit some of the earlier reform initiatives and desired outcomes that were reported in Stage 1. These potential reforms include:

1. Defining the role of local government in 21st century and in particular, the proposal to develop a 'Local Government Charter' which would clarify the relationship, roles, and responsibilities of local government in relation to, and in collaboration with, other spheres of government, particularly around funding.

This is particularly important in the areas of climate change; disaster management and recovery; and community services (e.g. health and well-being programs; youth; aged services).

The Fire Service Levy, under the new emergency management structure between the Tasmania Fire Service and the State Emergency Service is a key issue for local government that needs to be addressed.

2. Review of the rating provisions within the *Local Government Act 1993*. The Board has previously stated that the aim is to ensure the revenue and rating system efficiently and effectively funds council's services.

As mentioned by Council in an earlier submission, in terms of achieving an equitable distribution of the rates liability, there is an urgent need to review the existing 'Exemption from rates' provision within the *Local Government Act 1993* to ensure that all entities contribute equitably to the funding of services (e.g. charitable organisations).

3. Planning Reform(s) – in response to recent announcements.

Seek (or provide) clarity and structure as to how councils will interface with the new planning body and what funding arrangements will be expected of council.

4. Regional Waste Strategy – reform had the ability to achieve a more strategic, cohesive and coordinated outcome across a larger area as opposed to individual Council's undertaking their own solutions.

It appears these have been 'shelved' with the focus shifting to structural reform.



Prior to concluding this submission, Council also thought it would be appropriate to provide some comment in relation to the Analysis Data reported for the Southern Midlands Council which formed part of the Community Catchment Information Packs.

Whilst Council's long-term viability and sustainability is evidenced through its Long-Term Financial Management Strategy and Financial Management Plan, the following comments are provided in relation to the data:

Detail	SMC	Benchmark	Comment
Population	6,662	N/A	Experiencing substantial growth in population (in excess of 9% growth since previous census) 2021 Census: 6,602 2016 Census: 6,043
No of employees	42.1 FTE	N/A	The number of employees is irrelevant as it is totally dependent on the method of service delivery (e.g. contracting in/out; resource sharing).
Average Residential Rates & Annual Charges per Residential Property	\$918.34	N/A	The Southern Midlands is the second lowest of the five Councils that reported. Any attempt to average the rates would result in substantial percentage increases for SMC ratepayers.
Current ratio (10 year average)	5.35	>1	Clearly indicates that Council is in a position to meet its current liabilities.

Detail	SMC	Benchmark	Comment
Cash Expense Cover Ratio	20	3 – 6 months	Three times the benchmark indicating that Council has substantial cash assets in the event of an unforeseen event or emergency situation.
Own source revenue coverage ratio (10 year average) – 64%	64%	40 % – 60 % Basic standard 60% - 90% Intermediate standard 90% Advanced standard	In terms of the benchmark, Council's ratio is within the Intermediate standard. The percentage of own source revenue is obviously directly influenced by the amount of Financial Assistance Grant received from the Australian Government. A large portion of this untied funding is based on the length of roads & bridges within a municipal area. It goes without saying that the larger municipal areas (i.e. geographical areas with substantial road lengths and bridges) will always be entitled to a large percentage of the grant funding and this will continue.

Detail	SMC	Benchmark	Comment
Underlying surplus ratio (10 year average)	- 3%	> 0	<p>This ratio is consistent with Council's Long-Term Financial Management Plan. In dollar terms, the underlying surplus or deficit for the past four years was:</p> <p>2021/22 – (\$90K) or a ratio of -0.8%</p> <p>2020/21 – (\$35K) or a ratio of -0.3%</p> <p>2019/20 – \$125K or a ratio of 1.1%</p> <p>2018/19 – (\$258K) or a ratio of -2.30%.</p> <p>Note: An underlying deficit excludes the Australian Government's Roads to Recovery Grant (R2R) which for the Southern Midlands Council is an annual grant amount of \$666K.</p> <p>The R2R Grant is ongoing funding but must be recognised as Capital Income and excluded when calculating the underlying surplus/(deficit). If this grant, similar to the Financial Assistance Grant is included as recurrent income, then a substantial surplus would be reported in all years.</p>
Debt service cover ratio (8 year average)	28.8	>2 Basic standard >5 Advanced standard	<p>With a ratio almost six times the benchmark, it clearly indicates Council's ability to repay its debt.</p>

Detail	SMC	Benchmark	Comment
Asset sustainability ratio (7 year average)	86%	100%	<p>Whilst Council is marginally below the benchmark, as indicated by the Board, this can be influenced by a range of factors – particularly over a seven-year timeframe.</p> <p>From a practical perspective, and noting that roads and bridges represents approximately 60% of Council's total assets, Council in February 2022 completed an independent assessment of its road network (undertaken by Moloneys Asset Management Systems). The following is an extract from its major findings:</p> <p>"The road assets within Southern Midlands Council were found to be in "Excellent" overall condition when benchmarked against all 72 councils assessed by Moloney Asset Management Systems."</p>
Asset renewal funding ratio (7 year average)	92%	90%-100%	Compliant with benchmark
Asset consumption ratio (7 year average)	70%	>60%	Compliant with benchmark
Cash and investments Held (\$'000)	\$14.636 million		
Net Financial Liabilities Ratio (%)	91%	0 – (50%)	The ratio is well in excess of benchmark and indicates a strong liquidity position.

Detail	SMC	Benchmark	Comment
Interest bearing liabilities (\$'000)	\$4.415 million		More than offset with 'Cash and investments' held.
No. of discretionary development applications received	124		It should be noted that the reported number does not include 'No Permit Required' applications and may be in inaccurate reflection of the level of development that is occurring.
Value of all development approvals (\$)	\$38,781,622		Refer comment above. This value is an indication of the extent of residential/commercial development that is taking place within the SMC area. It is also important to acknowledge that this is all rateable development as opposed to some reported values which relate to non-rateable development (e.g. wind farms). Note: The value of subdivision works is also not recorded in the amount reported.
No. of councillors	7		Council decision to reduce the number of elected members (from 9 to 7) as a cost saving measure.



Conclusion

The Southern Midlands Council appreciates the opportunity to provide feedback in response to the Board's Stage 2 Report and the supporting 'Central and Midlands Community Catchment Information Pack'.

In terms of structural reform, it is Council's strong view there is no evidence the ratepayer will be better off under each of the scenarios identified, nor has the need for change been demonstrated. Hence Council has adopted the option of retaining the status quo.

Council certainly welcomes the State Government's recent confirmation there will be no forced amalgamations.

The Southern Midlands Council has demonstrated it can advocate for and support many towns and villages (no mean feat having 20 or so towns and villages). It has secured significant grant funding (and other external contributions) to achieve and implement major projects. Recent examples being \$5.346 million from the Australian Government under the 'Remote Roads Upgrade Pilot Program' to reconstruct and seal Interlaken Road at Oatlands; \$1.55 million under the 'Summer Bushfire Recovery Grants Program' for redevelopment of the Broadmarsh Community Hall; \$2 million from each of the State and Federal Governments for the construction of the Oatlands Aquatic Centre; \$250,000 to upgrade change rooms / toilet & shower facilities at the Mt Pleasant Recreation Ground; Grants for Road Safety projects totalling in excess of \$285,000; and a range of other smaller grants.

Further, these examples do not recognise the major funding that has been received over the last twenty years which has enabled reconstruction of the 1837 Callington Mill; purchase and restoration of the 1828 Commissariat property (Oatlands); upgrade of the Oatlands Gaol Precinct; and the refurbishment of other Council owned heritage buildings within the municipality. All of these activities have been focussed on providing a catalyst for other economic activity and developing a local visitor economy.

Retention of the status quo enables Council to comply with the direction provided by the community, and more importantly, enable it to move forward and focus on the provision of infrastructure and services that the community needs and deserves.

A handwritten signature in black ink, appearing to read 'E C Batt', with a long, sweeping horizontal stroke extending to the right.

E C Batt
Mayor

17.3 Finances

Strategic Plan Reference 5.3

Community's finances will be managed responsibly to enhance the wellbeing of residents / Council will maintain community wealth to ensure that the wealth enjoyed by today's generation may also be enjoyed by tomorrow's generation / Council's financial position will be robust enough to recover from unanticipated events, and absorb the volatility inherent in revenues and expenses.

17.3.1 Monthly Financial Statement (Period ending 30 June 2023)

DECISION

Moved by Cllr A E Bisdee OAM, seconded by Cllr R McDougall

THAT the Financial Report be received and the information noted.

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Cllr A E Bisdee OAM	✓	
Cllr D Blackwell	✓	
Cllr D F Fish	✓	
Cllr R McDougall	✓	
Cllr F Miller	✓	

17.3.2 SMC External Grant Projects – Quarterly Update

DECISION

Moved by Deputy Mayor K Dudgeon, seconded by Clr D Blackwell

THAT the information be received and noted

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Clr A E Bisdee OAM	✓	
Clr D Blackwell	✓	
Clr D F Fish	✓	
Clr R McDougall	✓	
Clr F Miller	✓	

18. MUNICIPAL SEAL

18.1 Southern Midlands Council and Oatlands District Historical Society Inc. – Discharge of Mortgage

DECISION

Moved by Cllr R McDougall, seconded by Cllr A E Bisdee OAM

THAT Council affix the Common Seal to the ‘Discharge of Mortgage’ for 107 High Street, Oatlands noting the debt has been fully repaid.

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Cllr A E Bisdee OAM	✓	
Cllr D Blackwell	✓	
Cllr D F Fish	✓	
Cllr R McDougall	✓	
Cllr F Miller	✓	

19. CONSIDERATION OF SUPPLEMENTARY ITEMS TO THE AGENDA

Nil.

RECOMMENDATION

THAT in accordance with Regulation 15 of the *Local Government (Meeting Procedures) Regulations 2015*, the following items are to be dealt with in Closed Session.

DECISION

Moved by Clr A E Bisdee OAM, seconded by Deputy Mayor K Dudgeon

THAT in accordance with Regulation 15 of the *Local Government (Meeting Procedures) Regulations 2015*, the following items are to be dealt with in Closed Session.

CARRIED

Matter	<i>Local Government (Meeting Procedures) Regulations 2015 Reference</i>
<i>Closed Council Minutes - Confirmation</i>	15(2)
<i>Applications for Leave of Absence</i>	15(2)(h)
<i>Saint Regina Limited</i>	15(2)(g)

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Clr A E Bisdee OAM	✓	
Clr D Blackwell	✓	
Clr D F Fish	✓	
Clr R McDougall	✓	
Clr F Miller	✓	

RECOMMENDATION

THAT in accordance with Regulation 15(2) of the *Local Government (Meeting Procedures) Regulations 2015*, Council move into Closed Session and the meeting be closed to members of the public.

DECISION

Moved by Clr R McDougall, seconded by Clr D Blackwell

THAT in accordance with Regulation 15(2) of the *Local Government (Meeting Procedures) Regulations 2015*, Council move into Closed Session and the meeting be closed to members of the public.

CARRIED

DECISION (MUST BE BY ABSOLUTE MAJORITY)		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Clr A E Bisdee OAM	✓	
Clr D Blackwell	✓	
Clr D F Fish	✓	
Clr R McDougall	✓	
Clr F Miller	✓	

CLOSED COUNCIL MINUTES

20. BUSINESS IN “CLOSED SESSION”

20.1 Closed Council Minutes - Confirmation

In accordance with the Local Government (Meeting Procedures) Regulations 2015, the details of the decision in respect to this item are to be kept confidential and are not to be communicated, reproduced or published unless authorised by Council.

Item considered in Closed Session in accordance with Regulation 15(2) of the Local Government (Meeting Procedures) Regulations 2015.

20.2 Applications for Leave of Absence

In accordance with the Local Government (Meeting Procedures) Regulations 2015, the details of the decision in respect to this item are to be kept confidential and are not to be communicated, reproduced or published unless authorised by Council.

Item considered in Closed Session in accordance with Regulation 15(2)(h) of the Local Government (Meeting Procedures) Regulations 2015.

20.3 Saint Regina Limited

In accordance with the Local Government (Meeting Procedures) Regulations 2015, the details of the decision in respect to this item are to be kept confidential and are not to be communicated, reproduced or published unless authorised by Council.

Item considered in Closed Session in accordance with Regulation 15(2)(g) of the Local Government (Meeting Procedures) Regulations 2015.

RECOMMENDATION

THAT Council move out of “Closed Session”.

DECISION

Moved by Deputy Mayor K Dudgeon, seconded by Clr A E Bisdee OAM

THAT Council move out of “Closed Session”.

CARRIED

DECISION		
Councillor	Vote FOR	Vote AGAINST
Mayor E Batt	✓	
Deputy Mayor K Dudgeon	✓	
Clr A E Bisdee OAM	✓	
Clr D Blackwell	✓	
Clr D F Fish	✓	
Clr R McDougall	✓	
Clr F Miller	✓	

OPEN COUNCIL MINUTES

21. CLOSURE

The meeting closed at 12.18 p.m.

Woodsdale Community Memorial Hall

Est. 1905

MINUTES – General Committee Meeting

Monday 24th July 2023

Woodsdale Hall

Welcome/Opening:

The President welcomes members and declares the meeting open at 7.37 pm.

Attendance:

Mrs Kaye Rowlands, Mrs Sally Stubs, Mrs Ann Scott, Mr Leon Scott, Mrs Marion Wiggins, Mrs Karen Dudgeon

Apologies:

Mrs Allison Scott, Ms Kate Bourne, Mrs Ann Wiggins, Ms Alyson Scott

Moved: Leon Scott

Seconded: Sally Stubs

Motion Carried

Confirmation of Minutes for the last meeting – June 19th 2023

Moved: Sally Stubs

Seconded: Marion Wiggins

Motion Carried

Treasurers Report – Balance as at June 30th 2023	\$10526.10
Cheque to be presented -	41.90
Balance at – July 14th -	\$10484.20

Moved: Karen Dudgeon

Seconded: Leon Scott

Motion Carried

General Business:

- Defibrillator has arrived – Martin will install – Marion to organise a solar light that is suitable.
- Cleaning of outside of hall - Ian and Anthony to organise
- Heat pump – circuit breaker was the problem. Cleaned.

- Small Community Grants coming out this week – put in for a grant for the painting of the hall. Paperwork to be completed and lodged. Closing date is end of August. Karen to post to Marion to complete.

Dinner: \$35 per head – 2 course meal

Pork – Ann and Kaye to cook

Lamb – Kate to cook

Chicken – 10kg – (6) – Allison to pick up – (Marion to order)

Swede and potato – Leon to donate – cooked at the hall

Desserts – fruit salad, pavlova x 4, apple strudel, icecream

Purchasing:

Sally (No Frills) – butter, apple strudel x 2, fruit salad in tin (or similar), 4kg peas and corn

Kaye – icecream, milk, bread rolls, gravy, cream, fruit for pavlova and fruit salad, lamb and chicken, carrots

Marion – 1 pavlova, broccoli and cauliflower x 2

Kate – to cook a pavlova

Helpers – Kaye, Marion, Sally, Ann, Kate, Leon, Lucy, Doreen, Gwenda, Tamika,

Set up on Friday 4th - 1.30 pm - (whoever can come)

Be at the hall on Saturday at 4 pm

Clean up time – to be organised on Saturday night

Motion Carried

Bookings:

- Hairdresser returns August 12th
- November 11th – John X evening – Hall committee to do the supper

Meeting Closed at 8.20

NEXT MEETING – To be advised

**A REPORT CONCERNING PUBLIC SAFETY AND RISKS
ASSOCIATED WITH AN ALCOHOL SPIRIT FACILITY
AT 26 MAIN STREET, KEMPTON**

BY

A RESIDENT OF KEMPTON

AUGUST 2023

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INTRODUCTION

This report dated August 2023 has been prepared by a resident of Kempton.

The purpose of this report is to alert public authorities and the project developer of the Kempton Distillery hazard substances facilities and its safety related risks. In particular those safety risks having an adverse impact on the general public including adjacent Kempton property owners.

This report has been prepared by way of a gap analysis of the risk elimination and mitigation documents provided to the author under a freedom of information request.

This report must not be construed as a thorough risk assessment of the facilities the author has considered.

The report provides possible solutions to assist in ameliorating the actual risks and many questions have been raised about current practices and their effectiveness in mitigating the risks. It is for the public authorities in conjunction with the project developer (the project stakeholders) to address all of the matters that have been raised.

It is the author's opinion that duty of care requirements particularly in regard to public safety risk management has not been demonstrated or achieved by the project stake holders.

BIG PICTURE COMMENTARY

1. Scope

The hazard substances facilities considered were:

- The Dysart House stables and surrounds which are currently used for hazard substance storage and approved for use by the authorities for distilling processes and distilled product storage.
- The new distilling process building and surrounds.
- The three new distilled product storage buildings; infrastructure and surrounds.

2. Main areas of report preparation focus.

The main focus areas were:

- The consequence/severity of health and safety related impacts upon the public. Principally the impacts arising from fires and fire suppression/containment effort. Actual operations and when the facilities are unattended, which is some 70% of the time have been considered. Examples of these impacts are:
 - Heat related trauma
 - Explosion event related trauma
 - Smoke related trauma
 - Environmental damage
- Risk I.D. and management processes and associated documentations: i.e., have effective and thorough risk management practices been employed? Has the residual risk been identified and have the authorities and project developer (stake holders) “Signed Off” on the required risk management measures and the accepted residual risk?
- Emergency preparedness and response measures: i.e. Has what has been proposed involved public consultations; do the plans provide robust and reliable public safety outcomes? Have approved requirements been proactively and transparently demonstrated to the relevant members of the public?

HAZARDS, THREATS AND RISKS

1. Placards and Signage

- Overly verbose or small or poorly positioned placards and signs are not effective risk mitigators.
- Universal signs as in “Stop”, “No Entry” etc. And signs that use symbols and pictures are far more effective. They cater for a wider audience including those with literacy constraints and are better suited when the persons are from non-English speaking backgrounds.
- This hazard site is badly in need of a No Entry sign and a direction sign on where to go to gain authorized entry.
- Existing verbose placard signs should be changed to a pictorial type and be more prominent.
- The fire water manifold has a simple map style placard, but it is not of the whole site. Thus, it does not show everything noted in the 5 buildings and their respective “nameplate” hazard materials capacities. The location of electrical isolations likewise is not shown. The placard should be updated.

2. Lighting

- Lighting (permanent and/or mobile) including emergency lighting must be considered in any risk review/assessment. It has not been thoroughly considered to date.
- The decision by the proponent to not have electrics or electrical lighting within the new storage buildings is a very good ignition risk mitigator and will significantly reduce capex and opex expenditure. However, lamination levels in these same buildings will at times be seriously compromised; i.e. Natural light via small windows and internal storage systems blocking natural light entry have serious risk impacts.
- Emergency lighting will be required and this needs to be sufficient for allowing emergency services/firefighting activities and for rescue purposes. It must be suitably rated for the hazard area where applicable. Has this been considered?
- It is suggested/recommended that shrouded electric lighting be installed and mounted externally in a non-hazardous atmosphere location on the storage building cladding and external to the small windows. This will have the practical effect of ensuring lighting levels within and outside of the building are sufficient at all times so as to;

(a) Mitigate security risks

(b) Importantly “reduce the risks of crashes/smashes/dropped casks, leakages, spills and personal injury and ensure as is reasonably practicable that fire hasn’t occurred when in operation.

3. Security

The complete absence of security measures such as barriers, fences and/or monitoring systems at this site is extremely concerning. Why hasn't this threat been identified?

Barriers and security facilities including remote monitoring equipment are all useful and applicable risk reduction measures. They all reduce the risk of unauthorized access and threats by thieves, arsonists, the curious and those organisations and peoples who just don't understand or have "ownership" as to public safety risk minimisation requirements. This threat is one of the largest in respect of uncontrolled ignition sources present on this site.

The solutions to mitigate the risks are very simple to effect, and cost effective, i.e., they are all reasonable and practicable solutions.

The curious public and contractors have been regularly noted wandering around, smoking, carrying mobile phones and who knows what else by way of ignition devices and petrol driven vehicles are regularly seen on this property under the control of the public and not the proponent.

Once the storage sheds are built and operating the risks must be eliminated.

4. Ember Attack Threat to Building(s) and Atmospheres

This site (the whole site including existing distilleries and existing bond store) is exposed to ember attack. However, it is most likely (reasonably foreseeable) that the incidents of drying climate conditions will increase over time as will wind velocity and there will likely be more rather than less bush fire incidents.

Whilst not shown on any documents the author has been able to access it is understood that the proponent intends a band of crushed gravel to the exteriors of the new bond stores as is the case at the Oatlands bond store. This initiative to eliminate grass fire attack is excellent. However, it is recommended that for achieving the risk of ignition and spread of fires to as low as is reasonably practicable the whole of the site be treated this way to a horizontal distance of at least 6 metres from any building wall and/or public thoroughfare. This could be done in such a way as to also obtain better landscaping visual amenity for this heritage site. Light gravel rather than dark would be more beneficial by way of radiant heat minimization.

The use of perforated steel air intake/vent screens at 3 storages is noted as is the non-tight fitting nature of the sliding doors on these same buildings. The roofs also have whirling vents not shown or considered in the reports.

These noted actual differences are seen as contradictory when compared to statements made in the Storages Risk Report and ventilation calculations.

Embers are likely to be drawn in around the loose-fitting doors. The mesh screens at ground level will get fouled by insects, spider webs and wind-blown debris and will be very difficult to keep clean.

Has the barrel storage racking arrangement been considered in the ventilation calculations?

The ventilation design may be compromised and potentially further stratification/pockets of heavier than air vapours may ensue. Impacts of fire/explosion severity, chimney, effects etc. need to be seriously considered and addressed. Possibly use “phast” or an equivalent modelling tool to define severity contours outside of buildings.

5. Product properties, combustibles and fire/explosion consequences/severity

5.1 Properties

- The product flash point when in a quiescent state is well known.
- The product’s flash point when in a turbulent, splashing, misting state is likely to be much lower. Its electrostatic charge potential and its conductivity will also be different.
- Internal building air temperatures will at times be above the flash point.
- It is reasonably foreseeable that a containment vessel could have or develop a small leak and liquid be ejected or splash back/misted.
- As the bond stores are essentially unmanned such a scenario, and a fire, may go completely unnoticed for several consecutive days.
- The build-up and stratification/dead spots of vapours cannot be completely discounted, and special measures employed to further mitigate the risks are both reasonable and practicable. Flammable vapours should be managed so that they do not migrate and contact an ignition source outside of the buildings and then flash back.
- Devices such as whirling vents should be “spark proof” and all electrical risks must be eliminated and lightening, and static protection considered. Have they been?
- Are all the other buildings (particularly windows and eaves) on this site all BAL compliant with standards and fit for purpose?

5.2 Combustibles

- Timber, packaging and other combustible materials and the positional places on the site and the quantities must be considered for this whole site.
- Rubbish trucks and bins are all places where ignition sources and fuel are present in quantity.
- It’s presumed that pallets, cask support and bracing are all timber. The casks certainly are!
- Has this all be factored in and considered in determining the facilities fire layout separation, responses, consequences and cooling water, (fire suppression) requirements?
- Has the suppression requirements associated with all bond stores and distillery buildings also been considered?
- Will this additional fuel cause longer duration fires and a larger and long-lived toxic smoke pall?

- What is the “worst case” fire scenario and its duration?
- Will the deposition of soot on the local power lines be problematic?
- What is the extent/severity of the fires?
- Will the heat flux be greater than 2 kw/m² at public boundaries? Will heat flux at emergency equipment compromise fire officer safety and access; i.e. heat flux greater than 4.7 kw/m².
- What is the extent and duration of the smoke pall?
- Will road closures result and what does this mean for the community?
- Can close proximity residents escape?
- Will their health be compromised?

All these questions must be systematically and thoroughly investigated, and a response formulated.

The residual risk as it affects the public/residents must be understood and the “accepted risks” consciously and formally signed off by the persons/authorities charged with managing the risks.

Who precisely are the persons and the authorities in charge and accountable or is this a case of “all care and zero responsibility/accountability”?

6. Fire/Emergency Protection System(s)

Why aren't there any auto emergency and event alarm detection systems? They are reasonable and practicable risk reduction measures. They will significantly improve response times for the relevant authorities and consequently enable more effective suppression and reduce the knock-on effects like fire escalation and explosion. Leaving fire detection to “locals” isn't a reliable means of detection.

What “foam” is to be used and is it harmful? Are there sufficient stocks in the right locations?

Is the minimum required mains water supply pressure and flow guaranteed during bush fire events?

Is it reasonably foreseeable that emergency resources will have to be rationed and priorities managed during a bush fire event? What does this practically mean for this site/local?

What is the plan?

7. Drainage and Heavier than Air Hazardous Vapours

It is noted that there are open grated drains and the site falls to the Northwest. Can vapours and hazard substances prior to and during a fire and fire responses enter a waterway or drainage system or groundwater or public space? Can flashback occur? Are there sufficient failsafe protection systems?

8. Traffic Hazards (on and off the site)

Have these hazards been identified and analysed and are protection measures required?

Why is there car parking for the general public in close proximity to the hazardous operation area when it could be in a safer area and also reduce the incidence of clashes and crashes with distillery and storage operations vehicles on the hazard site?

Do not let large public gatherings form in close proximity to the hazard areas. Council to consider making a dedicated bus/coach parking area out at the front of Dysart House.

Is more street lighting and some "No Parking" signage needed? Why not remove the failed street tree/guard opposite the coach house?

Are major items like sea containers going to be relocated and to where so as to remove access/egress restrictions (particularly in emergencies), improve visual amenity and improve operability safety and minimize/restrict third party access/exposure at hazardous locations?

It is noted that there are well documented rules regarding safe working spaces around forklifts (3 metres).

Placing parking and vehicle turning points for public use within 6 metres of an internal operating thoroughfare doesn't seem like a very good idea!

9. Emergency Preparedness and Response

What is/are the plan(s) in respect of the public's safety?

Will the plans suit both the times when the overall facility is adequately staffed and the times when it is not (70% of the time).

Who will consult with the public and then implement each of the plans and by when?

Why have the emergency response plans drafted to date not considered the public?

What reasonable and practicable preparedness measures do the adjacent owners need to embrace/adopt?

What are the proposed emergency response actions for the adjacent owners and are they reasonable and practicable?

10. Overall Risk Management

Risk Assessment

If one doesn't perform and document a thorough risk assessment, then:

10.1 How does one know one has satisfied one's duty of care?

- 10.2 How does one effectively and efficiently measure and manage the required risk mitigation measures on an ongoing basis?
- 10.3 How does the compliance inspection agency know what is or isn't a required risk measure that he/she may need to inspect?
- 10.4 How does one know if the residual risks to workers and "persons" is sufficiently mitigated and is as low as is reasonably practicable at all times?

Hazardous Areas

The project proponent has not demonstrated the extents (vertical and horizontal) of the hazardous areas on any element or on the overall site. This is not rocket science.

There is an alarming paucity of documentation for what is an essential part/item of a Duty of Care in a business that processes, handles and stores flammable liquids.

The complete lack of this essential piece of risk management information masks the true extent of the hazards on this site and thus the threats like potential ignition source devices, lightning strikes, static, mobile equipment, striking, sparking, etc. are not adequately identified and the threat eliminated from these hazardous areas.

While the proponent has undertaken ventilation calculations for the 3 new storages in order to demonstrate adequate mixing of air and vapours is controlled to be outside of the explosive range, it clearly understands that this work is insufficient in regard to achieving mandated electrical compliance requirements.

Forklifts without adequate electrical systems shielding; common handheld battery-operated devices, (torches, mobile phones etc.) static clothing are all ignition risks of an electrical nature.

A prudent operator would have determined that this site has hazardous area extents both inside and outside of the basic five building frameworks and times those areas extents would be risk treated quite differently to those of an unclassified nature.

The author believes these are major risk management failings on this site.

11. Communications/Interfaces and Responsibilities

Too many communication interfaces and the lack of clear lines of responsibility and authority is a common theme in hazard events. i.e., No communications; too much or too little communications; too many gaps in responsibility and lack of mandated authority to do what is necessary lead to systematic "breakdowns/failures".

Is this project at this site an example of this risk?

Who precisely is responsible for the ongoing management of the residual risk and risk to the public?

Who is responsible for the ongoing system integrity and management of the fire water infrastructure and its operational effectiveness?

12. Third New Bond Store Location

It is recommended that this store be effectively separated from the other two new stores and the new distillery building.

Separation distance to be based on heat flux of no greater than 2 kw/m² from any building or public space.

A position north of the two adjacent stores is proposed.

This recommendation will significantly reduce risk and minimize reliance on fire suppression infrastructure and management.

The two existing sea containers and all other distillery spares and storage of combustibles could be positioned in the place originally planned for the third new bond store.

13. Hazard Product Inventory Control/Limits

It is recommended that capacity limits for the dangerous goods on this site for each location must be clearly placarded and these limits policed/licensed.

Consideration as to firefighting capacity limits and the overall sites residual risk minimization on an ongoing basis should be factored into the placard limits calculations.

The old stables building should not be used for hazardous goods manufacture or storage unless made “fit for purpose”.

14. Separate the Public from the Hazard

It is recommended that the general public and their vehicles not be allowed within any hazardous area or zone where they could be adversely impacted from an explosion event, fire event, crash event; e.g. 2 kw/m² heat flux limit.

The proposed new car park should be set aside for employees of the company and the public utilize the Dysart House rear car park and the ample street car parking.

Where public tours are undertaken this should only be undertaken after proper inductions and when accompanied by the Project Proponent’s safety trained person(s).

HERITAGE BUILDING SOLUTIONS PTY LTD

**FINANCIAL PACKAGE
YEAR ENDED 30 JUNE 2023**

HERITAGE BUILDING SOLUTIONS PTY LTD

**FINANCIAL PACKAGE
FOR THE YEAR ENDED
30 JUNE 2023**

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DIRECTORS' DECLARATION

1. In the opinion of the directors of Heritage Building Solutions Pty Ltd ("the Company"):

(a) the Company is a small proprietary company and is not a reporting entity;

(b) the financial statements and notes, set out on pages 3 to 13, are drawn up in accordance with the basis of financial accounting described in Note 1(a) and (b), so as to present fairly the financial position of the Company as at 30 June 2023 and its performance, as represented by the results of its operations for the financial year ended on that date; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. The directors note the Company is supported by the Southern Midlands Council on the basis outlined in Note 1(a).

2. In respect of the year ended 30 June 2023 the Company has:

(a) kept such accounting records as correctly record and explain its transactions and financial position;

(b) kept its accounting records so that a true and fair financial report of the Company can be prepared from time to time; and

(c) kept its accounting records so that the financial report of the Company can be conveniently and properly audited or reviewed in accordance with the Corporations Act 2001.

Signed on behalf of the Company:

Director: 
Mr Timothy Kirkwood

Director: 
Mr Andrew Benson

Director: 
Ms Wendy Young

Signed at Derby this 14th day of August 2023

HERITAGE BUILDING SOLUTIONS PTY LTD

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 \$	2022 \$
Revenue		117,228	823,906
Cost of sales and direct expenses		(241,944)	(601,817)
Depreciation and amortisation expenses		(2,018)	(2,018)
Directors' fees		-	(10,000)
Finance costs		-	(1,875)
Other expenses		(83,512)	(153,932)
Profit/(Loss) before income tax	2	(210,246)	54,264
Income tax expense	1(b)	-	-
Profit/(Loss) after income tax		(210,246)	54,264
Other comprehensive income		-	-
Total comprehensive result for the year		(210,246)	54,264

The accompanying notes form part of the financial statements. Compiled without audit or review.

HERITAGE BUILDING SOLUTIONS PTY LTD

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	3	32,649	247,468
Trade and other receivables	4	1,684	257,427
Inventories	5	1,390	9,597
TOTAL CURRENT ASSETS		<u>35,723</u>	<u>514,492</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	24,991	27,009
TOTAL NON-CURRENT ASSETS		<u>24,991</u>	<u>27,009</u>
TOTAL ASSETS		<u>60,714</u>	<u>541,501</u>
CURRENT LIABILITIES			
Trade and other payables	7	-	120,541
Provisions	8	46,384	46,384
TOTAL CURRENT LIABILITIES		<u>46,384</u>	<u>166,925</u>
NON-CURRENT LIABILITIES			
Borrowings	9	-	150,000
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>150,000</u>
TOTAL LIABILITIES		<u>46,384</u>	<u>316,925</u>
NET ASSETS (LIABILITIES)		<u>14,330</u>	<u>224,576</u>
EQUITY			
Issued capital	10	6	6
Retained earnings	11	14,324	224,570
TOTAL EQUITY		<u>14,330</u>	<u>224,576</u>

The accompanying notes form part of the financial statements. Compiled without audit or review.

HERITAGE BUILDING SOLUTIONS PTY LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	Retained Earnings \$	Total \$
Balance at 30 June 2021		170,306	170,306
Profit (Loss) attributable to equity shareholders		54,264	54,264
Balance at 30 June 2022		224,570	224,570
Profit (Loss) attributable to equity shareholders		(210,246)	(210,246)
Balance at 30 June 2023		14,324	14,324
 Issued Capital	 10		 6

The accompanying notes form part of the financial statements. Compiled without audit or review.

HERITAGE BUILDING SOLUTIONS PTY LTD

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		372,920	709,055
Payments to suppliers and employees		(437,790)	(739,296)
Interest received		51	40
Income tax paid		-	-
Interest paid		-	-
Net cash from operating activities	12	<u>(64,819)</u>	<u>(30,201)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	-
Payments for property, plant and equipment		-	-
Net cash from investing activities		<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans with related parties		(150,000)	-
Net cash from financing activities		<u>(150,000)</u>	<u>-</u>
Net increase (decrease) in cash held		(214,819)	(30,201)
Cash at beginning of year		247,468	277,669
Cash at end of year		<u>32,649</u>	<u>247,468</u>

The accompanying notes form part of the financial statements. Compiled without audit or review.

HERITAGE BUILDING SOLUTIONS PTY LTD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1 Statement of Accounting Policies

(a) Basis of Preparation

In the opinion of the Directors, Heritage Building Solutions Pty Ltd ("the Company") is a small proprietary company and is not a reporting entity. The financial report of the Company has been drawn up as a special purpose financial report for distribution to the members.

The special purpose financial report has been prepared in accordance with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. It contains the disclosures that are mandatory under the Accounting Standards and those considered necessary by the Directors to meet the needs of the members. The Company is a for-profit entity for the purposes of preparing the financial statements.

The financial report is presented in Australian dollars. The Company has not elected to early adopt any new or amended accounting standards which have application for the first time in a future financial year.

Unless otherwise indicated below, the financial report is prepared on the historical cost basis. Comparative figures have been adjusted to reflect any changes in classification in the current financial year.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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 both current and future periods. Where relevant, judgements made by management that have significant effect on the financial statements are considered in the accounting policy notes below.

The financial report is prepared under the going concern assumption on the basis that the Company is supported by the Southern Midlands Council.

(b) Significant Accounting Policies

Plant & Equipment

Items of plant and equipment are recorded at cost and depreciated using either the diminishing value or straight line method over the useful life of the asset.

HERITAGE BUILDING SOLUTIONS PTY LTD

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Inventories

Inventories are measured at the lower of cost and net realisable value.

Work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date recognised on a percentage of completion basis. It is measured at cost plus profit recognised to date less any progress billings and recognised losses. Costs include all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Employee Benefits

Employee entitlements are provided for at year end based on the annual leave (including loading) and pre-conditional long service leave entitlements of employees, at year end. Pre-conditional long service leave is accounted for from commencement of employment and becomes payable after 10 years of service.

Income Tax

The Company is a wholly owned subsidiary of a local government council and is therefore exempt from Federal income tax under Division 1AB, Part III of the Income Tax Assessment Act 1936. The directors of the Company and the Southern Midlands Council determined that no taxation equivalent amount is payable under the Local Government Act 1993.

Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

HERITAGE BUILDING SOLUTIONS PTY LTD

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
2 Profit or Loss		
For further detail in respect of the profit or loss for the year, refer to the Detailed Profit and Loss Statement on page 12.		
3 Cash and Cash Equivalents		
Current		
Cash on Hand	-	28
Cheque Account	32,445	101,657
Investment Account	-	93,038
Term Deposit Account	-	51,209
Card Transaction Account	204	1,536
	<u>32,649</u>	<u>247,468</u>
4 Trade and Other Receivables		
Current		
Trade Debtors	-	249,798
GST Receivable	1,684	-
Other	-	7,629
	<u>1,684</u>	<u>257,427</u>
5 Inventories		
Current		
Stock on Hand - at Cost	1,390	1,390
Work in Progress - at Cost	-	8,207
	<u>1,390</u>	<u>9,597</u>

HERITAGE BUILDING SOLUTIONS PTY LTD

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
6 Property, Plant and Equipment		
Buildings		
Structural Improvements - at Cost	40,358	40,358
Less Accumulated Depreciation	<u>(15,367)</u>	<u>(13,349)</u>
	<u>24,991</u>	<u>27,009</u>
Plant, Equipment & Furniture		
Plant, Equipment & Furniture - at Cost	7,807	7,807
Less Accumulated Depreciation	<u>(7,807)</u>	<u>(7,807)</u>
	<u>-</u>	<u>-</u>
Total Property, Plant and Equipment	<u><u>24,991</u></u>	<u><u>27,009</u></u>
7 Trade and Other Payables		
Current		
Trade Creditors	-	82,720
PAYG Withholding Payable	-	5,667
GST Payable	<u>-</u>	<u>32,154</u>
	<u>-</u>	<u>120,541</u>
8 Provisions		
Current		
Provision for Annual Leave	32,538	32,538
Provision for Sick Leave & Gratuity	<u>13,846</u>	<u>13,846</u>
	<u>46,384</u>	<u>46,384</u>
9 Borrowings		
Non-current		
Loan - Southern Midlands Council	<u>-</u>	<u>150,000</u>
Total non-current borrowings	<u>-</u>	<u>150,000</u>

Compiled without audit or review.

HERITAGE BUILDING SOLUTIONS PTY LTD

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
10 Issued Capital		
Shareholders capital	6	6
11 (Accumulated Losses) Retained Earnings		
Retained earnings at the beginning of the financial year	224,570	170,306
Net profit attributable to members of the company	(210,246)	54,264
(Accumulated losses) Retained earnings at the end of the financial year	14,324	224,570
12 Cash Flow Information		
Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax		
Profit/(Loss) after income tax	(210,246)	54,264
Non-cash flows in profit (loss)		
Depreciation	2,018	2,018
Changes in assets and liabilities		
(Decrease)/Increase in trade & sundry creditors	(120,541)	(16,873)
(Decrease)/Increase in employee benefits	-	7,960
(Increase)/Decrease in trade & other debtors	255,743	(114,811)
(Increase)/Decrease in inventory	8,207	37,241
(Increase)/Decrease in other assets	-	-
	(64,819)	(30,201)

Compiled without audit or review.

HERITAGE BUILDING SOLUTIONS PTY LTD

**DETAILED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
SALES		
Contract Income	-	236,744
Commercial Construction	107,535	527,728
Residential Construction	9,642	1,438
Other/Miscellaneous Income	-	57,956
	117,177	823,866
LESS: COST OF GOODS SOLD		
Opening Work in Progress	8,208	45,448
Materials	178,720	149,120
Equipment Rent	-	5,245
Subcontractors	59,280	51,295
Wages	-	343,938
Other	(4,264)	14,979
Closing Work in Progress	-	(8,208)
	241,944	601,817
GROSS PROFIT FROM TRADING	(124,767)	222,049
OTHER INCOME		
Interest received	51	40
PROFIT BEFORE EXPENSES	(124,716)	222,089

Compiled without audit or review.

HERITAGE BUILDING SOLUTIONS PTY LTD

**DETAILED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
EXPENSES		
Accountancy & Book-keeping Fees & System	4,876	4,389
Advertising & Promotion	60	600
Bad Debts Expense	2,160	-
Bank Charges	242	240
Contribution to Heritage Education and Skills Centre Ltd	50,000	-
Computer	207	1,856
Depreciation	2,018	2,018
Directors Fees	-	10,000
Email, Website & Booking Management Systems	651	1,543
Insurance	-	2,649
Interest Paid	-	1,875
Job Management System	3,018	3,308
Leave provision movements	816	11,494
Legal Fees	592	-
Management Fees	12,285	37,802
Motor Vehicle	193	34,432
Office Supplies	-	252
Repairs & Maintenance	2,379	6,041
Subscriptions	-	1,748
Sundry	259	46
Superannuation	-	35,452
Telecommunications & Internet	2,366	3,615
Training	3,408	1,047
Travelling & Food	-	4,798
Uniforms	-	2,620
	85,530	167,825
PROFIT/(LOSS) BEFORE INCOME TAX	(210,246)	54,264

Compiled without audit or review.

HERITAGE EDUCATION AND SKILLS CENTRE LTD

**FINANCIAL PACKAGE
YEAR ENDED 30 JUNE 2023**

HERITAGE EDUCATION AND SKILLS CENTRE LTD

**FINANCIAL PACKAGE
FOR THE YEAR ENDED
30 JUNE 2023**

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DIRECTORS' DECLARATION

1. In the opinion of the directors of Heritage Education and Skills Centre Ltd ("the Company"):

(a) the Company is a small proprietary company and is not a reporting entity;

(b) the financial statements and notes, set out on pages 3 to 10, are drawn up in accordance with the basis of financial accounting described in Note 1(a) and (b), so as to present fairly the financial position of the Company as at 30 June 2023 and its performance, as represented by the results of its operations for the financial year ended on that date; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. The directors note the Company is supported by the Southern Midlands Council on the basis outlined in Note 1(a).

2. In respect of the year ended 30 June 2023 the Company has:

(a) kept such accounting records as correctly record and explain its transactions and financial position;

(b) kept its accounting records so that a true and fair financial report of the Company can be prepared from time to time; and

(c) kept its accounting records so that the financial report of the Company can be conveniently and properly audited or reviewed in accordance with the Corporations Act 2001.

Signed on behalf of the Company:

Director:


Mr Timothy Kirkwood

Director:


Mr Andrew Benson

Director:


Ms Wendy Young

Signed at.....Notland.....this.....14th.....day of.....August.....20.....23.....

HERITAGE EDUCATION AND SKILLS CENTRE LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
Revenue	50,006	2
Finance costs	-	(625)
Other expenses	<u>(4,611)</u>	<u>(1,453)</u>
Profit/(Loss) for the year	45,395	(2,076)
Other comprehensive income	-	-
Comprehensive result for the year	<u>45,395</u>	<u>(2,076)</u>

The accompanying notes form part of the financial statements. Compiled without audit or review.

HERITAGE EDUCATION AND SKILLS CENTRE LTD

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	2	10,066	32,249
Trade and other receivables	3	78	-
TOTAL CURRENT ASSETS		<u>10,144</u>	<u>32,249</u>
TOTAL ASSETS		<u>10,144</u>	<u>32,249</u>
CURRENT LIABILITIES			
Trade and other payables	4	-	17,500
TOTAL CURRENT LIABILITIES		<u>-</u>	<u>17,500</u>
NON-CURRENT LIABILITIES			
Borrowings	5	-	50,000
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>50,000</u>
TOTAL LIABILITIES		<u>-</u>	<u>67,500</u>
NET ASSETS (LIABILITIES)		<u>10,144</u>	<u>(35,251)</u>
EQUITY			
Retained earnings (losses)	6	10,144	(35,251)
TOTAL EQUITY		<u>10,144</u>	<u>(35,251)</u>

The accompanying notes form part of the financial statements. Compiled without audit or review.

HERITAGE EDUCATION AND SKILLS CENTRE LTD

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Receipts from grants, contributions & subsidies		50,000	13,750
Repayment of grants		-	-
Payments to suppliers		(22,189)	(1,902)
Interest received		6	2
Interest paid		-	-
Net cash from operating activities	7	<u>27,817</u>	<u>11,850</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans from related parties		<u>(50,000)</u>	<u>-</u>
Net cash from financing activities		<u>(50,000)</u>	<u>-</u>
Net increase (decrease) in cash held		(22,183)	11,850
Cash at beginning of year		<u>32,249</u>	<u>20,399</u>
Cash at end of year		<u><u>10,066</u></u>	<u><u>32,249</u></u>

The accompanying notes form part of the financial statements. Compiled without audit or review.

HERITAGE EDUCATION AND SKILLS CENTRE LTD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1 Statement of Accounting Policies

(a) Basis of Preparation

In the opinion of the Directors, the Company is a small proprietary company and is not a reporting entity. The financial report of the Company has been drawn up as a special purpose financial report for distribution to the members.

The special purpose financial report has been prepared in accordance with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. It contains the disclosures that are mandatory under the Accounting Standards and those considered necessary by the Directors to meet the needs of the members. The Company is a not-for-profit entity for the purposes of preparing the financial statements.

The financial report is presented in Australian dollars. The Company has not elected to early adopt any new or amended accounting standards which have application for the first time in a future financial year.

Unless otherwise indicated below, the financial report is prepared on the historical cost basis.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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 both current and future periods. Where relevant, judgements made by management that have significant effect on the financial statements are considered in the accounting policy notes below.

The financial report is prepared under the going concern assumption on the basis that the Company is supported by the Southern Midlands Council and any deficiency in net assets will be met by Council.

(b) Significant Accounting Policies

Income Tax

The Company is exempt from income tax due to its status as an educational, non-profit organisation. Accordingly, no income tax expense or liability is recognised in the accounts of the Company.

HERITAGE EDUCATION AND SKILLS CENTRE LTD

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Grants

Grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

HERITAGE EDUCATION AND SKILLS CENTRE LTD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
2 Cash and Cash Equivalents		
Current		
Cheque Account	10,066	15,907
Investment Account	-	16,342
	<u>10,066</u>	<u>32,249</u>
3 Trade and Other Receivables		
Current		
Trade Debtors	-	-
GST Refundable	78	-
	<u>78</u>	<u>-</u>
4 Trade and Other Payables		
Current		
Trade Creditors	-	17,500
GST Payable	-	-
	<u>-</u>	<u>17,500</u>
5 Borrowings		
Non-current		
Loan - Southern Midlands Council	-	50,000
	<u>-</u>	<u>50,000</u>
6 Retained earnings (losses)		
Retained earnings (losses) at beginning of the financial year	(35,251)	(33,175)
Comprehensive result	45,395	(2,076)
Retained earnings (losses) at end of the financial year	<u>10,144</u>	<u>(35,251)</u>

HERITAGE EDUCATION AND SKILLS CENTRE LTD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
7 Cash Flow Information		
Reconciliation of Cash Flows from Operations with Loss		
Profit/(Loss) for the financial year	45,395	(2,076)
Changes in assets and liabilities		
(Increase)/Decrease in trade & sundry debtors	(78)	13,750
(Decrease)/Increase in trade & sundry creditors	(17,500)	176
	<u>27,817</u>	<u>11,850</u>

HERITAGE EDUCATION AND SKILLS CENTRE LTD

DETAILED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
INCOME		
Grant - Heritage Building Solutions Pty Ltd	50,000	-
Interest	6	2
TOTAL INCOME	<u>50,006</u>	<u>2</u>
EXPENSES		
Accountancy & Legal	1,404	1,350
Bank Charges	137	103
Consultants Fees	1,170	-
Staff Training	1,900	-
Interest	-	625
TOTAL EXPENSES	<u>4,611</u>	<u>2,078</u>
PROFIT/(LOSS) FOR THE YEAR	<u>45,395</u>	<u>(2,076)</u>

SOUTHERN MIDLANDS COUNCIL



COMPLETE SET OF FINANCIAL STATEMENTS

2022 | 23 FINANCIAL YEAR

Prepared in pursuance of the provisions of the Local Government Act 1993 (as amended), the Statements of Accounting Concepts and applicable Accounting Standards, including the accrual basis of accounting.

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General Manager's Declaration

The financial report presents fairly the financial position of the Southern Midlands Council as at 30 June 2023 and the results of its operations and cash flows for the year then ended, in accordance with the Local Government Act 1993 (as amended), Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board.



T F Kirkwood
General Manager

Dated: 14 August 2023

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2023

(Amounts shown in \$000)	Note	Budget 2023	Actual 2023	Actual 2022
Income from continuing operations				
Recurrent Income				
Rates and charges	2.2a	6,405	6,422	6,035
User fees	2.2b	1,095	1,991	1,076
Grants - Recurrent	2.2c	3,786	5,460	4,731
Interest	2.2d	48	476	27
Contract income	2.2e	-	110	529
Other income	2.2f	120	134	431
Investment revenue from water corporation	2.2g	182	182	182
		11,636	14,775	13,011
Net Capital Income				
Grants - capital	2.2h	3,876	3,033	5,495
Net gain/(loss) on disposal of property, plant, equipment and infrastructure	2.2i	-	(24)	1
		3,876	3,009	5,496
Total income from continuing operations		15,512	17,784	18,507
Expenses from continuing operations				
Employee benefits	2.3a	(4,802)	(4,577)	(3,877)
Materials and contracts	2.3b	(3,433)	(3,815)	(3,704)
Depreciation and amortisation	2.3c	(3,521)	(4,068)	(3,697)
Contributions	2.3d	(258)	(258)	(245)
Finance costs	2.3e	(59)	(56)	(65)
Other expenses	2.3f	(155)	(724)	(470)
Total expenses from continuing operations		(12,228)	(13,498)	(12,058)
Net result from continuing operations for the year		3,284	4,286	6,449
Other comprehensive income				
Items that will not be reclassified to net result				
Fair value adjustments on equity investment asset	3.6	-	328	238
Net asset revaluation increment/(decrement)	3.7	-	4,979	16,638
Total other comprehensive income		-	5,307	16,876
Total Comprehensive Result		3,284	9,593	23,325

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

Consolidated Statement of Financial Position

as at 30 June 2023

(Amounts shown in \$000)	Note	Actual 2023	Actual 2022
Assets			
Current assets			
Cash and cash equivalents	3.1	17,451	14,636
Trade and other receivables	3.2	1,033	1,162
Contract assets	3.3	500	1,855
Assets held for sale	3.4	155	100
Other assets	3.5	201	236
Total current assets		19,340	17,989
Non-current assets			
Investment in water corporation	3.6	11,914	11,586
Property, plant, equipment, infrastructure and intangibles	3.7	134,190	125,590
Total non-current assets		146,104	137,176
Total assets		165,444	155,165
Liabilities			
Current liabilities			
Trade and other payables	3.9	1,026	965
Trust funds and deposits	3.10	268	200
Contract liabilities	3.11	1,044	474
Employee provisions	4.1	1,874	1,649
Interest-bearing loans and borrowings	5.1	4,023	265
Total current liabilities		8,235	3,553
Non-current liabilities			
Employee provisions	4.1	33	6
Interest-bearing loans and borrowings	5.1	127	4,150
Total non-current liabilities		160	4,156
Total liabilities		8,395	7,709
Net Assets		157,049	147,456
Equity			
Accumulated surplus		65,795	61,509
Reserves	6.1	91,254	85,947
Total Equity		157,049	147,456

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

(Amounts shown in \$000)	Note	Total Accumulated Surplus	Asset Revaluation Reserve	Fair Value Reserve	Other Reserves	
Balance as at 1 July 2021		124,131	55,060	67,810	(2,390)	3,651
Net result from continuing operations for the year		6,449	6,449	-	-	-
Fair value adjustment on equity investment asset	3.6	238	-	-	238	-
Net revaluation reserve increment/(decrement)	3.7	16,638	-	16,638	-	-
Transfers between reserves	6.1	-	-	-	-	-
Balance as at 30 June 2022		147,456	61,509	84,448	(2,152)	3,651
Net result from continuing operations for the year		4,286	4,286	-	-	-
Fair value adjustment on equity investment asset	3.6	328	-	-	328	-
Net revaluation reserve increment/(decrement)	3.7	4,979	-	4,979	-	-
Transfers between reserves	6.1	-	-	-	-	-
Balance as at 30 June 2023		157,049	65,795	89,427	(1,824)	3,651

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2023

(Amounts shown in \$000)	Note	Actual 2023	Actual 2022
Cash flows from operating activities			
Rates and charges		6,286	6,056
User fees		2,255	1,124
Grants - Recurrent		5,460	4,731
Interest		476	27
Investment revenue from water corporation		182	182
Other receipts		254	902
Net GST refund/payment		831	1,161
Payments to suppliers		(5,641)	(5,474)
Payments to employees		(4,325)	(3,848)
Finance costs paid		(56)	(65)
Net cash from (used in) operating activities	2.4	5,722	4,796
Cash flows from investing activities			
Payments for property, plant, equipment, infrastructure and intangibles		(8,402)	(10,518)
Proceeds from sale of property, plant, equipment, infrastructure and intangibles		634	392
Capital grants		5,058	1,741
Net cash from (used in) investing activities		(2,710)	(8,385)
Cash flows from financing activities			
Trust funds and deposits		68	59
Proceeds from interest bearing loans and borrowings		-	-
Repayment of interest bearing loans and borrowings		(265)	(334)
Net cash from (used in) financing activities	2.5	(197)	(275)
Net increase (decrease) in cash and cash equivalents		2,815	(3,864)
Cash and cash equivalents at the beginning of the financial year		14,636	18,500
Cash and cash equivalents at the end of the financial year	3.1	17,451	14,636

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

Notes to the Financial Report

for the year ended 30 June 2023

1 About the financial statements

This section outlines the basis on which the Council's financial statements have been prepared including key judgements and estimates and any events which occurred subsequent to balance date that required reporting.

1.1 Reporting entity

(a) Southern Midlands Council is a body corporate with perpetual succession and a common seal. Council's main office is located at 71 High Street, Oatlands.

(b) The purpose of the Council is to:

- provide for health, safety and welfare of the community;
- to improve the overall quality of life of people in the local community;
- promote appropriate business and employment opportunities

1.2 Basis of accounting

These financial statements are a general purpose financial report that consists of a Consolidated Statement of Comprehensive Income, Consolidated Financial Position, Consolidated Statement of Changes in Equity, Consolidated 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. As a result this financial report does not comply with International Financial Reporting Standards.

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 dollar.

This financial report has been prepared under the historical cost convention, except where specifically stated.

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.

Special Committees of Council have been included in this financial report. Transactions between these committees and Council have been eliminated in full.

The financial report has been prepared as a consolidated report to include all the external transactions for the subsidiary entities disclosed at note 3.13. Council has elected not to present separate financial statements (Parent) in accordance with AASB 127 Separate Financial Statements as the amounts involved are not considered material.

Notes to the Financial Report

for the year ended 30 June 2023

1.3 Use of judgements and estimates

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 4.1.

Defined benefit superannuation fund obligations

Actuarial assumptions are utilised in the determination of Council's defined benefit superannuation fund obligations. These assumptions are discussed in note 4.3.

Fair value of property, plant, equipment and infrastructure

Assumptions and judgements are utilised in determining the fair value of Council's property, plant, equipment and infrastructure including useful lives and depreciation rates. These assumptions are discussed in note 3.7.

Investment in water corporation

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 3.6.

1.4 Events occurring after balance date

No significant events occurred after balance date that require reporting.

Notes to the Financial Report

for the year ended 30 June 2023

2 Financial performance

This section outlines the financial performance of Council including its functions/activities. Details of operating income, expenses, cash flow information, management indicators compared with benchmarks and significant business activities are disclosed in the notes.

2.1 Functions/Activities of the Council

2.1a Revenue, expenses and assets attributable to each function as categorised in Note 2.1c below:

(Amounts shown in \$000)	Income from continuing operations		Expenses from continuing operations		Result from continuing operations		Assets	
	2023	2022	2023	2022	2023	2022	2023	2022
Roads and bridges	848	1,676	5,605	5,433	(4,757)	(3,757)	86,789	84,947
Stormwater	-	-	126	129	(126)	(129)	4,183	4,148
Waste management	1,220	1,100	1,338	1,218	(118)	(118)	527	434
Economic development	112	621	1,430	1,450	(1,318)	(829)	10,285	7,890
Environmental management	55	197	445	438	(390)	(241)	732	1,011
Development services	527	308	1,030	985	(503)	(677)	1,451	1,452
Community services	85	48	789	626	(704)	(578)	2,286	3,921
Recreational facilities	1,178	4,051	1,665	1,032	(487)	3,019	24,720	18,566
Governance and administration	462	186	811	503	(349)	(317)	3,212	3,473
Other - non attributable	13,297	10,320	259	244	13,038	10,076	31,259	29,323
	17,784	18,507	13,498	12,058	4,286	6,449	165,444	155,165

Grants included in Income from continuing operations:

	2023	2022
Roads and bridges	815	1,620
Stormwater	-	-
Waste management	-	-
Economic development	-	-
Environmental management	49	182
Development services	-	-
Community services	35	24
Recreational facilities	949	3,698
Governance and administration	-	-
Other - non attributable	6,645	4,702
	8,493	10,226

2.1b Reconciliation of Assets with the Statement of Financial Position at 30 June:

	2023	2022
Current assets	19,340	17,989
Non- current assets	146,104	137,176
	165,444	155,165

Notes to the Financial Report

for the year ended 30 June 2023

2.1 Functions/Activities of the Council (continued)

2.1c Nature and objective of functions/activities

Roads, streets and bridges

Construction, maintenance and cleaning of roads, footpaths, bridges, kerb and gutter and street lighting.

Stormwater

Maintenance and provision of stormwater reticulation systems.

Waste management

Collection, handling, processing and disposal of waste materials, operation of refuse disposal sites, waste transfer stations and recycling facilities.

Environmental management

Protection and enhancement of the environment, maintenance of amenity through control of statutory nuisances, environmental health and control of animal nuisances.

Economic development

Facilitation and development of local employment and economic initiatives, including streetscape improvements. Development and promotion of tourism and economic services within the municipal area.

Development services

Planning and development control, building control and related regulatory and statutory matters.

Community services

Provision of facilities and services focussed on improving the lifestyle of those that live in the Southern Midlands; assistance provided to volunteers and community based organisations; operation of youth employment and development programs and emergency services.

Recreation facilities

Provision and maintenance of recreation and sport facilities, including public halls and swimming pool. Included in this activity are parks and reserves, town beautification and associated facilities.

Governance and administration

Support for the Council and operational branches, including secretarial, computer, financial, personnel and general administrative services.

Other - not attributable

All revenues, expense and assets that cannot be attributed directly to one of the other listed functions. Includes carrying amount of non-current assets sold, State Government levies and contributions and Councillors emoluments.

Notes to the Financial Report

for the year ended 30 June 2023

2.2 Income from continuing operations

(Amounts shown in \$000)	2023	2022
Recurrent income		
2.2a Rates and charges		
General	4,876	4,637
Fire levy	260	245
Waste & garbage management	1,189	1,066
Interest and penalties	97	87
Total rates and charges	6,422	6,035
2.2b User fees		
Community safety	1	10
Growth tourism	4	4
Growth business	795	370
Landscapes cultural	-	-
Landscapes heritage	-	4
Landscapes regulatory	341	228
Landscapes natural	5	5
Lifestyle recreation	174	40
Lifestyle animals	47	76
Organisation sustainability	460	177
Organisation finances	12	22
Volunteers program	128	100
Other fees and charges	24	40
Total user fees	1,991	1,076
2.2c Grants - Recurrent		
Australian Government Financial Assistance Grants	1,217	1,850
Australian Government Financial Assistance Grants (in advance)	4,206	2,852
Landscapes youth	9	10
Landscapes natural	20	-
Other	8	19
Total recurrent grants	5,460	4,731
2.2d Interest		
Interest on financial assets	53	-
Interest on cash and cash equivalents	423	27
Total interest	476	27
2.2e Contract income		
Contracted works	110	529
Total contract income	110	529
2.2f Other income		
Government subsidies	59	62
Developer contribution	-	44
Special Committee contributions	8	200
Insurance recoveries	13	56
Sundry	54	69
Total other income	134	431

Notes to the Financial Report

for the year ended 30 June 2023

2.2 Income from continuing operations (continued)

(Amounts shown in \$000)

	2023	2022
2.2g Investment revenue from water corporation		
Dividends, tax equivalent and guarantee fees received	182	182
<i>Total investment revenue from water corporation</i>	182	182
Total recurrent income	14,775	13,011
2.2h Net capital income		
Grants - capital		
Australian Government - Roads	666	666
Australian Government - Local Roads and Community Infrastructure	1,285	578
Australian Government - Black Spot	150	-
Australian Government - Black Summer Bushfire Grant	332	60
Australian Government - Broadmarsh Streetscape	-	230
Australian Government - Campania Bush Reserve Shared Pathway	-	92
Australian Government - Charge Smart	45	-
Australian Government - Kempton Town Development	-	45
Australian Government - Lake Dulverton Conservation Area Walkway	-	163
Australian Government - Oatlands Aquatic Centre	500	3,500
Australian Government - Oatlands Underground Power Project	-	125
Landscapes natural	5	19
Lifestyles recreation	50	17
<i>Total grants - capital</i>	3,033	5,495
2.2i Net gain/(loss) on disposal of property, plant, equipment and infrastructure		
Proceeds of sale of non-current assets	562	392
Written down value of non-current assets disposed	(586)	(391)
<i>Total gain/(loss)</i>	(24)	1
Total net capital income	3,009	5,496
Total income from continuing operations	17,784	18,507

Notes to the Financial Report

for the year ended 30 June 2023

2.2 Income from continuing operations (continued)

(Amounts shown in \$000)

2023

2022

2.2j Grants received by funding source and conditions attached**Funding source**

Australian Government	8,401	10,161
Other	92	65
Total	8,493	10,226

The Australian Government provides untied Financial Assistance Grants to Council for general purpose use and the provision of local roads. In both years the Australian Government made early payment of the first two quarterly instalments for the following year. The early receipt of instalments resulted in Australian Government Financial Assistance Grants being above that originally budgeted in 2022-23 by \$4,026,000 (2021-22 by \$2,852,000). This has impacted the Statement of Comprehensive Income resulting in the result from continuing operations being higher by the same amount.

Unspent grants

Grants which were obtained on the condition that they be spent for specified purposes or in a future period, but which are not yet spent in accordance with those conditions, are as follows

Operating

Balance of unspent funds at 1 July	2,852	1,808
Add: Funds recognised as revenue in the year but not yet spent in accordance with the conditions	4,206	2,852
Add: Funds received and not recognised as revenue in the year	-	-
Less: Funds recognised as revenue in previous years that have been spent during the year	(2,852)	(1,808)
Less: Funds received in prior year but revenue recognised and funds spent in the year	-	-
Balance of unspent funds at 30 June	4,206	2,852

Capital

Balance of unspent funds at 1 July	474	2,602
Add: Funds recognised as revenue in the year but not yet spent in accordance with the conditions	-	-
Add: Funds received and not recognised as revenue in the year	1,044	2,701
Less: Funds recognised as revenue in previous years that have been spent during the year	-	-
Less: Funds received in prior year but revenue recognised and funds spent in the year	(474)	(4,829)
Balance of unspent funds at 30 June	1,044	474
Total unspent grants	5,250	3,326

2.2k Recognition and measurement**Rates and charges**

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

User fees

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

Notes to the Financial Report

for the year ended 30 June 2023

2.2 Income from continuing operations (continued)

Grants - recurrent and capital

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 the approval to proceed and staged completion milestones during the construction phase of roads and other community infrastructure, such as the Oatlands Aquatic Centre.

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.

Interest

Interest is recognised progressively as it is earned.

Contract income

As soon as the outcome of construction contracts can be estimated reliably, contract revenue and expenses are recognised in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. Any expected loss on a contract is recognised immediately.

Other income

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 as lessor

Council is a lessor and enters into agreements with a number of lessees. These include only 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.

Notes to the Financial Report

for the year ended 30 June 2023

2.2 Income from continuing operations (continued)

Investment revenue from water corporation

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

Contributions

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

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

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

Notes to the Financial Report

for the year ended 30 June 2023

2.3 Expenses from continuing operations

(Amounts shown in \$000)	2023	2022
2.3a Employee benefits		
Wages and salaries	3,215	3,016
Other employee costs	1,846	1,383
	5,061	4,399
Less amounts capitalised	(484)	(522)
Total employee benefits	4,577	3,877
2.3b Materials and contracts		
Advertising	35	47
Bank charges and commissions	17	21
Callington Mill	7	-
Computer system operation	183	252
Consultancies	146	209
Contractor labour and services	304	448
Council plant & machinery	296	266
Donations and grants	53	52
Gravel purchases	25	111
Household garbage and recycling collection contract	299	292
Insurance premiums	177	151
Legal expenses	17	39
Office expenses	95	99
Plant and machinery hire (external)	291	266
Power costs (including street lighting)	230	137
Repairs and maintenance	208	206
Subscriptions and publications	54	54
Telecommunications	27	20
Waste transfer, transport and disposal contracts	532	448
Water purchases	35	46
Valuation fees (supplementary valuations)	25	13
Volunteer services	129	100
Other materials and contracts	630	427
Total materials and contracts	3,815	3,704
2.3c Depreciation and amortisation		
Property		
Buildings	803	674
Plant and equipment		
Plant and machinery	314	215
Furniture and fixtures	37	28
Minor plant	16	13
Infrastructure		
Roads	2,324	2,244
Bridges	415	403
Stormwater	62	57
Waste management	23	24
Total depreciation	3,994	3,658
Amortisation of intangibles	74	39
Total depreciation and amortisation	4,068	3,697

Notes to the Financial Report

for the year ended 30 June 2023

2.3 Expenses from continuing operations (continued)

(Amounts shown in \$000)	2023	2022
2.3d Contributions		
Fire service levy	258	245
Total contributions	258	245
2.3e Finance costs		
Interest - Borrowings	56	65
Total finance costs	56	65
2.3f Other expenses		
Councillors allowances	143	140
Election costs	42	3
External auditors' remuneration	53	34
Bad & doubtful debts	3	-
Private works	437	258
Other	46	35
Total other expenses	724	470
Total expenses from continuing operations	13,498	12,058

2.3g Recognition and measurement

Expenses are recognised in the Consolidated 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. Further details of the nature and method of recognition and measurement of each expense item are set out below.

Employee benefits

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits. See also note 4.1.

Materials and contracts

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.

Depreciation and amortisation

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.

Notes to the Financial Report

for the year ended 30 June 2023

2.3 Expenses from continuing operations (continued)

Land 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 is reviewed 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.

Major depreciation and amortisation periods used are listed below and are consistent with the prior year unless otherwise stated:

	Period
Buildings	10 - 50 years
Plant and equipment	
Plant and machinery	2 to 15 years
Furniture and fixtures	5 to 100 years
Minor plant	0 to 2 years
Infrastructure assets	10 to 150 years
Intangibles	5 years

Finance costs

Finance costs represent interest on interest-bearing loans and borrowings. Interest is expensed as it accrues and no interest has been capitalised during the current or comparative reporting period.

Contributions

Contributions represents the remittance of amounts to the Tasmanian Fire Service for fire service levies collected through rates.

Other expenses

Other expenses represent items which individually are not material for separate disclosure on the Consolidated Statement of Comprehensive Income.

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

(Amounts shown in \$000)	2023	2022
Net result from continuing operations for the year	4,286	6,449
Depreciation and amortisation	4,068	3,697
Net gain/(loss) on disposal of property, plant, equipment and infrastructure	24	(1)
Bad & doubtful debts	-	-
Grants - capital	(5,058)	(1,741)
Change in assets and liabilities:		
Decrease/(increase) in trade and other receivables	129	(38)
Decrease/(increase) in contract assets	1,355	(1,686)
Decrease/(increase) in other assets	35	48
Increase/(decrease) in contract liabilities	570	(2,128)
Increase/(decrease) in trade and other payables	61	167
Increase/(decrease) in employee provisions	252	29
<i>Net cash provided by/(used in) operating activities</i>	5,722	4,796
<i>Reconciliation of cash and cash equivalents</i>		
Cash and cash equivalents	17,451	14,636
<i>Total reconciliation of cash and cash equivalents</i>	17,451	14,636

Notes to the Financial Report

for the year ended 30 June 2023

2.5 Reconciliation of liabilities arising from financing activities

(Amounts shown in \$000)	2023	2022
Trust funds and deposits		
<i>Balance at the beginning of the financial year</i>	200	141
Net movements	68	59
<i>Balance at the end of the financial year</i>	268	200
Interest-bearing loans and borrowings		
<i>Balance at the beginning of the financial year</i>	4,415	4,749
New borrowings	-	-
Cash repayments	(265)	(334)
<i>Balance at the end of the financial year</i>	4,150	4,415

2.6 Management indicators

(Amounts shown in \$000)	Benchmark	2023	2022	2021	2020
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2.6a Underlying surplus or deficit

Recurrent income* less		13,397	11,968	10,913	11,332
recurrent expenditure		13,498	12,058	10,948	11,207
Underlying surplus/deficit	> \$0	(101)	(90)	(35)	125

* Recurrent income excludes income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature as set out below:

Income from continuing operations	17,784	18,507
Less non-operating income		
Financial Assistance Grant in advance - prior year	2,852	1,808
Financial Assistance Grant in advance - current year	(4,206)	(2,852)
Grants - Capital	(3,033)	(5,495)
Recurrent income	13,397	11,968
Expenses from continuing operations	13,498	12,058
Recurrent expenditure	13,498	12,058

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

The underlying surplus/deficit assesses overall financial operating effectiveness and Council has returned a small deficit in the current year and the prior year, slightly lower than the benchmark of breakeven.

2.6b Underlying surplus or deficit ratio

Underlying surplus or deficit		(101)	(90)	(35)	125
Recurrent income*		13,397	11,968	10,913	11,332
Underlying surplus or deficit ratio %	> 0%	-0.8%	-0.8%	-0.3%	1.1%

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

Notes to the Financial Report

for the year ended 30 June 2023

2.6 Management indicators (continued)

(Amounts shown in \$000)	Benchmark	2023	2022	2021	2020
2.6c Net financial liabilities					
Liquid assets less total liabilities		18,484	15,798	19,624	15,094
Net financial liabilities	> \$0	8,395	7,709	9,916	4,565
		10,089	8,089	9,708	10,529

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. As noted liquid assets are substantially higher than total liabilities.

2.6d Net financial liabilities ratio

Net financial liabilities		10,089	8,089	9,708	10,529
Recurrent income*		13,397	11,968	10,913	11,332
Net financial liabilities ratio %	0% - (50%)	75.3%	67.6%	89.0%	92.9%

This ratio indicates the net financial obligations of Council compared to its recurrent income. This ratio is well in excess of benchmark and indicates a strong liquidity position.

2.6e Asset consumption ratio

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

Transport Infrastructure

Fair value (Carrying amount)		79,291	78,330	61,295	60,806
Current replacement cost (Gross)		159,867	156,212	122,666	120,488
Asset consumption ratio %	> 60%	49.6%	50.1%	50.0%	50.5%

Buildings

Fair value (Carrying amount)		32,292	22,685	22,389	15,422
Current replacement cost (Gross)		57,908	47,810	46,855	26,463
Asset consumption ratio %	> 60%	55.8%	47.4%	47.8%	58.3%

Drainage

Fair value (Carrying amount)		4,143	4,148	3,732	3,778
Current replacement cost (Gross)		5,833	5,776	5,303	5,295
Asset consumption ratio %	> 60%	71.0%	71.8%	70.4%	71.4%

An asset consumption ratio has been calculated in relation to each asset class required to be included in council's long term strategic asset management plan.

The ratios assess the level of service potential in council's existing assets. The higher the percentage, the greater future service potential is available to provide service to ratepayers. The percentage results indicate that council must increase its investment in the renewal and replacement of existing assets. This is recognised in council's long term financial management strategy and plan.

Notes to the Financial Report

for the year ended 30 June 2023

2.6 Management indicators (continued)

(Amounts shown in \$'000)

2.6f Asset renewal funding ratio

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

Transport Infrastructure

Projected capital funding outlays**		25,044	23,866	22,300	19,474
Projected capital expenditure funding***		26,240	24,205	19,881	20,475
Asset renewal funding ratio %	90-100%	95.4%	98.6%	112.2%	95.1%

Buildings

Projected capital funding outlays**		6,743	6,861	3,600	3,600
Projected capital expenditure funding***		6,550	6,270	3,375	3,708
Asset renewal funding ratio %	90-100%	102.9%	109.4%	106.7%	97.1%

Stormwater

Projected capital funding outlays**		486	526	486	486
Projected capital expenditure funding***		558	468	486	486
Asset renewal funding ratio %	90-100%	87.1%	112.4%	100.0%	100.0%

** 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.

The asset renewal funding ratio is issued to assess council's capacity to fund future asset replacement requirements. This is in line with Council's long term financial management strategy and associated financial plan.

2.6g Asset sustainability ratio

Capex on replacement/renewal of existing assets		4,324	4,034	2,530	2,374
Annual depreciation and amortisation expense		4,068	3,697	3,322	3,170
Asset sustainability ratio %	100.0%	106.3%	109.1%	76.2%	74.9%

The asset sustainability ratio assesses the extent to which council is maintaining operating capacity through renewal of its existing asset base. Whilst results may be below the nominated benchmark, it needs to be recognised that the actual need to expend funds on the renewal or replacement of assets can fluctuate substantially from year to year, whilst annual depreciation is fairly constant.

Notes to the Financial Report

for the year ended 30 June 2023

2.6 Management indicators (continued)

(Amounts shown in \$000)

	Capital renewal expenditure	Capital new /upgrade expenditure	Total Capital Expenditure
2023			
By asset class (including work in progress)			
Land	-	12	12
Buildings	373	3,735	4,108
Plant and machinery	669	-	669
Furniture and fixtures	73	-	73
Minor plant	25	-	25
Roads	2,878	259	3,137
Bridges	40	-	40
Stormwater	57	-	57
Waste management	4	-	4
Intangibles	205	-	205
Total	4,324	4,006	8,330
2022			
By asset class (including work in progress)			
Land	-	26	26
Buildings	316	4,915	5,231
Plant and machinery	1,188	-	1,188
Furniture and fixtures	21	-	21
Minor plant	5	-	5
Roads	2,052	1,043	3,095
Bridges	310	-	310
Stormwater	-	466	466
Waste management	-	34	34
Intangibles	142	-	142
Total	4,034	6,484	10,518

2.7 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 has determined, based upon materiality that it does not have any significant business activities.

Notes to the Financial Report

for the year ended 30 June 2023

3 Asset base

This section outlines the assets held by Council used to generate its financial performance and services for the community and operating liabilities incurred as a result, excluding employee provisions and interest bearing long term debts which are discussed in section 4 *People* and 5 *Debt and Risk Management* respectively.

3.1 Cash and cash equivalents

(Amounts shown in \$000)	2023	2022
Cash at bank and on hand	6,496	2,805
Term deposits (3 months or less)	10,955	11,831
<i>Total cash and cash equivalents</i>	17,451	14,636

Council's cash and cash equivalents are subject to a number of external restrictions and internal commitments that limit amounts available for discretionary or future use. These following amounts represent the balance of restricted funds:

Restricted funds

- Trust funds and deposits (note 3.10)	268	200
- Unspent grant funds with conditions (notes 2.2j)	5,250	3,326
	5,518	3,526

Internally committed funds

- Special committees of Council	89	77
- Heritage Building Solutions Pty Ltd (note 3.13)	32	247
- Heritage Education and Skills Centre Ltd (note 3.13)	10	32
Restricted and internally committed funds	5,649	3,882
Total unrestricted and uncommitted cash and cash equivalents	11,802	10,754

Restricted and internally committed funds represent:

- i) Trust funds and deposits, including refundable building, contract and other refundable amounts held in trust by Council for completion of specific purposes.
- ii) Unspent grant funds with conditions until specific performance obligations required under funding arrangements are completed.
- iii) Funds held by special committees and subsidiary companies.

Recognition and measurement

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, deposits at call, and other liquid investments. See note 5 for significant terms and conditions.

3.2 Trade and other receivables

(Amounts shown in \$000)	2023	2022
Rates debtors	842	678
Other debtors	191	484
<i>Total trade and other receivables</i>	1,033	1,162

Notes to the Financial Report

for the year ended 30 June 2023

3.2 Trade and other receivables (continued)

Recognition and measurement

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

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

3.3 Contract assets

(Amounts shown in \$000)	2023	2022
Contract assets for work in progress	500	1,855
<i>Total contract assets</i>	<u>500</u>	<u>1,855</u>

Recognition and measurement

Council recognises a contract asset for work in progress where a performance obligation is satisfied by transferring a promised good or service to the customer, before the customer pays consideration or the payment is due. Contract assets are transferred to receivables when the right to receive payment becomes unconditional. Council recognised a contract asset for construction of the Oatlands Aquatic Centre. Council reviews contract assets for impairment. This project is expected to be completed and funds received within the next 12 months. There is no impairment.

3.4 Assets held for sale

(Amounts shown in \$000)	2023	2022
Land held for resale	155	100
<i>Total assets held for sale</i>	<u>155</u>	<u>100</u>

Recognition and measurement

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

Notes to the Financial Report

for the year ended 30 June 2023

3.5 Other assets

(Amounts shown in \$000)	2023	2022
Stores and materials	201	228
Subsidiary work in progress	-	8
<i>Total other assets</i>	<u>201</u>	<u>236</u>

Recognition and measurement

Stores and materials are held for use by Council and are measured at cost. Subsidiary work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost. Cost includes all expenditure directly related to specific projects and an allocation of fixed and variable overhead incurred in the contract activities based on normal operating capacity.

3.6 Investment in water corporation

(Amounts shown in \$000)	2023	2022
Opening Balance	11,586	11,348
Change in fair value of investment	328	238
<i>Total investment in water corporation</i>	<u>11,914</u>	<u>11,586</u>

Recognition and measurement

As Council's investment in TasWater is held for long-term strategic purposes, Council has elected under AASB 9: Financial Instruments to irrevocably classify this equity investment as designated as fair value through other comprehensive income. Subsequent changes in fair value on designated investments in equity instruments are recognised in other comprehensive income (for fair value reserve, refer note 6.1) and not reclassified through the profit or loss when derecognised. Dividends associated with the equity investments are recognised in profit and loss when the right of payment has been established and it can be reliably measured. Fair value was determined by using Council's ownership interest against TasWater's net asset value at balance date. At 30 June 2023, Council held a 0.68% ownership interest in TasWater (2022: 0.70%) which is based on Schedule 2 of the Corporation's Constitution which reflects the Council's voting rights.

Notes to the Financial Report

for the year ended 30 June 2023

3.7 Property, plant, equipment, infrastructure and intangibles

(Amounts shown in \$000)	Gross book value		Accumulated depreciation		Total	
	2023	2022	2023	2022	2023	2022
Property						
<i>At fair value</i>						
Land	8,978	4,932	-	-	8,978	4,932
Land under roads	3,474	3,474	-	-	3,474	3,474
Buildings	57,908	47,810	(25,616)	(25,125)	32,292	22,685
Total property	70,360	56,216	(25,616)	(25,125)	44,744	31,091
Plant and equipment						
<i>At cost</i>						
Plant and machinery	4,671	4,523	(1,627)	(1,582)	3,044	2,941
Furniture and fixtures	754	681	(499)	(462)	255	219
Minor plant	366	341	(307)	(291)	59	50
Total plant and equipment	5,791	5,545	(2,433)	(2,335)	3,358	3,210
Infrastructure						
<i>At fair value</i>						
Roads	127,618	124,772	(68,868)	(66,543)	58,750	58,229
Bridges	32,249	31,440	(11,708)	(11,339)	20,541	20,101
Stormwater	5,833	5,776	(1,690)	(1,628)	4,143	4,148
Waste management	369	365	(169)	(146)	200	219
Total infrastructure	166,069	162,353	(82,435)	(79,656)	83,634	82,697
Work in progress	2,161	8,431	-	-	2,161	8,431
Intangibles	765	698	(472)	(537)	293	161
Total property, plant, equipment, infrastructure and intangibles	245,146	233,243	(110,956)	(107,653)	134,190	125,590

Notes to the Financial Report

for the year ended 30 June 2023

3.7 Property, plant, equipment, infrastructure and intangibles (continued)

(Amounts shown in \$'000)	Balance at beginning of financial year	Acquisition of assets	Revaluation increase (decrease)	Depreciation and amortisation	Written down value of disposals	Transferred to held for sale	Impairment of assets	Balance at end of financial year
2023								
<i>Property</i>								
Land	4,932	35	4,194	-	(183)	-	-	8,978
Land under roads	3,474	-	-	-	-	-	-	3,474
Buildings	22,685	10,527	-	(803)	(117)	-	-	32,292
Total property	31,091	10,562	4,194	(803)	(300)	-	-	44,744
<i>Plant and equipment</i>								
Plant and machinery	2,941	669	-	(314)	(252)	-	-	3,044
Furniture and fixtures	219	73	-	(37)	-	-	-	255
Minor plant	50	25	-	(16)	-	-	-	59
Total plant and equipment	3,210	767	-	(367)	(252)	-	-	3,358
<i>Infrastructure</i>								
Roads	58,229	2,845	-	(2,324)	-	-	-	58,750
Bridges	20,101	159	730	(415)	(34)	-	-	20,541
Stormwater	4,148	57	-	(62)	-	-	-	4,143
Waste management	219	4	-	(23)	-	-	-	200
Total infrastructure	82,697	3,065	730	(2,824)	(34)	-	-	83,634
<i>Work in progress</i>	8,431	(6,270)	-	-	-	-	-	2,161
<i>Intangibles</i>	161	206	-	(74)	-	-	-	293
Total property, plant, equipment, infrastructure and intangibles	125,590	8,330	4,924	(4,068)	(586)	-	-	134,190

Notes to the Financial Report

for the year ended 30 June 2023

3.7 Property, plant, equipment, infrastructure and intangibles (continued)

(Amounts shown in \$000)	Balance at beginning of financial year	Acquisition of assets	Revaluation increase (decrease)	Depreciation and amortisation	Written down value of disposals	Transferred to held for sale	Impairment of assets	Balance at end of financial year
2022								
<i>Property</i>								
Land	4,932	-	-	-	-	-	-	4,932
Land under roads	3,051	-	423	-	-	-	-	3,474
Buildings	22,389	970	-	(674)	-	-	-	22,685
Total property	30,372	970	423	(674)	-	-	-	31,091
<i>Plant and equipment</i>								
Plant and machinery	2,359	1,188	-	(215)	(391)	-	-	2,941
Furniture and fixtures	226	21	-	(28)	-	-	-	219
Minor plant	58	5	-	(13)	-	-	-	50
Total plant and equipment	2,643	1,214	-	(256)	(391)	-	-	3,210
<i>Infrastructure</i>								
Roads	42,566	3,237	14,670	(2,244)	-	-	-	58,229
Bridges	18,729	230	1,545	(403)	-	-	-	20,101
Stormwater	3,732	473	-	(57)	-	-	-	4,148
Waste management	209	34	-	(24)	-	-	-	219
Total infrastructure	65,236	3,974	16,215	(2,728)	-	-	-	82,697
<i>Work in progress</i>	4,213	4,218	-	-	-	-	-	8,431
<i>Intangibles</i>	58	142	-	(39)	-	-	-	161
Total property, plant, equipment, infrastructure and intangibles	102,522	10,518	16,638	(3,697)	(391)	-	-	125,590

Recognition and measurement

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.

Notes to the Financial Report

for the year ended 30 June 2023

3.7 Property, plant, equipment, infrastructure and intangibles (continued)

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. Council has adopted the following valuation bases for each asset class.

	Threshold	Valuation Bases
	\$	
Property		
Land	1	Fair value
Land under roads	1	Fair value
Buildings	1	Fair value
Plant and equipment		
Plant and machinery	1,000	Cost
Furniture and fixtures	1,000	Cost
Minor plant	1,000	Cost
Infrastructure		
Roads	1	Fair value
Bridges	5,000	Fair value
Stormwater	3,000	Fair value
Waste management	3,000	Cost
Intangibles		
	1,000	Cost

Subsequent to the initial recognition of assets, non-current physical assets, other than those noted above, are measured at their fair value in accordance with AASB 116 Property, Plant & Equipment and AASB 13 Fair Value Measurement. At balance date, Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset class materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

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

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

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

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

Notes to the Financial Report

for the year ended 30 June 2023

3.8 Right of use assets

Council had no non-concessionary leases during the year and has not recognised any associated right of use assets or lease liabilities at a balance date.

Concessionary leases

Council has 3 concessionary leases with the Crown in Right of Tasmania for land and buildings within the municipality. Council uses these leased assets for community facilities, public recreation and the provision of infrastructure. Council is dependent on these leases to further its objectives. The consideration paid for each of these leases is "peppercorn", with lease fees of \$1 per annum if demanded, over lease terms of between 10 and 40 years. The lease liability for these leases is immaterial and, in accordance with Council's accounting policy to measure right of use assets arising from concessionary leases at the initial measurement of the lease liability, the right of use assets are also immaterial and have not been recognised.

Recognition and measurement

Council as lessee

In contracts where Council is a lessee, Council recognises a right of use asset and a lease liability at the commencement date of the lease, unless the short term or low value exemption is applied.

A right of use asset is initially measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made before the commencement date (reduced by lease incentives received), plus initial direct costs incurred in obtaining the lease and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Where right of use assets are recognised they are measured as described in the accounting policy for property, infrastructure, plant and equipment in note 3.6. Also, Council will apply AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the aforesaid note.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Concessionary leases

For leases that have significantly below market terms and conditions principally to enable the Council to further its objectives, commonly known as "peppercorn (concessionary) leases", Council has elected to measure a class (or classes) of right-of-use assets arising under 'concessionary leases' at initial recognition at cost, in accordance with AASB16.23–25. Cost being the initial measurement of the lease liability.

Notes to the Financial Report

for the year ended 30 June 2023

3.9 Trade and other payables

(Amounts shown in \$000)	2023	2022
Payables and accruals	632	615
Rates and charges in advance	292	264
Payroll oncosts on employee entitlements	102	86
Total trade and other payables	1,026	965

Recognition and measurement

Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received. General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt. Rates and charges in advance represents amounts received by Council prior to the commencement of the rating or charging period. Revenue is recognised by Council at the beginning of the rating or charge period to which the advance payment relates.

3.10 Trust funds and deposits

(Amounts shown in \$000)	2023	2022
Tender deposits and funds held on trust	268	200
Total trust funds and deposits	268	200

Recognition and measurement

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

3.11 Contract liabilities

(Amounts shown in \$000)	2023	2022
Grants received in advance	1,044	474
Total contract liabilities	1,044	474

Recognition and measurement

Grants received but unspent to construct Council controlled assets represent funding for construction projects for community infrastructure. The funds received are under enforceable contracts which require Council to perform specific obligations to construct identified assets for the community infrastructure projects which will be under Council's control on completion. The revenue is recognised as Council constructs the assets and the contract liability reflects the funding received which cannot yet be recognised as revenue. Revenue is expected to be recognised in the next 12 months.

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

Grants to construct Council controlled assets	474	4,829
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Notes to the Financial Report

for the year ended 30 June 2023

3.12 Fair value measurements

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

Investment in water corporation as disclosed at note 3.6

Property and infrastructure as disclosed at note 3.7

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

Council also has assets measured at fair value on a non-recurring basis as a result of being reclassified as assets held for sale. These comprise land as disclosed in note 3.4. A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading 'Assets held for sale'.

(a) Fair Value Hierarchy

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

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

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

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.

Notes to the Financial Report

for the year ended 30 June 2023

3.12 Fair value measurements (continued)

(Amounts shown in \$000)	Level 1		Level 2		Level 3		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Fair value measurements								
Recurring								
Property								
Land	-	-	8,978	4,932	-	-	8,978	4,932
Land under roads	-	-	3,474	3,474	-	-	3,474	3,474
Buildings	-	-	-	-	32,292	22,685	32,292	22,685
Infrastructure								
Roads	-	-	-	-	58,750	58,229	58,750	58,229
Bridges	-	-	-	-	20,541	20,101	20,541	20,101
Stormwater	-	-	-	-	4,143	4,148	4,143	4,148
Waste management	-	-	-	-	200	219	200	219
Total recurring	-	-	12,452	8,406	115,926	105,382	128,378	113,788
Non-recurring								
Assets held for sale	155	100	-	-	-	-	155	100
Total non-recurring	155	100	-	-	-	-	155	100

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

AASB 13 requires the fair value of non-financial assets to be calculated based on their "highest and best use". Council considers that all assets in this note are being used for their highest and best use.

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

Investment in water corporation

Refer to 3.6 for details of valuation techniques used to derive fair values.

Land

Land fair values were determined by the Valuer General as at 1 July 2022. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current planning provisions. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

Notes to the Financial Report

for the year ended 30 June 2023

3.12 Fair value measurements (continued)

Land held for sale

Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification. The fair value of the land was determined using the approach described in the preceding paragraph.

Land under roads

Land under roads is based on valuations determined by the Valuer-General effective 1 July 2019, using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights, private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation.

Buildings

Council considers that all its buildings are of a specialist nature (eg heritage buildings) and there is no active market for the assets. Fair value has been determined on the basis of replacement with a new asset having similar service potential. The gross current values have been determined by Council officers with reference to market data for recent projects and costing guides as at 1 July 2020.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use.

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of residual value and useful life that are used to calculate accumulated depreciation comprise unobservable inputs (level 3).

Infrastructure assets

All Council infrastructure assets were fair valued using written down current replacement cost (CRC). This valuation comprises the asset's gross replacement cost 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 2.3.

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

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

Roads

Council categorises its road infrastructure into sealed and unsealed roads and then further sub-categorises these based on an assessment of vehicle movements and social and economic importance. Roads are managed in segments. All road segments are then compartmentised 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.

Notes to the Financial Report

for the year ended 30 June 2023

3.12 Fair value measurements (continued)

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 contract rates, supplier price lists and Council's labour wage rates. When construction is outsourced, CRC is based on the average of similar completed projects over the last few years. Council engaged Moloney Asset Management, an independent valuer, to undertake a valuation of roads as at 30 June 2022.

Bridges

Council engaged Auspan, an independent valuer, to undertake valuation of bridges as at 30 June 2023. 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

Council engaged the Brighton Council Municipal Engineer to undertake the valuation of stormwater as at 1 July 2015. 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.

Other Infrastructure

Other infrastructure is not deemed to be significant in terms of the Consolidated Statement of Financial Position.

(d) Changes in recurring level 3 fair value measurements

The changes in level 3 property and infrastructure assets with recurring fair value measurements are detailed in note 3.7 (Property, plant, equipment and infrastructure). Investment in water corporation, which is classified as level 3 has been separately disclosed in note 3.6.

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

(e) Valuation processes

At the end of each year Council assess whether the carrying amount of its assets varies significantly from the fair value. This is done by consideration of changes in utilisation, obsolescence, assessment of unit rates, patterns of consumption, residual life, useful life, condition and remaining useful life.

Based on this assessment assets may need to be revalued and/or depreciation rates changed.

(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.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 5.3 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).

Notes to the Financial Report

for the year ended 30 June 2023

3.13 Investments in subsidiaries

Heritage Building Solutions Pty Ltd and Heritage Education & Skills Centre Pty Ltd (HESC) are small proprietary companies controlled by Council and are not reporting entities.

The following transactions were recorded for the current and prior financial years. The balances disclosed have been consolidated into Council's balances. All inter-entity transactions and balances between Council and these subsidiary companies have been eliminated.

(Amounts shown in \$000)	2023	2022
Heritage Building Solutions Pty Ltd		
Statement of Comprehensive Income		
Revenue	117	824
Expenses	(327)	(769)
Total Comprehensive Income for the year	(210)	55
Statement of Financial Position		
Assets	61	542
Liabilities	(46)	(317)
Total Equity	15	225
Heritage Education & Skills Centre Pty Ltd		
Statement of Comprehensive Income		
Revenue	50	-
Expenses	(5)	(2)
Total Comprehensive Income for the year	45	(2)
Statement of Financial Position		
Assets	10	32
Liabilities	-	(67)
Total Equity	10	(35)

Notes to the Financial Report

for the year ended 30 June 2023

4 People

This section outlines the amounts provided for employee benefits during and post employment and related party transactions.

4.1 Employee provisions

(Amounts shown in \$000)

	2023	2022
Current		
Annual leave	832	571
Long service leave	727	797
Personal	315	281
Total current	1,874	1,649
Non-current		
Long service leave	33	6
Total non-current	33	6
Total employee provisions	1,907	1,655
Description of current and non-current components of employee provisions		
Current		
All annual leave and the long service leave entitlements representing 10 or more years of continuous service:		
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value.	1,147	852
- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value.	727	797
	1,874	1,649
Non-current		
Long service leave representing less than 10 years of continuous service measured at present value.		
	33	6
	33	6
Number of employees (full time equivalents)	52	46

Notes to the Financial Report

for the year ended 30 June 2023

4.1 Employee Provisions (continued)*Movements in employee provisions during the financial year*

(Amounts shown in \$000)	Annual leave		Long service leave		Personal			Total
	2023	2022	2023	2022	2023	2022	2023	2022
Balance at beginning of the year	571	496	803	847	281	283	1,655	1,626
Additional provisions	495	433	81	28	163	112	739	573
Amounts used	(234)	(358)	(124)	(72)	(129)	(114)	(487)	(544)
Balance at end of the year	832	571	760	803	315	281	1,907	1,655

Recognition and measurement*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.

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.

Personal leave

Council's Enterprise Bargaining Agreement provides for employees who resign from their position with Council to be paid a percentage of their sick leave balance based on completed years of service, plus a gratuity amount.

Notes to the Financial Report

for the year ended 30 June 2023

4.2 Related party transactions

Responsible Persons

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

Councillors	Mayor E C Batt	4 November 2022 to 30 June 2023	
	Mayor A O Green	1 July 2022 to 3 November 2022	
	Deputy Mayor K Dudgeon	4 November 2022 to 30 June 2023	
	Deputy Mayor E C Batt	1 July 2022 to 3 November 2022	
	Councillor A R Bantick	1 July 2022 to 3 November 2022	
	Councillor A E Bisdee OAM	1 July 2022 to 30 June 2023	
	Councillor D Blackwell	1 July 2022 to 30 June 2023	
	Councillor D F Fish	1 July 2022 to 30 June 2023	
	Councillor A O Green	4 November 2022 to 30 June 2023	
	Councillor R McDougall	1 July 2022 to 30 June 2023	
	Councillor F Miller	1 July 2022 to 30 June 2023	
	General Manager	Mr T F Kirkwood	1 July 2022 to 30 June 2023

Councillor remuneration

(Amounts shown in \$)

	Allowances	Compensation M&S 124	Kilometre reimbursements	Communications	Other	Total Allowances and Expenses section 72
2023						
E C Batt	35,013	35,013	3,119	1,100	-	39,232
K Dudgeon	19,432	19,432	2,512	266	-	22,210
A R Bantick	2,855	2,855	-	-	-	2,855
A E Bisdee OAM	11,641	11,641	4,504	780	-	16,925
D Blackwell	7,834	7,834	2,090	961	-	10,885
D F Fish	11,641	11,641	-	780	-	12,421
A O Green	13,324	13,324	-	-	-	13,324
R McDougall	11,641	11,641	2,875	360	-	14,876
F Miller	7,834	7,834	516	1,458	-	9,808
Total	121,215	121,215	15,616	5,705	-	142,536

Notes to the Financial Report

for the year ended 30 June 2023

4.2 Related party transactions (continued)

(Amounts shown in \$)

	Allowances	Compensation AASB 124	Kilometre reimbursements	Communications	Other	Total Allowances and Expenses section 72
2022						
A O Green	42,684	42,684	4,543	1,682	-	48,909
E C Batt	22,616	22,616	1,395	1,100	-	25,111
A R Bantick	11,339	11,339	1,567	780	-	13,686
A E Bisdee OAM	11,339	11,339	1,327	780	-	13,446
K Dudgeon	11,339	11,339	1,813	-	-	13,152
D F Fish	11,339	11,339	-	780	-	12,119
R McDougall	11,339	11,339	1,760	390	-	13,489
Total	121,995	121,995	12,405	5,512	-	139,912

Allowances - statutory allowances as paid in accordance with the Local Government Act 1993.

Kilometre reimbursements - reimbursement for kilometres travelled while on Council business at a rate per kilometre.

Communications - allowances paid to Councillors to reimburse telephone and internet usage costs.

Other - cost of electronic funds transfer.

Key Management Personnel remuneration

		Short term benefits			Post employment benefits			
		Salary	Vehicles	Other benefits	Superannuation	Termination benefits	Other non- monetary benefits	Total
2023								
Remuneration band	Employees							
\$ 60 001 - \$80 000	1 (part year)	47,983	-	300	6,718	-	5,644	60,645
\$100 001 - \$120 000	1	98,439	-	300	13,535	-	3,422	115,696
\$160 001 - \$180 000	1	124,059	4,920	300	13,195	-	21,438	163,912
\$200 001 - \$220 000	1	151,271	3,977	300	20,219	-	27,506	203,273
\$240 001 - \$260 000	1	194,950	10,296	300	27,116	-	21,157	253,819
		616,702	19,193	1,500	80,783	-	79,167	797,345

Notes to the Financial Report

for the year ended 30 June 2023

4.2 Related party transactions (continued)

		Short term benefits			Post employment benefits			Total
		Salary	Vehicles	Other benefits	Superannuation	Termination benefits	Other non-monetary benefits	
2022								
Remuneration band	Employees							
\$ 80 001 - \$100 000	1 (part year)	66,616	2,489	300	2,521	-	(30,543)	41,383
\$100 001 - \$120 000	1	89,405	-	300	11,724	-	6,766	108,195
\$120 001 - \$140 000	1	111,254	3,438	300	11,332	-	11,186	137,510
\$160 001 - \$180 000	1	136,726	2,050	300	18,017	-	7,380	164,473
\$220 001 - \$240 000	1	184,871	10,956	300	24,416	-	10,547	231,090
		588,872	18,933	1,500	68,010	-	5,336	682,651

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

Vehicles - 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).

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.

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

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

Other non-monetary benefits - include annual and long service leave movements.

Directors of subsidiary companies remuneration

One director of Heritage Building Solutions Pty Ltd and Heritage Education & Skills Centre Pty Ltd was paid director and management fees of \$12,286. In the prior year, two directors were paid a total of \$47,803.

Remuneration Principles

Councillors

Councillor allowances are paid in accordance with those set by Regulation 42 (2) of the Local Government General Regulations 2015. Council has further determined by policy that in order to carry out their functions as a Councillor, reimbursements will be paid to Councillors for travelling while on Council related business on a kilometre travelled basis, that stationery and consumables will be provided and that a communications allowance will be paid to offset the cost of telephone and internet charges.

Senior management

The employment terms and conditions of senior executives are contained in individual employment contracts and prescribe total remuneration, superannuation, annual and long service leave, vehicle and salary sacrifice provisions. In addition to their salaries, Council also provides non-cash benefits and contributes to post-employment superannuation plans on their behalf.

The performance of each senior manager, including the General Manager, is reviewed annually which includes a review of their remuneration package, which takes account of their performance against key indicators and of salary packages for similar roles in the region. Whilst not automatic, contracts can be extended.

Notes to the Financial Report

for the year ended 30 June 2023

4.2 Related party transactions (continued)

Directors of subsidiary companies

Directors of Heritage Building Solutions Pty Ltd and Heritage Education & Skills Centre Pty Ltd are remunerated in accordance with the terms and conditions of their appointment and may be varied in accordance with the constitution of each company and the Corporations Act 2001.

Transactions with related parties

During the period Council did not enter into transactions with entities that are controlled by members of key management personnel.

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

Transactions with related parties that have not been disclosed

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

- Payment of rates on a primary residence
- Dog registration

Council has not included these types of transaction in its disclosure, where they are made on the same terms and conditions available to the general public.

4.3 Post employment benefits

Recognition and measurement

Defined contribution funds

Council contributes to defined contribution plans on behalf of a number of employees; however the Council has no ongoing responsibility to make good any deficiencies, if any, that may occur in those schemes. Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit fund

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

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund). The Fund was a sub-fund of the Tasplan Superannuation Fund up to 31 March 2021. On 1 April 2021, the Tasplan Superannuation Fund merged (via a Successor Fund Transfer) into the MTAA Superannuation Fund to become Spirit Super. The Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 34 of AASB 119 Employee Benefits, Council does not use defined benefit accounting for these contributions.

For the year ended 30 June 2023 the Council contributed 3% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

Notes to the Financial Report

for the year ended 30 June 2023

4.3 Post employment benefits (continued)

Rice Warner Pty Ltd undertook the last actuarial review of the Fund at 30 June 2020. The review disclosed that at that time the net market value of assets available for funding member benefits was \$51,939,000, the value of vested benefits was \$43,411,000, the surplus over vested benefits was \$8,528,000, the value of total accrued benefits was \$43,562,000, and the number of members was 95. These amounts relate to all members of the Fund at the date of valuation and no asset or liability is recorded in the Tasplan Super's financial statements for Council employees.

The financial assumptions used to calculate the Accrued Benefits for the Fund were:

- Net Investment Return 3.75% p.a.
- Salary Inflation 2.75% p.a.
- Price Inflation n/a

The actuarial review concluded that:

- The value of assets of the Fund was adequate to meet the liabilities of the Fund in respect of vested benefits as at 30 June 2020.
- The value of assets of the Fund was adequate to meet the value of the liabilities of the Fund in respect of accrued benefits as at 30 June 2020.
- Based on the assumptions used, and assuming the Employer contributes at the levels described below, the value of the assets is expected to continue to be adequate to meet the value of the liabilities of the Fund in respect of vested benefits at all times during the period up to 30 June 2020.

Given the strong financial position of the Fund, the Actuary recommended that the Council consider a contribution holiday and contribute 0% of salaries from 1 July 2021 to 30 June 2024. The Actuary will continue to undertake a brief review of the financial position the Fund at the end of each financial year to confirm that the contribution rates remain appropriate. The next full triennial actuarial review of the Fund will have an effective date of 30 June 2023 and is expected to be completed late in 2023.

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

- The 2020 actuarial review used the "aggregate" funding method. This is a standard actuarial funding method. The results from this method were tested by projecting future fund assets and liabilities for a range of future assumed investment returns. The funding method used is consistent with the method used at the previous actuarial review in 2017.

Under the aggregate funding method of financing the benefits, the stability of the Councils' contributions over time depends on how closely the Fund's actual experience matches the expected experience. If the actual experience differs from that expected, the Councils' contribution rate may need to be adjusted accordingly to ensure the Fund remains on course towards financing members' benefits.

Notes to the Financial Report

for the year ended 30 June 2023

4.3 Post employment benefits (continued)

- In terms of Rule 15.2 of the Spirit Super Trust Deed (Trust Deed), there is a risk that employers within the Fund may incur an additional liability when an Employer ceases to participate in the Fund at a time when the assets of the Fund are less than members' vested benefits. Each member of the Fund who is an employee of the Employer who is ceasing to Participate is required to be provided with a benefit at least equal to their vested benefit. However, there is no provision in the Trust Deed requiring an employer to make contributions other than its regular contributions up to the date of cessation of contributions.
- The application of Fund assets on Spirit Super being wound-up is set out in Rule 20.2. This Rule provides that expenses and taxation liabilities should have first call on the available assets. Additional assets will initially be applied for the benefit of the then remaining members and/or their Dependants in such manner as the Trustee considers equitable and appropriate in accordance with the Applicable Requirements (broadly, superannuation and taxation legislative requirements and other requirements as determined by the regulators).

The Trust Deed does not contemplate the Fund withdrawing from Spirit Super. However it is likely that Rule 15.2 would be applied in this case (as detailed above).
- The Fund is a defined benefit Fund.
- The Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. Thus the Fund is not able to prepare standard AASB119 defined benefit reporting.
- As reported above, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2020. Favourable investment returns, since that date, has seen further improvement in the financial position of the Fund. The financial position of the Fund will be fully investigated at the actuarial review as at 30 June 2023.
- An analysis of the assets and vested benefits of sub-funds participating in the Scheme, prepared by Deloitte Consulting Pty Ltd as at 30 June 2022, showed that the Fund had assets of \$49.53 million and members' Vested Benefits were \$40.79 million. These amounts represented 0.20% and 0.17% respectively of the corresponding total amounts for Spirit Super.
- As at 30 June 2022 the Fund had 77 members and the total employer contributions and member contributions for the year ending 30 June 2022 were \$780,908 and \$229,521 respectively.
- During the reporting period the amount of contributions paid to defined benefits schemes was \$5,501 (2021-22, \$5,501), and the amount paid to accumulation schemes was \$460,228 (2021-22, \$380,748).
- During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$nil, and the amount to be paid to accumulation schemes is \$522,913.

Notes to the Financial Report

for the year ended 30 June 2023

5 Debt and risk management

This section sets out the interest bearing debts of Council and outlines Council's exposure to financial risks and how these risks are managed.

5.1 Interest-bearing loans and borrowings

(Amounts shown in \$000)	2023	2022
Current		
Borrowings - secured	4,023	265
Non-current		
Borrowings - secured	127	4,150
Total borrowings	4,150	4,415

Borrowings are secured over the rate income of Council. There have been no defaults or breaches of the loan agreement during the year.

The maturity profile for Council's borrowings is:

Not later than one year	4,023	265
Later than one year and not later than five years	127	4,150
Later than five years	-	-
Total	4,150	4,415

Recognition and measurement

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 Consolidated Statement of Comprehensive Income over the period of the liability using the effective interest method.

5.2 Financing arrangements

(Amounts shown in \$000)	2023	2022
Bank overdraft limit	200	200
Direct debit facility	100	100
Business credit cards	50	50
Used facilities	(2)	-
Unused facilities	348	350

Notes to the Financial Report

for the year ended 30 June 2023

5.3 Financial Instruments

Accounting policy, terms and conditions

Recognised financial instruments	Accounting policy	Terms and Conditions
<i>Financial assets</i>		
Cash and cash equivalents	See Note 3.1	On call deposits and cash returned a floating interest rate of 2.4% (0.4% in 2022). The interest rate at balance date was 4.3% (0.5% in 2022).
Trade and other receivables	See Note 3.2	<p>General debtors are unsecured and arrears attract an interest rate of 0% (0% in 2022). Credit terms are based on 30 days.</p> <p>Rate debtors are paid either by four instalments or alternatively within 30 days (which provides a discount of 1.3%). The discount is shown as an expense of the Council. A penalty of 5% applies to any rate or charge that is not paid on or before the date it falls due and in addition to the penalty, interest under section 128 of the Local Government Act 1993 will be charged at the rate of 6.8% per annum.</p> <p>Should amounts remain unpaid outside the adopted payment options, Council will instigate collection proceedings in accordance with the provisions of the Local Government Act 1993 (as amended).</p>
Available for sale financial assets Investment in Water Corporation	See Note 3.6	Council's Investment in Water Corporation returns investment revenue, variable from year to year, as disclosed at note 2.2g.
<i>Financial Liabilities</i>		
Trade and other payables	See Note 3.9	Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest-bearing loans and borrowings	See Note 5.1	<p>The loans of Council are secured by trust deed. In accordance with section 80 of the Local Government Act 1993, the borrowing capacity of Council is limited to:</p> <ul style="list-style-type: none"> - Except with the approval of the Minister, a council may not borrow additional money for any purpose if the annual payments required to service the total borrowings would exceed 30% of its revenue of the preceding financial year. - Grants made to a council for a specific purpose are to be excluded in calculating 30% of the revenue of the council. <p>The payment of loans (principal and interest) by Council for the current year, based on the debenture loan schedules, equated to less than 2.5% of total revenue for the preceding year (2022: less than 2.5%).</p>

Notes to the Financial Report

for the year ended 30 June 2023

5.3 Financial Instruments (continued)

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:

(Amounts shown in \$'000)	Floating interest rate	Fixed interest maturing in: 1 year or less	Over 1 year to 5 years	More than 5 years	Non-Interest bearing	Total
2023						
<i>Financial assets</i>						
Cash and cash equivalents	6,496	10,955	-	-	-	17,451
Trade and other receivables	-	-	-	-	1,033	1,033
Investment in water corporation	-	-	-	-	11,914	11,914
Total financial assets	6,496	10,955	-	-	12,947	30,398
<i>Financial liabilities</i>						
Trade and other payables	-	-	-	-	1,026	1,026
Trust funds and deposits	-	-	-	-	268	268
Interest-bearing loans and borrowings	-	4,023	127	-	-	4,150
Total financial liabilities	-	4,023	127	-	1,294	5,444
Net financial assets (liabilities)	6,496	6,932	(127)	-	11,653	24,954
2022						
<i>Financial assets</i>						
Cash and cash equivalents	2,805	11,831	-	-	-	14,636
Trade and other receivables	-	-	-	-	1,162	1,162
Investment in water corporation	-	-	-	-	11,586	11,586
Total financial assets	2,805	11,831	-	-	12,748	27,384
<i>Financial liabilities</i>						
Trade and other payables	-	-	-	-	965	965
Trust funds and deposits	-	-	-	-	200	200
Interest-bearing loans and borrowings	-	265	4,150	-	-	4,415
Total financial liabilities	-	265	4,150	-	1,165	5,580
Net financial assets (liabilities)	2,805	11,566	(4,150)	-	11,583	21,804

Notes to the Financial Report

for the year ended 30 June 2023

5.3 Financial Instruments (continued)

Fair value

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

(Amounts shown in \$'000)	Total carrying amount		Net fair value	
	2023	2022	2023	2022
<i>Financial assets:</i>				
Cash and cash equivalents	17,451	14,636	17,451	14,636
Trade and other receivables	1,033	1,162	1,033	1,162
Investment in water corporation	11,914	11,586	11,914	11,586
<i>Total financial assets</i>	30,398	27,384	30,398	27,384
<i>Financial liabilities:</i>				
Trade and other payables	1,026	965	1,026	965
Trust funds and deposits	268	200	268	200
Interest-bearing loans and borrowings	4,150	4,415	4,150	4,415
<i>Total financial liabilities</i>	5,444	5,580	5,444	5,580

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 Consolidated Statement of Financial Position.

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.

Notes to the Financial Report

for the year ended 30 June 2023

5.3 Financial Instruments (continued)

Investment of surplus funds is made with approved financial institutions under the Local Government Act 1993. We manage interest rate risk by adopting an investment policy that ensures:

- conformity with State and Federal regulations and standards,
- capital protection,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

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

Credit risk

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

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- 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.

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:

(Amounts shown in \$000)	2023	2022
Current (not yet due)	91	1,292
Past due by up to 30 days	55	845
Past due between 31 and 60 days	1	125
Past due between 61 and 90 days	3	1
Past due by more than 90 days	41	76
Total Trade & Other Receivables	191	2,339
Rates receivable	842	678
Total receivables	1,033	3,017

Notes to the Financial Report

for the year ended 30 June 2023

5.3 Financial Instruments (continued)**Liquidity risk**

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial assets at all.

To help reduce these risks we:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

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

The table below lists the contractual maturities for Financial Liabilities.

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

2023 (Amounts shown in \$000)	Less than 1 year	1 to 5 years	More than 5 years	Contracted cash flow	Carrying amount
Trade and other payables	1,026	-	-	1,026	1,026
Trust funds and deposits	268	-	-	268	268
Interest-bearing loans and borrowings	4,023	127	-	4,150	4,150
Total financial liabilities	5,317	127	-	5,444	5,444
2022 (Amounts shown in \$000)	Less than 1 year	1 to 5 years	More than 5 years	Contracted cash flow	Carrying amount
Trade and other payables	965	-	-	965	965
Trust funds and deposits	200	-	-	200	200
Interest-bearing loans and borrowings	265	4,150	-	4,415	4,415
Total financial liabilities	1,430	4,150	-	5,580	5,580

Notes to the Financial Report

for the year ended 30 June 2023

5.3 Financial Instruments (continued)

Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

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

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

2023		Interest rate risk				
		-1%		+1%		
		-100 basis points		+100 basis points		
(Amounts shown in \$000)		Profit	Equity	Profit	Equity	
	<i>Financial assets:</i>					
	Cash and cash equivalents	17,451	(175)	(175)	175	175
	<i>Financial liabilities:</i>					
	Interest-bearing loans and borrowings	4,150	42	42	(42)	(42)

2022		Interest rate risk				
		-1%		+2%		
		-100 basis points		+200 basis points		
(Amounts shown in \$000)		Profit	Equity	Profit	Equity	
	<i>Financial assets:</i>					
	Cash and cash equivalents	14,636	(146)	(146)	293	293
	<i>Financial liabilities:</i>					
	Interest-bearing loans and borrowings	4,415	44	44	(88)	(88)

Notes to the Financial Report

for the year ended 30 June 2023

6 Other information

This section outlines additional financial information not included in other sections but required in accordance with accounting standards. Details of Council's reserves, commitments and contingencies are included in the notes together with other current accounting policies, changes to accounting standards adopted in the financial year and new or amended accounting standards not yet adopted.

6.1 Reserves

(Amounts shown in \$000)	Balance as at 30 June 2021	Revaluation increment (decrement)	Other movements	Balance as at 30 June 2022	Revaluation increment (decrement)	Other movements	Balance as at 30 June 2023
Asset revaluation reserve	67,810	16,638	-	84,448	4,979	-	89,427
Fair value reserve							
<i>Equity investment asset</i>							
Investment in water corporation	(2,390)	-	238	(2,152)	-	328	(1,824)
Total fair value reserve	(2,390)	-	238	(2,152)	-	328	(1,824)
Other reserves							
Bridge maintenance reserve	1,666	-	-	1,666	-	-	1,666
Plant replacement reserve	686	-	-	686	-	-	686
Capital works reserve	1,239	-	-	1,239	-	-	1,239
Quarry reinstatement reserve	31	-	-	31	-	-	31
Public open space reserve	29	-	-	29	-	-	29
Total other reserves	3,651	-	-	3,651	-	-	3,651
Total reserves	69,071	16,638	238	85,947	4,979	328	91,254

Recognition and measurement

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

Council has designated its investment in Taswater as an equity investment at fair value through other comprehensive income. Subsequent changes in fair value are reflected in the reserve and will not be reclassified through the profit or loss when derecognised. This equity investment asset within the fair value reserve was previously classified as an available for sale asset.

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

Other reserves have been created at the discretion of Council to capture allocations for specific purposes.

Notes to the Financial Report

for the year ended 30 June 2023

6.2 Commitments

(Amounts shown in \$000)

2023

2022

Capital expenditure contractual commitments

Contractual commitments for capital expenditure at end of financial year but not recognised in the financial report are as follows inclusive of GST payable:

463

3,037

Other contractual commitments

Other contractual commitments at end of financial year but not recognised in the financial report are as follows inclusive of GST payable:

771

720

6.3 Contingent liabilities and contingent assets**Contingent liabilities**

There are currently no claims against the Council, its Councillors or any officers which are likely to result in any material liability against Council.

Recognition and measurement

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

6.4 Other significant accounting policies and new accounting standards**(a) Taxation**

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

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation 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 Consolidated 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) 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.

Notes to the Financial Report

for the year ended 30 June 2023

6.4 Other significant accounting policies and new accounting standards (continued)

(c) Budget

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

(d) Adoption of new and amended accounting standards

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

(e) Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory in the current year. Council's assessment of the impact of the relevant new standards and interpretations in future years is set out below.

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

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