



2011 -
2012

Derwent Valley Council Annual Report



Table of Contents



- 1 - INTRODUCTION
 - 1.1 Why an Annual Report?
 - 1.2 Profile of the Derwent Valley
 - 1.3 Mayor's Message
 - 1.4 General Manager's Message
- 2 - COUNCIL STRUCTURE
 - 2.1 Council Structure
 - 2.2 Your Councillors
 - 2.3 Committees of Council
- 3 - DERWENT VALLEY COUNCIL STRATEGIC PLAN 2011
2015
 - 3.1 Purpose of the Strategic Plan 2011 – 2015
 - 3.2 Derwent Valley Council Strategic Plan 2011 – 2015
Performance Review
- 4 - THE YEAR IN REVIEW
 - 4.1 Governance
 - 4.2 Child, Youth and Family Services
 - 4.3 Community and Social Development
 - 4.4 Development and Environmental Services
 - 4.5 Physical Services
 - 4.6 Corporate and Financial Services
- 5 - LEGISLATIVE REQUIREMENTS
 - 5.1 Public Health Statement
 - 5.2 Enterprise Powers Statement
 - 5.3 Councillors Allowances and Expenses Statement
 - 5.4 Councillors Attendance
 - 5.5 Senior Employee Total Annual Remuneration
Statement
 - 5.6 Grants Assistance and Benefits
 - 5.7 Contracts for Supply of Goods and Services
 - 5.8 Donated Land Statement
 - 5.9 Public Interest Disclosure Statement
- 6 - FINANCIAL STATEMENTS
- 7 - ACKNOWLEDGEMENTS AND CONTACT DETAILS

1.Introduction

Why an Annual Report?

The *Local Government Act 1993* requires that Council provide an Annual Report to the community. This concludes the annual corporate planning and reporting cycle of the Derwent Valley Council each year.

It is specifically required by the Local Government Act 1993 that Council report on:

- The context in which Council worked;
- An organisational overview;
- Council's operations, our achievements;
- The key activities and priorities identified in the budget, and;
- A set of audited standard, financial and performance statements.

The Annual Report gives Derwent Valley Council the opportunity to give feedback to the community on how well we have performed as an organisation in the past year (from 1 July 2011 – 30th June 2012). Through this report we can formally inform the community of some of the achievements of Council over the past year, and also review the areas we need to improve upon.

The report contains a series of chapters, each devoted to a particular section of Council, and an explanation of how these sections interact within the Derwent Valley Council structure. The report also contains audited standard, financial and performance statements. This shows how monies raised via rates, charges, fees and from grants received have been expended.

Each year Council, in consultation with the community prepares an annual Budget within the context of the actions identified in the Strategic Plan 2011 – 2015.



1.2 Profile of the Derwent Valley

New Norfolk was the third planned settlement in Tasmania (then Van Diemen's Land) after Hobart and Launceston

The Derwent Valley municipal area covers 4, 111 sq kms. in southern central Tasmania. Starting at Granton on the southern side of the mighty Derwent River, and Dromadary on the northern side of the river, the municipality runs from pleasant farmland through to the rugged South West World Heritage area, including the towns and hamlets of New Norfolk, Molesworth, Lachlan, Plenty, Macquarie Plains, Hayes, Bushy Park, Glenora, Westerway, National Park, Maydena and Strathgordon. The municipality ends just beyond the famous Lakes Pedder and Gordon, in the wilds of the South West.

Situated a relaxing 30 minute drive from Hobart, New Norfolk is the largest town in the area, offering shopping and recreational activities. From here you can explore the beauty and mystery of the entire Derwent Valley, or choose to move further afield and enjoy one of the many quality accommodation experiences offered in the area.

Prior to European settlement, the midlands Aborigines, known as the Big River people, inhabited an extensive region from the Derwent Valley through to the Central Highlands, including the Great Lake and Great Western Tiers. The Big River people supported five bands, four of which were based along the Derwent River.

First settled by Europeans in 1807 it was the potential of fertile farm land and the reliable water sources that attracted settlers. Willow Court, a part of the former hospital and mental institution dates back to 1828 and for many years played a pivotal role in the identity of the town.

In recent years there has been a move to incorporate niche agricultural production as an integral part of the economy; this along with a renewed focus on tourism has led to a shift away from some of the traditional resource based economic activities of the area.



Spectacular Seasons of Change

The Derwent Valley is renowned for its seasonal change.

With an abundance of both introduced English trees up to 200 years old, and plentiful natural bush land the Derwent Valley is a seasonal palate of change.

Summer is warm to hot and dry, winter cold and frosty with snow capped mountains and the skeletal outlines of deciduous trees dominating the landscape. Spring sees the bud burst of many flowering trees and plants, with gardens coming to life after a cold winter.

Autumn in the valley is spectacular, and is commemorated by the award winning Forestry Tasmania Derwent Valley Autumn Festival.

The red and yellow hues of the many deciduous trees right across the municipality are a draw card to tourists and photographers from across the State. International tourists marvel at the spectacular blazes of colour that dominate the roads and byways of the area. In Mt Field National Park we see the *Northofagus gunnii* (Deciduous Beach) reach its climax. This Tasmanian indigenous plant is the only truly deciduous native in Australia, and shows its self in a blaze of orange and reds as the days shorten and the nights become cold.

Flowers on blossom trees and the first bulbs herald the arrival of spring and the start of activities after a long and dormant winter. With summer not far around the corner agricultural activity starts to pick up in readiness for the summer stone and berry fruits crops.

The Derwent Valley is fast becoming known for its niche agricultural activities, including the production of raspberries and blackcurrants for Cascade cordial, world class elderflower products, boutique brewing and wineries. This along with a growing reputation for tomato production and export quality cherries leads to a bountiful harvest for locals and tourists alike.

What could be more enjoyable than buying freshly picked fruit from a roadside stall, accompanied by locally produced wine, beer or elderflower cordial and sitting in the shade of the willows along the bubbling Tyenna River.



Investment and Development

Traditionally a 'timber area' many of our towns have relied on the timber industry for employment for generations. Due to changes in this industry there is a growing drive for economic diversification. However, the timber and forestry industries still play an important role in the community.

Forestry Tasmania has invested heavily in the world class experience offered at the Eagle's Eyrie in Maydena, giving visitors an opportunity to visit some of the tallest flowering plants in the world, the mighty Swamp Gums of the south west area.

Norske Skog, one of the area's major employers uses best practice land management techniques to manage its pine plantations. These plantations are used in the production of plantation based paper at the Boyer Mill, which has over recent years undergone major upgrades to ensure that it meets strict environmental standards. There has recently been

significant investment in new paper production facilities at the Boyer Mill which will ensure a sustainable future for this operation.

As well as contributing to the economy of the area through employment, both of these companies play a significant role in the social structure of the area, with Norske Skog being a very generous sponsor of many events in the area.



Tourism is a growing industry in the Derwent Valley, with over 50 accommodation establishments catering to visitors, from bed and breakfast, self contained accommodation, and motel and pub accommodation through to caravan parks and luxury accommodation available right across the area.

The tourism industry is being driven by the desire of visitors to have an experience, rather than just visiting a destination. With an abundance natural attractions the Derwent Valley is well placed to cater for all types of tourists. From those who want to experience the challenges of adventure tourism and bushwalkers, through to families who are looking for an outdoor experience to remember with their children, there is something for everyone.

Painters, photographers and bird watchers are drawn to the Derwent Valley because of its stunning scenery, easy access and diverse range of opportunities to fulfill their needs. From the forty spotted pardalote to the majestic wedge tailed eagle and the rare swift parrot our unique landscape and its inhabitants, including easily seen platypus provide hours of enchantment.



There are a growing number of people involved in specialised agriculture, from small fruit and stone fruit growing though to boutique production of olives, elderberry and flower products and micro brewing.

Cottage industries are making a comeback in the area as new people make this wonderful valley their home and look at innovative ways of making a living from the fertile soils. These new opportunities work hand in hand with our more traditional aquacultural and agricultural businesses.

The hop industry continues to play a large part in the economy of the area, Bushy Park Estates, originally established in 1867, covering approximately 230 hectares it is a major contributor to the economy of the region. The hop farms also have a strong visual impact on the Derwent Valley and attract many tourists who come to photograph the lush fields.

The Raspberry farm at Westerway received a significant grant this year, that combined with investment of its own funds will see a fruit chiller operational by the end of the year, not only will this value add to many crops across the State, but it will generate significant employment as part of this process into the future.

Another example of diversification in private investment this year is the Redlands Estate project; this will see whisky being distilled from grain grown on the property and bread being baked from grain grown at Redlands and milled at Carrington Mill. There are future plans for the farm to be open to the public with many tourism opportunities attached.

The economic diversification of the area brings with it new ideas and opportunities for employment and growth, something the Derwent Valley is embracing.

While change is unavoidable, it is important not forget that over the years the community has been built around a backbone of a stable workforce characterised by hardworking and proud people. People who in times of need will go out of their way to help out a neighbor or friend who is doing it tough and welcome new residents who choose to make their home in the Derwent Valley.

Heritage



The area is home to an abundance of heritage buildings and a wealth of historical treasures, from farms and magnificent Oast Houses once used in hop production, to the oldest trout hatchery in the southern hemisphere, at Salmon Ponds which now includes an arboretum. New Norfolk is a destination for antique collectors, with numerous antique shops catering for every level of interest from those looking for a quirky curio to the serious antique collector.

Many of our historic attractions are clearly visible from the road as you wind your way up the valley toward Lake Pedder, once famed for its white quartz beaches it is now still a spectacular place to visit. The road continues on to the Gordon River Dam, a feat of engineering seen nowhere else in the State. On the other side of New Norfolk lie the

townships of Lachlan and Molesworth, both beautifully lush agricultural areas rich in history and opportunity.

The Willow Court precinct is having new life breathed into it with a combination of private investment and Council contributions. The former psychiatric institution is recognised as having significant heritage values both in terms of its architecture and social history. After a chequered past, work is now being done to ensure its conservation for future generations and to look at adaptive reuse for some of the original buildings on the site.

1.3 Mayor's Message



This has been a very busy year in the Derwent Valley, and looking back on it now I can see just how much we have achieved by working together. We have a lot to be proud of; one of the things that makes me most proud to be Mayor is the way our community pulls together when things get tough. This has been highlighted a number of times this year; the bushfires early in the year spring to mind. But, we also pull together when it's for a good cause. The recent Rally of Respect is a great example of this – over 1000 people turning out on one of the coldest October days I can remember to help support our youth and send a strong message that bullying of any sort will not be tolerated by our community.

Along with other Councillors I have had the pleasure of representing our community at many events and in many forums. We have seen our community lift its profile at a government level, with Councillors more often being seen 'in the room' during discussions around the future. This does not mean that our view is always accepted or acted upon, but it does give us the opportunity to put our ideas forward.

This year saw the election of new Councillors; Cr Lester, Cr Nicholson and Cr Shoobridge. We also saw the departure of Cr Hill, Cr Elliott and Cr Farrell. I would like to thank all Councillors for their hard work this year and for their willingness to step up and work with the community.

We have had cause to celebrate with our community with wins in the Keep Australia Beautiful Tidy Towns Awards, and many other community members being recognised through various achievement during the year.

Our Australia Day Awards recognised the efforts of individuals and groups in the community, and Council has been able to support various organisations in the community through its Community Grants program and through various donations during the year. Council is always pleased to be able to support those working to better our community whenever possible.

This year we celebrated the Queen Elizabeth II Diamond Jubilee with the commemorative planting of a tree and unveiling of a plaque. Two local figures, Dr Sweet and Dr Peters were asked to unveil the plaque in recognition of their long service to our community. The world

famous Derwent Valley Concert Band performed at the occasion, again doing the valley proud with their professional presentation and wonderful music.

Willow Court continues to be a challenge to Council, although we have made some positive moves this year with the creation of the Willow Court Special Conservation Committee. This skills based committee has been charged with the task of progressing the recommendations of the Malcolm McDonald report. Progress has already been made with Council receiving a significant grant through the Australian Government to install power and do basic remedial work. Although this may not sound every exciting, it's essential that this work be done before an adaptive reuse for the building can be found.

We are a small but strong community, and when we work together we can achieve almost anything. We need to build on our strengths and look toward the future so that we can make our mark in the world and not give up in the face of challenges as they arise.

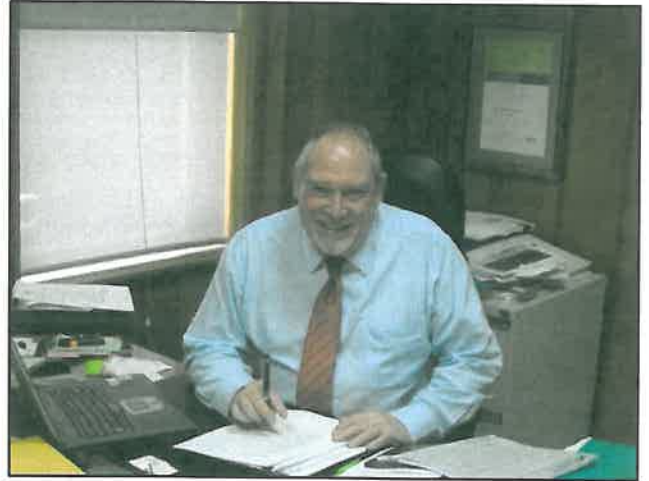
I would also like to thank Council staff for their hard work over the year and in preparing this report.



Martyn Evans
Mayor

1.4 General Manager's Message

This year has again been a challenging year, starting with a spate of fires that destroyed property and farmland. Thankfully no homes or lives were lost. We have seen cost of living rises, uncertainty in the forestry and associated industries and the state of the economy in general effect our community.



Regardless of anyone's personal view of forestry, it is concerning that there are people who will become unemployed in our community because of these changes. This has a ripple effect right across the community, much as a school closure or other major industry closure would.

Council officers have been working to make sure that the State Government and various government departments understand what changes to forestry might do to our community and that if the IGA goes ahead we are well placed to be able to help those affected by putting people and businesses in touch with services they need to assist them.

There has been a lot of public discussion recently about Council amalgamations, and what they could mean for Tasmania, with strong opinions being held on both sides of the debate. Those in favour of amalgamations say that they will save money and make our Councils more efficient. Those against say that communities will lose their voice and be lost in a bigger organization. Amalgamations have been debated for many years, but one thing is for sure, if amalgamations do happen there will be a period of public consultation and discussion before a final decision is made.

Communities must be engaged and have the opportunity to have their say and have any concerns heard before there are any changes to Councils in Tasmania. Tasmania has twenty nine municipal areas, each representing the interests of their community; many of these are made up of small communities, each with their own strengths and challenges, and each elect members of their community to represent them on their Council. If or when changes occur all communities should have an opportunity to have their say on potential amalgamations before they take place.

Local Government is in further discussion with the State Government about electoral reform. The issues being hotly debated are making voting in Local Government elections compulsory, all in all out elections on a four year term and the Deputy Mayor being elected by the councilors as opposed to being elected by popular vote.

Council Chambers
are in Circle
Street, a purely
descriptive name.
It was originally
named "The
Circus: on
Surveyor
Sharland's early
maps.

With so much change it's easy to forget what has been achieved together. The Community Men's Shed has opened at Carinya Education Park, with Council facilitating the shed through a no cost lease arrangement with Derwent Valley Community House.

Friends of Frascati and Friends of Willow Court continue to go from strength to strength, with in kind support from Council, including the provision of toilets, tables and chairs at open days and assistance with some mowing and cleaning up of areas.

The Spatial Planning Review Committee completed its implementation plan for the New Norfolk area with some recommendations already implemented; increased seating around the town, a new toilet facility under way at Millbrook Rise boat ramp and more toilets open to the public around the area. Larger projects will need to be put through Councils budget process for funding in the coming years.

The Willow Court Conservation Special Committee is working on implementing a grant which Council applied for and received earlier this year. This grant will enable a power supply to be installed along the Avenue and will also enable new street lights in the same area.

Council continues to support the Rivers Run Tourism Association and the Mt Field Tourism group. The Mt Field group recently held the very successful Tiger Trail Festival in the Derwent Valley over a weekend.

The Forestry Tasmania Derwent Valley Autumn Festival was again a great success as recognized in the Prestigious Tasmanian Community Achievement Awards.

Two Stalwarts of the Derwent Valley Council have recently retired, and will no doubt be missed by the community. Phil Townsend who has been with Council for 30 years, and been the Maintenance Supervisor for over twelve years, retired on the 12th July. Phil was well known in the community and at Council for his 'can do' attitude and willingness to work with the community to make things happen.

Robert McCrossen retired recently after 25 years service with the Derwent Valley. Most people will know Rob as the Deputy General Manager, but he started out his service as an administration

officer. Rob lists his major highlight of his time in Council as being working with the community and helping to get projects off the ground. Stand out projects for Rob has been his involvement in the Millbrook Rise Boat Ramp, Belchers Hill TV Transmission (which helped to bring better and more reliable transmission to the people of the upper Derwent Valley) and his involvement with the Rail Track Riders in Maydena.

Phil and Rob will no doubt be missed by the community of the Derwent Valley and their colleagues at the Derwent Valley Council.

In closing I would like to thank all Councillors and Staff for the dedication, support and commitment they have provided in the last 12 months, for without your efforts much of what has been achieved in these times of change would not have been possible.

A handwritten signature in black ink, appearing to read 'Stephen Mackey', with a long horizontal stroke extending to the right.

Stephen Mackey
General Manager

2. Council Structure

There are nine elected Councillors of the Derwent Valley Council; their role is to act as the ultimate policy and planning body of the corporation. Each Councillor is elected for a period of four years, with half of the Councillors standing for election every two years. The Mayor and Deputy Mayor are elected for a period of two years at each election. Generally it is the role of Councillors to effectively represent and act in the best interests of their community.

The day to day operations of the Council are delegated to the General Manager who is also ultimately responsible for staff and other internal issues.

This division of duties enables Council to operate on a day to day basis, and to concentrate its efforts on the consideration of strategic issues, establishment of policy position and to represent and promote the interests of the community.

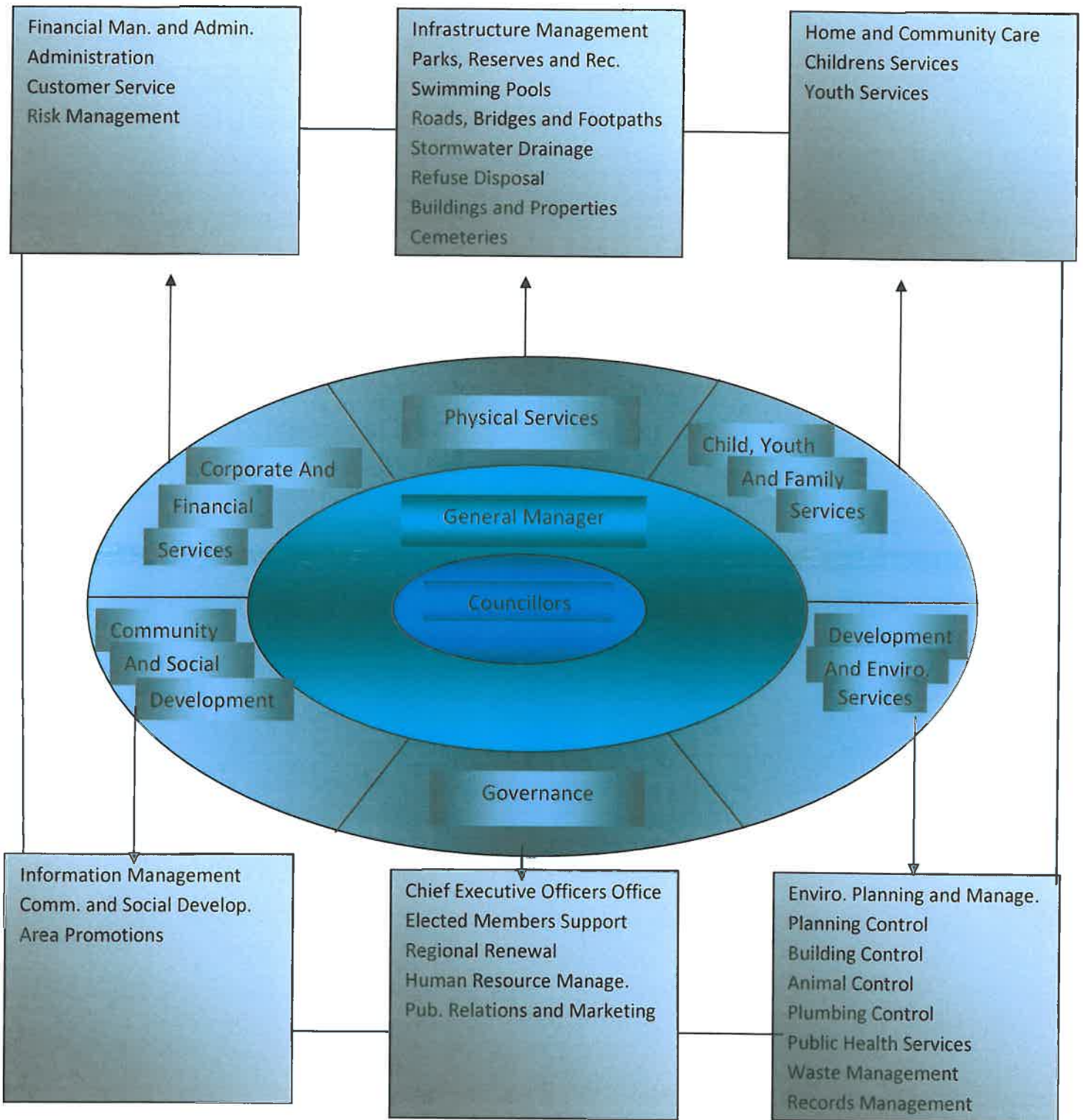
Council meetings are held on the third Thursday of the each month at the Court House, Circle Street, New Norfolk and commence at 6.30 pm. In addition to normal Council Meetings, Council holds a number of community forums at various locations in the municipal area each year.

Members of the public are invited and encouraged to attend any of these meetings.

Agenda and attachments are available from Council Chambers on the Friday prior to the meeting or on the website: www.derwentvalley.tas.gov.au



2.1 Council Structure Chart



2.2 Your Councillors

Mayor Martyn Evans



Deputy Mayor Barry Lathey



Councillor Damian Bester



Councillor Judy Bromfield



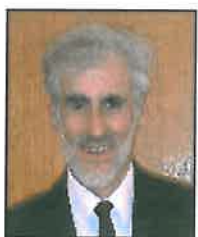
Councillor James Graham



Councillor Chris Lester



Councillor Tony Nicholson



Councillor Scott Shaw



Councillor Wayne Shoobridge

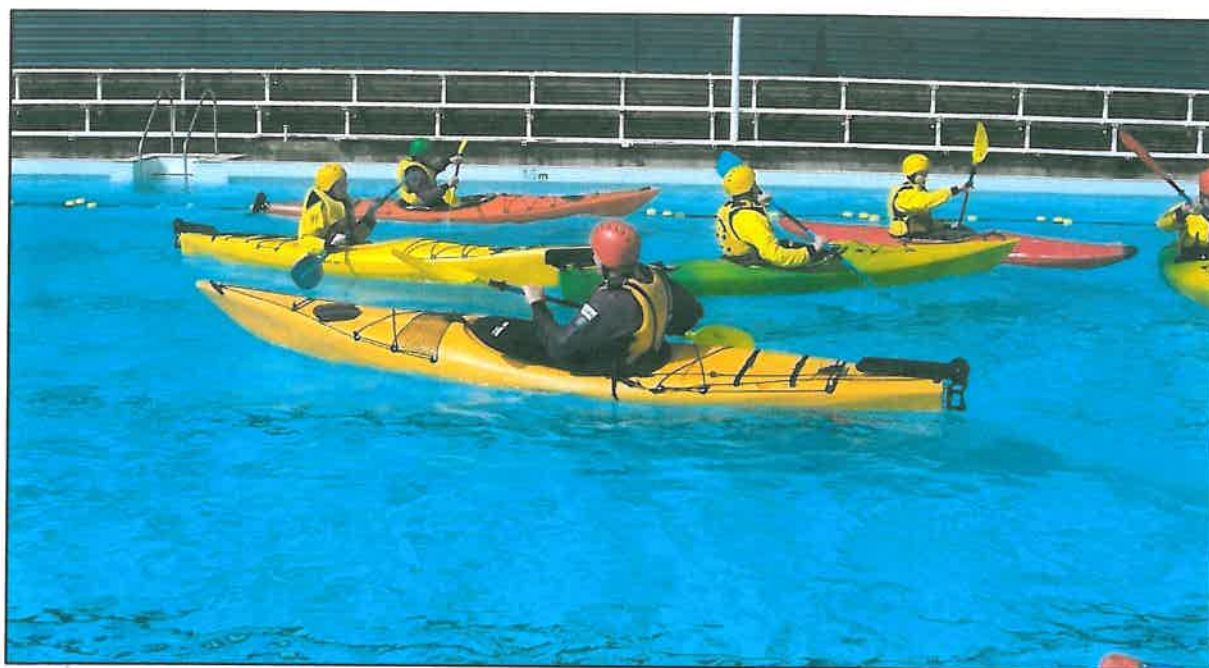


2.3 Committees of Council

Special Committees of Council	Councillors Involved
Boyer Oval Management Committee: assists in the management and upgrading of Boyer Oval	Cr Lathey, Cr Evans
Historical Information Committee: Operates the Historical Information Centre, collects and collates historical information on the region.	Cr Nicholson, Cr Evans
Gleeson Park Special Committee: assists in the management of Gleeson Park	Cr Graham, Cr Evans
Derwent Valley Youth Future Action Team (D’FAT): Derwent Valley Council’s youth program.	Cr Graham, Cr Lester
Bushy Park Swimming Pool: Ensures the safe and efficient operation of Bushy Park Swimming Pool	Cr Bester, Cr Evans
Derwent Valley Sport and Recreation Committee: Ensures the safe and efficient operation of the Derwent Valley Sport and Recreation centre.	Cr Shoobridge, Cr Evans
Molesworth Reserve Committee: assists in the management of Molesworth Reserve	Cr Graham, Cr Evans
Tidy Town Committee: Works with the community to undertake projects to help beautify and keep the municipal area tidy.	Cr Evans, Cr Bester
New Norfolk Swimming Pool Committee: Ensures the safe and efficient operation of the New Norfolk Swimming Pool	Cr Shaw, Cr Lester
Access Advisory Committee: Advises Council on access issues, particularly relating to those people who have a disability	Cr Lathey, Cr Shaw
Environmental Management Committee: manages major environmental incidents within the Derwent Valley.	Cr Bester, Cr Graham
New Norfolk Business Alliance: Uses funds raised from levies and provided by Council to assist in the promotion of the central business district.	Cr Graham, Cr Eveans
Willow Court and Barracks Working Group (now	

Friends of Willow Court): Assists in the promotion of and works on the Willow Court area.	Cr Lathey, Cr Evans
Friends of Frascati Community Garden: restoration to the gardens at Frascati House	Cr Bromfield, Cr Evans
Tynwald Park Development Committee: advises on the development of Tynwald Park.	Cr Shaw, Cr Lester
Willow Court and Barracks Special Conservation Committee: Tasked with the development and setting direction for the Council owned sections of the Willow Court precinct.	Cr Evans, Cr Lathey.
Authorities and Associations	
Southern Water Authority: Water supply related issues as related to Southern Water.	Cr Evans
Southern Waste Strategy Authority (SWASA): waste issues in the south of the State.	Cr Nicholson, Cr Graham
Southern Tasmania Council Authority (STCA): A grouping of 12 southern Councils	Cr Evans
Local Government Association of Tasmania (LGAT): Tasmania's peak local government body.	Cr Evans, Cr Lester
Other Committees and Organisations	
Derwent Valley Emergency Planning Committee: Puts in place plans that come into effect in case of emergency.	Cr Lathey, Cr Evans
Australia Day: Plans for Australia Day celebrations each year.	Cr Bromfield, Cr Shoobridge, Cr Evans
Derwent Catchment Natural Resource Management: monitors environment within Derwent Catchment area in the Derwent Valley	Cr Nicholson, Cr Lathey
Derwent Valley Autumn Festival: Plans the Autumn Festival each year.	Cr Graham
Derwent Valley Chamber of Commerce and Industry: Currently in recess.	Cr Shoobridge
Land sale Committee: Looks at the sale of Council land.	Cr Bester, Cr Bromfield
Maydena Community Association: An association of members of the Maydena community.	Cr Bester, Cr Lester

Derwent Valley Visitor Information Centre: Reviews the running of the Visitor Information Centre, which is funded by Council.	Cr Lester, Cr Lathey
RAFT (Real Action...Forward Thinking): Strategic planning committee to form partnerships regarding youth affairs.	Cr Graham, Cr Bromfield
Lyell Highway Committee: set up to monitor the upgrades of the Lyell Highway	Cr Bester, Cr Bromfield
Community Grants: Administers and assesses Derwent Valley Council Community Grant scheme.	Cr Shaw, Cr Bester, Cr Shoobridge, Cr Bromfield, Cr Lathey
Spatial Planning Review Committee: Reviewed the Spatial Plan and redrafted the Spatial Plan Implementation Plan	Cr Graham, Cr Nicholson, Cr Lester
Rivers Run Tourism Association: The local tourism association, and independent body that has support of Council.	Cr Lester, Cr Evans



3. Derwent Valley Council Strategic Plan

Australian Bureau of Statistics information shows the population density of the Derwent Valley as 2.5 people per square kilometer.

3.1 Purpose of the Strategic Plan

The current Derwent Valley Council Strategic Plan covers the years 2011 – 2015, and is an opportunity to set clear measurable goals for Council's actions over the next five years. Over the period of the Strategic Plan our direction, funds and energies are adjusted to fall in line with the Strategic Plan as far as possible.

The plan is advertised each time it is updated, and the public is welcome and encouraged to submit suggestions and ideas for the plan.




The Strategic Plan focuses on what needs to be addressed in and paid for through our Annual Plan and budgetary processes over the coming five years.

Full copies of the strategic plan are available on the Council website at:

<http://www.derwentvalley.tas.gov.au/page.aspx?u=427> or by requesting a hard copy from Council Staff


3.2 Derwent Valley Council Strategic Plan 2011 – 2015 Performance Review

The following section reviews Council's progress in relation to the Strategic Plan 2011 – 2015. Each section contains an overview of the strategic plan, along with specific goals. Council's progress against each of the specific goals is shown with a marker as follows:


- Achieved 
- In progress or an ongoing action 
- To be commenced 

Infrastructure and Service Objectives


IS1 To maintain the standard of the municipality's infrastructure assets.


IS1.1  Continue to plan, manage and, where required, co-ordinate their infrastructure assets to ensure safe and reliable services for residents and visitors.


IS1.2  Asset inventories and management programs are to be maintained and updated.

IS1.3  Our road hierarchy policy will be utilised to ensure roads are kept up to standard.

IS2 To maintain high standards in the provision of all Council services in line with community needs, Council's policies and regulatory requirements.

IS2.1  Continue to monitor and, where required, improve the standard, efficiency and effectiveness of services provided by the Council.

IS2.2  Audit the requirements of external services provided directly by council (such as the Child Care Centre) and work with them to identify their needs into the future.

IS2.3  Council's road hierarchy policy will be utilised to ensure roads are kept up to standard

IS3 To maintain community services.

IS3.1 ● Encourage the community to adopt and maintain healthier and safer lifestyles to reduce reliance on health and community services.

IS3.2 ● Work with the community to identify opportunities for increase participation in activities that promote a healthy lifestyle and increase community knowledge of risk factors in their lives.

IS4 To improve transport and access in the municipality.

IS4.1 ● Review and, where appropriate, work with those responsible to develop alternative forms of transport.

IS4.2 ● Support the development of rail systems for freight as well as encouraging rail and river travel for tourists.

IS4.3 ● Where possible and practicable, to purchase and utilise motor vehicles that have a relatively small carbon footprint

IS5 To develop partnerships relevant stakeholders on the development, management and maintenance of services in the municipality.

IS5.1 ● Actively pursue efficiency gains through resource-sharing.

IS5.2 ● To actively support programs that encourage the use of public transport and reduce the reliance on private vehicle usage.

IS6 To develop partnerships with business in the area and particularly in High Street and its immediate surrounds with a view to reinvigorating the business district.

IS6.1 ● To ensure that when developing the Spacial Plan for the area that business and regular users of High Street and surrounds are consulted and invited to submit ideas for enhancement of the area.

IS6.2 ● To work with business in the area to reinvigorate the shopping precinct.

IS7 To develop a means of relaying information from Council to the residents of the municipality

IS7.1 ● To develop a free quarterly newsletter for residents to advise them of the activities of Council and public decisions made at Council Meetings.

Social Objectives

S1 To make our people feel worthwhile by building greater self-reliance and self worth in our community.

S1.1 ● Encourage residents to participate in community affairs and the Local Government process in collaboration with the Derwent Valley Council.

S1.2 ● Encourage residents to recognise and celebrate their achievements via the national and municipal Australia Day Awards and similar schemes.

S1.3 ● To Actively and constructively engage with the community to identify projects and assist in their development.

S2 To recognise the worth of all people, regardless of age, gender and race in providing opportunities to be part of a vibrant community.

S2.1 ● Support a variety of social and community events and activities

S2.2 ● Continue to consult the Council's youth advisory group to pursue ways for young people to be empowered.

S2.3 ● Continue to consult the Council's access advisory committee to improve physical accessibility in our municipality.

S3 To encourage the development of local sporting, cultural and artistic activities.

S3.1 ● Continue to maintain those recreational facilities used/needed by our community.

S3.2 ● Continue to work with our community to identify and address those recreational and cultural needs that are not being met.

S3.3 ● Develop partnerships that will aid the development of local sporting, cultural and artistic activities.

Economic Objectives

Ec1 To encourage and facilitate greater opportunities for business development and tourism and work toward a strategic plan for tourism and business development in the area.

EC1.1 ● Ensure the Planning Scheme is up-to-date and able to facilitate the proper development of businesses in our municipality.

EC1.2 ● Work with the community to further develop tourism in our municipality

EC1.3 ● To work with tourism providers in the area.

EC1.4 ● Ensure the Planning Scheme suitably protects the municipality's environment and heritage as business and tourism opportunities in their own right.

EC1.5 ● Work with the Visitor Information Centre and other associated services and to increase their public profile and input into the municipality.

Ec2 To support the retention and expansion of regional services.

EC2.1 ● Lobby and facilitate the decentralisation of government agencies and services.

Ec3 ● To develop partnerships with State Government, industry and regional bodies to promote economic and employment development.

Environmental Objectives

En1 To manage, and, where required, protect the municipality's natural environment and resources.

EN1.1 ● Continue to work with Natural Resource Management (NRM) and other organisations in managing our natural resources.

EN1.2 ● To utilise best practice methods to control environmental damage to the banks of the Derwent River created by storm surge, climate change and sea level rise.

EN1.3 ● To actively participate, in association with, the Derwent Estuary Program, Department of Primary Industries, Parks, Water and the Environment and other State and Federal bodies to protect and enhance the natural values of the Derwent and other major river networks in the municipality.

En2 To have a catchment management plan for the municipality.

EN2.1 ● Work with our Catchment Management Plan to develop suitable environmental programs

EN2.2 ● Protect and where required, improve the municipality's significant natural assets and resources, especially land and water resources.

EN2.3 ● Identify areas where additional tree plantings would be beneficial and ensure that these areas are included in Council's Tree Management Policy as areas of priority action.

En3 To review the municipality's Planning Scheme.

EN3.1 ● Land use surveys completed as part of the catchment management plan will provide the information for a review of the Council's Planning Scheme. Information for the review will also come from the economic strategies outlined in the previous section.

EN3.2 ● Perceived weaknesses in the existing Planning Scheme will be addressed. The new Planning Scheme must also be consistent with those of neighbouring councils and the Model Scheme prepared by the State Government.

EN3.3 ● The new Planning Scheme will provide for balanced development, providing clear and consistent directions and guidelines to facilitate appropriate development that does not damage our environment or misuse our resources, these guidelines should where possible include such things as the type of street furniture to be used and colour schemes for basic infrastructure and be done in consultation with the Spatial Planning Committee when possible.

EN3.4 ● To update Council's existing Weed Management Policy and incorporate the management of weeds into the revised planning scheme.

EN3.5 ● To develop a Significant Tree Register to enable assessment and risk management programs for significant trees to be undertaken.

En4 To support and encourage landcare-type activities.

EN4.1 ● Continue to support and assist practical programs that address existing environmental problems and improve the environment.

EN4.2 ● Ensure that such programs are encouraged and are directed to resolving problems and enhancing the environment.

En5 To develop best practice waste management activities.

- EN5.1 ● Continue to improve waste management standards and practices in the municipality.
- EN5.2 ● Work with other southern councils to implement the Southern Waste Management Strategy and develop local plans for the application of programs such as waste minimisation education and promotion.
- EN5.3 ● Arrange a long-term waste disposal and waste transfer system for the municipality in conjunction with other southern councils.
- EN5.4 ● To investigate the potential use of various forms of electrical power generation from renewable sources that have few or no environmental impacts. Sources could include but are not limited to water, solar or wind turbine power generation on Council owned and or managed lands or in conjunction with landowners who wish to participate in any such scheme.
- EN5.5 ● To reduce and reuse office products within Council where possible, and ensure that all recyclable materials are recycled, and using best practice principles to reduce Council's carbon footprint by using low energy light fittings and heat sources where possible and practicable.

Financial Objectives

F1 To improve the affordability of Council's rating and charging structure.

- F1.1 ● Establish an effective benchmark to measure the relative affordability of rates and charges on ratepayers, such as ratio of rates to house prices.
- F1.2 ● Determine and implement ways and means to reduce the impact of rates and charges on householders and to use the benchmark to monitor the effectiveness of these initiatives.

F2 To effectively manage Council's debt.

- F2.1 ● Monitor council's debt level to ensure it is at an appropriate level that is affordable to our community.

F3 To increase income from non-traditional sources, including greater utilisation of Council's plant and resources.

F3.1 Examine and implement policies that will secure additional revenue from non-traditional sources.

F4 To improve community understanding of Council's financial management and finances.

F4.1 Develop budget papers that are easy to read and understand.

F5 To increase the level of grant income.

F5.1 Maximise opportunities for grant income from Commonwealth and State Government programs.

F5.2 To develop a list of priority projects and approximate costings to allow for forward planning for grant applications – given that the available grants may change during the political cycle this is essential for future planning.

4 The Year in Review

Below you will find a review of each of the six departments within Derwent Valley Council. Although Derwent Valley Council is one organisation, and works as a whole, for the purposes of auditing, pay roll and writing reports such as this, it is convenient to break areas into departments.

As a small organisation, with limited resources, Council attempts to work in a manner that makes the most of both actual and human resources. For this reason, staff may be allocated to a particular department, but may from time to time work across departments as their skills or qualifications demand.



4.1 Governance

There are 5 broad areas covered by Governance in the Derwent Valley Council:

- Chief Executive Officers Office;
- Elected Members Support;
- Regional Renewal;
- Human Resource Management, and;
- Public Relations and Marketing.

Chief Executive Officers Office

The major focus of this office is to ensure that Council staff have a clear understanding of their responsibilities and roles. This includes staff being aware of their position in relation to the strategic goals of Council.

This office is headed up by the General Manager, who oversees the day to day operations of Council and is responsible for all decisions regarding staff matters.

This year, the Chief Executive Officers Office has undertaken significant upgrades to internal Council policy. This is done to ensure that Council's policies reflect the expectations and values of the community as well as taking into consideration legislative requirements.

Throughout the year this office also bears primary responsibility for the strategic direction taken by all Council departments. Major projects and initiatives of both Council and external investors or developers are also scrutinised through this office before any further action is taken in regard to proposals, this year this included the Redlands development, berry chiller facility at Westerway and the initial proposal for the Tiger Trail Festival.



Elected Members Support

The governance department, through the General Manager and senior staff ensures that there is appropriate information, advice and support services to elected members to enable them to work collectively for the broader good of the community. Ongoing support to individual Councillors is provided as required or requested.

Twelve ordinary meetings of Council were held in 2011 – 2012, where the public were invited to attend, and copies of Agenda and supporting documentation were made available. Community Forums were held in Granton, Westerway and Bushy Park, with other areas being scheduled for coming years.

Council held its Annual General Meeting on the 15th December 2011.

During the year Councillors have attended a number of functions, seminars and other community events and meetings in the execution of their positions.

Councillors play an active part in setting the Derwent Valley Council Budget, including the consideration of public submissions some of which were then included in the final document by the finance department.



Regional Renewal

Council continues to work with stakeholders in the community to ensure that all opportunities for regional renewal and development are assessed. There continues to be a strong focus on economic activity in the High Street area as well as the tourism and primary production areas. In terms of primary production we have seen an increase in boutique or niche agricultural production which has started to put the Derwent Valley on the map in terms of its quality produce and value added products. This office works closely with the General Manager to ensure that the strategic objectives set by Council and Councillors are considered in any decisions made.

In order to represent the community, Council has continued to forge strong relationships with schools community organizations and not for profit organizations to ensure that all members of our community are considered when decisions are being made.

During the year grants for the following were received by Council:

- Bringing Light to the Past – funding for infrastructure work at Willow Court;
- Walking Through Time – funding for an historic interpretative walk;
- Carinya Education Park – a work experience program on the site, and;
- Tiger Trail Festival – a cooperative marketing contribution from Destination Southern Tasmania.

In the 2011 – 2012 financial year, Derwent Valley Council was able to assist a number of individuals and groups with over \$14,000 in Community Grants and donations.

In addition Council was able to assist a number of other organizations and businesses receive funding for various projects in the municipal area.

Derwent Valley Council provides funding to a number of local community organizations through its Community Grants Program, details of successful applicants from the immediate past round can be found in the Legislative Requirements section of this Annual Report.

Additionally Council staff are involved in a number of community organizations and committees of Council, providing administrative, in kind and audit support for many of these organisations.

Human Resource Management

As one of the major employers in the area one of Derwent Valley Council's goals is to be an employer of choice. Council has completed a new Workplace Agreement that covers most staff, both indoor and outdoor and dictates wages and conditions for those staff. This agreement will expire in 2013 with the introduction of the *Modern Award System*, Council has commenced the process of transferring staff classifications into this new system in preparation for its adoption next year.

There will be considerable changes to Occupational Health and Safety legislation in the coming year, Council has started to look at ways that this will affect both the organization and individuals who are employed by the organization. This is being done with a view to minimize any financial and operational impacts on the organization when the new laws commence.

Council is pleased to note that there continue to be high staff retention rates across all departments. This year a number of certificates recognizing long service with Council were presented during the year.

Public Relations and Marketing

Throughout the year Council offers in kind and financial support to a number of individuals and organizations. These include one off events such as individuals who have been chosen to represent the State or region in a particular field, or ongoing support for events such as the Forestry Tasmania Derwent Valley Autumn Festival. Council also provides in kind support through assisting organizations and individuals.

Council sees it as being part of its corporate responsibility to assist these organizations and individuals in their endeavors to improve the community and enhance the reputation of the Derwent Valley.

Council continues to keep the community informed of its decisions through the publication of Council Meeting minutes and some committee minutes on the Council website. Over the last year Derwent Valley Council has continued to publish the quarterly Council newsletter which is intended to keep community members informed of many of the major decisions made through Council meetings.

Council aims to ensure that it communicates effectively with the community to encourage participation in community affairs.

Members of the community are offered the opportunity to contribute through public question time at Council Meetings, being part of various Council committees and making submissions from time to time, including submitting project to the budget process.

Derwent Valley Council's front counter staff and outside workforce are often the first contact that many residents have with Council. Staff in these positions are well informed and are often able to provide advice and assistance on a range of matters pertaining to Council. These frontline staff assist as much as possible in enquiries from the public and will willingly direct questions to appropriate officers.



Glengrey House, Derwent Valley Council's HACC facility is in its 24th year of operation and services the needs of frail and aged residents and their carers.

4.2 Child Youth and Family Services

There are three areas covered by this program:

- Home and Community Care (HACC);
- Childrens Services, including Long Day Care, After School Care, Vacation Care and Family Day Care, and;
- Youth Services, including LOOP, D’FAT (Derwent Valley Youth Future Action Team), RAFT (Real Action ...Forward Thinking) and Healthy and Luv’in’ it.

Through these programs Council provides support to many vulnerable members of the community. These programs form the centre of Council’s community services program.

Home and Community Care (HACC)

HACC is situated at Glengrey House and is an adult day respite centre, providing services to frail, aged and people with disabilities and their carers living in the Derwent Valley Area.

Clients of Glengrey House receive a social outlet, and a sense of belonging to the community as their skills are recognized and they are given the opportunity to learn new skills. Some clients, who would otherwise be socially isolated, welcome the chance to share experiences and the opportunity to adopt the healthy lifestyle promoted by Glengrey House. Clients can take advantage of a large variety of activities offered in the day program. Day respite includes morning, afternoon tea and lunch, and transport to and from Glengrey house.

Carers benefit from the respite services offered at Glengrey House, as it gives them an opportunity to recharge their batteries, or undertake chores safe in the knowledge that their loved one is in good care for the day.

Glengrey House is open from Monday – Thursday 9.00am to 4.00pm.

Council's Seniors Week celebrations, which take place in the first week of October each year, are organized by Glengrey House and its dedicated team. The celebrations include the Mayor's afternoon tea, bingo and Grandparents Day. All events are well patronized and have become a highlight to the social calendar of many of the Derwent Valley's older residents.

Childrens Services

Valley Children's Services offers a range of services to families in the Derwent Valley who require child care services. The centre offers 5 services; Long Day Care for children aged 6 weeks to 5 years, Before and After School Care for children from 5 – 12 years with a collection service from four schools in the area for After School Care. Vacation Care is offered along with Family Day care, with registered Family Day Care Educators in their own home.



There are currently around 337 families and 360 children using the services provided. This can vary slightly as families come into or leave the area.

The Valley Children's Services is fully licensed and accredited and all staff meet the required standards of qualification.

Youth Services



Council's Youth Services provides various opportunities for youth in the area to fully develop their potential. Council actively works with and sponsors a number of support groups representing young people (12-25 years of age).

D'FAT (Derwent Valley Youth Future Action Team) hosts a number of activities for youth during the year as well as having regular meetings of the group. Highlights of 2011-2012 include receiving the Young Legends Award as part of the National Tidy Towns Awards, in recognition of D'FAT's work at Ellis Dean Reserve. This has been a long term project which many members of D'FAT have contributed to over a 10 year period.

Yet, Youth Employment and Training, was conducted in April and is an annual event on the Derwent Valley Youth Calendar.

Healthy and Luvin' It was held on 4th November 2011, an information expo to raise the awareness of youth service providers in the areas. This is a joint initiative between Council's Youth Services and Derwent Valley Community House.

RAFT (Real Action ...Forward Thinking) was initiated by Council in 2005 and comprises members of Council, Council staff, educators and not for profit organizations. It is an overarching body to assist with coordinated delivery of youth services in the Derwent Valley area, including Carinya Education Park, Park, Council's youth and training facility.

LOOP, was a monthly newspaper publication, written, designed and edited by young people. This project was supported by Davies Brothers Pty Ltd and completed in August 2012.

4.3 Community and Social Development

This wide ranging department takes in:

- Information Management;
- Community and Social Development, and;
- Area Promotions.

Council through this portfolio actively seeks opportunities to engage various stakeholders from across the Derwent Valley with a view to building a strong and cohesive community. Councillors and staff are encouraged to play an active role in the community through involvement with local committees, clubs and groups. This community activity helps to build and develop networks within the community.

Information Management

Council's information management is used in the daily operations of Council. This comprises of both computerized and manual systems, including property details, financial, file records, immunization records, graphic information and general enquiries.

During the year Council commenced a review of information systems and structures with a view to streamlining activities and providing a more efficient working system for both clients and staff.

Community and Social Development

Council places a great deal of importance on encouraging community and cultural development in the Derwent Valley through a number of means. The major objective of this service is to enhance the image of the Derwent Valley through various initiatives involving partnerships between community stakeholders and Council.

This program funds and assists in the funding of various events across the community including:

- Bursaries to Glenora and New Norfolk High Schools;
- Australia Day;
- Assisting with the costs of insuring community halls;
- CWA Learn to Swim Campaign
- Derwent Valley Sports and Recreation Centre;
- Carols by Candlelight, and;
- Various small donations and inkind assistance to organizations throughout the year.

Area Promotions

Promotion of annual and community events plays an important part in the success and ownership of these events in the community. Council aims to sponsor events to assist in promoting the Derwent Valley as a place to live, play and work.

This department takes in the tourism aspect of Derwent Valley Council's activities. Over the last year Council has played a significant role in assisting the Rivers Run Tourism Association to re-energise and again become an important contributor to tourism in the Derwent Valley. Council also assists the Mt Field Tourism group, a smaller group set up with a vision to attracting tourists to the upper Derwent Valley, from Plenty to Strathgordon.

Derwent Valley Council funds the Derwent Valley Visitor Information Centre, which is run as a Special Committee of Council.

During the past year, Council has provided financial and inkind support to the following:

- The Forestry Tasmania Derwent Valley Autumn Festival, attracting over 18,000 visitors this year to the largest annual event in the Derwent Valley;
- Tiger Trail Festival, the inaugural festival was run this year, successfully attracting many visitors to the upper Derwent Valley and Mt Field, Maydena and Strathgordon areas;
- Visitor Information Centre;
- Tidy Town Committee, which was successful in a number of categories at the National Keep Australia Beautiful Awards, and;
- Launceston to New Norfolk Cycling Classic.



4.4 Development and Environmental Services

This department consists of what many people would consider to be 'traditional' Council business, taking responsibility for the following services:

- Environmental Planning and Management, involves the protection of natural environment, including catchment and environmental monitoring. This includes Council's contribution to Natural Resource Management (NRM South).
- Planning Control, provides strategic and statutory planning in accordance with the requirements of the State Resource Management and Planning System.
- Building Control, includes the provision of statutory building services in line with State Legislation, particularly the *Building Regulations 2004* and Building Code of Australia as it applies to the *Building Act 200*. This section also deals with the acceptance, processing and finalization of Building Applications.
- Animal Control, includes the registration of dogs (some 2200 dogs are registered in the Derwent Valley) and the provision of the municipal pound, as well as the enforcement of animal control services.
- Plumbing Control, offers the provision of statutory plumbing services in line with State Legislation.
- Public Health Services, provides regulatory, approval and inspectorial services for the protection of public health and safety, including the licensing of food businesses, child immunizations and domestic on site water systems.
- Waste Management, in this case refers to contractors hired to collect household garbage and recycling services in the municipal area.
- Records Management, includes the internal processes of filing hard copies of documents and sorting and storage of Council documents.

This department deals with predominantly with legislative requirements, much of their work is covered in section 5 of this report.

During the 2011 – 2012 financial year Derwent Valley Council's planning department received 153 planning applications

4.5 Physical Services

This department is Council's outside workforce, and covers all areas of Council's infrastructure and assets.

Specific responsibilities that fall within this department include:

- Infrastructure management;
- Parks, Reserves and Recreational Facilities;
- Swimming Pools;
- Roads, Bridges and Footpaths;
- Stormwater Drainage;
- Refuse Disposal;
- Buildings and Property, and;
- Cemeteries.



The work of the outside workforce often goes unnoticed, with the safety of the public and Council's duty of care are major considerations in all works undertaken. The staff who make up this department are often out doing their job in inclement weather and trying conditions, with no work hours being lost in the past 3 years due to 'wet weather'.

Derwent Valley Council's physical services department maintains 330km of roads in the municipal area. This is made up of 97km of sealed road and 233km of unsealed road.

Council's gardens in Arthur Square and Circle Street, are a source of pride for many residents in the area, this is due to the hard work of the outside workforce. Over the last year, this department has undertaken to look at its operations and practices and will be looking to become more innovative and produce better outcomes in the future.

This year the Physical Services department has undertaken several major projects in addition to their regular functions, some of these will be detailed in Section 5 of this report. Regular functions of the outside workforce include maintenance of sports grounds to ensure safe use, playground maintenance and safety inspections, attending to public toilets and BBQ's and roadside spraying and slashing. This year the New Norfolk Swimming Pool was resurfaced ensuring at least another eight years of safe use.



Derwent Valley Council is proud to be one of the first Councils to call for public submissions to its budget process. This has occurred for the last 9 years, there were 13 submissions from the public in the 2011 – 2012 financial year.

4.6 Corporate and Financial Services

Corporate and Financial services makes up the backbone of Council operations, having responsibility for:

- Financial Management and Administration;
- Customer Service, and;
- Risk Management

It is the Corporate and Financial Services department that controls Council budget, sets rates and administers all functions of Council. Customer Service comes into the Corporate and Financial Services department as the front line staff in Council Chambers.

Financial Management and Administration

In line with Council's charter and the goals in the Strategic Plan, to provide the community with clear and easy to understand information; this section provides information on budget, rating structure and services. Additionally, monthly financial reports are available to all relevant Council Officers to ensure Council's budgetary guidelines are maintained. This section is charged with the duty of ensuring that there are adequate financial resources available to deliver services and that these resources are managed efficiently and effectively.

Each year, Council calls for public submissions to the Budget, this occurred between 23rd March – 8th April 2011. This is the public's opportunity to seek funding for projects and improvements that they see as necessary. All submissions were considered by Councillors as part of the budgetary process. Council's Budget was adopted by Council in a Council meeting on 23rd June 2011. At this same meeting, Council's Annual Plan was adopted, setting out Council's goals for the coming year. During the year work commenced on a ten year Financial Plan for Derwent Valley Council, this forecasts our income and expenditure for the next ten years and assists Council in goal setting

and ensuring that Council responsibly manages the finances of the municipal area.

Customer Service

Customer service staff are the frontline of Council operations, they are the first point of call for many people who have dealings with Derwent Valley Council.

Our customer service staff are well trained and courteous and will assist members of the public whenever possible with any enquiries.

The role of customer service staff has broadened in recent years, from a simple point of contact to assisting with more detailed enquiries including those around the use of Council's cemeteries, bookings for various Council facilities, collection and receipt of all Council rates and charges and various administration duties that keep Council functioning efficiently. Customer service staff are also able to help the public direct their enquiries to other government agencies such as Southern Water etc., where appropriate.

Risk Management

One of Council's main concerns is ensuring that the residents and visitors alike are not exposed to undue risk of injury. Council manages its exposure to risk in a proactive manner, addressing areas of potential public risk in a timely fashion. Part of this role is to work to ensure that costs associated with any liability claims are kept to a minimum, this is achieved through extensive risk management practices.

This year Council again undertook the annual risk management audit; this assesses Council's activities in risk management against a preset set of criteria. Once again Council achieved an above average score for its risk management practices.

5. Legislative Requirements

The Local Government Act 1993 requires that certain information on the operations of Council is included in this report. That information can be found in this section.

5.1 Public Health Statement

From 1 July 2011 until 30 June 2012, the Council's Environmental Health section consisted of a full time Environmental Health Officer. Council fulfilled all its obligations under the *Public Health Act 1997*, the *Environmental Management and Pollution Control Act 1994*, the *Food Act 2003* and the *Local Government Act 1993*.

One of the roles of the Environmental Health unit and an objective of Council is to ensure food prepared and sold within the municipal area is safe for human consumption, meets food standards, is properly described and complies with the Australian Food Standards Code. This objective is achieved through regular inspection of food premises. There were 111 food premises registered in the municipal area during the 2011 – 2012 financial year. Approximately 96 inspections of food premises were conducted. Additionally 35 temporary food business registrations were produced for specific events. Council's Environmental Health Officer attended and regulated large events including the Autumn Festival and inspected 45% of temporary food businesses for compliance.

Council has an obligation to provide food education/awareness sessions to members of the community who work with food in various capacities. The outcome of the food safety sessions is to provide people with an awareness of their responsibilities under the *Food Act 2003* and Food Safety Standards. These sessions cover the fundamentals of food safety and food hygiene.

Food handling training was conducted by the Environmental Health Unit for 6 groups during the financial year, 104 participants attended in total. Certificates of attendance were presented to all participants who completed the sessions.

The Environmental Health Office is also required to undertake inspections of on-site wastewater treatment systems and to issue special plumbing approval for the installation of any new on-site wastewater treatment systems. A total of 32 Special Plumbing permits were issues. Under the *Public Health Act 1997* Council has a responsibility to monitor its recreational

waters and public pools. The recreational water sampling site was the Derwent River, a total of 16 recreational water samples were taken on a weekly basis during the swimming season (December to the end of March). Additionally there are 4 swimming pools in the Derwent Valley municipal area that are offered for public use. A total of 57 swimming pool samples were submitted for analysis during the year. The results of the recreational water sampling are included in a report as required by the Director of Public Health. In accordance with the Drinking Water Quality Guidelines under the *Public Health Act 1997*, Council is required to keep a register of private water suppliers, including commercial water carriers in the municipal area. Derwent Valley Council currently has 2 registered commercial water carriers and 5 private water suppliers operating in the municipal area. The details of the commercial water carriers and compiled in a report as required by the Director of Public Health.

The activities conducted throughout the financial year were completed in accordance with the 2011 – 2012 Annual Plan.

Public Health Act 1997

Type of Premises	Number Premises	Number Inspections	Comments
Places of Assembly	22	22	<i>No notices were served</i>
Immunisations	446	277	<i>Doses given (including schools and clinics)</i>
Bathing Water Samples – pools and spas	74	74	<i>The regular sampling and monitoring of all public swimming pools and spas was undertaken on a monthly basis to monitor the compliance of the water quality with acceptable microbiological water quality criteria. All facilities regularly met the acceptable criteria for water supply.</i>
Regulated Systems	0	0	
Commercial Water Carters	2	0	<i>No notices served. Annual drinking water quality report submitted to Director.</i>
Public Health Risk Activity	1	2	<i>No notices served</i>
Specific Events Licence	14	5	<i>Included the Autumn Festival., Bushy Park Show, Carols by Candlelight, school fairs etc.</i>
Unhealthy Housing	2	2	<i>No notices served</i>
Recreational Waters	1	17	<i>Annual recreational water report submitted to Director.</i>
Notifiable Disease Investigations	6	5	<i>Responded to all notifications.</i>
Private Burial Permits	1	1	<i>N/A</i>

Food Act 2003

Type of Premises	Number of Premises	Number of Inspections	Comments
Registered Food Business	111	96	<i>No improvement notices served</i>
Growers Market Registrations	2	2	<i>N/A</i>
Temporary Food Premises	35	15	<i>N/A</i>
Food Vehicles	4	4	<i>N/A</i>
Seizure of food items	0	0	<i>N/A</i>
Approval of plans for new or alterations to existing food premises	3	5	<i>N/A</i>

Environmental and public health nuisances:

- *Environmental Management and Pollution Control Act 1994*
- *Local Government Act 1993*

Type	No.
Complaints Received	156
Environmental Protection Notices served/ ongoing	1
Abatement notices served (LGA)	144
Infringement notices served (EMPCA)	0

Building Act 2000

Type	No.
Special Plumbing Permits Issued	32
Special Plumbing Completions	28
Development Applications	35
Subdivision Referrals	0
Plumbing Notices served	0
Plumbing Orders served	0

5.2 Enterprise Powers Statement

This report is made pursuant to Section 72 of the *Local Government Act 1993*.

No activities were undertaken during the 2011 – 2012 financial Year.

5.3 Councillor Allowances and Expenses Statement

Statement of allowances and expenses paid to elected members Section 72 (1) (cb)

Total allowances paid to the Mayor, Deputy Mayor and Councillors: \$124,283

Total expenses paid to all Councillors: \$8,819

5.4 Councillors Meeting Attendance

This report is made pursuant to Section 72 of the *Local Government Act 1993*.

Councillor	Ordinary Meetings	Closed Council Meetings	Special Open Meetings	Special Closed Meetings	Annual General Meeting	Total
Bester	12	11	1	1	1	26
Bromfield	11	10	1	1	0	23
Elliott*	2	1	1	0	0	4
Evans	11	10	1	1	1	24
Farrell*	4	3	0	1	0	8
Graham	11	9	1	1	1	23
Hill *	4	3	0	1	0	8
Lathey	12	11	1	1	1	26
Lester^	8	8	1	0	1	18
Nicholson^	8	8	1	0	1	18
Shaw	4	3		0	1	8
Shoobridge^	7	7	1	0	1	16

Where a Councillor may have been noted as not having been in attendance at a particular meeting, leave of absence for a specific purpose may have been granted by the Council pursuant to Section 39 of the Local Government (Meeting and Procedures) Regulations 2005.

Outgoing elected member during the period of this report * - maximum number of meetings able to be attended is 8.

Newly elected member during the period of this report^ - maximum number of meetings able to be attended is 18.

5.5 Senior Employee Total Annual Remuneration Statement

This statement is in accordance with Section 72 (1) (cd) of the *Local Government Act 1993*.

Total Remuneration Package	No. of Employees
\$140,000 – \$159,000	1
\$120,000 - \$139,999	1
\$80,000 - \$99,999	2

5.6 Grants Assistance and Benefits

This statement is in accordance with Section 77 (1) of the *Local Government Act 1993*.

Council allocated the following grants under its 2011 – 2012 Community Grants Program

Detail	GST exclusive Amount
New Norfolk Licensed Anglers Association – seating at junior anglers pond.	\$500
New Norfolk Bowls Club – purchase of hoses and sunscreen dispensers	\$200
Rivers Run Tourism Association - Map reprint	\$1000
St Brigids School – Outdoor seating	\$500
Glenora Online Access Centre – purchase of electric stove	\$500
Magra Fire Brigade – gutter guard	\$500
Upper Derwent Anglers Club – purchase of electric stove	\$500
Maydena Online Centre – tutoring for artistic creativity	\$500
Derwent Valley Horse Riders Association – entrance improvements	\$328
German Shepherd Club – extension to path	\$583
Glenora District High School – first aid course	\$985
New Norfolk Neighbourhood Watch – Newsletter production	\$400
Derwent Valley Craft Group – purchase of printer	\$200
Glengrey House – Christmas lunch for clients	\$250
Historical Information Centre – Governor Macquarie celebrations	\$565
Derwent Valley Garden Club – purchase of tables	\$364
New Norfolk High School – Richmond St garden project	\$306
Bushy Park Swimming Pool – sundry items	\$500
Derwent Valley Horse Riders Association – personal locator beacon	\$200
Derwent Valley Choir - scarves	\$200
Friends of Frascati – signage and interpretation	\$168
Community Project– Lawitta Cemetery Sign	\$240
Lachlan Community Hall – sundry items of furniture	\$300
Glenora Online Access Centre – purchase of lino	\$400
New Norfolk Spinners and Weavers – waterproof marquee	\$600

Council made the following donations to individuals and organisations in the 2011 – 2012 financial year.

Detail	GST exclusive Dmount
New Norfolk Licensed Anglers Association – annual dinner and trophy night	\$100
Tim Gibbons – Derwent Valley Concert Band Europe trip	\$100
Chloe Stevenson – Tasmanian U16's Water Polo	\$100
Mary Coy – Skills acquisition program	\$50
Jade Davidson – Tas gymnastic team Australia	\$50
Cambodian Childrens Trust Challenge	\$100
Upper Derwent Anglers Club – annual trophy night	\$100
New Norfolk Scout Group – scout pack holiday	\$100
E.M Rayner – New Norfolk Can Hope support	\$100
BWS Claremont – Relay for Life	\$100
Bushy Park Fire Brigade – replace pads for portable cardiac defibrillator	\$100
Bushy Park Show Society – 138 th Bushy Park Show	\$200
New Norfolk Swimming Pool – Learn to swim program	\$100
Log-a-load for kids – 2012 run the bridge event	\$100
Molesworth Community Hall – carols in the country	\$100
Fairview Primary School – school presentation	\$100
Magra Fire Brigade – annual fundraising event	\$100
New Norfolk High School – achievement award	\$100
Glenora District High School – end of year presentations	\$50
Rotary Club of Hobart – Annual magic show	\$100
Jordan Mc Ginty – world challenge Vietnam	\$100
Fairview Primary School – swimming program	\$100
Glenora District High School – car show	\$100
New Norfolk High School – Grandparents Day	\$150
Amanda Eiszele – Masters competition netball	\$100
Gretna Fire Brigade – State Competition	\$100
Fairview Primary School – Big Dad's Playgroup	\$100
Glenora District High School – Glenora's Got Talent	\$100
New Norfolk Fire Brigade – 2011 Fire Competition	\$100

5.7 Contracts for Supply of Goods and Services

In accordance with section 23(5) of the Local Government (General) Regulations 2005, the following contracts to the value of \$100,000 or above, excluding GST were entered into during the 2011 – 2012 period.

Contract	Contract Period	Extension Option	Contract Sum (for term of contract inc. extension options)	Contractor
Kerbside Recycling (a) Collection of mobile garbage bins	5 years, commence 5 th March 2012	1 Year + 1 Year	\$595,000 (estimated)	Aussie Waste
(b) Supply of mobile garbage bins	2011 - 2012	N/A	\$153,000	Aussie Waste
Road works – Charlotte Street	2011 - 2012	N/A	\$150,000	Hazell Bros. Group Pty. Ltd.
Stabilisation Glen Fern Road	2011 - 2012	N/A	\$250,000 (estimated)	Andrew Walter constructions

5.8 Donated Land Statement (Section 177 Local Government Act 1993)

The Council has not resolved to donate any lands in accordance with Section 177 of the *Local Government Act 1993*

5.9 Public Interest Disclosure Statement (Public interest Disclosures Act 2002)

There were no disclosures raised or determined during the year.

7. Acknowledgements and Contact Details

7.1 *Photographic Acknowledgements*

Derwent Valley Council would like to acknowledge the following people and organisations who provided photographs for this Annual Report:

- David Bevan
- Sarah Lockyer
- Richard Clark
- Norske Skog

7.2 *Contact Details*

The Derwent Valley Council welcomes any feedback on the Annual Report.

Written comment on this report should be addressed to the General Manager at:

General Manager
Derwent Valley Council
PO Box 595
New Norfolk Tas 7140

Further hard copies of this report can be obtained by contacting Derwent Valley Council:

Executive Assistant
PO Box 595
New Norfolk Tas 7140

By calling: 6261 8512

Or emailing: executiveassistant@dvc.tas.gov.au

This report can be found on the web at: www.derwentvalley.tas.gov.au



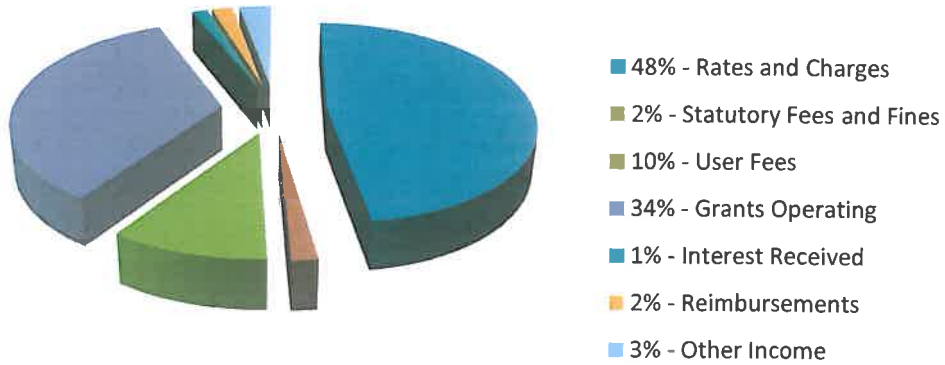
2011 -
2012

Derwent Valley Council Financial Report

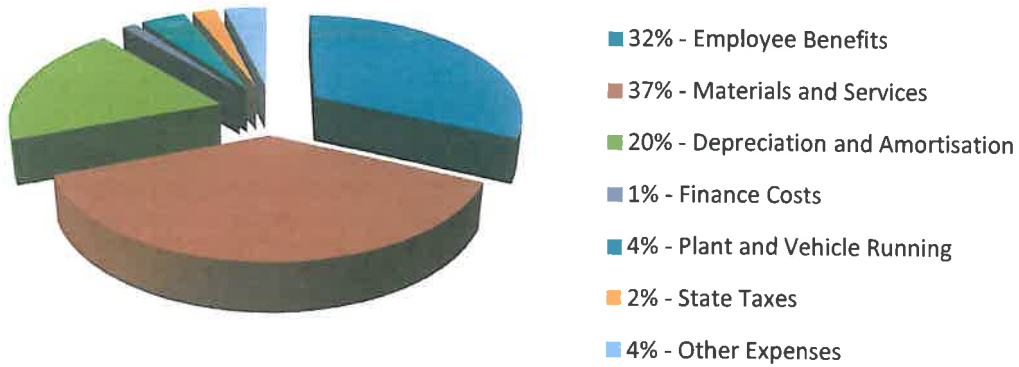


DERWENT VALLEY COUNCIL

Where the dollars come from Operating Income \$11,104,364



Where the dollars go Operating Expenses \$10,423,752



Please note: Page numbers in this document differ from those in the previous section.

DERWENT VALLEY COUNCIL
ANNUAL FINANCIAL REPORT
For the Year Ended 30 June, 2012

TABLE OF CONTENTS

Table of Contents	i
Audit Certificate	iii
Council Statement	v
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to and forming part of the Financial Statements:	
Note 1. Significant Accounting Policies	5
(a) Statement of Compliance	
(b) Basis of Preparation	
(c) Rates	
(d) Grants and Donations	
(e) Interest Bearing Loans/Borrowings	
(f) Net Fair Values	
(g) Employee Entitlements	
(h) Property, Infrastructure, Plant and Equipment	
(i) Revaluation of Non - Current Assets	
(j) Valuation - Land under Roads	
(k) Depreciation of Non - Current Assets	
(l) Taxation	
(m) Impairment of Assets	
(n) Receivables	
(o) Payables	
(p) Significant Business Activities	
(q) Statement of Comprehensive Income - Budget Amounts	
(r) Investment in Water Corporation	
(s) New Accounting Standards	
Note 2. Functions of the Council	16
Note 3. Rates and Charges	19
Note 4. Statutory Fees and Fines	19
Note 5. User Fees	19
Note 6. Grants: Operating and Capital	19
Note 7. Profit/ (Loss) on Sale of Assets	21
Note 8. Reimbursements	21

TABLE OF CONTENTS

Table of Contents	i
Audit Certificate	iii
Council Statement	v
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to and forming part of the Financial Statements:	
Note 1. Significant Accounting Policies	5
(a) Statement of Compliance	
(b) Basis of Preparation	
(c) Rates	
(d) Grants and Donations	
(e) Interest Bearing Loans/Borrowings	
(f) Net Fair Values	
(g) Employee Entitlements	
(h) Property, Infrastructure, Plant and Equipment	
(i) Revaluation of Non - Current Assets	
(j) Valuation - Land under Roads	
(k) Depreciation of Non - Current Assets	
(l) Taxation	
(m) Impairment of Assets	
(n) Receivables	
(o) Payables	
(p) Significant Business Activities	
(q) Statement of Comprehensive Income - Budget Amounts	
(r) Investment in Water Corporation	
(s) New Accounting Standards	
Note 2. Functions of the Council	16
Note 3. Rates and Charges	19
Note 4. Statutory Fees and Fines	19
Note 5. User Fees	19
Note 6. Grants: Operating and Capital	19
Note 7. Profit/ (Loss) on Sale of Assets	21
Note 8. Reimbursements	21

Independent Auditor's Report

To the Councillors of Derwent Valley Council

Financial Report for the Year Ended 30 June 2012

I have audited the accompanying financial report of Derwent Valley Council (Council), which comprises the statement of financial position as at 30 June 2012, the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the General Manager's statement.

Auditor's Opinion

In my opinion Council's financial report:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2012, and financial performance, cash flows and changes in equity for the year then ended; and
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

The Responsibility of the General Manager for the Financial Report

The General Manager is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Section 84 of the *Local Government Act 1993*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the General Manager's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Manager, as well as evaluating the overall presentation of the financial report.

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

My audit is not designed to provide assurance on the accuracy and appropriateness of the budget information in Council's financial report.

Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

Tasmanian Audit Office



JJ Tongs

**Director Technical and Quality
Delegate of the Auditor-General**

HOBART

28 September 2012

DERWENT VALLEY COUNCIL
COUNCIL STATEMENT
For the Year Ended 30 June, 2012

The financial report set out on pages 1 to 44 are a true and correct copy of the Annual Financial Statements of the Derwent Valley Council for the year ended 30 June, 2012.

In my opinion:

- a) the Financial Statements of the Derwent Valley Council have been prepared in accordance with applicable Australian Accounting Standards including Australian Interpretations;
- b) the Statement of Comprehensive Income and Statement of Cash Flows are drawn up so as to give a true and fair view of the results and cash flows of the Council for the financial year ended 30 June, 2012;
- c) the Statement of Financial Position together with notes thereto, and the Statement of Changes in Equity are drawn up so as to give a true and fair view of the state of affairs of the Council as at 30 June, 2012;
- d) at the date of this statement, there are reasonable grounds to believe that the Council will be able to pay its debts as and when they fall due.

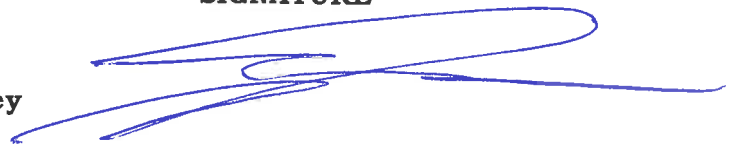
POSITION

NAME

SIGNATURE

General Manager

Stephen Mackey



Date

15 August 2012

DERWENT VALLEY COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June, 2012

		BUDGET 2012	ACTUAL 2012	ACTUAL 2011
	Note	\$'000	\$'000	\$'000
CONTINUING OPERATIONS				
INCOME				
Rates and Charges	3	5,272	5,284	5,057
Statutory Fees and Fines	4	225	186	203
User Fees	5	1,045	1,119	977
Grants: Operating	6	2,898	3,825	3,040
Interest Received		95	160	167
Reimbursements	8	57	211	330
Other Income	10	61	318	93
TOTAL INCOME		9,653	11,103	9,867
EXPENDITURE				
Employee Benefits		3,319	3,290	3,009
Materials and Services		3,135	3,909	3,712
Loss on Sale of Assets	7	-	9	76
Depreciation and Amortisation	11	-	2,038	1,978
Finance Costs		133	135	107
Plant and Vehicle Running		540	427	384
State Taxes		226	226	223
Other Expenses	12	378	389	328
TOTAL EXPENDITURE		7,731	10,423	9,817
SURPLUS/(DEFICIT) FROM CONTINUING OPERATIONS		1,922	680	50
Developer Contributions	9	-	8	17
Grants: Capital	6	-	-	410
SURPLUS/(DEFICIT)		1,922	688	477
Other Comprehensive Income				
Change in fair value: Investment in Southern/Hobart Water	33	-	55	143
Fair value revaluation of non-current assets		-	1,937	4,110
COMPREHENSIVE RESULT		1,922	2,680	4,730

This statement should be read in conjunction with the accompanying Notes to the Financial Statements

DERWENT VALLEY COUNCIL
STATEMENT OF FINANCIAL POSITION
As at 30 June, 2012

	Note	ACTUAL 2012 \$'000	ACTUAL 2011 \$'000
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	13	2	415
Investments	13	2,150	2,305
Other	14	71	63
Receivables	15	899	702
TOTAL CURRENT ASSETS		<u>3,122</u>	<u>3,485</u>
NON-CURRENT ASSETS			
Receivables	15	22	20
Investment in Water Corporation	16	24,925	24,870
Property, Infrastructure, Plant and Equipment	21	69,131	65,747
TOTAL NON-CURRENT ASSETS		<u>94,078</u>	<u>90,637</u>
TOTAL ASSETS		<u>97,200</u>	<u>94,122</u>
LIABILITIES			
CURRENT LIABILITIES			
Payables	17	382	650
Interest Bearing Loans/Borrowings	18	144	115
Other Liabilities	19	282	228
Provisions	20	1,742	1,564
TOTAL CURRENT LIABILITIES		<u>2,550</u>	<u>2,557</u>
NON-CURRENT LIABILITIES			
Interest Bearing Loans/Borrowings	18	2,215	1,858
Provisions	20	136	87
TOTAL NON-CURRENT LIABILITIES		<u>2,351</u>	<u>1,945</u>
TOTAL LIABILITIES		<u>4,901</u>	<u>4,502</u>
NET ASSETS		<u>92,299</u>	<u>89,620</u>
RATEPAYER EQUITY			
Accumulated Surplus		40,283	39,772
Reserves	22	52,016	49,848
TOTAL RATEPAYER EQUITY		<u>92,299</u>	<u>89,620</u>

This statement should be read in conjunction with the accompanying Notes to the Financial Statements

DERWENT VALLEY COUNCIL
STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June, 2012

	Accumulated Surplus/Deficit		Public Open Space Reserve		Asset Replacement Reserves		Asset Revaluation Reserves		Fair Value Reserve		Other Reserves		Total Equity	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Ratepayer Equity at beginning of Year	39,772	39,242	144	133	420	371	47,689	43,579	143	-	1,452	1,566	89,620	84,891
Comprehensive result	688	477	-	-	-	-	2,128	4,110	55	143	(191)	-	2,680	4,730
Transfers to Reserves	(2,402)	(2,034)	8	16	488	345	-	-	-	-	1,906	1,673	-	-
Transfers from Reserves	2,225	2,086	-	(5)	(355)	(296)	-	-	-	-	(1,869)	(1,787)	-	-
Ratepayer Equity at end of Year	40,283	39,772	152	144	553	420	49,816	47,689	197	143	1,298	1,452	92,299	89,620

This statement should be read in conjunction with the accompanying Notes to the Financial Statements

DERWENT VALLEY COUNCIL**STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2012**

Page 4

	Note	ACTUAL 2012 \$'000	ACTUAL 2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
- Rates		5,284	4,966
- Grants - Operating		3,825	3,040
- Statutory & User Charges (inclusive of GST)		1,217	1,236
- Interest		160	167
- Other Receipts (inclusive of GST)		341	880
- Reimbursements (inclusive of GST)		232	330
- Developer Contributions (inclusive of GST)		10	17
		11,069	10,636
Payments			
- Payments to Employees		(3,063)	(2,813)
- Payments to Suppliers (inclusive of GST)		(4,341)	(4,511)
- Interest		(128)	(101)
- Plant & Vehicle Running		(427)	(384)
- State Taxes		(226)	(223)
- Other Payments		(343)	(328)
		(8,528)	(8,360)
NET CASH PROVIDED BY OPERATING ACTIVITIES	28 (b)	2,541	2,276
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Infrastructure, Plant and Equipment		(3,669)	(3,018)
Grants - Capital		-	410
Proceeds from sale of Property, Infrastructure, Plant and Equipment		175	453
(Increase) / Decrease in Investments		155	(301)
NET CASH (USED) IN INVESTING ACTIVITIES		(3,339)	(2,456)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Loans		500	500
Repayment of Interest Bearing Loans and Borrowings		(115)	(89)
NET CASH PROVIDED BY FINANCING ACTIVITIES		385	411
NET INCREASE (DECREASE) IN CASH HELD		(413)	231
CASH AT THE BEGINNING OF THE YEAR		415	184
CASH AT THE END OF THE YEAR	28 (a)	2	415

This statement should be read in conjunction with the accompanying Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all of the years presented, unless otherwise stated.

(a) STATEMENT OF COMPLIANCE

This financial report is a general purpose financial report that consists of the Statements of Comprehensive Income, Financial Position, Changes in Equity, 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 (AASB), 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.

(b) BASIS OF PREPARATION

These financial statements have been prepared on an accrual and a going concern basis.

They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and certain classes of property, plant and equipment and investment property.

In the application of AAS, management is required to make judgments, 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 circumstance, the results of which form the basis of making the judgments. 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.

Judgments made by management in the application of AAS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(c) RATES

The rating period and reporting period for the Council coincide and accordingly all rates levied for the year are recognised as revenue. Uncollected rates as at balance date are recognised as receivables (see Note 15). The collectability of debts is assessed at period end and specific provision is made for any doubtful accounts.

(d) GRANTS AND DONATIONS

Grants, donations and other contributions which are not subject to accompanying conditions that they be expended in a particular manner, or for a particular purpose, are recognised as revenue in the reporting period when the Council obtains control over the assets comprising the contributions. Unreceived contributions over which the Council has control are recognised as receivables.

(e) INTEREST BEARING LOANS/BORROWINGS

Loan funds received during the year are not included in the Statement of Comprehensive Income, but are included in the Statement of Cash Flows as inflows from financing activities and reflected by an increase in loan liabilities at balance date. Loans recognised in the Financial Report are initially recorded at fair value net of transaction costs. Subsequent to initial recognition, borrowings are recorded at amortised cost. Council does not intend to repay these loans outside the existing terms for such repayments.

(f) NET FAIR VALUES

Except for loan borrowings the carrying amounts of financial assets and liabilities recorded in the financial statements represent their respective fair values. Loan borrowings are recorded at amortised cost which represents fair value.

(g) EMPLOYEE ENTITLEMENTS

Employee entitlements are measured at the present value of the estimated future cash flows. In contrast, the sick leave provision is based on what the Council believes will be payable in the forthcoming 12 months. This figure was derived from a review of the sick leave history taken by employees over the previous three years. These accruals are calculated in accordance with accounting standard AASB 119 "Employee Benefits", The accrued long service leave entitlement has been - apportioned between Current and Non Current Liabilities, and Current Assets in relation to reimbursements for long service leave entitlements receivable from other Councils. The current liability represents that portion which is expected to be paid in the next 12 months. Liability for time-in-lieu represents funds owed to employees in lieu of overtime.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

(h) PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

Asset revaluations are accounted for in accordance with Australian Accounting Standard AASB 116.

The basis of valuation of assets for major classes of Assets as at 30 June 2012 is:

Land	At Fair Value
Buildings	At Fair Value
Roads	At Fair Value
Storm Water	At Fair Value
Bridges	At Fair Value
Reserves	At Fair Value
Waste Assets	At Cost
Light Vehicles	At Cost
Major Plant	At Cost
Minor Plant	At Cost
Trucks	At Cost
Office Furniture and Equip.	At Cost

The Asset Accounting Policies adopted by Council are as follows:-

1. All material items were considered and an assessment made to determine if such items are assets.
2. All assets that have a cost or other value that can be reliably measured are recorded in the Statement of Financial Position at the end of the reporting period. The capitalisation threshold is \$750. If expenditure on an asset improved its service potential or future economic benefits (ie the useful life is extended) then this expenditure was capitalised (added to the value of the asset). If not, the expenditure was charged to the Statement of Comprehensive Income as repairs/maintenance.
3. Asset classes and sub-classes of the Council are specified in the asset matrix.
4. Asset classes are consolidated into the following broad categories of nature or type and disclosed in the Statement of Financial Position as Property, Infrastructure, Plant and Equipment:

Land	Buildings
Bridges	Storm Water
Waste	Roads
Reserves structures	Plant and Equipment
5. Where a number of like items exist with individual values below the recognition threshold for future transactions, then these items are recognised as a group, provided their total value is in excess of the group threshold for that class.
6. All non-current assets that have a limited useful life are systematically depreciated over their useful life in a manner that reflects the consumption of the service or future economic benefits of those assets. Land is not a depreciable asset.

(h) PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (Continued)

7. Non-current assets are those that provide a benefit to the Council extending beyond twelve (12) months.
8. Non-current assets are revalued to their current cost less accumulated depreciation in accordance with the asset matrix (see Note (k)) with the exception of Waste and Plant and Equipment. Revaluations are conducted at least once every five years.
9. All revaluation increments are credited directly to the asset revaluation reserve account. Net revaluation decrements are debited to any previous revaluation increments for that class of assets, with any deficiency being charged to the Statement of Comprehensive Income.
10. The cost method of accounting is used for the initial recording of all assets acquired after a revaluation. Cost is determined as the fair value of the asset given as considered plus costs incidental to the acquisition (eg architects fees, engineering design fees, administration charges, direct and indirect salary costs, overheads and all other costs incurred in getting the asset ready for use).

(i) REVALUATION OF NON-CURRENT ASSETS

The Council has adopted the following policies in relation to the revaluation of non-current assets:-

Land revaluations are based on the Valuer General's Assessments effective 1 July 2011. Valuations are reviewed on a bi-annual basis (next review 1 July 2013.)

Buildings revaluations are based on the Valuer General's Assessments effective 1 July 2011. Valuations are reviewed on a bi-annual basis (next review 1 July 2013.)

Infrastructure assets, other than land, buildings and bridges are valued by either experienced Council officers or independent experts. Bridge valuations were undertaken by Aus Span during 2011/2012. All infrastructure assets, other than land and buildings are revalued annually to written down current cost by applying an appropriate cost increase index to the gross carrying value and re-assessing the useful life of each class of assets. The resulting carrying values are regularly reviewed to ensure appropriateness after taking into account and obsolescence, technological advancement and other relevant factors.

(j) VALUATION - LAND UNDER ROADS

Land under roads acquired after 30th June 2008 is brought to account using the fair value basis. No land has been acquired for road purposes since 30th June 2008. Council does not recognise land under roads that it controlled prior to that period in its financial statements.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

(k) DEPRECIATION OF NON-CURRENT ASSETS

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential in those assets. Depreciation is provided for on a standard straight-line basis using a range of rates applicable for Local Government, which are reviewed annually. Major depreciation periods relating to Council are:-

Category	Years	%
Buildings	50	2
Storm Water		
Pipes Concrete	120	1
Pipes uPVC	100	1
Pipes Earthenware	100	1
Pipes Cast Iron	120	1
Manholes	100	1
Pits	100	1
Head Wall	100	1
Pumps	15	7
Reservoirs	50	2
Chlorinators	15	7
Roads		
Earthworks	200	1
Asphaltic	35	3
Chip Seal	30	3
Reinforced concrete	50	2
Kerb and Guttering	50	2
Base Sealed	50	2
Base Un-Sealed	70	1
Gravel	6	17
Bridges		
Concrete deck	80	1.25
Timber deck	20	5
Reserves structures	50	2
Waste structures & rehabilitation	20	5
Light Vehicles		
(rate approx loss of trade in value after 40,000 km or 2 years)	2	12.5
Plant & Equipment		
Plant and vehicles	7	15
Office Equipment, Furniture and Information Technology	5	20

(l) TAXATION

Council is exempt from all forms of taxation except Fringe Benefits Tax, Payroll Tax and the Goods and 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 Tax Office (ATO). In these circumstances the GST is recognised as part of the 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 to GST recoverable or payable to the ATO is included as a current asset or current liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recovered from, or paid to, the ATO, are classified as operating cash flows.

(m) IMPAIRMENT OF ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The amount is the higher of an asset's fair value less costs to sell and value in use.

For non-cash generating assets of Council such as roads, drains, public buildings and the like, value in use is represented by the deprival value of the asset approximated by its written down replacement cost.

(n) RECEIVABLES

This category includes trade receivables, loans and other receivables. These assets are recorded at amortised cost less impairment. They arise when the Council provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current.

(o) PAYABLES

Significant terms and conditions

Trade creditors are generally settled within specified trading terms or 30 days whichever is the earlier.

Net fair value

Council considers the carrying amount of trade and other creditors approximate their fair value.

(p) SIGNIFICANT BUSINESS ACTIVITIES

Amendments to the Local Government Act 1993 as at 30 June 1999 under Section 84(2)(da) require the reporting of the opportunity cost of operating capital and competitive neutrality costs in respect of each significant business activity undertaken by Council. The Council's disclosure is recorded in Note 31.

The Council has determined, in accordance with government policy and materiality, that Transport services are classified as significant business activities.

The opportunity cost of capital is an estimate of the return or dividend that would be required by private investors were the net assets of the activity provided from that source.

Competitive neutrality costs are those costs which would be payable by an entity other than local government performing the same activities. Local government is currently exempt from such costs. Competitive neutrality costs include notional costs such as income tax equivalents, rates, land tax and loan guarantee fees.

In preparing the information disclosed in relation to significant business activities, the following assumptions have been applied:

The notional opportunity cost of capital was calculated by applying an interest rate of 7.00% which the Council has applied, on government advice, as the appropriate interest rate adjusted for a risk margin.

Taxation equivalents were calculated by an applicable taxation rate of 30% applied to the activities' notional accounting profit before abnormal items. Prior year deficits have not been treated as deductible for the purpose of calculating business income tax. Notional Council rates have been calculated using actual rates and charges set by the Council for the current financial period.

Loan guarantee fees were calculated on the average loans outstanding for each activity multiplied by the loan guarantee fee rate of 0.45% which is determined by the Department of Treasury and Finance.

The impact of fringe benefits tax credits and stamp duty were determined to be immaterial and have not been included.

(q) STATEMENT OF COMPREHENSIVE INCOME - BUDGET AMOUNTS

The Budget amounts which appear in the Statement of Comprehensive Income are taken from the Annual Estimates and are not subject to audit.

(r) INVESTMENT IN WATER CORPORATION

Council's investment in Southern Water is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date based on Final Treasurer's Allocation Order in 2011. Council has an ownership interest of 2.7% in the corporation. Any unrealised gains and losses on holdings at balance date are recognised through the Statement of Comprehensive Income to a Financial assets available for sale Reserve each year. (refer note 33)

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

(r) INVESTMENT IN WATER CORPORATION (Continued)

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

Council has derived returns from the corporation as disclosed at note 10.

(s) NEW ACCOUNTING STANDARDS

The following Australian Accounting Standards have been issued or amended and are applicable to the Council but are not yet effective.

They have not been adopted in preparation of the financial statements at reporting date:

Standard/ Interpretation	Summary	Operative date *	Impact on LG Financial Statements
AASB 9: Financial Instruments	<p>These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:</p> <ul style="list-style-type: none"> * simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; * removing the tainting rules associated with held-to-maturity assets; * simplifying the requirements for embedded derivatives; * removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost; * allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and * reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on: <ul style="list-style-type: none"> a. the objective of the entity's business model for managing the financial assets; and b. the characteristics of the contractual cash flows. 	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

(s) **NEW ACCOUNTING STANDARDS (Continued)**

AASB 10: Consolidated Financial Statements	This Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements and Int 112 Consolidation - Special Purpose Entities</i> , introducing a number of changes to accounting treatments. The Standard was issued in August 2011.	Applicable for annual reporting periods commencing on or after 1 January 2013.	Council has not yet determined the application or the potential impact of the Standard.
AASB 11: Joint Arrangements	This Standard supersedes AASB 131 <i>Interests in Joint Ventures</i> , introducing a number of changes to accounting treatments. This Standard was issued in August 2011.	Applicable for annual reporting periods commencing on or after 1 January 2013.	Council has not yet determined the application or the potential impact of the Standard.
AASB 12: Disclosure of Interests in Other Entities	This Standard supersedes AASB 127 <i>Consolidated and Separate Financial Statements</i> and AASB 131 <i>Interests in Joint Ventures</i> . This Standard was issued in August 2011.	Applicable for annual reporting periods commencing on or after 1 January 2013.	Council has not yet determined the application or the potential impact of the Standard.
AASB 13: Fair Value Measurement	This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact.	Applicable for annual reporting periods commencing on or after 1 January 2013.	No financial impact.
AASB 119: Employee Benefits	This Standard supersedes AASB 119 <i>Employee Benefits</i> , introducing a number of changes to accounting treatments. This Standard was issued in September 2011.	Applicable for annual reporting periods commencing on or after 1 January 2013.	Council has not yet determined the application or the potential impact of the Standard.
AASB 127: Separate Financial Statements	This Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> , introducing a number of changes to accounting treatments. This Standard was issued in August 2011.	Applicable for annual reporting periods commencing on or after 1 January 2013.	Council has not yet determined the application or the potential impact of the Standard.
AASB 128: Investments in Associates and Joint Ventures	This Standard supersedes AASB 128 <i>Investments in Associates</i> , introducing a number of changes to accounting treatments. This Standard was issued in August 2011.	Applicable for annual reporting periods commencing on or after 1 January 2013.	Council has not yet determined the application or the potential impact of the Standard.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

(s) NEW ACCOUNTING STANDARDS (Continued)

AASB 1053: Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. This Standard is not expected to impact Council. However, it may affect disclosures if reduced disclosure requirements apply.	Applicable for annual reporting periods commencing on or after 1 July 2013.	These amendments are not expected to impact Council.
AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and int 10 & 12]	[Modified by AASB 2010-7]	Applicable for annual reporting periods commencing on or after 1 July 2013.	Council has not yet determined the application or the potential impact of the Standard.
AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	Introduces reduced disclosure requirements for certain types of entities.	Applicable for annual reporting periods commencing on or after 1 January 2013.	This standard is not expected to have a financial impact.
AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and int 2, 5, 10, 12, 19 & 127]	This Standard makes consequential amendments to other Australian Accounting Standards and interpretations as a result of issuing AASB 9 in December 2010.	Applicable for annual reporting periods commencing on or after 1 January 2013.	Council has not yet determined the application or the potential impact of the Standard.
AASB 2011-2: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements [AASB 101 & 1054]	This Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact.	Applicable for annual reporting periods commencing on or after 1 July 2013.	No financial impact.
AASB 2011-6: Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131]	This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards - Reduced Disclosure Requirements. There is no financial impact.	Applicable for annual reporting periods commencing on or after 1 July 2013.	No financial impact.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

(s) **NEW ACCOUNTING STANDARDS (Continued)**

<p>AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]</p>	<p>This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 <i>Separate Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i>.</p>	<p>Applicable for annual reporting periods commencing on or after 1 January 2013.</p>	<p>Council has not yet determined the application or the potential impact of the Standard.</p>
<p>AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and int 2, 4, 12, 13, 14, 17, 19, 131, 132]</p>	<p>This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.</p>	<p>Applicable for annual reporting periods commencing on or after 1 January 2013.</p>	<p>No financial impact.</p>
<p>AASB 2011-9: Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]</p>	<p>This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).</p>	<p>Applicable for annual reporting periods commencing on or after 1 July 2013.</p>	<p>Council has not yet determined the application or the potential impact of the Standard.</p>
<p>AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and int 14]</p>	<p>The Standard makes amendments to other Australian Accounting Standards and interpretations as a result of issuing AASB 119 <i>Employee Benefits</i> in September 2011.</p>	<p>Applicable for annual reporting periods commencing on or after 1 January 2013.</p>	<p>Council has not yet determined the application or the potential impact of the Standard.</p>
<p>AASB 2011-11: Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</p>	<p>This Standard gives effect to Australian Accounting Standards - Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.</p>	<p>Applicable for annual reporting periods commencing on or after 1 January 2013.</p>	<p>No financial impact.</p>
<p>AASB 2012-1: Amendments to Australian Accounting Standards - Fair value measurement - arising from Reduced Disclosure Requirements [AASB 3, 7, 13 & 140]</p>	<p>This Standard amends Reduced Disclosure Requirements arising from AASB13 <i>Fair Value Measurement</i> and consequential amendments implemented through AASB 2011-8 <i>Amendments to Australian Accounting Standards arising from AASB13</i>.</p>	<p>Applicable for annual reporting periods commencing on or after 1 January 2013.</p>	<p>Council has not yet determined the application or the potential impact of the Standard.</p>

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

2. FUNCTIONS OF THE COUNCIL

(a) Revenues, expenses and assets have been attributed to the following functions. A detailed explanation of each Function is outlined in Note 3 (b).

	REVENUE GRANTS	REVENUE OTHER	EXPENSES	SURPLUS (DEFICIT)	ASSETS
	\$'000	\$'000	\$'000	\$'000	\$'000
ACTUAL 30 JUNE 2012					
Council & Community Relations	-	197	193	4	395
Roads & Communications	1,266	525	2,136	(345)	49,948
Stormwater Drainage	304	221	221	304	30,635
Solid Waste Management	137	919	912	144	978
Natural & Cultural Resource Mgm.	-	699	688	11	377
Dynamic Local Economy	251	610	878	(17)	845
Community, Health & Other Serv.	1,029	446	1,534	(59)	589
Recreation, Leisure & Open Space	360	1,325	1,243	442	7,002
Management of Council Resources	479	2,343	2,618	204	3,287
Other not Attributed	-	-	-	-	3,144
TOTAL	3,825	7,285	10,423	688	97,200
ACTUAL 30 JUNE 2011					
Council & Community Relations	-	160	160	-	395
Roads & Communications	1,597	483	2,191	(111)	47,185
Stormwater Drainage	224	200	200	224	30,301
Solid Waste Management	101	853	833	121	779
Natural & Cultural Resource Mgm.	-	644	630	14	176
Dynamic Local Economy	-	313	635	(322)	852
Community, Health & Other Serv.	824	415	1,210	29	603
Recreation, Leisure & Open Space	262	1,312	1,222	352	6,888
Management of Council Resources	442	2,388	2,660	170	3,438
Other not Attributed	-	-	-	-	3,505
TOTAL	3,450	6,768	9,741	477	94,122

2. FUNCTIONS OF THE COUNCIL (Continued)

- (b) The Council has adopted the following functional areas by which it manages the Municipality.

1 Council and Community Relations

This program covers the operation of the elected body of Council. It also includes community development and community grants and subsidies.

2 Roads and Communications

This program represents the costs associated with providing a quality road network to the Derwent Valley and surrounding areas. It includes costs for sealed and unsealed road maintenance, bridge maintenance, the upkeep of regulatory signage and street lighting costs. This is a significant business activity of Council which for reporting purposes is described as "Transport".

3 Stormwater Drainage

This program covers stormwater infrastructure provided by Council.

4 Solid Waste Management

This program covers the recycling, re-use and/or disposal of all forms of municipal wastes such as domestic garbage, general street litter, non-toxic commercial and industrial waste and demolition waste. Council manages a refuse disposal site and recycling depot at Peppermint Hill, New Norfolk and a waste transfer station at National Park.

5 Natural and Cultural Resource Management

This program covers Council's statutory control functions including the regulatory, approval and inspectorial services for the protection of the natural and cultural environment as well as public health and safety. Specific services include environmental and public health (including the collection of domestic garbage and recycling), animal control and emergency services.

6 Dynamic Local Economy

This program covers costs associated with supporting a viable economy and employment opportunities in the Derwent Valley together with the encouragement, promotion and development of tourism, local promotions and Council's historical society operations.

2. FUNCTIONS OF THE COUNCIL (Continued)

7 Community, Health and Other Services

This program covers the provision of services that support the health and lifestyle of individuals and groups (including those with special needs), education, health and aged care, children and youth services and other similar community services. It includes services provided to people either at their place of residence such as Family Day Care or in community service facilities such as Home and Community Care.

8 Recreation, Leisure and Open Space

This program covers the provision of open space for parks, gardens or recreation grounds as well as swimming pools, halls, public toilets and other community facilities such as cemeteries.

9 Management of Council Resources

This program covers all staff, finances, assets, equipment, information and other resources Council has to implement the strategic programs. In addition it covers private works, building and plumbing control and development control.

10 Other not Attributed

This program covers items that could not be allocated to any of the above functions.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

ACTUAL 2012 **ACTUAL 2011**
\$'000 **\$'000**

3. RATES AND CHARGES

Council uses Adjusted Assessed Annual Values (AAAV) as the basis of the valuation of all properties within the municipal district. The AAAV of a property is the anticipated annual rental return of the property.

The valuation base used to calculate general rates for 2011/2012 was \$63,274,438, (2010/2011 \$49,715,778). The 2011/2012 rate in the AAAV dollar was \$0.07178014 (2010/2011 \$0.09115).

General	4,555	4,363
Country Fire	89	90
Urban Fire	138	138
Sewerage Removal	100	86
Garbage/Recycling Services	385	364
Business Levy	17	16
TOTAL RATES AND CHARGES	5,284	5,057

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 July 2010, and the valuation was first applied in the rating year commencing 1 July 2011.

4. STATUTORY FEES AND FINES

Infringements and Costs	2	1
Planning Fees	49	60
Land Information Certificates	49	57
Permits	86	85
TOTAL STATUTORY FEES AND FINES	186	203

5. USER FEES

Child Care/Children's Program fees	322	324
Home and Community Care Service Fees	17	17
Registration fees	40	29
Cemetery Fees	184	186
Caravan Park Fees	183	206
Refuse Disposal Fees	240	153
Other Fees and Charges	133	62
TOTAL USER FEES	1,119	977

6. GRANTS: OPERATING AND CAPITAL

GRANTS: OPERATING

Grants were received in respect of the following:

Summary of Grants: Operating

Federally Funded Grants	3,695	2,222
State Funded Grants	130	818
TOTAL GRANTS: OPERATING	3,825	3,040

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

	ACTUAL 2012	ACTUAL 2011
	\$'000	\$'000
6. GRANTS: OPERATING AND CAPITAL (Continued)		
Summary of Grants		
Commonwealth Government - Roads To Recovery	137	450
Financial Assistance Grant	2,405	1,772
Family and Children	902	694
Home and Community Care	124	122
Regional Development	251	-
Reserves	4	-
Youth Services	2	2
TOTAL GRANTS: OPERATING	3,825	3,040

GRANTS: CAPITAL

Grants were received in respect of the following:

Summary of Grants: Capital

Federally Funded Grants	89
State Funded Grants	321
TOTAL GRANTS: CAPITAL	410

Summary of Grants

Road Works	315
Building Works	89
Youth Services	6
TOTAL GRANTS: CAPITAL	410

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. On 11 May 2012 the Government announced in the Commonwealth Budget following the downturn in the economy that, "to assist local councils with planning for the recovery and to ensure local government has maximum certainty to begin planning their 2012-13 works programs", it would bring forward for payment to all councils in June 2012, the first two installments of the 2012-13 grant pool. Since 2009-10 the Commonwealth has been making early payment of the first quarterly installment for the following year. However, the above General Purpose and Roads Financial Assistance Grants for 2011-12 thus include an additional installment over that received in 2010-11. In accordance with AASB1004 *Contributions*, Council recognises these grants as revenue when it receives the funds and obtains control. The effects of the early receipt of installments each year has resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2011-12 by \$616,646 and 2010-11 by \$191,228. This has impacted the Statement of Comprehensive Income resulting in the Net surplus/(deficit) from continuing operations being higher in both years by these amounts. With fewer installments due to be received in 2012-13, the reverse effect is expected to occur.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

	ACTUAL 2012	ACTUAL 2011
	\$'000	\$'000
7. PROFIT (LOSS) ON SALE OF ASSETS		
Proceeds from the disposal of Assets	175	453
less		
Written down value of Assets sold	(184)	(529)
PROFIT (LOSS) ON SALE OF ASSETS	(9)	(76)
8. REIMBURSEMENTS		
Road Maintenance/Works	185	254
Stormwater	-	54
State Levies Commission	9	9
Other Reimbursements	17	13
TOTAL REIMBURSEMENTS	211	330
9. CONTRIBUTIONS: PUBLIC OPEN SPACE		
Recreational, Leisure and Community Facilities	8	17
TOTAL CONTRIBUTIONS: PUBLIC OPEN SPACE	8	17
10. OTHER INCOME		
Regional Renewal	233	18
Community & Social Development	29	22
Parks, Reserves & Rec.	4	7
Plant Operations	19	36
Southern Water Return	8	-
Other Income	25	10
TOTAL OTHER INCOME	318	93
11. DEPRECIATION AND AMORTISATION		
Property:		
Buildings	69	67
Building Improvements	-	-
Plant & Equipment:		
Plant, Machinery & Equipment	206	245
Computers and Telecommunications	45	40
Infrastructure:		
Roads & Streets	1,277	1,209
Bridges	189	192
Storm Water	139	128
Reserves & Recreations	53	51
Waste Management	60	46
	2,038	1,978

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

	ACTUAL 2012	ACTUAL 2011
	\$'000	\$'000
12. OTHER EXPENSES		
Other expenses for the year are as follows:-		
Auditor's remuneration		
- Audit services this year	18	30
Election expenses	29	4
Payments to elected members		
- Councillor allowances	124	123
- Other fees and allowances	9	6
Subscription Local Government Association Tas	35	29
General insurance	136	122
Community Grants and Donations	38	14
TOTAL OTHER EXPENSES	389	328
13. CASH AND CASH EQUIVALENTS		
Cash on Hand	1	2
Cash at Bank		
- Trading Account	-	412
- Agency Payments Account	1	1
	2	415
INVESTMENTS		
At Call and Short Term Deposits	2,150	2,305
	2,150	2,305
Council's cash, cash equivalents and investments are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:		
- Leave provisions (note 20)	1,878	1,651
- Security Deposits and Bonds (note 19)	132	95
Restricted funds	2,010	1,746
Total unrestricted cash, cash equivalents and investments	142	974
14. OTHER ASSETS		
CURRENT		
Prepayments	66	58
Accrued Interest	5	5
	71	63

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

	ACTUAL 2012	ACTUAL 2011				
	\$'000	\$'000				
15. RECEIVABLES						
CURRENT						
Rate Receivables	564	566				
	564	566				
Sundry Debtors	247	135				
Less: Provision for Impairment	(3)	(1)				
Long Service Leave payable by other Councils	2	2				
Other Debtors	89	-				
	335	136				
	899	702				
NON - CURRENT						
Rate Receivables	22	20				
	22	20				
16. INVESTMENT IN WATER CORPORATION						
NON - CURRENT						
Southern Water	24,925	24,870				
	24,925	24,870				
17. PAYABLES						
CURRENT						
Trade Creditors	382	650				
	382	650				
18. INTEREST BEARING LOANS/BORROWINGS						
CURRENT (SECURED)						
Tasmanian Public Finance Corporation (Tascorp)	144	115				
NON - CURRENT (SECURED)						
Tasmanian Public Finance Corporation (Tascorp)	2,215	1,858				
Total Borrowings	2,359	1,973				
DETAILS OF BORROWINGS						
- Tasmanian Public Finance Corporation (Tascorp)						
	Original	Interest	Start	Review	Maturity	Balance
	Loan	Rate	Date	Date	Date	Outstanding
	400	6.25%	12-Apr-05	12-Apr-20	12-Apr-20	258
	450	6.02%	08-Mar-06	08-Mar-21	08-Mar-21	316
	450	6.55%	22-Mar-07	22-Mar-22	22-Mar-22	345
	500	7.24%	04-May-10	04-May-20	04-May-25	460
	500	6.69%	29-Apr-11	29-Apr-21	29-Apr-26	480
	500	6.17%	22-Mar-12	22-Mar-22	22-Mar-27	500
	2,800					2,359

The Fair Value of the loan portfolio is \$2,616,451 (2010/11 \$2,045,028). This estimate is based on present value calculations applied to each loan using interest rates prevailing at balance date.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

	ACTUAL 2012	ACTUAL 2011
	\$'000	\$'000
19. OTHER LIABILITIES		
CURRENT		
Accrued Electricity	15	13
Accrued Telephone	2	3
Accrued Payroll	95	87
Accrued Interest	35	28
Security Deposits and Bonds	132	95
Other	3	2
	282	228
20. PROVISIONS AND ACCRUALS		
CURRENT		
Provisions		
- Annual Leave	787	697
- Long Service Leave	631	634
- Sick Leave	242	166
- Time in Lieu	82	67
	1,742	1,564
NON - CURRENT		
Provisions		
- Long Service Leave	136	87
	136	87

Council's number of Full Time Equivalent Employees as at 30 June 2012 totaled 48. (2010/2011 - 46)

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

21. PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

	2012	2011
	\$'000	\$'000
Summary		
- at Cost	4,958	4,559
- less Accumulated Depreciation	<u>(3,291)</u>	<u>(3,076)</u>
	<u>1,667</u>	<u>1,483</u>
- at Fair Value	94,506	90,279
- less Accumulated Depreciation	<u>(27,042)</u>	<u>(26,015)</u>
	<u>67,464</u>	<u>64,264</u>
Total	<u>69,131</u>	<u>65,747</u>
Property		
Land		
- at Fair Value	<u>7,102</u>	<u>7,222</u>
Total Land	<u>7,102</u>	<u>7,222</u>
Buildings		
- at Fair Value	3,437	3,430
- less Accumulated Depreciation	<u>(403)</u>	<u>(335)</u>
Total Buildings	<u>3,034</u>	<u>3,095</u>
Total Property	<u>10,136</u>	<u>10,317</u>

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

21. PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (Continued)

	2012	2011
	\$'000	\$'000
Plant and Equipment		
Plant, Machinery and Equipment		
- at Cost	2,702	2,609
- less Accumulated Depreciation	(1,887)	(1,776)
	<u>815</u>	<u>833</u>
Fixtures, Fittings and Furniture		
- at Cost	200	193
- less Accumulated Depreciation	(193)	(193)
	<u>7</u>	<u>-</u>
Computers and Telecommunications		
- at Cost	561	551
- less Accumulated Depreciation	(433)	(389)
	<u>128</u>	<u>162</u>
Total Plant and Equipment	<u>950</u>	<u>995</u>
Roads		
- at Fair Value	60,449	57,091
- less Accumulated Depreciation	(16,696)	(16,320)
	<u>43,753</u>	<u>40,771</u>
Bridges		
- at Fair Value	9,512	9,321
- less Accumulated Depreciation	(4,255)	(4,000)
	<u>5,257</u>	<u>5,321</u>

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

21. PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (Continued)

	2012	2011
	\$'000	\$'000
Infrastructure (Continued)		
Storm Water		
- at Fair Value	11,092	10,539
- less Accumulated Depreciation	<u>(5,382)</u>	<u>(5,107)</u>
	<u>5,710</u>	<u>5,432</u>
Reserves		
- at Fair Value	2,914	2,676
- less Accumulated Depreciation	<u>(306)</u>	<u>(253)</u>
	<u>2,608</u>	<u>2,423</u>
Waste		
- at Cost	1,495	1,206
- less Accumulated Depreciation	<u>(778)</u>	<u>(718)</u>
	<u>717</u>	<u>488</u>
Total Infrastructure	<u>58,045</u>	<u>54,435</u>
Total Property, Infrastructure, Plant and Equipment	<u>69,131</u>	<u>65,747</u>

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

21. **PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (Continued)**

2012	Balance at beginning of Year	Acquisition of Assets	Reval. Increments (Decrements)	Depreciation	WDV of Disposals	Transfers	Balance at end of Year
Property	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	7,222	-	(120)	-	-	-	7,102
Total Land	7,222	0	(120)	-	-	-	7,102
Buildings	3,095	8	-	(69)	-	-	3,034
Total Buildings	3,095	8	-	(69)	-	-	3,034
Total Property	10,317	8	(120)	(69)	-	-	10,136
Plant and Equipment							
Plant, Machinery and Equipment	833	373	-	(206)	(185)	-	815
Fixtures, Fittings and Furniture	-	8	-	-	-	-	8
Computers and Telecom.	162	10	-	(45)	-	-	127
Total Plant and Equipment	995	391	-	(251)	(185)	-	950
Infrastructure							
Roads	40,771	2,251	2,009	(1,277)	-	-	43,753
Bridges	5,320	211	(85)	(189)	-	-	5,257
Storm Water	5,431	283	135	(139)	-	-	5,710
Reserves	2,425	237	-	(54)	-	-	2,608
Waste	488	289	-	(60)	-	-	717
Total Infrastructure	54,435	3,270	2,059	(1,719)	-	-	58,045
Total Property, Infrastructure,							
Plant and Equipment	65,747	3,669	1,939	(2,038)	(185)	-	69,131

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

21. **PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (Continued)**

	2011	Balance at beginning of Year	Acquisition of Assets	Reval. Increments (Decrements)	Depreciation of Disposals	WDV of Disposals	Transfers	Balance at end of Year
Property	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	5,003	-	2,578	-	(359)	-	-	7,222
Total Land	5,003	-	2,578	-	(359)	-	-	7,222
Buildings	5,120	85	(2,043)	(67)	-	-	-	3,095
Total Buildings	5,120	85	(2,043)	(67)	-	-	-	3,095
Total Property	10,123	85	535	(67)	(359)	-	-	10,317
Plant and Equipment								
Plant, Machinery and Equipment	802	445	-	(245)	(169)	-	-	833
Fixtures, Fittings and Furniture	-	-	-	-	-	-	-	-
Computers and Telecom.	181	21	-	(40)	-	-	-	162
Total Plant and Equipment	983	466	-	(285)	(169)	-	-	995
Infrastructure								
Roads	32,799	1,738	7,444	(1,209)	-	-	-	40,771
Bridges	5,441	193	(121)	(193)	-	-	-	5,320
Storm Water	7,258	289	(1,988)	(128)	-	-	-	5,431
Reserves	4,091	144	(1,760)	(50)	-	-	-	2,425
Waste	431	103	-	(46)	-	-	-	488
Total Infrastructure	50,020	2,466	3,575	(1,626)	-	-	-	54,435
Total Property, Infrastructure, Plant and Equipment	61,126	3,017	4,110	(1,978)	(528)	-	-	65,747

**DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS**

For the Year Ended 30 June 2012

22. RESERVES	Opening Balance		Transfers to Reserves		Asset Revaluation and Fair Value Movements		Transfers from Reserves		Closing Balance	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Public Open Space Reserve	144	133	8	16	-	-	-	(5)	152	144
	144	133	8	16	-	-	-	(5)	152	144
Asset Replacement Reserves										
- Plant Replacement	7	45	174	59	-	-	(113)	(97)	68	7
- Cemetery Replacement	336	246	184	186	-	-	(112)	(96)	408	336
- NN Landfill Repatriation	77	80	130	100	-	-	(131)	(103)	76	77
	420	371	488	345	-	-	(356)	(296)	552	420

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS

For the Year Ended 30 June 2012

22. RESERVES (Continued)

	Opening Balance		Transfers to Reserves		Asset Revaluation and Fair Value Movements		Transfers from Reserves		Closing Balance	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fair Value Reserve										
- Southern Water	143	-	-	-	55	143	-	-	197	143
Asset Revaluation Reserves										
Infrastructure										
- Land	5,197	2,619	-	-	(120)	2,578	-	-	5,077	5,197
- Buildings	221	2,264	-	-	-	(2,043)	-	-	221	221
- Roads	34,417	26,973	-	-	2,008	7,444	-	-	36,425	34,417
- Storm Water	4,744	6,732	-	-	135	(1,988)	-	-	4,879	4,744
- Bridges	3,242	3,363	-	-	106	(121)	(191)	-	3,156	3,242
- Recreation	(132)	1,628	-	-	-	(1,760)	-	-	(132)	(132)
	47,832	43,579	-	-	2,184	4,253	(191)	-	49,823	47,832
Other Reserves										
- Autumn Festival	3	12	39	34	-	-	(36)	(43)	6	3
- Bicentennial 2008	20	20	-	-	-	-	(7)	-	13	20
- CBD Levy	22	15	35	33	-	-	(41)	(26)	16	22
- Children's Services	364	344	1,225	1,019	-	-	(1,291)	(999)	298	364
- Regional Renewal	-	-	38	-	-	-	(1)	-	37	-
- Computer	167	150	117	117	-	-	(82)	(100)	202	167
- Derwent Valley Election	28	17	15	15	-	-	(29)	(4)	14	28
- Derwent Valley Revaluation	38	123	30	31	-	-	-	(116)	68	38
- HACC	15	14	141	139	-	-	(136)	(138)	20	15
- Historical Info. Centre	18	12	4	6	-	-	(1)	-	21	18
- Local Issues Support	10	10	-	-	-	-	-	-	10	10
- Public Relations	4	-	7	4	-	-	(3)	-	8	4
- RDH Site Development	763	849	254	275	-	-	(241)	(361)	776	763
	1,452	1,566	1,905	1,673	-	-	(1,868)	(1,787)	1,489	1,452
Total Reserves	49,848	45,649	2,401	2,034	2,184	4,253	(2,415)	(2,088)	52,016	49,848

23. COMMITMENTS FOR CAPITAL EXPENDITURE

At the reporting date Council had not entered into any contracts for Capital Expenditure.

24. COMMITMENTS UNDER OPERATING LEASES

At the reporting date Council had not entered into any contracts for Operating leases.

25. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

At the reporting date the Council has identified the following contingent assets and liabilities:-

CONTINGENT LIABILITIES

Insurance Claims

Public Liability

The Council has identified one potential public liability claim. The claim relates to property damage. The claim has been referred to Council's insurers subject to an excess applicable as at the date of claim of \$5,000.

Professional Indemnity

The Council has identified two potential professional indemnity claims. The claims have been referred to Council's insurers. As at the date of reporting, Council's liability in respect of these claims approximates the excesses on the insurance policy in the amount of \$10,000.

Southern Water

Transfer of water and sewerage assets, liabilities and staff to Southern Water took place on 1 July 2009. However, Council has withheld an amount of \$523,347. This amount represents loan borrowings obtained by Derwent Valley Council for the provision of a water scheme at Bushy Park. Southern Water have not committed to the provision of this service. Until a commitment is made by Southern Water to undertake this project, Council will continue to retain these funds.

CONTINGENT ASSET

Willow Court Oval Space

Council has in place a conditional contract for the sale of the Oval space in Willow Court. As this is conditional no contingent asset is quantified.

26. EVENTS OCCURRING AFTER BALANCE DATE

There are no significant events occurring after balance date, up to and including the date of reporting, which has a material bearing on the values incorporated in Council's Financial Statements and the explanation contained in the Notes to and Forming part of the Financial Statements that would warrant disclosure.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

27. ACCOUNTING FOR FINANCIAL INSTRUMENTS

(a) Accounting Policy. Terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial			
Cash and cash equivalents	13	Cash on hand and at bank and money market call account are valued at face value.	On call deposits returned a floating interest rate of 3.26%. (3.87% in 2010/2011). The interest rate at balance date was 3.25%. (3.25% in 2010/2011).
Investments		Interest is recognised as it accrues.	Funds returned fixed interest rates of between 3.90% (4.60% in 2010/2011), and 5.44% (6.00% in 2010/2011) net of fees.
		Investments and bills are valued at cost.	Managed funds provided returns of 4.86%. (5.00% in 2010/2011) excluding unrealised gains/losses
		Investments are held to maximise interest returns of surplus cash.	
		Interest revenues are recognised as they accrue.	
		Managed funds are measured at market value.	
Trade and other receivables			
Other debtors	15	Receivables are carried at amortised cost using the effective interest method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and arrears attract no interest rates. (Nil % in 2010/2011). Credit terms are based on 30 days. Rating debtors are secured and arrears attract an interest rate of 11%. (11% in 2010/2011).
Financial Liabilities			
Trade and other payables	17	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.
Interest-bearing loans and borrowings	18	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 6.53%. (6.62% in 2010/2011).
		Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.	As at balance date, the Council had no finance leases.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

27. ACCOUNTING FOR FINANCIAL INSTRUMENTS (Continued)

(b) Interest Rate Risk

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

2012

	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets							
Cash and cash equivalents	3.26%	2	-	-	-	-	2
Investments	4.86%	2,155	-	-	-	-	2,155
Trade and other receivables	11.00%	-	564	22	-	401	987
Total financial assets		2,157	564	22	-	401	3,144
Financial liabilities							
Trade and other payables		-	-	-	-	532	532
Trust funds and deposits		-	-	-	-	132	132
Interest-bearing loans and borrowings	6.53%	-	144	674	1,541	-	2,359
Total financial liabilities		-	144	674	1,541	664	3,023
Net financial assets (liabilities)							
		2,157	420	(652)	(1,541)	(263)	121

2011

	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets							
Cash and cash equivalents	3.87%	415	-	-	-	-	415
Investments	5.00%	2,305	-	-	-	-	2,305
Trade and other receivables	11.00%	-	566	20	-	199	785
Total financial assets		2,720	566	20	-	199	3,505
Financial liabilities							
Trade and other payables		-	-	-	-	783	783
Trust funds and deposits		-	-	-	-	95	95
Interest-bearing loans and borrowings	6.62%	-	215	698	1,060	-	1,973
Total financial liabilities		-	215	698	1,060	878	2,851
Net financial assets (liabilities)							
		2,720	351	(678)	(1,060)	(679)	654

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

27. ACCOUNTING FOR FINANCIAL INSTRUMENTS (Continued)

(c) Net Fair Values

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial assets				
Cash and cash equivalents	2,152	2,720	2,152	2,720
Trade and other receivables	992	785	992	785
Total financial assets	3,144	3,505	3,144	3,505
Financial liabilities				
Trade and other payables	532	783	532	783
Trust funds and deposits	132	95	132	95
Interest-bearing loans and borrowings	2,359	1,973	2,616	2,045
Total financial liabilities	3,023	2,851	3,280	2,923

(d) Credit Risk

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

(e) Risks and mitigation

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

Market risk

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

Interest rate risk

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

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

27. ACCOUNTING FOR FINANCIAL INSTRUMENTS (Continued)

Our loan borrowings are sourced from Tasmanian Public Finance Corporation (Tascorp) and major Australian banks by a tender process. We manage interest rate risk on our net debt portfolio by:

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

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

Investment of surplus funds is made with approved financial institutions under the

- 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 has exposure to credit risk on some financial assets included in our 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 securitize 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.

We may also be subject to credit risk for transactions which are not included in the Statement of Financial Position, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 25. Credit quality of contractual financial assets that are neither past due nor impaired.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

27. ACCOUNTING FOR FINANCIAL INSTRUMENTS (Continued)

	Financial Institutions	Government agencies	Other	Total
2012	(AAA credit rating)	(BBB credit rating)	(min BBB credit rating)	
Cash and cash equivalents	2	-	-	2
Receivables	-	-	921	921
Investments and other financial asset	1,155	1,000	-	2,155
Total contractual financial assets	1,157	1,000	921	3,078
2011				
Cash and cash equivalents	415	-	-	415
Receivables	-	-	722	722
Investments and other financial asset	1,305	1,000	-	2,305
Total contractual financial assets	1,720	1,000	722	3,442

Ageing of 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 Receivables was:

	2012 \$'000	2011 \$'000
Current (not yet due)	291	4
Past due by up to 30 days	10	116
Past due between 31 and 180 days	34	16
Past due between 181 and 365 days	-	-
Past due by more than 1 year	586	586
Total Trade & Other Receivables	921	722

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
- 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
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within
- 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 Councils exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

27. ACCOUNTING FOR FINANCIAL INSTRUMENTS (Continued)

The table below lists the contractual maturities for Financial Liabilities.

These amounts represent undiscounted gross payments including both principal and interest amounts

2012	6 mths	6-12	1-2	2-5	>5	Contracted	Carrying
	or less	months	years	years	years	Cash Flow	Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	532	-	-	-	-	532	532
Trust funds and deposits	132	-	-	-	-	132	132
Interest-bearing loans and borrowings	71	73	153	521	1,541	2,359	2,359
Total financial liabilities	735	73	153	521	1,541	3,023	3,023

2011	6 mths	6-12	1-2	2-5	>5	Contracted	Carrying
	or less	months	years	years	years	Cash Flow	Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	783	-	-	-	-	783	783
Trust funds and deposits	95	-	-	-	-	95	95
Interest-bearing loans and borrowings	57	58	122	418	1,318	1,973	1,973
Total financial liabilities	935	58	122	418	1,318	2,851	2,851

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

27. ACCOUNTING FOR FINANCIAL INSTRUMENTS (Continued)

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and
 - A parallel shift of + 1% and -2% in market interest rates (AUD) from year-end rates of
 The table below discloses the impact on net operating result and equity for each category
 of financial instruments held by Council at year-end, if the above movements were to
 occur.

		Interest rate risk			
		-2 %		+1 %	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2012	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash	2	-	-	-	-
Investment	2,155	(43)	(43)	22	22
Receivables	921	(18)	(18)	9	9
Financial liabilities:					
Interest-bearing loans	2,359	(47)	(47)	24	24

		Interest rate risk			
		-2 %		+1 %	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2011	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash	415	(8)	(8)	4	4
Investment	2,305	(46)	(46)	23	23
Receivables	722	(14)	(14)	7	7
Financial liabilities:					
Interest-bearing loans	1,973	(39)	(39)	20	20

(g) Fair Value Hierarchy

The table below analyses financial instruments carried at fair value by valuation method.
 The different levels have been defined as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (ie prices) or indirectly (ie derived from prices)
- Level 3 inputs for the asset or liability that are not based on observable market data.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

27. ACCOUNTING FOR FINANCIAL INSTRUMENTS (Continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2012				
Available for sale financial assets	-	-	24,925	24,925

There were no transfers between Level 1 and Level 2 in the period.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2011				
Available for sale financial assets	-	-	24,870	24,870

There were no transfers between Level 1 and Level 2 in the period.

Reconciliation of Level 3 Fair Value Movements	2012 \$'000	2011 \$'000
Opening balance	24,870	24,727
Change in fair value movement in Southern Water	55	143
Closing balance	24,925	24,870

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

28. STATEMENT OF CASH FLOWS RECONCILIATION

- (a) For the purposes of the Statement of Cash Flows, cash includes cash on hand and in Banks, net of outstanding bank overdraft. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position.

	2012	2011
	\$'000	\$'000
Cash at Bank and on hand	2	415
Total	2	415

(b) RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS

Surplus for the year	688	477
Depreciation	2,038	1,978
(Gain) / Loss on Sale of Fixed Assets	9	76
Capital Grants provided by Government	-	(410)
Movements:-		
- Increase / (Decrease) in Employee Provisions	227	185
- (Increase) / Decrease in Accounts Receivable	(199)	(35)
- Increase / (Decrease) in Other Liabilities	47	96
- (Increase) / Decrease in Accrued Income	(7)	28
- Increase / (Decrease) in Payables	(254)	(176)
- (Increase) / Decrease in Other Assets	(8)	57

NET CASH INFLOW/(OUTFLOW) PROVIDED BY OPERATING ACTIVITIES

2,541	2,276
--------------	--------------

29. FINANCING ARRANGEMENTS

At the reporting date a business card facility of \$50,000 (2010/11 \$20,000) was available to the Council from its Bankers, the Commonwealth Bank of Australia.

30. COUNCILLORS' INTERESTS

The Council is a body corporate with perpetual succession and comprises 9 Councillors, including the Mayor, who are elected by the ratepayers in accordance with the *Local Government Act, 1993*.

Pursuant to S84 of the *Local Government Act 1993*, Councillors are required to disclose any related party interest they have with any body or organisation with which the Council has major financial dealings.

All dealings with Councillors were at arms length and there were no interests to declare.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June, 2012

31. SIGNIFICANT BUSINESS ACTIVITY

Revenue	Transport Infrastruct.
	\$
General Rates allocated	339,886
Contributions	150,000
Reimbursements	35,333
Government Grants identified	136,652
Government Grants allocated	1,129,013
Total Revenue	<u>1,790,884</u>
Expenditure	
Direct	
Employee Costs	119,232
Materials and Contracts	232,173
Interest	135,248
Street Lighting	102,210
	<u>588,863</u>
Indirect	
Supervision and Indirect Overhead	121,104
Total Expenditure	<u>709,967</u>
Capital costs	
Depreciation and Amortisation	1,360,844
Opportunity cost of capital	2,823,130
Opportunity cost of working capital	1,368
	<u>2,824,498</u>
Competitive neutrality adjustments	
Rates and Land Tax	5,674
Loan Guarantee fees	6,051
	<u>11,725</u>
Calculated Surplus/(Deficit)	(291,652)
Taxation Equivalent Rate	30.00%
Taxation Equivalent	(87,496)
Total Competitive Neutrality Costs	<u>(75,771)</u>

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

32. SUPERANNUATION

The Derwent Valley Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund, which is a sub fund of the Quadrant Superannuation Scheme. The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 32(b) of AASB 119, Council does not use defined benefit accounting for these contributions.

At the present time Council contributes 9.5% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

Bendzulla Actuarial Pty Ltd undertook the last actuarial review of the Fund at 30 June 2011. The review disclosed that at that time the net market value of assets available for funding member benefits was \$57,588,247, the value of vested benefits was \$52,794,839, the surplus was \$4,793,408, and the value of total accrued benefits was \$57,330,437. These amounts relate to all members of the fund at the date of valuation and no asset or liability is recorded in the Quadrant Superannuation Scheme's financial statements for Council employees.

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

Net Investment Return	0.0% p.a. for 2011/2012 and 7.0% p.a. thereafter
Salary Inflation	4.0% p.a.
Price Inflation	n/a

The actuarial review concluded that:

1. The value of assets of the Quadrant Defined Benefit Fund was adequate to meet the liabilities of the Fund in respect of vested benefits as at 30 June 2011.
2. 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 2011.
3. 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 2014.

The Actuary recommended that in future the Council contribute 9.5% of salaries in 2012/13, 10.5% of salaries in 2013/14, and 11% of salaries in 2014/15.

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 2014 and is expected to be completed late in 2014 or early in 2015. Council also contributes to other accumulation schemes on behalf of a number of employees, however the Council has no ongoing responsibility to make good any deficiencies that may occur in those schemes.

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

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

32. SUPERANNUATION (Continued)

During the reporting period the amount of contributions paid to defined benefits schemes was \$23,403 (2010-2011, \$24,456), and the amount paid to accumulation schemes was \$265,130 (2010-2011, \$208,063).

33. INVESTMENT IN SOUTHERN/HOBART WATER

In February of 2008 State and Local Government reached agreement to establish three Local Government owned, vertically integrated businesses providing bulk, distribution and retail water and sewerage services, and a common services provider subsidiary company. The Water and Sewerage Corporations Act 2008 (Corporations Act) was subsequently enacted and received Royal Assent on 13 June 2008.

Full transfer of water and sewerage assets, liabilities and staff to the new corporations took place on 1 July 2009. From that date, responsibility for the provision of water and sewerage services moved from local councils to three new regional water and sewerage corporations (trading as Cradle Mountain Water, Ben Lomond Water and Southern Water). A fourth company provides common services and support to the three regional corporations.

At 30 June 2012, Council had an ownership interest of 2.7% (based on the Treasurer's Returns Allocation Order) in Southern Water. Council does not have significant influence to allow it to use the equity method to account for this interest.

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

There is no active market for the investment and so it is valued at Council's share of total equity as at each balance date. Changes in the fair value are recognised as revenue or expense in the Statement of Comprehensive Income each year. Council's investment is disclosed on the face of the Statement of Financial Position with the value being determined as disclosed above. Dividends received from Southern Water are to be brought to account as income received.

Council's share of the Corporation's net assets at 30 June 2012 is \$24.925 million.

	2012	2011
	\$'000	\$'000
Balance 1 July	24,870	24,727
Change in fair value of investment	55	143
Balance 30 June	24,925	24,870