Derwent Valley Council
Annual Report 2016/2017

DERWENT VALLEY COUNCIL

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Introduction

The *Local Government Act 1993* requires every Council in Tasmania to produce an Annual Report. This gives an opportunity for the Council to inform the community of achievements and challenges in the last year, and review areas to be improved upon.

This includes the annual corporate planning and reporting cycle of the Derwent Valley Council each year. This report covers the period of the 2016/2017 financial year.

The Council is required under Section 72 of the *Local Government Act* 1993 to prepare a report that contains:

- a summary of the annual plan for the preceding financial year;
- a statement of its goals and objectives in relation to public health for the preceding year;
- a statement of the Council's activities and its performance in respect of goals and objectives set for the proceeding financial year;
- the financial statements for the proceeding financial year;
- a statement of the activities and performance of the Council in relation to any activity taken pursuant to Section 21 as compared with its objectives for the preceding financial year;
- a statement of the total allowances and expenses paid to the Mayor, Deputy Mayor and Councillors;
- a statement detailing the attendance of each Councillor at meetings of the Council and any Council Committee during the preceding financial year
- a statement in accordance with Subsection 4 relating to the total remuneration paid to employees of Council who hold positions designated by the Council as being senior position;
- a copy of the audit opinion for the proceeding financial year;
- a statement specifying details of any land donated by the Council under Section 177, including the name of the recipient, the reasons of the donation, and the value of the land;
- any other prescribed matter.

This report contains a series of chapters, each devoted to a function of Council, and an explanation of how these functions 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 grants received have been expended.

Each year the Council, in consultation with the community, prepares an Annual Budget within the context of the actions identified in the Strategic Plan 2011 – 2015. The Strategic Plan and Budget are used to inform the decisions and actions of Council for the coming year.

Derwent Valley Council values the input of the community. Members of the community are invited to make submissions on the Annual Report for discussion at Council's Annual General Meeting, which will be held at 6:30pm on Thursday 14 December 2017. Any person wishing to make a submission should do so by close of business Friday 8 December 2017.

PART I – ABOUT THE COUNCIL

Message from the Mayor

It's an honour for me to present the Derwent Valley Council Annual Report for 2016/2017.

As I approach another year in the role of Mayor of our magnificent region, I'm keenly aware of the gradual change taking place in the Derwent Valley, moving us towards a bright future, with the promise of a stronger economy based on the premium quality food, wine fruits and vegetables grown and developed in our region. Added to the growing collection of high-end destination accommodation, adventure tourism and innovative cultural activities, Derwent Valley has begun to show its true colours.

The arrival of the Dark Mofo experience last year was a powerful experience, demonstrating to us how special our heritage and our location is perceived by people outside our community.

Over the past year, several community celebrations, including the Medieval festival, Moco Dragon Boat activities, Autumn Festival and the developing weekend markets has generated new energy and a strong motivation for getting out and about in our region.

This year we've commenced planning for the improvement in the presentation of our natural assets and built heritage. Our Willow Court precinct buildings are some of our greatest assets, and this year the committee supporting Frascati House has been successful in obtaining Council assistance to secure the physical integrity of the building. Across the road, the Bronte building has undergone a major renovation and is now the showcase location for the Agrarian Kitchen.

This positive activity which has seen long-abandoned buildings reactivated and re-purposed will increase visitation and improve community perception of the location, restoring pride in the precinct and the region.

Plans are also in progress for the redevelopment of the Esplanade as part of an increase in capital works activities. Relocation of the New Norfolk Rowing Club to the other side of the river will form part of the redevelopment, which will mean safer access to the river for club members and a new facility to encourage membership and connection to this beautiful precinct.

In closing, I wouild like to thank my fellow Councillors, acknowledge the commitment, talent and energy of the General Manager and the staff who are the engine room of the Council. I'm grateful to be able to represent the Derwent Valley and see it through this exciting new period of change.

Martyn Evans
Mayor

Message from the General Manager

The Annual Report for the Derwent Valley Council provides an opportunity for reflection on the achievements and challenges of the past year, and a moment to consider and measure ourselves as an organisation against our stated goals.

The 2016/2017 year has been one of a steady progress towards corporate consolidation and strength through an examination of our practices and processes, with the creation of new policies and procedures to better serve our community.

As a regional council with the responsibility for making decisions about the issues which affect the daily lives of our community, we have focussed this year on what matters to the people we serve.

Our natural and built environments are closely linked in this municipality. This relationship has been sharpened in the past year. Natural Resources Management (NRM) South has partnered with the Council to undertake new work to rehabilitate our riverbanks. This has included weed removal and replanting of indigenous plant species. Work of this type will continue into the future as we enhance our parks and gardens – and of course, our riverside amenities.

Planning began this year to redevelop the iconic Esplanade in New Norfolk, including the long-awaited relocation of the New Norfolk Rowing Club to a new site on the opposite bank of the Derwent River. The plan has received in-principle support, as part of a river revitalisation project we are developing with funding support from our Australian Government partners.

A $600,000 Federal election promise has initiated a vision for improved access to the river and $60,000 was allocated to developing a new marina facility to help shape the Esplanade into a first-class area for sporting and cultural activities.

Community events are the lifeblood of a regional municipality and Derwent Valley is blessed with several annual events which are rising in popularity and reputation. Council has supported a number of community activities with some $10,000 in support over the past year, donating hire fees for the sites used, logistical support for setting up, site restoration and power supply, together with providing help with grants for administrative and other in-kind advice and support.

Local Councils are the tier of government closest to the community, providing services to maintain a safe and healthy environment in our towns and hamlets. The repair of roads and collection of domestic waste are other fundamental tasks under our responsibility. Repair of Stephen and George Streets in New Norfolk is an important example of the work we've been undertaking this year. The previous patchwork-effect of running road surface repairs has been replaced with a smooth surface, improving the functionality of the steep section of the road.

Almost $11,000,000 worth of building works and just over $15,000,000 worth of development permits indicate a municipality

Stephen Street/George Street Capital Works during construction

on the move to a stronger economy and bright future.

The Council has continued to improve the presentation of our built assets to encourage greater visitation and positive community perception of our region. The leasing of a Council-restored building within the Willow Court precinct for a restaurant, has shown the value of cooperative and consultative projects by Council in concert with developers, to realise a vision. It's a valuable demonstration of the importance of sensitively undertaking work to reactivate the Willow Court precinct to embellish the position of the Derwent Valley in the tourism market.

Less glamorous, perhaps, but in many ways as important is the bridge restoration works we undertook this year at the Tyenna and Newbury Bridges. Maintenance of these key pieces of infrastructure will remain a regular feature of Council's budgetary planning. The bridge work completed this year will ensure the functionality and integrity of the structures into the future.

Finally, it's important to thank staff of the Derwent Valley Council for their daily commitment to providing professional and courteous service to the community. The flow-on effect of decisions by our elected Councillors is enacted in practical terms by our staff. A small but dedicated team, who on a daily basis support the tasks and activities necessary to ensure the functions and services are delivered effectively. All members of the Derwent Valley Council team deserve to be acknowledged for their commitment and energy.

Greg Winton
General Manager

Stephen Street /George Street Capital Works completed

Council in Focus

About Us

The Big River people were the first inhabitants of the Derwent Valley, made up of a number of tribes who lived in the region from the Derwent Valley through to the Central Highlands, including Great Lake and the Great Western Tiers. The Leenowwenna 'band' who made their home in the Derwent Valley were the first inhabitants of the New Norfolk area.

European settlement of New Norfolk occurred in 1807 – 1808 with the arrival of settlers from Norfolk Island. In 1811, Governor Macquarie ordered that a town plan be designed for 'Elizabeth Town;' later to be named New Norfolk in recognition the Norfolk Island settlers. Many of the original town planning features are still reflected in the layout of the existing town.

The seasonality of the Derwent Valley reminded many European settlers of their home, with cold winters and hot summers moderated by the more mild spring and autumn.

The abundance of water (primarily from the River Derwent and other smaller rivers such as the Styx and Tyenna) make for great agricultural diversity in the area. Traditional beef, dairy and sheep farming complements a diverse range of agriculture that includes hop growing, poppy production, elder trees, apples, wine production, cherries , olives, and raspberries. Recent years have seen increased investment in fruit growing in the Derwent Valley, making it one of the largest fruit production areas in the state.

Adding to the agricultural backbone of the community are the diverse industries of paper production, aged care and the emerging tourism industry.

Norske Skog, or the Boyer Mill as it is fondly known, produced Australia's first newsprint and has been a fixture in the Derwent Valley since 1941. The company continues to play a vital role in the Derwent Valley, not only as one of the largest employers, but also through its generous contributions to the community.

Emerging industries include the diverse agricultural industries, and a multitude of smaller individual producers including food and beverage producers and agritourism.

In the early 1960's the need for aged care in the Derwent Valley was recognised by a group of community volunteers, leading to the establishment of Corumbene; a not for profit, values based organisation with strong links to the community. Along with Norske Skog and the agricultural sector, Corumbene is one of the largest employers in the area and provides a range of aged care services to the Derwent Valley, Central Highlands, Southern Midlands and surrounding areas.

Tourism is emerging as increasingly important role to the economy of the Derwent Valley, both in its traditional form and in the emerging market of agri tourism which highlights the Derwent Valley's reputation for high-quality primary produce.

Fishing also continues to play an important role in the Derwent Valley, from both a recreational and tourist perspective.

Changes to industry over a period of some twenty years has created challenges to the economy of the Derwent Valley. Unlike other areas in Tasmania where decline can be traced to specific events or the dramatic closure of a major industry, the changes in the Derwent

Valley have been gradual and have resulted in a changed perception of the area over a period of time. Major change can be attributed predominantly to the closure of the Royal Derwent Hospital and changes to the forestry industry in the State. The changes in the forestry industry in particular have impacted many 'third party' businesses, which relied on the business of contractors and others coming into the area. Despite these challenges, the community of the Derwent Valley continues to strive to capitalise on the many opportunities that the area presents.

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 homes and pickers cottages. Painters and photographers come from across the country to take advantage of the many opportunities to view these treasures.

The Derwent Valley has a strong sense of community. With over 100 community and sporting groups in the area there is something for everyone to be involved in. There are many sporting organisations, ranging from the traditional football and cricket clubs to more relaxed pursuits such as croquet. Our rowing club is also the home of several Olympic medal winners.

There are seven schools in the municipal area. These cater for all ages from kindergarten through to the end of high school. A number of college courses are now available through the local High Schools, enabling young people to continue their education in the community, while exploring future opportunities.

The community is well serviced with visiting medical specialists, local GP's, child care, youth organisations, a day respite centre and a child and family centre. Many non-government organisations run programs in the Derwent Valley giving residents an opportunity to access services.

The numerous churches in the area offers a range of regular services in many denominations.

The community in the Derwent Valley is strong and resilient, willing to lend a helping hand, and welcoming of new arrivals to the area.

Fast Facts

Did you know…?	This year 2016/2017	Last year 2015/2016
Municipal area	**410,345 sq km**	
Area of world heritage area	**2,789 sq km**	
Total area of Public Reserves	**3,266 sq km**	
Total population of the municipality	**10,091**	10,026
Population of New Norfolk	**5,418**	5,336
Men	**5,015**	5,123
Women	**5,011**	4,903
Average household size	**2.39**	2.42
Number of Councillors	**8**	8
Local businesses	**434**	466
Unemployment Rate for the Derwent Valley	**8.61%**	9.4%
Employed residents of the Derwent Valley	**4,164**	3,871
Population in the Derwent Valley reported doing some form of voluntary work in 2016	**16%**	
The number of rated properties in the municipal area	**5,225**	5,138
The number of citizenship ceremonies undertaken	**6**	3
Bridges within the municipality inspected by Council	**74**	74
Total length of Council maintained roads is	**333km**	
Sealed roads	**97km**	
Unsealed roads	**236km**	
Council operated cemeteries	**3**	
Burials in Council operated cemeteries	**47**	67
- Malbina	**43**	59
- Red hills	**3**	7
- Tyenna	**1**	1
Council owned swimming pools	**2**	2
Number of patrons at New Norfolk Pool	**12,517**	
Number of patrons at Bushy Park Pool	**1,983**	
Households purchasing or fully owned their home in 2016	**69%**	
Households had an internet connection	**67.5%**	
Amount spent on vandalism repairs	**$11, 178.00**	
Public BBQs available for hire including Tynwald Park, Gleeson Park & The Esplanade	**8**	
Council supplies public toilets in the following locations; Circle Street, Arthur Square, Tynwald Park, Esplanade, Gleeson Park, Granton, Millbrook Rise, Fitzgerald Park, Maydena		

Some of the above information has been sourced from profile.id Community Profile profile.id.com.au/derwent-valley/

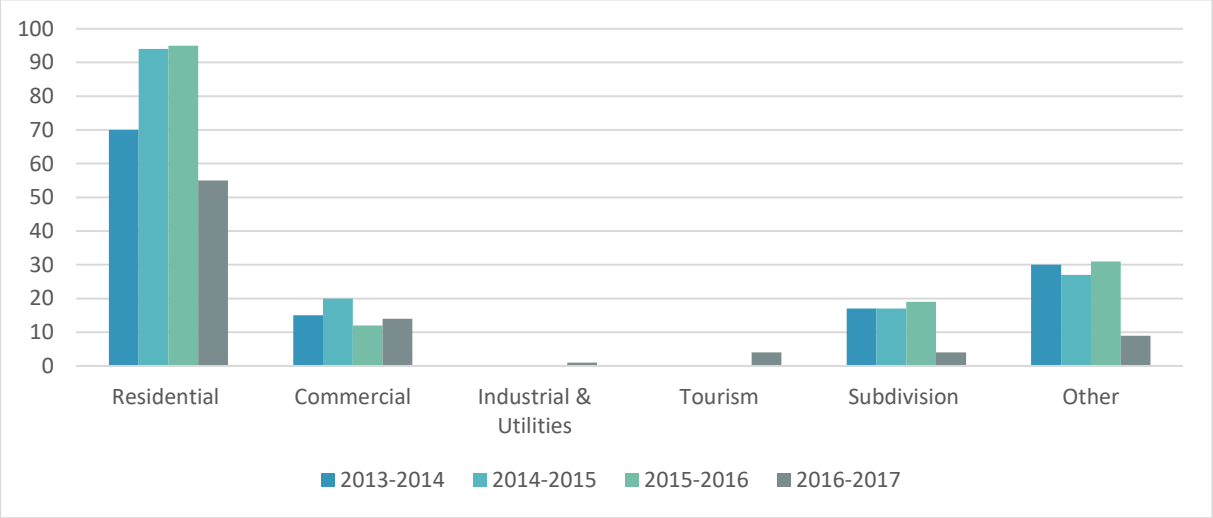
Did you know…?	This year 2016/2017	Last year 2015/2016
Building Permits issued*	**52**	130
Development applications	**138**	158
Planning permits issued	**87**	
Building Permits issued*	**52**	130

(*Building Act 2016 - effective 1 January 2017)

Below is the breakdown in planning permits issued for the 2016/2017 financial year

Category	2016/2017 Amount	2016/2017 Value	2015/2016 Amount	2015/2016 Value
Residential	55	$10,332,051.00	95	$14,027,631.00
Commercial	14	$931,500.00	12	$1,106,120.00
Industrial & Utilities	1	$183,000.00		
Tourism	4	$3,645,000.00		
Subdivision	4	$15,000.00	19	
Other	9	$259,745.00	31	$6,873,719.00
Total	**87**	**$15,366,296.00**	**157**	**$22,007,470.00**

The below provides a graphic representation of thee permits that have been issued for the 2016/2017 financial year.



Decision Making Structures of Council

All-in, all-out Local Government elections occur every four years, with four year terms for Mayors and Deputy Mayors.

There are eight Councillors elected to the Derwent Valley Council. Councillors cannot make decisions individually. The Council makes decisions based on a majority decision by the councillors present at monthly meetings. It is the role of Councillors to provide strategic leadership for the community and set the policy direction for the Council. Council makes decisions about the budget and determines planning applications under state legislation.

Councillors are also required to effectively represent and act in the best interests of their community. Councillors also facilitate communication between Council and members of the community.

Council meetings are open to the public (except where an item is considered to be of a confidential nature in accordance with the Local Government (Meeting Procedures) Regulations 2015). Meeting schedules are available on Council's website and at the Council Administration Office.

Members of the community have the opportunity to influence Council decision making through avenues such as community consultation and engagement, tabling of petitions and public question time at Council meetings.

Operational decisions are made by the General Manager and Council Officers through delegated authority under Section 22 of the *Local Government Act* 1993. Delegations allow for timely and efficient decision making at an operational level. Council puts in place controls such as policies, procedures, supervision and audits to ensure authority is exercised appropriately.

Back row left to right: *Councillor Damian Bester, Councillor Julie Triffett, Councillor Frank Pearce, Councillor James Graham, Councillor Barry Lathey, Councillor Paul Belcher,*

Front row left to right: *Executive Manager Corporate and Community Services Mark Eady, General Manager Greg Winton, Mayor Martyn Evans, Deputy Mayor Ben Shaw and Executive Manager Infrastructure and Development Services Richard Blackwell.*

Council recognises that its community will only continue to support its policies and actions if they are transparent and accountable. In furthering this outcome Council is supported by an Audit Panel, which is established under Ministerial Order.

Many of the day to day operational decisions of the Council are delegated to Council staff by the General Manager. Within the Council there are a number of departments, and each of these deals with specific areas of Council operations. Although each department has a specific focus they all work together in providing services to the community.

Council meetings are held on the third Thursday of the each month commencing at 6.30 pm, and are open to the public. Community Forums form part of the meeting schedule to increase community participation. This year's Forums were at Maydena, Lachlan and Granton. Council may also hold Special Meetings for urgent matters. All Council Meetings are advertised prior to taking place to promote attendance by the public.

Councillors also hold workshops to consider matters. These are generally held on the first and second Thursday of the month at 6.30 pm in New Norfolk. The first half hour of Council workshops are open to the public.

Agendas and attachments are available from Council Administration Office on the Friday prior to meetings or on Council's website: www.derwentvalley.tas.gov.au.

Council's website also contains confirmed minutes from previous Council.

Summary of Decisions by Council in 2016/2017

The below table provides a summary of the decisions of Council for the 20106/20174 financial year.

Meeting	No. of Meetings	Open Session Items	Closed Session Items	Total	% Items dealt with in Closed Session
Council	24	198	43	241	**17.84%**
Special Meetings	6	6	3	9	**33.33%**
Annual General Meeting	1	1	0	1	
Total	**31**	**205**	**46**	**251**	

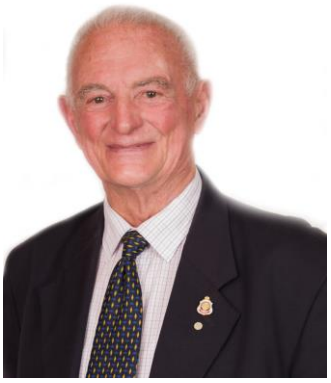
Mayor
Martyn Evans

Deputy Mayor
Ben Shaw

Councillor
Paul Belcher

Councillor
Damian Bester

Councillor
James
Graham

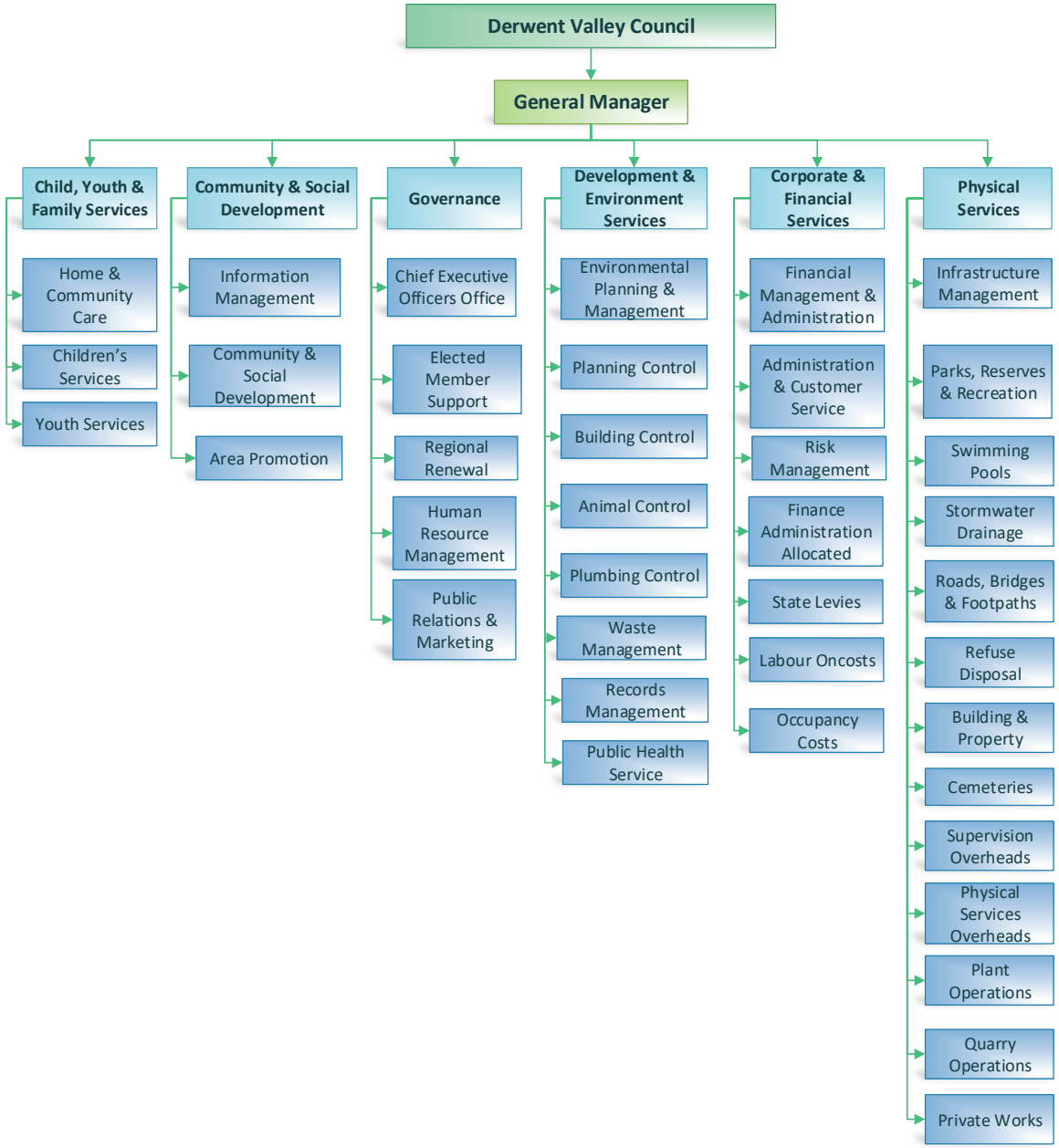


Councillor
Barry Lathey

Councillor
Frank Pearce

Councillor
Julie Triffett

Council Organisational Chart



Council's Workforce Profile is as follows:

	Full-Time	Part-Time	Casual	Total
Male	23	2	1	**26**
Female	11	19	13	**43**
Total	**34**	**21**	**14**	**69**
Indoor (Admin Building)	10	8	3	**21**
Outdoor (Operations)	20	1		**21**
Children's Services	4	10	10	**24**
Home and Community Care		2	1	**3**

Committees of Council

The *Local Government Act* 1993, provides Council with the authority to create Committees made up of only Councillors or Special Committees. At Derwent Valley Council Special Committees are mainly comprised of members of the community with an interest in the objectives of that committee.

Derwent Valley Council has standard 'Terms of Reference for Special Committee's of Council'. Copies of these can be provided to the public on request.

From time to time Council may also create working groups. These groups are generally run less formally than Special Committees and are usually created for a specific project.

Special Committee Councillor Rep	Purpose	Minutes Accepted by Council in 2016/2017
Access Advisory Committee Cr Lathey, Cr Triffett (proxy)	Advises Council on access issues, particularly in relation to those people with a disability.	1
Boyer Oval Management Committee Cr Lathey, Cr Shaw (proxy)	Assists in the management and upgrading of Boyer Oval.	5
Bushy Park War Memorial Swimming Pool Cr Bester, Cr Belcher (proxy)	Assists in the safe and efficient operation of the Bushy Park Swimming Pool.	7
Derwent Valley Council Scholarship Trust Fund **Cr Evans, Cr Shaw (proxy)**	Manages the scholarship fund	0
Derwent Valley Youth Future Action Team (D'FAT) Cr Triffett, Cr Bester (proxy)	Derwent Valley Council's youth advisory committee.	12
Economic and Growth Special Committee Cr Pearce, Cr Graham (proxy)	To aid in the implementation of the STEP's Plan	3
Environmental Management Committee Cr Bester, Cr Evans (proxy**)**	Manages major environmental incidents in the Derwent Valley.	0
Esplanade Special Committee Cr Evans, Cr Lathey, Cr Triffett, Cr Shaw	Advises on the development of the Esplanade	0
Friends of Frascati Community Garden Cr Bester, Cr Evans (proxy)	Aides in the restoration of the gardens at Frascati House.	9
Friends of Willow Court Committee Cr Pearce, Cr Evans (proxy)	Has a special interest in the restoration of Willow Court	6

Special Committee Councillor Rep	Purpose	Minutes Accepted by Council in 2016/2017
Gleeson Park Special Committee Cr Graham, Cr Shaw (proxy)	Assists in the management of Gleeson Park.	0
Historical Information Centre Committee Cr Bester, Cr Triffett (proxy)	Operates the Historical Information Centre.	5
Molesworth Recreation Reserve Committee Cr Pearce, Cr Graham (proxy)	Assists in the management of the Molesworth Reserve.	2
New Norfolk Business Alliance Cr Pearce, Cr Graham (proxy)	Assists in the promotion of the central business district.	10
New Norfolk Swimming Pool Committee Cr Triffett, Cr Shaw (proxy	Assists in the safe and efficient operation of the New Norfolk Swimming Pool.	2
Tidy Town Committee Cr Belcher, Cr Evans (proxy)	Undertakes projects to help beautify and keep the municipal area tidy.	4
Tynwald Park Development Committee Cr Triffett, Cr Shaw (proxy)	Advises on the development of Tynwald Park.	0
William Hazlewood Park (Magra) Cr Bester, Cr Lathey (proxy)	Advises on the development of the reserve	0
Willow Court Conservation Special Committee Cr Bester, Cr Evans (proxy)	Undertakes the development of and setting of strategic direction for the Council owned sections of the Willow Court precinct.	0

Authorities and Associations Councillor Rep	Purpose
TasWater Authority Cr Evans, Cr Shaw (proxy)	Water supply related issues in regards to TasWater.
Southern Tasmania Council Authority (STCA) Cr Evans, Shaw (proxy)	A grouping of 12 Southern Councils.
Local Government Association of Tasmania (LGAT) Cr Evans, Cr Shaw (proxy)	Tasmania's peak Local Government body.

Other Committees and Organisations Councillor Rep	Purpose
Australia Day Cr Lathey, Cr Evans, Cr Shaw	Plans community activities for Australia Day each year.
Code of Conduct Panel Cr Bester, Cr Pearce, Cr Belcher (proxy)	Assesses any complaints received
Community Grants Cr Lathey, Cr Bester, Cr Belcher, Cr Shaw, Cr Triffett	Administers and assessed applications to Council's Community Grants program.
Derwent Catchment Natural Resource Management Cr Lathey, Cr Graham (proxy)	Monitors environment within the Derwent Catchment area.
Derwent Valley Autumn Festival Cr Graham, Cr Belcher (proxy)	Plans the annual Autumn Festival.
Derwent Valley Council Audit Panel **Cr Triffett, Cr Graham**	The objective of the Panel is to assist Council and the General Manager in providing an independent process in its financial and risk management practices to ensure accountability to the community in the governance, management and allocation of resources.
Derwent Valley Emergency Planning Committee Cr Lathey, Cr Shaw (proxy)	Puts in place plans that come into effect in case of a major emergency.
Derwent Valley Visitor Information Centre Cr Graham, Cr Bester (proxy)	Provides volunteers for the running of the Council funded Visitor Information Centre.
Land Sale Committee Cr Bester, Cr Triffett, Cr Graham, Cr Pearce	Looks at the sale of Council land.
Lyell Highway Committee Cr Bester, Cr Shaw (proxy)	Established to monitor upgrades on the Lyell Highway.
Maydena Community Association Cr Bester, Cr Graham (proxy)	An association of members of the Maydena Community that has the support of Council.
RAFT (Real Action… Forward Thinking) Cr Shaw, Cr Graham (proxy)	A partnership of organisations supported by Council to provide strategic leadership and information in regard to youth affairs.

Financials

The Annual Financial Report, including notes to the accounts is provided as an Appendix to this Annual Report. The Annual Financial Report meets the requirements of the *Local Government Act 1993* and Australian Accounting Standards and has been audited by the Tasmanian Audit Office.

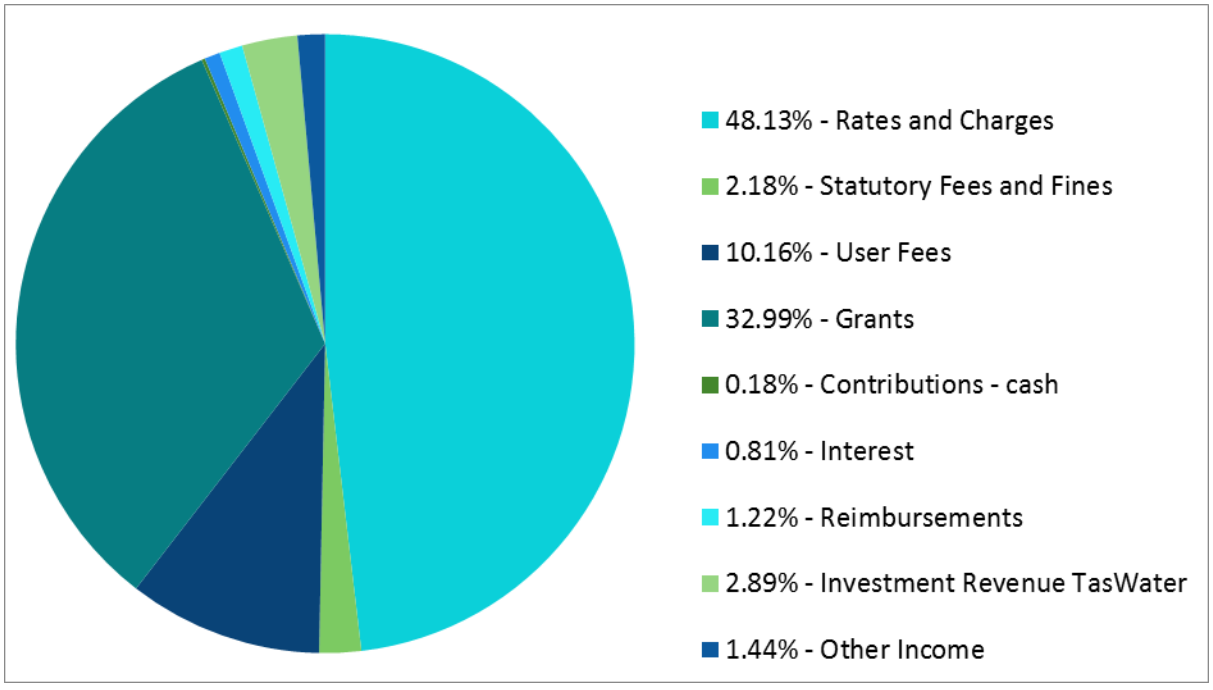
The following information aims to provide a brief summary of Council's 2016/17 financial result. Full details of Council's Financial Statements.

Sources of Income

The below table provides a summary of the revenue comparison as a percentage over the last four financial years.

Revenue Comparison	2013 %	2014 %	2015 %	2016 %	2016 $
Rates and Charges	53	46.24	52.71	**48.13**	**6,795,000**
Statutory Fees and Fines	2	1.62	2.08	**2.18**	**308,000**
User Fees	10	8.96	12.31	**10.16**	**1,434,000**
Grants	26	36.30	26.43	**32.99**	**4,656,000**
Contributions - Cash		0.07	0.02	**0.18**	**25,000**
Interest	1	0.70	.055	**0.81**	**115,000**
Reimbursements	2	1.56	1.30	**1.22**	**172,000**
Investment Revenue - TasWater	3	3.15	3.37	**2.89**	**408,000**
Other Income	3	1.50	1.23	**1.44**	**203,000**

Where the Funds came From: Total income from continuing operations $14,115,956



Interest (Note 10) - There was an increase in surplus funds for investment purposes in 2016/2017 due to minimal capital works completed.

Reimbursements (Note 11) – Council received $80,000 for bridgeworks. The reimbursement noted in the financial statement was received due to the Caravan Park insurance claim for flood damage.

Other Income (Note 13) – The loan to PCYC was returned to Council. The $100,000 was returned to Council on the 22/12/2017.

Current Assets Cash and Cash Equivalents and Financial Assets increased from 2015. Trade and other receivables experienced a slight decrease due to a reduction in the amount of Rate Debtors outstanding at year end.

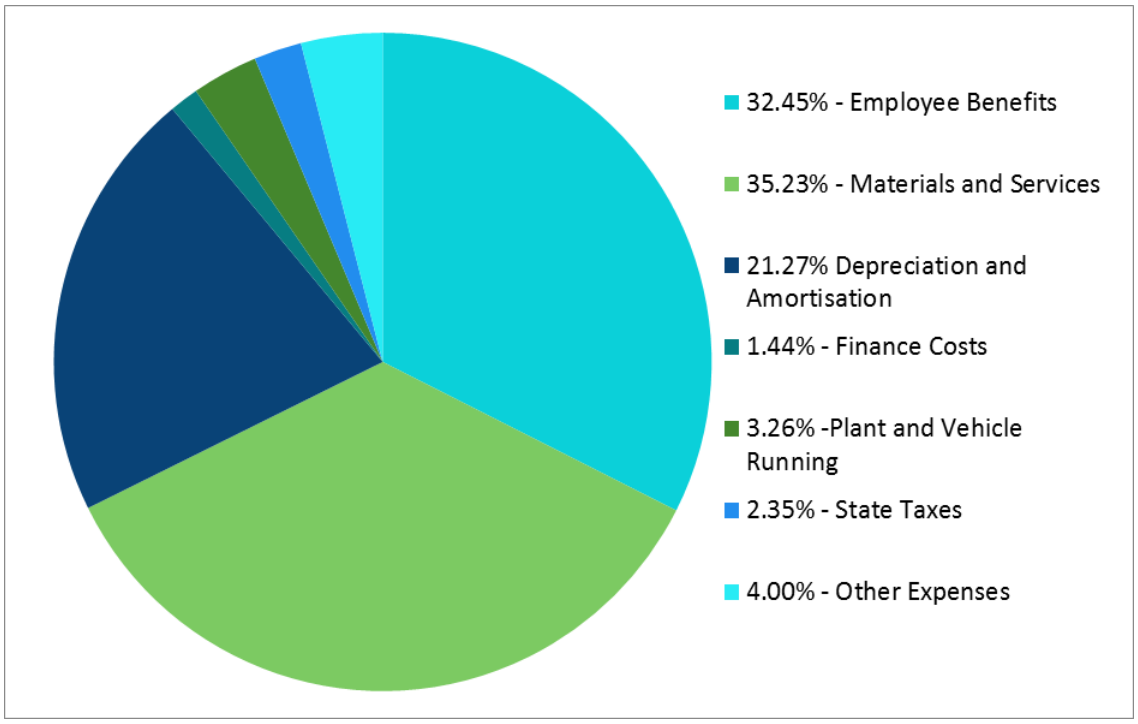
Application of Expenditure

During the budget process, Council identified the estimated operating expenditure and capital expenditure that it intended to undertake. The information below compares the estimated expenditure with the actual expenditure for the year.

The below table provides a summary of the expenditure comparison as a percentage over the last four financial years.

Expenditure Comparison	2013 %	2014 %	2015 %	2016 %	2016 $
Employee Benefits	33	33	33.62	**32.45**	**3,849,000**
Materials and Services	36	36	36.30	**35.23**	**4,179,000**
Depreciation and Amortisation	20	20	20.02	**21.27**	**2,523,000**
Finance Costs	2	2	1.36	**1.44**	**170,000**
Plant and Vehicle Running	3	3	2.91	**3.26**	**386,000**
State Taxes	2	2	2.11	**2.35**	**279,000**
Other Expenses	4	4	3.38	**4**	**475,000**

Where the Funds Were Spent: Total expenses from continuing operations $11,860,866



Community Grants and Donations (Note 18) – These expenses included $55,770 to the Derwent Valley PCYC, this included $35,000 in financial support and $20,770 in repairs to the centre including new guttering and downpipes, cleaning and floor sanding.

Audit Panel

Derwent Valley Council's Audit Panel was formally established by Council in February 2016. The Charter for the Panel is based on the requirements of the *Local Government (Audit Panels) Order 2014* issued by the Minister for Local Government under Section 85B(1) of the *Local Government Act 1993*. The *Audit Panel Charter* sets out the roles and responsibilities of the Panel, its authority, membership and the tenure of its members, the operation of its meetings, how decisions are made and its reporting responsibilities.

Membership of the Audit Panel comprises of two Councillors and two independent members. The independent members of the Panel were selected following an expression of interest process.

The first meeting of the Panel took place on 20 September 2016. A list of Panel meeting dates and attendances by Panel members in 2016/2017 is set out in Table 1 below.

The *Audit Panel Charter* adopted by Council requires that the Panel through the Chairperson report annually on its operations and activities. This report covers the period July 2016 to June 2017, the first year of operation of the Audit Panel. The report provides a background to the establishment of the Audit Panel, its membership, operation during the last year and areas for attention in 2017/2018. Prior to its presentation to Council the report was reviewed and endorsed by the members of the Audit Panel.

Audit Panel Membership and Meetings

During 2016/2017 the Audit Panel was made up of the following members:

Independent members:

- Mr Gary McCarthy
- Mr Robert Hogan

Councillor members:

- Councillor Julie Triffett
- Councillor James Graham

During 2016/2017 the Audit Panel was attended by and received support from Council's General Manager and Council's Accountant, as well as administrative and secretarial support from other Council staff.

The Panel would like to acknowledge the support provided by the General Manager and Council's Accountant.

The following table sets out the meetings of the Panel held during the reporting period and the attendance of Panel members at these meetings.

Table 1 Summary of Panel Meetings and Member Attendance

Meeting Date	Councillor Julie Triffett	Councillor James Graham	Mr Gary McCarthy	Mr Robert Hogan
20 September 2016	✓	✓	✓	✓
6 December 2016	✓	✓	✓	✓
7 March 2017	✓	✓	✓	✓
27 April 2017	✓	✓	✓	✓

Role of the Panel

The role of the Audit Panel is to support the elected members by providing independent assurance and advice in relation to Council's financial reporting and controls, risk management framework and practices, internal controls, legislative compliance, long term planning, fraud control and corruption prevention. Its role is complemented by both internal and external auditors.

The main responsibilities of the Audit Panel include:

- whether the annual financial statements of the council accurately represent the state of affairs of the Council;
- whether and how the Part 7 plans (these include the Strategic Plan, Long Term Financial Plan and Strategic Asset Management Plan) are integrated and the processes by which, and assumptions under which, those plans were prepared;
- the accounting, internal control, anti-fraud, anti-corruption and risk management policies, systems and controls that the council has in relation to safeguarding its long-term financial position;
- whether the council is complying with the provisions of the Act and any other relevant legislation;
- whether the council has taken any action in relation to previous recommendations provided by the audit panel to the council and, if it has so taken action, what that action was and its effectiveness.

External Audit

As legislated, the Council's external audit service is provided by the Tasmanian Audit Office (TAO). Staff from the TAO attended two Audit Panel meetings during the year.

The Panel addressed the audit strategy and plan for the 2016/2017 financial year audit with TAO staff, as well as outstanding recommendations from previous TAO audits.

Panel Activities during the Reporting Period

During the year the Audit Panel:

- Met with TAO staff to discuss the 2015/2016 audit and issues that arose and recommendations made;
- Were briefed by the TAO on the 2017/2018 external audit process;
- Reviewed Council's response to and progress with previous external audit recommendations;

- Noted the Audit Panel Charter and discussed how the Panel could meet the requirements of the Charter;
- As required by the charter, developed and implemented a comprehensive workplan for 2017;
- Were briefed on the policy and approach adopted to complying with the requirement to report on related party transactions in the Annual Financial Reports;
- Reviewed expenditure on the credit card held by Council's General Manager;
- Examined expense claims submitted by the Mayor and indicated the difficulty faced by the Panel in determining the 'reasonableness' of claims because of the lack of policy in this area;
- Received copies of reports on IT and human resource management;
- Were briefed on the significant business activities identified by Council, which are required to be reported in Council's annual Financial report;
- Received briefings by Council management on key issues raised by Council;
- Considered the TAO project plan and report on a review of Credit Cards use in Councils;
- Attended Council workshops as relevant over the course of the year.

Future Directions

The Audit Panel Charter requires that the Panel provide assurance and advice in a range of areas including risk management framework and practices, internal controls, legislative compliance, long term planning, fraud control and corruption prevention. This can be difficult without an internal audit/review function and the lack of some relevant policies and plans.

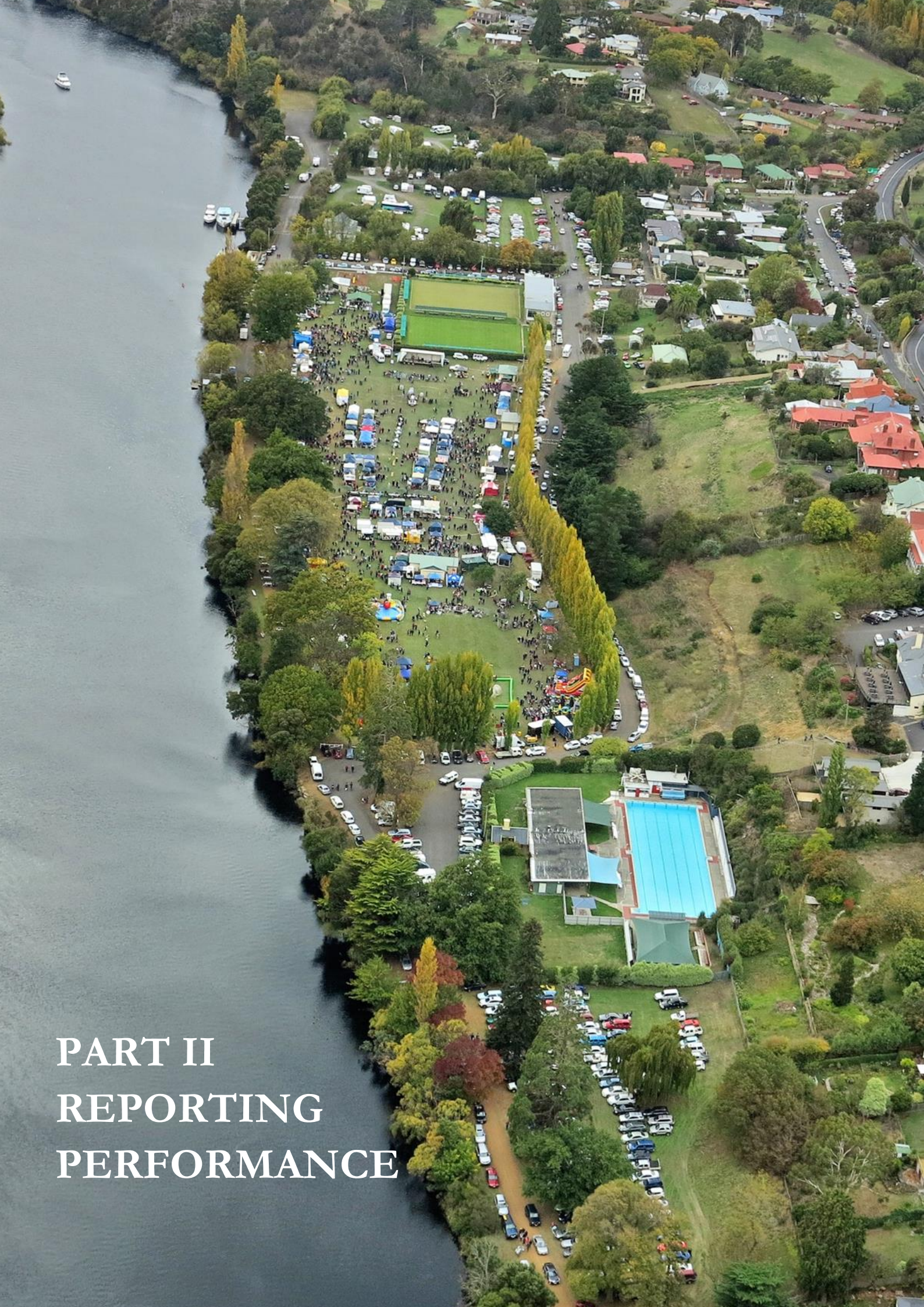
In addition, the Panel has noted previous delays in addressing recommendations from external audits including recommendations in relation to infrastructure, the Council's waste management facility, and staff leave.

These issues have been discussed with Council management and progress is being made to address both outstanding audit recommendations and necessary improvements to plans and policies.

During 2017/2018 the Audit Panel will;

- Meet with TAO staff to discuss the 2016/2017 audit and any issues that arose and recommendations made;
- Oversee the 2017/2018 External Audit planning process;
- Continue to monitor outstanding audit recommendations;
- Review the *Audit Panel's Charter* to ensure compliance;
- Discuss and agree how the Audit Panel can gain the necessary assurance in relation to internal controls;
- Review and provide comment on relevant new or amended Council policies;
- Work with council staff to develop an agreed legislative compliance process.

The Audit Panel would like to thank Council management and staff for their support, advice and assistance.



PART II
REPORTING PERFORMANCE

Derwent Valley Strategic Plan

Purpose of the Strategic Plan

The life of the Derwent Valley Council Strategic Plan 2011 – 2015 has been extended while Council creates a new structure to support the development of a new Community Strategic Plan. Council's strategic policy direction and budget priorities continue to be aligned with the objectives set in the Strategic Plan.

The Strategic Plan focuses on a series of priorities and projects which are reflected in Council's Annual Plan. Projects and actions from the Strategic Plan are funded through the budgetary process each year

Council will undertake community consultation during the development of the next Community Strategic Plan.

Copies of the Strategic Plan are available on the Council website www.derwentvalley.tas.gov.au or by request from Council's Administration Office.

An Overview of Progress

The following section contains a summary overview of progress against the Strategic Plan objectives.

Infrastructure and Service Objectives

IS 1: To maintain the standard of the municipality's infrastructure assets

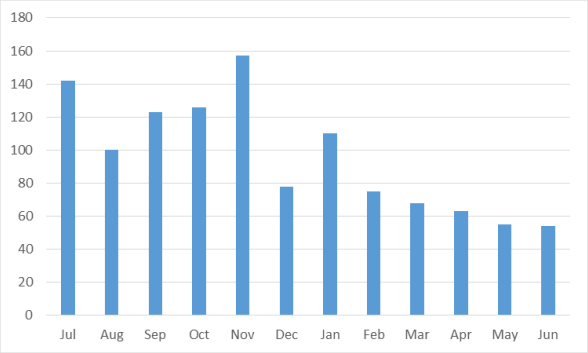
Council's works and maintenance crews continue to progress the program of works as approved by Council in the annual budget. New technologies in mapping and GPS have been incorporated into daily operations. The road hierarchy policy continues to be used to assist in decisions around competing projects

Council's works and maintenance crews continue to ensure assets are maintained within budget allocations.

Ongoing reviews and an increased use of technology will deliver will achieve greater efficiency.

Asset management has been a focus of the Council this year with monies allocated in the budget to develop an Asset Management Plan. Part of the development of a plan that will provide direction for the 10 year CAPEX program is obtaining reliable data on the status of our infrastructure. The commencement of the Asset Management planning process included undertaken deflectograph and condition assessment surveys of Council roads.

Customer service requests have been compiled within the Councils system since the beginning of January 2016. The requests from residents and visitors are documented within the system to capture and monitor the requests received. Service requests are made directly to Council staff; either in person, over the phone, or via Councils website. Below is the monthly summary of the 1161 service requests that have been recorded for the 2016/2017 financial year.



IS 2: To maintain high standards in the provision of all Council services in line with community needs, Council's policies and regulatory requirements

Council continues to monitor the services it provides in line with the needs of the community and within budgetary requirements. Policies are currently being reviewed and where needed updated to reflect community needs and expectations. Council operates within all regulatory requirements.

Council policies are in place to facilitate and ensure the effective and consistent administration of relevant legislation, and/or matters of significance to both the Council and the community.

This year has seen the continuation of the review of policies to ensure they meet statutory compliance. As part of the process all policies were advertised requesting public comment for a period of 42 days prior to their adoption. Council received 21 public submissions for the year in relation to policy matters.

In total 13 new or amended policies were adopted by Council, these included; the Code of Conduct, Work Health and Safety, Footpath Occupation, Facility Hire, Dog Management, Fire Abatement, Investment of Council Funds, Development Guarantees & Bonds, Planning Application 'oh hold', Gifts and Benefits, CCTV, Privacy and Boundary Fence Contribution.

IS 3: To maintain community services

This point relates to ensuring that the community has access to information from service providers and Council's assistance with community events.

Council continues to support and assist the community in accessing information from service providers. Ongoing assistance to community organisations through community grants, sponsorship and in-kind support has also been maintained wherever possible.

This year the in-kind support and Council donations has allowed a number of additional events to be hosted in the Derwent Valley.

The Council also developed an Event Management Guide. The guide provides a consistent and clear information to event organisers about what is required by the Council if an event is being planned for a Council facility such as a Council operated building or open space.

IS 4: To improve transport and access in the municipality

Council has worked in partnership with a number of stakeholders to provide better access options and improve the efficiency of Council vehicles.

Council continues to work in partnership with stakeholders regarding opportunities to improve transport and access in the Derwent Valley.

IS 5: To develop partnerships with relevant stakeholders on the development, management and maintenance of services in the municipality

Council continues to look for options to resource share where it advantageous to the municipal area and the community. Changes to public transport access have been implemented.

Council continues to share resources with a number of other Councils.

This year Council partnered with a number of service providers and government organisations to undertake the collection of aerial imagery for the Derwent Valley region.

IS 6: 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

Through the New Norfolk Business Alliance Council continues to work with business in High Street and the immediate surrounds.

As is required by the *Local Government Act 1993* the Council undertook a review of the Business Levy this year. This resulted in an extension of the Business Levy for a further five (5) years.

The New Norfolk Business Alliance sponsors the annual Christmas parade and has contributes to other Christmas promotions over the last year. The Business Alliance has also provided financial support for the installation of CCTV in the High Street area and continued to promote New Norfolk through television and community radio advertising.

Council also waived the Footpath Occupation Licence fees for 28 businesses within the business district for the 2016/17 financial year.

IS 7: To develop a means of relaying information from Council to the residents of the municipality

Council produces a free quarterly newsletter. There are regular comments from Council in the local newspaper. Information on public consultations etc. is advertised on Council's website.

The production of the newsletter has ceased, however the Council has redesigned its website and improved the information available.

Council launched its new look website in July 2017. The website provides the community with better access to information and mechanisms to provide feedback.

Local newspapers continue to be used as an avenue to communicate with residents of the municipality. Public comment on all Council policies drafted or revised this financial year has been advertised locally. Additionally community consultation was undertaken as part of the Dog Management Plan and the declared off lead area process.

Social Objectives

S 1: To make our people feel worthwhile by building greater self-reliance and self-worth in our community

This point relates to encouraging community participation in the Local Government process, celebration of community achievements and community engagement.

The Council has encouraged public participation through longer and more widely advertised public consultation periods for policy and other change. Updates to Council policies and the upgraded website give the public increased opportunities to be actively involved in the operations of the Council.

Council has also provided sponsorship and in-kind support to a number of community events throughout the year. These events include, the Autumn Festival, Australia Day, Medieval Festival, Christmas Parade and Fair as well as Anzac Day celebrations.

The Derwent Valley Relay for Life was again held at Tynwald Park on the 25-26 February 2017. The event raised over $43,000 for the Cancer Council Australia.

S 2: To recognise the work of all people, regardless of age, gender and race in providing opportunities to be part of a vibrant community

Council continues to support a variety of social and community events. Council's youth advisory committee and Access Advisory Committee meet regularly and are engaged in projects in the community with the support of Council.

In addition to regular budget contributions and community grants, the Council is now able to quantify the contribution it makes to other community events through the Event Assistance section of the budget.

The Council's Access Advisory Committee and D'FAT meet regularly to discuss matters within their scope.

Council has a number of special committees that undertake volunteer work to support the Council.

S 3: To encourage the development of local sporting, cultural and artistic activities

The maintenance and upgrade of Council recreational facilities forms part of the work undertaken by the outside workforce, and is programmed into the budget. Through in-kind and financial support Council supports and promotes a number of sporting, cultural and artistic activities.

The Council has been successful in its application for funding to revitalise the Esplanade, this long term project will result in improved facilities for the community.

The Council continues to support local sporting groups with the preparation and maintenance of facilities. In addition reviews of facility maintenance will assist in future budget allocations for improved facilities.

Flinders University undertook an archaeological works at Willow Court and Frascati with the support of Council. Part of the project scope for 2017 included underfloor excavation and surface collection of materials in sections of the Barracks, verandah and Ladies Cottage. The scope for support from the Council included a Community open day attended by approximately 300 people.

Economic Objectives

Ec 1: 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

Council continues to engage with business owners and potential investors and has developed strong relationships with many tourism operators and tourism organisations in the municipal area. The Economic and Growth Special Committee works with stakeholders to identify opportunities and start to implement the STEPS plan.

The implementation of the STEPs Plan through the Economic and Growth Special Committee continues, with the focus this year being on undertaking an inventory of tourism assets. This will inform future development and provide valuable information for a possible 'gap analysis'.

The Council has worked with major developers undertaking tourism projects to provide support for their proposals. Funding for the New Norfolk Business Alliance was reviewed and has resulted in the decision to continue with the existing funding model for up to five (5) years.

The Council took part in the development of the Destination Action Plan for the Derwent Valley along with industry representatives, which is a document that will help to ensure that medium term priorities identified by industry are acted upon.

Ec 2: To support the retention and expansion of regional services

Council regularly lobbies other levels of government to ensure that local services remain unaffected by cuts and to promote decentralisation of government services.

The Council has been actively involved in the new Service Providers Network initiated as a result of information gathering done during the implementation of The Right Place initiative. This provides access to a wide range of service providers in the community and the opportunity to work with them to achieve an expansion of regional services.

Ec. 3: To develop partnerships with State Government, industry and regional bodies to promote economic growth and employment development

Council has put considerable effort into opening lines of communication between Council and other bodies to promote regional growth.

The Council has worked closely with a number of regional bodies and government departments, including the Department of State Growth, Regional Development Australia, TasCoss and Destination Southern Tasmania to develop relationships of benefit to the community.

Environmental Objectives

En 1: To manage and where required, protect the municipality's natural environment and resources

Council continues to actively engage with various bodies and organisations to ensure that those resources and assets are managed that are the responsibility of Council are managed to the highest standards.

Environmental management involves the protection of our natural environment, including catchment and environmental monitoring through the development of plans and undertaking projects.

For the Council this includes Council's contribution to The Derwent Catchment Project. The Derwent Catchment Project is a not-for-profit Landcare group with a board of local volunteers. The Derwent Valley and Central Highlands Councils, along with NRM South and other investors, contribute to a catchment management program across the region.

The Councils investment provides core funding for delivery of the programs run by the Derwent Catchment Project and allows leverage of other investment to support programs.

En 2: To have a catchment management plan for the municipality

Work continues on the catchment management plan.

The Derwent Valley Weed Management Plan was developed in 2015 by the Derwent Catchment Project.

The catchment program covers 3 key areas: Weed Management, Agri-best practice programs and Conservation projects. The focus of this work is to deliver on-ground outcomes working with the community and agricultural producers. The objectives are to improve productivity and restore landscapes.

En 3: To review the municipality's Planning Scheme

The review of the Planning Scheme continues under the guidance of State Government. Public consultations have been undertaken and a number of workshops have been held for Councillors. Council's Weed Management Policy is under review.

This year the Council works crew undertook a weed management workshop, this provided information on weed species and control methods. This workshop also focused on weed hygiene practices and how to prevent the spread of weeds.

The Derwent Catchment Project have also developed a series of practical weed hygiene protocols and will run another workshop with staff and contractors this coming year.

En 4: To support and encourage landcare type activities

Council has provided practical and in-kind assistance to a number of landcare activities in the past year and encourages community participation in such projects.

This year a plan for the Derwent and Lachlan riverbanks within the township of New Norfolk was developed. This plan provides guidance on restoration and more broadly how to improve amenity and access for residents and visitors to New Norfolk.

The plan identifies target areas for works over coming years.

A Naturally Inspired Grant from NRM South was also successfully applied for to enable the implementation on the New Norfolk Riparian Natural Area Plan. This plan provides guidance on restoration and more broadly how to approve amenity and access for residents and visitors to New Norfolk.

The Naturally Inspired Grant will work with Tidy Towns and Friends of the Lachlan River to support community involvement.

Revegetation Works - Before and After at Tynwald Park

En 5: To develop best practice waste management activities

Where possible office products are reused and recycled, low energy light fittings have been fitted to Council Chambers. Council continues to maintain the Peppermint Hill waste disposal site.

Council received a Garage Sale Trail Awesomeness award this year in the category of outstanding contribution.

The Council operates a landfill disposal site at Peppermint Hill as well as two transfer stations, one at National Park and one at Molesworth.

A review into waste management activities within the Derwent Valley highlighted the need to introduce a Waste levy as part of the rates to assist with the substantial rehabilitation costs necessary when the site at Peppermint Hill eventually closes. This waste levy also saw the reintroduction of 12 waste vouchers per rateable property.

As part of the Capital Works program for 2016/2017 the Peppermint Hill leachate pond was relined and new discharge pipeline commenced construction.

Peppermint Hill Leachate Pond works

Financial Objectives

F 1: To improve the affordability of Council's rating and charging structure

During the budget process the effectiveness of Council's rating system is discussed. Council continues to work on modelling, that will provide the best ratings outcomes for the community.

The Council acknowledges a balance must be found between the affordability of the rating structure and providing services reflective of the level of expectation by the community.

In support of these principles a waste management levy was implemented during 2016/2017 to lessen the financial burden following the closure of Peppermint Hill Refuse Site.

A full revaluation of Derwent Valley properties was undertaken and became effective from July 1 2017. Further work regarding improvements to Council's rating structure are to be progressed.

F 2: To effectively manage Council's debt

Council's debt remains within acceptable guidelines.

Council's debt is reviewed and managed as part of the budgetary process to ensure that the needs of the municipality are met in the most affordable manner.

As part of Council's continuous improvement processes, savings of $640,833 were identified in the 2016/2017 financial year. These savings have been made possible through the ongoing process review that is being undertaken by Council as well as efficiencies in procurement.

F 3: To increase income from non-traditional sources, including greater utilisation of Council's plant and resources

Council continues to look at resource sharing opportunities and ways that Council's plant can be used.

This is an ongoing issue that Council is mindful of as there are limited opportunities to secure non-traditional income. Council's plant requirements are reviewed annually with relevance to age, suitability to requirements and ongoing costs to Coucncil.

Resource sharing in regards to Planning, Plumbing and Refuse Disposal are currently in place.

F 4: To improve community understanding of Council's financial management and finances

Council continues to monitor the budget papers and provide monthly reporting. Members of the public are encouraged to attend Council Meetings to discuss matters of concern and to make submissions to the budget process.

Councillors are presented with a month's end Financial Report at all Council meetings and monthly financial reports are provided to relevant Council staff. Public submissions to Council's Budget were considered by Council with a number of these being included in the Budget.

Financial reporting to committees of Council is also provided.

F 5: To increase the level of grant income

Council continues to develop projects for potential grant funding, and to undertake funding applications and lobby for funding.

Council has received a number of grants for specific projects in the last year.

THE YEAR IN REVIEW

This section provides a review of the activities of Council.

All areas of Council work together to achieve outcomes for the entire community. To ensure that actual and human resources are allocated in the most effective manner, and to provide the best service possible to the community staff allocated to a particular department may from time to time work across departments to utilise their skills and qualifications.

The 2016/2017 Annual Plan provided an appraisal of the current issues and identified key areas of focus for the financial year. These areas included monies allocated in the budget to address some long term projects including:

- Establishment of an asset management plan;
- Implementation of a stormwater plan;
- Refuse disposal area environmental protection measures;
- New Norfolk swimming pool heating conservation methods;
- Implementation of security enhancements for council buildings;
- Roadwork design; and
- Human resource management issues.

Bridge Replacement at Tyenna

Governance

The General Manager takes responsibility for the area of governance within Council. Responsibility includes regional renewal, public relations, marketing, human resource management and elected members support.

The office of the General Manager also oversees the day to day operations of Council and is responsible for all decisions regarding staff matters. In December 2016, staff participated in a workforce development program that included activities to progress the creation of values to guide them when doing their work. This program included staff from the administration office, depot and Council's child care centre.

Internal reviews of the way in which Council services are delivered for the community have been undertaken. The intent of the reviews is to identify areas of improvement and to ensure that the services provided are consistent and transparent. As part of this review a number of policy changes have been made. These policy changes include animal control, facility use, information technology and fire abatement.

All proposals, major projects and initiatives of Council, are reviewed by the office of the General Manager before any Council resources are committed.

This office works closely with elected members to ensure that the decisions of Council are enacted. Council officers under the direction of the General Manager provide Councillors with reliable information, advice and support to enable them to make good decisions for the community.

The focus of these activities is to bring the community and various stakeholders together to work for positive outcomes for the municipal area. This may take many forms, from direct involvement in committees, forums and other consultative activities, through to sourcing grant funding for organisations and assisting with writing grant applications. Staff involved in these activities may also liaise with a number of departments within the organisation to achieve desired outcomes.

This department has responsibility for works at Willow Court. The last year has seen further progress made in the reuse of the Willow Court precinct and the Bronte building in particular.

Councillors play an integral part in setting the Derwent Valley Council budget including the consideration of public submissions. Councillors also act as a Planning Authority when responding to representations about environmental planning. During the year Councillors attend numerous functions, seminars, community forums and other meetings in fulling their role.

This year the Council has focused on reviewing its policies. As part of this process the public are encouraged to provide feedback by way of a written submission within the 42 day consultation period.

The Council is welcoming of community input and encourages the public to contribute through active involvement in Special Committees of Council and making submissions to the budget process and other public documents.

Physical Services

This Department manages a vast range of assets including Parks and Reserves, Swimming Pools, Roads and Footpaths, Stormwater, Bridges, Plant, Buildings and Property, Cemeteries and a Landfill. Operations activities incorporate the external workforce and extend from maintenance of the above assets to operation of the Landfill and a Quarry.

Management of Councils plant and equipment this year included several light vehicles replacements and turnover of a small tractor for ground maintenance.

As part of the Capital Works budget a portable wood chipper was procured. This has enabled Council staff to more efficiently in removing and recycling cracked, dead and fallen vegetation in our parks, reserves, along walkways, around playgrounds and along the 300 kilometres of roads network maintained by the Council. The wood chipper reduces risk of injury to our people, and offers significant saving of time and costs.

A series of replacement and rehabilitation works were completed during the year including reconstruction in Blair Street, Back River Road, Glenora Road and Lachlan Road.

Resealing was completed on sections of Molesworth Road, Lachlan Road and Montagu Street.

Significant effort was applied to the design works for the reconstruction of Council roads during 2016/2017 in line with the Annual Plan. This design work enabled clear scoping for tendering and ensured that works undertaken met compliance standards and value for money. The benefits of undertaking extensive design work for road rehabilitation will be continued in future capital works projects.

Blair Street Rehabilitation works

The replacement of two bridges over the Tyenna River was completed with the support of grant funding awarded to the Council. These timber bridges formed part of Councils asset replacement program with other bridges identified for replacement over the coming years. As part of the grant program an audit of the contract was carried out by KPMG on behalf of the Australian Government.

The Council established a program to treat Elm Leaf Beetle. Elm Leaf Beetle is an important pest of elm trees. Elm Leaf Beetle was first discovered In Victoria in 1989. It was detected in Launceston in late 2002 and in Hobart in 2008. It is now well established in these cities. Elm Leaf Beetle is no longer a notifiable pest, but local councils are still endeavouring to control Elm Leaf Beetle and are encouraging households to do the same. This service was extended to the Derwent Valley community on a commercial basis.

Heritage tree assessments were also conducted in several locations, and arborist assessments throughout our reserves and park areas. These assessments continue to inform our maintenance and replacement plans as well as decrease the Councils risk profile by proactively managing our trees.

Freedom camping and the increase in RV of self-contained camping has provided the region with both positive and negative impacts. Overcrowding at areas such as the Millbrook Rise boat ramp, the Esplanade and camping in Tynwald Park provided a challenge to the Council as it received a number of resident complaints together with growing maintenance costs. Council undertook to improve the no camping signage at Tynwald Park and the Esplanade while an overflow area for RV or freedom camping was established adjacent to the Millbrook Rise boat ramp. This has improved the amenity of the adjacent areas and use of other facilities for residents and visitors.

Prioritisation of our works programmes continued during the year, ensuring community funds are expended where best value is achieved for Council and its community. This work was supported by road asset condition assessments by Australian Road and Research Board (ARRB) and deflectograph testing to identify critical asset integrity data. Similar initiatives will continue in 2017/18 to further improve and validate asset knowledge.

Provisions have been made for asset management system development, road condition surveys, design and stormwater management planning.

Key Achievements

- Reconstruction and improvements to Stephen/George Streets, New Norfolk
- Reseal to Molesworth Road, Lachlan Road, Montagu Street
- Road rehabilitation in Blair Street, Back River Road, Glenora Road, Lachlan Road
- Relined leachate pond and commenced new discharge pipeline construction
- Pool heating upgrade and electrical services improvements, New Norfolk commenced
- New aerial imagery

Newbury Bridge Replacement

Community and Social Development

Council provides financial and in-kind assistance to a variety of organisations including

Group/Event	Amount
Autumn Festival	$28,389.04
Medieval Festival	$ 8,461.69
Flinders University – Archaeological Dig	$ 4,420.76
Lions Club – Christmas Carols	$ 3,485.93
Rotary Club of Derwent Valley – Christmas Parade	$ 3,445.40
Cancer Council – Derwent Valley Relay for Life	$ 3,392.87
Derwent Valley RSL - Anzac Day	$ 1,732.57
Wild Food Festival	$ 1,646.25
New Norfolk High School – Light the Night	$ 703.68
Friends of Frescati	$ 510.00
Bushy Park Show	$ 385.12
Rotary Club Claremont – Le Tour de Norfy	$ 332.50
Meet the matron	$ 306.02
Australia Day	$ 280.49
Garden Club	$ 228.18
Fairview Primary – Athletics Carnival	$ 220.73
Australian Powerboat Association – Powerboat Race	$ 218.29
Derwent Valley RSL - Remembrance Day	$ 204.29
Derwent Valley Players – Christmas Pantomime	$ 190.00
Life be in it – Kids fun run	$ 63.64
D'FAT – Movie Night	$ 14.55
Total	$58,632.00

Australia Day Award Celebrations

On 26 January 2017, Council celebrated Australia Day at the Esplanade with crowd's attracted to the variety of events and entertainment including; a fun run and walk, musical entertainment, displays, activities and a sausage sizzle. This year the Ambassador was two time Olympian Dana Faletic.

The 2017 Derwent Valley Australia Day Awards recipients were:-

Citizen of the Year: Lexia Brown
Young Citizen of the Year: Emma Browning
Sports Team of the Year: New Norfolk Rowing Club Under 21 men
Young Sportsperson of the Year: Madison Shaw
Community Event of the Year: Magra Fire Brigade Quiz Night

Medieval Festival

The inaugural Medieval Festival was held at Kensington Park in October 2016. The festival aimed to raise funds for flood relief in the wake of recent flood events, to help promote the Derwent Valley as a destination through the staging of a quality festival event and to increase visitor and local knowledge regarding the production of value added products in the Derwent Valley such as ales, juices, cider and fine foods. The festival included a Lords' tournament, skill at arms war horses, fencing, archery, blacksmiths and pottery, as well as market stalls with local produce and food vans with authentic medieval food.

In addition, local sporting and social clubs will have the opportunity to promote their activities and increase revenue flow through involvement in the event.

Autumn Festival

The Derwent Valley Autumn Festival was held at the Esplanade on Sunday 9 April 2017. Approximately 142 stalls registered for the event and amidst the wet weather on the day it proved another successful year. The Derwent Valley Autumn Festival started in 2000.

The largest event in the Derwent Valley, it includes free non-stop entertainment across four stages including several genres of bands, dancers, singers and choirs. The stalls supply arts, crafts and produce, with the best local fine food, beer and wine available.

The region's gourmet food and wine industry continues to grow and includes well known producers including Derwent Estate Wines, Ashbolt Farm, Black Mountain Ice Cream and Smokehouse, Big River Highland Beef, Westerway Raspberry Farm and Viridian Wines.

AIPU – Halloween Investigation Tour

Australian Paranormal Investigation Unit (AIPU) undertook an inaugural Halloween Investigation Tour in the Council owned buildings within the Willow Court Prescient. This tour offered a way to investigate and learn the history of Willow Court while the participants try their hands as a paranormal investigator for the night.

Derwent Valley Tasmania Wild Food Festival

The Derwent Valley Tasmanian Wild Foods Festival was a one day festival held in March 2017, showcasing the abundance of wild foods in Tasmania, and incorporating produce, value added products; community groups stalls and live entertainment

Derwent Valley Relay For Life

The first Relay For Life in the Derwent Valley was run in 2015, with the intent being to run the event every second year alternating with the Huon Valley event. In order to build capacity within the event and to embed it in the Derwent Valley calendar of events the decision was taken by the committee to run an event in 2016 and again in 2017.

The 2017 event was held at Tynwald Park on the February 25 and 26. With 22 teams and approximately 326 participants the event ensured that there was a regional Relay For Life event in the south of the State.

The next Derwent Valley Relay For Life will be held in 2019, creating a regular fixture on the Relay For Life calendar which does not clash with the Huon Valley event and ensuring that the committee and teams have time to prepare appropriately.

Christmas Parade & Rotary Fair

In 2016, the Rotary Club of the Derwent Valley was again successful in its expression of interest in organising and running the parade, and indicated that the club would run a fair in Arthur Square to complement the Christmas Parade. The fair was an initiative of the Rotary Club, and although run in conjunction with the Parade was a separate event.

The event was held on December 12 2016. The attendance was approximately 1200 attendees, significantly more than the 800 estimated prior to the event.

There were also over 40 stalls at the fair, nearly double the number in 2015.

Development and Environmental Services

Much of the work undertaken by this department is governed by the legislative requirements of Council; this is detailed in this report. This department is divided into several discreet areas, with information on each contained below.

Environmental Planning and Management

Also included in this area is the licensing of food businesses and food inspections, on-site wastewater systems, immunisation sessions, recreational water quality monitoring and several other public health related activities. The results of these activities are recorded in the statutory obligations section of this report.

Physical Services shares responsibility for waste management with this area, this includes support for programs to promote waste minimization and recycling. For the fourth year running, the Derwent Valley Council has supported the Garage Sale Trail. Thousands of households, local businesses, schools, community groups and cultural institutions across Australia hosted Garage Sales on Saturday October 22 2016. The Garage Sale Trail is a way of promoting recycling and sustainability, bringing our local residents together and having a bit of fun.

From a Derwent Valley Council perspective individual garage sale registrations were up from 77 sales/stalls in 2015 to 122 sales/stalls in 2016. Once again, the Derwent Valley Municipality had the highest registrations per capita in Tasmania, with 122 registered sales/stalls and was in the top ten nationally, based on per capita. Absolutely fantastic result.

Building and Plumbing Control

The State Government commenced a comprehensive review into the building industry in 2014. The review was undertaken by representatives of the building industry, building practitioners, Local Government and a consumer advisory group. The intent of the Government's building reform is to maintain high standards whilst making it "faster, simpler and cheaper" to build in Tasmania. The aim is to welcome investment and encourage job growth in the building and construction industries.

As a result of the review, the *Building Act 2016* and Building Regulations 2016 came into effect on the 1 January 2017. This has superseded the *Building Act 2000*, the Building Regulations 2014 and Plumbing Regulations 2014.

The Council will continue to be responsible for making the public aware of building and plumbing requirements, and ensuring compliance with the Building Act 2016. This still includes assessment of new and proposed building works (including inspections of works where necessary) and the issuing of permits and approvals where necessary.

The Council is also required to issue notices and orders to enforce various provisions of the Act such as dealing with work that has been completed without a permit, addressing the problems of a dilapidated building or dealing with a fire hazard.

Under the new legislation building work has now been categorised by risk. This is essentially the key changes to the legislation

Council currently employs 1 full time person who acts as the Building Surveyor (limited to dwellings and outbuildings), Permit Authority and Compliance Officer.

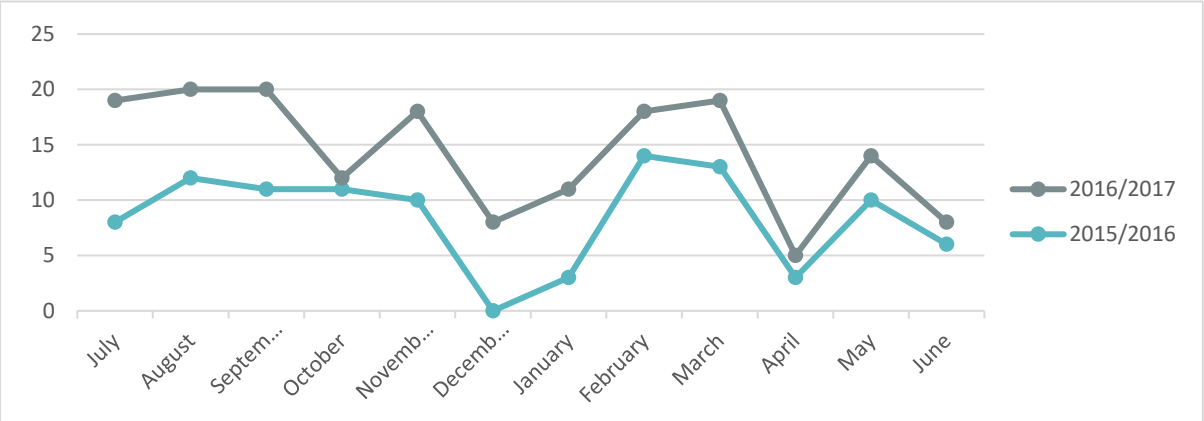
Council's Plumbing Inspector is resource shared with Southern Midlands Council and also assists in the Permit Authority role.

The Building Surveying Service includes checking plans, applications, inspection of works under construction as Notifiable Building Work and Permit Work as well as completed works for compliance with the relevant Acts and Regulations. Upon completion of privately certified projects, inspections are also carried out to ensure planning conditions are met.

Compliance action is also involved for works undertaken without the required permits. This is inclusive of lapsed permits or compliance action commenced by the Private Building Surveyor.

This area is highly regulated and must fulfil the scrutiny of the Department of Justice (Consumer, Building and Occupational Services) who provide guidance/training and undertake regular audits.

This graph represents the number of building approvals undertaken by Council. In comparison to the 2015/2016 financial year there has been 30 less approvals, this can be attributed to the changes in the Building Act 2016 that came into effect on January 1 2017. Due to this change the value of the permits issues has also reduced from $14,141,391.00 in 2015/2016 to $10,931,995 in 2016/2017.



Planning Control

Planning control provides strategic and statutory planning in accordance with the requirements of various pieces of State legislation.

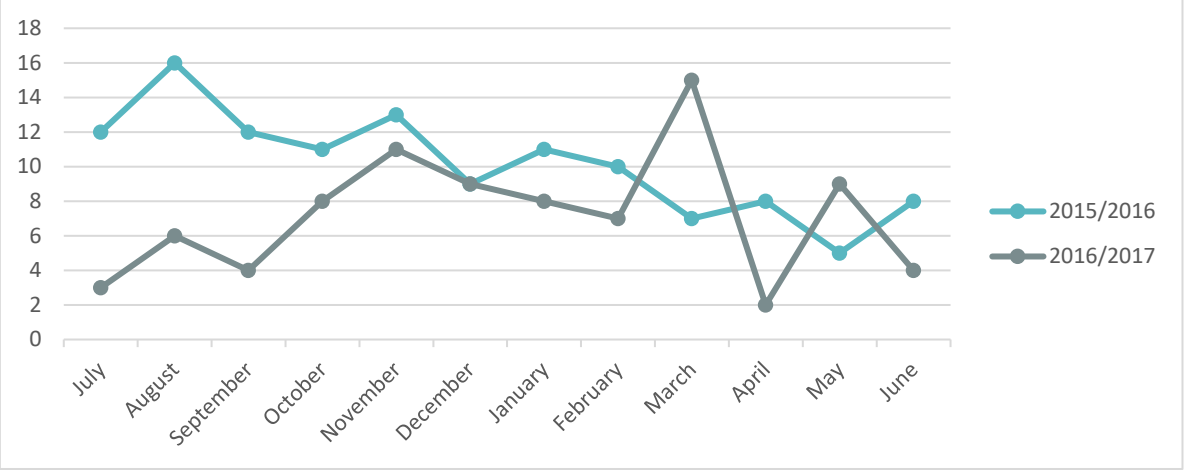
Council receives and determines applications for development or land use in accordance with the Derwent Valley Interim Planning Scheme 2015 and the Land Use and Planning Approvals Act 1993.

Of the 138 permit applications submitted to Council, 87 were approved. No applications were refused and a total of 68 applications were withdrawn or cancelled in accordance with Council's Planning Applications "On Hold" Policy. Those applications that were determined to have been "on hold" (i.e. outstanding requests for further information for a period between 1-2 years) were written to advising that they had up to two years from the date of the original request to address the information required, or that the application will be cancelled.

At 30 June 2017 there were 43 applications pending a decision.

During the year there were no planning appeals lodged against Council's determination.

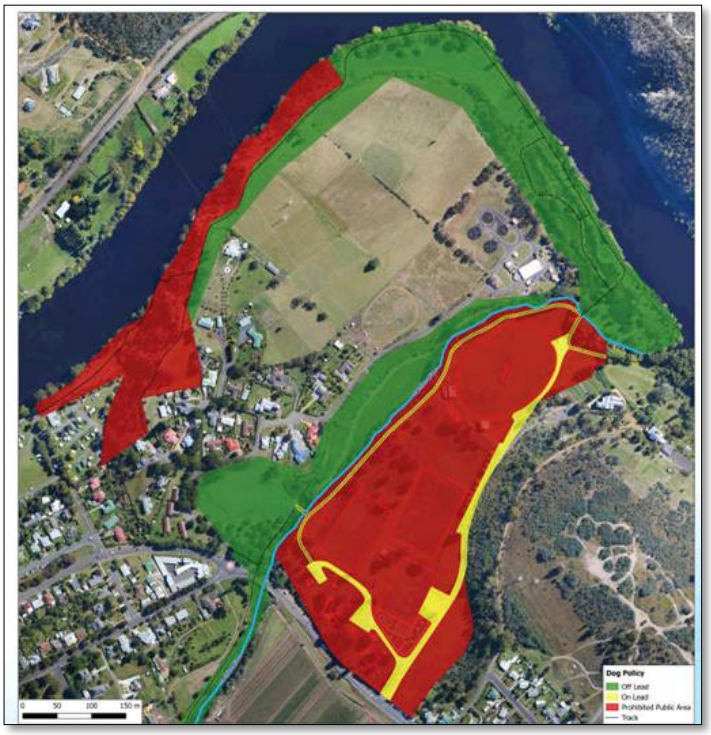
This following graph represents the number of plumbing permits issued by Council for the 2015/2016 and 2016/2017 financial year. Like the building applications there has been a reduction in the amount of applications that Council has received. In total over the 2016/2017 financial year there has been a reduction of 36 permits.



Animal Control

Council undertakes a number of animal management programs which include animal nuisance complaints, straying stock on roads, dogs at large and dog attacks. Council employs a Municipal Inspector. The Municipal Inspector undertakes patrols around the municipality, responds to animal complaints and promotes responsible ownership to the wider community.

This year the Council undertook a review of dog management practices including the Management Policy. The previous Dog Management policy was outdated and difficult to interpret, implement and monitor. The revised policy provides Councils positive commitment to dog management as well as addressing its requirements under the *Dog Control Act 2000.*



The Council Dog Management Policy and declaration of off lead exercise areas was determined at the January 2017 Council meeting. The declaration of off-lead areas was undertaken with community consultation and now provides the community and visitors with more areas to exercise their dog off-lead than before.

The Council has legislative requirements under the *Dog Control Act 2000* to ensure that all dogs are

registered, microchipped and managed in a responsible manner.

Council Officers' review of dog management activities included; reintroducing the requirement for all dog owners to complete registration paperwork, obtaining microchip numbers, monitoring kennel licences, ensuring dogs are not a nuisance or at large, by responding to service requests or complaints and where necessary impounding dogs and infringing owners for non-compliance.

All owners who registered their dogs for the 2016/2017 financial year have completed a registration form to ensure that the information the Council has regarding the dog is accurate. Previously registration information was provided verbally with some information incorrectly applied or simply not requested. The information on these forms has been updated within the Council administrative systems with an electronic copy of the form to be attached to the property for future reference. This information is a legislative requirement and allows for accurate calculation of fees and also allows dogs found to be at large to be reunited with their owners.

Additionally Councils Municipal Inspector investigated 20 dog attacks and 19 formalised complaints.

As a result of Council's ongoing Animal Control Program:-

	2016/2017	2015/2016
Registered dogs	2,251	2,082
Kennel Licences	56	42
Impounded dogs	102	73
Impounded dogs reclaimed	67	28
Unclaimed dogs transferred to the Tasmanian Dogs Home	35	42
Caution Notices issued	450	3
Infringement notices issued	94	7

Immunisations

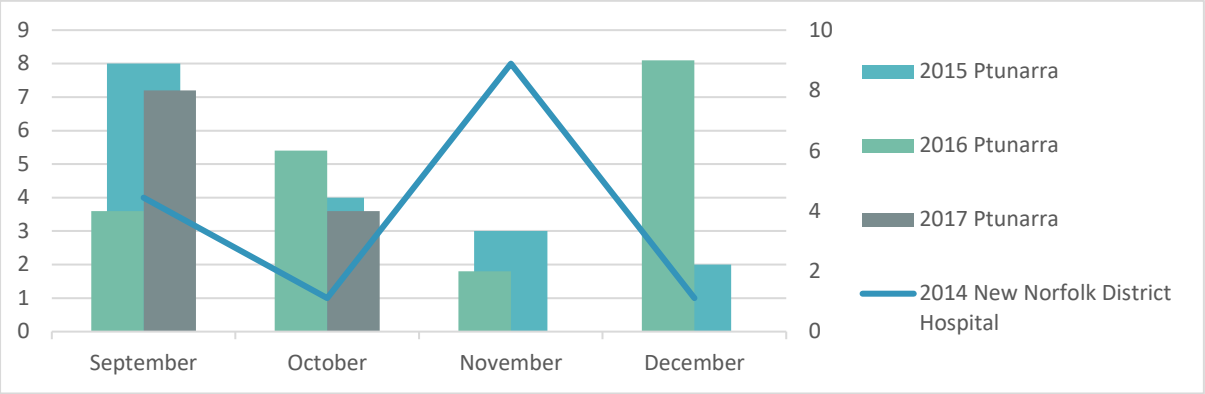
Council provides Immunisation sessions for children aged birth to 4 years, year 7, 10, 11 and 12 students and over 65 Flu vaccines.

Monthly Baby Clinics are held at Ptunarra Child and Family Centre in Blair Street for children aged between birth and four years.

Council moved the location of this service from the New Norfolk District Hospital to Ptunarra after having a trial period of four months commencing September 2015.

The increased uptake and positive feedback from the Derwent Valley Community, resulted in a change in January 2016 to Ptnuarra.

The table below provides a comparison of baby clinic immunisations at the New Norfolk District Hospital in 2014 to Ptnuarra.



The over 65 flu clinic was fully booked this year and will likely to increase the number of vaccines for next year.

Council Officers are working with the Department of Health and Human Services to ensure the Derwent Valley Community has immediate access to all Government Funded Vaccines.

The Derwent Valley Council is committed to providing the residents of the Derwent Valley a high level of service to maintain a happy healthy population.

Records Management

Records management ensures that the internal filing, retrieval and disposal of hard copy Council documents, maps and records are completed in a timely and efficient manner.

The Council as a custodian of public records is required to comply with the *Archive Act 1983*. In 2016 an audit of the Councils records maturity was undertaken by the Tasmanian Archives and Heritage Office (TAHO). This audit was undertaken against the five record management principles defined in the TAHOs Guideline/Records Management Principles. Generally the overall findings indicated that the information management maturity/capability of the Council was low and that incremental improvement is required.

The key recommendations from this audit included; develop, endorse and implement an Information Management policy; Develop and information Asset Register, to centrally and manage all agency information assets and; to review the currency of, and identify daps in, documented record procedures, standards and awareness for these procedures.

An action plan to address these recommendations included the development and adoption of the information management policy in 2016. Work continues on the development of an Asset Register and review of procedures.

Over the last 12 months Development Services has established electronic registers for Fire Hazards, Footpath Occupation Licences and Kennel Licences enabling Council Officers to streamline the process in identifying and managing records.

Additionally, Planning, Building, Plumbing and Dogs Registrations registers now contain electronic copies of all current permits and any correspondence that is associated with these files, helping Council Officers to move toward digital record keeping.

Records management staff are regularly updated by the Tasmanian Archives and Heritage Office (TAHO) on the current requirements and guidelines for records management. This includes briefings from the TAHO to ensure Council is adhering to the appropriate legislation, ongoing publications of guidelines as well as information relating to best practice records management.

Emergency Management

Emergency Management is about managing risks to communities and the environment. Emergency management is built on the concept of prevention, preparedness, response and recovery (PPRR). Derwent Valley Council has a legislated role in emergency management and works closely with emergency services and a number of groups and organisations to assist the community during the response and recovery phases of an emergency event.

Emergency events include, but are not limited to:-

- Fire
- Flood
- Storm
- Heat wave
- Influenza Pandemic

Council has appointed a Municipal Emergency Management Committee, which consists of representatives from the Police, Tasmanian Fire Services (TFS), Tasmanian Ambulance, Parks and Wildlife, State Emergency Services (SES), Norske Skog, Red Cross, Department of Health and Human Services and Corumbene. The strategic objectives for emergency management of the Derwent Valley Municipal Committee are to:-

- Maintain the Derwent Valley Emergency Management Plan to guide the management of risks to the community arising from emergencies by considering all elements of Prevention and Mitigation, Preparedness, Response and Recovery (PPRR).
- Recognise the value of relationships and partnerships for emergency management, in particular the importance of:
    I. community contributions in emergency management and promoting community engagement as required;
    II. maintaining linkages with related bodies including the Southern Region Emergency Management Committee (the Regional Committee); and
    III. identifying roles and responsibilities and integration processes between emergency management and Derwent Valley Council management structures.
    IV. Develop a progressive review system which is implemented for all emergency management elements which is based on continuous improvement principles; and
    V. Maintain an active and relevant municipal committee.

The Municipal Emergency Management Committee, has prepared (and meets to review) a plan (called the Derwent Valley Municipal Emergency Management Plan) which documents arrangements relating to planning for, preventing, responding to and recovering from emergency events.

The Derwent Valley Emergency Management Plan outlines ways council can prevent, respond to and recover from emergencies. Council doesn't respond directly to the emergency. That's the job of emergency services such as the police, SES and TFS. Council's role is to support these services so they

can focus on dealing with the emergency. For example, council could provide an Emergency Coordination Centre and Emergency Evacuation Centres.

Environmental Planning and Management

Derwent Valley Weed Management Program

The Derwent Valley Weed Management Plan was developed in 2015 by the Derwent Catchment Project. This plan recognized key species for control and high priority areas for weed control. The 2016/2017 year focused on 4 key projects. Below is an update on the works completed within the 2016/2017 financial year.

Karamu

Karamu is an introduced species from New Zealand which is an invader of riverbank habitats and wet forest. New Norfolk has the largest infestation in the State, primarily along the bank of the Derwent. A program of awareness raising and karamu control has been running for several years. You may have noticed large piles of plant material being removed from the river bank.

In the past year extensive works were undertaken on both public and private land. There is still a significant infestation remaining and how to best tackle this across a range of tenures was presenting a major challenge. In response to a need to build understanding of the weed and how to best collaborate across tenures a Karamu Weed Management Plan by the Derwent Catchment Project was developed this year. This plan will now guide the program of investment and control action for 2017-2023.

Karamu -work in progress

Granton Park

Granton Park is at the gateway to the New Norfolk municipality. A program of removing boxthorn and boneseed began in 2015/2016. Control works at Granton Park this year were conducted by the Conservation Volunteers Australia with support from Council. A more intensive program working with the Department of State Growth is planned for 2016/2017. The aim is to reduce the weed impacts on the high conservation value Murphy's Flats and to improve the amenity of the local area.

African Feather Grass

African Feather Grass is a pasture invader that also like riverbanks and wet low lying areas. That is found in the New Norfolk and Huon municipalities. African feather grass can eliminate all other plants,

and present a significant fire hazard. Dense infestations can also restrict stock movement including blocking access to waterways, and large plants can totally block waterways and channels by trapping silt and debris. This year we undertook mapping and control works of this species working with local landholders and the Conservation Volunteers Australia.

Spanish heath Gordon River Road

Spanish Heath has been a growing problem from Westway to the Gordon dam, where it represents a significant threat to the flora values of the World Heritage Area. The Derwent Catchment Project with support from Council have been working to build momentum for control efforts by the responsible State Agencies. To support control activities and to enable an estimation of costing we mapped the infestation this year and prepared a works plan. Major control works will be undertaken by the relevant State Agencies in the 2017/2018 weeds season.

Agri-best practice

Pasture information hub

This project was a successful Small Agricultural Grant application from the Australian Government's National Landcare Program. This grazing management project aims to deliver a valuable, modern resource to encourage optimal productivity whilst assisting in soil health and reduced insecticide use.

The Derwent Catchment Project has developed a Pasture Information Hub for pastoralists across the Catchment. A project officer in conjunction with local farmers has been collecting data on leaf emergence rate (LER) and dry matter per hectare (DM/Ha) on irrigated and dryland pasture across representative farms in the region. Developing a Pasture Information Hub based on pasture growth data increases the capacity of farmers to implement best practice rotational grazing systems across the Catchment. This project is a practical extension to 'Pasture Principles and Management' course which ran in 2015/2016 financial year in the region which provided on-farm workshops to support practice change. One of the gaps identified by the group discussions was the lack of relevant pasture growth rates, particularly as the region comprises many different landscapes and micro-climates.

The Pasture Information Hub project addresses this gap and provides support through regionally specific information and support tools to improve production. There is a direct environmental benefit by encouraging practices that create optimal ground cover, protecting against soil erosion and encouraging better soil health. This project will also support farmers to use pasture resources efficiently, reducing the requirement for insecticides (for Corby grubs) which reduces chemical run-off to adjacent waterways.

The Pasture Information Hub has significant potential to become a major land management resource, both in the region and beyond, reaching anyone who has an interest in pasture and promoting sustainable practices with current, relevant data displayed via a user-friendly, inter-active web interface. This website will be launched November 23 2017

Dairy Cares for the Derwent

Dairy Cares for the Derwent is a collaborative initiative between local Farmers, Derwent Catchment Project Committee, Dairy Tasmania, Councils and Government to ensure environmental sustainability underpins expansion of the southern Tasmanian dairy industry.

There is potential for major growth in the dairy industry as Tasmania has recently expanded its processing capacity. The Derwent Valley is a key area for opportunity given the excellent water rights on some properties adjacent to the Derwent River.

The Dairy Cares program has been running for three years. It has included working will all dairy farmers in the region on fertiliser management and has supported practice change with a number of small grants. Three on-ground projects have been undertaken this year. These projects have supported fencing and off-stream watering points and improvement in effluent management practices.

Conservation and Restoration

Community Wildlife monitoring in the Derwent

This is a citizen science project about improving knowledge of wildlife throughout the Derwent Valley, helping to protect our native animals from feral species like cats and deer. The project aims to identify important wildlife habitat throughout the valley and areas where feral animal control is needed. We have place cameras on large agricultural properties and we have also supported the roll out of this program with Tasmanian Land Conservancy visiting landowners and facilitating the transfer of cameras between properties.

Nursery

The native plant Nursery at Hamilton has undergone significant works over the last financial year with an extension of the hothouse and irrigation system. This project has been funded through donations and Council support.

Flame retardant native gardens

The NRM program have supported Tasmanian Fire Service with their bushfire ready program by delivering short talks on low flammability native species for gardens. We hope to continue this program and develop a pamphlet on these native species to support their program.

Native Plant Nursery

Corporate and Financial Services

Corporate and financial services have responsibility for financial management, administration, customer service and risk management.

Through the budget process, in conjunction with decisions of Council, this department controls the budget, sets rates and undertakes the financial administration of Council.

Corporate and Financial Services ensure sound financial management that meets the objectives of the Strategic Plan, Financial Management Strategy, Long Term Financial Plan, annual budget and the Annual Plan.

The Council endeavours to provide the community with clear and easy to understand information. Generally this is undertaken through the production of monthly financial reports which are presented at Council meetings and are available to the public as part of the Council Agenda.

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, the Council calls for public submissions to the Budget, this occurred between 19 March 2016 and 7 April 2016. This provided the public with an opportunity to seek funding for projects and improvements which may not have come to the attention of the Council. All submissions were considered by the Councillors as a part of the budgetary process.

Council's Budget was adopted by Council at a Special Council meeting held on the 30 June 2016.

The Annual Plan was adopted on the 30 June 2016, and set out the immediate goals for the coming year.

The role of customer service staff has broadened in recent years, from a single point of contact, to assisting with more detailed enquiries. Customer service staff are becoming increasingly multi skilled in various administration roles that providing greater internal efficiency. Customer service staff are also able to help the public direct their enquiries to other government agencies such as TasWater etc. where appropriate.

Child, Youth and Family Services

There are three areas covered by this program:

- Home and Community Care (HACC);
- Children's Services, including Long Day Care, After School Care, Vacation Care and Family Day Care, and;
- Youth Services

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)

Glengrey House provides adult day respite services for the Derwent Valley area, with carers and clients residing from Granton through to Maydena. It is open Monday to Thursday and is serviced by two permanent staff, one casual staff member and two part time volunteers.

The philosophy of Glengrey House is; to enable the elderly or disabled person to maintain his/her independence, individuality and importance in the community; to ensure that the elderly or disabled person is maintained at home for as long as possible; to encourage the person to become more independent by promoting living and social skills in an environment that is warm, friendly, safe and non-judgmental.

Glengrey House is funded by the Crown through the Department of Health. Nationally, the Commonwealth Government contributes approximately 60% of HACC program funding and maintains a broad strategic policy role. The State Government is responsible for the day to day management of the program.

Home and Community Care (HACC) now comes under the umbrella of Commonwealth Home Support Program (CHSP) through the Department of Social Services.

Throughout this financial year the Council has been evaluating the ongoing service delivery model of GlenGrey House. The Council after extensive investigation decided to migrate the service to an alternate provider, Community Based Support.

Community Based Support, or CBS as they are more commonly known, is a Tasmanian not for profit organisation that has been supporting people who are frail aged or have disability in our community for 30 years. They offer all sorts of support services that assist people to live independently at home and stay connected to their community.

Children's Services

Educators are committed to continual improvement of the centre's education and care programmes. The programmes are play based learning that is centred on children's interests and strengths. This year to further support the educators with documentation of the programmes and to give time for improved room discussion the long day care and OSHC educators move to group programming. Group programming allows for educators to discuss the programme and share their thinking for improved decision making about the outcomes for children and strategies for intentional teaching of children's learning journey. Reflective practices are more in-depth with educators having time together to discuss their practices and fine tune their programmes together to achieve the best possible learning outcomes for the children. All educators take part in supporting children's learning through the programmes offered. Children's Journeys of Learning are documented and linked to the curriculum document specific to the programme 'The Early Years Learning Framework' (LDC) or 'My Time Our Place' (OSHC), assessments of learning are undertaken at regular intervals during the year at certain learning milestones and at the end of the year to give children, families and educators a clear picture of how far the child has grown in their learning and development over the year. Their learning is celebrated at the end of the year with a Christmas dinner and party which Santa visits with an empty sack and collects presents for the community children who are from disadvantaged families.

All educators have been committed to professional development throughout the year to continue building their knowledge and skill base for optimum benefits for the children's learning and development. Educators work with children inclusively and are respectful of each individual child and their family culture. Children are encouraged and supported to work in small and large groups promoting learning and building social skills in order to have meaningful interactions with their peers that are reciprocal and respectful. Educators provide a range of experiences that promote positive self-worth, positive self-identity and promote each sense of belonging. Educators support children to engage in activities of their choosing with both indoor and outdoor programmes being offered. Children are encouraged to be curious and to investigate and the strong nature based programme supports this throughout the centre and FDC services. Building the foundations and prerequisites for numeracy and

literacy are focus areas and helping children foster and develop positive dispositions toward reading and writing. Consistent reviewing of programme routines ensure they remain flexible and support each child's uniqueness and promotes self-help and care skills.

Developing an awareness of the community and creating connections of belonging within the community are strengthened through activities such as local excursions for example visiting the community gardens, visiting Tynwald Park or collecting natural resources when out on walks.

As part of the outdoor area upgrades the Centre applied for several grants through the Education Department and was successful in obtaining a grant for the construction of a gazeebo and shade sails to promote spaces in the large outdoor yard for the Sunflowers/OSHC children to engage with.

We are liaising with builders at present to start this project in the very near future. Our outdoor areas are spaces that we would like to continue to build upon to create safe natural environments where children can challenge themselves and take calculated risks that promote and scaffold children while building upon their ability to be resilient.

New Norfolk Family Day Care Service have continued to provide amazing opportunities for children to explore their learning journey in a small family unit atmosphere, that offer families different options of care which meets the needs of their families. This year the coordination unit has provided a separate FDC Office where educators, families and children can meet in their own private space which has worked well for all. The Family Day Care educators and children explore their community with many focuses on learning. This year playgroup has been implemented for the family day care educators to network and for children to have a regular time where they meet and build on their social skills through fun activities provided.

Valley Children's Centre Vacation Care Programme educators have organised action packed programs that have focused on social interactions, building friendships and participating in excursions such as visiting Movies, Bunnings, Beaches, Theatre, Fit and Fun, Tolosa Park, Salmon Ponds, Waterfalls, Rock Climbing, Botanic Gardens and local parks and community Garden. The vacation program have also had visitors in to teach fitness, puppet making and Building Blocks with Lego, with lots of excitement and enjoyment being displayed by the children and educators.

Youth Services

Council's Youth Services are based at Carinya Education Park, adjacent to New Norfolk High School. This complex houses a number of services, including external non-government organisations who are primarily involved in service delivery for young people and the broader community.

This year the Councils Sport and Recreation Centre was transformed into the Derwent Valley Police Youth and Citizen Club (PCYC). The PCYC's mission is to provide low cost, positive, sporting, recreational, social and cultural programs in a safe environment primarily for 'at risk' youth. The Centre opened in August 2016

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

Grant funding for Council endorsed projects was sourced successful in 2016/2017. The grant, project and funding is listed below.

Grant	Project	Value
Department of Premier & Cabinet National Youth Week 2016 Grant Program	National Youth Week 2016 activities	$ 2,000.00
Australian Government Stronger Communities Program	Friends of Frascati Site of Reflection	$ 7,300.00
Rural & Regional Renewal, Rural Education Australia REAPing Awards Grants Program	Bigger Horizons Program between Derwent Valley Learning Precinct and UTAS	$ 9,920.00
LINC Tasmania – Literacy Skills Development	Free training courses in hospitality and first aid for individuals with low level literacy	$15,820.00
Skills Tasmania – Pathways to Work Program	Coaching Young People for Success Program	$25,000.00
University of Tasmania Community Engagement Grant	Community RAP (Robotics & Programming) Program	$10,000.00
Department of Premier & Cabinet National Youth Week 2017 Grant Program	National Youth Week 2017 activities	$ 2,000.00
RACT Community Grants Program	To assist with the continuation of the Community2Sea program	$ 2,000.00
Hydro Tasmania Community Grants Program	Collaborative science expo with Derwent Valley Precinct and UTAS	$ 2,000.00
LINC Tasmania – Literacy Skills Development	Free training courses in traffic management, white card and hospitality for individuals with low level literacy	$15,820.00
Derwent Valley Council Small Grants Program	Assistance to D'FAT with the establishment of basketball area at Ellis Dean Reserve	$ 1,000.00
Communities for Children Small Grants Program	Assist with the undertaking of robotic and programming activities in-school	$ 3,000.00

Grant	Project	Value
Department of Premier and Cabinet, Tasmanian Mens Shed Association Grants Program	Derwent Valley Mens Shed	$ 2,078.81
Derwent Valley Council Small Grants Program	Derwent Valley Suicide Awareness Group	$ 770.00
Total		**$ 98,708.81**

Derwent Valley Real Action....Forward Thinking (RAFT) is an initiative of the Derwent Valley Council and is an over-arching supporting body to assist with co-ordinated delivery of youth programs in the Derwent Valley. Derwent Valley RAFT convenes networking opportunities and information sharing for youth service providers and stakeholders through the operation of regular Derwent Valley RAFT Forum meetings, with the focus of delivering 'action-outcomes'.

D'FAT undertook outdoor movie nights every school holidays (with exception of National Youth Week and January/December school holidays) at Arthur Square. All outdoor movie nights have been deemed quite successful with high attendance.

During the year the following projects have been conducted:-

- D'FAT Chat
- D'FACTS with D'FAT
- Relay for Life entry
- Social Activities working group
- Legal Graffiti Wall
- FEDS working group
- Annual D'FAT Activities
- Dunking Machine
- National Youth Week 2017
- Information Sessions with other Youth Advisory Groups
- Carinya Education Park Working-bees

Community2Sea is an educational kayak and boat building program based at Council's Carinya Education Park. Community2Sea is a collaborative project between Council, Derwent Valley Community House, New Norfolk High School (supported by the Derwent Valley Learning Precinct – 'Valley of Learning'), Workskills Employment, Derwent Valley RAFT and Primary Health Tasmania. Community2Sea is supported by Primary Health Tasmania under the Primary Health Networks Program – an Australian Government initiative.

150 individuals have been engaged in this program over the past 2 years producing eight constructed watercrafts; including stand-up paddle boards and sea kayaks. This program is currently constructing a uniquely designed Tasmanian drift boat.

Regional Development

The regional development role works with all departments across the Council to deliver projects of benefit to the community and facilitate growth and increased opportunities. This is a diverse role which requires a combination of long term thinking and the ability to respond to a diverse range of queries on a daily basis.

Public events play an important part in bringing people together and helping to build a strong sense of community. In the last year the Council has played a role in facilitating many events; from providing logistical assistance in the support of the Christmas Parade, Wild Food Festival and archaeological open days at Willow Court through to more detailed assistance in event management through the organisation of the ANZAC Day and Remembrance Day services with the New Norfolk RSL. One of the highlights of the year for many people was the inaugural Derwent Valley Medieval Festival, this was undertaken by a dedicated group of volunteers with support from the Council to provide insurance, risk management, compliance and logistical support to ensure that the event was able to run safely and that a great day was had by all. ANZAC Day and Remembrance Day services provide an opportunity for the community to stop and reflect upon the sacrifices made by service personnel in conflict and as peacekeepers. These two days form an important part of our community's identity and are strongly supported by the Council who organises road closures, speakers and programs for the day. In addition in 2016, the Council was pleased to be able to work with Guy Barnett MP to provide a Lone Pine seedling which was planted on Remembrance Day to help commemorate the Centenary of ANZAC.

Last year the Council gave its in-principle support to continuing to support the summer schools conducted by Associate Professor Heather Burke from the Flinders University of Archaeology. The summer schools provide an opportunity for students of all ages to be involved in the archaeological projects at Willow Court. Summer schools run for approximately two weeks, culminating in an open day where community members can see the 'finds' that have been made in the site during the summer school. This year's summer school focused on the underfloor area of the Barracks, with soil being removed and sifted to uncover relics from the past that will help to build a picture of life in Willow Court in its early years.

As the role of tourism grows in driving the Derwent Valley economy, so the Council's role in facilitating and supporting tourism opportunities also grows. In the last year the Derwent Valley has seen the opening of the Agrarian Kitchen Eatery; a new development in the Willow Court precinct that is encouraging increased visitation to New Norfolk with flow on effects and visitors explore the town and wider region. This year has also seen the re-emergence of an industry led tourism group, which consolidating itself and developing a high quality promotional tool through its social media presence. Members of this group, Derwent Valley Tasmania has been crucial contributors in the industry led Destination Action Plan facilitate by Destination Southern Tasmania with assistance from the Department of State Growth.

One of the challenges that the Council faces is how to continue to improve the services and facilities that it provides to the community, through both infrastructure improvements and programmes to benefit the community. Delivering services can involve partnering with organisations such as Breast Screen Tasmania to find a location for the first ever Breast Screen Bus to visit the Derwent Valley, or can involve longer discussions and the development of networks such as with the Service Providers Network that has been an initiative of Corumbene Care supported by the Derwent Valley Council.

Funding for larger projects can be challenging, in the past year the Council has been successful in applications for a number of small projects, as well as two larger projects. CCTV cameras were installed at a number of locations in the High Street early in 2017 as the result of a successful funding application to the Australian Government's Safer Street Programme which provided $47,975 for this project. Work will soon start on the revitalisation of the Esplanade, also facilitated by grant funding, in this case a total of just over $650,000 in combination from the Australian Government's Community Development Grant Programme and the Tasmanian Government's Community Infrastructure Grant. The Council will provide just under $60,000 to allow this project to move forward and implement the Esplanade Precinct Concept Plan.

At the time of writing an application to the Liveable Communities fund had been submitted and applications to the 26TEN "Get It Done" funding stream and the Major Sporting Grants were being completed. The Council was also awaiting the outcome of an application to the Tasmanian Government's Road Safety Grants.

The Council provides opportunities for the community to be involved in its working through the many Special Committees of Council, these include the New Norfolk Business Alliance, Economic and Growth Special Committee and the Friends of Frascati. The New Norfolk Business Alliance is funded by a special levy on businesses in the High Street area which is matched dollar for dollar by the Council and used primarily for promotional purposes. This year Council officers undertook a review of this funding arrangement which has resulted in its continuation for another five years. The Economic and Growth Special Committee consists of members of the agricultural, business and tourism sectors as well as Council representatives. The primary function of this committee is to implement the STEPs Plan, this aspirational document is aimed at encouraging economic and community growth in the Derwent Valley. One of the major activities of the Economic and Growth Special Committee this year has been to commission an audit of tourism assets, which will provide a snapshot of tourism in the Derwent Valley and help to inform future gap analysis and prospectus. This type of information is invaluable in future planning for expansion in the tourism sector.

The Friends of Frascti have been working on the development of a Site of Reflection, a contemplative garden to be situated in the grounds of Frascti House, construction of this will soon start and it will provide a pleasant and peaceful setting for members of the public to enjoy the surroundings in the Avenue.

PART III
LEGISLATIVE REQUIREMENTS

STATUTORY OBLIGATIONS

Council is required to operate within the legislative framework established for local government in Tasmania. The Local Government Act 1993 is the main legislative instrument which applies to Council and establishes operating and reporting requirements.

Section 61 of the Act requires Council to appoint a General Manager for a term not exceeding five years. Council's General Manager Greg Winton, was appointed to the position in 2015. The Act outlines the roles of the General Manager.

In particular Sections 62 and 63 detail the functions and powers of the General Manager, which in essence are to manage and direct the human and financial resources of the Council; to achieve optimum use of the public monies; and the most effective uses of assets and human resources. The General Manager is to ensure Council is provided with professional advice and support in its strategic and policy making roles.

Section 72 of the Act requires Council to prepare an Annual Report containing all the following:

a) a summary of the annual plan for the preceding year;

ab) a statement of its goals and objectives in relation to public health for the preceding financial year;

b) a statement of the council's activities and its performance in respect of goals and objectives set for the preceding financial year;

(c) the financial statements for the preceding year;

ca) a statement of the activities and performance of the council in relation to any activity undertaken pursuant to Section 21 as compared with its objectives for the preceding financial year;

cb) a statement of the total allowances and expenses paid to the mayor, deputy mayor and councillors;

cc) a statement detailing the attendance of each councillor at meetings of the council and any council committee during the preceding financial year;

cd) a statement in accordance with subsection 4 relating to the total annual remuneration paid to employees of the council who hold positions designated by the council as being senior positions;

d) a copy of the audit opinion for the preceding financial year;

da) a statement specifying details of any land donated by the council under Section 177, including the name of the recipient, the reasons for donation and the value of the land:

e) any other prescribed matters.

The Local Government Act 1993 can be accessed at https://www.legislation.tas.gov.au

Public Interest Disclosure Statement

Section 86 of the *Public Interest Disclosures Act 2002* requires a public body to report on the following for the period covered by this Annual Report:-

Reporting Requirement	Outcome
How persons may obtain or access copies of the current procedures established under the Act.	The Council has a copy of the current procedure available to the public on its website. Copies may be viewed at the Council Administration Office.
Number and types of disclosures made to the Derwent Valley Council and number of disclosures determined to be a public interest disclosure.	There were no disclosures made.
Number of disclosures determined by the Derwent Valley Council to be public interest disclosures that the Council investigated.	There were no disclosures made therefore no disclosures determined.
Number and type of disclosed matters referred to the Derwent Valley Council by the Ombudsman.	There were no referrals from the Ombudsman.
Number and types of disclosed matter referred during the year by the Derwent Valley Council to the Ombudsman to investigate.	Council did not refer any matters to the Ombudsman.
The number and types of disclosed matters taken over by the Ombudsman from the Derwent Valley Council during the year.	No matters were taken over by the Ombudsman during the year.
The number and types of disclosed matters that the Derwent Valley Council declined to investigate during the year.	Derwent Valley Council did not decline to investigate any matters during the year.
The number and type of disclosed matters that were substantiated upon investigation and action taken on completion of the investigation.	No matters were investigated, there was no action taken.
Any recommendations made by the Ombudsman that relate to the Derwent Valley Council.	The Ombudsman's office has not made any recommendations to the Derwent Valley Council.

Model Code of Conduct

There were no Code of Conduct complaints made against any Councillors of the Derwent Valley Council during the 2016/2017 financial year

Enterprise Powers Statement

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

Council has not resolved to exercise any powers or undertaken any activities in accordance with Section 21 of the *Local Government Act 1993*.

Senior Employee Total Remuneration Statement

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

The Council is required to report on the total annual remuneration paid to employees who hold senior positions. Total Remuneration including salary, superannuation and private use of any motor vehicle as required under the *Local Government Act 1993* is below, further information is outlined in the Financial Report.

Salary Band	Number of Employees
$180,001 - $200,000	1
$100,001 - $120,000	1

Councillor Allowances and Expenses Statement

Statement of Allowances and expenses paid to elected members Section 72 (1)(cb) of the *Local Government Act 1993:-*

- Total allowances paid to the Mayor, Deputy Mayor and Councillors: $137,662.00
- Total expenses paid to all Councillors: $11,788.

Allowances, telephone and travel paid to elected members for 2016/2017 were as follows:-

Elected Member	Allowance	Telephone	Travel
Councillor Belcher	$ 12,015.00		
Councillor Bester	$ 12,015.00		
Mayor Evans	$ 42,054.00	$ 2,511.00	$ 9,277.00
Councillor Graham	$ 12,015.00		
Councillor Lathey	$ 12,015.00		
Councillor Pearce	$ 12,015.00		
Deputy Mayor Shaw	$ 23,516.00		
Councillor Triffett	$ 12,015.00		
Total	**$ 137,660.00**	**$ 2,511.00**	**$ 9,277.00**

Grant Assistance and Benefits

This statement is in accordance with Section 77(1) of the *Local Government Act 1993*. A total of $22,047.46 was granted/donated during the 2016/2017 financial year.
Council allocated the following grants under its 2016/2017 Community Grants Program, all amounts are GST exclusive:-

Organisation	Funds Utilised for	Funds Allocated
The Headstone Project	Erection of Headstones	$ 1,500.00
Derwent Pony Club	Cross Country Jumps	$ 1,355.00
Upper Derwent United Hall	Computer Equipment	$ 1,240.00
Bushy Park Show Society	Install Power poles & electricity	$ 1,000.00
D'FAT	Basketball area-Ellis Dean	$ 1,000.00
Derwent Field and Game Club	Concreting and drainage	$ 1,000.00
Derwent Valley Tidy Towns	Mural Restoration	$ 1,000.00
The German Shepherd Dog Club of Tas.	Restore Club House	$ 1,000.00
The German Shepherd Dog Club of Tas.	Show Vests	$ 900.00
Magra Fire Brigade	Roofing and Fencing of BBQ area	$ 800.00
Derwent Valley Players	Crockery & Costumes	$ 700.00
NN Suicide Awareness Group	Free Standing Banner	$ 700.00
Independent Order of Odd Fellows	Activities Equipment	$ 600.00
Boyer Oval Management Committee	Change room & Office area Upgrade	$ 500.00
Combined Probus Club Derwent Valley	Contribution to monthly meetings	$ 500.00
Derwent Valley On-line Access Centre	Computer Training Courses	$ 500.00
Millbrook Rise Centre	2 Water Features	$ 500.00
New Norfolk Rock Music Club	Music Equipment, Rental	$ 500.00
Westerway Primary School	Irrigation System Upgrade	$ 500.00
Derwent Valley SES	CCTV Cameras-George Street	$ 499.96
Westerway Volunteer Fire Brigade	Polo Shirts	$ 468.00
Westerway Bush Watch	Registration & Insurance	$ 360.00
Derwent Valley Men's Shed	Metal Cut-off saw	$ 345.00
Derwent Pony Club	Aluminium Sunstrate Signs	$ 330.00
Meals on Wheels	Folding Trolley	$ 306.77
Derwent Valley Tidy Towns	Graffiti Management Plan	$ 300.00
Total		**$ 18,404.73**

Donations

Derwent Valley Council made the following donations to individuals and organisations in the 2016/2017 financial year:-

Organisation	Funds Allocated
Tidy Towns	$ 614.55
TYGA FM Signage Application	$ 460.00
B Wheeler-U12 Tas. AFL	$ 250.00
K Rosey-Tas. Gymnastics	$ 250.00
C Gollan-Aust. Karate	$ 250.00
Give Me 5 For Kids	$ 200.00
J Bearman-U15s Tas. AFL	$ 200.00
R Ford-U18s Tas. Rugby	$ 200.00
H Lowe-U14s Tas. Futsal	$ 200.00
C Oates-Tas. Futsal	$ 200.00
A Blackwell-Aust. Athletics Champs	$ 200.00
Lions Club of Hobart-Circus Quirkus	$ 109.09
Rotary Club of Hobart-Festival of Magic	$ 109.09
Project 365 by Campbell	$ 100.00
Magra Fire Brigade- Fundraiser	$ 100.00
New Norfolk High School-BBQ Fundraiser	$ 100.00
New Norfolk Fire Brigade-Fundraiser	$ 100.00
Total	**$ 3,642.73**

Council resolved to waive the Footpath Occupation Licence fees for the 2016/2017 financial year at the April 2016 Council meeting.

Footpath Occupation Licence Fee Exemptions	Value of Exemptions
28 Applications received	$ 2,800.00

Photocopying Services - Community Groups

The Council maintains a register of the photocopying undertaken by community groups and special committees. The cost to the Council for the period 2016/2017 was $2,578.38.

Contracts for Supply of Goods and Services

For the purposes of compliance with Section 72(1)(e) of the *Local Government Act 1993,* the following contracts for the supply or provision of goods or services valued at or exceeding $100,000 that has been entered into or extended during this financial year.

The following statement is made in accordance with Section 29 of the Local Government (General) Regulations 2015.

Contract	Contract Period	Extension Option	Contract Sum (inc. extension options)
Kerbside Recycling Aussie Waste Management Pty Ltd PO BOX 1474 Eastern Shore MC	5 years Commenced 5 March 2012	Extension until December 2017	$660,000 (estimated)
Kerbside Waste Collection Veolia Environmental Services PO Box 431 Rosny Park TAS	5 years Commenced 21 February 2011	Extension until December 2017	$407,000
Street improvements to Stephen/George Streets Statewide Earthworks Pty Ltd 52 Atkins Road Granton TAS	2016/2017	Nil	$232,467
Road Reseal Program Downer EDI Works Pty Ltd 3 Whitestone Drive Austins Ferry TAS	2016/2017	Nil	$191,636
Road Rehabilitation Program Stabilised Pavement Australia 67 Burwood Drive Burwood NSW	2016/2017	Nil	$565,329
Pool Heating & Electrical Upgrades PoolQuip 189 Harrington Street Hobart TAS	8 February 2017 – 31 May 2017	Nil	$91,821
Swimming Pool Manager Contract Tai Youd 4 Trevor Terrace New Norfolk TAS	Bushy Park 2016/2017 New Norfolk 2016-2019	Nil	$131,000 (estimated)

Donated Land Statement

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

Public Health Statement

From 1 July 2016 until 30 June 2017, the Councils' Environmental Health Department employed an Environmental Health Officer for four (4) days a week. The Council fulfilled its obligations under the *Environmental Management and Pollution Control Act 1994, Food Act 2003*, *Public Health Act 1997* and the *Local Government Act 1993*.

One of the roles of the Councils' Environmental Health Department and an objective of the Council is to protect public health and safety, and to ensure food prepared and sold within the municipal area is safe for human consumption and complies with relevant legislation, in particular the Australian/New Zealand Food Standards Code.

This objective is achieved through educational programs and regular food inspections of food premises. There were 112 food premises and 10 mobile state wide annual food licences registered in the municipal area during 2016/2017 financial year. Approximately, 133 food inspections and 10 mobile state wide annual food inspections were conducted. Council's Environmental Health Officer attended and regulated large public events including; the Autumn Festival, Bushy Park Show, Granton Boat Racing, Hobart Speedway and the Medieval Festival.

The Council has an obligation to provide food education/awareness training to members of the community, who work with food in various capacities. The goal of food education/awareness training is to ensure persons undertaking or supervising food handling operations have the appropriate skills and knowledge in food safety and food hygiene matters, so as to protect public health and safety. The Environmental Health Department provides food premises and the public with food education information packages.

In accordance with the B*uilding Act 2016*, the Environmental Health Department is also responsible for assessing on-site wastewater systems and to issue special plumbing permits, for the installation of any new on-site wastewater systems. A total of 22 special plumbing permits were issued during the financial year.

Under the *Public Health Act 1997 – Recreational Water Quality Guidelines 2007*, Council has a responsibility to monitor its recreational and public pools. The recreational water sampling site was the Derwent River, near Fitzgerald Jetty. Monitoring of recreational waters was conducted by the Council, principally on a weekly basis, through the months of December 2016 to March 2017. Samples were analysed for the microbiological indicator of Enterococci bacteria.

A total of 16 recreational samples were taken. There are two public pools owned by the Council in the Derwent Valley municipality.

They include:-

1. New Norfolk Swimming Pool (including the Main and Infant Pool) located at the Esplanade, New Norfolk; and
2. Bushy Park Swimming Pool, located at 601 Gordon River Road, Glenora.

Pool samples were analysed for Heterotrophic Plate Count 36°cfu/mL; E. Coli cfu/100mL and Pseudomonas aeruginosacfu/100mL. A total of 14 pool samples were taken. The results of the recreational and pool samples are included in a report 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 and water carriers in the municipal area. There are currently 5 private water suppliers and 1 Water Carter operating in the municipal area. The details of the private water suppliers and Water Carter are compiled in a report as required by the Director of Public Health.

Food Act 2003

The below table provides a summary of the activity undertaken by the Council in relation to the *Food Act 2003.*

Type of Premises	Premises 2016/2017	Inspections 2016/2017	Premises 2015/2016	Inspections 2015/2016
Registered food businesses	112	133	101	91
Food Notification	15	15	N/A	N/A
Registered Mobile state wide (Annual)	10	10	N/A	N/A
Registered Mobile (Once off)	15	5	N/A	N/A
Seizure of food items	0	0	0	0
Approval of plans for new or alterations to existing food premises	3	3	3	0
Notifiable Disease Investigations	10	9	6	6

The Building Act 2016

The below table provides a summary of the actions undertaken by Council in relation to the *Building Act 2016*. In Comparison to the 2015/2016 summary the number of Development Applications can be attributed to the changes in the Act that commenced January 1 2017.

Description	2016/2017	2015/2016
Special Plumbing Permits Issued	21	23
Special Plumbing Completions	8	12
Development Applications	87	126
Subdivision Referrals	0	0
Plumbing Notices Served	0	6
Plumbing Orders Served	0	3
Building Notices	3	8
Building Orders	8	5
Emergency Orders	6	5

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

The below table provides the a summary of the action taken in 2016/2017 in relation to the *Environmental Management and Pollution Control Act 1994* and *Local Government Act 1993* in comparison to the 2015/2016 financial year. The number of Abatement Notices served under the *Local Government Act 1993* has increased significantly due to the revised Fire Abatement Policy and as a result of Council undertaking its Fire Abatement program.

Description	2016/2017	2015/2016
Complaints Received	85	98
Environmental Protection Notices served or ongoing	0	0
Abatement notices served under *Local Government Act 1993*	98	44
Infringement notices served under *Environmental Management and Pollution Control Act 1994*	0	0

Councillor Meeting Attendance

This report is made pursuant to Section 72 of the *Local Government Act 1993.* There were a total of 31 Council Meetings, consisting of:-

Type of Meeting	Total number of meetings held
Ordinary Council Meetings	12
Closed Meetings	12
Special Ordinary Meetings	4
Special Closed Meetings	2
Annual General Meeting	1
Total	**31**

Included in this total are three meetings held away from New Norfolk (Granton, Maydena and Lachlan) these meetings included a community forum.

Where a Councillor was not in attendance at a particular meeting, a leave of absence for a specific purpose may have been granted by Council pursuant to Section 39 of the *Local Government (Meeting Procedures) Regulations 2015*.

Record of Council Meeting attendance

The below table provides the attendance of Councillors at the Council meetings and Audit Panel for the 2016/2017 financial year.

Councillor	Ordinary Meeting	Closed Meeting	Special Ordinary	Special Closed	AGM	Audit Panel	Total Attended
Councillor Belcher	12	12	3	1	1		**29**
Councillor Bester	11	11	4	1	1		**28**
Councillor Evans	12	12	4	2	1		**31**
Councillor Graham	12	12	4	2	1	4	**35**
Councillor Lathey	12	12	4	2	1		**31**
Councillor Pearce	12	12	4	2	1		**31**
Councillor Shaw	12	11	3	2	1		**29**
Councillor Triffett	11	11	4	2	1	4	**33**

ACKNOWLEDGEMENT

Appreciation is expressed for the photos to assist in the preparation of this report to;

Cover Page – Derwent Valley PCYC

Page 13 – Councillor Damian Bester

Page 15 – Councillor Damian Bester

Page 33 – Dr Josie Kelman

Page 39 – Councillor Damian Bester

Page 40 – Medieval Festival, Maree Rieper

Page 40 – Autumn Festival, Kerry Methorst

Page 40 – AIPU – Halloween Investigation Tour, Aiden Sullivan

Page 41 – Derwent Valley Relay for Life, Sandra Hetherington

Page 41– Derwent Valley Christmas Parade & Rotary Fair, Dr Anthony Stagg

Page 45 – Karen Gower-Bradley

Page 48 – Dr Josie Kelman

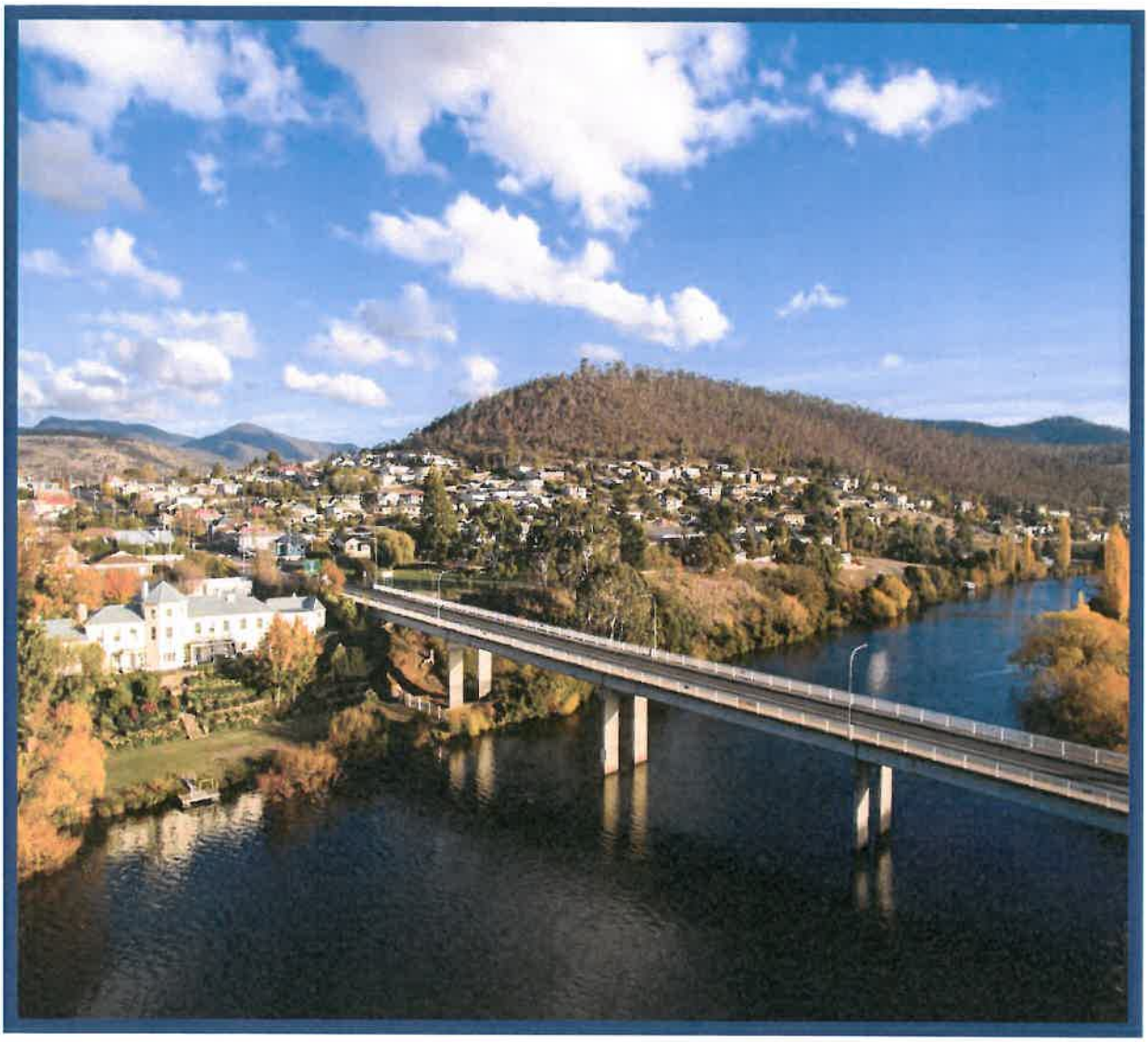
Page 50 – Dr Josie Kelman

Page 51 – Moco Dragon Boat, Ann Collidge

Page 53 & 54 – Marie Wilson

Financial Report

30 June 2017



Derwent Valley Council

DERWENT VALLEY COUNCIL

Tasmanian Audit Office

Independent Auditor's Report

To the Councillors of Derwent Valley Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Derwent Valley Council (Council), which comprises the statement of financial position as at 30 June 2017 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the General Manager's statement.

In my opinion the accompanying financial report:

(a) presents fairly, in all material respects, Council's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year then ended

(b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

Basis for Opinion

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

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

My audit responsibility does not extend to the budget figures included in the statement of comprehensive income, the asset renewal funding ratio disclosed in note 39(f), nor the Significant Business Activities disclosed in note 38 to the financial report and accordingly, I express no opinion on them.

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

Responsibilities of the General Manager for the Financial Report

The General Manager is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Local Government Act 1993* and for such internal control as determined necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the General Manager is responsible for assessing Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council is to be dissolved by an Act of Parliament or the Councillors intend to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Manager.
- Conclude on the appropriateness of the General Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based

on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Council to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Jara K Dean
Assistant Auditor-General Financial Audit
Delegate of the Auditor-General

Tasmanian Audit Office

28 September 2017
Hobart

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
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DERWENT VALLEY COUNCIL
ANNUAL FINANCIAL REPORT
For the Year Ended 30 June, 2017

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DERWENT VALLEY COUNCIL
ANNUAL FINANCIAL REPORT
For the Year Ended 30 June, 2017

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DERWENT VALLEY COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June, 2017

	Note	Budget 2017 $'000	Actual 2017 $'000	Actual 2016 $'000
Income from continuing operations				
Recurrent Income				
Rates and charges	5	6,818	6,795	6,389
Statutory fees and fines	6	242	308	252
User fees	7	1,578	1,434	1,492
Grants	8	3,552	4,656	2,409
Contributions	9	-	25	3
Interest	10	100	115	67
Reimbursements	11	72	172	158
Investment revenue from TasWater	12	408	408	408
Other income	13	389	203	149
		13,159	**14,116**	**11,327**
Capital Income				
Capital Grants		956	544	795
Net gain/(loss) disposal plant and equip.	14	-	3	(26)
		956	**547**	**769**
Total income from continuing operations		**14,115**	**14,663**	**12,096**
Expenses from continuing operations				
Employee benefits	15	4,502	3,849	4,200
Materials and services	16	4,548	4,179	4,571
Depreciation and amortisation	17	2,385	2,523	2,500
Finance costs		175	170	169
Plant and vehicle running		601	386	363
Fire Levies		279	279	264
Other expenses	18	462	475	422
Total expenses from continuing operations		**12,952**	**11,861**	**12,489**
Result from continuing operations		**1,163**	**2,802**	**(393)**
Net result for the year		**1,163**	**2,802**	**(393)**
Other Comprehensive income				
Items that will not be reclassified to surplus or deficit				
Net asset revaluation increment		-	632	3,486
Items that may be reclassified subsequently to surplus or deficit				
Change in fair value: Investment in TasWater	22	-	134	343
Total Comprehensive result		**1,163**	**3,568**	**3,436**

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, 2017

	Note	ACTUAL 2017 $'000	ACTUAL 2016 $'000
Assets			
Current assets			
Cash and cash equivalents	19	783	298
Investments	19	3,850	1,500
Other assets	20	40	44
Trade and other receivables	21	783	936
Total current assets		**5,456**	**2,778**
Non-current assets			
Investment in TasWater	22	20,606	20,471
Property, infrastructure, plant and equipment	23	83,248	82,810
Total non-current assets		**103,854**	**103,281**
Total assets		**109,310**	**106,059**
Liabilities			
Current liabilities			
Payables	24	307	689
Interest bearing loans/borrowings	25	311	269
Other liabilities	26	196	250
Provisions	27	1,528	1,646
Total current liabilities		**2,342**	**2,854**
Non-current liabilities			
Interest bearing loans/borrowings	25	3,134	2,944
Provisions	27	87	82
Total non-current liabilities		**3,221**	**3,026**
Total liabilities		**5,563**	**5,880**
Net assets		**103,747**	**100,179**
Equity			
Accumulated surplus		45,411	42,793
Reserves	28	58,336	57,386
Total equity		**103,747**	**100,179**

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 2017

	Note	ACTUAL 2017 $'000	ACTUAL 2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
- Rates		6,901	6,398
- Grants		4,656	2,409
- Statutory & User Charges (inclusive of GST)		2,206	1,781
- Interest		115	67
- Other Receipts (inclusive of GST)		255	174
- Reimbursements (inclusive of GST)		189	174
- Investment revenue from TasWater		408	408
		14,730	**11,411**
Payments			
- Payments to Employees		(3,962)	(4,298)
- Payments to Suppliers (inclusive of GST)		(5,018)	(4,787)
- TasWater Contribution		-	-
- Interest		(169)	(167)
- Plant & Vehicle Running		(386)	(363)
- State Taxes		(279)	(264)
- Other Payments		(532)	(321)
		(10,346)	**(10,200)**
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	29 (b)	**4,384**	**1,211**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Infrastructure, Plant and Equipment		(2,451)	(1,929)
Grants		544	795
Proceeds from sale of Property, Infrastructure, Plant and Equipment		127	109
NET CASH PROVIDED BY INVESTING ACTIVITIES		**(1,780)**	**(1,025)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Total (Increase) / Decrease in Investments for Year		(2,350)	(1,500)
Proceeds from Interest Bearing Loans and Borrowings		500	500
Repayment of Interest Bearing Loans and Borrowings		(269)	(229)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		**(2,119)**	**(1,229)**
NET INCREASE (DECREASE) IN CASH HELD		485	(1,043)
CASH AT THE BEGINNING OF THE YEAR		298	1341
CASH AT THE END OF THE YEAR	29 (a)	**783**	**298**

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, 2017

	Accumulated Surplus/Deficit		Public Open Space Reserve		Asset Replacement Reserves		Asset Revaluation Reserves		Fair Value Reserve		Other Reserves		Total Equity	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Equity at beginning of Year	42,793	42,226	146	143	996	1,690	60,061	56,575	(4,257)	(4,600)	438	706	100,179	96,743
Comprehensive result	2,802	(393)	-	-	-	-	632	3,486	134	343	-	-	3,568	3,436
Transfers to Reserves	(2,899)	(2,522)	25	3	582	413	-	-	-	-	2,292	2,106	-	-
Transfers from Reserves	2,713	3,481	-	-	(696)	(1,107)	-	-	-	-	(2,017)	(2,374)	-	-
Equity at end of Year	**45,411**	**42,793**	**171**	**146**	**882**	**996**	**60,693**	**60,061**	**(4,123)**	**(4,257)**	**713**	**438**	**103,747**	**100,179**

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

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

Note 1 Reporting entity

(a) The Derwent Valley Council (formerly New Norfolk Council) was established in 1863 and is a body corporate with perpetual succession and a common seal. Council's main office is located at Circle Street, New Norfolk.

(b) The purpose of the Council is to:
- provide for health, safety and welfare of the community;
- to represent and promote the interests of the community;
- provide for the peace, order and good government in the municipality.

These financial statements are a general purpose financial report that consists of a Statement of Profit and Loss and Other Comprehensive Income, Financial Position, Statement of 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, 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 enitities.

Note 2 Basis of accounting

This financial report has been prepared on the accrual and going concern basis.

All amounts are presented in Australian dollars and unless stated, have been rounded to the nearest thousand dollars.

This financial report has been prepared under the historical cost convention, except where specifically stated in Notes 12,22,25 and 38.

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

Special Committees of Council have been included in this Financial Report, transactions between these committees and Council have been eliminated in full.

Note 3 Use of estimates and judgements

Judgements and Assumptions

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

Note 3 Use of estimates and judgements (continued)

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

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

Employee entitlements

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in Note 15.

Defined benefit superannuation fund obligations

Actuarial assumptions are utilised in the determination of Council's defined benefit superannuation fund obligations. These assumptions are discussed in Note 31.

Fair value of property, plant & equipment

Assumptions and judgements are utilised in determining the fair value of Council's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in Note 23.

Investment in water corporation

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in Note 12 and in Note 22.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

Note 4 Functions/Activities 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 4 (c).

	REVENUE GRANTS	REVENUE OTHER	EXPENSES	SURPLUS (DEFICIT)	ASSETS
	$'000	$'000	$'000	$'000	$'000
ACTUAL 30 JUNE 2017					
Roads, streets and bridges	544	2,000	2,940	(396)	62,842
Drainage	1,047	395	395	1,047	26,978
Waste Management	248	1,256	1,106	398	1,165
Building control	-	151	150	1	-
Planning services	-	250	250	-	-
Environmental Health/Man.	-	461	376	85	317
Governance and administration	826	1,814	2,020	620	4,849
Economic development	7	235	242	-	235
Community services	1,086	802	1,938	(50)	73
Community amenities	294	124	261	157	-
Recreation facilities	1,136	1,166	1,166	1,136	7,395
Other not Attributable	12	809	1,017	(196)	5,456
TOTAL	**5,200**	**9,463**	**11,861**	**2,802**	**109,310**
ACTUAL 30 JUNE 2016					
Roads, streets and bridges	1,219	1,050	2,951	(682)	61,166
Drainage	193	415	415	193	27,019
Waste Management	52	1,313	1,164	201	1,102
Building control	-	155	155	-	-
Planning services	-	274	274	-	-
Environmental Health/Man.	-	462	362	100	294
Governance and administration	297	1,559	1,826	30	5,053
Economic development	2	559	561	-	238
Community services	1,164	751	2,026	(111)	74
Community amenities	148	184	314	18	-
Recreation facilities	127	1,388	1,388	127	8,335
Other not Attributable	2	782	1,053	(269)	2,778
TOTAL	**3,204**	**8,892**	**12,489**	**(393)**	**106,059**

Note 4 Functions/Activities of the Council (Continued)

(b) Reconciliation of Assets from Note 2 with the Statement of Financial Position at 30 June:

	2017	2016
Current assets	5,456	2,778
Non-current assets	103,854	103,281
	109,310	**106,059**

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

Governance and Administration

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

Roads, streets and bridges

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

Drainage

Operation and maintenance of open or deep drainage systems in urban areas, including the lining of piping of creeks but excluding drainage associated with road works, flood mitigation and agriculture.

Waste Management

Collection, handling, processing and disposal of waste material.

Environmental Health/Environmental Management

Environmental Health includes disease control, food surveillance, public-use building standards, health education and promotion, water quality, workplace safety and cemeteries.
Environmental management includes strategies and programs for the protection of the environment and regulations of activities affecting the environment.

Planning Services

Administration of the town planning scheme, subdivisions and urban and rural renewal programs.

Building Control

The development and maintenance of building construction standards.

Community Amenities

Operation and maintenance of housing for aged persons and persons of limited means, Civic Centre, Council halls (excluding indoor sports complexes).

Note 4 Functions/Activities of the Council (Continued)

Community Services

Administration and operation of dog registration, operation of pounds, control of straying stock and noxious weeds. Operation of the Child Care Centre, operation and support of the performing arts, museum and the presentation of festivals. Community Development which provides for the implementation of a process by which strategies and plans can be developed so that the Council can fulfil their general responsibility for enhancing the quality of life of the whole community.

Recreation facilities

Operation and maintenance of sporting facilities (includes swimming pools, active and passive recreation and recreation centres).

Economic development

Maintenance and marketing of tourist facilities, property development and operation of caravan parks.

Other- not attributable

Rates and charges and work not attributed elsewhere.

NOTE		ACTUAL 2017 $'000	ACTUAL 2016 $'000

5. Rates and charges

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

The valuation base used to calculate general rates for 2016/2017 was $66,911,513 (2015/2016 $66,446,192). The 2016/2017 rate in the AAV dollar was $0.08493675(2015/2016 $0.08336122).

General	5,610	5,492
Country Fire	112	108
Urban Fire	167	160
Sewerage Removal	111	116
Garbage/Recycling Services	779	497
Business Levy	16	16
Total Rates and charges	**6,795**	**6,389**

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

Accounting policy

Rates and charges income

Rate income is recognised as revenue when Council obtains control over the assets comprising the receipt.

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

6. Statutory fees and fines

Infringements and Costs	40	5
Planning Fees	72	74
Land Information Certificates	81	74
Permits	115	99
Total Statutory fees and fines	**308**	**252**

Ageing analysis of contractual receivables

Please refer to Note 36 for the ageing analysis of contractual receivables.

Accounting policy

Statutory fee and fine income

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

NOTE		ACTUAL 2017 $'000	ACTUAL 2016 $'000
7.	**User fees**		
	Child Care/Children's Program fees	384	395
	Home and Community Care Service Fees	9	11
	Dog Registration fees	75	38
	Cemetery Fees	203	229
	Caravan Park Fees	200	259
	Refuse Disposal Fees	501	519
	Other Fees and Charges	62	41
	Total User fees	**1,434**	**1,492**

Accounting policy

User fee income

Fee income is recognised as revenue when the service has been provided, or the payment is received, whichever first occurs.

8. Grants

Grants were received in respect of the following:

Summary of Grants		
Federally Funded Grants	4,599	2,897
State Funded Grants	601	307
Total Grants	**5,200**	**3,204**

Grants - Recurrent

Financial Assistance Grant	3,119	1,042
Buildings	43	-
Family and Children	1,086	1,164
Home and Community Care	139	149
Parks and Reserves	250	50
Regional Development	7	2
Youth Services	12	2
Total Grants: Recurrent	**4,656**	**2,409**

NOTE		ACTUAL 2017 $'000	ACTUAL 2016 $'000

8. Grants (Continued)

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. In 2016-17 the Commonwealth made early payment of the two quarterly instalments for the following year. In accordance with AASB1004 *Contributions*, Council recognises these grants as revenue when it receives the funds and obtains control. The early receipt of instalments resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2016-17 by $1,119,000. This has impacted the 2016/2017 Statement of Comprehensive Income resulting in the Surplus/(deficit) being higher in 2016-17 by $1,057,000.

Capital Grants received specifically for new or upgraded assets

Commonwealth Government - Roads to Recovery	382	687
State Government - Bridges	162	108
Total Capital Grants	**544**	**795**

Accounting policy

Grant income - operating and capital

Grant income is recognised as revenue when Council obtains control over the assets comprising the receipt.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

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

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

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

NOTE		ACTUAL 2017 $'000	ACTUAL 2016 $'000
9.	**Contributions**		
	Cash		
	Recreation, leisure and community facilities	25	3
	Total Contributions	**25**	3

Accounting policy

Contribution income

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

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

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

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

10.	**Interest**		
	Interest on financial assets	64	28
	Interest on rates	51	39
	Total Interest	**115**	**67**

Accounting policy

Interest income

Interest is recognised progressively as it is earned.

NOTE		ACTUAL 2017 $'000	ACTUAL 2016 $'000
11.	**Reimbursements**		
	Buildings	-	13
	Road Maintenance/Works	75	130
	Reserves & Recreations	83	-
	State Levies Commission	11	11
	Other Reimbursements	3	4
	Total Reimbursements	**172**	**158**
12.	**Investment Revenue from TasWater**		
	Dividend Revenue received	265	277
	Tax equivalent received	123	98
	Guarantee fee received	20	33
	Total Investment Revenue from TasWater	**408**	**408**

Accounting policy

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

13.	**Other Income**		
	Regional Renewal	15	55
	Community & Social Development	21	24
	Reserves & Recreations	-	14
	Plant Operations	51	24
	Refuse Disposal	-	15
	Buildings & Property	101	-
	Other Income	15	17
	Total Other Income	**203**	**149**

Accounting policy
Other Income is recognised as revenue when the payment is due or the payment is received, whichever first occurs.

NOTE		ACTUAL 2017 $'000	ACTUAL 2016 $'000
14.	**Net gain/(loss) on disposal of plant and equipment**		
	Proceeds from the disposal of Assets	127	109
	less		
	Written down value of Assets sold	(124)	(135)
	Total Net gain on disposal of plant and equipment	**3**	**(26)**

Accounting policy

Gains and losses on asset disposals

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

15.	**Employee Benefits**		
	Wages and salaries	3,041	3,386
	Workers compensation	145	99
	Annual leave and long service leave	297	266
	Superannuation	404	415
	Fringe benefits tax	29	34
	Total employee benefits	**3,916**	**4,200**
	Less Capitalised salary	**(67)**	**(38)**
	Total employee benefits after capitalised salary	**3,849**	**4,162**

Accounting policy

Employee benefits

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

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

NOTE		ACTUAL 2017 $'000	ACTUAL 2016 $'000
16.	**Materials and services**		
	Materials and services	4,179	4,571
	Total materials and services	**4,179**	**4,571**

Accounting policy

Materials and services expense

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

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

17.	**Depreciation and Amortisation**		
	Property:		
	Buildings	72	88
	Plant & Equipment:		
	Plant, Machinery & Equipment	206	201
	Computers and Telecommunications	59	63
	Infrastructure:		
	Roads & Streets	1,604	1,604
	Bridges	254	194
	Drainage	182	181
	Reserves & Recreations	54	79
	Waste Management	92	90
	Total Depreciation and Amortisation	**2,523**	**2,500**

Accounting policy

Depreciation and amortisation expense

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

Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and remaining values and a separate depreciation rate is determined for each component.

Land, heritage, artwork and road earthwork assets are not depreciated on the basis that they are assessed as not having a limited useful life.

Straight line depreciation is charged based on the residual useful life as determined each year.

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

NOTE	ACTUAL 2017 $'000	ACTUAL 2016 $'000

17. Depreciation and Amortisation (continued)

Accounting policy (continued)

	Period
Land improvements	Nil years
Buildings	
buildings	50 years
building improvements	50 years
Leasehold improvements	
leasehold building improvements	50 years
Plant and Equipment	
light vehicles	
(rate approx. loss of trade in value	
after 40,000km or 2 years)	2 years
plant, machinery and equipment	7 years
fixtures, fittings and furniture	5 years
computers and telecommunications	5 years
Roads	
earthworks	200 years
asphaltic	35 years
chip seal	30 years
reinforced concrete	50 years
kerb and guttering	50 years
base sealed	50 years
based un-sealed	70 years
gravel	6 years
Bridges	
concrete deck	80 years
timber deck	20 years
Drainage	
pipes concrete	120 years
pipes Upvc	100 years
pipes earthenware	100 years
pipes cast iron	120 years
manholes	100 years
pits	100 years
headwall	100 years
pumps	15 years
reservoirs	50 years
chlorinators	15 years
Reserve structures	50 years
Waste structures & rehabilitation	20 years

NOTE		ACTUAL 2017 $'000	ACTUAL 2016 $'000
18.	**Other expenses**		
	Other expenses for the year are as follows:-		
	Auditor's remuneration		
	- Audit services this year	30	27
	Election expenses	4	4
	Payments to elected members		
	- Councillor allowances	138	135
	- Other fees and allowances	11	15
	Subscription Local Government Association Tas	33	33
	General insurance	170	177
	Community Grants and Donations	89	31
	Total Other Expenses	**475**	**422**

Accounting policy

Other expenses

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

19.	**Cash and cash equivalents**		
	Cash on Hand	1	1
	Cash at Bank		
	- Trading Account	776	297
	- Westpac Account	6	-
		783	**298**
	Investments		
	At Call and Short Term Deposits	3,850	1,500
		3,850	**1,500**

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 27)	1,615	1,728
- Security Deposits and Bonds (Note 26)	70	120
Restricted funds	**1,685**	**1,848**
Total unrestricted cash, cash equivalents and investments	**2,948**	**(50)**

NOTE		ACTUAL 2017 $'000	ACTUAL 2016 $'000

19. Cash and cash equivalents (Continued)

Accounting policy

Cash and cash

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

20. Other assets

Current		
Prepayments	40	44
Accrued Interest	-	-
	40	**44**

21. Trade and other receivables

Current		
Rate Receivables	425	531
	425	**531**
Sundry Debtors	331	409
Less: Provision for Impairment	(3)	(4)
Other Debtors	30	-
	358	**405**
	783	**936**

Accounting policy

Trade and other receivables

Receivables are carried at amortised cost using the effective interest rate method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred. A provision for impairment on rates has not been established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold.

NOTE		ACTUAL 2017 $'000	ACTUAL 2016 $'000
22.	**Investment in TasWater**		
	Non-current		
	Opening Balance	20,471	20,129
	Change in fair value of investment		
	Fair value adjustments on Available for Sale Assets	135	343
	Total investment in TasWater	**20,606**	**20,471**

Accounting policy

Investment assets
Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2017, Council continues to hold a 1.30% ownership interest in TasWater which is based on Schedule 2 of the Corporation's Constitution which reflects the Council's voting rights. Any unrealised gains and losses are recognised through the Statement of Comprehensive Income to an Available-for-sale Fair value reserve each year (refer note 28).

Council has classified this asset as an Available-for-sale financial asset as defined in AASB 139 *Financial Instruments: Recognition and Measuremet*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's investment is not traded in an active market and is only sensitive to fluctuations in the value of TasWater's net assets.

On 7 March 2017 the State Government announced its intention to take ownership of Tasmanian Water and Sewerage Corporation Pty Ltd from July 2018. The State Government intends to introduce a suite of legislation in the Spring Session of Parliament that will transfer all of Tasmanian Water and Sewerage Corporation Pty Ltd's assets, rights, obligations and liabilities, including employees under their current terms and conditions, to a newly created government business, which will commence operations by 1 July 2018. As, at the date of these financial statements, there is no indication as to whether the legislation will be passed, no change has been made to the basis on which the investment Tasmanian Water and Sewerage Corporation Pty Ltd has been recognised for the year ended 30 June 2017.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

23. Property, infrastructure, plant and equipment

	2017 $'000	2016 $'000
Summary		
- at cost	6,157	6,010
- less accumulated depreciation	(4,129)	(3,998)
	2,028	**2,012**
- at fair value at 30 June	116,644	112,193
- less accumulated depreciation	(35,424)	(31,395)
	81,220	**80,798**
Total	**83,248**	**82,810**
Property		
Land		
- at fair value at 30 June	7,785	6,969
Total land	**7,785**	**6,969**
Buildings		
- at fair value at 30 June	3,167	3,665
- less accumulated depreciation	(675)	(558)
	2,492	**3,107**
Heritage buildings		
- at fair value at 30 June	630	559
- less accumulated depreciation	(13)	(12)
	617	**547**
Total buildings	**3,109**	**3,654**
Total property	**10,894**	**10,623**

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

23. Property, infrastructure, plant and equipment (continued)

	2017 $'000	2016 $'000
Plant and equipment		
Plant, machinery and equipment		
- at cost	2,886	2,933
- less accumulated depreciation	(2,051)	(2,071)
	835	862
Fixtures, fittings and furniture		
- at cost	201	200
- less accumulated depreciation	(199)	(198)
	2	2
Computers and telecommunications		
- at cost	856	838
- less accumulated depreciation	(716)	(658)
	140	180
Total plant and equipment	**977**	**1,044**
Roads		
- at fair value at 30 June	74,228	72,923
- less accumulated depreciation	(20,694)	(19,083)
	53,534	53,840
Bridges		
- at fair value at 30 June	14,892	10,817
- less accumulated depreciation	(6,684)	(4,596)
	8,208	6,221

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

23. Property, infrastructure, plant and equipment (continued)

	2017 $'000	2016 $'000
Infrastructure (continued)		
Drainage		
- at fair value at 30 June	13,139	13,132
- less accumulated depreciation	(6,767)	(6,584)
	6,372	6,548
Reserves		
- at fair value at 30 June	2,803	4,128
- less accumulated depreciation	(591)	(562)
	2,212	3,566
Waste		
- at cost	2,214	2,039
- less accumulated depreciation	(1,163)	(1,071)
	1,051	968
Total infrastructure	**71,377**	**71,143**
Total property, infrastructure, plant and equipment	**83,248**	**82,810**

23. Property, infrastructure, plant and equipment (continued)

2017	Balance at beginning of year	Acquisition of assets	Reval. increments (decrements)	Depreciation	WDV of disposals	Balance at end of year
	$'000	$'000	$'000	$'000	$'000	$'000
Property						
Land	6,970	-	816	-	-	7,786
Total land	**6,970**	**-**	**816**	**-**	**-**	**7,786**
Buildings	3,107	210	(766)	(59)	-	2,492
Heritage buildings	547	-	83	(13)	-	617
Total buildings	**3,654**	**210**	**(683)**	**(72)**	**-**	**3,109**
Total property	**10,624**	**210**	**133**	**(72)**	**-**	**10,895**
Plant and equipment						
Plant, machinery and equipment	862	303	-	(206)	(124)	835
Fixtures, fittings and furniture	2	-	-	-	-	2
Computers and telecom.	180	19	-	(59)	-	140
Total plant and equipment	**1,044**	**322**	**-**	**(265)**	**(124)**	**977**
Infrastructure						
Roads	53,840	1,305	(7)	(1,603)	-	53,534
Bridges	6,221	323	1,918	(254)	-	8,208
Drainage	6,548	7	-	(184)	-	6,372
Reserves	3,566	112	(1,412)	(54)	-	2,212
Waste	968	175	-	(92)	-	1,051
Total infrastructure	**71,143**	**1,922**	**499**	**(2,187)**	**-**	**71,377**
Total property, infrastructure, plant and equipment	**82,811**	**2,454**	**632**	**(2,525)**	**(124)**	**83,249**

23. Property, infrastructure, plant and equipment (continued)

2016	Balance at beginning of year	Acquisition of assets	Reval. increments (decrements)	Depreciation	WDV of disposals	Balance at end of year
	$'000	$'000	$'000	$'000	$'000	$'000
Property						
Land	6,629	-	340	-	-	6,970
Total land	**6,629**	-	**340**	-	-	**6,970**
Buildings	3,096	87	-	(76)	-	3,107
Heritage buildings	559	-	-	(12)	-	547
Total buildings	**3,655**	**87**	-	**(88)**	-	**3,654**
Total property	**10,284**	**87**	**340**	**(88)**	-	**10,624**
Plant and equipment						
Plant, machinery and equipment	924	274	-	(201)	(135)	862
Fixtures, fittings and furniture	3	-	-	(1)	-	2
Computers and telecom.	239	3	-	(62)	-	180
Total plant and equipment	**1,166**	**277**	-	**(264)**	**(135)**	**1,044**
Infrastructure						
Roads	52,039	969	2,436	(1,603)	-	53,840
Bridges	5,592	243	580	(194)	-	6,221
Drainage	6,483	115	130	(181)	-	6,548
Reserves	3,462	183	-	(79)	-	3,566
Waste	1,004	54	-	(90)	-	968
Total infrastructure	**68,580**	**1,564**	**3,146**	**(2,147)**	-	**71,143**
Total property, infrastructure, plant and equipment	**80,030**	**1,928**	**3,486**	**(2,500)**	**(135)**	**82,809**

23. Property, infrastructure, plant and equipment (continued)

Accounting Policy

Recognition and measurement of assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

Property, infrastructure, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

The following classes of assets have been recognised in note 23. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

	Threshold $'000
Land improvements	10
Buildings	
buildings	10
building improvements	10
Leasehold improvements	
leasehold building improvements	10
Plant and Equipment	
light vehicles	
(rate approx. loss of trade in value	
after 40,000km or 2 years)	5
plant, machinery and equipment	5
furniture, fittings and office equipment	5
computers and telecommunications	5
Roads	10
earthworks	10
asphaltic	10
chip seal	10
reinforced concrete	10
kerb and guttering	10
base sealed	10
based un-sealed	10
gravel	10
Bridges	
concrete deck	10
timber deck	10
Drainage	
pipes concrete	10
pipes Upvc	10

23. Property, infrastructure, plant and equipment (continued)

Accounting policy (continued)

	Threshold $'000
Drainage (continued)	
pipes earthenware	10
pipes cast iron	10
manholes	10
pits	10
headwall	10
pumps	10
reservoirs	10
chlorinators	10
Reserve structures	10
Waste structures & rehabilitation	10

Revaluation

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

Land	fair value
Plant and machinery	cost
Furniture, fittings and office equipment	cost
Stormwater and drainage infrastructure	fair value
Roads and streets infrastructure	fair value
Bridges	fair value
Buildings	fair value
Intangibles	cost
Parks, recreation facilities and community amenities	cost
Heritage	cost
Investment in TasWater	fair value

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

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 40, Fair value measurements.

23. Property, infrastructure, plant and equipment (continued)

Accounting policy (continued)

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

Impairment of assets

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

Reversals of impairment losses are recognised in the Statement of Comprehensive Income under other revenue.

Land under roads

Land under roads acquired after 30 June 2008 is brought to account at cost and subsequently revalued on a fair value basis. Council does not recognise land under roads that it controlled prior to that period.

NOTE		ACTUAL 2017 $'000	ACTUAL 2016 $'000
24.	**Payables**		
	Current		
	Trade creditors	307	689
		307	**689**
25.	**Interest bearing loans/borrowings**		
	Current (secured)		
	Tasmanian Public Finance Corporation (Tascorp)	311	269
	Non-current (secured)		
	Tasmanian Public Finance Corporation (Tascorp)	3,134	2,944
	Total borrowings	**3,445**	**3,213**

The Fair Value of the loan portfolio is $3,673,011 (2015/16 $3,558,449). This estimate is based on present value calculations applied to each loan using interest rates prevailing at balance date.

Accounting policy

Interest bearing liabilities
The borrowing capacity of Council is limited by the Local Government Act 1993. Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition these liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the liability using the effective interest method.

26.	**Other liabilities**		
	Current		
	Accrued electricity	13	33
	Accrued payroll	51	45
	Accrued interest	41	40
	Security deposits and bonds	70	120
	Accrued doglicences/kennel licences	21	12
		196	**250**
27.	**Provisions**		
	Current		
	Provisions		
	- Annual leave	725	728
	- Long service leave	427	498
	- Sick leave	249	307
	- Time in lieu	127	113
		1,528	**1,646**
	Non-current		
	Provisions		
	- Long service leave	87	82
		87	**82**

Council's number of Full Time Equivalent Employees as at 30 June 2017 totalled 57.4. (2015/2016 - 53)

NOTE		ACTUAL 2017 $'000	ACTUAL 2016 $'000

Accounting policy

Employee benefits

i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits.

ii) Other long term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

An accrual is made for sick leave in accordance with Council's Enterprise Bargaining Agreement. Currently, Council pays 65% of sick leave in excess of current entitlement on termination.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

28. Reserves

	Opening balance		Transfers to reserves		Asset revaluation and fair value movements		Transfers from reserves		Closing balance	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Public open space reserve	146	143	25	3	-	-	-	-	171	146
	146	**143**	**25**	**3**	-	-	**-**	-	**171**	**146**
Asset replacement reserves										
- Plant replacement	158	140	234	184	-	-	(176)	(166)	216	158
- Capital works	-	758	-	-	-	-	-	(758)	-	-
- Cemetery replacement	812	712	82	229	-	-	(494)	(129)	400	812
- NN landfill restoration	26	80	266	-	-	-	(26)	(54)	266	26
	996	**1,690**	**582**	**413**	-	-	**(696)**	**(1,107)**	**882**	**996**

NN landfill restoration

Council is obligated to restore the Peppermint Hill landfill site to a particular standard. Current engineering projections indicate that the Peppermint Hill landfill site will cease operations in 2022 and restoration work is expected to commence shortly thereafter. The forecast life of the Peppermint Hill landfill site is based on current estimates of remaining capacity and the forecast rate of infill. Council has established a reserve account for this purpose.A levy on all ratepayers was introduced during 2016/2017 in the amount of $51.50 per property.This levy was increased to $56.65 for the 2017/2018 year.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

28. Reserves (continued)

	Opening balance		Transfers to reserves		Asset revaluation and fair value movements		Transfers from reserves		Closing balance	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Fair value reserve										
- TasWater	(4,257)	(4,600)	-	-	134	343	-	-	(4,122)	(4,257)
Asset revaluation reserves										
Infrastructure					-	-				
- Land	5,244	4,904	-	-	816	340	-	-	6,060	5,244
- Buildings	89	89	-	-	-	-	(2,096)	-	(2,006)	89
- Roads	45,761	43,325	-	-	-	2,436	(7)	-	45,753	45,761
- Drainage	5,360	5,230	-	-	-	130	-	-	5,360	5,360
- Bridges	4,117	3,537	-	-	1,918	580	-	-	6,035	4,117
- Recreation	(511)	(511)	-	-	-	-	-	-	(511)	(511)
	55,804	**51,975**	-	-	**2,868**	**3,829**	**(2,103)**	**-**	**56,570**	**55,804**
Other reserves										
- Autumn Festival	25	22	36	37	-	-	(37)	(34)	25	25
- Bicentennial 2008	0	12	-	-	-	-	-	(12)	-	-
- CBD Levy	19	15	32	31	-	-	(20)	(26)	32	19
- Children's Services	75	185	1,470	1,559	-	-	(1,471)	(1,669)	74	75
- DV Scholarship	5	5	-	1	-	-	-	(1)	5	5
- Regional Renewal	148	127	36	36	-	-	(4)	(15)	179	148
- Computer	83	131	129	79	-	-	(140)	(127)	72	83
- Derwent Valley election	15	4	15	15	-	-	(4)	(4)	26	15
- Derwent Valley revaluation	191	160	31	31	-	-	(94)	-	128	191
- HACC	75	57	149	160	-	-	(145)	(142)	79	75
- Historical Info. Centre	47	41	4	6	-	-	-	-	51	47
- Visitor Info. Centre	5	3	1	5	-	-	(3)	(3)	3	5
- Local issues support	-	-	-	-	-	-	-	-	-	-
- Public Relations	32	24	7	8	-	-	-	-	38	32
- Willow Court	(281)	(78)	380	139	-	-	(98)	(342)	-	(281)
	439	**708**	**2,292**	**2,107**	-	-	**(2,017)**	**(2,375)**	**713**	**439**
Total reserves	**57,388**	**54,516**	**2,897**	**2,523**	**2,868**	**3,829**	**(4,815)**	**(3,482)**	**58,336**	**57,388**

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

(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

	2017 $'000	2016 $'000
Cash at Bank and on hand	783	298
Total	**783**	**298**

(b) Reconciliation of net cash provided by operating activities to operating surplus

Surplus for the year	2,802	(393)
Depreciation	2,523	2,500
(Gain) / Loss on Sale of Fixed Assets	(3)	26
Capital Grants provided by Government	(544)	(795)
Movements:-		
- Increase / (Decrease) in Employee Provisions	(113)	(98)
- (Increase) / Decrease in Accounts Receivable	153	(116)
- Increase / (Decrease) in Other Liabilities	(55)	101
- (Increase) / Decrease in Accrued Income	(1)	(2)
- Increase / (Decrease) in Contributions	-	3
- Increase / (Decrease) in Payables	(381)	(21)
- (Increase) / Decrease in Other Assets	3	6
Net cash inflow/(outflow) provided by operating activities	**4,384**	**1,211**

30. Financing arrangements

At the reporting date a business card facility of $50,000 (2015/16 $50,000) was available to the Council from its Bankers, the Commonwealth Bank of Australia.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

31. Superannuation

The Derwent Valley Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund). The Fund was a sub fund of the Quadrant Superannuation Scheme (the Scheme) up to 30 November 2015. At this date the Quadrant Superannuation Scheme merged (via a Successor Fund Transfer) into the Tasplan Super and the Quadrant Defined Benefits Fund became a sub fund of Tasplan Super (Tasplan) from that date. The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 34 of AASB 119 Employee Benefits, Council does not use defined benefit accounting for these contributions.

For the year ended 30 June 2017 the Derwent Valley Council contributed 13.50% 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, Council is required to meet its share of the deficiency.

Rice Warner Pty Ltd undertook the last actuarial review of the Fund at 30 June 2014. The review disclosed that at that time the net market value of assets available for funding member benefits was $66,310,000, the value of vested benefits was $57,475,000, the surplus over vested benefits was $8,835,000, and the value of total accrued benefits was $58,093,000, ant the number of members was 187. 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	7.0% p.a.
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 2014.
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 2014.
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 2017.

The Actuary recommended that in future the Council contribute 11.0% of salaries in 2014/15, and 9.5% of salaries thereafter.

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 2017 and is expected to be completed late in 2017.

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.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

31. Superannuation (Continued)

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.*

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

The 2014 actuarial review used the "aggregate" funding method. This is a standard actuarial funding method. The results from this method were tested by projecting future fund assets and liabilities for a range of future assumed investment returns. The funding method used is different from the method used at the previous actuarial review in 2011.

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

In terms of Rule 27.4 of the Tasplan Trust Deed (Trust Deed), there is a risk that employers within the Fund may incur an additional liability when an Employer ceases to participate in the Fund at a time when the assets of the Fund are less than members' vested benefits. Each member of the Fund who is an employee of the Employer who is ceasing to Participate is required to be provided with a benefit at least equal to their vested benefit in terms of Rule 27.4(b)(A). However there is no provision in the Trust Deed requiring an employer to make contributions other than its regular contributions up to the date of cessation of contributions. This issue can be resolved by the Trustee seeking an Actuarial Certificate in terms of Rule 26.5 identifying a deficit and the Trustee determining in terms of Rule 26.3 (c) that the particular employer should make the payment required to make good any shortfall before the cessation of participation is approved.

The application of Fund assets on Tasplan being wound-up is set out in Rule 41.4. This Rule provides that expenses and taxation liabilities should have first call on the available assets. Additional assets will initially be applied for the benefit of the then remaining members and/or their Dependants in such manner as the Trustee considers equitable and appropriate in accordance with the Applicable Requirements (broadly, superannuation and taxation legislative requirements and other requirements as determined by the regulators).

The trust deed does not contemplate the Fund withdrawing from Tasplan. However it is likely that Rule 27.4 would be applied in this case (as detailed above).

The Fund is a defined benefit fund.

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. Thus the fund is not able to prepare standard AASB119 defined benefit reporting.

During the reporting period the amount of contributions paid to defined benefits schemes was $22,246 (2015-16, $32,670), and the amount paid to accumulation schemes was $383,770 (2015-16, $382,366).

During the next reporting period the expected amount of contributions to be paid to defined schemes is $27,247 and the amount to be paid to accumulation schemes is $470,051.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

31. Superannuation (Continued)

As reported on the first page of this note, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2014. Moderate investment returns, since that date, make it quite probable that this is still the position. The financial position of the Fund will be fully investigated at the actuarial review as at 30 June 2017.

An analysis of the assets and vested benefits of Funds participating in the scheme, prepared by Rice Warner Pty Ltd as at 30 June 2014, showed that the Fund has assets of $66.3 million and members' Vested Benefits were $57.5 million. These amounts represented 8.4% and 7.5% respectively of the corresponding total amounts for the Scheme.

As at 30 June 2016 the fund had 151 members and the total employer contributions and member contributions for the year ending 30 June 2016 were $1,956,576 and $384,779 respectively.

		2017 $'000	2016 $'000
Fund			
Defined Benefits Fund			
Employer contributions to:	Quadrant Superannuation Scheme	22	33
		22	33
Employer contributions payable to Quadrant Superannuation Scheme at reporting date		1	1
		1	1
Accumulation Funds			
Employer contributions to:			
	AMP	-	4
	Quadrant Superannuation Scheme	157	182
	SGC Generations Personal	1	1
	Tasplan	218	176
	WA LGSP	-	14
	Vision	8	-
		384	377
Employer contributions payable to:			
	Quadrant Superannuation Scheme	3	2
	Tasplan	3	2
	WA LGSP	-	1
	at reporting date	6	5

32. Commitments for capital expenditure

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

33. Commitments under operating leases

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

34. Contingent liabilities and contingent assets

Contingent liabilities

Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors.
As these matters are yet to be finalised, the financial outcomes, subject to further negotiation, are estimated to be between $91,000 and $96,000.

Travel Claim
A claim has been lodged by the Mayor in relation to travel expenses. The claim is subject to further negotiation, but it is anticipated to be between $25,000 and $30,000.

Landfill Site
Council operates a landfill site at Peppermint Hill, New Norfolk. Council will have to carry out site rehabilitation works in the future. At balance date Council is unable to accurately access the financial implications of such works. However, a waste management levy which recouped $265,534 was levied during the 2016/2017 rating period. A further $293,334 is anticipated to be raised during 2017/2018 from this levy.

35. 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 Notes to 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 2017

36. Accounting for financial instruments

(a) Accounting Policy. Terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial			
Cash and cash equivalents	19	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 1.50%. (1.40% in 2015/2016). The interest rate at balance date was 1.50%. (1.40% in 2015/2016).
Investments		Interest is recognised as it accrues.	Funds returned fixed interest rates of between 1.50% (2.04% in 2015/2016), and 2.55% (2.75% in 2015/2016) net of fees.
		Investments and bills are valued at cost.	Managed funds provided returns of 2.00%. (2.18% in 2015/2016) 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	21	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 2015/2016). Credit terms are based on 30 days. Rating debtors are secured and arrears attract an interest rate of 8.72%. (8.45% in 2015/2016).
Financial Liabilities			
Trade and other payables	24	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	25	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 5.14%. (5.41% in 2015/2016).
		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 2017

36. 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:

2017

	Weighted average interest rate	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	Over 1 to 5 years $'000	More than 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets							
Cash and cash equivalents	1.50%	783	-	-	-	-	783
Investments	2.00%	3,850	-	-	-	-	3,850
Trade and other receivables	8.72%	-	406	19	-	358	783
Investment in TasWater		-	-	-	-	20,606	20,606
Total financial assets		4,633	406	19	-	20,964	26,022
Financial liabilities							
Trade and other payables		-	-	-	-	307	307
Trust funds and deposits		-	-	-	-	70	70
Interest-bearing loans and borrowings	5.14%	-	311	1,279	1,854	-	3,444
Total financial liabilities		-	311	1,279	1,854	377	3,821
Net financial assets (liabilities)		4,633	95	(1,260)	(1,854)	20,587	22,201

2016

	Weighted average interest rate	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	Over 1 to 5 years $'000	More than 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets							
Cash and cash equivalents	1.50%	298	-	-	-	-	298
Investments	1.62%	1,500	-	-	-	-	1,500
Trade and other receivables	8.45%	-	510	21	-	405	936
Investment in TasWater		-	-	-	-	20,471	20,471
Total financial assets		1,798	510	21	-	20,876	23,205
Financial liabilities							
Trade and other payables		-	-	-	-	689	689
Trust funds and deposits		-	-	-	-	120	120
Interest-bearing loans and borrowings	5.41%	-	269	1,202	1,742	-	3,213
Total financial liabilities		-	269	1,202	1,742	809	4,022
Net financial assets (liabilities)		1,798	241	(1,181)	(1,742)	20,067	19,183

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

36. 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 Stat. of Financial		Aggregate net fair value	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Financial assets				
Cash and cash equivalents	4,633	1,798	4,633	1,798
Trade and other receivables	783	936	783	936
Investment in TasWater	20,606	20,471	20,606	20,471
Total financial assets	26,022	23,205	26,022	23,205
Financial liabilities				
Trade and other payables	433	819	433	819
Trust funds and deposits	70	120	70	120
Interest-bearing loans and borrowings	3,445	3,213	3,673	3,558
Total financial liabilities	3,948	4,152	4,176	4,497

(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 2017

36. 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 *Local Government Act 1993*. We manage interest rate risk by adopting an investment policy that ensures:
- conformity with State and Federal regulations and standards,
- capital protection,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

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

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council 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 34. 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 2017

36. Accounting for financial instruments (continued)

	Financial Institutions (AAA credit rating)	Government agencies (BBBB credit rating)	Other	Total
2017				
Cash and cash equivalents	783	-	-	783
Receivables	-	-	783	783
Investments and other financial assets	3,850	-	-	3,850
Total contractual financial assets	**4,633**	**-**	**783**	**5,416**
2016				
Cash and cash equivalents	298	-	-	298
Receivables	-	-	936	936
Investments and other financial assets	1,500	-	-	1,500
Total contractual financial assets	**1,798**	**-**	**936**	**2,734**

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:

	2017 $'000	2016 $'000
Current (not yet due)	49	42
Past due by up to 30 days	10	7
Past due between 31 and 180 days	8	360
Past due between 181 and 365 days	294	-
Past due by more than 1 year	422	527
Total Trade & Other Receivables	783	936

Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:
- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth;
- 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 2017

36. Accounting for financial instruments (continued)

The table below lists the contractual maturities for Financial Liabilities.

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

2017	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables	433	-	-	-	-	433	433
Trust funds and deposits	70	-	-	-	-	70	70
Interest-bearing loans and borrowings	153	157	328	951	1,855	3,444	3,444
Total financial liabilities	656	157	328	951	1,855	3,947	3,947

2016	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables	819	-	-	-	-	819	819
Trust funds and deposits	120	-	-	-	-	120	120
Interest-bearing loans and borrowings	133	137	285	917	1,742	3,214	3,214
Total financial liabilities	1,072	137	285	917	1,742	4,153	4,153

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

36. Accounting for financial instruments (continued)
(f) Sensitivity disclosure analysis

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

- A parallel shift of + 1% and -2% in market interest rates (AUD) from year-end rates of 4.4%.

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
2017	$'000	$'000	$'000	$'000	$'000
Financial assets:					
Cash and cash equiv.	783	-	-	-	-
Investments	3,850	(77)	(77)	39	39
Receivables	783	(16)	(16)	8	8
Financial liabilities:					
Interest-bearing loans	3,444	(69)	(69)	-	-

		Interest rate risk			
		-2 %		+1 %	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2016	$'000	$'000	$'000	$'000	$'000
Financial assets:					
Cash and cash equiv.	298	-	-	-	-
Investments	1,500	(30)	(30)	15	15
Receivables	936	(19)	(19)	9	9
Financial liabilities:					
Interest-bearing loans	3,213	(64)	(64)	-	-

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

36. Accounting for financial instruments (continued)

(f) Sensitivity disclosure analysis (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2017				
Available for sale financial assets	-	-	20,606	20,606

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 2016				
Available for sale financial assets	-	-	20,471	20,471

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

Reconciliation of Level 3 Fair Value Movements	2017 $'000	2016 $'000
Opening balance	**20,471**	**20,129.**
Change in fair value movement in TasWater	135	343
Closing balance	**20,606**	**20,471**

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2017, Council continued to hold a 1.30% ownership interest in TasWater which is based on schedule 2 of the Corporation's Constitution which reflects the Council's voting rights. Any unrealised gains and losses are recognised through the Statement of Comprehensive Income to an Available-for-sale assets Fair value reserve each year. (Refer notes 22, 28).

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

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

37. Related party transactions

(i) Responsible Persons

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

Councillors	M.Evans (Mayor 01/11/09 to current) B.Shaw (Deputy Mayor 01/11/14 to current) P.Belcher (Councillor 01/11/14 to current) D.Bester (Councillor 01/11/09 to current) J.Graham (Councillor 01/11/09 to current) BK.Lathey (Councillor 01/11/14 to current) F.Pearce (Councillor 01/11/14 to current) EJ. Triffett (Councillor 01/11/14 to current)
General Manager	G.Winton (from 01/07/15 to current)

(ii) Councillor Remuneration

2017	Allowances	Vehicles	Total Compensation AASB 124	Expenses	Total allowances and expenses section 72
	$	$	$	$	$
Mayor	42,054	-	42,054	11,788	53,842
Deputy Mayor	23,516	-	23,516	-	23,516
Councillors	72,092	-	72,092	-	72,092
Total	**137,662**	**-**	**137,662**	**11,788**	**149,450**

2016	Allowances	Vehicles	Total Compensation AASB 124	Expenses	Total allowances and expenses section 72
	$	$	$	$	$
Mayor	41,110	-	41,110	5,672	46,782
Deputy Mayor	22,988	-	22,988	-	22,988
Councillors	70,474	-	70,474	-	70,474
Total	**134,572**	**-**	**134,572**	**5,672**	**140,244**

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

37. Related party transactions (continued)

(iii) Key Management Personnel Remuneration

2017		Short term employee benefits			Post employment benefits	
Remuneration band	Number of employees	Salary[1] $	Vehicles[2] $	Other Allowances and Benefits[3] $	Superannuation[4] $	Total $
$100 001 - $120 000	1	79,912	13,249	4,337	10,788	108,286
$180 001 - $200 000	1	165,621	14,886	10,608	20,591	211,706
Total		**245,533**	**28,135**	**14,945**	**31,379**	**319,992**

2016		Short term employee benefits			Post employment benefits	
Remuneration band	Number of employees	Salary[1] $	Vehicles[2] $	Other Allowances and Benefits[3] $	Superannuation[4] $	Total $
$100 001 - $120 000	1	82,727	13,249	2,967	11,168	110,111
$180 001 - $200 000	1	163,093	11,216	17,066	20,000	211,375
Total		**245,820**	**24,465**	**20,034**	**31,168**	**321,487**

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

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

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

[4] Superannuation means the contribution to the superannuation fund of the individual.

(iv) Transactions with related parties

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

(v) An account incurred in the performance of Council functions, was paid by Derwent Valley Council on behalf of a member of Council. The account in the amount of $6,852.73 together with a commercial rate of interest levied, is to be repaid in monthly instalments of $244.99, with the final payment to be received on 31 October 2018. As at 30 June 2017, financial repayments totalling $4,409.82 in accord with the repayment schedule have been received. Council is in receipt of documentation guaranteeing the settlement of this account from a third person.

38. Significant Business Activities

Council has not identified any significant business activities.

Accounting policy

Significant business activities
Council is required to report the operating, capital and competitive neutrality costs in respect of each significant business activity undertaken by the Council. Council's disclosure is reconciled above. Council has determined, based upon materiality that transport infrastructure as defined above is considered a significant business activity. Competitive neutrality costs include notional costs i.e. income tax equivalent, rates and loan guarantees.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

39. Management indicators

	Benchmark	2017 $'000	2016 $'000	2015 $'000	2014 $'000
(a) Underlying surplus or deficit					
Recurrent income* less		12,954	12,193	11,872	11,720
recurrent expenditure		(11,861)	(12,489)	(11,496)	(10,699)
Underlying surplus/deficit	>0	1,093	(296)	376	1,021

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

2016/2017 recurrent income has been reduced due to the prepayment of untied Federal Assistance Grants received in advance of $1,057,413 during the 2016/2017 applicable for 2017/2018 and also capital grants totalling $543,658 and an insurance claim in the amount of $82,610. Contributions totalling $24,814 have also been excluded. 2014/2015 recurrent income excludes the prepayment of untied Federal Assistance Grants received in advance of $895,000 during the 2014/2015 year applicable for 2015/2016.Contributions totalling $2,700 have also been excluded. 2013/2014 recurrent income includes the prepayment of untied Federal Assistance Grants received in advance of $1,436,353 during the 2012/2013 year applicable for 2013/2014.

Council's performance in regard to this ratio is considered satisfactory.

(b) Underlying surplus ratio					
Underlying surplus or deficit / Recurrent income*		1,093 / 12,954	(296) / 12,193	376 / 11,872	1,021 / 11,720
Underlying surplus ratio %	0%	8.44%	-2.43%	3.17%	8.71%

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

The underlying surplus has been adjusted in 2015 and 2017 to take into account the prepayment of untied Federal Assistance Grants received in advance of $1,057,413 during the 2016/2017 year and $895,000 during the 2014/2015 year.

Council's performance in regard to this ratio is considered satisfactory.

(c) Net financial liabilities					
Liquid assets less		5,416	2,713	2,140	2,303
total liabilities		(5,563)	(5,880)	(5,627)	(5,035)
Net financial liabilities	0	(147)	(3,167)	(3,487)	(2,732)

This measure shows whether Council's total liabilities can be met by its liquid assets. An excess of total liabilities over liquid assets means that, if all liabilities fell due at once, additional revenue would be needed to fund the shortfall.

This indicator is influenced by the inclusion of Council's long term loan portfolio ($3.445M 2016/17).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

39. Management indicators (Continued)

	Benchmark	2017 $'000	2016 $'000	2015 $'000	2014 $'000
(d) Net financial liabilities ratio					
Net financial liabilities		(147)	(3,167)	(3,487)	(2,732)
Recurrent income*		12,954	12,193	11,872	11,720
Net financial liabilities ratio %	0% - (50%)	(24.20)%	(24.20)%	(29.37)%	(23.31)%

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

Council's performance in regard to this ratio is considered satisfactory.

(e) Asset consumption ratio

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

Transport Infrastructure				
Depreciated replacement cost	53,534	53,840	52,039	49,369
Current replacement cost	74,228	72,923	70,424	67,205
Asset consumption ratio %	72.12%	73.83%	73.89%	73.46%
Buildings				
Depreciated replacement cost	3,109	3,654	3,655	2,892
Current replacement cost	3,797	4,224	4,137	3,360
Asset consumption ratio %	81.88%	86.51%	88.35%	86.07%
Drainage				
Depreciated replacement cost	6,372	6,548	6,483	6,166
Current replacement cost	13,139	13,132	12,728	11,705
Asset consumption ratio %	48.50%	49.86%	50.93%	52.68%

Council's performance in regard to this ratio is considered satisfactory.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

39. Management indicators (Continued)

	Benchmark	2017 $'000	2016 $'000	2015 $'000	2014 $'000

(f) Asset renewal funding ratio

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

Transport Infrastructure					
Projected capital funding outlays		17,307	19,500	21,629	23,696
Projected capital expenditure funding		13,330	15,193	17,103	19,139
Asset renewal funding ratio %	90-100%	129.83%	128.35%	126.46%	123.81%

Council elected to reduce it's Capital/Renewal programs for 2016/2017 and 2015/2016, until a inventory review of Council's Infrastructure Assets is undertaken. This is expected to be completed during 2017/2018.

Buildings					
Projected capital funding outlays		84	94	105	115
Projected capital expenditure funding		511	576	639	700
Asset renewal funding ratio %	90-100%	16.44%	16.32%	16.43%	16.43%

Council's projected capital funding outlays for 2014/2015 $906,637 includes Willow Court Reserve funding of $601,939 for renewal works at the site and $116,204 for Molesworth Hall construction funded by hall committee. Additional funding for Maydena Primary School $120,003 and Children's Services $53,867 were funded from non-council financial resources.

Drainage					
Projected capital funding outlays		3,140	3,538	3,924	4,299
Projected capital expenditure funding		1,564	1,762	1,955	2,142
Asset renewal funding ratio %	90-100%	200.77%	200.79%	200.72%	200.70%

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

Council elected to reduce it's Capital/Renewal programs for 2016/2017 and 2015/2016, until a inventory review of Council's Infrastructure Assets is undertaken. This is expected to be completed during 2017/2018.

(g) Asset sustainability ratio

Capex on replacement/renewal of existing assets		2,444	1,913	4,386	3,424
Annual depreciation expense		2,523	2,500	2,327	2,166
Asset sustainability ratio %	100%	96.87%	76.52%	188.48%	158.08%

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

39. Management indicators (Continued)

2017	Capital renewal expend.	Capital new/upgrade expend.	Total capital expend.
By asset class	**$'000**	**$'000**	**$'000**
Roads	1,239	-	1,239
Bridges	323	-	323
Drainage	7	-	7
Buildings	210	-	210
Other structures	362	9	371
Plant & equipment	303	-	303
	2,444	9	2,453

2016	Capital renewal expend.	Capital new/upgrade expend.	Total capital expend.
By asset class	**$'000**	**$'000**	**$'000**
Roads	970	-	970
Bridges	243	-	243
Drainage	115	-	115
Buildings	87	-	87
Other structures	221	16	237
Plant & equipment	277	-	277
	1,913	16	1,929

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

Council's performance in regard to this ratio is considered satisfactory.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

40. Fair value measurements

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

Investment in water corporation
Property, infrastructure plant and equipment
- Land
- Buildings
- Roads, including footpaths
- Bridges
- Storm Water
- Other infrastructure

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

(a) Fair Value Hierarchy

The table below shows the assigned level for each asset and liability held at fair value by the Council. The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2016.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If one or more of the significant inputs is not based on observable market data, the asset is included in Level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

As at 30 June 2017

Recurring fair value measurements	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Land	23	-	7,785	-	7,785
Buildings	23	-	-	3,109	3,109
Roads, including footpaths	23	-	-	53,534	53,534
Bridges	23	-	-	8,208	8,208
Drainage	23	-	-	6,372	6,372
Other Infrastructure	23	-	-	2,212	2,212
		-	7,785	73,435	81,220

As at 30 June 2016

Recurring fair value measurements	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Land	23	-	6,969	-	6,969
Buildings	23	-	-	3,654	3,654
Roads, including footpaths	23	-	-	53,840	53,840
Bridges	23	-	-	6,221	6,221
Drainage	23	-	-	6,548	6,548
Other Infrastructure	23	-	-	3,566	3,566
		-	6,969	73,829	80,798

40. Fair value measurements

Transfers between levels of the hierarchy

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reportin period.

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

(b) Highest and best use

AASB 13 Fair Value Measurement, requires the fair value of non-financial assets to be calculated based on their "highest and best use". All assets valued at fair value in this note are being used for their "highest and best use".

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

40. Fair value measurements (Continued)

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

Council has adopted AASB 13 *Fair Value Measurement* and has reviewed each valuation to ensure compliance with the requirements of the standard. There have been no changes in valuation techniques as a result of this review.

Investment property and Investment in water corporation

Refer to Note 22 for details of valuation techniques used to derive fair values.

Land

Land fair values were determined by the Valuer General's Assessments effective 01 July 2016. Valuations are reviewed on a bi-annual basis (next review 1 July 2018.) Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted is use under current planning provisions. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size.

Buildings

The fair value of buildings were also determined by the Valuer General's Assessments effective 01 July 2016. Valuations are reviewed on a bi-annual basis (next review 01 July 2018.) Where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size.

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

Infrastructure assets

All Council infrastructure assets were fair valued using written down current replacement cost. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. The resulting valuation reflects the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks.

The level of accumulated depreciation for infrastructure assets was determined based on the age of the asset and the useful life adopted by Council for the asset type. Estimated useful lives and residual values are disclosed in Note 1(f).

The calculation of DRC involves a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made by qualified and experienced staff, different judgements could result in a different valuation. The table at (d) below summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

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

Roads, including footpaths

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. Urban roads are managed in segments of 1,000m, while rural roads are managed in 1,000m segments. All road segments are then componentised into formation, pavement, sub-pavement and seal. Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

DERWENT VALLEY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2017

40. Fair value measurements (Continued)

CRC is based on the road area multiplied by a unit price; the unit price being an estimate of labour and materia inputs, services costs, and overhead allocations. Council assumes that pavements are constructed to depths of 10cms for high traffic areas and 8cms for lower traffic locations. For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and labour wage rates are based on Council's Enterprise Bargaining Agreement (EBA). Where construction is outsourced, CRC is based or the average of completed similar projects over the last few years.

Bridges
A full valuation of bridges assets was undertaken by independent valuers, Aus Span, effective 30 June 2016. Each bridge is assessed individually and componentised into sub-assets representing the deck and sub-structure. The valuation is based on the material type used for construction and the deck and sub-structure area.

Drainage
A full valuation of drainage infrastructure is to be undertaken during 2017/2018.

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

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

Other Infrastructure
Other infrastructure is not deemed to be significant in terms of Council's Statement of Financial Position.

(d) Changes in recurring level 3 fair value measurements

The changes in level 3 assets with recurring fair value measurements are detailed in Note 23 (Property, infrastructure, plant and equipment). Investment in TasWater, which is classified as Level 3, has been separatel disclosed in Note 22. There have been no transfers between level 1, 2 or 3 measurements during the year.

(e) Valuation processes

Council's current policy for the valuation of property, infrastructure, plant and equipment, investment in water corporation and investment property (recurring fair value measurements) is set out in Notes 12 and 22 respectively.

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

(f) Assets and liabilities not measured at fair value but for which fair value is disclosed
Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes. (refer Note 23)

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in Note 25 is provided by Tascorp (Level 2).

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

41. Other significant accounting policies and new accounting standards

(a) Taxation

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

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

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

(b) Impairment of assets

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

(c) Allocation between current and non-current

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

(d) Financial guarantees

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

41. Other significant accounting policies and new accounting standards (continued)

(e) Budget

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

(f) Adoption of new and amended accounting standards

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

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

Council has applied AASB 124 *Related Party Disclosures* for the first time. As a result Council has disclosed more information about related parties and transactions with those related parties. The standard further extends that required under the LGA 1993. This information is presented in Note 37.

(ii) AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities* (effective from 1 July 2016)

The amendment provides relief to not-for-profit public sector entities from certain disclosures about the fair value measurement of property, plant and equipment held for their current service potential rather than to generate net cash inflows that is categorised within Level 3 of the fair value hierarchy.

(g) Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below. (Note: standards are applicable to reporting periods beginning on or after to effective date referred to below).

(i) AASB 9 *Financial Instruments* and 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* (effective from 1 January 2018)

The main impacts of these standards on Council are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Council's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. Amortised cost is to be used for assets with contractual terms giving rise to principal and interest payments.

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

41. Other significant accounting policies and new accounting standards (continued)

When adopted, the standard will affect, in particular, Council's accounting for its investment in TasWater which is an available-for-sale financial assets. Currently, Council recognises changes in the fair value of its available-for-sale assets through other comprehensive income. Council is likely to make an irrevocable election for its investment in TasWater as 'fair value through other comprehensive income' and therefore the adoption of this standard will not impact the way movements in the fair value are accounted for.

Another impact of AASB 9 relates to calculating impairment losses for Council's receivables. Assuming no substantial change in the nature of receivables, as they don't include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, Council will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised and also factor in any future changes or events.

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

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

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

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

- Grants received to construct non-financial assets controlled by Council will be recognised as a liability, and subsequently recognised progressively as revenue as Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.
- Under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. At present, such grants are recognised as revenue upfront. When the new standard becomes effective, Council will evaluate all grant agreements in place at that time to determine whether revenue from those grants could be deferred under the new requirements.

41. Other significant accounting policies and new accounting standards (continued)

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

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

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

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

(iii) AASB 16 *Leases* (effective from 1 January 2019)

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

AASB 16 will result in most of Council's operating leases being brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low-value assets which may remain off the balance sheet.
The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term, and increases in lease payments. A corresponding right to use assets will be recognised, which will be amortised over the term of the lease. Rent expense will no longer be shown. The profit and loss impact of the leases will be through amortisation and interest charges. In the Statement of Cash Flows lease payments will be shown as cash flows from finanacing activities instead of operating activities.

Lessor accounting under AASB 16 remains largely unchanged. For finance leases, the lessor recognises a receivable equal to the net investment in the lease. Lease receipts from operating leases are recognised as income either on a straight-line basis or another systematic basis where appropriate.

(iv) *AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* (effective from 1 January 2017)

Amendments to AASB 107 will require additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures will include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and be disclosed by way of a reconciliation in the notes to the Statement of Cash Flows.

(v) AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, AASB 2015-10 *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB10 and AASB128* (effective 1 January 2018)

The amendments address an acknowledged inconsistency between the requirements in AASB10, and those in AASB128 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

41. Other significant accounting policies and new accounting standards

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2015-10 has delayed the effective date of the amendments to 1 January 2018. i.e. councils' financial statements for year ended 30 June 2019.

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

DERWENT VALLEY COUNCIL

CERTIFICATION OF THE FINANCIAL REPORT

For the Year Ended 30 June, 2017

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

Greg Winton
General Manager

Date: **27 September 2017**

DERWENT VALLEY COUNCIL

Management Certification of the Financial Report
For the Year Ended 30 June, 2017

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

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

I believe that, in all material respects, the financial statements present a view which is consistent with my understanding of the Derwent Valley Council's financial position as at 30 June 2017, financial performance, results of its operations and its cash flows for the year then ended.

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

John Bradley
Chief Financial Officer

Date: 15 August 2017