

# ANNUAL REPORT

2018/19

SOUTHERN GRAMPIANS  
SHIRE COUNCIL



Southern Grampians  
SHIRE COUNCIL







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# About THIS REPORT

Southern Grampians Shire Council is pleased to present the 2018/19 Annual Report to our community.

This report provides a comprehensive account of Council's achievements for the past year, together with challenges and aspirations for the future.

It details our performance against our commitments as set out in the Council Plan 2017-21 and provides an analysis of our financial performance. This report also demonstrates the breadth of our operations and the diversity of services delivered on a daily basis to the Southern Grampians community.

We hope you enjoy reading about the journey of Southern Grampians Shire across 2018/19.

## WHERE TO GET A COPY

To obtain a hardcopy of the Annual Report, please contact Council's Brown Street Customer Service Centre on the details below.

The content of this Annual Report is reviewed each year and your feedback is invited and can be completed via email to [council@sthgrampians.vic.gov.au](mailto:council@sthgrampians.vic.gov.au) or by a letter addressed to:

**The Chief Executive Officer**  
Southern Grampians Shire Council  
Locked Bag 685, Hamilton VIC 3300

## COUNCIL OFFICES

**Brown Street Business Centre**  
111 Brown Street, Hamilton  
Phone: (03) 5573 0444

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Hamilton VIC 3000











## Our SHIRE

Southern Grampians Shire was formed in September 1994 by the amalgamation of the former Shires of Dundas, Mt Rouse, Wannon and the City of Hamilton.

With a landscape dominated by the spectacular Grampians mountain range, ancient volcanoes, tranquil rivers and waterfalls and undulating pastoral land dotted with majestic red gums, the Southern Grampians spans the heart of Victoria's renowned 'Western District'. The Shire is located 290 kilometres west of Melbourne and 500 kilometres south east of Adelaide.

With a population of almost 16,000, Southern Grampians covers an area of 6,655 square kilometres. Hamilton is the main retail and service centre supported by the smaller towns of Balmoral, Branxholme, Byaduk, Cavendish, Coleraine, Dunkeld, Glenthompson, Penshurst and Tarrington.

Agriculture, with its associated industries, is the largest employment sector with this intensive agricultural production contributing significantly to the Victorian and Australian economies. Processing, manufacturing, research and development, engineering, retail, tourism, aged and health care services and education are also important employment sectors across the Shire.

The Southern Grampians Shire has a strong sense of community with people working together to achieve common goals and outcomes. This sense of community benefits the entire municipality and Council will continue to encourage and acknowledge the community interest in the development of our Shire.







Estimated resident  
population – **15,944**



Population density per  
person per hectare – **0.02**



Land area –  
**6,652km<sup>2</sup>**



Unemployment  
rate – **4.4%**



Average household  
**2.3 people**



Average weekly  
household income **\$1043**



Rateable properties  
**10,888**



Average annual rainfall  
(Hamilton) **611.1mm**



Average min temperature  
(Hamilton) **7.7°C**



Average max temperature  
(Hamilton) **19.2°C**



## *Acknowledgement* **OF TRADITIONAL LANDOWNERS**

Southern Grampians Shire Council acknowledges the Australian Aboriginal and Torres Strait Islander peoples of this nation.

We acknowledge the Gunditjmarra, Tjap Wurrung and Bunganditj people, the traditional custodians of the lands where we live and work.

We pay our respects to ancestors and Elders, past and present.

Southern Grampians Shire Council is committed to honouring Australian Aboriginal and Torres Strait Islander people's unique cultural and spiritual relationships to the land, waters and seas and their rich contribution to society.



# Our COUNCIL

## VISION

That Southern Grampians Shire will be recognised as a well-connected, dynamic regional centre, supporting a vibrant, healthy and inclusive community.

## VALUES

### Innovative

We will be open to new ideas, will welcome creativity and embrace change.

### Respectful

We will be caring, accept differences and value diversity.

### Collaborative

Together we will work smarter to achieve agreed common goals.

### Trusting

We will be open, honest and brave.

### Empowering

We will delegate opportunities and develop and inspire success.



# Our SERVICES

## Council is responsible for delivering more than 70 services to the Southern Grampians community.

This includes everything from family and children's services, recreation management, community facilities, waste management, roads management and community building; to business development, planning for appropriate development, asset management, major infrastructure projects and ensuring accountability for Council's budget. As well as implementing various Commonwealth and State Government programs, Council also provides a range of discretionary services in response to local community needs.

In order to best use limited resources to provide effective local government services for the community, Council undertakes extensive strategic planning across all areas of service delivery.

The result is a multitude of plans and strategies, usually prepared in consultation with the community. Some are required by legislation or a funding agreement, others are initiatives of Council. These might have quite different purposes or subjects, for example, focusing on a population group such as cultural diversity, positive ageing or youth plan, or focusing on specific services such as leisure, recreation or economic development.

This broad range of community services and infrastructure for residents, supports the wellbeing and prosperity of our community. Council's vision, strategic objectives and strategies to further improve services and facilities are described in our Council Plan, the Annual Budget, the Strategic Resource Plan and reported upon in this document.

A snapshot of the services provided by Council and their costs are shown below.



- Leisure - **\$9.14**
- Emergency Management - **\$0.46**
- Capital Works - **\$35.89**
- Cultural Services - **\$4.52**
- Community Services - **\$5.97**
- Economic Development and Tourism - **\$2.32**
- Community Development - **\$1.16**
- Planning and Environment - **\$0.92**
- Business Enterprises - **\$2.30**
- Waste - **\$4.94**
- Infrastructure - **\$21.55**
- Regulatory and Compliance - **\$3.44**
- Governance and Corporate Services - **\$7.39**



# Fast **FACTS**



**150,566** – Visits to shire aquatic facilities



**71,604** – Square metres of sealed local roads reconstructed



**2,841** – Number of registered animals



**173** – Number of first home visits by Maternal Child Health Nurses



**2,414** – Active library members



**6,365** – Kerbside Garbage collection bins



**22,859** – Items in the library collection



**127** – Planning applications received



**70** – Number of services provided to our community



**438,462** – Square metres of sealed local roads resealed



**1,000** – Animal management requests received by local laws rangers



**1,011,364** – Sheep and lambs sold at the Hamilton Regional Livestock Exchange



## Mayor's REPORT

I am delighted to present the Southern Grampians Shire Council Annual Report for the 2018/19 financial year.

We are extremely proud of the achievements and positive outcomes we have delivered to our residents over the last financial year. In 2018/19 we saw Council celebrate the completion of a number of major community infrastructure projects, including significant progress on the final stages of the Hamilton Regional Livestock Exchange (HRLX) project, delivery of over 90% of the entire capital works program, and completion of the entire \$38 million flood recovery program. Other highlights include the delivery of safe, open and reliable outdoor swimming pools, and completion of the Recreation and Leisure Strategy and Masterplans for both Lake Hamilton and Pedrina Park.

We had the pleasure of hosting a variety of events that represented the unique interests and the wonderful volunteers that make our Shire such a great place to live and work. The introduction of Listening Posts into our surrounding communities covered varied topics focusing on community priorities and ideas. During the year, a number of council meetings were held in Cavendish, Dunkeld, Branxholme, Glenthompson and Tarrington. These meetings were well supported by our communities.

To commemorate the 10 Year Anniversary of the 2009 Victorian Bushfires, the Governor of Victoria Hon. Linda Dessau AC visited the region on 3 February 2019. The Governor's visit to Hamilton and Coleraine was a great opportunity to thank communities and encourage those who had suffered as a result of the devastation.

Over the course of the year we also welcomed 22 new Australian Citizens into our Shire from countries including India, Hong Kong, the Philippines, Taiwan, the Democratic Republic of the Congo, Mozambique, Tanzania and South Africa.

A significant focus in the last year has been on supporting and attracting events to the region. In conjunction with the Australian Shakespeare Company, the performance of 'Romeo and Juliet' on the March long weekend, in the beautiful setting of the Hamilton Botanic Gardens, was sold out. Council has also commenced implementation of the Full House review of the performing arts.

As well as significant exhibitions in the Hamilton Art Gallery, there has been considerable work on the next stages in the development of a new Hamilton Art Gallery with development of the business case to seek funds from Federal and State Governments along with philanthropic support.

Recreation, leisure and sports continued to be widely used and supported, including commencement of the revitalisation and extension of the walking track around Lake Hamilton.





Tenders have also been sought for the development of a dog park within that precinct. Facilities including Melville Oval and Pedrina Park in Hamilton, along with Silvester Oval and Turnbull Street in Coleraine, have seen much use and planning and development for improved facilities has commenced. The 3x3 Champions League Basketball also continued for its second year. This event has proved extremely popular and participation continues to grow.

Other projects led by communities and supported by Council in our townships that are progressing or are close to completion, include the Mt Rouse steps in Penshurst, the Cavendish Men's Shed and Recreation Reserve facilities upgrade, Balmoral Recreation Reserve Community Hub, Dunkeld cricket nets, Branhholme public amenities and wi-fi. In Coleraine, work on the Adam Lindsay Gordon monument and township entry tree plantings has been undertaken. Hamilton has also seen the commencement of the CBD revitalisation projects, Ballarat Road landscaping and signage.

Council has continued significant effort and investment into digital transformation and this culminated in the hugely successful Digital Innovation and Smart Agriculture Festival or DISA, held in May 2019. This event ran over two days with visits to 'smart farms', a conference day in Hamilton and then topping off with students and youth showcasing the technology available for learning and education in the Hub at Hamilton. It is likely this event will continue and grow with more support from across Australia.

Council continued the pressure on other levels of government with many visits to Spring Street Melbourne and Canberra, promoting and seeking support for our advocacy priorities, including the return of passenger rail to Hamilton, improved bus services and connections, along with investment into key infrastructure including Hamilton and Coleraine CBDs and recreation facilities, including Melville Oval and Pedrina Park.

In October 2018 we also conducted our inaugural 'Year in Review' and launch of our Advocacy Priorities with very positive feedback from the community. This is planned to occur again in October 2019.

Finally I wish to express my sincere appreciation and thanks to my fellow Councillors, the CEO and staff of the Shire and to the community for being so welcoming, respectful and supportive of your Mayor and Councillors.

**CR MARY-ANN BROWN**  
Mayor



## CEO's REPORT

It is with great pleasure that I again present the year in review for the Southern Grampians Shire Council through the 2018/19 Annual Report.

This year saw my initial appointment of three years conclude and I was privileged to be provided with a new five-year contract to lead the Southern Grampians Shire Council organisation. I take this as a vote of confidence not in me necessarily, but in the team that has been developed and the way we go about our business here in the shire.

I know there is more work to do but I am confident, as the Council and community should be, that we are on the right track.

I believe we have made many advances in key areas of advocacy, customer service and responsiveness, while continuing to focus on good planning and delivery of projects, programs and major initiatives. While we still have areas to improve, I would like to take this opportunity to highlight some key achievements in the past 12 months.

The organisation, led by the elected Councillors, has continued significant community engagement in the development of the 2019/20 Annual Plan and Budget, leveraging off our community planning program and very active and informed communities. This year we implemented Listening Post-style engagement in addition to our regular engagement. We have been able to refer all issues or ideas raised in these forums either through our customer request system or addressing in budgets and/or programs.

This past year also saw the winding up of flood works across the shire which caused significant impacts in Coleraine, Cavendish and Dunkeld particularly. We have delivered, or are now in the process of finalising, around \$38 million worth of flood recovery works. We also conducted specific community engagement activities focussing on Street Tree Management, Hamilton and Coleraine Gateways planning, Hamilton CBD Revitalisation and Recreation and Leisure Masterplans and Strategies to name but a few.

In an ongoing tight fiscal environment, the financial accounts reflect the strong position Council is in for the 2019/20 year. However, with pressures both internally and externally restricting Councils' ability to raise revenue, much work will continue into our financial position. The organisation is to be congratulated on this continuing effort and the approach from the Council, to invest strategically and responsibly.



The challenges for 2019/20 and beyond continue to revolve around maintaining our service levels to community expectations within the financial constraints and also delivering significant capital works to maintain Council's asset base in roads, buildings and other physical assets. This is the subject of substantial ongoing work in the next four years and a partnership approach with the community and other levels of government is critical.

A major focus for Council over the past two years has been on boosting the local economy and this will continue into the next two years. We have been working locally and regionally to attract workforce and population to the region from major cities and urban areas and improving our ability to place people immediately into employment, schooling and related family services. Our communities have been extremely welcoming and supportive of this effort.

The other economic focus has been to support a diversified economy. This includes leveraging and growing our offerings in agriculture, while also working towards other markets including horticulture, viticulture and most importantly value-adding to our current agricultural commodities. I am very confident that these efforts will be rewarded in the next 12 months.

With the above key strategies to boost our local economy, we have helped to create another problem in access to affordable housing. A significant body of work is currently underway to look at strategies to address both housing for purchase and rental across the shire and we expect to see some tactics employed to alleviate some pressure in this area during the coming year.

The past 12 months has also seen a sustained effort in our advocacy to State and Federal government to highlight the priorities of our communities and our region. Council has a detailed priorities list which we will continue to lobby for, seeking our share of support from other levels of government.

Internally, improving our customer service has been a focus of the past three years. It was extremely pleasing therefore, for myself and the organisation, to reflect on the 2018/19 Community Satisfaction Survey results that saw significant increases in the community rating of our Customer Service, Sealed Road Network and Community Consultation, reversing a downward trend of the prior three year period.

In closing, I acknowledge the outstanding efforts and commitment from our staff, our elected Councillors and the community, where in partnership, we have been able to deliver great outcomes. I am confident we will continue to do so. I thank all Councillors and the current Mayor Cr Mary-Ann Brown for their leadership of Council and within the community.



**MICHAEL TUDBALL**  
Chief Executive Officer







# Year at a GLANCE

Southern Grampians Shire Council's performance reporting is based on five Strategic Objectives that are outlined in the Southern Grampians Shire Council Plan 2017-2021. Each Strategic Objective has a set of strategies that we want to achieve and how we will achieve them, which guides our actions during the year.

These highlights contain a snapshot of our performance for the year for each Strategic Objective with more detailed information from pages 46 to 71. The Southern Grampians Shire Council Plan 2017-2021 is available from our website [www.sthgrampians.vic.gov.au](http://www.sthgrampians.vic.gov.au).



## STRATEGIC OBJECTIVE 1:

### SUPPORT OUR COMMUNITY

A vibrant, growing community that is healthy, inclusive and connected

#### Highlights

- Hosted annual New Residents function to welcome newcomers to town and provide information on Council services, community groups and to help people make connections
- Outdoor pools free entry trial conducted, resulting an increase in patronage from 18,887 to 31,426 visits
- \$191,574 of funds delivered to community projects through a streamlined Greater Grants program using the Smarty Grants program
- Successful removal of 30 Koalas from Lake Hamilton Island and relocation to Mt Napier
- Curation of 15 exhibitions at the Hamilton Gallery utilising items from the collection and hosting of 14 inbound exhibitions of works from other galleries, artists and private collections
- Completion of scoping study for a new Gallery and Council resolution on a preferred location
- Held successful Shakespeare in the Gardens event for the second year in a row, with 24% of tickets sold within the first day of sales. 21% of tickets were sold to people living outside our shire and nearly 32% were from outside Hamilton
- Establishment of smart parking pilot in Hamilton CBD, providing Council with usage data to better inform CBD revitalisation project.



## STRATEGIC OBJECTIVE 2:

### DEVELOP OUR REGIONAL ECONOMY AND BUSINESS

A strong, diversified local and regional economy

#### Highlights

- Scoping of Stage two Hamilton CBD revitalisation project – Lonsdale St/Melville Oval/Gray Street undertaken, involving extensive community and stakeholder engagement
- Successful community engagement to progress the Dunkeld Visitor Hub and Grampians Peaks Trail head project
- Implementation of a pro-active strategy to promote and grow the Hamilton Regional Livestock Exchange
- Successful community engagement regarding Hamilton CBD Revitalisation project
- Ongoing TV advertisements and social media promotion campaigns to promote Greater Hamilton region
- Completion of stage three of the Hamilton Regional Livestock Exchange works
- Commencement of development of Hamilton-Port Fairy Road Industrial Estate
- Hosted annual Greater Hamilton Events forum for local event planners and businesses



## STRATEGIC OBJECTIVE 3:

### PLAN FOR OUR BUILT ENVIRONMENT AND INFRASTRUCTURE

Provide access to infrastructure that meets community needs

#### Highlights

- On time and on budget completion of capital works program for roads, with 154 kms of roads across the Shire renewed or resealed
- Development of 10-year Outdoor Pool Asset Management Plan, demonstrating the costs and challenges of maintaining current service level into the future
- Adoption of the Recreation and Leisure Strategic Plan 2019-2029 and the Lake Hamilton and Pedrina Park Masterplans
- Resurfaced the Lake Hamilton walking track
- Completion of flood recovery works, valued at \$34 million, repairing over 3,771 defects
- Completed the building service review and new arrangement implemented in February 2019
- Coleraine Flood Investigation report completed and adopted by Council
- Completed four-step 12-month action plan of remedial works on Hamilton CBD trees.





## STRATEGIC OBJECTIVE 4:

### PROMOTE OUR NATURAL ENVIRONMENT

Promote a culture that supports a clean, green and sustainable environment

#### Highlights

- Adoption of the Roadside Vegetation Management Plan
- Commencement of the Wannon Bushfire Risk Reduction Project, involving significant engagement with Wannon community
- Restoration of the Grangeburn in collaboration with the Glenelg Hopkins Catchment Management Authority and the Grange Burn restoration
- Initiated the preparation of the Domestic Waste Water Management Plan
- Completed the Environmental Health service review.

## STRATEGIC OBJECTIVE 5:

### PROVIDE GOVERNANCE AND LEADERSHIP

Strong leadership, good governance and effective service delivery

#### Highlights

- Works department commenced the first annual intake of five Civil Trainees
- Hosted the Governor of Victoria for Black Saturday commemoration events in Hamilton and Coleraine
- Achievement of significant increases in the community rating of our Customer Service, Sealed Road Network and Community Consultation, reversing a downward trend of the prior three year period
- Continued advocacy for Councils priority projects including several visits by Mayor and CEO to Canberra and Spring Street
- Implementation of less-formal listening post style engagement sessions to encourage greater community participation
- Council holding five Council Meetings in towns outside Hamilton.



## CHALLENGES OF THE YEAR

- Construction of the new Aviary as part of the Hamilton Botanic Gardens Masterplan
- Engagement and decision-making around preferred location of proposed new Hamilton Gallery
- Pedrina Park Masterplan development
- Mount Rouse steps project delivery
- Hamilton Performing Arts Centre currently undergoing service review. Consultants Full House have also been engaged to undertake a marketing and audience development plan.

## FUTURE OUTLOOK

- As part of the Digital Strategy implementation, continue digital innovation capacity building program and implement Smart Community Initiatives
- Implement the short and medium priorities in response to the adopted Recreation and Leisure Strategy and relevant Master Plans
- Implement an investment attraction program that focuses on the key industries of agriculture, manufacturing, retail, tourism and the digital economy
- Complete construction of the serviced industrial land in Port Fairy Road and commence a sales and marketing campaign
- Complete stage three of the Livestock Exchange roof over the Cattle Yards
- Completion of canteen facilities upgrade at Hamilton Regional Livestock Exchange
- Deliver the next stages of the CBD revitalisation project
- Deliver amendments tabled under the Hamilton and Coleraine Flood Studies
- Invest in the appropriate systems, processes and training to support an environment which delivers a seamless Customer Experience
- Development of CVF 2041 - the community vision framework for the Shire. Council expects to have an issues paper out in late 2019 and undertake agency and community engagement on a 20 year vision. This will inform Council's priorities, advocacy and future direction at the highest level. It will also define major projects and level of partnership with all key stakeholders as well as the wider community.



# Financial SUMMARY

Council has a Strategic Resource Plan which outlines how the objectives of the Council Plan 2017-2021 will be resourced.

The key objectives of this Plan are:

- Maintain the existing range and level of service provision and improve the understanding of the range and levels of service provided
- Maintain a viable cash position, ensuring Council remains financially sustainable in the long-term
- Achieve operating statement surpluses with the exclusion of all non-operational items such as granted
- Assets and capital income within the 10 year timeframe of the long term financial plan
- Reduce debt to a low to moderate level to allow capacity to fund future infrastructure
- Continue to pursue recurrent grant funding for strategic capital funds from the State and Federal government
- Provide for rate increases that work towards reaching a funding level for renewal demand being invested at 100 percent.

## FINANCIAL RESULTS AT A GLANCE

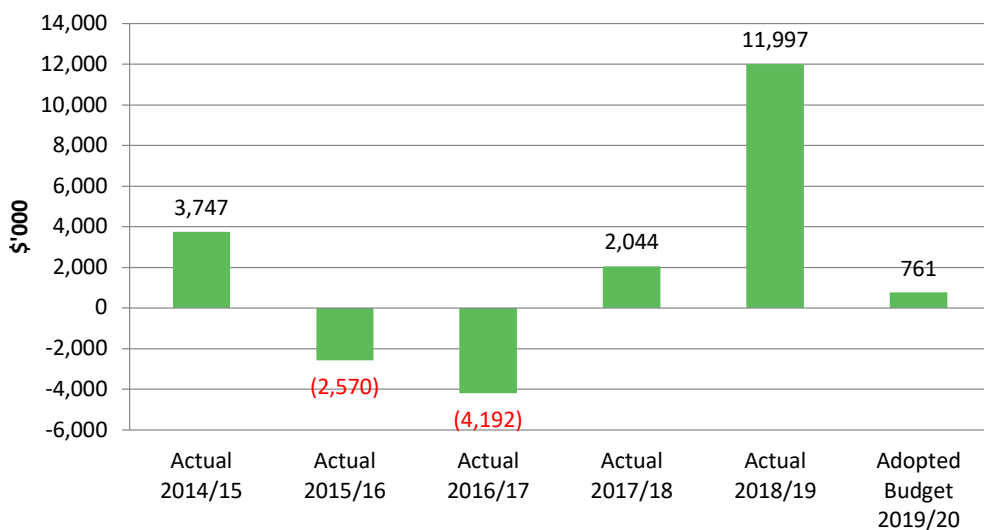
- Operating Expenditure - \$70.841 million
- Capital Works Program Delivered - \$28.458 million
- Rates and Charges - \$20.206 million
- Operating Surplus \$11.997 million
- Net Funds Available - \$19.733 million
- Working Capital - \$3.06 of current assets for every \$1.00 of current liabilities
- Debt decrease of \$404,000 from \$2.262 million to \$1.858 million.





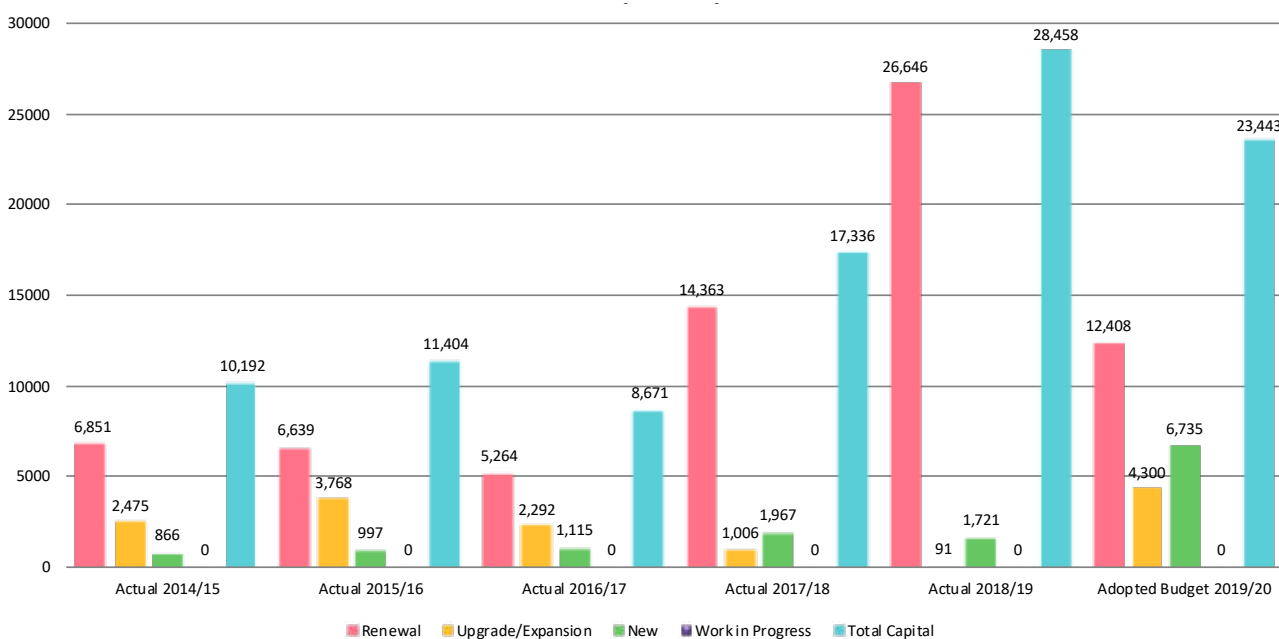
## NET OPERATING RESULT

The operating surplus in 2018/19 was \$11.997 million compared to a budgeted \$13.839 million surplus. Council's long term financial plan demonstrates modest operating surplus in the next five years.



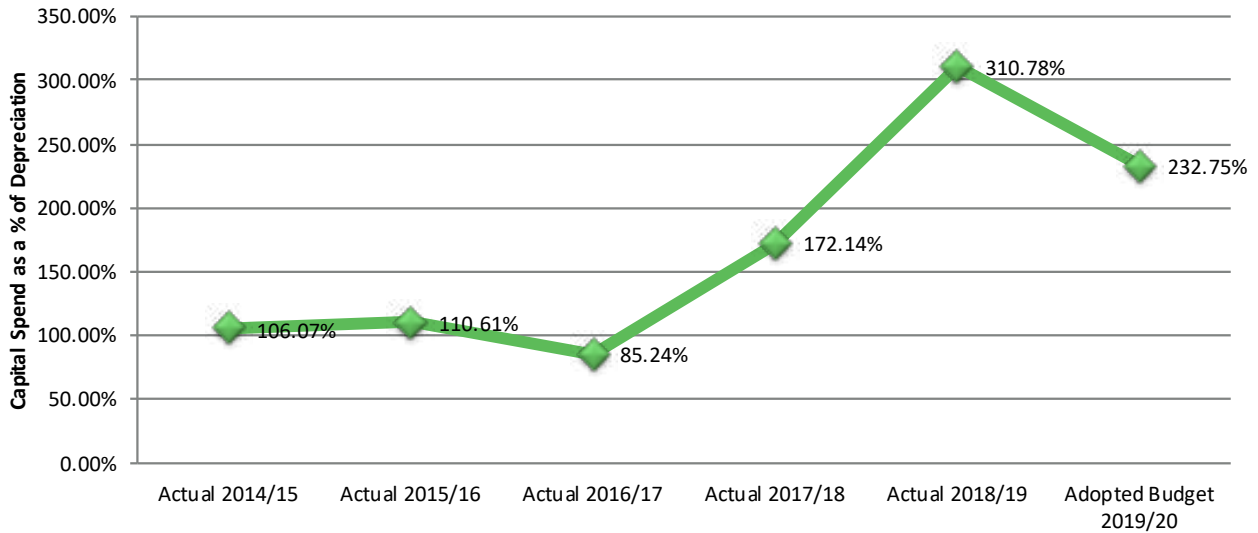
## SUSTAINABLE CAPITAL EXPENDITURE

Council continues to invest in renewing and revitalising its assets. Council spent \$28.458 million on Capital works in 2018/19 with an average spend in excess of \$15 million for the past five years. Of this amount Council spent 70 percent of capital expenditure on the renewal of assets with the remaining capital funds being expended on the upgrade/expansion of existing assets or new assets.



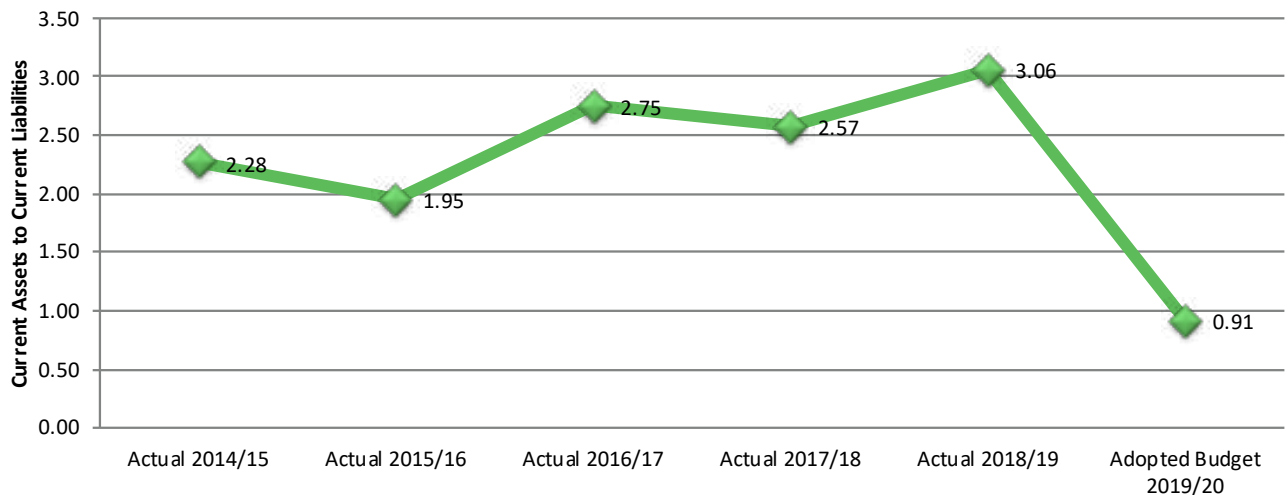
## RATIO OF CAPITAL EXPENDITURE TO DEPRECIATION

A ratio of capital expenditure to depreciation of greater than one hundred percent indicates that Council is spending more on replacing assets than it is consuming during the period. Council achieved 311 percent for 2018/19. However, it should be noted that 148 percent of this was restoring assets to their former condition following floods and was externally funded.



## WORKING CAPITAL

This graph indicates Council's ability to meet its short term commitments with its short-term assets. Council ended the year with a ratio of 3.06:1 which means for every \$1 of short-term liability, Council has \$3.06 of current asset. Future working ratios are predicted to enable Council to meet its commitments as they fall due.

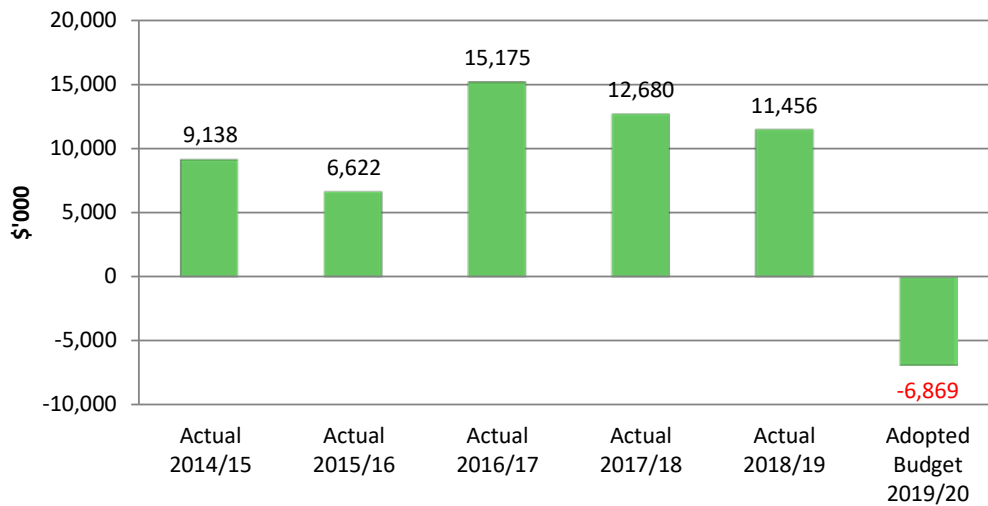




## NET FUNDS AVAILABLE

Net Funds available is the remaining cash after all current liabilities and restricted cash holdings have been met. Cash includes trust and deposit accounts.

Council will draw down on cash reserves for 2019/20.

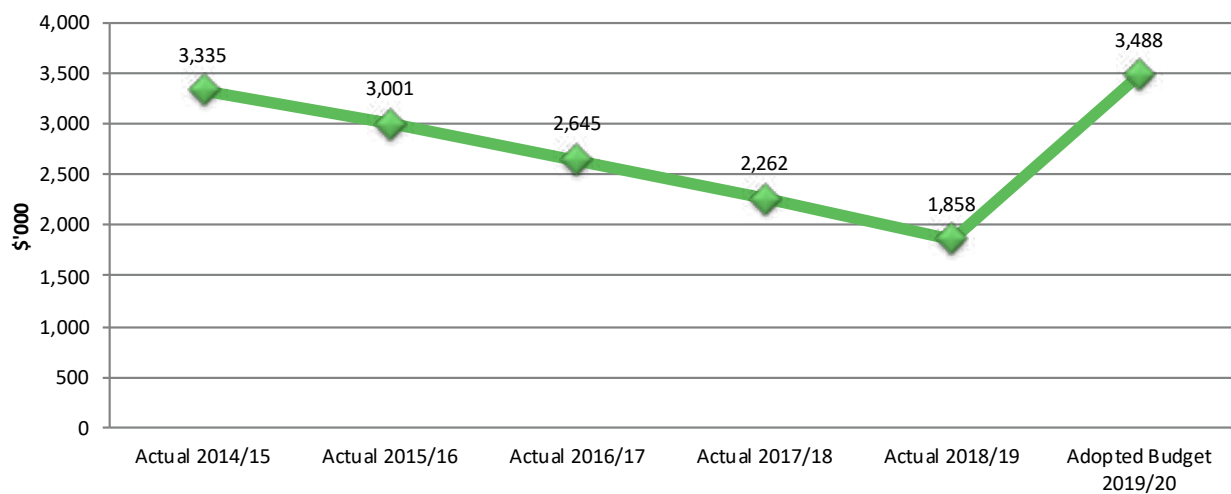


## DEBT LEVELS

Council has decreased debt by \$404,000 in 2018/19.

Council has a policy to only borrow for intergenerational assets, where business case analysis deems this to be the most prudent financial choice for funding the asset.

Council's long-term financial plan includes assumptions about future borrowings.

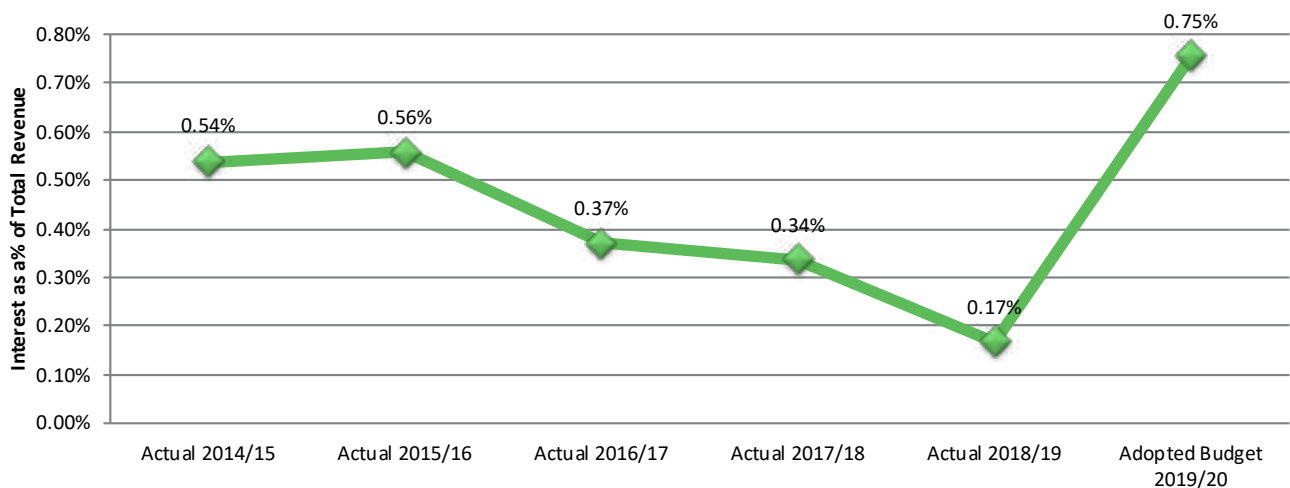


## DEBT SERVICING LEVELS

For the past four years Council has maintained a debt servicing ratio of less than one percent. This means that less than one percent of total revenue is used for interest payments relating to the consumption of debt.

Council's Debt Commitment Ratio – which is total debt servicing and debt redemption as a percentage of annual rate revenue is 2.68 percent (0.65 percent of total revenue) for 2018/19.

These ratios indicate Council is in a sound financial position.





## Major CAPITAL WORKS

The capital works program forms a significant proportion of Council's budget. In 2018/19, \$15.3million was allocated to capital works projects across the Shire.

The aim of the capital program is to provide targeted expenditure on projects to maintain or improve Council's infrastructure, assets and services. The total capital expenditure for the 2018/19 financial year was \$9.3million.

**COUNCIL HAS DELIVERED 92% OF THE CAPITAL WORKS PROGRAM AND A FURTHER 15 PROJECTS WHICH WERE STARTED BUT NOT COMPLETED BEFORE THE END OF THE FINANCIAL YEAR AND FIVE PROJECTS DEFERRED.**

Major Capital Projects delivered in 2018/19 include:

### LAKE HAMILTON WALKING TRACK

Works were undertaken in May 2019 to upgrade the 4.2km Lake Hamilton walking track. Through the public consultation process for Council's Lake Hamilton Masterplan and from listening to community feedback, Lake Hamilton has been recognised as one of the Shire's most popular places for residents and visitors to visit and exercise.

To service this increasing demand, and with the success of Hamilton Parkrun, the need to improve and extend the track has been recognised and prioritised by Council.

Works completed in May included track improvements and re-sheeting to the existing track, as well as the installation of geofabric in low sections of the track to provide extra stability during the wet weather.

A 400m loop will be added to the track in late 2019, in order to create the extra 800m required to bring the full Lake Hamilton track to a five kilometre circuit.





## CBD TREE ACTION PLAN

The CBD Tree Management Plan was completed during 2018/19. The plan was based on recommendations from Arborists Homewood consulting and demonstrates Council's commitment to the ongoing maintenance of street trees in the CBD.

The 12-month project included the following works:

- Removal of 11 trees in the Hamilton CBD
- Removal of the large Blue Gum on cnr of Lonsdale and Thompson Street
- Trimming of 142 trees in the CBD (Gray, Thompson, Brown, French, Kennedy, Cox and Lonsdale Streets)
- Improved clearance from powerlines and street lights in the CBD.

The removal of the Blue Gum involved a range of complexities, given its age, location, historical significance and community interest. A number of safety measures were implemented for the safety of pedestrians and motorists, including traffic management around the Lonsdale and Thompson street intersection and footpath diversions. The successful removal took just over three days and occurred without incident.

## MOUNT ROUSE STEP REPLACEMENT

The pinnacle of Mount Rouse in Penshurst provides tourists and locals with one of the most spectacular views in south west Victoria. The summit of Mount Rouse is visited by more than 15,000 visitors a year and is a key experience of the Kanawinka Geopark. The site is often included in group tours with 30+ visitors walking the summit at any time. Mount Rouse is also a well promoted stop off for those travelling the internationally renowned Great Southern Touring Route.

The existing red gum steps at Mount Rouse were identified as a safety issue due to being uneven and dangerously steep, and had experienced extensive deterioration over time. It was subsequently identified that the existing hand rail had become loose and that a more secure alternative was needed. Construction of the new staircase and viewing platform commenced in December 2018.

The upgraded structure, made from a combination of recycled plastic material and galvanised steel, is designed to provide a safe and secure replacement. The new design of the steps also allows for resting areas and space for passing and includes a new viewing platform at the top, vastly improving the visitor experience.

The outcome is a much improved solution from both a safety and amenity perspective for visitors and locals to access this popular tourist attraction.



## MAJOR ROAD PROJECTS

Around 3,564km of roads are situated within Southern Grampians Shire and it is a huge challenge each year to maintain, repair and restore them.

Council place a high priority on road maintenance and each year allocates millions of dollars to road management.

### Major road projects completed in 2018/19 include:

#### Rural Rehabilitations:

- Zig Zag Road
- Carapook Road
- McIntyres Crossing Road
- Satimer Road
- Melville Forrest Road
- Red Road

#### Urban Rehabilitations:

- Fenton Street
- Gray Street
- Bree Road

#### Major Culvert Replacements:

- Hensley Park Road
- Cameron's Road
- Rudolphs Lane
- Branhholme / Byaduk Road

## THIS YEAR COUNCIL'S WORKS TEAM COMPLETED:

**26.93km of final seals**

**61.35km of rural road reseals**

**15.65km of urban road reseals**

**14.46km of rural road  
rehabilitation projects**

**2.83km of urban road  
rehabilitation projects**

**2.16km of additional road  
rehabilitation projects**

**25.57km of gravel re-sheet  
projects**



# Major ACHIEVEMENTS

## FLOOD RECOVERY CONCLUSION

June 2019 saw the conclusion of the works under contract for repairs to the damage arising from the September/October 2016 and March 2017 floods and storms. In total, \$34 million of works across the shire were completed in the three years following the storm events.

With the exception of the insurance works, all other activities were under the Natural Disaster Relief and Recovery Arrangements - a partnership between the State and Federal Governments to provide financial assistance to Local Governments in the recovery from the impacts of major Natural Disasters. For this support and funding, Southern Grampians Shire Council is very grateful and appreciative.

Council acknowledges the significant efforts of both the Flood Recovery team and the Works Department over the last three years. We thank the community also for their patience, cooperation and understanding following the floods and while works were completed.

## THE STATS:

- 26 community asset projects completed, costing \$2.02 million
- 16 insured assets for a claim value of \$1.23 million
- 5078 flood defects on essential infrastructure
- 225 km road repairs
- 176 km shoulder repairs
- 253 km roadside drainage cleared and restored
- 1229 minor culvert defects repaired
- 88 bridges and major culverts repaired
- 7 tunnel erosion sites remediated
- 256 sq meters of footpath repairs
- 4 km underground storm water pipes inspected and cleaned
- 1.5 km storm water pipes lined
- Over 168,000 photos taken as evidence of damage and repairs
- Over 500,000 data points collected
- Over 55 contractors engaged
- 30 tenders
- 22 formal requests for quotation







## **CBD REVITALISATION MASTERPLANNING - STAGE TWO**

In 2018/19, Council undertook significant community engagement and planning around stage two of the CBD revitalisation project.

The focus of stage two includes Melville Oval, Lonsdale Street and Gray Street, as well as other connecting streets and laneways. The project explores options to improve walking and cycling, introduce public art and signage, improve public spaces and parking, as well as improvements to landscaping.

The consultant team from designers Jensen Plus hosted a week long engagement opportunity in February, where they designed the spaces “live” in front of the public during a co-design workshop where community members were encouraged to participate and share their opinions and ideas, giving the designers instantaneous feedback.

There were also targeted sessions with stakeholders groups including HRBA, Melville Oval user groups, disability groups and the local arts community, providing an opportunity for more targeted feedback. A street walk around the Hamilton CBD was well attended and provided an opportunity to learn about proposed key design elements.

In a first step towards activating some of the many CBD laneways, a mural project was painted by a number of local artists in McGuigan's Lane throughout the three days of the workshops. This proved extremely successful, with many people turning out to take part or to simply observe the artists in action.

In May, a number of Staff, Councillors and community members travelled into South Australia to view, discuss and understand a number of Town Centre and CBD revitalisation projects to further inform the stage two project. The tour provided the opportunity to see and discuss other locations of similar size and characteristics to Hamilton and some larger projects to help inform future decisions.





## PROMOTION AND MARKETING OF HAMILTON LIVESTOCK EXCHANGE

Implementation of pro-active strategy to promote and grow the Hamilton Regional Livestock Exchange was identified as priority for Council in the 2018/19 Budget.

Following the appointment of a dedicated part-time resource to this initiative, promotion and marketing activities of the Hamilton Regional Livestock Exchange (HRLX) commenced.

A new logo was been created for the facility which has been used in a variety of ways throughout marketing and promotion activities along with the tagline 'Your Livestock Exchange' which is used in conjunction with the logo when suitable.

The HRLX social media strategy includes both a Facebook page and an Instagram account, sharing sale day images, truck ramp information and Meat and Livestock Association reports. These pages have proved popular already with substantial following of local agents and vendors.

A static page was created on the SGSC website which will house contact information for the facility, copies of upgrade plans, freight calculators, sales results, agent information. This page can be viewed at [http://www.sthgrampians.vic.gov.au/Page/Page.aspx?Page\\_Id=2492](http://www.sthgrampians.vic.gov.au/Page/Page.aspx?Page_Id=2492)

A range of promotional products were created including caps, bumper stickers and fridge magnets, all focused on the 'Your Livestock Exchange' tagline and designed to raise brand awareness and community ownership of the facility.

Initial feedback surrounding the planned and current activities has been extremely positive and Council look forward to capitalising on this over the next 12 months.

## RECREATION AND LEISURE STRATEGIC PLAN

The Recreation and Leisure Strategic Plan provides a clear guideline and a long-term vision for the development, provision and promotion of the shire's sport, recreation and leisure facilities for the next 10 years. It builds on the existing infrastructure to reflect best value-for-money, while retaining flexibility for changes in future use and/or multi-use options.

Development of the plan included meeting with sporting clubs, schools, organisations and community groups to better understand their needs. Over 300 public surveys were completed and 50 clubs and organisations participated in forums and interviews. The consultation highlighted what is currently working well, the issues and gaps in existing facilities, programs and services.

The draft Strategic Plan and Master Plans for Lake Hamilton and Pedrina Park were placed on public exhibition for a period of six weeks, during which time, 28 written submissions were received. In response to this process, amendments were made to reflect the submissions where a positive contribution to the Strategy and Masterplans could be made, that will assist Council and Community increase activity and participation in physical activity and improve health and wellbeing over the life of the plan.

By adopting the Strategic Plan and Master Plans, Council acknowledge that to achieve the vision to have a healthy and vibrant community that is growing, safe, diverse and inclusive, it must lead and ensure a large community effort and partnership to create opportunities for the community to be active, engaged and participating in active lifestyles that improve health.





## SMART COMMUNITY FRAMEWORK

Leveraging the Council-provided LoRaWAN IoT sensor network and the connectGH public WiFi network, Council is investing in smart technology to drive innovation and economic development.

With the limited resources of a rural council, Council is taking a proactive approach to Digital Transformation, ensuring that we bring our community along for the ride.

The following initiatives were completed in 2018/19:

### DISA festival

The highlight of Council's smart community journey thus far occurred in May 2019 when Council hosted the inaugural **Digital Innovation and Smart Agriculture (DISA) 2019 Festival**.

The festival highlighted the amazing transformation Council has experienced, from a council that five years ago didn't have a dedicated IT department, to one that is leading the conversation with its peers on the benefit of digital innovation, smart agriculture and smart communities.

The three-day festival showcased smart agriculture and how IoT is transforming farm management, rural councils who are leading the way in transforming into smart communities, insights from industry leaders on data-driven decision making and business optimisation. The event concluded with a 'Digital Education and Innovation Hub', attended by more than 300 school aged kids. They experienced robotics, VR, drones, coding, gaming, STEAM and 3D printing. With South West TAFE, Deakin and the Academy of Interactive Entertainment (AIE) also in attendance, displaying digital education pathways locally for our youth to pursue.

The goal for DISA was capacity building of our community around digital transformation and the opportunities for the region. Council are building the digital ecosystem that can hopefully nurture an innovation or start-up community into the future. The DISA19 event was such a success, that planning has already commenced for DISA20.







### Parking sensors installed providing usage data

Installed in the Hamilton CBD, the parking sensors are providing real-time data on car-park usage across the CBD. This data will help inform the CBD revitalisation project and is used by the Local Laws department to analyse optimal staffing requirements for street patrols. The data is also freely available via the 'SGSC Smart Community and Open Data Platform'.

### Self-walking tour/tourist app powered by NAEUS

This app provides a boost to tourism with an engaging digital solution. Tourists can use this app to help explore the wonderful natural surroundings we have in Southern Grampians and share their images and experiences with others.

### Weather stations implemented in each township

This platform allows our community to easily access, analyse and visualise real time Council weather and other IoT data and other SGSC open data sets.

### Water quality solution installed in all six of our outdoor pools

This technology allows staff to remotely view pool water quality and change chemical dosage remotely from a smartphone. The solution has saved an incredible amount of resource time - previously Council pool maintenance staff were traveling to each pool daily during pool season to ensure our aging pool infrastructure was working as expected. Two of the six outdoor pools are a 45 minute drive from Hamilton where pool maintenance staff are located. Not only does this save resource time but it enables Council to deliver a better pool service to the community by reducing the amount of pool closures due to early detection of water quality issues.

### DUNKELD VISITOR HUB AND TRAILHEAD CONCEPTUAL PLAN

As part of the proposed Grampians Peak Trail (GPT), Parks Victoria will establish a walking trail that links the township of Dunkeld to Mount Sturgeon. The trailhead at Dunkeld will provide a significantly engaging starting point for those commencing the GPT or sense of arrival for those that have completed the GPT.

The GPT users will create extra demand on Council's accredited Visitor Information Centre precinct particularly at the trailhead. Council have identified the need to plan for the additional facilities that will be required to service the increase in visitation.

Significant consultation undertaken throughout July and August 2018 with the Dunkeld community has seen the development of a conceptual design plan that addresses a number of the issues expected once the GPT commences. A business case has been prepared and funding is currently being sought to commence stage one of the project.





## ENGAGEMENT WITH LOCAL DISABILITY GROUPS

In early 2019, Council reviewed the effectiveness, operations and composition of the Community Inclusion Advisory Committee (CIAC) as per the action in Council's Community Inclusion Disability Action Plan. The purpose of this action was to increase the number of people with a disability engaging with Council on important issues that affect them.

It was felt that members of the community with a disability were not sufficiently represented on the committee. Current trend and movement of the disability sector is that no conversations should happen without members of the community with a disability present. Following the February 2019 CIAC meeting, it was decided a new format of engagement should be trialled to adequately gather the type of feedback required from this target market.

Since this decision, targeted engagement and consultation has been successfully trialled on several Council projects, including the Hamilton CBD masterplan, the Cox Street project design and the design for the Mulleraterong pedestrian crossing. This has included one-on-one presentations with agencies Western District Employment Agency, Mulleraterong, Southern Stay and Hamilton Community House; as well as targeted invitations to community engagement sessions.

We have also engaged directly with existing self-advocacy groups All Abilities Advocacy South West Victoria and Self-Advocacy Committee – Mulleraterong.

The direct result of this targeted approach to engagement, has been that feedback received has been more practical and user-based, compared to the higher-level strategic feedback Council would previously receive. Examples of the suggestions received include:

- Bike racks in the Cox St design
- Tactiles installed into roundabouts included in CBD revitalisation
- Pedestrian crossing upgrade and signage installed at Mulleraterong
- Changing place facility (accessible) included into CBD masterplan.

Feedback on the change in engagement method from the groups and individuals involved has been extremely positive, suggesting it is much preferred to the previous model and gives participants greater ability to influence change in their community.



## FUNDING FOR CATTLE YARD ROOF

In March 2019, Council received funding of \$715,000 for the cattleyard roof at the Hamilton Regional livestock Exchange. The funding, made available through the Australian Government's Building Better Regions Fund, combined with Council's contribution, will see the \$1.3 million project complete by the end of the 2019/20 financial year.

Council made the decision to roof the cattle yards at the Hamilton Regional Livestock Exchange (HRLX) following a review of operations in early 2018. The review comprised one-on-one discussions with key stakeholders including producers, buyers and agents to better understand the drivers and inhibitors to the Hamilton facility. Council pursued the review in an effort to ensure not only the ongoing viability of HRLX, but to ensure growth of the current and future offerings.

Among the recommendations in the report, adopted at Council November meeting, was the commitment of \$1.3 million to roof cattle yards 1- 99. Councillors agreed that the lack of a roof on the cattle yards has impacted cattle sales and it was the view of Council that commitment to this capital expenditure would entice agents and buyers to HRLX. Construction commenced in late June 2019.





# Community GRANTS

Southern Grampians Shire Council has contributed to community infrastructure, events and other initiatives in this financial year through its Greater Grants program.



Greater Grants assistance is considered for organisations, groups, committees and individuals with proposals that directly benefit the Southern Grampians Shire region.

The Greater Grants program was established to deliver Council grants that are responsive to the needs and opportunities of the community, inclusive and equitable to all, and one that facilitated the flexible delivery of key strategies identified within the Council Plan 2017-2021 across the social, economic and environmental spectrum.

This program consolidates Council's extensive range of grant opportunities into one program to enable better integration and coordination of grant administration and improved marketing of those grant opportunities.

The Greater Grants program contains two rounds per year and applications are assessed using pre-determined evaluation criteria by the Greater Grants Team.

In 2018/19, Council awarded \$191,574 worth of Grants, supporting almost \$675,000 worth of community projects, events and initiatives.

Some of the community initiatives supported last year were:

- Hamilton-Coleraine Rail Reserve Committee Inc - purchase of wikiweeder
- Friends of Yatmerone - Repair to Yatmerone dry stone wall
- Branhholme Progress Association - Community catering trailer
- Grampians Golf Club - Bore connection project
- Nareen Mechanics Hall- Painting of internal walls of hall
- Dunkeld Art Group - Dunkeld Art Group market and open studios
- Chameleon Arts Collective Inc - Cultural integration project
- Hamilton Rowing Club - Celebrating 40 years of rowing in Hamilton - Regatta function
- Hamilton Uniting Church Food distribution service - New fridges
- Wannon Nigretta Community Group - Wannon Falls clean up
- Woolly West Fest 2019 - Pete the Sheep
- Penshurst Football Netball Club- Kitchen renovations
- 3rd Hamilton Guides - Installation of safety doors
- Grace Fellowship - Refurbishment of no cost cafe kitchen
- Coleraine Men's Shed - New thicknesser
- Glenthompson War Memorial Hall - Glenthompson hall renovations
- Hamilton History Centre Inc. - Computer and scanner
- Hamilton Pastoral Museum - History in action at the pastoral museum
- Cavendish Scouts Group - Upgrade outdoor equipment.





# COUNCILLORS

## ROLES AND RESPONSIBILITIES OF COUNCIL

Southern Grampians Shire Council is elected to provide leadership for the good governance of the municipal district and the local community under the provisions of the Local Government Act 1989.

The role of a Council includes:

- Acting as a representative government by taking into account the diverse needs of the local community in decision making
- Providing leadership by establishing strategic objectives and monitoring their achievement
- Advocating the interests of the local community to other communities and governments
- Acting as a responsible partner in government by taking into account the needs of other communities
- Fostering community cohesion and encouraging active participation in civic life.

The functions of a Council include:

- Advocating and promoting proposals which are in the best interests of the local community
- Planning for and providing services and facilities for the local community
- Providing and maintaining community infrastructure in the municipal district
- Raising revenue to enable the Council to perform its functions
- Making and enforcing local laws

- Exercising, performing and discharging the duties, functions and powers of Councils under this Act and other Acts
- Any other function relating to the peace, order and good government of the municipal district.

Council is committed to good governance and that commitment is evidenced by its inclusion in our Council Plan as one of five key fundamental objectives.

In October 2016, the seven Councillors of the Southern Grampians Shire Council were elected. The Southern Grampians Shire Council includes three Councillors who were re-elected - Cr Albert Calvano, Cr Katrina Rainsford, and Cr Cathy Armstrong, and four new Councillors – Cr Mary-Ann Brown, Cr Chris Sharples, Cr Greg McAdam and Cr Colin Dunkley.

The Mayor is elected annually at a special meeting. They have responsibility for setting the strategic direction for the municipality, policy development, identifying service standards and monitoring performance across the organisation.

Councillor Mary-Ann Brown was elected as Mayor of the incoming Council in November 2016, was re-elected to serve a second term in November 2017 and a third term in November 2018.

Councillor Chris Sharples was elected as Deputy Mayor in November 2016, re-elected to serve a second term in November 2017 and a third term in November 2018.





**CR MARY-ANN  
BROWN**

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**CR CHRIS  
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**CR KATRINA  
RAINSFORD**

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## REPRESENTATION

Councillors represent the interests of our communities through direct contact with residents, representation on local interest groups and involvement with other agencies.

Each year Council appoints representation to a range of other bodies. Appointments were made at the Ordinary Meeting of Council held on 12 December 2018 and are detailed in the table below.

### COMMITTEES REQUIRED BY LEGISLATION

Audit and Risk Committee	Mayor Cr Dunkley
Municipal Emergency Management Planning Committee (MEMPC)	Cr McAdam

### SECTION 86 COMMITTEES

Planning Committee	Cr Dunkley Cr Rainsford
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### ADVISORY COMMITTEES ESTABLISHED BY COUNCIL

Community Inclusion Advisory Committee	Cr Armstrong
Hamilton Regional Livestock Exchange Advisory Committee	Deputy Mayor Cr McAdam
CEO Employment and Remuneration Charter	Mayor Deputy Mayor Cr Rainsford Cr Dunkley

### COMMITTEES ESTABLISHED BY OTHER BODIES

MAV Delegate	Mayor Deputy Mayor (proxy)
Great South Coast Group	Mayor
Rural Councils Victoria	Mayor
Barwon South West Local Government Waste Forum	Cr Rainsford
Green Triangle Action Group	Cr Rainsford Cr McAdam (proxy)
Alliance of Council's for Rail Freight Development	Cr Calvano Cr Rainsford (proxy)
Timber Towns Victoria	Deputy Mayor



## CR CALVANO 10 YEAR SERVICE AWARD

Cr Calvano was first elected onto Southern Grampians Shire Council in 2008.

“It has been a great privilege being a Councillor of the Southern Grampians Shire. Coming to Australia as an immigrant from Italy in the early fifties, building a life and raising my family here, it has been an honour to have been elected to represent this community. It says to me that it doesn't matter, who you are or where you come from, we can all contribute to making the community a better place.

“The pinnacle of my time was undoubtedly when I was elected Mayor by my fellow colleagues. To have the support of them to lead the Council was an honour and I thoroughly enjoyed my time in the role and the challenges and opportunities that came with it.”

Among the achievements by Cr Calvano and the various Councillors over that time, he includes the following as highlights:

- Brown Street and Performing Arts Centre forecourt redevelopment
- Development and adoption of the Hamilton Structure Plan under former CEO Richard Perry
- Development of masterplans for the Hamilton Livestock Exchange and the Hamilton Airport and subsequent capital works to improve these vital assets
- The development and construction of important recreation and leisure assets for the shire
- Including the Lake Hamilton All Abilities Playground, the Pedrina Park Hockey Pitch and the Melville Oval Lights
- Installation of the Nucleus Sculpture at the Gray Street and Brown Street Roundabout
- Unveiling of the Ted Kenna statue at Melville Oval, a project initiated by John Lowcock
- Development of the Penshurst/Cavendish Community plans
- Construction of the Industrial estate to encourage industry in our shire.

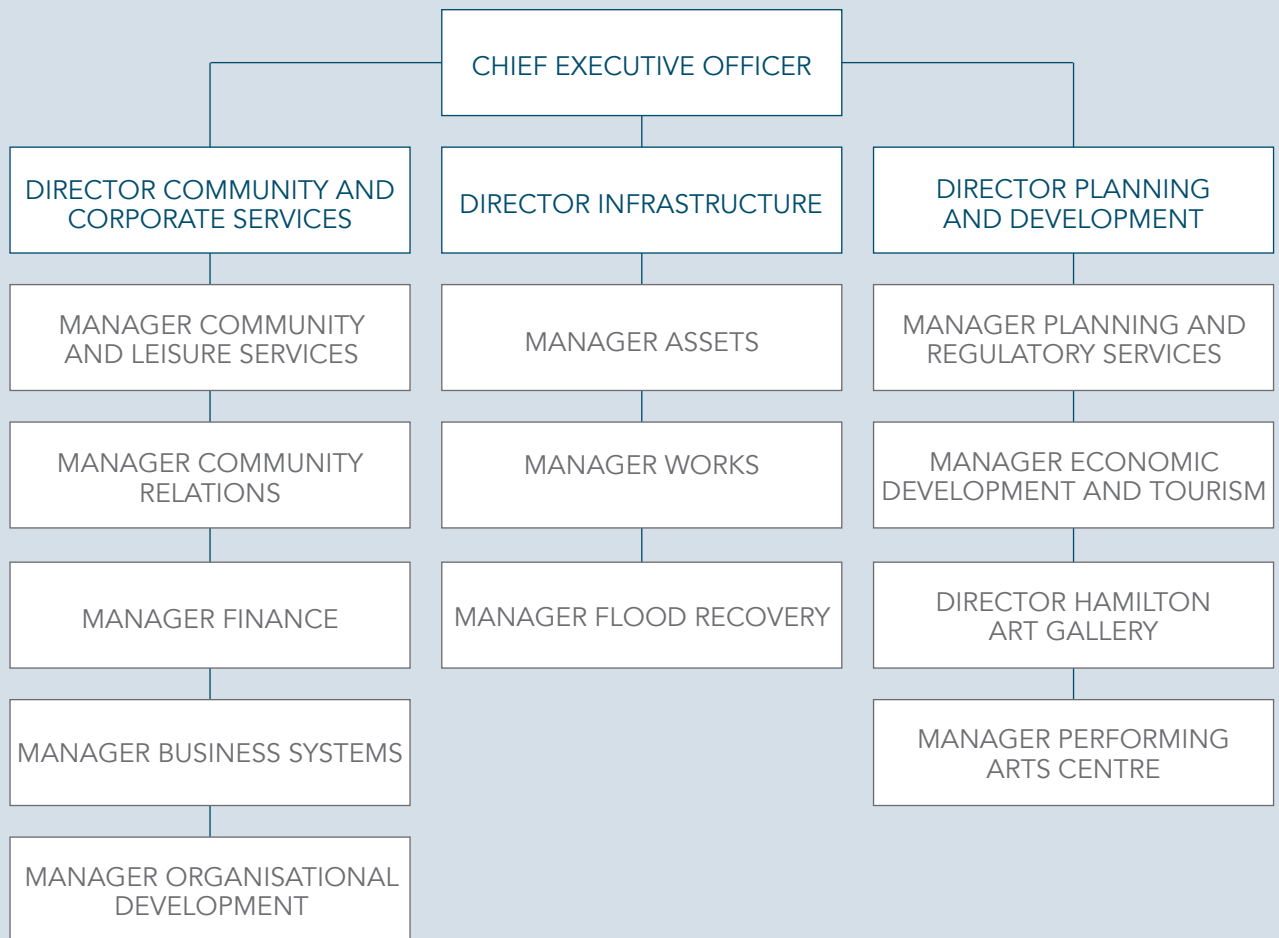
“As a councillor I represent the whole of the Southern Grampians Shire and working and engaging with other townships gives me great satisfaction in achieving their wishes.”

Cr Calvano is proud to see the hard work undertaken with masterplanning of the Hamilton CBD over the last 10 years is coming to fruition under new CEO Michael Tudball and is looking forward to commencement of works on Lonsdale Street/Melville Oval.

Cr Calvano has visions for the future of the Southern Grampians Shire which he hopes to be able to see these realised. These include recognition of our serving Men and Women with placement of a large Australian Flag at the Fitzpatrick Gardens; installation of a fountain at Lake Hamilton to be turned on for special occasions and public events; and improved bus connections for Southern Grampians residents into Ararat, Ballarat and Melbourne. He is also a passionate advocate for bringing RV friendly stopovers to the Shire.

Councillor Calvano is currently delegate for the MAV Multicultural Committee and the Rail Freight Alliance. He hopes to one day see the tracks from Ararat to Portland upgraded, improving access to the Port of Portland which will increase economic opportunities for the region.

# Organisational STRUCTURE



Our Executive Management Team comprises the CEO and three Directors who work together to lead the organisation in line with the Council Plan's strategic objectives.

August 2018 saw the departure of Director of Shire Futures, Michael McCarthy after nine years of service to Southern Grampians Shire. Following a two month period with an interim Director, Andrew Goodsell was officially appointed to the position in November 2018. The organisation took the opportunity to change the name of the Directorate at this time, to Planning and Development to more accurately reflect the services provided within.



# Executive LEADERSHIP TEAM



## **MICHAEL TUDBALL** – Chief Executive Officer

Position: Responsible for Executive and Councillor Support and Civic Functions.

Experience: Michael was appointed to Southern Grampians Shire Council in March 2016 for a three-year term after a strong history in Local and State Government and the private sector covering economic and regional development, advocacy and community engagement. He has also held a number of governance positions in the health, disability, tourism, regional development and emergency management sectors.

Michael is a fellow with the Australian Institute of Company Directors and in 2011 was awarded an Australian Fire Service Medal in the Queen's Birthday Honours for his contribution to Australian Fire Services.



## **DAVID MOLONEY** – Director Shire Infrastructure

Position: Responsible for management of Infrastructure, Engineering, Hamilton Airport, Hamilton Regional Livestock Exchange, Works, Fleet, Assets and Property.

Experience: David has 16 years' experience working with the Roads and Maritime Services in New South Wales and with Corangamite Shire in Road Asset Management including road construction and maintenance.



## **EVELYN ARNOLD** – Director Community and Corporate Services

Position: Responsible for Community and Leisure Services, Aged and Disability, Children's Services, Maternal Child Health, Library, HILAC, Organisational Development, Community Relations; Finance, Business Systems and Governance.

Experience: Evelyn has had a career in the corporate world for over 15 years in New Zealand. This was followed by a move in October 2008 to Ravensthorpe in Western Australia where Evelyn took on the role of Executive Manager of Corporate and Community Services. After 3 years in this role Evelyn was appointed as Deputy Chief Executive Officer at the Shire of Brookton.



## **ANDREW GOODSSELL** – Director Planning and Development

Position: Responsible for management of Statutory and Strategic Planning, Building, Emergency Management, Heritage issues, Regulatory services, Local Laws, Environmental Health and Natural Asset Management, Economic Development, Tourism, Events and Visitor Services, Hamilton Art Gallery and Performing Arts Centre.

Experience: Andrew commenced as a Planning Officer in State Government in Hobart, Tasmania in 1993, then onto Sydney in the NSW Dept Urban Affairs & Planning as a town planner for five years working on called in projects (Cadia Hill Gold Mine) and projects of State significance (Rouse Hill Town Centre). He moved back to Kingston, Tasmania in 1999 initially as a Senior Strategic Planner for six years with the Kingborough Council (drafting the new planning scheme in 2000) before becoming the Principal of Town and Country Planning Pty Ltd in 2006 which included being Contract Planner for King Island Council from, 2011-13. In 2013, Andrew was Manager Strategic Planning & Development for the Moorabool Shire, working on the Small Towns Strategy and Bacchus Marsh Urban Growth Framework until he moved to Southern Grampians in late 2018 for this current position.

## OUR PEOPLE

In 2018/19 Southern Grampians Shire Council employed 418 people across the year, which is the equivalent to 223 Equivalent Full Time (EFT). During the year Council had a staff turnover rate of approximately 15.2 percent which equates to 40 employees.

A summary of the number of Council staff by organisational structure, employment type and gender is outlined in the table below:

Employment type	CEO & Council	Corporate & Community Services	Planning & Development	Infrastructure
Permanent FT	6	41	23	85
Permanent PT		83	22	12
Temporary		3	1	11
Casual		81	33	7
Total	6	208	79	115

Legend: FT – Full time, PT – Part time

Employment Classification	Male	Female	Total
Band 1	13	29	42
Band 2	27	34	61
Band 3	63	78	141
Band 4	20	32	52
Band 5	18	31	49
Band 6	17	16	33
Band 7	8	5	13
Band 8	1	1	2
Band not applicable	15	14	29
Total	182	240	422





## Other STAFF MATTERS

### **ORGANISATIONAL DEVELOPMENT BUSINESS UNIT**

The 2018/19 year has seen a significant amount of work achieved under the new Organisational Development Manager.

The key focus for this past financial year was the Workforce Development Plan. This document identifies the critical gaps across the organisation in relation to skill gap, succession and future professional development requirements.

Other key drivers were organisational efficiency and productivity improvement across the organisation.

Some of the major activities for this department include:

- Introduction of Volunteer Management
- Redeveloped performance reviews
- Enterprise Bargaining Agreement No 9, 2019
- Increase in traineeships
- Department restructures
- Implementation of employee, contractor and volunteer code of conduct.

A focus of the year has been the roll out of the Code of Conduct as well as the Enterprise Bargaining Agreement No 9, 2019.

### **OCCUPATIONAL HEALTH AND SAFETY**

We continue to build a supportive and robust safety culture with the ongoing support and commitment of our executive, the occupational health and safety committee and individual workgroup health and safety representatives. This has driven the establishment of our five year OHS strategic plan.

As our OHS Management system has developed we recognised the need for a comprehensive management system and have adopted the Elumina OHS incident reporting and management software system. Staff access to and engagement with this online incident and hazard reporting software has been excellent.

A quarterly OHS reporting regime has been established, facilitated by the enhanced reporting capabilities from Elumina. This reporting regime fosters increased levels of scrutiny allowing comprehensive analysis of our OHS culture and drives proactive health, safety and welfare initiatives across the organisation.

We continue to be actively involved in the MAV WorkCare OHS Improvement Program, working with fellow member councils to develop and strengthen OHS management systems with an aim to reducing incidents and injuries and thus WorkCover Premiums.



# Other STAFF MATTERS

## LEARNING AND DEVELOPMENT

Employees continue to develop, learn and upskill, with approximately 60 training events attended over the last 12 months.

Collecting and recording licenses and qualifications has been a large body of work completed over this period. This allows the Learning and Development team to monitor expiry dates and schedule future training. With the introduction of Litmos, our new Learning Management system, the increase of knowledge and development in our staff will be improved by the access to over 700 online courses.

An executive budget initiative last financial year was centralising compliance training to a corporate budget. The initiative has created greater efficiency in programing training and maintaining records of training completion.

## RISK

The 2018/19 financial year has seen a multitude of changes for the Risk Team. A restructure of the team has seen the creation of the Health and Safety Coordinator and the role of Risk Management Coordinator redefined with a focus on strategic risk and business continuity.

External audits of the organisations business continuity and risk management systems were completed to assist in the continuous improvement of processes. Actions identified from the audits are currently being worked through and include a review of both the Business Continuity Plan and Risk Management framework.

Highlights of the year include reviewing the risk framework and researching best practice, completing the business impact analysis of council services and increased reporting to the Executive Leadership Team of risk assessments.

## GOVERNANCE

The Governance team underwent a restructure in January 2019, now forming part of the Organisational Development Team.

The Governance Team has been focusing on policies and processes, including commencing a review of all Council and Operational policies currently in operation.

## STAFF CONSULTATIVE COMMITTEE

The Staff Consultative Committee has been restructured over the last 12 months to increase staff representation. A new terms of reference has been developed to improve the governance of the committee.

The committee has a strong focus on policy review and staff wellbeing with a wellbeing day being implemented for the second time this year.



# Employee RECOGNITION



Each year Council recognises and celebrates the service of its employees, under the Staff Recognition of Service Policy recognition is provided for the service of employees at 5, 10, 20, 30 and 40 years.

The recipients for this year were:

5 years:	10 years:	20 years:	30 years:
Christie Lambourn	Andrew Clutterbuck	Melissa Beaton	Chris Dahlenburg
Nicole Rentsch	Peter Winderlich	Barry Brown	
Reg Ward	Kim Anderson	Neil Trotman	
Amanda Gubbins	Kristie McCabe	Denise Dewart	
Jodie McIntosh	Jason Crawford	Christine Jenkins	
Leonie Margrie	Brian Adams		
Pauline Templar	Christine Gardner		
Jane Coshutt	Nichol Thomas		
Krystle Ractliffe	David Mutch		
Elise Holmes	Noami Ivory		
Scott Parfrey	Paul Ring		
	Tania Quinn		
	Luise Pearse		
	Michael Zuijdveld		

# Our PERFORMANCE

## COUNCIL PLAN

This section describes how the Annual Report links to the achievement of the Council Plan within an overall planning and reporting framework. This framework guides the Council in identifying community needs and aspirations over the long term, medium term (Council Plan, including Strategic Resource Plan) and short term (Annual Budget) and then holding itself accountable (Annual Report).

## PLANNING AND ACCOUNTABILITY FRAMEWORK

The Strategic Resource Plan, part of and prepared in conjunction with the Council Plan, is a rolling four year plan that outlines the financial and non-financial resources that Council requires to achieve the strategic objectives described in the Council Plan. The Annual Budget is framed within the Strategic Resource Plan, taking into account the services and initiatives which contribute to achieving the strategic objectives specified in the Council Plan.

## STRATEGIC OBJECTIVES

Council delivers services and initiatives under 70 major service categories. Each contributes to the achievement of one of the five Strategic Objectives as set out in the Council Plan for the years 2017-2021.

The following are the five strategic objectives as detailed in the Council Plan:

### 1. Support Our Community

A vibrant, growing community that is healthy, inclusive and connected

### 2. Develop our Regional Economy and Business

A strong, diversified local and regional economy

### 3. Plan for our Built Environment and Infrastructure

Provide access to infrastructure that meets community needs

### 4. Promote our Natural Environment

Promote a culture that supports a clean, green and sustainable environment

### 5. Manage Environmental Security

Strong leadership, good governance and effective service delivery

## PERFORMANCE

Council's performance for the 2018/19 year has been reported against each strategic objective to demonstrate how Council is performing in achieving the 2017-2021 Council Plan.

Performance has been measured as follows:

- Results achieved in relation to strategic indicators in the Council Plan
- Progress in relation to the major initiatives identified in the budget
- Services funded in the budget and the persons or sections of the community who are provided those services
- Results against the prescribed service performance indicators and measures



## STRATEGIC OBJECTIVE ONE: SUPPORT OUR COMMUNITY

A vibrant, growing community that is healthy, inclusive and connected.



## STRATEGIC OBJECTIVE ONE:

The following statement reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators included in the Council Plan.

Strategic Indicator/Measure	RESULT	COMMENTS
Increased participation in the Community Grants Program		Council implemented a new platform called smarty grants, to streamline and simplify the grants application and administration process.
2017/18	48 applications	
2018/19	77 applications	This new tool, together with increased community engagement around, and promotion of, the grants program has significantly increased the number of applications. We expect this trend to continue.
Community satisfaction Community Satisfaction Survey rating out of 100 on interaction and responsiveness in dealing with the public.		Overall Performance has increased by one point in 2018 to 52. The score is four points below the Large Rural average of 56 and seven points below the State-wide average of 59.
<ul style="list-style-type: none"> <li>Community Consultation and Engagement</li> <li>Making Community Decisions</li> <li>Overall performance of Council</li> <li>Overall direction of Council</li> </ul>	54 50 52 52	Council's Performance Measures in Community Consultation and Overall Council Direction have decreased in 2018. However, the score for making Community Decisions has increased.
Council engagement sessions delivered annually in all towns	Complete	Council visited every township once throughout 2018/19 as part of the annual engagement program and also conducted targeted engagement session throughout the year for different topics.

The following statement reviews the progress of council in relation to major initiatives identified in the 2018/19 budget:

MAJOR INITIATIVES	PROGRESS
Development of short, medium and long-term priority plans for recreation and leisure facilities in response to the findings of the Recreation and Leisure Strategy	<p>Ongoing</p> <p>Adoption of the Recreation and Leisure Strategy provides Council with a strategic document to support future funding applications and inform the strategic direction for future redevelopment of our assets.</p> <p>Council will work with the community on further detailed designs of some of the major actions within the plans and to commencing the delivery of some of the priority projects listed.</p>

MAJOR INITIATIVES	PROGRESS
As part of the Digital Strategy implementation, commence digital capacity building workshops and implement Smart Security Plan	Ongoing Council hosted the inaugural Digital Innovation and Smart Agriculture festival in 2018/19. The three-day event showcased smart agriculture and how IoT is transforming farm management, rural councils who are leading the way in transforming into smart communities, insights from industry leaders on data-driven decision making and business optimisation. The event concluded with a 'Digital Education and Innovation Hub', attended by more than 300 school aged kids. The goal for DISA was capacity building of our community around digital transformation and the opportunities for the region.
Based upon community engagement and feedback address service delivery challenges with Outdoor Aquatic Facilities	Complete Council developed a 10-year Outdoor Pool Asset Management Plan, which demonstrates the costs and challenge of maintaining current service level over 10 years.
Undertake the scoping study for the Hamilton Art Gallery	Complete

The following statement provides information in relation to the services funded in the 2018/19 budget and the persons in the community who are provided the service:

SERVICE	DESCRIPTION	BUDGET Expenditure (Revenue) <b>Net Cost</b> \$000	ACTUAL Expenditure (Revenue) <b>Net Cost</b> \$000
Aged and Disability Services Coordination	This service provides a range of Home and Community Care services for the aged and disabled including assessment, personal care, domestic assistance and respite care and coordinates delivered meals, community transport, property maintenance and senior citizens programs.	2,132 (1,950) <b>182</b>	2,176 (1,946) <b>230</b>
Senior Citizen Programs and Support	This service offers opportunities for older residents to participate in community and social activities across the Shire.	98 (51) <b>47</b>	112 (52) <b>60</b>
Community Services Management	This service provides management support to coordinate whole of organisation approach to service delivery across community and leisure portfolio, particularly in relation to delivering the Municipal Health and Wellbeing Plan.	590 (0) <b>590</b>	967 (500) <b>467</b>
Community Planning Engagement and Support	This service coordinates Council's approach to community planning and citizen engagement, including skill development and capacity building for Councillors and community.	404 (38) <b>366</b>	363 (68) <b>295</b>



SERVICE	DESCRIPTION	BUDGET Expenditure (Revenue) <b>Net Cost</b> \$000	ACTUAL Expenditure (Revenue) <b>Net Cost</b> \$000
Rural Access	This service aims to build inclusive communities by mobilising, strengthening and providing support to communities.	67 (67) <b>0</b>	63 (75) <b>(12)</b>
Children's Services	This service provides quality education and care services ie. Family Day Care and promotes the early years sector.	807 (678) <b>129</b>	702 (540) <b>162</b>
Recreation Development and Support	This service is responsible for the management and planning of recreational opportunities in conjunction with the community, using community development processes.	797 (300) <b>497</b>	381 (218) <b>163</b>
Sports Reserves	This service directly manages or provides operational assistance for 16 recreational reserves across the Shire to support both active and passive participation in sports and recreation.	692 (780) <b>(88)</b>	682 (395) <b>287</b>
Lake Hamilton	This service provides a safe, functional, accessible and useable space for leisure and recreational activities, on water and surrounding open space.	271 (2) <b>269</b>	261 (1) <b>260</b>
Aquatic Facilities	This service provides a geographic spread of aquatic facilities that deliver recreation, health, wellbeing, education, social and tourism/economic opportunities to our communities.	692 (55) <b>637</b>	926 (31) <b>895</b>
Hamilton Indoor Leisure & Aquatic Centre	This service provides accessible leisure and aquatic experiences that facilitates and promotes wellbeing outcomes.	2,691 (1,332) <b>1,360</b>	2,806 (1,086) <b>1,720</b>
Art Gallery	This service supports tourism promotion and community engagement with the arts, and acts as custodian of one of the most valuable collections in regional Australia.	706 (143) <b>563</b>	3,441 (190) <b>3,251</b>
Performing Arts Centre	This service provides promotion and support of performing arts, encouraging both appreciation and participation. Also offers a conference and event venue for both the business and community sectors.	618 (264) <b>354</b>	748 (329) <b>419</b>
Library	This service aims to be an effective and dynamic library service inspiring and connecting our community by providing diverse, accessible and creative collections, programs, spaces and experiences.	559 (199) <b>360</b>	694 (206) <b>488</b>
Cinema	This service provides the community with a high quality cinema experience.	361 (281) <b>80</b>	384 (299) <b>85</b>
Civic & Community Arts	This service aims to increase visibility and activity of arts and culture in the community through a range of community programs or projects.	106 0 <b>106</b>	75 0 <b>75</b>
Parks and Urban Spaces	This service provides and maintains appropriate parks and urban space areas across the Shire to support inclusive recreation activities for the whole community.	637 0 <b>637</b>	604 (3) <b>601</b>

SERVICE	DESCRIPTION	BUDGET Expenditure (Revenue) <b>Net Cost</b> \$000	ACTUAL Expenditure (Revenue) <b>Net Cost</b> \$000
Local Laws Operations	This service implements and enforces the Community Local Law No.1 (2015), provides parking control, coordinates domestic animal management including the operation of Council owned pound facility, and supports the provision of law and order in the community.	390 (381) <b>9</b>	491 (364) <b>127</b>
Maternal & Child Health	This service provides a primary health care service for the Shire's families with children from birth to school age.	313 (250) <b>63</b>	350 (322) <b>28</b>
Emergency Management	This service coordinates emergency management planning to enable Council to coordinate and respond to emergencies in cooperation with other agencies.	1,578 (1,401) <b>176</b>	6,961 (25,267) <b>(18,306)</b>
Botanic Gardens	This service maintains the historically significant Botanic Gardens in Hamilton (& Penshurst) and provides responsible management of flora, open spaces and built facilities on the grounds.	257 0 <b>257</b>	316 (145) <b>171</b>

The following statement provides the results of the prescribed service performance indicators and measures including explanation of material variations.

Service/Indicator/Measure	14/15	15/16	16/17	17/18	18/19	MATERIAL VARIATIONS
<b>LIBRARY</b>						
<b>Utilisation</b> <i>Library collection usage</i> [Number of library collection item loans /Number of library collection items]	4.65	4.83	4.72	4.33	4.33	No material variations
<b>Resource standard</b> <i>Standard of library collection</i> [Number of library collection items purchased in the last 5 years / Number of library collection items] x100	71%	71.76%	77.60%	71.88	66.27%	No material variations
<b>Service cost</b> <i>Cost of library service</i> [Direct cost of the library service / Number of visits]	\$5.15	\$6.00	\$5.71	\$5.98	\$5.60	No material variations
<b>Participation</b> <i>Active library members</i> [Number of active library members / Municipal population] x100	35%	16.16%	15.28%	14.28%	14.96%	No material variations

Service/Indicator/Measure	14/15	15/16	16/17	17/18	18/19	MATERIAL VARIATIONS
<b>AQUATIC FACILITIES</b>						
<b>Service standard</b> <i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of council aquatic facilities / Number of council aquatic facilities]	1.14	1	1.29	1	1	No material variations
<i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]	0	0	0	0	0	There were no reportable safety incidents at aquatic facilities in Southern Grampians Shire in the 2018/19 financial year.
<b>Service cost</b> <i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$2.90	\$2.72	\$2.20	\$4.97	\$8.78	New camera capture technology employed at facility entrance to enable greater accuracy in data capture. Also, incorrect financial information provided previous year
<i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$11.93	\$16.17	\$29.00	\$24.19	\$15.41	Altered to free entry for outdoor pools for pool season
<b>Utilisation</b> <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	13.70	15.23	14.80	5.77	9.33	New camera capture technology employed at facility entrance to enable greater accuracy in data capture.
<b>ANIMAL MANAGEMENT</b>						
<b>Timeliness</b> <i>Time taken to action animal requests</i> [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	0.33 days	1 day	1 day	1 day	1 day	No material variations



Service/Indicator/Measure	14/15	15/16	16/17	17/18	18/19	MATERIAL VARIATIONS
<b>Service standard</b> <i>Animals reclaimed</i> [Number of animals reclaimed / Number of animals collected]	40%	50.55%	34.76%	32.81%	51.06%	Increase is possibly due to more identifiable animals (increase in microchips) which allows officers to locate and contact owners.
<b>Service cost</b> <i>Cost of animal management service</i> [Direct cost of the animal management service/ Number of registered animals]	\$19.85	\$19.48	\$26.46	\$25.23	\$40.70	Increase is a combination of officers attending two-up for safety, training to more jobs. More time on rehoming program. There has been a decrease in registrations unable to account for this.
<b>Health and safety</b> <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	0	1	0	1	We currently have one case at court.

### MATERNAL AND CHILD HEALTH (MCH)

<b>Satisfaction</b> <i>Participation in first MCH home visit</i> [Number of first MCH home visits / Number of birth notifications received] x100	101%	103.93%	114.49%	95.07%	102.98%	
<b>Service standard</b> <i>Infant enrolments in the MCH service</i> [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100	98%	91.57%	99.28%	100.00%	101.79%	No material variations
<b>Service cost</b> <i>Cost of the MCH service</i> [Cost of the MCH service / Hours worked by MCH nurses]	\$0	\$68.47	\$44.46	\$68.80	\$77.06	Funding requirements resulted in FTE increase.
<b>Participation</b> <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	85%	71.53%	77.01%	76.61%	77.96%	No material variations
<i>Participation in the MCH service by Aboriginal children</i> [Number of aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	81%	N/A	69.77%	65.71%	62.69%	No material variations

A photograph of two women sitting at a wooden bar in a rustic setting. The woman on the left is smiling and looking towards the right. The woman on the right is also smiling and looking down at a bottle of wine she is holding. On the bar, there are several bottles of wine, a glass of red wine, and a vase with pink flowers. The background features a corrugated metal wall and a wooden frame.

## STRATEGIC OBJECTIVE TWO: DEVELOP OUR BUSINESS AND REGIONAL ECONOMY

A strong, diversified local and regional economy

## STRATEGIC OBJECTIVE TWO:

The following statement reviews the performance of council against the Council Plan including results achieved in relation to the strategic indicators included in the Council Plan:

Strategic Indicator/Measure	RESULT	COMMENTS
Planning Activity Local Government Performance Reporting Indicators in relation to Statutory Planning	<ul style="list-style-type: none"> <li>• 35 days to decide application</li> <li>• 77.30% of applications decided within statutory timeframes</li> </ul>	Increased staff levels has improved efficiency in the planning department.
Wi Fi Hot Spots established and analytics monitored	Complete	Connect GH public wifi network was established in 2018. Usage data is monitored and stored locally. 7034 unique sessions and over 275,000 total sessions were recorded in 2018/19 across the Southern Grampians Shire.
An increase in business investment	Ongoing	A retail research study was undertaken to identify gaps and assess the opportunities within retail throughout the region. Council became a member of the Franchise Council of Australia (FCA) to establish a partnership to promote the limited number of franchise networks. Since the initial partnership was formed, two franchise networks have commenced operating. It is anticipated further franchise networks will commence operations as the second year of the partnership commences.

The following statement reviews the progress of council in relation to major initiatives identified in the 2018/19 budget for the year:

MAJOR INITIATIVES	PROGRESS
Implement an agricultural investment attraction program highlighting regional suitability for diversification.	Ongoing Acting upon the Land Capability study undertaken in partnership with Deakin University and the Glenelg Hopkins CMA, the Economic Development Tourism Unit attended their third HORT Connections in Melbourne in June. The Greater Hamilton booth at HORT Connections was one of the most attended sites throughout the convention with many horticulture growers wanting to learn more about the region and what we have to offer. The EDTU is liaising with a number of growers in relation to establishing a site within the region.
Commence construction of the serviced industrial land	Complete The Tender for the Hamilton Industrial Development was awarded in early 2019. Detailed design works are complete and initial boundary drainage works have commenced. The project is expected to be complete within the 2019/20 financial year.
Implement a pro-active strategy to promote and grow the Hamilton Regional Livestock Exchange	Ongoing Integrated marketing and promotion strategy developed, aligned with existing council platforms and distributing information to buyers, vendors and agents through a range of traditional and non-traditional streams.



The following statement provides information in relation to the services funded in the 2018/19 budget and the persons in the community who are provided the service:

SERVICE	DESCRIPTION	BUDGET Expenditure (Revenue) <b>Net Cost</b> \$000	ACTUAL Expenditure (Revenue) <b>Net Cost</b> \$000
Economic Development	The economic development service seeks, in conjunction with key stakeholders, to promote an environment that is conducive to a sustainable and growing local economy.	623 (15) <b>608</b>	709 (150) <b>559</b>
Aerodrome	This service is responsible for the management and operation of the Hamilton Aerodrome.	996 (22) <b>974</b>	723 (26) <b>697</b>
Livestock Exchange	This service is responsible for the management and operation of the Hamilton Livestock Exchange.	1,296 (1,273) <b>(23)</b>	1,623 (1,760) <b>(137)</b>
Tourism	This service aims to increase visitation and visitor yield and increase the quality of visitor experiences in the Shire.	177 0 <b>177</b>	0 0 <b>0</b>
Visitor Services	This service aims to connect the visitor to the Greater Hamilton experience, encouraging them to stay longer and contribute more to the local economy.	369 (21) <b>348</b>	558 (22) <b>536</b>
Business Development	The business development service seeks to facilitate an environment that is conducive to a sustainable and growing local business sector.	111 0 <b>111</b>	106 0 <b>106</b>
Events Support	This services purpose is to increase visitation and visitor yield and increase quality visitor experiences through the support and marketing of events within the Shire.	249 (8) <b>241</b>	244 (6) <b>238</b>
Caravan Parks	This service provides low cost camping and caravan park accommodation facilities in Coleraine and Penshurst.	50 (12) <b>38</b>	61 (31) <b>30</b>
Land Development	This service provides management of Council owned land to promote economic and industrial development and may also secure industrial land for potential development.	1 0 <b>1</b>	23 (251) <b>(228)</b>

The following statement provides the results of the prescribed service performance indicators and measures including explanation of material variations.

Service/Indicator/Measure	14/15	15/16	16/17	17/18	18/19	MATERIAL VARIATIONS
<b>STATUTORY PLANNING</b>						
<b>Timeliness</b> <i>Time taken to decide planning applications</i> [The median number of days between receipt of a planning application and a decision on the application]	48.5 days	40 days	47 days	62 days	35 days	Increased staff
<b>Service standard</b> <i>Planning applications decided within 60 days</i> [Number of planning application decisions made within 60 days / Number of planning application decisions made] x100	82%	74.83%	87.59%	70.43%	77.30%	No material variations
<b>Service cost</b> <i>Cost of statutory planning service</i> [Direct cost of statutory planning service /Number of planning applications received]	\$1842.83	\$2630.02	\$2348.59	\$2,026.73	\$1805.41	Less consultation services provided
<b>Decision making</b> <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	0	0	0	0	0	No VCAT cases

\*Statutory Planning also reported under Strategic Objective Three





## STRATEGIC OBJECTIVE THREE: PLAN FOR OUR BUILT ENVIRONMENT

Provide access to infrastructure that meets  
community needs



## STRATEGIC OBJECTIVE THREE:

The following statement reviews the performance of council against the Council Plan including results achieved in relation to the strategic indicators included in the Council Plan:

Strategic Indicator/Measure	RESULT	COMMENTS
Quarterly reports to Council on the progress of the Capital Works Program	complete	Quarterly reports delivered to Council meetings in addition to monthly briefings.
Community Satisfaction Survey results in relation to the condition of Sealed Local Roads	41/100	Score has increased significantly, jumping 9 points from 2018. Council rates significantly lower than the State-wide average in the area of Sealed Local Roads.

The following statement reviews the progress of council in relation to major initiatives identified in the 2018/19 budget for the year:

MAJOR INITIATIVES	PROGRESS
Deliver year two of the Flood Impact repairs and reinstatement	Complete. Flood Recovery Works of \$34M were completed, repairing over 3,771 defects.
Design Stage 2 Hamilton CBD revitalisation project – Lonsdale St/Melville Oval/ Gray Street	Ongoing Extensive community engagement, including workshops and field trips were undertaken in 2018/19 to inform the design of Stage Two. Further community engagement will occur in late 2019. The project is now 30% through the design phase and is scheduled for Council endorsement in April 2020. The project is on budget with no variations from the contract.
Deliver the roads and Community infrastructure program	Council has delivered 92% of the capital program and a further 15 projects which were started but not completed before the end of the financial year and five projects deferred. The total capital expenditure for the 2018/19 Financial year was \$9.3 million.



The following statement provides information in relation to the services funded in the 2018/19 budget and the persons in the community who are provided the service:

SERVICE	DESCRIPTION	BUDGET Expenditure (Revenue) <b>Net Cost</b> \$000	ACTUAL Expenditure (Revenue) <b>Net Cost</b> \$000
Community Buildings	This service supports the use of community buildings, including halls and showgrounds throughout the Shire by ensuring they are maintained adequately.	132 (0) <b>132</b>	141 (0) <b>141</b>
Hamilton Showgrounds	Council are the committee of management for the Hamilton Showgrounds and facilitate a number of user groups to use the asset for community activities.	180 (12) <b>168</b>	170 (16) <b>154</b>
Strategic Planning	This service monitors the Council's Planning Scheme as well as preparing major policy documents shaping the future of the Shire. It prepares and processes amendments to the Council Planning Scheme and carries out research on urban development issues.	836 0 <b>836</b>	521 90 <b>431</b>
Building Services	This service provides statutory building services including enforcement of the Building Act and Regulation to ensure community safety in the built environment.	241 (91) <b>151</b>	254 (156) <b>98</b>
Bridges & Culverts	This service ensures the development and maintenance of the Shires bridges and culverts.	808 0 <b>808</b>	937 (194) <b>743</b>
Footpaths and Cycle Ways	This service ensures the development and maintenance of the Shires footpaths and cycle ways.	530 (24) <b>507</b>	566 (1) <b>565</b>
Facilities Management and Property Services	This service ensures Council owned buildings are maintained to acceptable standards, are fit for purpose and compliant with building regulations.	29 (60) <b>(30)</b>	27 (63) <b>(37)</b>
Playground and Skate Parks	This service creates social spaces for younger people and their families to recreate, and includes provision of age appropriate play activities (including skate parks) and safe playground equipment across the Shire.	19 0 <b>19</b>	33 0 <b>33</b>
Infrastructure Management	This service undertakes design, tendering, contract management and supervision of various works within Council's capital works program.	1,254 (0) <b>1,254</b>	1,159 (41) <b>1,119</b>
Works Management	This internally focused service manages the works performed by depot-based staff.	701 (0) <b>701</b>	537 0 <b>537</b>
Statutory Planning Regulatory Services Administration	This service processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit.	439 (103) <b>336</b>	500 (178) <b>322</b>
Plant Operations	This service purchases and maintains Council vehicles, plant and equipment to meet functionality and safety needs and to maximise the performance and minimise operational cost of the fleet.	115 (115) <b>0</b>	(276) (119) <b>(395)</b>
Roads	This service aims to ensure responsible management of Council's road infrastructure and compliance with regulatory requirements.	9,920 (17,322) <b>(7,402)</b>	26,252 (15,463) <b>10,789</b>
Roadside Assets	This service manages projects that include roadside parking improvements and bus shelters.	0 0 <b>0</b>	000 (1,000) <b>(1,000)</b>

SERVICE	DESCRIPTION	BUDGET Expenditure (Revenue)	ACTUAL Expenditure (Revenue)
		Net Cost \$000	Net Cost \$000
Public Infrastructure	This service provides community and visitors with appropriate public infrastructure to meet community needs in relation to location, safety, hygiene, quality and environmental sustainability of public toilets.	390 0 <b>390</b>	552 0 <b>552</b>
Private Works	This service is provided on a case by case basis for private requests for minor works that may not be readily available to the community, for example sealing driveways.	0 0 <b>0</b>	21 (26) <b>(5)</b>
VicRoads Contract Management	This service ensures responsible contract management of Council's VicRoads contract.	198 (200) <b>(2)</b>	125 (106) <b>19</b>

The following statement provides the results of the prescribed service performance indicators and measures including explanation of material variations:

Service/Indicator/Measure	14/15	15/16	16/17	17/18	18/19	MATERIAL VARIATIONS
<b>ROADS</b>						
<b>Satisfaction of use</b> <i>Sealed local road requests</i> [Number of sealed local road requests /Kilometres of sealed local roads] x100	1.27	1.44	4.16	3.43	5.66	During this period significant restoration works was carried out due to the flood recovery program this led to increased number of requests for clarification on when works will be completed.
<b>Condition</b> <i>Sealed local roads below the intervention level</i> [Number of kilometres of sealed local roads below the renewal intervention level set by council / Kilometres of sealed local roads] x100	100%	99.94%	99.64%	99.64%	98.15%	No material variations
<b>Service cost</b> <i>Cost of sealed local road reconstruction</i> [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$77.06	\$21.75	\$17.65	\$18.66	\$19.32	No material variations
<i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$4.37	\$3.34	\$3.81	\$4.11	\$5.00	Previous years have not included patching, preparation works or contractors which are included in this years' figure.
<b>Satisfaction</b> <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	41	36	35	32	41	Council has done a lot of work around communication and consultation with ratepayers.





## STRATEGIC OBJECTIVE FOUR: PROMOTE OUR NATURAL ENVIRONMENT

Promote a culture that supports a clean, green and sustainable environment.

## STRATEGIC OBJECTIVE FOUR:

The following statement reviews the performance of council against the Council Plan including results achieved in relation to the strategic indicators included in the Council Plan:

Strategic Indicator/Measure	RESULT	COMMENTS
Increased diversion of waste from landfills	44.16%	Result achieved at the same level as in 2017/18. Council continued to educate the community on waste diversion.
Reduction in Council's carbon and ecological footprint	Not available	Council had a greenhouse reduction plan developed as part of a Victorian government program for resource constrained Councils which identified actions that would reduce emissions by 1265 tonnes/annum, mostly related to energy efficiency upgrades and installation of solar PV.
Local Government Performance Reporting Indicators in relation to waste		The cost to Council for recycling has increased substantially in 2018/19, up from \$28.81 last year. This is due to changes in the waste sector preventing the export to China of mixed recyclables.
Kerbside collection bins missed	12.51	
Cost of kerbside garbage bin collection	\$115.54	
Cost of kerbside recyclables collection	\$85.12	

The following statement reviews the progress of council in relation to major initiatives identified in the 2018/19 budget for the year:

MAJOR INITIATIVES	PROGRESS
Prioritise and implement key actions from Climate Change Mitigation & Adaptation Study	Ongoing Domestic Wastewater Management Plan developed and expected to be brought before Council August 2019. Street Tree Master Plan has been drafted and community engagement has been undertaken. Draft is expected to be adopted by Council in August 2019.
Implement key actions from 2018 energy audits at HILAC, Brown Street Business Centre, Hamilton Depot and Market Place.	The audits recommended installation of 30 kW solar PV systems at Market Place, HILAC and Brown St. All buildings have been assessed for structural suitability and tenders have been received. Installation of three 30 kW systems will proceed in late 2019. Lighting replacements were also recommended and these will be carried out also in late 2019.
Deliver the Waste & Resource Recovery Strategy as adopted by Council including landfill, transfer stations and collection initiatives	Development of the Waste & Resource Recovery Strategy has been put on hold due to other major issues impacting the waste sector. The waste sector was disturbed in 2018/19 by the China Sword Policy which prevents the export to China of mixed recyclables. As a consequence, the cost to Council for recycling has increased substantially. In the same year Council prepared to close the Hamilton landfill and transport waste to an alternative landfill.



The following statement provides information in relation to the services funded in the 2018/19 budget and the persons in the community who are provided the service:

SERVICE	DESCRIPTION	BUDGET Expenditure (Revenue) <b>Net Cost</b> \$000	ACTUAL Expenditure (Revenue) <b>Net Cost</b> \$000
Landfill Transfer Stations	This service manages the waste and recyclables collection process at the landfill and designated transfer stations within the Shire.	2,302 (894) <b>1,408</b>	4,299 (1,127) <b>3,172</b>
Waste and Recycling Collection	This service manages the waste and recyclables collection process within the Shire, including the collection of kerbside bins.	1,388 (154) <b>1,234</b>	1,643 (106) <b>1,537</b>
Natural Asset Management	This service develops environmental policy, coordinates and implements environmental projects and works with other services to improve Council's environmental performance.	238 (50) <b>188</b>	164 (40) <b>123</b>
Nature Reserves	This service provides management, planning and implementation oversight for natural areas owned or managed (as committee of management) by Council.	6 0 <b>6</b>	6 0 <b>6</b>
Stormwater/ Drainage	This service manages the maintenance and environmental issues associated with the stormwater/drainage networks throughout the Shire.	527 0 <b>527</b>	404 0 <b>404</b>
Yatchew Drainage Authority	This service is responsible for the management and maintenance of the Yatchaw Drainage Scheme.	6 (7) <b>(1)</b>	14 (6) <b>(7)</b>
Quarry	This service is responsible for the sustainability in the supply of materials for road management and the realisation of returns from an economic asset.	0 (194) <b>(193)</b>	100 (184) <b>(84)</b>
Environmental Sustainability	This service implements Council's Sustainability Strategy and acts as a catalyst for Council and community sustainability actions within the Shire.	165 0 <b>165</b>	173 (67) <b>106</b>
Fire Prevention	This service coordinates fire prevention planning and works in cooperation with other agencies.	81 (0) <b>81</b>	83 (1) <b>82</b>
Water	This service manages the Old Hamilton Reservoir and provides a source of non-potable water for irrigation purposes, maintaining sporting grounds and the amenity of the Hamilton Botanic Gardens.	49 (75) <b>(26)</b>	6 (496) <b>(490)</b>
Environmental Health	This service improves the health and wellbeing of the community and protects the Shire's environment.	344 (102) <b>242</b>	319 (106) <b>213</b>



The following statement provides the results of the prescribed service performance indicators and measures including explanation of material variations:

Service/Indicator/Measure	14/15	15/16	16/17	17/18	18/19	MATERIAL VARIATIONS
<b>WASTE COLLECTION</b>						
<b>Satisfaction</b> <i>Kerbside bin collection requests</i> [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000	21.27	47.73	65.76	101.86	117.52	Bins are getting older and more brittle, and increased damage caused by trucks.
<b>Service standard</b> <i>Kerbside collection bins missed</i> [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	1.18	3.78	4.99	11.18	12.51	Fill in drivers used more frequently and unfamiliar with routes.
<b>Service cost</b> <i>Cost of kerbside garbage collection service</i> [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$99.74	\$99.75	103.39	109.47	\$115.54	No material variations
<i>Cost of kerbside recyclables collection service</i> [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$60.98	\$44.69	\$45.99	\$28.81	\$85.12	Last year Council was paid for recyclables, this year council pays due to China's Sword Policy.
<b>Waste Diversion</b> <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	47%	45.17%	41.39%	44.23%	44.16%	No material variations

Service/Indicator/Measure	14/15	15/16	16/17	17/18	18/19	MATERIAL VARIATIONS
<b>FOOD SAFETY</b>						
<b>Service standard</b> <i>Food safety assessments</i> [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100	101%	100%	100.70%	100.65%	100.66%	No material variations
<b>Timeliness</b> <i>Time taken to action food complaints</i> [Number of days between receipt and first response action for all food complaints / Number of food complaints]	0	1.07	1.63	1.25	1.29	No material variations
<b>Service cost</b> <i>Cost of food safety service</i> [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$133.76	\$387.95	\$355.47	\$311.54	\$407.88	Reduction of class 4 food premises due to data cleansing.
<b>Health and safety</b> <i>Critical and major non-compliance outcome 100% notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance outcome notifications about food premises] x100	100%	96.43%	92.31%	85.71%	100%	Follow-up inspections were undertaken for all non-compliant food inspection, outcome inspected within period compared to previous years when some follow-ups were conducted a month after the reporting period.



## STRATEGIC OBJECTIVE FIVE: PROVIDE GOOD GOVERNANCE AND LEADERSHIP

Strong leadership, good governance and effective service delivery



## STRATEGIC OBJECTIVE FIVE:

The following statement reviews the performance of council against the Council Plan including results achieved in relation to the strategic indicators included in the Council Plan:

Strategic Indicator/Measure	RESULT	COMMENTS
Quarterly reports to Council on progress of the Council's Annual Plan, Capital Works Program and Financial Statements	Complete	Quarterly reports were presented to Council on the Annual Plan, Financial Statements and Capital Works Programs.
Community Satisfaction Survey results in relation to: <ul style="list-style-type: none"> <li>Overall performance of Council</li> <li>Overall direction of Council</li> <li>Lobbying on behalf of the community</li> <li>Customer Service</li> </ul>	53 51 51 70	<p>Council's highest result for 2019 was in Customer Service with a score of 70, up from 65 last year.</p> <p>The area of greatest improvement was sealed local roads, with a score of 41 up 9 points from 32 in 2018.</p> <p>Council's Overall Performance has increased by one point in 2019 to 53. The overall performance score of 53 is three points below the Large Rural average of 56 and seven points below the State-wide average of 60. Although this is not a significant improvement, it reverses the declining trend from 2013 to 2017.</p>
Reduction in the number of Occupational Health and Safety incidents.		
Incidents 2017/18	114	
Incidents 2018/19	126	Incident numbers have increased, however this is due to dramatically increased reporting of hazards and near misses. We are using this to drive down incidents of serious injury and damage.

The following statement reviews the progress of council in relation to major initiatives identified in the 2018/19 budget:

MAJOR INITIATIVES	PROGRESS
Implement year two of the Council Plan 2017 – 21	The Implementation of the Council Plan is delivered and measured through the Annual Action Plan. A final report was completed and reported to Council. Of 90 actions, there has been completion and/or commencement of 59 actions (65%). 77 (86%) are on track with at least 90% of target achieved. Seven (8%) off track with less than 70% achieved.
Continue advocacy on key Council priorities including State and Federal budgets and elections (State 2018 and Federal 2019)	The past 12 months has also seen a sustained effort in our advocacy to State and Federal government to highlight the priorities of our communities and our region. Council has a detailed priorities list which we will continue to lobby for, seeking our share of support from other levels of government.
Provide the environment, appropriate systems and processes to enhance the Customer Experience dealing with Council	Ongoing. Completion of internal audit into customer service and complaints management. A number of improvement areas identified and planned for implementation in 2019/20 which will see the enhancement of customer experience through process streamlining.

The following statement provides information in relation to the services funded in the 2018/19 budget and the persons in the community who are provided the service:

SERVICE	DESCRIPTION	BUDGET Expenditure (Revenue) <b>Net Cost</b> \$000	ACTUAL Expenditure (Revenue) <b>Net Cost</b> \$000
Executive and CEO	This area of governance includes the Chief Executive Officer and Executive Management Team and associated support.	1,486 (100) <b>1,386</b>	1,849 (101) <b>1,747</b>
Mayor and Councillors	This area of governance includes the Mayor, Councillors and associated support.	442 0 <b>442</b>	398 (2) <b>396</b>
Governance Administration	This service has the responsibility to provide the organisation with appropriate strategic advice on Governance and Property related matters, enabling the organisation to be responsive to the needs of the Council and the community.	146 (0) <b>146</b>	279 (101) <b>177</b>
Financial Services	This service has the responsibility to provide the organisation with appropriate strategic advice, reporting and internal control on finance related matters. Financial services also provide accounts payable, receivable and rating administration.	817 (361) <b>456</b>	(3,815) (685) <b>(4,500)</b>
Human Resources Management	The Organisational Development Unit aims to facilitate Council's organisational goals through effective workforce management and provide a mechanism for continual review and improvement.	752 0 <b>752</b>	790 (17) <b>772</b>
Risk Management	This service has the responsibility to provide the organisation with appropriate advice and management of risk and OHS in relation to legal and other community requirements.	204 0 <b>204</b>	242 (33) <b>209</b>
Procurement	This service has the responsibility to provide the organisation with appropriate advice, administration and policy on all procurement matters as specified in Section 186A of the Local Government Act 1989.	206 0 <b>206</b>	187 0 <b>187</b>
Communications	The Communications service assists the organisation to facilitate communication across both internal and external stakeholders, and provide high quality information to the community.	294 0 <b>294</b>	298 0 <b>298</b>
Customer Service	The Customer Service is the first point of contact for all communications with Council. This unit aims to provide accurate and a high quality of service to all customers.	226 0 <b>226</b>	256 (4) <b>252</b>

SERVICE	DESCRIPTION	BUDGET Expenditure (Revenue)	ACTUAL Expenditure (Revenue)
		Net Cost \$000	Net Cost \$000
Business Systems	The Business Systems unit aims to maximise the organisation's capacity to utilise all its many and diverse systems and is also responsible for the ongoing support of Councils IT requirements necessary to deliver effective services.	1,385 (5) <b>1,380</b>	1260 (2) <b>1,258</b>
Records Management	This service provides a timely and efficient records management service to all departments.	97 0 <b>97</b>	92 0 <b>92</b>
Corporate Buildings and Overheads	This service maintains buildings and grounds of corporate buildings, supports whole of organization administration functions and coordinates centralized purchasing of corporate consumables.	1,102 0 <b>1,102</b>	1,236 0 <b>1,236</b>
Depot Operations and Maintenance	This service coordinates the operation of Council's depots in Hamilton, Coleraine, Balmoral, Cavendish, Dunkeld and Peshurst to support works teams to deliver capital and maintenance programs.	(393) (22) <b>371</b>	491 (54) <b>437</b>





The following statement provides the results of the prescribed service performance indicators and measures including explanation of material variations.

Service/Indicator/Measure	14/15	15/16	16/17	17/18	18/19	MATERIAL VARIATIONS
<b>GOVERNANCE</b>						
<b>Transparency</b> <i>Council resolutions at meetings closed to the public</i> [Number of council resolutions made at ordinary or special meetings of council, or at meetings of a special committee consisting only of councillors, closed to the public / Number of council resolutions made at ordinary or special meetings of council or at meetings of a special committee consisting only of councillors] x100	31%	19.44%	5.80%	0.71%	2.92%	Increase in matters being considered and closed to the public under sections 89(2d) and 89(2e) of the Local Government Act 1989.
<b>Consultation and Engagement</b> <i>Satisfaction with community consultation and engagement</i> [Community satisfaction rating out of 100 with how council has performed on community consultation and engagement]	50	49	56	54	57	No material variations
<b>Attendance</b> <i>Council attendance at council meetings</i> [The sum of the number of councillors who attended each ordinary and special council meeting / (Number of ordinary and special council meetings) x (Number of councillors elected at the last council general election)] x100	89%	90.98%	92.31%	92.44%	95.24%	No material variations
<b>Service cost</b> <i>Cost of governance</i> [Direct cost of the governance service / Number of councillors elected at the last council general election]	\$29,973.71	\$40,879.71	\$35,792.86	\$31,908.43	\$32,159.71	No material variations
<b>Satisfaction</b> <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	44	50	49	50	49	No material variations

# Corporate GOVERNANCE

Council is constituted under the Local Government Act 1989 to provide leadership for the good governance of the municipal district and the local community.

Council has a number of roles including:

- taking into account the diverse needs of the local community in decision-making
- providing leadership by establishing strategic objectives and monitoring achievements
- ensuring that resources are managed in a responsible and accountable manner
- advocating the interests of the local community to other communities and governments
- fostering community cohesion and encouraging active participation in civic life.

Council is committed to effective and sustainable forms of democratic and corporate governance as the key to ensuring that council and its administration meet the community's priorities. The community has many opportunities to provide input into council's decision-making processes including community consultation, public forums and the ability to make submissions to Council.

Council's formal decision-making processes are conducted through council meetings. Council delegates the majority of its decision-making to council staff. These delegations are exercised in accordance with adopted council policies.

## MEETINGS OF COUNCIL

Ordinary meetings of the Southern Grampians Shire Council are held on the 2nd Wednesday of each month at 5:30pm in the Council Chambers, 3 Market Place, Hamilton.

Council also hosted five meetings in towns other than Hamilton during 2018/19:

- Cavendish on 11 July 2018
- Dunkeld on 12 September 2018
- Branxholme on 14 November 2018
- Glenthompson on 13 March 2019
- Tarrington on 10 April 2019

These meeting days also included industry visits in the local area, Council Briefing Session and Community Engagement Session in the evenings. Hosting Meetings in other locations provided a great opportunity for more community members to attend Council Meetings and be more involved with democracy in their communities.

The meeting is open to all who wish to attend. Councillors of the Southern Grampians Shire Council are also available to meet informally with residents between 5:00pm - 5:30pm in the Martin J. Hynes Auditorium, 5 Market Place, prior to the monthly Council Meeting Council meetings. There is also the opportunity for community members to submit a question to the Council, make a submission or speak to an item. For the 2018/19 year Council held the following meetings:

- 11 ordinary council meetings
- 4 special council meetings.

The following table provides a summary of councillor attendance at council meetings and special council meetings for the 2018/19 financial year.

Councillor	Ordinary Meeting	Special Meeting	Total
Cr Mary Ann Brown (Mayor from 9 November 2016)	11	4	15/15
Cr Chris Sharples	11	4	15/15
Cr Cathy Armstrong	9	4	13/15
Cr Albert Calvano	9	2	11/15
Cr Colin Dunkley	10	4	14/15
Cr Greg McAdam	11	4	15/15
Cr Katrina Rainsford	11	4	15/15

## SPECIAL COMMITTEES

The Act allows Councils to establish one or more special committees consisting of:

- Councillors
- Council staff
- Other persons
- Any combination

The followings table contains a list of special committees established by the Council that are in operation and the purpose for which each committee was established:

Special Committee	Purpose
Planning Committee	To support the efficient and effective consideration of planning permit applications and the development of effective land use strategies in support of the environment, community and economy. To provide an open forum where major planning applications can be considered and applicants and objectors have their right to be heard.
Carapook Hall	The management and operation of the Public Hall at Carapook.
Coleraine Mechanics Institute	The management and operation of the Mechanics' Institute Hall at Coleraine.
Konongwotong Hall	The management and operation of the Konongwotong Public Hall.
Nareen Hall	The management and operation of the Nareen Public Hall.
Coleraine Tourist & Exhibition Centre	The management and operation of the Coleraine Tourist & Exhibition Centre.
Coleraine Sporting Ground	The management and operation of the Coleraine Tennis & Netball Centre, Silvester Oval, Gage Street Reserve and Turnbull Street Reserve, all of Coleraine.
Cavendish Soldiers Memorial Hall	Managing the Cavendish Soldiers Memorial Hall.
Vasey Recreation Reserve	The operation of the Vasey Recreation Reserve.





## COUNCILLOR CODE OF CONDUCT

The Local Government Act 1989 provides that all Council's must develop and approve a Councillor Code of Conduct ('Code') and that the Code must be reviewed within twelve months of a general election.

The Councillor Code of Conduct was adopted at Council's meeting on 10 October 2018.

The Code acknowledges acceptance of and commitment to the Primary Principles of councillor conduct. To adhere to these a Councillor must:

- Act with integrity
- Impartially exercise his or her responsibilities in the interests of the local community
- Not improperly seek to confer an advantage or disadvantage on any person.

Councillors must also adhere to the general Councillor Conduct Principles which state a Councillor must:

- Avoid conflicts between his or her public duties as a Councillor and his or her personal interests and obligations
- Act honestly and avoid statements (whether oral or in writing) or actions that will, or are likely, to mislead or deceive a person
- Treat all persons with respect and have due regard to the opinions, beliefs, rights and responsibilities of other Councillors, Council staff and other persons
- Exercise reasonable care and diligence and submit himself or herself to the lawful scrutiny that is appropriate to his or her office
- Endeavour to ensure that public resources are used prudently and solely in the public interest
- Act lawfully and in accordance with the trust placed in him or her as an elected representative
- Support and promote these principles by leadership and example and act in a way that secures and preserves public confidence in the office of Councillor.

These Councillor Conduct Principles are articulated in the *Local Government Act 1989*. After adoption of the Code, all Councillors signed a copy as an expression of their commitment to uphold and abide by its content.

A copy of the Councillor Code of Conduct can be obtained from Council's Brown Street Business Centre, or viewed on Council's website

[www.sthgrampians.vic.gov.au](http://www.sthgrampians.vic.gov.au)

## CONFLICT OF INTEREST

Councillors are elected by the residents and ratepayers to act in the best interest of the community. This is a position of trust that requires Councillors to act in the public interest. When a Council delegates its powers to a Council officer or a committee, the committee or officer also needs to act in the public interest.

A conflict of interest occurs when a personal or private interest might compromise the ability to act in the public interest. A conflict of interest exist even if no improper act results from it. Council has a comprehensive procedure in place to accommodate the disclosure of a conflict of interest. Declaration of a conflict of interest is a standard agenda item for all Council and committee meetings.

While the procedures vary depending on the particular role and circumstances, in general they involve disclosing the relevant interests in a specific way and then stepping aside from the relevant decision-making process or from the exercise of the public duty. A register is maintained to record all disclosed conflicts of interest.



## COUNCILLOR ALLOWANCES AND EXPENSES

In accordance with section 74 of the Act, Councillors are entitled to receive an allowance while performing their duty as a Councillor. The Mayor is also entitled to receive a higher allowance.

The State Government sets the upper and lower limits for all allowances paid to Councillors and Mayors. Councils are divided into three categories based on the income and population of each Council. In this instance Southern Grampians Shire Council is recognised as a category 1 council.

The allowance range limits which apply for this category are:-

**Mayor** - up to \$61,651 pa

**Councillors** - \$8,660 to \$20,636 pa

The amount equivalent to the superannuation scheme guarantee under Commonwealth taxation legislation (currently 9.5%) is payable in addition to these amounts.

The table below sets out the allowances paid in accordance with the Act for the 2018/2019 financial year:

Councillor	Allowance	Superannuation	Total
Armstrong	20,500.76	1,947.56	22,448.32
Brown (Mayor)	61,247.88	5,818.60	67,066.48
Calvano	20,500.76	1,947.56	22,448.32
Dunkley	20,500.76	1,947.56	22,448.32
McAdam	20,500.76	1,947.56	22,448.32
Rainsford	20,500.76	1,947.56	22,448.32
Sharples	20,500.76	1,947.56	22,448.32
<b>Total</b>	<b>184,252.44</b>	<b>17,503.96</b>	<b>201,756.40</b>

## Councillor Expenses

In accordance with Section 75 of the Act, council is required to reimburse a councillor for expenses incurred whilst performing his or her duties as a councillor.

Council is also required to adopt and maintain a policy in relation to the reimbursement of expenses for councillors. The policy provides guidance for the payment of reimbursements of expenses and the

provision of resources, facilities and other support to the mayor and councillors to enable them to discharge their duties.

Council also publishes in its Annual Report the details of the expenses, including reimbursement of expenses for each councillor. The details of the expenses including reimbursements for each councillor for the 2018/19 year are set out in the following table.

Councillor	Travel	Mileage	Childcare	ICT	Conference and Training	Total
Armstrong	0	0	0	407.04	0	407.04
Brown (Mayor)	5177.65	0	0	626.50	2711.44	8515.59
Calvano	2303.05	1564.65	0	977.27	210.99	5055.96
Dunkley	0	0	0	207.75	181.36	389.11
McAdam	0	0	0	440.00	67.73	508.20
Rainsford	611.35	5761.76	0	573.90	187.35	7134.36
Sharples	649.41	0	0	407.04	0	1056.45
<b>Total</b>	<b>8,741.46</b>	<b>7,326.41</b>	<b>0</b>	<b>3,639.97</b>	<b>3,358.87</b>	<b>\$23,066.71</b>

Note: The Mayor is supplied with a vehicle in order to fulfil the duties of the role.

## AUDIT COMMITTEE

The Audit Committee is an advisory committee of Council formed in accordance with section 139 of the Local Government Act 1989. The Audit Committee's role is to oversee and monitor the effectiveness of Council in carrying out its responsibilities for accountable financial management, good corporate governance, maintaining an effective system of internal control and risk management and fostering an ethical environment. The Audit Committee consists of two independent members Mr Michael Murphy (Chair) and Mr Brian Densem and two Councillors,

Councillor Mary-Ann Brown and Councillor Colin Dunkley. Meetings are also attended by the Chief Executive Officer, Director Community and Corporate Services, Manager Finance, Financial Services Coordinator and other staff as appropriate.

The Audit Committee charter outlines the role of the Committee, which includes the facilitation of:

- The enhancement of the credibility and objectivity of internal and external financial reporting
- Effective management of financial and other risks and the protection of Council assets
- Compliance with laws and regulations and consideration of best practice guidelines
- The effectiveness of the internal audit function
- The provision of an effective means of communication between the external auditor, internal audit, management and the Council.

The Audit Committee met on five occasions during 2018/2019 and addressed a broad range of issues including:

- Annual Financial, Standard and Performance Statements
- Budget 2019 – 2020
- Financial Statements
- Audit Plan 2019
- Audit Strategy
- Internal Audit Charter
- Procurement Policy and Processes
- Victorian Auditor General Report
- Strategic Risk Register
- Review recommendations from the Internal Audit Reports
- Business Continuity

## DOCUMENTS FOR PUBLIC INSPECTION

In accordance with Regulation 12 in the *Local Government (General) Regulations 2015*, the following documents are available for public inspection:

- Details of overseas or interstate travel (with the exception of interstate travel by land for less than 3 days) undertaken in an official capacity by Councillors or any member of Council staff in the previous 12 months
- Agendas and minutes of ordinary and special meetings held in the previous 12 months kept under Section 93 of the Act except if the minutes relate to parts of meetings which have been closed to members of the public under Section 89 of the Act
- Minutes of meetings of special committees established under Section 86 of the Act and held in the previous 12 months, except if the minutes relate to parts of meetings which have been closed to members of the public under Section 89 of the Act
- Register of delegations kept under Sections 87, 88 and 98 of the Act
- Details of leases entered into by the Council as lessor
- Register of authorised officers appointed under Section 224(1A) of the Act
- A list of donations and grants made by the Council during the financial year.

A range of other information including the Council Plan, Annual Report, Council Code of Conduct and current Local Laws are available for viewing and downloading from Council's website

[www.sthgrampians.vic.gov.au](http://www.sthgrampians.vic.gov.au)

## BEST VALUE

The Best Value principles specified in the Local Government Act 1989 are a key component of Council's continuous improvement program which is designed to continually find ways to improve its services and ensure it is addressing the community's changing needs. The Best Value principles allow Council to benchmark services, assess their efficiency and gauge whether they meet the community's needs. The aim is to continually improve the responsiveness, quality, efficiency, accessibility and value of services Council provides to the community.



## CARER'S RECOGNITION ACT 2012

In accordance with the *Carers Recognition Act 2012*, Council is required to report annually on its care measurement obligations under Section 11 of that Act. Council has taken all practicable measures to comply with its responsibilities outlined in the *Carers Recognition Act 2012*.

Council has taken all practicable measures to ensure staff, Council agents and volunteers working for Council are informed about the principles and obligations of the *Carer's Recognition Act 2012* by including information on the care relationship in Council induction and training programs for staff working in Home and Community Care and disability services.

Council has taken all practicable measures to review and modify policies, procedures and supports to include recognition of the carer relationship.

## CONTRACTS

During the year, Council entered into a series of contracts with a group training company to be the host employer of civil construction trainees, business trainees and horticultural apprentices.

There is a potential that these contracts as a collective will reach the \$150,000 value threshold for goods or services as per section 186 of the Local Government Act 1989.

During the year Council did not enter into any contracts valued at \$200,000 or more for works without engaging in a competitive process.

## COMMUNITY INCLUSION PLAN 2017-2021

In accordance with section 38 of the *Disability Act 2006*, as Council has prepared a Community Inclusion Disability Action Plan and it must report on the implementation of the Plan in its Annual Report.

Council has implemented the following actions in 2018/19:

- Council has reviewed our Greater Grants program to ensure access and inclusion principles are reflected in the guidelines and assessment process.
- Council is moving inclusive communication and engagement from the 'practice' of a few staff to core business, identifying inclusive practices playing a vital role in planning and

decision making. This move to embed inclusive communication and engagement as part of our regular business practices will be cultivated through the application of the Communications and Engagement strategy (2019 – 2020) at all levels of the organisation. Council has increased the number of people with a disability engaging in our consultation processes.

- Inclusive Recreation – Council has included inclusion principles into user group agreements for committees that receive operational subsidies and/or use council facilities.
- Rural Access facilitated and funded Disability Sport and Recreation's disability awareness program 'Wheel talk' to conduct sessions in Southern Grampians Shire.
- Council promoted and celebrated 'International Day of people with a Disability' at Party with the Ponies.
- Council provided training, information and guidance to businesses, groups and organisations and built on existing programs that reduce barriers to obtaining employment. Programs include the Hospitality and Barista skills training to students from Hamilton Parklands Special School.
- Council supported the growth and development of opportunities for volunteers with a disability and supported businesses who possess inclusive processes or are aiming to. The 2019 Business awards will be delivered to promote and support businesses with inclusive processes. The 2019 Awards will also include volunteering for community members with a disability as a category.
- Council's Recreation Manager, Major Strategic Project Coordinator and Rural Access Officer have undertaken 'Universal Design' training. Universal Design principals have been included in the Hamilton CBD Masterplan.
- Council has supported and partnered with service providers, state and Federal governments to improve opportunities for inclusion for people with a disability and their families in Southern Grampians Shire. Council has delivered key components of the Passport 2 Employment Mentoring Program (P2E).
- Council's Scooter Recharge Program: Plug in and Power Up, provides sites in the Shire where mobility scooters can recharge their scooters.



### DOMESTIC ANIMAL MANAGEMENT PLAN

In accordance with the *Domestic Animal Act 1994*, Council is required to prepare a Domestic Animal Management Plan at four year intervals and evaluate its implementation in its Annual Report.

The Plan identifies strategies and actions to implement the vision, aims and objectives for animal management and contains recommendations for a wide range of actions to be undertaken by Council in a programmed approach. These actions will enable Council to maintain a balance between the competing interests of animal management and to accommodate new requirements. The Plan addresses topics including authorised officer training, promotion of responsible pet ownership including registration, minimisation of dog attacks, operation of the Pound facility and general service delivery throughout the municipality. The Pound is run in strict accordance with the code of practice for Pounds and Shelters.

There was a slight reduction in the number of animals registered in the Shire for 2018/19. As at 30 June 2019 there were 2,841 domestic animals registered with Council; 2,164 dogs and 677 cats. The 2018/19 year saw 60% of impounded dogs and 8.6% of impounded cats reclaimed by their owners and 10% of impounded dogs and 4.6% of impounded cats rehoused with new families.

There has been a small increase in reclaimed/rehomed animals which may be contributed to the ongoing and proactive improvement to Councils animal management facilities and responsible pet ownership and rehoming program. While the number of impounded cats humanely destroyed appears to be disproportionately high, this is because the majority of the cats impounded by Council are feral animals impounded through an intense trapping program in known feral population areas. This only represents the animals that were physically brought to the pound and does not include the many animals that were able to be returned to their owners before being impounded. Enforcement of domestic animal management resulted in 16 infringements being issued in the 2018/19 financial year.

### FOOD ACT MINISTERIAL DIRECTIONS

In accordance with section 7E of the *Food Act 1984*, Council is required to publish a summary of any ministerial directions received during the financial year in its annual report.

No such ministerial directions were received by Council during the 2018/19 financial year.

## FREEDOM OF INFORMATION

The *Freedom of Information Act 1982* (the FOI Act) gives people the right to access documents held by Victorian government agencies.

The FOI Act has four main functions:

1. To provide a general right of access to documents;
2. To enable individuals to amend incorrect documents about them held by government;
3. To provide rights appeal in relation to the previous two functions;
4. To require agencies to publish certain details about themselves and their functions.

In the period 1 July 2018 – 30 June 2019, Council received a total of 3 valid FOI requests. These were all granted full or partial access. There were no outstanding requests as at 30 June 2019.

In accordance with section 7(4AA)(a) and 7(4AA)(b) of the *Freedom of Information Act 1982*, Council is required to publish certain statements in their Annual Report or separately such as on its website, concerning its functions and information available. Council has chosen to publish the statements separately however provides the following summary of the application and operation of the *Freedom of Information Act 1982*.

Access to documents may be obtained through written request to the Freedom of Information Officer, as detailed in section 17 of the *Freedom of Information Act 1982* and in summary as follows:

- It should be in writing;
- It should identify as clearly as possible which document is being requested;
- It should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Applications can be email to Council's FOI Officer at [foi@sthgrampians.vic.gov.au](mailto:foi@sthgrampians.vic.gov.au) or mailed to Locked Bag 685, Hamilton VIC 3300.

Access charges may apply once documents have been processed and a decision on access is made (e.g. photocopying and search and retrieval charges).

Further information regarding FOI can be found at [www.sthgrampians.vic.gov.au/foi](http://www.sthgrampians.vic.gov.au/foi)

## PROTECTED DISCLOSURES ACT 2012

In accordance with section 69 of the *Protected Disclosure Act 2012* a Council must include in their Annual Report information about how to access the procedures established by the Council under Part 9 of that Act. It is also required to provide certain information about the number and types of protected disclosures complaints investigated during the financial year.

The *Protected Disclosure Act 2012* aims to ensure openness and accountability in government by encouraging people to disclose improper conduct within the public sector and provide protection for people who make disclosures. Procedures on how to make a disclosure are available on Council's website [www.sthgrampians.vic.gov.au/protecteddisclosures](http://www.sthgrampians.vic.gov.au/protecteddisclosures)

During the 2018/19 financial year no disclosures were notified to Council officers appointed to receive disclosures, or to IBAC.

## ROAD MANAGEMENT ACT MINISTERIAL DIRECTION

In accordance with section 22 of the *Road Management Act 2004*, a Council must publish a copy or summary of any Ministerial direction in its Annual Report. No such Ministerial Directions were received by Council during the 2018/19 financial year.

## INFRASTRUCTURE AND DEVELOPMENT CONTRIBUTIONS

In accordance with section 46GM and 46QD of the Planning and Environment Act 1987, a Council that is a collecting or development agency must prepare and give a report to the Minister for Planning on infrastructure and development contributions including levies and works in kind. The report must be published in Council's Annual Report.

No infrastructure or development contributions were received by Council in the 2018/19 financial year.



# Corporate GOVERNANCE

## GOVERNANCE AND MANAGEMENT CHECKLIST

The following are the results in the prescribed form of council's assessment against the prescribed governance and management checklist

INDICATOR	GOVERNANCE AND MANAGEMENT ITEMS	ASSESSMENT
Community Engagement	1 <b>Community engagement policy</b> (policy outlining council's commitment to engaging with the community on matters of public interest)	Current policy in operation Date: 9 June 2010
Community Engagement	2 <b>Community engagement guidelines</b> (guidelines to assist staff to determine when and how to engage with the community)	Current guidelines in operation Date: 9 June 2010
Planning	3 <b>Strategic Resource Plan</b> (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	Plan adopted in accordance with section 126 of the Act Date of adoption: 27 June 2018
Planning	4 <b>Annual budget</b> (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Budget adopted in accordance with section 130 of the Act Date of adoption: 20 June 2019
Planning	5 <b>Asset management plans</b> (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Current plans in operation Road Infrastructure Asset Management Plan Date: 30/06/2013 Drainage Asset Management Plan Date: 30/06/2015 Pathways Asset Management Plan Date: 30/06/2015 Buildings Asset Management Plan Date: 30/06/2013 Bridges Asset Management Plan Date: 30/06/2015 Playground Asset Management Plan Date: 30/06/2015 Outdoor Pools Asset Management Plan Date: 31/03/2019
Planning	6 <b>Rating strategy</b> (strategy setting out the rating structure of Council to levy rates and charges)	Current strategy in operation Date: 24 April 2019
Planning	7 <b>Risk policy</b> (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Current policy in operation Date: 1 July 2013

INDICATOR	GOVERNANCE AND MANAGEMENT ITEMS	ASSESSMENT
Planning	8 <b>Fraud policy</b> (policy outlining council's commitment and approach to minimising the risk of fraud)	Current policy in operation Date: 29 March 2018
Planning	9 <b>Municipal emergency management plan</b> (plan under section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the Emergency Management Act 1986 Date: 11 July 2018
Planning	10 <b>Procurement policy</b> (policy under section 186A of the Local Government Act 1989 outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with section 186A of the Local Government Act Date: 8 August 2018
Planning	11 <b>Business continuity plan</b> (plan setting out the actions that will be taken to ensure that key services continue to operate in the event of a disaster)	Current plan in operation Date: 1 February 2012
Planning	12 <b>Disaster recovery plan</b> (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Current plan in operation Date: 2 February 2018
Monitoring	13 <b>Risk management framework</b> (framework outlining council's approach to managing risks to the Council's operations)	Current framework in operation Date: 1 July 2013
Monitoring	14 <b>Audit Committee</b> (advisory committee of council under section 139 of the Act whose role is to oversee the integrity of a council's financial reporting, processes to manage risks to the council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	Committee established in accordance with section 139 of the Act Date: 9 April 1999
Monitoring	15 <b>Internal audit</b> (independent accounting professionals engaged by the council to provide analyses and recommendations aimed at improving council's governance, risk and management controls)	Internal auditor engaged Date: 1 May 2017
Monitoring	16 <b>Performance reporting framework</b> (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	Current framework in operation Date: 1 July 2014
Reporting	17 <b>Council Plan reporting</b> (report reviewing the performance of the council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Current report Date: 14 November 2018, 13 February 2019, 8 May 2019, 14 August 2019
Reporting	18 <b>Financial reporting</b> (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Quarterly statements presented to council in accordance with section 138(1) of the Act Date: 8 August 2018, 12 September 2018, 10 October 2018, 13 February 2019, 13 March 2019, 10 April 2019 and 12 June 2019

INDICATOR	GOVERNANCE AND MANAGEMENT ITEMS	ASSESSMENT
Reporting	19 <b>Risk reporting</b> (six-monthly reports of strategic risks to council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Reports prepared and presented Date: 27 November 2018 16 April 2019
Reporting	20 <b>Performance reporting</b> (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	Reports prepared and presented Date: 8 August 2018, 12 September 2018, 10 October 2018, 13 February 2019, 13 March 2019, 10 April 2019 and 12 June 2019
Reporting	21 <b>Annual report</b> (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)	Annual Report considered at a meeting of Council in accordance with section 134 of the Act Date: 10 October 2018
Decision-making	22 <b>Councillor Code of Conduct</b> (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Code of conduct reviewed in accordance with section 76C of the Act Date: 10 October 2018
Decision making	23 <b>Delegations</b> (a document setting out the powers, duties and functions of council and the Chief Executive Officer that have been delegated to members of staff)	Delegations reviewed in accordance with section 98(6) of the Act Dates of review: s5 28 June 2017, s6 10 October 2018, s7 1 April 2019, s14 25 March 2019
Decision-making	24 Meeting procedures (a local law governing the conduct of meetings of council and special committees)	Meeting procedures local law made in accordance with section 91(1) of the Act Date: 18 October 2013

I certify that this information presents fairly the status of council's governance and management arrangements.



**MICHAEL TUDBALL**  
Chief Executive Officer

Dated: 13 September 2019



**MARY-ANN BROWN**  
Mayor

Dated: 13 September 2019



# Financial INFORMATION

## UNDERSTANDING THESE ACCOUNTS

The Financial Statements have been prepared in accordance with the Local Government Act 1989, the Local Government (Finance & Reporting) Regulations 2004, Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board. The Financial Statements have been prepared on the basis of historical costs, except where specifically stated otherwise. They have also been prepared on an accruals and ongoing concern basis.

The statements are audited by the Victorian Auditor-General's agent before being approved in principle by Council's Audit Committee and Council itself. The Financial Statements are then forwarded to the Auditor-General for approval.

For this financial year Council has received a clear audit of its Financial Statements. The General Purpose Financial Statements are comprised of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Notes to and forming part of the Statements. These Statements compare the previous year's results with the current year.

## FINANCIAL OVERVIEW

Council's audited 2018/19 Financial Statements are included from page 90-94 of this report.

Council continues to be in a sound financial position and achieved an operating deficits of \$2.382 million.

Council has a working capital ratio of 3.06:1 this year (2017/18 2.57:1). The Working Capital Ratio assesses Council's ability to meet current commitments and means that Council has \$3.06 of cash and current assets for every \$1.00 of current liabilities.

Unrestricted cash on hand at 30 June 2019 was \$19.733 million which includes investments of \$3.1 million for payment of long service leave entitlements, \$2.750m for the future provision of landfill remediation, and \$2.0m defined benefits super call contingency. Restricted cash of \$1.590 million is for specific reserve funds and trust deposits.

Borrowings outstanding at 30 June 2019 totalled \$1.858 million. Trade and other payables was \$3.544m.

Council had a net overall cash inflow for the year of \$3.040 million compared to a budgeted outflow of \$8.003 million.

Council achieved a Net Cash Flow of \$22.795 million from Operating Activities compared to a budget of \$25.030 million for the financial year.

## RATING

Rates and Charges provide 24 percent of Council's total operating revenue in 2018/19.

Council's rating strategy seeks to ensure consistency and equity in the levying of rates and charges. Differential rates are levied on the capital improved valuation of all rateable land to reflect the different standard, range and access to municipal services available to residents and ratepayers in the different areas of the Shire.

The lower differential rate is fixed at 80 percent of the higher differential rate.

# FINANCIAL INFORMATION

## LOOKING AHEAD

The Council, in developing its financial strategy, has taken a long-term view to budgeting and planning. The preparation of the Long Term Financial Plan includes a number of assumptions, which are reviewed annually and updated to reflect new or revised circumstances. In preparing its long-term financial plan, a number of internal and external influences impact on the capacity of Council to fund ongoing capital needs including increasing costs associated with the maintenance and renewal of Council's ageing infrastructure assets, improvements in waste management services and facilities, improved asset management practices, demand for leisure and recreation facilities, Council services generally and plant replacement.

The Council continues to receive funding from the Federal Government (via the Victorian Grants Commission) and under the "Roads to Recovery" program for the local road network.

The key objective of the Financial Plan is financial sustainability in the medium to long term, whilst still achieving the Council's corporate objectives as specified in the Council Plan.

## COMPREHENSIVE INCOME STATEMENT

The Comprehensive Income Statement includes all sources of income, less all operating expenses or expenses incurred in delivering Council services. This includes depreciation, or the writing down of the value of buildings, roads, footpaths, drains and all other infrastructure assets which are used to deliver Council services.

These assets are depreciated over the life of the asset as they are consumed. Capital costs or new assets purchased or created during the year are excluded from the Statement, but are depreciated as they are used.

The Statement is prepared on an accrual basis.

This means that all revenue and expenditure for the year is recognised even though the revenue may not yet be received or expenses not yet paid.

The key figure is the Surplus (Deficit) which is the equivalent to the profit or (loss) of Council for the year. Council Expenses were \$85.220 million with Revenue \$82.838 million leaving a deficit of \$2.382 million.

## BALANCE SHEET

The Balance Sheet shows what the Council owns as assets and what it owes as liabilities. Both Assets and Liabilities are expressed as current or non-current. Current means that these are Assets or Liabilities that will be expected to be paid or could be converted into cash within the next 12 months. The bottom line of this Statement is Net Assets which is the net worth of Council built up over the years.

The Council's Balance Sheet indicates Council is in a sound position. Its Current Assets consist predominately of cash assets and are 3.06 times Current Liabilities which demonstrates that Council has sufficient funds on hand to pay liabilities as they fall due.

## STATEMENT IN CHANGES OF EQUITY

The Statement of Changes in Equity shows the value of changes to Total Ratepayers Equity (net assets) and how these changes arose.

Council's net worth can only change through the 'profit (loss) for the year' from operations as recorded in the Comprehensive Income Statement or an increase in the value of non-current assets resulting from a revaluation of those assets.

Council's Net Equity decreased from \$333.809 million to \$331.426 million in 2018/19. This decrease of \$2.382 million is the operating result in 2018/19.

# FINANCIAL INFORMATION

## STATEMENT OF CASH FLOWS

The Statement of Cash Flows summarises Council's cash payments and cash receipts for the year.

It differs from the Comprehensive Income Statement in that it:

- excludes the accruals taken into account in the Comprehensive Income Statement
- excludes non-cash expenses such as depreciation
- includes payments or receipts in relation to capital items
- includes any 'financing' activities such as loan proceeds and payments.

The Cash Flow from Operating Activities summarises all of the Income and Expenses in relation to Council's ongoing service delivery. A surplus ensures that Council can maintain its day-to-day operations as well as provide funds for future community investments.

The Cash Flow from Investing Activities refers to Council's Capital Works expenditure as well as any receipts for the sale of assets.

Cash Flow from Financing Activities refers to the repayment of loans and repayments for Council's unfunded superannuation liabilities.

## STATEMENT OF CAPITAL WORKS

The Statement of Capital Works compares the expenditure allocated to the various categories of assets Council maintains for the purpose of delivering services. This statement compares the level of expenditure compared to the previous year. It also provides a breakdown of the expenses into the development of new assets, renewing existing assets or upgrading and/or expanding assets.

## NOTES TO THE ACCOUNTS

Notes to the Accounts provide details of Council's accounting policies, expands on the summary figures contained in the five key financial statements and includes other information such as financial performance indicators, the cost of various functions.





# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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# CERTIFICATION OF THE FINANCIAL STATEMENTS

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, the Australian Accounting Standards and other mandatory professional reporting requirements.



Belinda J Johnson, B Comm. CPA,  
Principal Accounting Officer

Date : 13.09.19.  
Hamilton

In our opinion the accompanying financial statements present fairly the financial transactions of Southern Grampians Shire Council for the year ended 30 June 2019 and the financial position of the Council as at that date.

As at the date of signing, we are not aware of any circumstances that would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.



Cr Mary-Ann Brown

Councillor

Date : 13/9/2019

Hamilton



Cr Colin B Dunkley

Councillor

Date : 13/9/19.

Hamilton



Michael G Tudball

Chief Executive Officer

Date : 13/9/19

Hamilton

## Independent Auditor's Report

### To the Councillors of Southern Grampians Shire Council

<b>Opinion</b>	<p>I have audited the financial report of Southern Grampians Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2019</li> <li>• comprehensive income statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• statement of cash flows for the year then ended</li> <li>• statement of capital works for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• certification of the financial statements.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Councillors' responsibilities for the financial report</b>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the 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 it is inappropriate to do so.</p>



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**Auditor's  
responsibilities  
for the audit  
of the financial  
report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit 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 the council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' 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 conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the 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 Councillors 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.

---

MELBOURNE  
20 September 2019

  
Jonathan Kyvelidis  
as delegate for the Auditor-General of Victoria

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## COMPREHENSIVE INCOME STATEMENT

	Note	2019 \$'000	2018 \$'000
<b>Income</b>			
Rates and charges	3.1	20,206	19,706
Statutory fees and fines	3.2	598	584
User fees	3.3	5,716	5,901
Grants - operating	3.4	11,745	10,187
Grants - capital	3.4	29,226	7,972
Contributions - non monetary	3.5	-	148
Reversal of Impairment	6.2	13,483	947
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	182	5
Other income	3.7	1,682	1,650
<b>Total income</b>		<b>82,838</b>	<b>47,100</b>
<b>Expenses</b>			
Employee costs	4.1	(19,322)	(17,694)
Materials and services	4.2	(32,501)	(16,630)
Depreciation and amortisation	4.3	(9,157)	(10,071)
Bad and doubtful debts	4.4	(110)	(75)
Borrowing costs	4.5	(138)	(164)
Adjustment to Landfill Provision	5.5	(2,811)	931
Revaluation of Art Collection	6.2	(2,684)	-
Fair value adjustments for investment property	6.4	(100)	1,720
Other expenses	4.6	(4,018)	(3,073)
<b>Total expenses</b>		<b>(70,841)</b>	<b>(45,056)</b>
<b>Surplus/(deficit) for the year</b>		<b>11,997</b>	<b>2,044</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	6.2	(14,380)	-
<b>Total comprehensive result</b>		<b>(2,383)</b>	<b>2,044</b>

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

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## BALANCE SHEET

	Note	2019 \$'000	2018 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	11,558	8,518
Trade and other receivables	5.1	8,424	3,724
Other financial assets	5.1	10,567	15,956
Inventories	5.2	600	1,095
Non-current assets classified as held for sale	6.1	510	-
Other assets	5.2	959	1,043
<b>Total current assets</b>		<b>32,618</b>	<b>30,336</b>
<b>Non-current assets</b>			
Trade and other receivables	5.1	74	96
Property, infrastructure, plant and equipment	6.2	313,127	314,997
Investment property	6.3	2,720	2,820
<b>Total non-current assets</b>		<b>315,921</b>	<b>317,913</b>
<b>Total assets</b>		<b>348,539</b>	<b>348,249</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3	3,554	4,070
Trust funds and deposits	5.3	639	353
Provisions	5.5	6,100	6,962
Interest-bearing liabilities	5.4	376	409
<b>Total current liabilities</b>		<b>10,669</b>	<b>11,794</b>
<b>Non-current liabilities</b>			
Provisions	5.5	4,962	793
Interest-bearing liabilities	5.4	1,482	1,853
<b>Total non-current liabilities</b>		<b>6,444</b>	<b>2,646</b>
<b>Total liabilities</b>		<b>17,113</b>	<b>14,440</b>
<b>Net assets</b>		<b>331,426</b>	<b>333,809</b>
<b>Equity</b>			
Accumulated surplus		144,481	132,567
Reserves	9.1	186,945	201,242
<b>Total Equity</b>		<b>331,426</b>	<b>333,809</b>

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



# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## STATEMENT OF CHANGES IN EQUITY

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2019</b>					
Balance at beginning of the financial year		333,809	132,567	200,463	779
Surplus/(deficit) for the year		11,997	11,997	-	-
Net asset revaluation increment/(decrement)	6.2	(14,380)	-	(14,380)	-
Transfers to other reserves	9.1	-	(83)	-	83
Transfers from other reserves	9.1	-	-	-	-
<b>Balance at end of the financial year</b>		<b>331,426</b>	<b>144,481</b>	<b>186,083</b>	<b>862</b>

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2018</b>					
Balance at beginning of the financial year		331,765	130,563	200,463	739
Surplus/(deficit) for the year		2,044	2,044	-	-
Net asset revaluation increment/(decrement)	6.2	-	-	-	-
Transfers to other reserves	9.1	-	(40)	-	40
Transfers from other reserves	9.1	-	-	-	-
<b>Balance at end of the financial year</b>		<b>333,809</b>	<b>132,567</b>	<b>200,463</b>	<b>779</b>

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

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## STATEMENT OF CASH FLOWS

	Note	2019 Inflows/ (Outflows) \$'000	2018 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		20,242	19,647
Statutory fees and fines		598	609
User fees		5,738	6,290
Grants - operating		11,745	10,187
Grants - capital		29,226	7,972
Contributions - monetary		-	-
Interest received		627	624
Dividends received		-	-
Trust funds and deposits taken		842	241
Other receipts		1,056	1,026
Net GST refund/payment		(734)	(596)
Employee costs		(18,827)	(17,513)
Materials and services		(37,049)	(14,308)
Trust funds and deposits repaid		(556)	(85)
Other payments		(3,596)	(3,021)
<b>Net cash provided by/(used in) operating activities</b>		<b>9,312</b>	<b>11,073</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	6.2	(11,684)	(11,197)
Proceeds from sale of property, infrastructure, plant and equipment		565	140
Payments for investments		5,389	5,174
Proceeds from sale of investments		-	-
Loans and advances made		-	-
Payments of loans and advances		-	-
<b>Net cash provided by/(used in) investing activities</b>		<b>(5,730)</b>	<b>(5,883)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(138)	(164)
Proceeds from borrowings		-	-
Repayment of borrowings		(404)	(383)
<b>Net cash provided by/(used in) financing activities</b>		<b>(542)</b>	<b>(547)</b>
Net increase (decrease) in cash and cash equivalents		3,040	4,643
Cash and cash equivalents at the beginning of the financial year		8,518	3,875
<b>Cash and cash equivalents at the end of the financial year</b>		<b>11,558</b>	<b>8,518</b>
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## STATEMENT OF CAPITAL WORKS

	Note	2019 \$'000	2018 \$'000
<b>Property</b>			
Land		104	15
<b>Total land</b>		<u>104</u>	<u>15</u>
Buildings		803	820
Building improvements		33	186
<b>Total buildings</b>		<u>836</u>	<u>1,006</u>
<b>Total property</b>		<u>940</u>	<u>1,021</u>
<b>Plant and equipment</b>			
Plant, machinery and equipment		1,504	1,606
Fixtures, fittings and furniture		26	131
Computers and telecommunications		298	241
Library books		70	57
Art Collection		10	-
<b>Total plant and equipment</b>		<u>1,908</u>	<u>2,035</u>
<b>Infrastructure</b>			
Roads		13,948	9,750
Bridges		6,477	443
Footpaths and cycleways		760	248
Drainage		148	30
Recreational, leisure and community facilities		1,077	287
Waste management		922	481
Parks, open space and streetscapes		896	12
Aerodromes		112	101
Livestock Exchange		501	1,847
Other infrastructure		769	1,081
<b>Total infrastructure</b>		<u>25,610</u>	<u>14,280</u>
<b>Total capital works expenditure</b>		<u>28,458</u>	<u>17,336</u>
<b>Represented by:</b>			
New asset expenditure		1,721	1,967
Asset renewal expenditure - See note below.		26,646	14,363
Asset expansion expenditure		-	45
Asset upgrade expenditure		91	961
<b>Total capital works expenditure</b>		<u>28,458</u>	<u>17,336</u>

*Note: Asset renewal includes \$13.483m of works reversing previously impaired assets.*

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



# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## OVERVIEW

### Introduction

The Southern Grampians Shire Council was established by an Order of the Governor in Council on 23 September 1994 and is a body corporate.

The Council's main office is located at 111 Brown Street, Hamilton.

### Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989, and the Local Government (Planning and Reporting) Regulations 2014.

### Significant accounting policies

#### (a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- other areas requiring judgements

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.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$100k where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 27 June 2018. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

### 1.1 Income and expenditure

	Budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance %	Ref
<b>Income</b>					
Rates and charges	19,607	20,206	599	3%	1
Statutory fees and fines	395	598	203	51%	2
User fees	5,750	5,716	(34)	-1%	
Grants - operating	11,281	11,745	464	4%	3
Grants - capital	17,047	29,226	12,179	71%	4
Contributions - monetary	267	0	(267)	-100%	5
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	182	182	100%	6
Reversal of Prior years impairment	-	13,483	13,483	100%	7
Other income	2,073	1,682	(391)	-19%	8
<b>Total income</b>	<b>56,420</b>	<b>82,838</b>	<b>26,418</b>	<b>47%</b>	
<b>Expenses</b>					
Employee costs	(16,398)	(19,322)	(2,924)	18%	9
Materials and services	(10,836)	(32,501)	(21,665)	200%	10
Depreciation and amortisation	(11,052)	(9,157)	1,895	-17%	11
Bad and doubtful debts	0	(110)	(110)	100%	12
Borrowing costs	(139)	(138)	1	-1%	
Adjustment to Landfill Provision	0	(2,811)	(2,811)	100%	13
Revaluation of Art Collection	0	(2,684)	(2,684)	100%	14
Fair value adjustments for investment property	0	(100)	(100)	100%	15
Other expenses	(4,156)	(4,018)	138	-3%	16
<b>Total expenses</b>	<b>(42,581)</b>	<b>(70,841)</b>	<b>(28,260)</b>	<b>66%</b>	
<b>Surplus/(deficit) for the year</b>	<b>13,839</b>	<b>11,997</b>	<b>(1,842)</b>	<b>-13%</b>	

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## (i) Explanation of material variations

Variance Ref	Item	Explanation
1	Rates and charges	The calculation of rate revenue for budget purposes offsets pensioner concessions \$416k and discount on rates \$156k against revenue. In financial statements they are transferred to expenses showing a higher revenue.
2	Statutory fees and fines	Building fees are higher by \$66k, Planning fees are higher by \$63k and Local Laws by \$16k, all of which are reliant on external forces to dictate the level of service. Other fees in a number of services are slightly higher than anticipated.
3	Grants - operating	Generally operating grants were in-line with anticipated levels expected. There were unbudgeted grants in strategic planning \$90k, performing arts \$80k, kindergartens \$20k, asset management \$40k and environmental sustainability \$66k. However the VGC again paid 50% of the 2018/19 allocation in 2017/18 and a further 50% of the 2019/20 allocation in the 2018/19 year resulting in some variance. The remaining variance - both in operating and capital grants is the result of difficult classification and payment of grant funds relating the restoration activities of the 2016 flood and storm event.
4	Grants - capital	Additional capital grants were achieved for the botanic gardens \$144k, Landfill \$100k, Livestock exchange \$199K and roadside assets \$267k. Other variances are as above relating to the 2016 flood and storm event.
5	Contributions - monetary	Contributions to capital works project were not collected due to the delayed timing of the project delivery - Botanic Gardens \$182k & Footpaths \$85k.
6	Net gain/(loss) on disposal of infrastructure, plant and equipment	Net profit from the sale of plant was \$31k and land sales was \$151k.
7	Reversal of Impairment	Relates to the reversal of impairment expenses on flood affected assets in 2016/17
8	Other income	\$365k relates to anticipated reimbursements from flood restoration activities and the timing between the financial years of these activities.
9	Employee costs	The following payment types were above budgeted allocations: Casual wages \$415k, Overtime \$380k, Long Service Leave \$301k, public holidays \$427k, Other leave \$446k, oncosts not recovered \$402k and general wages and salaries \$513k.
10	Materials and services	The over expenditure in this area relates to flood restoration works and their timing from the previous financial year coupled with works which were originally budgeted to be capital expenses, however did not meet capitalisation criteria (restorative rather than renewal).
11	Depreciation and amortisation	Buildings were revalued during the financial year with a substantial decrease in the value and a resultant decrease in depreciation expenses of \$201k. Depreciation expense on roads is also lower due to the impact of depreciation on the reduced value of impaired assets during the year \$1.5m.
12	Bad and doubtful debts	Council has made provision for some debts that it believes it may not be able to recover, however is not yet certain.
13	Adjustment to Landfill Provision	Infrastructure reviewed both the short and long term amounts of rehabilitation works required, including monitoring costs for the next 10 years. This has substantially increased the provision required, despite substantial works completed during the year.
14	Revaluation of Art Collection	The Art Collection was revalued during the period resulting in a reduced value of \$17m from \$22.6m. Of the \$5.6m reduction, \$3m was written to the Asset Revaluation Reserve and \$2.6m being expensed.
15	Fair Value adjustments for investment property	Council revalues its investment property annually. Details are not disclosed due to commercial arrangements.
16	Other expenses	Council acted as auspice for a large Community grant of \$400k however this is offset by \$660k of waste revenue which was not realised and number of other minor variances.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## Note 1 Performance against budget (cont'd)

### 1.2 Capital works

	Budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance 2019 %	Ref
<b>Property</b>					
Land	-	85	85	-	1
Land improvements	1,665	104	(1,561)	-	2
<b>Total land</b>	<b>1,665</b>	<b>189</b>	<b>(1,476)</b>	<b>-89%</b>	
Buildings	1,306	718	(588)	-45%	3
Heritage buildings	-	-	-	-	
Building improvements	400	33	(367)	-92%	4
Leasehold improvements	-	-	-	-	
<b>Total buildings</b>	<b>1,706</b>	<b>751</b>	<b>(955)</b>	<b>-56%</b>	
<b>Total property</b>	<b>3,371</b>	<b>940</b>	<b>(2,431)</b>	<b>-72%</b>	
<b>Plant and equipment</b>					
Heritage plant and equipment	-	-	-	-	
Plant, machinery and equipment	2,568	1,504	(1,064)	-41%	5
Fixtures, fittings and furniture	30	26	(4)	-13%	6
Computers and telecommunications	285	298	13	5%	7
Library books	70	70	-	0%	
Art Collection	15	10	(5)	-33%	8
<b>Total plant and equipment</b>	<b>2,968</b>	<b>1,908</b>	<b>(1,060)</b>	<b>-36%</b>	
<b>Infrastructure</b>					
Roads	15,836	13,948	(1,888)	-12%	9
Bridges	2,451	6,477	4,026	164%	10
Footpaths and cycleways	819	728	(91)	-11%	
Drainage	99	148	49	49%	11
Recreational, leisure and community facilities	609	1,073	464	76%	12
Waste management	3,218	922	(2,296)	-71%	13
Parks, open space and streetscapes	1,625	896	(729)	-45%	14
Aerodromes	-	112	112	-	15
Livestock Exchange	100	501	401	401%	16
Other infrastructure	1,850	805	(1,045)	-56%	17
<b>Total infrastructure</b>	<b>26,607</b>	<b>25,610</b>	<b>(997)</b>	<b>-4%</b>	
<b>Total capital works expenditure</b>	<b>32,946</b>	<b>28,458</b>	<b>(4,488)</b>	<b>-14%</b>	
<b>Represented by:</b>					
New asset expenditure	1,143	1,721	578	51%	
Asset renewal expenditure	31,723	26,646	(5,077)	-16%	
Asset expansion expenditure	-	-	-	-	
Asset upgrade expenditure	80	91	11	14%	
<b>Total capital works expenditure</b>	<b>32,946</b>	<b>28,458</b>	<b>(4,488)</b>	<b>-14%</b>	



# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## (i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Council purchased land (with a building) in Cox Street, Hamilton as part of a long term project.
2	Land Improvements	Council is progressing a long term project for the development of large scale industrial lots. Timing of this project has been delayed.
3	Buildings	Pedrina Park Hockey Clubrooms have not commenced \$100k, Melville Oval building improvements did not take place \$150k and \$750k of priority works following a detailed condition assessment commenced later than anticipated. This was offset by carry forward projects at the animal pound \$70k, PV Solar at the Hamilton Depot \$82k and some flood related works.
4	Building Improvements	See note 3
5	Plant, machinery and equipment	Several large items of plant were ordered early in the financial year, however due to specific customisation and market pressures, these have not been delivered.
6	Fixtures, fittings and furniture	This relates to a single project - the Fly tower cage which was delivered under budget.
7	Computers and telecommunications	Of the \$250k allocated to the Smart Communities project, only \$144k was spent however an electronic fuel management system was carried forward from the previous year \$99k.
8	Art Collection	Only 2 pieces were acquired during the year.
9	Roads	Infrastructure works were generally carried out within budget allocations, however the complexity of the accounting for the flood restoration works and the classification between operating and capital expenses was inaccurate.
10	Bridges	See Note 9
11	Drainage	6 of the 7 budgeted projects were delivered over cost \$22k with an addition 5 project for \$22k.
12	Recreational, leisure and community facilities	Projects relating the flood affected infrastructure were completed outside original budget timeframes.
13	Waste management	Hamilton Landfill works were \$898k less and Coleraine \$183k less than budgeted, \$1.435m for the design of the Hamilton Landfill was also revised.
14	Parks, open space and streetscapes	Cox street works \$265k of the \$1.25m allocation was commenced.
15	Aerodromes	Whilst no allocation was made in the budget, projects of \$112k were carried forward from the previous year.
16	Livestock Exchange	Timing of projects and alignment with additional funding has seen various projects carried out at the exchange this year.
17	Other infrastructure	Dunkeld-Mount Sturgeon walk was \$363k underspend, Lake Hamilton \$80k, flood restoration works \$675k.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## Note 2.1 Analysis of Council results by program

Council delivers its functions and activities grouped under the following themes.

- \* Supporting the Community
- \* Developing the regional economy and businesses
- \* Planning for our built environment & infrastructure
- \* Promoting our natural environment
- \* Providing Governance and Leadership

### 2 (a) Supporting the Community

*Service Objective: To support our community to be vibrant, growing, healthy, inclusive and connected, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services.*

Services include: community support services, community planning and engagement, children's services, sport and recreation planning and delivery, cultural services, parks and gardens, local laws and emergency management.

#### Developing the regional economy and businesses

*Service Objective: To develop our regional economy and businesses and achieve a strong, diversified local and regional economy.*

Services include: economic and business development, events support, tourism and visitor services, caravan parks, Land development, airport and livestock exchange operations and development.

#### Planning for our built environment & infrastructure

*Service Objective: To plan for our built environment and infrastructure that is accessible and meets the needs of the community.*

Services include: Statutory & strategic planning, building services, infrastructure management (roads, bridges, footpaths etc), Facilities and Property planning, maintenance and management, plant operations and public infrastructure (eg public toilets).

#### Promoting our natural environment

*Service Objective: To promote our natural environment and achieve a culture that sustains a clean, green and sustainable environment.*

Services include: waste and recycling collection and management, transfer station operations, environmental sustainability, fire prevention, natural asset management (nature reserves) stormwater drainage, quarry management and water source management.

#### Providing Governance and Leadership

*Service Objective: To provide good governance and strong leadership and to achieve effective service delivery.*

Services include: Executive and Councillor support, governance administration, support services such as finance, organisational development, customer services, business systems, risk management and corporate overheads such as rate revenue, General Purpose Grants and loan servicing.

**Note: Council provides further details of each service in its report of operations.**

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## Note 2.1 Analysis of Council results by program

### 2.1 (b) Summary of revenues, expenses, assets and capital expenses by program

	Income	Expenses	(Surplus)/ Deficit	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2019</b>					
Supporting the Community	(32,039 )	23,506	(8,533 )	(28,721 )	53,068
Planning and Development	(2,246 )	4,047	1,801	(455 )	6,211
Planning for our built environment & infrastructure	(17,290 )	32,205	14,915	(3,233 )	250,449
Promoting our natural environment	(2,134 )	7,210	5,076	(703 )	4,978
Providing Governance and Leadership	(29,129 )	3,874	(25,255 )	(7,858 )	33,833
	(82,838 )	70,841	(11,997 )	(40,971 )	348,539

	Income	Expenses	(Surplus)/ Deficit	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>					
Supporting the Community	(10,001 )	15,141	5,140	(6,463 )	70,859
Planning and Development	(2,657 )	3,533	876	(1,219 )	7,775
Planning for our built environment & infrastructure	(3,139 )	19,948	16,809	(3,199 )	230,100
Promoting our natural environment	(3,323 )	3,083	(240 )	(61 )	4,103
Providing Governance and Leadership	(27,979 )	3,350	(24,629 )	(7,217 )	35,412
	(47,100 )	45,056	(2,044 )	(18,159 )	348,249

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## Note 3 Funding for the delivery of our services

### 3.1 Rates and charges

2019  
\$'000

2018  
\$'000

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property means the sum which the land, if it were held for an estate in fee simple unencumbered by any lease, mortgage or other charge, might be expected to realise at the time of valuation if offered for sale on any reasonable terms and conditions which a genuine seller might in ordinary circumstances be expected to require.

The valuation base used to calculate general rates for 2018/19 was \$3,573 million (2017/18 \$3,380 million).

General rates	16,398	15,972
Municipal charge	1,828	1,792
Garbage & Recycling Charge	1,681	1,660
Green Waste Charge	115	101
Special rates and charges	4	5
Revenue in lieu of rates	180	176
<b>Total rates and charges</b>	<b>20,206</b>	<b>19,706</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2019, and the valuation will be first applied in the rating year commencing 1 July 2019.

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

### 3.2 Statutory fees and fines

Infringements and costs	48	44
Registrations	110	111
Town planning fees	166	121
Land information certificates	17	16
Permits	257	292
<b>Total statutory fees and fines</b>	<b>598</b>	<b>584</b>

Statutory fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

### 3.3 User fees

Cinema Operations	299	278
Family Day Care	163	288
Hamilton Indoor Leisure & Aquatic Centre	1,041	1,070
Home & Community Care Services	434	557
Livestock Exchange	1,521	1,338
Meals Services	209	230
Old Hamilton Reservoir	11	106
Performing Arts Centre	134	140
Parking	111	113
Quarry Operations	184	202
Waste management services	1,235	1,152
Other fees and charges	374	427
<b>Total user fees</b>	<b>5,716</b>	<b>5,901</b>

User fees are recognised as revenue when the service has been provided or council has otherwise earned the income.



# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'000
<b>3.4 Funding from other levels of government</b>		
Grants were received in respect of the following :		
<b>Summary of grants</b>		
Commonwealth funded grants	11,625	12,101
State funded grants	29,346	6,058
<b>Total grants received</b>	<b>40,971</b>	<b>18,159</b>
<b>(a) Operating Grants</b>		
<b><i>Recurrent - Commonwealth Government</i></b>		
Financial Assistance Grants	7,812	7,201
Family day care	357	298
General home care	987	904
Other	118	127
<b><i>Recurrent - State Government</i></b>		
Art Gallery	113	120
Aged care	445	604
Cultural Services	80	80
Libraries	168	167
Childrens Services	353	322
Community safety	54	53
Other	6	13
<b>Total recurrent operating grants</b>	<b>10,493</b>	<b>9,889</b>
<b><i>Non-recurrent - Commonwealth Government</i></b>		
Buildings	500	-
Local Infrastructure	80	-
Other	12	-
<b><i>Non-recurrent - State Government</i></b>		
Community health	9	-
Community Planning & Support	38	41
Environmental Management	107	50
Recreation	218	207
Cultural Services	80	-
Local Infrastructure	113	-
Other	95	-
<b>Total non-recurrent operating grants</b>	<b>1,252</b>	<b>298</b>
<b>Total operating grants</b>	<b>11,745</b>	<b>10,187</b>

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'000
<b>(b) Capital Grants</b>		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	1,528	3,064
<i>Recurrent - State Government</i>		
<b>Total recurrent capital grants</b>	<u>1,528</u>	<u>3,064</u>
<i>Non-recurrent - Commonwealth Government</i>		
Buildings	-	-
Other Infrastructure	31	108
Livestock Exchange	200	399
<i>Non-recurrent - State Government</i>		
Art Gallery	32	-
Airport	-	13
Buildings	1,100	6
Other Infrastructure	1,043	263
Livestock Exchange	33	462
Childrens Services	20	3
Recreation	144	10
Flood Recovery	25,095	3,644
<i>Add additional grants grouped by type as appropriate</i>	-	-
<b>Total non-recurrent capital grants</b>	<u>27,698</u>	<u>4,908</u>
<b>Total capital grants</b>	<u><u>29,226</u></u>	<u><u>7,972</u></u>
 <b>(c) Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of year	1,172	2,900
Received during the financial year and remained unspent at balance date	925	1,172
Received in prior years and spent during the financial year	(736 )	(2,900 )
<b>Balance at year end</b>	<u><b>1,361</b></u>	<u><b>1,172</b></u>

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal).

	2019 \$'000	2018 \$'000
<b>3.5 Contributions</b>		
Non-monetary	-	148
<b>Total contributions</b>	<u>-</u>	<u>148</u>
 <i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Art Collection	-	148
<b>Total non-monetary contributions</b>	<u>-</u>	<u>148</u>

Monetary and non monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

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

Proceeds of sale	564	140
Written down value of assets disposed	(382)	(135)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<u><b>182</b></u>	<u><b>5</b></u>

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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'000
<b>3.7 Other income</b>		
Interest	627	706
Vicroads	106	202
Insurance Reimbursements	550	302
Other	399	440
<b>Total other income</b>	<b>1,682</b>	<b>1,650</b>

Interest is recognised as it is earned.

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

## Note 4 The cost of delivering services

### 4.1 (a) Employee costs

Wages and salaries	13,592	13,348
Leave- Annual, Long Service & Sick	2,833	1,950
WorkCover	539	471
Superannuation	1,642	1,459
Travelling	177	140
Conferences & Training	432	185
Fringe benefits tax	102	136
Corporate Image	5	5
<b>Total employee costs</b>	<b>19,322</b>	<b>17,694</b>

### (b) Superannuation

Council made contributions to the following funds:

#### Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)

62	55
62	55

Employer contributions payable at reporting date.

-	-
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#### Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)

1,101	1,036
479	368

Employer contributions - other funds

1,580	1,404
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Employer contributions payable at reporting date.

-	-
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Refer to note 9.3 for further information relating to Council's superannuation obligations.

### 4.2 Materials and services

Contract payments	27,034	11,593
Building maintenance	439	303
General maintenance	2,431	2,323
Utilities	940	907
Office administration	200	199
Information technology	394	299
Insurance	466	424
Consultants	597	582
<b>Total materials and services</b>	<b>32,501</b>	<b>16,630</b>

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$'000	\$'000
<b>4.3 Depreciation and amortisation</b>		
Property	1,202	1,298
Plant and equipment	1,450	1,470
Infrastructure	6,505	7,303
<b>Total depreciation</b>	<b>9,157</b>	<b>10,071</b>
Intangible assets	-	-
<b>Total depreciation and amortisation</b>	<b>9,157</b>	<b>10,071</b>

Refer to note 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

	2019	2018
	\$'000	\$'000
<b>4.4 Bad and doubtful debts</b>		
Parking fine debtors	-	75
Other debtors	110	-
<b>Total bad and doubtful debts</b>	<b>110</b>	<b>75</b>

#### Movement in provisions for doubtful debts

Balance at the beginning of the year	-	-
New provisions recognised during the year	106	-
Balance at end of year	106	-

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

#### 4.5 Borrowing costs

Interest - Borrowings	138	164
<b>Total borrowing costs</b>	<b>138</b>	<b>164</b>

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.

#### 4.6 Other expenses

Auditors' remuneration - VAGO - Statutory Reports and RTR Audit	49	43
Auditors' remuneration - Internal Auditors Remuneration & Other Minor Audits	35	18
Councillors' allowances	184	180
Advertising	298	313
Community Grants	861	321
Discount on Rates	158	144
Food and Catering	156	150
Phone, Internet & Other Communication Charges	259	252
Software Licences	201	172
Stock Adjustments/Write Offs	67	15
Travel & Accommodation	-	154
Waste Disposal	637	602
Subscriptions, Memberships & Licences	100	-
Assets written-off / impaired	335	-
Others	678	709
<b>Total other expenses</b>	<b>4,018</b>	<b>3,073</b>



# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

<b>Note 5 Our financial position</b>	<b>2019</b>	<b>2018</b>
<b>5.1 Financial assets</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Cash and cash equivalents</b>		
Cash on hand	6	6
Cash at bank	11,552	8,512
Term deposits	-	-
<b>Total cash and cash equivalents</b>	<b>11,558</b>	<b>8,518</b>
<b>(b) Other financial assets</b>		
Term deposits - current	10,567	15,956
Term deposits - non-current	-	-
<b>Total other financial assets</b>	<b>10,567</b>	<b>15,956</b>
<b>Total financial assets</b>	<b>22,125</b>	<b>24,474</b>

Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

- Trust funds and deposits (Note 5.3)	639	353
Total restricted funds	639	353
Total unrestricted cash and cash equivalents	10,919	8,165

## **Intended allocations**

Although not externally restricted the following amounts have been allocated for specific future purposes by Council:

Cash held for specific Reserves Funds	895	870
Cash held for Sir Irving Benson Bequest	682	693
Cash held for unspent grants	1,361	1,172
Cash held for unexpended capital works	7,712	4,165
Total funds subject to intended allocations	10,650	6,900

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.

Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'000
<b>(c) Trade and other receivables</b>		
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	1,667	1,633
Net GST Receivable	163	596
Special rate assessment	-	-
Infringement debtors	15	7
Provision for doubtful debts - infringements	-	-
<i>Non statutory receivables</i>		
Loans and advances to community organisations	2	4
Other debtors	6,683	1,484
Provision for doubtful debts - other debtors	(106)	-
Total current trade and other receivables	<u>8,424</u>	<u>3,724</u>
<b>Non-current</b>		
<i>Statutory receivables</i>		
Special rate scheme	74	96
<i>Non statutory receivables</i>		
Loans and advances to community organisations	-	-
Total non-current trade and other receivables	<u>74</u>	<u>96</u>
<b>Total trade and other receivables</b>	<u>8,498</u>	<u>3,820</u>

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

## (d) Ageing of Receivables

The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	6,377	951
Past due by up to 30 days	102	71
Past due between 31 and 60 days	35	411
Past due between 61 and 90 days	8	14
Past due by more than 90 days	161	144
Total trade and other receivables	<u>6,683</u>	<u>1,591</u>

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

<b>5.2</b>	<b>Non-financial assets</b>	<b>2019</b>	<b>2018</b>
	<b>(a) Inventories</b>	<b>\$'000</b>	<b>\$'000</b>
	Inventories held for distribution	465	413
	Land held for inventory	135	682
	<b>Total inventories</b>	<b>600</b>	<b>1,095</b>

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

## **(b) Other assets**

Prepayments	921	983
Accrued income	38	60
<b>Total other assets</b>	<b>959</b>	<b>1,043</b>

<b>5.3</b>	<b>Payables</b>	<b>2019</b>	<b>2018</b>
	<b>(a) Trade and other payables</b>	<b>\$'000</b>	<b>\$'000</b>
	Trade payables	2,139	2,567
	Rate Revenue received in Advance	383	312
	Employee Costs	455	314
	Fire Services Levy	479	567
	Accrued expenses	98	310
	<b>Total trade and other payables</b>	<b>3,554</b>	<b>4,070</b>

## **(b) Trust funds and deposits**

Refundable deposits	23	28
Retention amounts	616	293
Other refundable deposits	-	32
<b>Total trust funds and deposits</b>	<b>639</b>	<b>353</b>

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

### *Purpose and nature of items*

**Refundable deposits** - Deposits are taken by council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

**Fire Service Levy** - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

**Retention Amounts** - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

<b>5.4</b>	<b>Interest-bearing liabilities</b>	<b>2019</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>
	<b>Current</b>		
	Borrowings - secured	376	409
		<b>376</b>	<b>409</b>
	<b>Non-current</b>		
	Borrowings - secured	1,482	1,853
		<b>1,482</b>	<b>1,853</b>
	<b>Total</b>	<b>1,858</b>	<b>2,262</b>

Borrowings are secured by (insert security details)

(a) The maturity profile for Council's borrowings is:

Not later than one year	376	409
Later than one year and not later than five years	1,482	1,853
	<b>1,858</b>	<b>2,262</b>

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

<b>5.5</b>	<b>Provisions</b>	<b>Employee</b>	<b>Landfill restoration</b>	<b>Other</b>	<b>Total</b>
		<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
<b>2019</b>					
	Balance at beginning of the financial year	5,018	2,737	-	7,755
	Additional provisions	1,673	2,811	-	4,484
	Amounts used	(1,531)		-	(1,531)
	Change in the discounted amount arising because of time and the effect of any change in the discount rate	353	-	-	353
	Balance at the end of the financial year	<b>5,513</b>	<b>5,548</b>	<b>-</b>	<b>11,061</b>
<b>2018</b>					
	Balance at beginning of the financial year	4,815	3,668	-	8,483
	Additional provisions	1,701	-	-	1,701
	Amounts used	(1,461)	(931)	0	(2,392)
	Change in the discounted amount arising because of time and the effect of any change in the discount rate	(37)	0	0	(37)
	Balance at the end of the financial year	<b>5,018</b>	<b>2,737</b>	<b>0</b>	<b>7,755</b>



# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'000
<b>(a) Employee provisions</b>		
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	1,050	985
Long service leave	187	184
Time in Lieu	143	131
	<b>1,380</b>	<b>1,300</b>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	772	809
Long service leave	2,813	2,365
	<b>3,585</b>	<b>3,174</b>
Total current employee provisions	<b>4,965</b>	<b>4,474</b>
<b>Non-current</b>		
Long service leave	548	544
Annual leave	-	-
Total non-current employee provisions	<b>548</b>	<b>544</b>
Aggregate carrying amount of employee provisions:		
Current	4,965	4,474
Non-current	548	544
Total aggregate carrying amount of employee	<b>5,513</b>	<b>5,018</b>

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

## *Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

## *Long service leave*

Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability.

## Key assumptions:

- discount rate	1.035%	2.647%
- index rate	4.313%	3.875%

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$'000	\$'000
<b>(b) Landfill restoration</b>		
Current	1,135	2,488
Non-current	4,414	249
	<b>5,549</b>	<b>2,737</b>

Council is obligated to restore Hamilton and Coleraine landfill sites to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Key assumptions:

- discount rate	1.035%	2.647%
- index rate	4.313%	3.875%

## 5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2019.

Bank overdraft	1,000	1,000
Credit card facilities	250	250
Other facilities	1,847	2,263
Total facilities	<b>3,097</b>	<b>3,513</b>
Used facilities	(1,847)	(2,263)
Unused facilities	<b>1,250</b>	<b>1,250</b>

## 5.7 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
2019	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Waste Management	882	927	838	565	3,212
Recreation	402	-	-	-	402
Planning	187	-	-	-	187
Infrastructure	93	-	-	-	93
Corporate Administration	225	20	-	-	245
Meals for delivery	240	-	-	-	240
Total	<b>2,029</b>	<b>947</b>	<b>838</b>	<b>565</b>	<b>4,379</b>
<b>Capital</b>					
Buildings	17	-	-	-	17
Roads	131	-	-	-	131
Drainage	491	-	-	-	491
Total	<b>639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>639</b>

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

2018	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
<b>Operating</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Waste Management	794	851	1,535		3,180
Recreation	448	442			890
Planning	48				48
Infrastructure	844	33	33		910
Corporate Administration	275	159			434
Meals for delivery	328	-	-	-	328
<b>Total</b>	<b>2,737</b>	<b>1,485</b>	<b>1,568</b>	<b>-</b>	<b>5,790</b>
<b>Capital</b>					
Infrastructure	15,220				15,220
Plant	292				292
<b>Total</b>	<b>15,512</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,512</b>

## Operating lease commitments

At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

	2019 \$'000	2018 \$'000
Not later than one year	37	37
Later than one year and not later than five years	37	74
	<b>74</b>	<b>111</b>

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

Note 6	Assets we manage	2019 \$'000	2018 \$'000
6.1	<b>Non current assets classified as held for sale</b>	<b>\$'000</b>	<b>\$'000</b>
	Land held for Sale	510	-
	<b>Total non current assets classified as held for sale</b>	<b>510</b>	<b>-</b>

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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## 6.2 Property, infrastructure, plant and equipment

### 6.2 a Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2018 \$'000	Additions \$'000	Revaluation \$'000	Depreciation \$'000	Impairment Reversals \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	At Fair Value 30 June 2019 \$'000
Property	69,157	827	(11,414)	(1,203)	50	0	0	(185)	57,232
Plant and equipment	30,974	1,784	(5,660)	(1,450)		(382)	(62)	0	25,204
Infrastructure	214,166	6,538	0	(6,505)	13,433	(313)	(1)	193	227,511
Work in progress	700	2,653	0	0		0	(47)	(126)	3,180
	314,997	11,802	(17,074)	(9,158)	13,483	(695)	(110)	(118)	313,127

#### Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	167	102	(9)	(126)	134
Plant and equipment	13	0	0	(13)	0
Infrastructure	520	2,551	(38)	13	3,046
Total	700	2,653	(47)	(126)	3,180

#### (a) Property

	Land - specialised \$'000	Land - Non Specialised \$'000	Land - Improvements \$'000	Total Land & Land Improvements \$'000	Buildings - specialised \$'000	Total Buildings \$'000	Work In Progress \$'000	Total Property \$'000
At fair value 1 July 2018	13,021	100	583	13,704	97,621	97,621	167	111,492
Accumulated depreciation at 1 July 2018	0		(132)	(132)	(42,035)	(42,035)		(42,167)
	13,021	100	451	13,572	55,586	55,586	167	69,325
<b>Movements in fair value</b>								
Additions	0	85	0	85	742	742	102	929
Contributions	0		0	0	0	0	0	0
Revaluation	(1,388)	(6)	0	(1,394)	(24,073)	(24,073)	0	(25,467)
Disposal	0		0	0	0	0	0	0
Write-off	0		0	0	0	0	(9)	(9)
Transfers	0		0	0	(204)	(204)	(126)	(330)
Impairment losses recognised in operating result	0		0	0	0	0	0	0
	(1,388)	79	0	(1,309)	(23,535)	(23,535)	(33)	(24,877)
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation	0		(6)	(6)	(1,196)	(1,196)	0	(1,202)
Accumulated depreciation of disposals	0		0	0		0	0	0
Revaluation	0		0	0	14,053	14,053	0	14,053
Impairment reversals recognised in operating result	0		0	0	50	50	0	50
Transfers	0		0	0	18	18	0	18
	0	0	(6)	(6)	12,925	12,925	0	12,919
At fair value 30 June 2019	11,633	179	583	12,395	74,086	74,086	134	86,615
Accumulated depreciation at 30 June 2019	0	0	(138)	(138)	(29,110)	(29,110)	0	(29,248)
	11,633	179	445	12,257	44,976	44,976	134	57,367



# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## (b) Plant and Equipment

	Plant machinery and equipment	Fixtures, fittings, furniture & Communications	Art Collection	Library books	WIP	Total plant and equipment
	\$'000	\$'000		\$'000		\$'000
At fair value 1 July 2018	13,190	3,172	22,649	493	13	39,517
Accumulated depreciation at 1 July 2018	(6,673)	(1,857)		0		(8,530)
	6,517	1,315	22,649	493	13	30,987
<b>Movements in fair value</b>						
Additions	1,580	124	10	70	0	1,784
Contributions	0	0		0	0	0
Revaluation	0	0	(5,660)	0	0	(5,660)
Disposal	(413)	0	0	0	0	(413)
Write-off	0	0	0	(62)	0	(62)
Transfers	0	15	0	0	(13)	2
Impairment losses recognised in operating result	0	0	0	0		0
	1,167	139	(5,650)	8	(13)	(4,349)
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation	(1,019)	(431)	0	0	0	(1,450)
Accumulated depreciation of disposals	30	0	0	0	0	30
Impairment reversals recognised in operating result	0	0	0	0	0	0
Transfers	0	(14)	0	0	0	(14)
	(989)	(445)	0	0	0	(1,434)
At fair value 30 June 2019	14,357	3,311	16,999	501	0	35,168
Accumulated depreciation at 30 June 2019	(7,662)	(2,302)	0	0	0	(9,964)
	6,695	1,009	16,999	501	0	25,204

## (c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Aerodromes	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	296,462	44,930	16,263	9,564	3,746	32,539	520	404,024
Accumulated depreciation at 1 July 2018	(141,772)	(18,025)	(6,720)	(5,026)	(1,659)	(16,136)	0	(189,338)
	154,690	26,905	9,543	4,538	2,087	16,403	520	214,686
<b>Movements in fair value</b>								
Additions	5,076	253	101	0	112	995	2,551	9,088
Contributions	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0
Disposal	0	(249)	(3)	0	0	(534)	0	(786)
Write-off	0	0	0	0	0	0	(38)	(38)
Transfers	(84)	0	0	0	14	258	13	201
Impairment losses recognised in operating result	0	0	0	0	0	0	0	0
	4,992	4	98	0	126	719	2,526	8,465
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation	(4,305)	(464)	(357)	(97)	(149)	(1,133)	0	(6,505)
Accumulated depreciation of disposals	0	116	1	0	0	355	0	472
Impairment reversals recognised in operating result	13,407	26	0	0	0	0	0	13,433
Transfers	43	0	0	0	(1)	(39)	0	3
	9,145	(322)	(356)	(97)	(150)	(817)	0	7,403
At fair value 30 June 2019	301,454	44,934	16,361	9,564	3,872	33,258	3,046	412,489
Accumulated depreciation at 30 June 2019	(132,627)	(18,347)	(7,076)	(5,123)	(1,809)	(16,953)	0	(181,935)
	168,827	26,587	9,285	4,441	2,063	16,305	3,046	230,554

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) 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.

In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

	Depreciation Period	Threshold Limit \$'000
<b>Asset recognition thresholds and depreciation periods</b>		
Land & land improvements		
land	-	-
land improvements	100 years	10
Buildings		
buildings	25-110 years	10
Plant and Equipment		
plant, machinery and equipment	3-15 years	3
fixtures, fittings & furniture	3-15 years	3
Computers & telecommunications	3-5 years	3
Infrastructure		
road pavements & substructures - Urban	115 years	10
road pavements & substructures - All Others	60 years	10
Seals - All Other	43 years	10
Seals - Asphalt	28 years	10
road kerb, channel and minor culverts	97-100 years	10
bridges deck	100 years	10
bridges substructure	100 years	10
footpaths and cycleways	10-70 years	10
drainage	100 years	10

## Land under roads

Council recognises land under roads it controls at fair value.

## Depreciation and amortisation

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the 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 residual values and a separate depreciation rate is determined for each component.

Road earthworks 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.

Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

## Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## **Repairs and maintenance**

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.

## **Leasehold improvements**

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

## **Valuation of land and buildings**

Valuation of land was undertaken by Opteon Property Group and buildings were undertaken by a qualified independent valuer APV. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

The date of the current valuation is 1 January 2019.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level2	Level 3	Date of Valuation
Land	-	179	11,633	1-Jan-19
Land Improvements	-	-	445	1-Jan-19
Buildings	-	-	44,976	1-Jan-19
Total	-	179	57,054	

## **Valuation of infrastructure**

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Aten Kumar, former Manager Engineering and Projects (Bachelor of Highway Technologies) as at 30 June 2015 (Apart from Drainage and Other Infrastructure).

The date of the current valuation is detailed in the following table. A full revaluation of these assets will be conducted in 2019/20.

The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level2	Level 3	Date of Valuation
Roads	-	-	168,826	30-Jun-15
Bridges	-	-	26,587	30-Jun-15
Footpaths and cycleways	-	-	9,285	30-Jun-15
Drainage	-	-	4,441	30-Jun-15
Aerodromes	-	-	2,063	30-Jun-15
Other infrastructure	-	-	16,305	30-Jun-15
Total	-	-	227,507	

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## **Description of significant unobservable inputs into level 3 valuations**

**Specialised land and land under roads** is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values. The market value of land varies significantly depending on the location of the land and the current market conditions.

**Specialised buildings** are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis. The remaining useful lives of buildings are determined on the basis of the current condition of buildings. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

**Art Collection** was last valued in 2009 utilising various experts in specific areas of the decorative arts. Additions to the collection have been recorded at the current market value of the items. The entire Collection was reviewed as at 1 January 2019 resulting in a reduced value of \$17m from \$22.6m. Of the \$5.6m reduction, \$3m was written to the Asset Revaluation Reserve and \$2.6m being expensed.

## **Reconciliation of specialised Land**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Community Services	708	656
Corporate & Governance	1,399	1,527
Infrastructure	3,649	3,338
Recreation & Open Space	5,877	7,500
	<b>11,633</b>	<b>13,021</b>



# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'000
<b>6.3 Investment property</b>		
Balance at beginning of financial year	2,820	1,100
Additions	-	-
Disposals	-	-
Fair value adjustments	(100)	1,720
Balance at end of financial year	<u>2,720</u>	<u>2,820</u>

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise.

## ***Valuation of investment property***

Valuation of investment property has been determined annually (most recently 30 June 2019) in accordance with an independent valuation by Opteon Property Group who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

	2019 No.	2018 No.
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## Note 7 People and relationships

### 7.1 Council and key management remuneration

#### (a) Related Parties

##### Parent entity

Southern Grampians Shire Council is the parent entity.

#### (b) Key Management Personnel

Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:

<b>Councillors</b>	Councillor MA Brown - Mayor Councillor C Sharples - Deputy Mayor Councillor C Dunkley Councillor G McAdam Councillor C Armstrong Councillor A Calvano Councillor KA Rainsford
<b>Officers</b>	Chief Executive Officer - Michael G Tudball Director Shire Futures - Michael McCarthy Director Planning & Development - Andrew Goodsell Director Shire Infrastructure - David J Moloney Director Community Community & Corporate Services - Evelyn M Arnold

<b>Total Number of Councillors</b>	7	7
<b>Total of Chief Executive Officer and other Key Management Personnel</b>	5	4
<b>Total Number of Key Management Personnel</b>	<u>12</u>	<u>11</u>

#### (c) Remuneration of Key Management Personnel

Total remuneration of key management personnel was as follows:

Short-term benefits	969	892
Long-term benefits	14	16
Post Employment Benefits	97	64
Termination benefits	171	-
<b>Total</b>	<u>1,251</u>	<u>972</u>

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

\$20,000 - \$29,999	6	6
\$60,000 - \$69,999	1	1
\$110,000 - \$119,999	1	-
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	-	2
\$190,000 - \$199,999	1	-
\$200,000 - \$209,999	1	-
\$240,000 - \$249,999	-	1
\$260,000 - \$269,999	1	-
\$270,000 - \$279,999	1	-
	<u>12</u>	<u>11</u>

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## (d) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$148,000

**Council does not have any staff that meet this criteria**

## 7.2 Related party disclosure

### (a) Transactions with related parties

During the period Council entered into the following transactions with related parties.

**Nothing to Disclose**

*Include aggregate details and disclose each type of transaction, the nature of the terms and conditions relating to the transaction and the aggregate amount of each type of transaction.*

### (b) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties

**Nothing to Disclose**

*Include aggregate details and disclose each type of transaction, the nature of the terms and conditions relating to the transaction and the aggregate amount of each type of transaction.*

### (c) Loans to/from related parties

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the council to a related party as follows:

**Nothing to Disclose**

*Include aggregate details of original amount of loan, repayments received in period, outstanding balance and details of the terms and conditions applicable.*

### (d) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party are as follows:

**Nothing to Disclose**

*Include aggregated details of commitments to or from related parties.*

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## Note 8 Managing uncertainties

### 8.1 Contingent assets and liabilities

#### (a) Contingent assets

##### *Operating lease receivables*

The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2019 \$'000	2018 \$'000
Not later than one year	425	114
Later than one year and not later than five years	1,244	365
Later than five years	113	125
	<hr/> 1,782	<hr/> 604

#### (b) Contingent liabilities

##### **September 2016 Flood & Storm Event**

As a result of the floods in 2016, and damage incurred, Council received commitments from both the State and Federal Governments to fund approximately \$40m of repair/restoration works of damaged assets over the period to June 2019. This funding was contingent upon the Council completing appropriate claim forms for costs incurred. This funding agreement may not cover the full extent of the damaged assets. All costs as at balance date have been claimed and are awaiting payment.

During the process of restoration of the known impaired assets, some further assets have been identified that may require works into the future. Investigation continues into the ownership/responsibility of these assets and their condition status. These assets include, (but are not limited to) the Lakd Hamilton Dam Wall and the Dunkeld Dam Wall/Arboretum Road.

##### *Future superannuation contributions*

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme. As a result of the volatility in financial markets, the likelihood of making such contributions in future periods exists.

##### **Mount Napier Quarry**

Council has identified a potential liability for the remediation of the Mount Napier Quarry. The quarry lease under negotiation and Council expects to quantify any remediation obligations in 2019/20.



# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## 8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2019 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

### ***Revenue from contracts with customers (AASB 15) (applies 2019/20 for LG sector)***

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract. The full impact of this standard is not known however it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income.

There is an expectation this will impact capital grant funding, however it is not possible to quantify the impact until such time as funding is received and projects commenced

### ***Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (AASB 2016-7) (applies 2019/20)***

This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.

### ***Leases (AASB 16) (applies 2019/20)***

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

Council has elected to adopt the modified retrospective approach to the transition to the new lease standard. This will mean that only existing operating leases for non low value assets, with remaining terms greater than 12 months, will be recognised on transition (1 July 2019). Based on our current lease commitments and an assumption of a continuation of the current leasing arrangements.

There is no material impact from implementation of this standard due to lack of existing operating leases

### ***Income of Not-for-Profit Entities (AASB 1058) (applies 2019/20)***

This standard is expected to apply to certain transactions currently accounted for under AASB 1004 *Contributions* and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable a not-for-profit entity to further its objectives.

Impact is not able to be quantified until such time as capital grants are received and projects commenced

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## 8.3 Financial instruments

### (a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

### (b) Market risk

Market risk is the risk that the fair value or future cash flows of council financial instruments will fluctuate because of changes in market prices. The Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

#### **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. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk / Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. Council manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

### (c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

- council have a policy for establishing credit limits for the entities council deal with;
- council may require collateral where appropriate; and
- council only invest surplus funds with financial institutions which have a recognised credit rating specified in council's investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(b).

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## **(d) Liquidity risk**

Liquidity risk includes the risk that, as a result of council's operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## **(e) Sensitivity disclosure analysis**

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

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 1.98%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## 8.4 Fair value measurement

### *Fair value hierarchy*

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy. Council's financial assets and liabilities are measured at amortised cost. Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### *Revaluation*

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

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 of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 4 to 10 years. The valuation is performed either by experienced council officers or independent experts.

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 reserve 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*

At each reporting date, the 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 of disposal 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 comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus 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.

## 8.5 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.



# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## Note 9 Other matters

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Share of increment (decrement) on revaluation of <name asset class> by an associate \$'000	Balance at end of reporting period \$'000
<b>9.1 Reserves</b>				
<b>(a) Asset revaluation reserves</b>				
<b>2019</b>				
<b>Property</b>				
Land and land improvements	4,929	(1,383)	-	3,546
Art Collection	2,976	(2,976)	-	-
Plant & Equipment	474	-	-	474
Buildings	38,560	(10,021)	-	28,539
	46,939	(14,380)	-	32,559
<b>Infrastructure</b>				
Roads	119,515	-	-	119,515
Bridges	22,186	-	-	22,186
Footpaths and cycleways	7,318	-	-	7,318
Drainage	4,189	-	-	4,189
Other infrastructure	316	-	-	316
	153,524	-	-	153,524
<b>Total asset revaluation reserves</b>	<b>200,463</b>	<b>(14,380)</b>	<b>-</b>	<b>186,083</b>
<b>2018</b>				
<b>Property</b>				
Land and land improvements	4,929	-	-	4,929
Art Collection	2,976	-	-	2,976
Plant & Equipment	474	-	-	474
Buildings	38,560	-	-	38,560
	46,939	-	-	46,939
<b>Infrastructure</b>				
Roads	119,515	-	-	119,515
Bridges	22,186	-	-	22,186
Footpaths and cycleways	7,318	-	-	7,318
Drainage	4,189	-	-	4,189
Other infrastructure	316	-	-	316
	153,524	-	-	153,524
<b>Total asset revaluation reserves</b>	<b>200,463</b>	<b>-</b>	<b>-</b>	<b>200,463</b>

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>(b) Other reserves</b>				
<b>2019</b>				
Subdividers Contributions	233	41	-	274
Parking Development Reserve	98	-	-	98
Drainage Headworks Reserve	97	-	-	97
Waste Levy Reserve	351	42	-	393
<b>Total Other reserves</b>	<b>779</b>	<b>83</b>	<b>-</b>	<b>862</b>
<b>2018</b>				
Subdividers Contributions	233	-	-	233
Parking Development Reserve	98	-	-	98
Drainage Headworks Reserve	97	-	-	97
Waste Levy Reserve	311	40	-	351
<b>Total Other reserves</b>	<b>739</b>	<b>40</b>	<b>-</b>	<b>779</b>

Subdividers Contributions are in lieu of provision of recreational land within a subdivision. These funds are used to develop strategically located parks and reserves for the benefit of residents in the general area, as provided in the Subdivision Act 1988 and Planning and Environment Act 1987.

The Parking Development Reserve is in lieu of provision of off-site parking as part of a development. These funds are used for the purchase and development of public access parking in the general area.

The Drainage Headworks Reserve is in lieu of meeting the cost to develop, upgrade and/or renew drainage infrastructure downstream of any subdivision development, a charge is levied on subdivision developers.

The Waste Levy Reserve is in lieu of meeting the cost to develop, upgrade and/or renew waste infrastructure. A charge is levied on waste fees and transfer stations as waste is deposited in these facilities.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

9.2		2019 \$'000	2018 \$'000
	<b>Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
	Surplus/(deficit) for the year	11,997	2,046
	Depreciation/amortisation	9,157	10,071
	Asset write-offs	3,107	49
	Profit/(loss) on disposal of property, infrastructure, plant and equipment	(182)	(6)
	Reversal of Impairment losses	(13,483)	-
	Fair value adjustments for investment property	100	(1,720)
	Contributions - Non-monetary assets	-	(148)
	Other	159	176
	<i>Change in assets and liabilities:</i>	-	-
	(Increase)/decrease in trade and other receivables	(4,678)	(204)
	(Increase)/decrease in prepayments	62	(495)
	Increase/(decrease) in accrued income	-	-
	Increase/(decrease) in trade and other payables	(516)	1,858
	(Decrease)/increase in other liabilities	286	156
	(Increase)/decrease in inventories	(4)	18
	Increase/(decrease) in provisions	3,307	(728)
	(insert other relevant items)	-	-
	Net cash provided by/(used in) operating activities	<b>9,312</b>	<b>11,073</b>

## 9.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently.

### Accumulation

The Fund's accumulation categories receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2019, this was 9.5% as required under Superannuation Guarantee legislation).

### Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan. There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## Funding Arrangements

Council makes employer contributions to the defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

As at 30 June 2018, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Southern Grampians Shire Council is a contributing employer was 106.0%. The financial assumptions used to calculate the VBIs were:

Net investment returns	6.0% pa
Salary information	3.5% pa
Price inflation (CPI)	2.0% pa

Vision Super has advised that the estimated VBI at June 2019 was 107.1%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2018 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

## Employer Contributions

### Regular Contributions

On the basis of the results of the 2018 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year AASB 119 148 (a) ended 30 June 2019, this rate was 9.5% of members' salaries (9.5% in 2017/2018). This rate will increase in line with any increases in the SG contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

## Funding Calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%. AASB 119 148(d)(iv) In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated. AASB 119 AASB 119 148 (b) 148 (d)(v) Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

## The 2018 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2018 and a full actuarial investigation was conducted as at 30 June 2017. The Fund's actuarial investigations identified the following for the Defined Benefit category of which Council is a contributing employer:

	2018 \$m	2017 \$m
A VBI Surplus	\$131.9	\$69.8
A total service liability surplus	\$218.3	\$193.5
A discounted accrued benefits surplus	\$249.1	\$228.8

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2018. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2018. The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2018. Council was notified of the 30 June 2018 VBI during August 2018 (2017: August 2017).

## The 2019 interim actuarial investigation surplus amounts

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2019 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2019.







# PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

## DESCRIPTION OF MUNICIPALITY

Southern Grampians Shire Council was formed in September 1994 by the amalgamation of the former Shires of Dundas, Mt Rouse, Wannon and the City of Hamilton. We are located in the centre of the Western District of Victoria, 290 kilometres west of Melbourne and 500 kilometres south east of Adelaide.

Hamilton is the regional retail and service centre for the entire south west of Victoria. It is supported by a delightful mix of smaller townships offering different regional lifestyle choices. The nine smaller towns in the Shire are Balmoral, Branxholme, Byaduk, Cavendish, Coleraine, Dunkeld, Glenthompson, Penshurst and Tarrington.

The region is home to a dynamic portfolio of businesses thriving in local, national and international markets. A rich agricultural heritage, fertile landscape, comprehensive infrastructure and advanced utilities shape its prosperous and sustainable economic profile, and pave the way for future development, investment and employment growth.

The Southern Grampian Shire's 16,000-strong population enjoys superior leisure and medical facilities, prestigious schools and tertiary institutions. A sophisticated arts culture and a thriving retail and hospitality sector inject vibrancy, while breathtaking landscapes add to the strong sense of place.

# PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

## SUSTAINABLE CAPACITY INDICATORS

Indicator/measure		Results 2016	Results 2017	Results 2018	Results 2019	Material Variations and Comments
<b>Population</b>						
C1	Expenses per head of municipal population  [Total expenses / Municipal population]	\$2,616.15	\$3,531.14	\$2,913.21	\$3,554.94	Expenses higher than trend due to flood restoration works, asset revaluation write offs and adjustment to landfill provision.
C2	Infrastructure per head of municipal population  [Value of infrastructure / Municipal population]	\$20,152.43	\$19,067.42	\$18,807.30	\$18,674.62	
C3	Population density per length of road  [Municipal population / Kilometres of local roads]	6.20	5.68	5.78	5.77	
<b>Own-source revenue</b>						
C4	Own-source revenue per head of municipal population  [Own-source revenue / Municipal population]	\$1,696.84	\$1,729.16	\$1,900.01	\$2,594.79	Revenue is higher due to the reversal of impairment previously expensed.
<b>Recurrent grants</b>						
C5	Recurrent grants per head of municipal population  [Recurrent grants / Municipal population]	\$593.87	\$997.33	\$806.99	\$745.03	
<b>Disadvantage</b>						
C6	Relative Socio-Economic Disadvantage  [Index of Relative Socio-Economic Disadvantage by decile]	6.00	6.00	5.00	5.00	

### Definitions

- "adjusted underlying revenue" means total income other than—
  - (a) non-recurrent grants used to fund capital expenditure; and
  - (b) non-monetary asset contributions; and
  - (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)
- "infrastructure" means non-current property, plant and equipment excluding land
- "local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*
- "population" means the resident population estimated by council
- "own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)
- "relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA
- "SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website
- "unrestricted cash" means all cash and cash equivalents other than restricted cash.

# PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

## SERVICE PERFORMANCE INDICATORS

Service/indicator/measure		Results 2016	Results 2017	Results 2018	Results 2019	Material Variations and Comments
<b>Aquatic Facilities</b>						
<b>Utilisation</b>						
AF6	Utilisation of aquatic facilities  [Number of visits to aquatic facilities / Municipal population]	15.23	14.80	5.77	9.33	New camera capture technology employed at facility entrance to enable greater accuracy in data capture.
<b>Animal Management</b>						
<b>Health and safety</b>						
AM4	Animal management prosecutions  [Number of successful animal management prosecutions]	0.00	1.00	0	1.0	We currently have one case at court.
<b>Food Safety</b>						
<b>Health and safety</b>						
FS4	Critical and major non-compliance outcome notifications  [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	96.43%	92.31%	85.71%	100%	Follow-up inspections were undertaken for all non-compliant food inspection, outcome inspected within period compared to previous years when some follow-ups were conducted a month after the reporting period.
<b>Governance</b>						
<b>Satisfaction</b>						
G5	Satisfaction with council decisions  [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	50.00	49.00	50.00	49.00	
<b>Home and Community Care (HACC)</b>						
<b>Participation</b>						
HC6	Participation in HACC service  [Number of people that received a HACC service / Municipal target population for HACC services] x100	35.78%	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
HC7	Participation in HACC service by CALD people  [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	29.52%	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
<b>Libraries</b>						
<b>Participation</b>						
LB4	Active library members  [Number of active library members / Municipal population] x100	16.16%	15.28%	14.82%	14.96%	



# PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

## SERVICE PERFORMANCE INDICATORS CONT'D

Service/indicator/measure		Results 2016	Results 2017	Results 2018	Results 2019	Material Variations and Comments
<b>Maternal and Child Health (MCH)</b>						
<b>Participation</b>						
MC4	Participation in the MCH service  [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	71.53%	77.01%	76.61%	77.96%	
<b>Participation</b>						
MC5	Participation in the MCH service by Aboriginal children  [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	75.00%	69.77%	65.71%	62.69%	
<b>Roads</b>						
<b>Satisfaction</b>						
R5	Satisfaction with sealed local roads  [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	36.00	35.00	32.00	41.00	Council has done a lot of work around communication and consultation with ratepayers.
<b>Statutory Planning</b>						
<b>Decision making</b>						
SP4	Council planning decisions upheld at VCAT  [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	0.00%	0.00%	0.00%	0.00%	No VCAT cases
<b>Waste Collection</b>						
<b>Waste diversion</b>						
WC5	Kerbside collection waste diverted from landfill  [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	45.17%	41.39%	44.23	44.16%	

### Definitions

- "Aboriginal child" means a child who is an Aboriginal person
- "Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006
- "active library member" means a member of a library who has borrowed a book from the library
- "annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act
- "class 1 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act
- "class 2 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act
- "Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth
- "critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health
- "food premises" has the same meaning as in the *Food Act 1984*
- "HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the Home and Community Care Act 1985 of the Commonwealth
- "HACC service" means home help, personal care or community respite provided under the HACC program
- "local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*
- "major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken
- "MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age
- "population" means the resident population estimated by council
- "target population" has the same meaning as in the Agreement entered into for the purposes of the Home and Community Care Act 1985 of the Commonwealth
- "WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the *Occupational Health and Safety Act 2004*.

## FINANCIAL PERFORMANCE INDICATORS

Dimension/indicator/measure		Results 2016	Results 2017	Results 2018	Results 2019	Forecasts			Material Variations and Comments
<b>Efficiency</b>									
<b>Revenue level</b>									
E1	Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,127.86	\$1,378.14	\$1,432.00	\$1,451.29				
<b>Expenditure level</b>									
E2	Expenses per property assessment [Total expenses / Number of property assessments]	\$3,489.64	\$5,056.27	\$4,250.91	\$6,440.18				Expenses higher than trend due to flood restoration works. Reduces over future periods due to works being completed and expenditure patterns reverting to normal operations.
E3	<b>Workforce turnover</b> Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	22.05%	17.12%	17.60%	12.62%				Had more resignations/terminations in 2017/2018 than in 2018-2019
<b>Liquidity</b>									
<b>Working capital</b>									
L1	Current assets compared to current liabilities [Current assets / Current liabilities] x100	195.39%	306.73%	257.22%	305.73%				Council has strong cash holding but planned expenses reduces this in the future.
<b>Unrestricted cash</b>									
L2	Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	56.29%	31.81%	16.60%	8.91%				This ratio does not take into consideration unrestricted term deposits, which would take the indicator to over 100%

# FINANCIAL PERFORMANCE INDICATORS CONT'D

Dimension/indicator/measure		Results 2016	Results 2017	Results 2018	Results 2019	2020	2021	2022	2023	Material Variations and Comments
<b>Obligations</b>										
<b>Asset renewal</b>										
O1	Asset renewal compared to depreciation [Asset renewal expense / Asset depreciation] x100	64.39%	51.75%	142.96%	291.72%	123.49%	80.71%	74.85%	78.56%	Flood restoration works has significantly distorted this indicator
<b>Loans and borrowings</b>										
O2	Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	16.28%	13.91%	11.48%	9.2%	16.84%	13.86%	11.18%	17.39%	Council concluded some borrowing during the year in readiness for new borrowings in the coming years.
O3	Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	2.97%	2.87%	2.78%	2.68%	3.32%	3.43%	3.03%	3.05%	
O4	Indebtedness Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	20.56%	13.60%	8.68%	15.39%	13.63%	19.44%	17.14%	20.85%	The 2018-19 and forward plan is more reflective of Council's position - the 2016/17 and 2017/18 years were exceptionally low distorted by other sources of revenue
<b>Operating position</b>										
<b>Adjusted underlying result</b>										
OP1	Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	-13.07%	-24.46%	-6.88%	-28.48%	-4.76%	-5.53%	-5.73%	-6.83%	Large adjustments due to asset revaluations, landfill provision and high levels of non-capitalised infrastructure spend without matching revenue have contributed to this result.
<b>Stability</b>										
<b>Rates concentration</b>										
S1	Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	54.28%	42.54%	45.04%	36.64%	51.64%	51.04%	51.09%	51.35%	Due to higher underlying revenue than normal (inclusion of impairment reversal) rates is a smaller portion of the total.
S2	Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.48%	0.57%	0.58%	0.56%	0.50%	0.51%	0.52%	0.53%	

## Definitions

- "adjusted underlying revenue" means total income other than—
- non-recurrent grants used to fund capital expenditure; and
- non-monetary asset contributions; and
- contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)
- "adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure
- "asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability
- "current assets" has the same meaning as in the AAS
- "current liabilities" has the same meaning as in the AAS
- "non-current assets" means all assets other than current assets
- "non-current liabilities" means all liabilities other than current liabilities
- "non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan
- "own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)
- "population" means the resident population estimated by council
- "rate revenue" means revenue from general rates, municipal charges, service rates and service charges
- "recurrent grant" means a grant other than a non-recurrent grant
- "residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties
- "restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year
- "unrestricted cash" means all cash and cash equivalents other than restricted cash.



# OTHER INFORMATION

## 1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and Local Government (Planning and Reporting) Regulations 2014.

Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by council in its Strategic Resource Plan on 12 July 2017. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Strategic Resource Plan can be obtained by contacting council.

# CERTIFICATION OF THE PERFORMANCE STATEMENT

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.



Belinda J Johnson, B.Comm., CPA.

**Principal Accounting Officer**

Dated: 13.09.19.

In our opinion, the accompanying performance statement of the (*council name*) for the year ended 30 June 2019 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.


We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.



Cr Mary-Ann Brown

**Mayor**

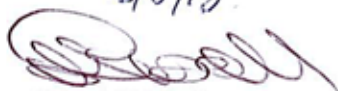
Dated: 13/9/2019



Cr Colin B Dunkley

**Councillor**

Dated: 13/9/19.



Michael G Tudball

**Chief Executive Officer**

Dated: 13/9/19

## Independent Auditor's Report

### To the Councillors of Southern Grampians Shire Council

<b>Opinion</b>	<p>I have audited the accompanying performance statement of Southern Grampians Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• description of municipality for the year ended 30 June 2019</li> <li>• sustainable capacity indicators for the year ended 30 June 2019</li> <li>• service performance indicators for the year ended 30 June 2019</li> <li>• financial performance indicators for the year ended 30 June 2019</li> <li>• other information for the year ended 30 June 2019 (basis of preparation)</li> <li>• certification of the performance statement.</li> </ul> <p>In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2019, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Performance Statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Councillors' responsibilities for the performance statement</b>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
<b>Auditor's responsibilities for the audit of the performance statement</b>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement 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 Standards on Assurance</p>

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Engagements 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 decisions of users taken on the basis of this performance statement.


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

- identify and assess the risks of material misstatement of the performance statement, 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 the council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether the performance statement represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Councillors 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.

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MELBOURNE  
20 September 2019

  
Jonathan Kyvelidis  
*as delegate for the Auditor-General of Victoria*





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