

2022/23

SOUTHERN
GRAMPIANS
SHIRE COUNCIL

ANNUAL REPORT



Southern Grampians
SHIRE COUNCIL



ACKNOWLEDGEMENT OF COUNTRY

Southern Grampians Shire Council acknowledges that our shire is on the traditional lands of the Gunditjmara, Djab Wurrung, Jardwadjali and Buandig people.

We recognise the important ongoing role that Aboriginal and Torres Strait Islander people have in our community and pay our respects to their Elders, past, present and emerging.





CONTENTS

04	About This Report
06	Shire Profile
08	Our Council
09	Vision & Values
10	Mayor's Report
12	CEO's Report
13	Fast Facts
14	Year at a Glance
19	Financial Summary
24	Major Capital Works
28	Major Achievements
32	Major Changes
34	Major Impacts
35	Community Grants
36	Our Council
37	Councillor Profiles
38	Representation
39	Our Organisation
42	Our People
46	Our Performance
47	Strategic Objective One
55	Strategic Objective Two
60	Strategic Objective Three
64	Strategic Objective Four
69	Strategic Objective Five
75	Corporate Governance
86	Financial Information

ABOUT THIS REPORT

Southern Grampians Shire Council is pleased to present the 2022/23 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 2021-25 and provides an analysis of our financial performance. This report also demonstrates the breadth of our operations and the diversity of services delivered daily to the Southern Grampians community.

We hope you enjoy reading about the journey of Southern Grampians Shire Council during the financial year of 2022/23.

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 the Annual Report is reviewed each year and your feedback is invited and can be completed via email to council@sthgrampians.vic.gov.au or by a letter addressed to:

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

Market Place Office
1 Market Place, Hamilton
Phone: (03) 5573 0256

Email: council@sthgrampians.vic.gov.au
Web: www.sthgrampians.vic.gov.au
Postal address: Locked Bag 685,
Hamilton VIC 3000



SHIRE PROFILE

SOUTHERN GRAMPIANS



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 region spans the heart of Victoria's Western District.

The shire is located 290 kilometres west of Melbourne and 500 kilometres south-east of Adelaide.

With a population of almost 16,488, the shire covers an area of 6,652 square kilometres. Hamilton is the main retail and service centre

supported by the smaller towns of Balmoral, Branxholme, Byaduk, Cavendish, Coleraine, Dunkeld, Glenthompson, Peshurst 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.

Our 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.

OUR SHIRE



Aboriginal and/or Torres Strait
Islander Peoples – **488**



Estimated resident
population – **16,488**



Unemployment rate
2.9%



Land area
6,652km²



Average weekly
household income **\$1,261**



Average household
2.9 people



Registered Businesses
1,039



Rateable properties
11,176



Top Industries
**Agriculture, Forestry &
Fishing**

OUR COUNCIL



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.

Vision

Southern Grampians Shire is a growing, inclusive and connected community that fosters sustainability, diversity and innovation.



OUR SERVICES

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

To best use limited resources to provide effective local government and 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 Long-Term Financial Plan, the Asset Management Plan, the Strategic Resource Plan and reported upon in this document.

A snapshot of the services provided by council and the associated costs are shown below.



For every \$100 of rates, this is where it goes:

- + Planning and Environment - \$0.65
- + Community Services and Development - \$3.47
- + Capital Works - \$46.62
- + Waste Services - \$4.67
- + Governance and Corporate Services - \$5.54
- + Business Enterprises - \$2.02
- + Leisure Services - \$7.69
- + Economic Development and Tourism - \$0.84
- + Regulatory Services - \$3.61
- + Infrastructure and Emergency Management - \$21.13
- + Cultural Services - \$3.76



MAYOR'S REPORT

My first eight months as Mayor was a positive and productive experience, thanks to the support of my fellow councillors, the CEO, our directors and council staff right across the board.

I'd like to thank outgoing Mayor Cr Bruach Colliton for his leadership during the past two years. He did an excellent job guiding the organisation through the COVID-19 pandemic and showing leadership during the appointment of a new CEO and three new directors.

During the financial year, Cr Greg McAdam retired early. Very sadly, at the time of writing this report, Greg passed away. This is a tremendous loss for his family, friends, colleagues here at council and the broader community, which he served in the capacity of councillor for six years. Greg was a very consistent, solid performer right through his time at council and I greatly admired the work he did and the way he represented his constituents.

A rather significant change this year was the final transition of aged care services, including Home Help, over to Western District Health Service (WDHS) for future delivery. The transition of

services, including the reappointment of more than 40 staff, went smoothly and I commend everyone involved with this milestone task.

Unfortunately, cutting aged care financial support and funding for school crossing supervisors were just two of many federal and state government budget blows to our council last financial year. It was also disappointing that funding was pulled from the Leadership Great South Coast program, which brings so many benefits to local professionals. But, it's council's job to strive to find alternative funding to keep local services, programs and initiatives going and we will continue to strongly advocate at both levels of government on behalf of our communities.

One thing we don't have a lot of control over is the weather. During 2022, our region experienced the wettest ever Spring, which tested council's resources to the limit with flooding of houses and roads. I would like to commend council staff for very quickly adapting to fixing residents' driveways so they had access, repairing roads and helping provide social support to people who were flooded out in their homes. This wet weather continued into 2023, which caused many road surfaces and sub surfaces to deteriorate. There is a lot of work ahead to get the roads back to a level we all expect, and council is moving on this as diligently as possible.



Photo: Community grant recipient Glenthompson Dunkeld Football Netball Club

There was lots of advancement in the capital works space, including the completion of plans for the Melville Oval Facilities Redevelopment in Hamilton and the appointment of the principal construction contractor to start the program in September 2023. For a round-up of other capital project works completed, they are listed on page 24.

A lot of time and energy by staff also went into creating a long-term financial plan to help council plan and budget for future developments for the next 10 years. Already, as part of this plan, council purchased property in Hamilton's CBD in preparation for the monumental CBD revitalisation project that will include a new government hub, library, gallery, cinema, public spaces, and streetscape. Conceptual designs have been developed for this project and detailed designs will now be developed for this future development.

In the past 12 months we worked on the Small Towns Structure Plan and also did a lot of groundwork for the new caravan parks in Coleraine and Penshurst, the new lights at Silvestor Oval in Coleraine and the new housing development at Lake Edge in Hamilton. I look forward to moving forward with these projects over the next 12 months.

A highlight this year was the delivery of another successful community grants program. A total of \$195,000 was given to local community clubs and organisations for all types of purposes; from lawn mowers and safety equipment to roof repairs and mental health programs. Congratulations to council's grants team who did a fantastic job delivering the program. I know a lot of those small communities really appreciated the support.

It's been a pleasure to work with council's CEO, Directors and Executive Leadership Team this year; they've all done an outstanding job. And congratulations to all council staff for carrying out their duties at a very high standard, sometimes under difficult conditions.



Cr David Robertson
Mayor

CEO'S REPORT

Welcome to our Annual Report for 2022/23. This report covers my first full year as CEO of Southern Grampians Shire Council, a position I feel very honoured to be in. Like all years, it's had its rewards and challenges, but above all it has been a privilege to work with such a passionate and dedicated team of staff we have at council.

CAPITAL WORKS PROGRAM

In a very challenging environment for contractors, I am pleased to report that council completed \$10,809,779 of capital works projects, with a further \$12,474,133 committed and in progress. Included in our completed projects are our new Performing Arts Centre seating, HRLX Underpass, Pedrina Park Netball courts, and Penshurst Volcanic Discovery Centre.

We are also very excited about the preparation works on several key projects, including having completed design work for Melville Oval's substantial upgrades and demolition works commence, developed themes for our CBD Revitalisation project and have this out to tender to develop designs, and to be in a conceptual planning phase for our proposed Community and Government Hub on Lonsdale Street.

COMMUNITY DEVELOPMENT

Council committed to increasing its work with youth and appointed a Youth Officer during the year. As well as developing a Youth Strategy, our officer has engaged young people in our community through the YUMCHA group, which offers a safe and relaxing space for young people to be empowered to create a better community for those who are diverse in sexual orientation and gender identity. Also established was JAM, which is a group of young people passionate about live music - and various activities such as our summer pool party were held. Our Youth Officer also co-ordinated the Southern Grampians Youth Network.

I was also very proud that in 2022/23 our organisation commenced work on a Reconciliation Action Plan. Council has worked hard during the year to strengthen its ties to communities across our shire and has regularly attended town community committees to understand and act on maintenance issues, as well as longer term aspirations for those communities which inform our budget preparation each year.

We continue to work hard on community engagement across the board, with a significant revision of our policy this year, and implementation of new tools such as Social Pinpoint an online platform, which facilitates meaningful and accessible engagement opportunities that bring our community together to make it easy for community members to contribute their thoughts and ideas on our proposals.

GOVERNANCE

Our Governance team is part of the organisation that we don't often herald to the community but should do. They have been busy implementing the requirements of the *Gender Equality Act 2020* an important new piece of legislation, which required us to develop a Gender Equality Action Plan, review policies, and implement Gender Impact Assessments on any new project.

GALLERY

This year has seen the successful installation of a new climate control and lighting system in the Hamilton Gallery, thanks to a Victorian State Government Grant. This new system is an important credential for our new gallery, which will allow our team to bring national and international exhibitions to Hamilton. Whilst our gallery has been closed for these works, our team has been busy with their 'Art Outside the Walls' program that involved exhibitions and art classes in various locations around our shire. These were hugely popular with our community.

OPTIMISING OUR PERFORMANCE

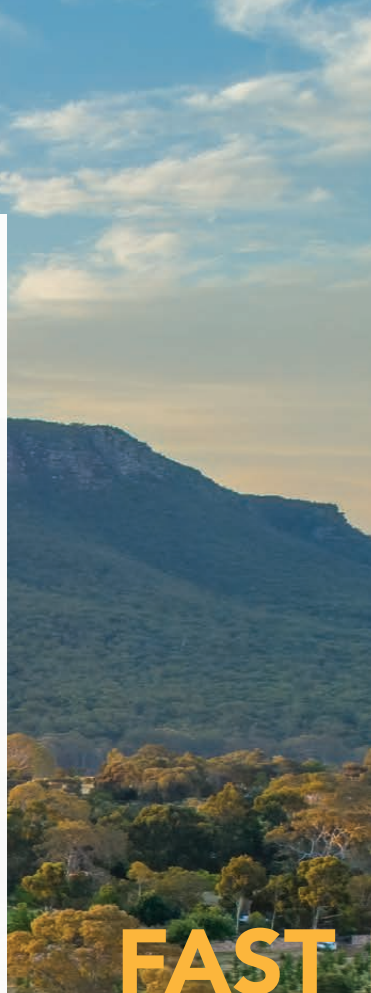
Council has been busy in 2022-23 planning for, and then installing, new computer systems across the whole organisation. This has been achieved through a collaborative procurement effort with two other councils, which saw us attract a State Government grant that funded the project. Our new systems will create internal efficiencies, as well as improve our communities experience with council.

Council has also had a strong focus on cost reduction through its budgetary process this year and I am pleased to advise we eliminated approximately \$1.4m in recurring costs. This focus on costs will continue.

I would like to thank our councillors for their vision and support during 2022-23. I would also like to thank our incredible staff who share a magnificent passion for our community and work hard to make our shire a better place to live, for all of us.



Tony Doyle
CEO



FAST FACTS



122,783 – Visits to shire aquatic facilities



175 – Number of animals reclaimed or rehomed



66,473 – Items borrowed from the library



12,628 – Tickets sold at the Hamilton Cinema



124 – Planning permit applications received



5,603 – Tickets sold at the Hamilton Performing Arts Centre



6,585 – Kerbside recycling bins collected from households



702 – Number of children enrolled in Maternal Child Health Service



6,634 – Kerbside rubbish bins collected from households



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 2021-2025. 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 47 to 71. The Southern Grampians Shire Council Plan 2021-2025 is available from our website www.sthgrampians.vic.gov.au

Strategic Objective One:

SUPPORT OUR COMMUNITY

An empowered community that is healthy, inclusive and connected.

Highlights

- + Celebrated cultural diversity with a Harmony Day event at the Hamilton Performing Arts Centre that included the Multicultural Comedy Gala, local Indian dancers, and a range of international foods on offer.
- + Created opportunities for local youth with a range of FreeZA events including the Southern Grampians Summer Days Pool Party attended by over 300 people.
- + Dr Todd Fernando, Victorian Commissioner of LGBTIQ+ for IDAHOBIT Day officially unveiled the LGBTIQ+ mural created by the Youth YUMCHA group at an IDAHOBIT Day event hosted by council.
- + Provided support to Southern Grampians families via Maternal Child Health services, providing advice and care to 168 newborn babies.



Photo: New Residents' Function

Strategic Objective Two:

GROW OUR REGIONAL ECONOMY

A growing and diverse local and regional economy that supports our local businesses.

Highlights

- + Completed the redevelopment of Pedrina Park Netball Courts including resurfacing courts and installing new lighting and fences to meet Australian Netball Standards.
- + Hosted the 2023 New Residents Function with over 40 people attending the event to reconnect and meet new people.
- + Celebrated National Reconciliation Week with a special performance by First Nations performers at the Hamilton Performing Arts Centre and hosted a Sorry Day event in collaboration with Windamara Aboriginal Corporation.
- + Delivered \$195,000 in funding to community groups through our Community Grants program; contributing to a range of community projects.
- + Promoted healthy eating and lifestyle at the Hamilton Indoor Leisure and Aquatic Centre (HILAC), earning a nomination in the VicKids Eat Well awards and a top five state finalist.
- + Celebrated Seniors Week with a range of different experiences across the shire including virtual travel, a free movie, live performances, guest speakers, market stalls and afternoon teas.
- + Signed a three-year agreement with Cricket Victoria to host the Under 16 Premier League Carnival in Hamilton, promoting youth participation in sport and the Greater Hamilton region as a premier event host.
- + Adopted the 2022 Hamilton Regional Livestock Exchange (HRLX) Strategic Vision as developed by the HRLX Advisory Committee to ensure future sustainability of the facility, whilst growing opportunities for the livestock market in the Southern Grampians region.
- + Continued the Ignite the Spirit of Christmas campaign to encourage residents to shop local with prizes of \$1000 up for grabs during December for local shoppers.
- + Continued the installation of outdoor dining infrastructure across the shire thanks to funding provided by the State Government's Outdoor Dining and Activation Program.
- + Continued work at the Dunkeld Visitor Hub with the construction of a viewing deck, undercover area and landscaping at the Dunkeld-Grampians VIC, building a pedestrian refuge on Glenelg Highway and improving paths and lighting at Memorial Park.
- + Commenced work on the Penshurst Volcanoes Discovery Centre upgrade.



YEAR AT A GLANCE CONT.

Strategic Objective Three:

MAINTAIN AND RENEW OUR INFRASTRUCTURE

Provide access to a high-quality built environment and infrastructure that meets community needs.

Highlights

- + Completed the Capital Works program for roads on time and on budget.
- + Commenced the CBD Revitalisation Stage One – Cox Street Redevelopment.
- + Completed the redevelopment of the Pedrina Park Netball Courts assisted via \$1,746,721 in funding from the Federal Government Local Roads and Community Infrastructure.
- + Adopted the designs for the redevelopment of the Melville Oval precinct and appointed a contractor to the project.
- + Undertook upgrades to the Hamilton Pound, significantly improving conditions for animals.
- + Completed renewal works for Coleraine's Silvester Oval.
- + Completed significant refurbishment works to the Hamilton Performing Arts Centre including the installation of 452 new seats and a fresh coat of paint, funded by the Victorian Government's Creative Neighbourhood Infrastructure Support Program.

Strategic Objective Four:

PROTECT OUR NATURAL ENVIRONMENT

Act as community leaders to promote and enhance a clean, green and sustainable environment.

Highlights

- + Completed significant maintenance, revegetation and weed control across the Grange Burn and other locations across the shire.
- + Developed a Plan for Nature to help to identify and highlight unique natural locations and prioritise focus for future council investment in the protection of these natural assets.
- + Appointed Sustainable Australia Fund to work collaboratively with council to establish, administer and support the delivery of the Environmental Upgrade Agreements to assist local businesses to access government-enabled finance for solar and building upgrades.
- + Commenced the pilot phase of the Penshurst Adaptive Wastewater Solution Project, supported by \$2.1 million from the Victorian Government.
- + Worked with Rotary Club of Hamilton and schools to undertake significant rubbish collection and clean up works as part of Clean Up Australia Day.

Photo: Grange Burn planting with local student



Strategic Objective Five:

PROVIDE STRONG GOVERNANCE AND LEADERSHIP

Strong Leadership, good governance and effective service delivery.

Highlights

- + Resolved to ease pressure on key worker housing shortage by selling approximately 22 hectares of vacant, council owned land near Lake Hamilton for future housing development.
- + Continued to livestream council meetings to enable community participation and engagement.
- + Adopted the 2022 Community Local Law, which contained a number of amendments, improving the definitions of existing laws and providing clarity for officers and community.
- + Advocated to state and federal governments on projects identified in council's Community Investment Plan including public transport connections, Hamilton Botanic Gardens playspace, new Hamilton Gallery, Hamilton Digital Hub, Volcanic Trails Masterplan, Peshurst Sewer project and more.

Photo: Council rangers in new uniforms



- + Progressed council's vision for a new CBD precinct, complete with government hub, new library and digital hub with the agreement in February to purchase buildings at 121 Brown Street and 92 Lonsdale Street, Hamilton.
- + Supported local communities to identify and access external grant and funding opportunities on offer throughout Australia through the purchase and hosting of the online search tool 'Grant Guru'.
- + Formally adopted the first-ever Southern Grampians Rural Land Use Strategy to identify the best use of the shire's rural land to benefit local economy and community; and provide a clear framework to support council's future decisions around rural land use.

Photo: First Nations Officers



YEAR AT A GLANCE CONT.

Challenges Of The Year

- + Cox Street Redevelopment Project in Hamilton.
- + Sale of the Hamilton Business Park Land allotments.
- + October flood event and associated community and asset recovery.
- + Rate cap of 1.7 per cent, with inflation peaking at around seven per cent which represents a substantial gap between council's ability to raise revenue and its cost to operate.

Future Outlook

- + Complete Dunkeld-Mount Sturgeon Loop Walk.
- + Finalise Cox Street Redevelopment Project.
- + Commence Melville Oval Facilities Upgrade.
- + Undertake a detailed design of a new government hub, library and cinema.
- + Decide on a renewal program for our aged outdoor swimming pools.
- + Plan and design for the Hamilton CBD streetscape project.
- + Upgrade the Hamilton Skatepark and build the new pump track.

Economic Factors

There are some issues facing council, which present an ongoing challenge.

These include:

- + Construction costs, a significant part of any council budget, have been rising by a significantly higher rate than inflation.
- + Continuing escalation of costs in relation to the maintenance and renewal of council's ageing infrastructure assets.
- + Continuing escalation of utility costs essential for carrying out services (water, power, gas, communications and insurances).
- + Continuing increases in the demand and associated costs to improve waste management service levels (landfills, transfer stations and refuse/recycling collections) along with imposition of strict guidelines from government in regard to management practices.

FINANCIAL SUMMARY



2022/23 FINANCIAL RESULTS AT A GLANCE

- + Operating Expenditure - **\$64.600 million**
- + Capital Works Program Delivered - **\$10.760 million**
- + Rates and Charges - **\$22.568 million**
- + Operating Deficit - **\$10.323 million**
- + Net Funds Available - **\$19.249 million**
- + Working Capital - **\$3.11 of current assets for every \$1.00 of current liabilities**
- + Debt decrease of **\$0.556 from \$2.384 million to \$1.828 million**

INTRODUCTION

The Council Plan 2021-25 outlines how council's key objectives will be resourced.

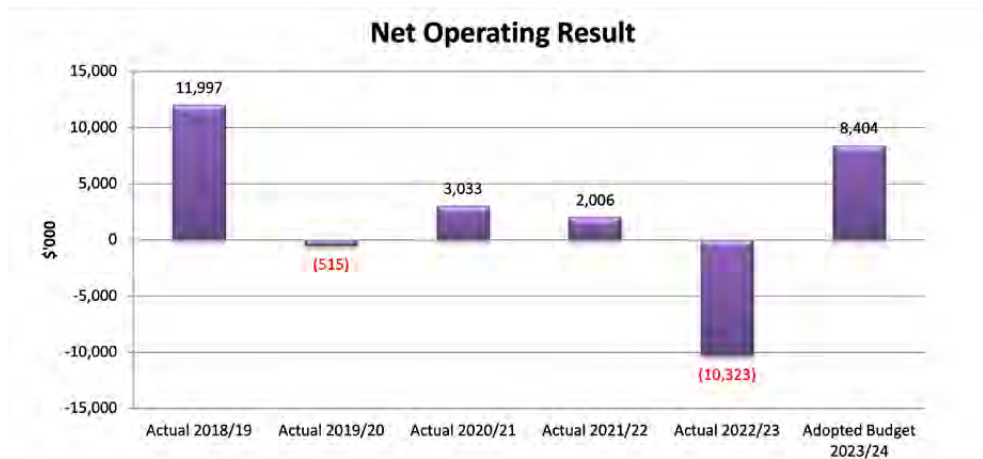
The key objectives of this plan are:

- + 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.
- + Maintain debt at a low to moderate level to allow capacity to fund future infrastructure.
- + Continue to pursue grant funding for strategic projects from the State and Federal government.
- + Provide for rate increases that work towards reaching a funding level for renewal demand being invested at 100 per cent.



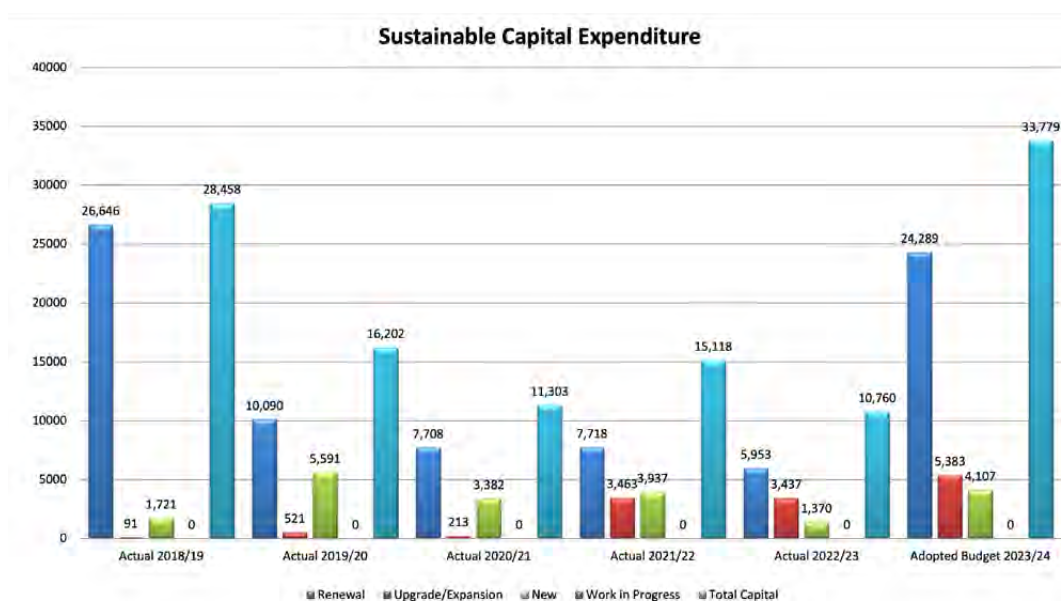
NET OPERATING RESULT

The operating deficit in 2022/23 was \$10.323 million compared to a budgeted deficit of 1.870 million. The operating result has been impacted due to a \$10.360 million net loss on disposal of assets (most of the asset disposal were in the drainage network). Other impacts include an extra \$3.020 million in capital grants, \$2.060 million in found assets, and a \$2.040 million write off in the value of the Mount Napier Quarry. Council is looking to restore its operating position well into surplus in 2023/24.



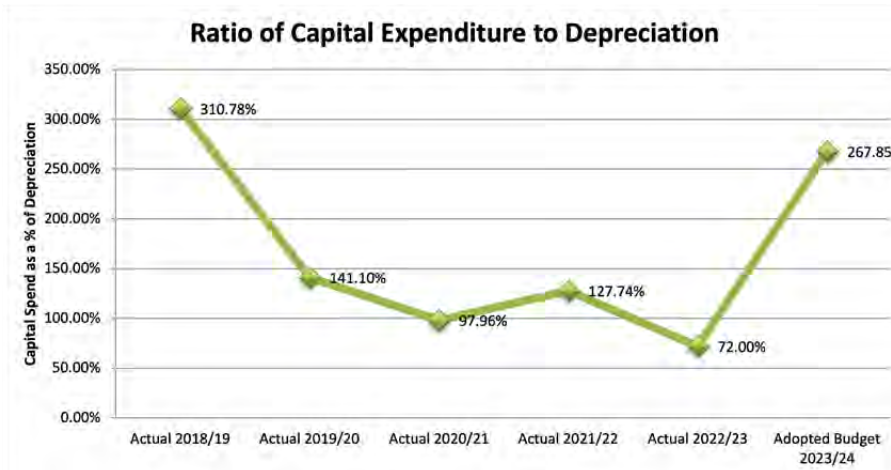
SUSTAINABLE CAPITAL EXPENDITURE

Council continues to invest in renewing and revitalising its assets. Council spent \$10.760 million on capital works in 2022/23 with an average spend of \$16.368 million for the past 5 years. Of this amount council spent more than 70 per cent 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.



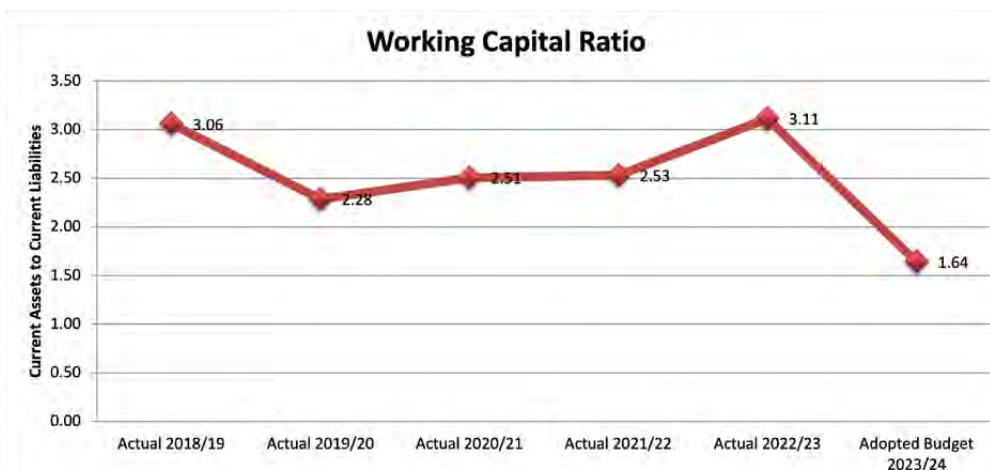
RATIO OF CAPITAL EXPENDITURE TO DEPRECIATION

A ratio of capital expenditure to depreciation of greater than one hundred per cent indicates that council is spending more on replacing assets than it is consuming during the period, council achieved 72.00 per cent for 2022/23. However, it should be noted that council depreciation charges were significantly higher in 2022/23 due to many more assets being assessed at near end of life than expected and thus their values were written down through depreciation. Council is looking to restore a position well above a one hundred per cent minimum threshold in its ratio of capital expenditure to depreciation in 2023/24.



WORKING CAPITAL

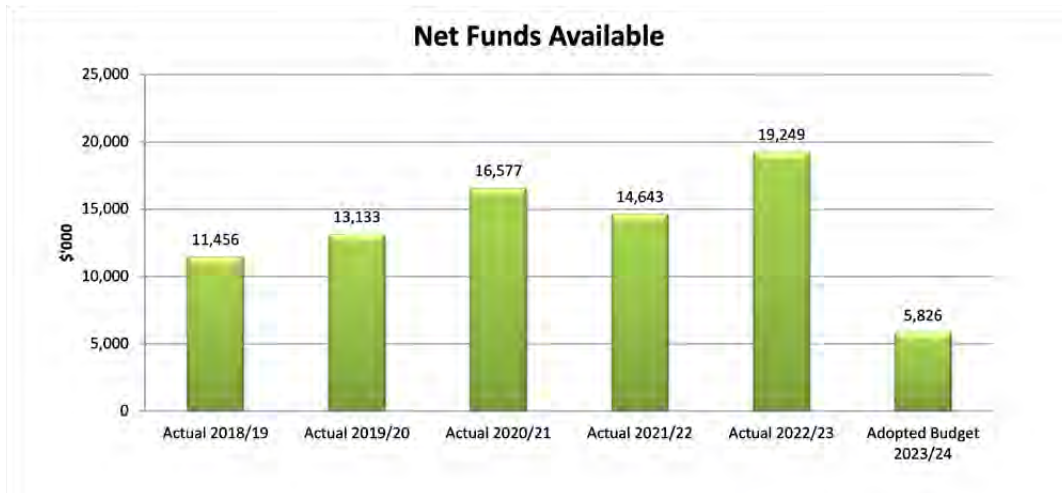
This graph indicates the council's ability to meet its short-term commitments with its short-term assets. Council ended the year with a ratio of 3.11:1, which means for every \$1 of short-term liability, council has \$3.11 of current asset. Future working ratios are predicted to enable the council to meet its commitments as they fall due.



NET FUNDS AVAILABLE

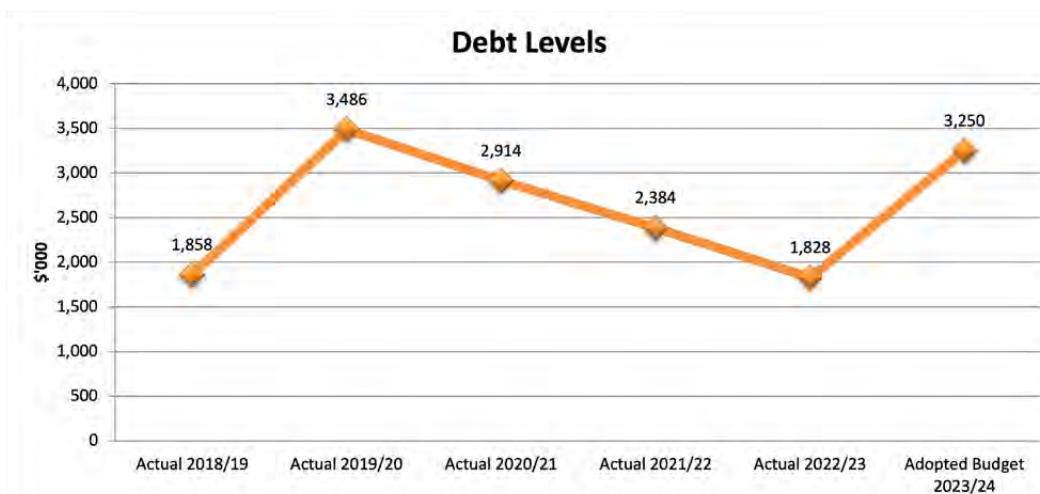
Net Funds available is the remaining cash after all current liabilities and restricted cash holdings have been met. Restricted cash includes specific purpose reserves, trust funds and deposit accounts.

Council will draw down on cash reserves for 2023/24.



DEBT LEVELS

The council has decreased debt by \$0.556 million in 2022/23 and 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. The council’s long-term financial plan includes assumptions about future borrowings including a further loan of \$2 million in the 2023/24 financial year.

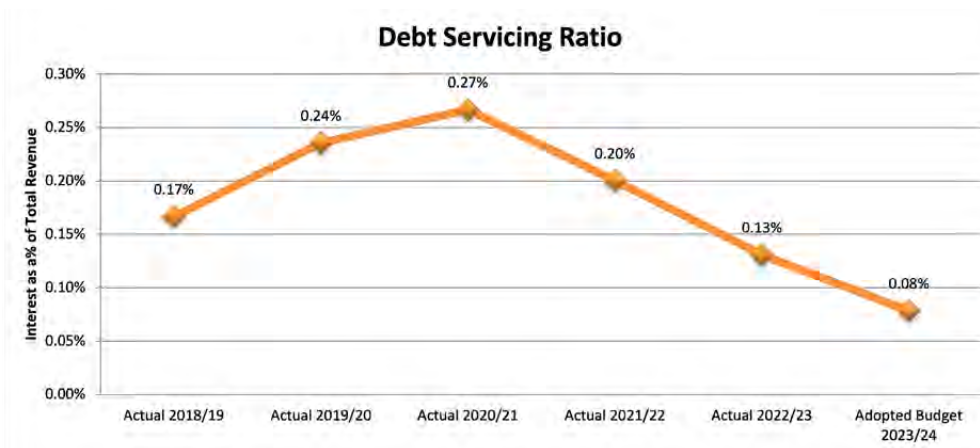


DEBT SERVICING LEVELS

For the past five 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 2.78 per cent (1.16 per cent of total revenue) for 2022/23.

These ratios indicate council is in a sound financial position to borrow further funds.





MAJOR CAPITAL WORKS

The capital works program forms a significant proportion of council's budget. In 2022/23, \$29.4 million 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.

Major Capital Projects delivered in 2022/23 included:

Pedrina Park netball court renewal

The Pedrina Park Netball Court Renewal project was completed in early 2023. The project was part of the Pedrina Park Master Plan and was made possible with \$1,746,721 funding assistance from the Federal Government's Local Roads and Community Infrastructure program, allocated in late 2020. The project included the demolition of the old court surfaces and removal of fences, resurfacing of the playing courts to comply with Netball Australia standards, and installation of new court fencing, lighting and associated infrastructure. The acrylic application was the final stage, completed in April 2023. The result is a safer and more improved playing and spectator experience, which has already been well utilised by the Hamilton Kangaroos, which has moved to the facility during the Melville Oval Facilities Redevelopment.

Hamilton Gallery upgrades

Climate control and lighting upgrades began in 2022/23 to enable the Hamilton Gallery to develop and host nationally significant exhibitions and safeguard the gallery's own unique collection.

The major work is being funded by a Creative Victoria grant of \$550,000 and \$80,000 contributed by council.

The Hamilton Gallery was built in 1961 and the existing lighting system is estimated to be 20-years-old. Similarly, the current air conditioning system in the Hamilton Gallery is over 20-years-old.

After receiving advice from the National Gallery that no travelling exhibitions would come to the Hamilton Gallery until the climate control system was upgraded to ensure temperature and humidity was regulated, council commissioned a report into the gallery's climate control system by a mechanical engineer specialising in building services. Based on the report's recommendations, council successfully applied to Creative Victoria for a grant.

Hamilton Gallery closed for short period in early 2023 to start the upgrades, with the latter stages to be completed in late 2023. When finished, the upgrades will meet industry standards to not only attract major exhibitions, but help attain financial support for the gallery in the future.



Handbury Auditorium facelift

The Handbury Auditorium in the Hamilton Performing Arts Centre received a \$150,000 facelift, with new audience seats, more wheelchair spaces, new carpet to improve sound, new lighting and fresh coat of paint all being completed in early 2023. The project, which improves accessibility, was funded by a Creative Neighbourhood Infrastructure Support Program grant from Creative Victoria. Council rehomed more than half the old seats with local schools, sporting clubs, businesses, and private residents. The remaining chairs were recycled for scrap metal.

HRLX underpass project

The Hamilton Regional Livestock Exchange (HRLX) stock underpass project commenced in May 2022 with the installation of a concrete culvert under Portland Road. The underpass allows overflow stock to be moved under the road during peak sale periods. Works for the project included the installation of the large scale culvert, tree removal, road reinstatement, and drainage. Further improvements for the project included a water tank, new fencing and the installation of solar lighting. Council committed approximately \$350,000 to the project. This work adds to the significant progress and improvements made to HRLX over the past few years to ensure the facility is an industry leader within South West Victoria.





Library security doors and RFID self-service kiosk installation

The extensive collection of resources at the Hamilton Library is now more secure with the installation of new RFID gates at the entry/exit point. This equipment increases collection security plus provides data on borrowing and visitation activity.

A new external book return chute has also increased collection security and reduced contamination rates of items that council would otherwise need to replace. The new self-checkout kiosk enables library patrons to self-determine their borrowing, maintain their privacy, monitor their own account and borrow resources without waiting for staff assistance. Removing this barrier is welcomed by many patrons and since installation the library has had an increase in self-borrowing from 30 per cent to 50 per cent of all transactions.

Hamilton Aerodrome improvements

A major project was completed at the Hamilton Aerodrome to address non-compliance safety issues on Runway 17/35, following a CASA airport certification process. Without the proposed works it was a possibility that Hamilton Aerodrome could be downgraded from Code 3 certification to Code 2. The project provided a compliant, 90 metre minimum Runway End Safety Area (RESA) outside the runway strip at each end of the runway and some changes to runway lights and line markings. Council successfully applied for funding of \$263,000 to complete the project through the Federal Government's Regional Airports Program. Works were undertaken by local contractor Walkers Earth Moving Pty Ltd.



Other major capital projects completed in 2022/23 included:

- + Animal pound – design of new dog and cat isolation room
- + Coleraine Outdoor Swimming Pool – pool covers installed
- + Cox Street, Penshurst – completed drainage design (preliminary investigations)
- + Dunkeld Visitor Hub – viewing platform, shelter and landscaping completed at Visitor Information Centre, pedestrian refuge built on Glenelg Highway and new lighting installed at Memorial Park
- + Hamilton Landfill – completed capping (stage 6)
- + Hamilton Outdoor Swimming Pool – shade sail replacement
- + Hamilton Transfer Station – started recycling processing shed



- + Hamilton Visitor Information Centre - new carpet
- + Hamilton Indoor Leisure and Aquatic Centre (HILAC) – fountain replacement, floor resurfacing, air control unit replacement and new pool heat pump
- + Hamilton Region Livestock Exchange (HRLX) – new water tank and cattle crush
- + Pedrina Park – replacement playground installed
- + Penshurst Volcanic Discovery Centre – new rock garden built and outdoor interactive displays installed
- + Thompson Street – installation of accessible carpark (phase 2)
- + Tree planting across shire towns (with Queens Jubilee \$20k grant)

Council's works team also delivered:

- + Roads sealed – **16.8kms**
- + Roads resealed – **33.5kms**
- + Gravel roads re-sheeted – **8.3kms**
- + Bridge replacements -
Branxholme Road and
Louth Swamp Road



MAJOR ACHIEVEMENTS



Progression of Melville Oval Facilities Redevelopment Project

Council progressed the Melville Oval Facilities Redevelopment Project this financial year with draft designs released in October and the construction contract awarded to local building contractor Ultrabuild Construction Group, who will also be using local sub-contractors to deliver one of Hamilton's most significant construction projects in decades.

The redevelopment project includes:

- + New change rooms for players and umpires under and north of the grandstand
- + New pavilion including netball player change rooms, umpire's rooms and social rooms with commercial kitchen
- + Two new netball courts with competition lighting

- + Undercover seating area for netball and football spectators
- + Realignment of the road reserve boundary of Market Place to allow for construction of the pavilion and netball courts
- + Upgraded landscaping of Market Place

Council allocated \$3.970 million from the Federal Government Local Roads and Community Infrastructure Grant towards the project and together with \$4.043 million from the Federal Government Community Development Grant, the overall project budget is \$8.28million.

This project is a key deliverable of the Hamilton Central Business Area Activation Masterplan finalised in 2020. The demolition contract for existing buildings (minus the grandstand and cottage) was awarded in early 2022 and demolition is expected to be completed in August, with construction to commence in September.

Photo: Announcement of the successful tender for the Melville Oval Facilities Redevelopment Project



Plans for Hamilton CBD endorsed

Council endorsed plans in late 2022 to move forward with a new Hamilton Gallery, confirming intentions to build on its current site and progress a CBD. The decision set in motion the long-awaited aspiration for an improved gallery to house the shire's significant collection, while the agreement to purchase buildings in the Hamilton CBD forms part of plans to build a new facility to house a new digital hub, library, cinema, and office spaces, which will also serve as a government hub in Hamilton.

The former Presbyterian Church at 121 Brown Street and the former Toyworld building at 92 Lonsdale Street were purchased in March 2023 at a combined cost of approximately \$1.8m. These purchases add to the previous acquisition of the former Walker's Building at 90 Lonsdale Street to increase the footprint and lay the foundation for one of the most significant projects for the Hamilton CBD in decades.

The CBD location for the Hamilton Gallery will support the broader council vision for the activation with the development of a vibrant and connected civic precinct the community can be proud of. The CBD will become a community hub with easy walking and cycling, highlighted with a civic square, public art, signage and greenspaces. Council also committed to the revamp of the CBD streetscapes, including streets such as Gray, Brown, Lonsdale and Thompson.

Key Worker Housing Commitment

Council resolved at the end of 2022 to sell approximately 22 hectares of vacant, council-owned land near Lake Hamilton to address the lack of key worker housing in the region. The land parcel, located on Handbury Boulevard at Lakes Edge is currently held as one title and zoned as General Residential. The sale of the land has the potential to provide between 200 – 300 blocks for new homes to be built. An Expression of Interest (EOI) process for the property sales agent services to manage the sale of the Lakes Edge Hamilton property was undertaken in March 2023. Based on the evaluation of the submissions received, council endorsed the engagement of Biggin and Scott to act on behalf of council as the property sales agent. An EOI campaign will be undertaken in Spring 2023 to seek detailed masterplans from developers, indicative timelines, submission of price and determining the desired parcel size and layout of services in accordance with all other proposed sub-divided parcels. A report will be provided back to council.

Photo: Hamilton Gallery Director, Joshua White

Photo: IDAHOBIT Day 2023



HRLX Strategic Vision adopted

Council adopted the 2022 Hamilton Regional Livestock Exchange (HRLX) Strategic Vision as developed by the HRLX Advisory Committee at the November 2022 council meeting. The strategic vision aims to position the facility as a business that has significant impact on the region in terms of enterprise and economy. The vision looks to the future sustainability of the facility, whilst growing opportunities for the livestock market within the Southern Grampians region.

HILAC a state finalist

Hamilton Indoor Leisure and Aquatic Centre (HILAC) was named one of the top five state finalists in the first *Vic Kids Eat Well* awards. This prestigious nomination came after changes were implemented at the HILAC cafe to support healthier food options, now providing patrons more choice. HILAC also hosted a community information session in March 2023 where clubs and recreation groups had the opportunity to brainstorm practical changes they could make to provide healthier canteen options at their club.

New commitment to youth

Council adopted its first ever Youth Policy in August 2022, confirming its ongoing commitment to young people in the region. The policy outlines council's role in relation to the needs of the young people of the Southern Grampians Shire and demonstrates a strong commitment to the ongoing engagement and support of young people, their development, health and wellbeing, creating opportunity for future careers and encouraging active engagement in community and participation in civic life.

In January 2023, council employed a dedicated Youth Officer for the first time, to work with young people to facilitate youth activities and events across the shire. Events held in 2023 include the highly successful Hamilton Pool party which attracted over 300 young people on a very hot January afternoon and the creation of the YUMCHA group and the launch of their mural celebrating LGBTQIA+ youth on IDAHOBIT day.

Environmental Agreement with local businesses

At the March 2023 council meeting, council endorsed to support a new Environmental Upgrade Agreement for local businesses for the next two years. The agreement will enable local businesses to access government-enabled finance for solar and building upgrades to be more environmentally friendly, improve overall sustainability and address climate change issues. Businesses may also replace lighting, install water efficiency initiatives, electric vehicle charging stations, waste management systems, pollution control and more under the guidelines.

Key partnership for Hamilton Gallery

Council signed a partnership agreement in 2023 with the prestigious Melbourne University School of Design to consult on the new Hamilton Gallery project. As a result, Australia's best architects will come together to advise on the project to ensure the creation of an iconic, nationally significant building for Hamilton. The School of Design has partnered with major cultural institutions and organisations around the world. Council voted to build a new Hamilton Gallery on its current location as part of a broader CBD Revitalisation project at the November 2022 council meeting.



Rural Land Use Strategy adopted

Council formally adopted the first-ever Southern Grampians Rural Land Use Strategy (RLUS). Years in the making, the long-term strategy identifies the best use of the shire's rural lands to benefit our local economy, communities, and the natural environment - and provides a clear framework to support council's future decisions around rural land use.

The RLUS will ensure that sustainable food and fibre production remains the priority rural land use in the shire and that value-added industries will be considered. It will also encourage the diversification of rural land use, including tourism, renewable energy, and sustainable development of natural resources.

The RLUS will address the retention of residential growth and rural living within established townships to create a network of integrated and prosperous settlements – as well as protect and enhance the environmental and landscape qualities of the land.

RLUS was a key strategy in the Council Plan 2021-2025 and went through extensive stakeholder and public consultation to help shape the document. The next step is to amend the current Southern Grampians Planning Scheme (SGPS) to factor in the implementation of the RLUS and once finalised at a council level, the proposed amendment will then be sent to the Minister for Planning for final approval.

Cricket deal signed

Council committed to a three-year sponsorship agreement with Cricket Victoria to support the Under 16 Premier League Carnival and other local Cricket Victoria events. The agreement will be reviewed annually with \$10,000 to be allocated from council's events budget each year.

The three-year agreement supports key performance indicators of the 2021-25 Council Plan to encourage participation in leisure, recreation and sporting opportunities and to promote appropriate services, facilities and activities for young people whilst also improving the reputation of the region as a destination of choice for events.

With other cricket hubs being finalised in Victoria, there will be greater competition for junior carnivals and this approach locks in Southern Grampians Shire as the host for years to come.

Successful Southern Grampians Shire Business Awards night

Featuring a record breaking 26 entries across 13 categories, the 2022 Southern Grampians Shire Council Business Awards recognised businesses operating in the shire for their excellence, leadership, and innovation. The gala night was attended by 130 people alongside eight award sponsors and the event achieved unprecedented engagement on social media. The awards program also enabled local businesses to self-evaluate their performance, fostered peer acknowledgement, and facilitated valuable business mentorship. Council will continue to explore avenues to bolster local businesses and advance business growth.

Photo: Southern Grampians L2P Program.

MAJOR CHANGES



New directors appointed

Council appointed two new directors in March 2023: Darren Barber as Director People and Performance; and Rory Neeson as Director Wellbeing, Planning and Regulation. Both directors had previously worked at Southern Grampians Shire Council and return to the shire with new skill sets, knowledge, and experience that will benefit their respective directorates and council as an organisation. Rory and Darren are part of council's Executive Leadership Team and filled the roles following the departure of Andrew Goodsell and Evelyn Arnold in 2022.

Cr Greg McAdam

In April 2023, Councillor Greg McAdam resigned. Cr McAdam was initially elected to council in 2016 and was re-elected to serve a second term in 2020.

"I would like to thank my fellow Councillors both past and present, for the respect and friendship they have shown me over the last six years. I would also like to thank the shire staff past and present for the respect they have given me during that time. It has been greatly appreciated. To the residents and ratepayers of the Southern Grampians, thank you for twice having had the confidence to elect me to your council, affording me the opportunity to give something back to my community."



Sadly, in August 2023 at the time of writing this report, Greg McAdam passed away. Greg was highly respected by both the community and the organisation and always acted in the best interests of the Southern Grampians community. He performed his role as councillor with passion, fairness, integrity and kindness.

His commitment, in particular to the future direction, growth and success of the Hamilton Regional Livestock Exchange is a wonderful legacy to leave and we know one that Greg would be proud of.

Greg will be very missed by his fellow councillors, council staff, and our entire community. Council extended thoughts and prayers to Greg's wife Jan and their family.

Cr Fran Malone elected

Councillor McAdam's resignation created an extraordinary vacancy in Southern Grampians Shire Council. Cr Fran Malone from Coleraine was subsequently elected on a countback process from the 2020 council election. She was sworn into the position on May 24, 2023. Cr Malone is an active member of the Coleraine District Development Association and other community organisations. She was the instigator of the 'Go Figure' Art installation project in the main streets of Coleraine. In her past professional role, Cr Malone facilitated discussions between small communities and large mining companies, so she has a good understanding of the needs and values of smaller communities.



MAJOR IMPACTS

Significant rain events

During 2022, our region experienced the wettest ever Spring, which tested council's resources to the limit with flooding of houses and roads. A flash flooding event in October resulted in widespread damage across the shire as well as significant localised flooding in Hamilton, particularly to King Street and Petschels Lane. Council's outdoor staff quickly responded to fixing residents' driveways, repairing roads, and helping people who were flooded out and displaced from their homes. This wet weather continued into 2023, which caused many road surfaces and sub surfaces to deteriorate.

Council applied for Victorian Government funding to support flood recovery and repairs and received \$500,000 in April 2023 from the Council Flood Support fund. Priority works, to be delivered in the 2023/24 financial year, include cleaning up the Hamilton Drainage corridor and Lake Hamilton, reinstating the path at Grange Burn, cleaning out Coleraine Creek and removing debris from open spaces. Council will also commence a resilient communities engagement program to assist communities enact community safety programs in the event of an emergency or disaster.



COMMUNITY GRANTS

In 2022/23 Southern Grampians Shire Council distributed approximately \$195,000 through its Community Partnership Grants program.

Successful applicants included a range of community groups, events and individuals from across the shire.

The Community Partnership Grants program delivers council grants that are responsive to the needs and opportunities of the community, inclusive and equitable to all, facilitating the

flexible delivery of key strategies identified within the Council Plan 2021-2025 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 program contains two rounds per year and applications are assessed using predetermined evaluation criteria by the program team.

Some of the community initiatives supported via the program in the financial year were:

- + Balmoral Post Office - heritage restoration
- + Branxholme Recreation Reserve Inc - women's netball change room fit out
- + Cavendish Townscape Association Inc - Gatum Gatum Project
- + Coleraine Art and Photography Show
- + Dunkeld Arboretum - spatial database
- + Dunkeld Museum Inc - Our Soldier Boys and Girls
- + Friends of Hamilton Botanical Gardens - safety vests
- + Glenelg Hopkins CMA - planning for Tarrington Community Centre
- + Glenthompson Football Netball Club - mental health and wellbeing program and digital board
- + Hamilton Basketball Association - junior tournament
- + Hamilton Country Music Club - Mini Country Music Festival
- + Hamilton Field Naturalists Club - weed control on Wannan Flora Reserve
- + Hamilton Rowing Club - boat revamp
- + Mulleraterong - access path project
- + Off the Rails Dunkeld - Spirit of Progress train visit
- + Penshurst Football Netball Club - digital screen
- + Penshurst Progress Association (Men's Shed) - tool purchase
- + The Australian Pedal Car Grand Prix Inc - Coleraine Family Fun Day
- + Wannan Nigretta Community Group - Thomas Clarke viewing area
- + World Shotokan Karate Hamilton - dojo safety training mats.

OUR COUNCIL

#australiaday
#reflectrespectcelebrate



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.

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 November 2020, seven councillors of the Southern Grampians Shire Council were elected for a four-year term. During the year Cr Greg McAdam resigned and was replaced by Cr Fran Malone on a countback from the 2020 election.

COUNCILLOR PROFILES



Cr David Robertson
Mayor

drobotson@sthgrampians.vic.gov.au
0437 846 623

At a Statutory Meeting in October 2022 Councillor David Robertson was elected Mayor and Councillor Helen Henry was elected Deputy Mayor.



Cr Helen Henry
Deputy Mayor

hhenry@sthgrampians.vic.gov.au
0437 802 893



Cr Mary-Ann Brown

mabrown@sthgrampians.vic.gov.au
0429 638 245



Cr Bruach Colliton

bcolliton@sthgrampians.vic.gov.au
0437 806 927



Cr Fran Malone

fmalone@sthgrampians.vic.gov.au
0439 689 847



Cr Albert Calvano

acalvano@sthgrampians.vic.gov.au
0429 861 229



Cr Katrina Rainsford

krainsford@sthgrampians.vic.gov.au
0429 140 216

The above councillors were in service as of June 30, 2023.

REPRESENTATION

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

Each year council appoints representation to a range of other bodies. Appointments were made at the Statutory Meeting of council held on 25 October 2022 and are detailed in the table below.

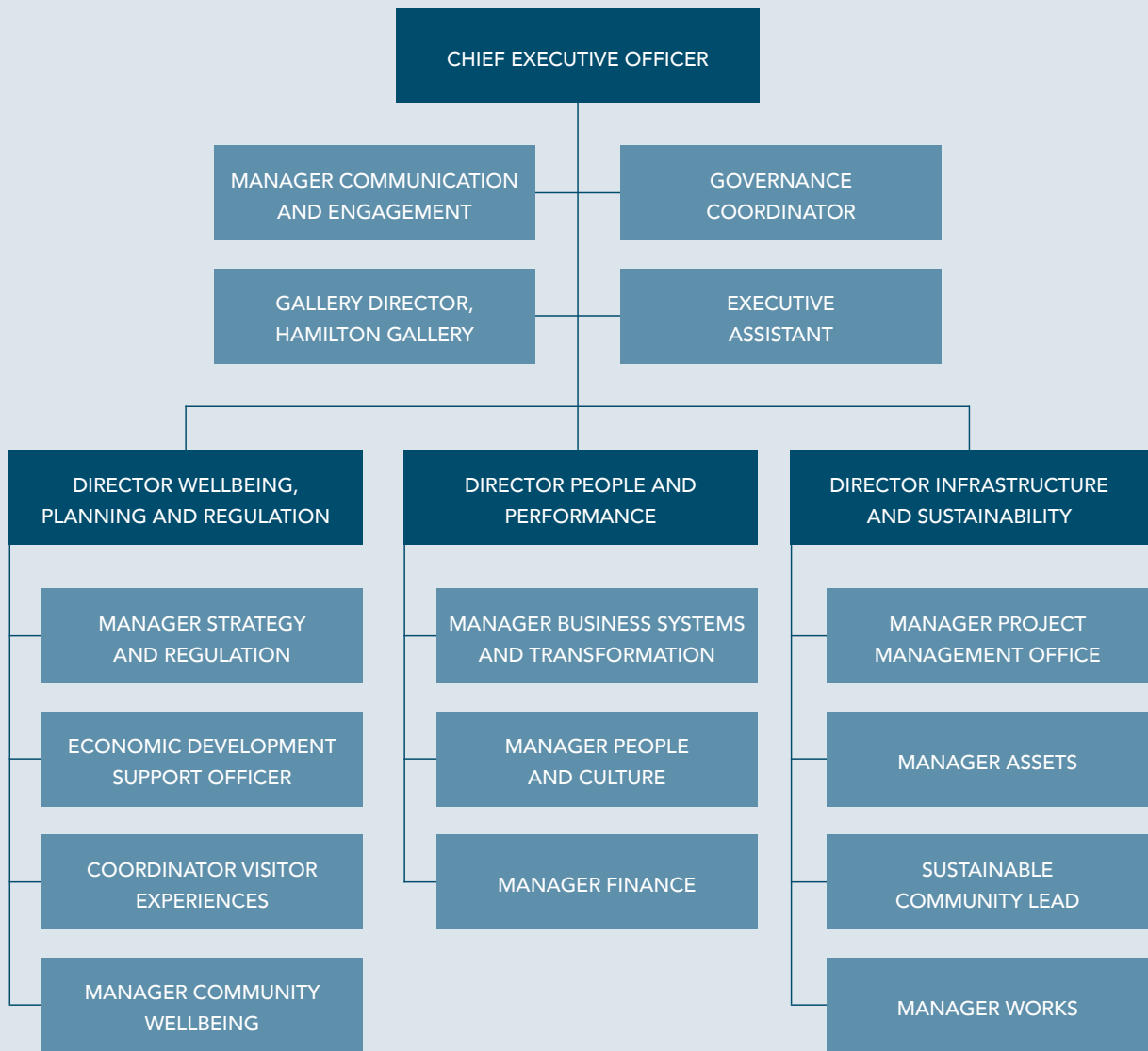
Committees Required by Legislation		
Audit and Risk Committee	Cr Robertson (Mayor)	Cr Henry (Deputy Mayor)
Delegated Committees		
Planning Committee	Cr Brown	Cr McAdam
Advisory Committees Established by Council		
Hamilton Regional Livestock Exchange Advisory Committee	Cr McAdam	Cr Brown
Hamilton Showgrounds Advisory Committee	Cr Rainsford	Cr Robertson
CEO Employment and Remuneration Committee	Cr Robertson (Mayor) Cr Henry (Deputy Mayor)	Cr Colliton
Committees Established by Other Bodies		
MAV Delegate	Cr Robertson (Mayor)	Proxy: Cr Calvano
Great South Coast Group	Cr Robertson (Mayor)	
Rural Councils Victoria	Cr Brown	
Barwon South West Waste & Resource Recovery Group	Cr Henry	
Green Triangle Action Group	Cr Rainsford	
Rail Freight Alliance	Cr Rainsford	

Due to the extraordinary vacancy, Councillor representation was reviewed at the 21 June 2023 Council Meeting and the following amendments were resolved:

Delegated Committees		
Planning Committee	Cr Brown	Cr Calvano
Advisory Committees Established by Council		
Hamilton Regional Livestock Exchange Advisory Committee	Cr Brown	Cr Rainsford
Hamilton Showgrounds Advisory Committee	Cr Rainsford	Cr Malone



OUR ORGANISATION



OUR ORGANISATION

Executive Leadership Team

Council is the governing body that appoints the Chief Executive Officer (CEO). The CEO is responsible for the day-to-day management of Council operations in accordance with the strategic directions of the Council Plan. Three directors and the CEO form the Executive Leadership Team (ELT). The ELT leads the organisation and meets weekly to oversee and manage council operations. The ELT also provides council with information

and advice that support strategic and effective decision making. The ELT is supported by a team of departmental managers.

Council appointed two new directors in March 2023: Darren Barber as Director People and Performance; and Rory Neeson as Director Wellbeing, Planning and Regulation. They filled the roles following the departure of Andrew Goodsell and Evelyn Arnold in 2022.



Tony Doyle
Chief Executive Officer

Position: Responsible for Executive and Councillors support, civic functions and governance.

Experience: Tony joined the Southern Grampians Shire Council as interim Chief Executive Officer (CEO) in September 2021 before being appointed as new CEO in December 2021. Prior to joining the Southern Grampians, Tony was CEO at Knox City Council in Melbourne's outer east, which followed his appointment as CEO at Hindmarsh Shire Council in Victoria's north-west.

Before joining local government, Tony had an extensive career in banking and finance, working in Australia and overseas. Tony is passionate about community engagement and empowerment and holds a Bachelor Economics (Accounting) and an MBA.



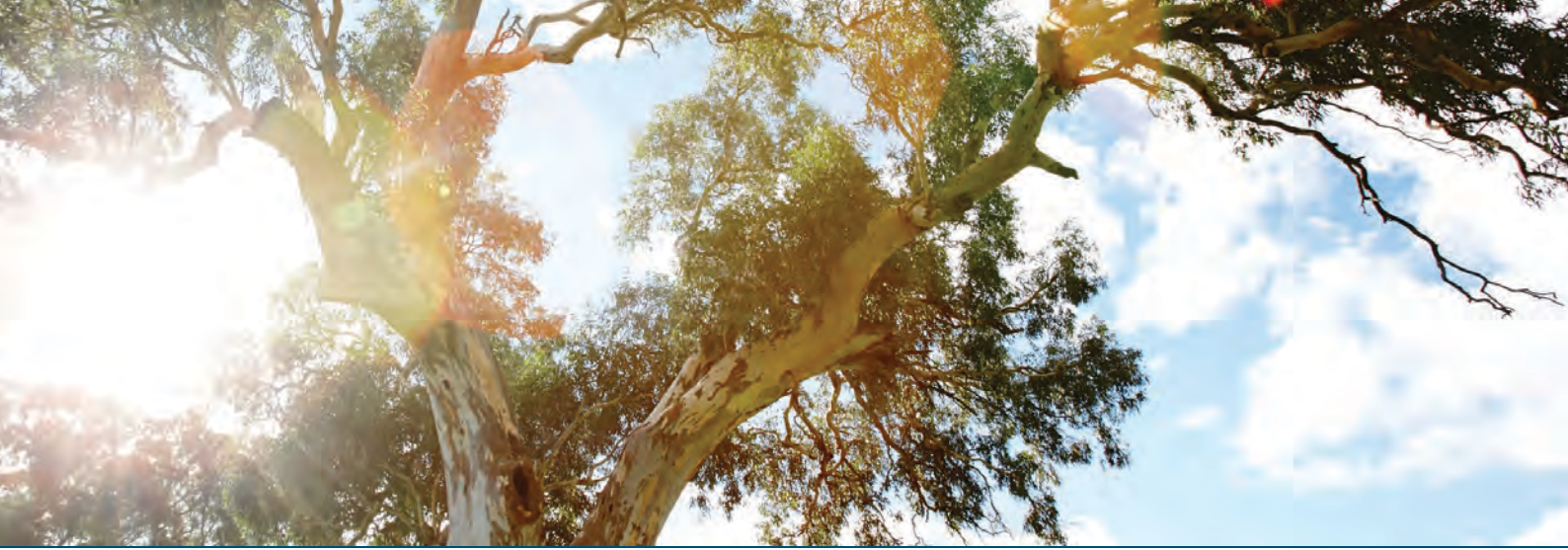
Marg Scanlon
Director Infrastructure and Sustainability

Position: Responsible for management of Infrastructure, Engineering, Hamilton Airport, Hamilton Regional Livestock Exchange, works, fleet, assets and property.

Experience: Marg commenced with Southern Grampians Shire Council as Director Infrastructure in May 2021 and brings extensive experience across strategic projects and infrastructure, capital works, assets, sports and recreation.

During her 11 years at Hobsons Bay City Council, Marg represented council on state infrastructure projects such as the West Gate Tunnel and level crossing removals, including the development of major facilities and a diverse range of projects. Prior to Hobsons Bay, Marg worked in similar roles with Colac Otway Shire and Sports and Recreation Victoria giving her a unique and broad understanding of strategic projects and infrastructure.

Marg also has a strong customer first focus and actively promotes effective and productive working relationships at all levels.



Darren Barber
**Director People
and Performance**

Position: Responsible for the management of finance, business systems, digital transformation, human resource management, health and safety, risk and workforce development.

Experience: Darren started with Southern Grampians Shire Council in February 2023. He was previously General Manager Corporate and Regulatory Services with the City of Mount Gambier. Darren has also been Manager Organisational Development at the City of Warrnambool and at Southern Grampians Shire Council. A Hamilton local, Darren has more than 30 years' experience in workforce development and organisational development. He is also chair of Western District Health Service.



Rory Neeson
**Director Wellbeing,
Planning and Regulation**

Position: Responsible for the management of community services, recreation, planning and building services, regulatory services, economic development and tourism, the Hamilton Performing Arts Centre and Hamilton Cinema.

Experience: Prior to his appointment in February 2023, Rory was the Manager Growth and Engagement at Corangamite Shire Council. Rory has also previously worked at Southern Grampians Shire Council in the communication and recreation teams. He is passionate about working with the community to deliver projects that benefit them with a focus on community engagement. Rory holds a Bachelor of Arts and has completed the Company Directors Course with the Australian Institute of Company Directors.

Senior Leadership Team

The Senior Leadership Team (SLT) includes the Executive Leadership Team and all senior managers. Members of the SLT bring together an extensive knowledge base, specialised expertise, and professional skills to deliver council services, programs and activities that support the strategic directions set by the council.

Organisational Restructure

The organisation underwent an internal structure review during the 2022/23 year resulting in changes to staff levels and service levels to better align to the achievement of council's overall direction. This restructure resulted in the dissolution of the Economic Development and Tourism Department and the creation of a new Wellbeing, Planning and Regulation Directorate.

OUR PEOPLE

In 2022/23 Southern Grampians Shire Council employed 479 people across the year, which is the equivalent to 209.99 Equivalent Full Time (EFT). During the year council had a staff turnover rate of approximately 35.24 per cent, which equates to 80 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	People & Performance	Wellbeing, Planning & Regulation	Infrastructure & Sustainability	Total
Permanent FT	18	26	37	98	179
Permanent PT	14	2	68	14	98
Temporary	6	5	3	4	18
Casual	13	5	156	10	184
Total	51	38	264	126	479

Legend: FT – Full time and PT – Part time

Employment Classification	Male	Female	Total
Band 1	12	32	44
Band 2	4	27	31
Band 3	114	94	208
Band 4	22	36	58
Band 5	17	28	45
Band 6	18	13	31
Band 7	10	15	25
Band 8	5	0	5
Band not applicable	18	14	32
Total	220	259	479

**Please note – data for self-gender identification is not available at this time.

Equity and Diversity

Southern Grampians Shire Council recognises the value of a diverse and skilled workforce. Respecting the individual and unique attributes of our workforce creates an environment where everyone can achieve their potential. Council's core values also support this commitment. As an equal opportunity employer, we ensure the fair and equal treatment of those who either are employed, or who are seeking employment with council. Council is committed to the principles of equal opportunity and anti-discrimination. The equal opportunity policy and practices provide a framework to ensure fair and equitable treatment for all.

Human Resources

A year of process improvement and development for the Human Resources functions within council. A full review and overhaul of the recruitment process was undertaken with significant improvements made to staff on-boarding. Overall, the employee experience from applying for the job through to commencing at council has been streamlined. This was done through consultation with new employees and gaining valuable feedback to improve process. The team was heavily involved in the Enterprise Agreement negotiations.

Occupational Health and Safety

Council continues to maintain an Occupational Health and Safety Management System aligned to AS 45001:2018. A critical component of our OHS management system is the Elumina online incident reporting and management system, enabling proactive hazard reporting and reactive incident reporting. Elumina facilitates regular OHS reporting including an electronic incident, hazard and claims report utilising the Power BI platform, available to the entire organisation, and regular more detailed quarterly reports to Council Executive and Audit and Risk committee.

Total incident reports, total injuries and total workers compensation cases decreased significantly, almost halving in each category.

Hazard reporting continues to fall which is seen as a reflection of past reporting, investigations and implementation of corrective actions. Council's lost time injury frequency rate was 17.21 for the year, down on the previous year but still slightly above the industry benchmark of 12.

We achieved our programed workplace inspections and facility evacuation drills. There continues to be a major focus on facility emergency responses which has included work with local fire brigade members. Regular OHS communications via weekly toolbox topic circulation, fortnightly safety articles in our newsletter and targeted Safety Alerts are considered critical OHS communication elements.

Induction of new employees has improved and continues to be monitored and developed.

Learning and Development

Council supported nine Learning and Development training sessions for staff throughout 2022 including:

- + Dealing with difficult situations
- + Sexual Harassment
- + Accident Counsellor
- + Mental Health First Aid
- + First Aid
- + Traffic Control
- + Spotters

The new year saw a change with our Learning Management System with us now using the 'Scout Learning Management System'. This has streamlined our onboarding and learning needs for the organisation.

With the introduction of new Child Safe Standards, council obtained a Local Government specific training module for all staff to complete. The focus for the year was mainstreaming OHS training to bring all staff up to multi-functional training to allow job sharing/ covering periods of leave and rotations of duties.

Risk

In 2022/2023, the Risk team had a continued focus on policy and procedure review and development. Business Continuity Plan testing has continued as per associated guidelines to assist in the continuity of council core business. A current focus is the review and development of a comprehensive and up to date operational risk register for the entire organisation. Strategic risk continues to be regularly monitored and reviewed.



Governance

A focus for the Governance team over the past 12 months was the finalisation of the implementation of the *Local Government Act 2020* and the continued implementation of the *Gender Equality Act 2020*. The changes to the *Local Government Act 2020* are extensive, the repeal of the *Local Government Act 1989* means councils are no longer operating under prescriptive legislation, with the new act enabling local government to become more contemporary in its approach to process.

The Gender Equality Act 2020 commenced on 31 March 2021 and commits council to take positive actions towards achieving workplace gender equality and considering and promoting gender equality in our policies, programs, and services.

Gender Impact Assessment training was organised for key parties within the organisation to gain an understanding of the requirements and considerations that form part of the assessments for community projects and policies.

Staff Consultative Committee

During 2022, the Staff Consultative Committee focused on the negotiation process for the Southern Grampians Shire Council Enterprise Agreement No. 10, 2022. This involved regular meetings with the respective unions. Throughout the year, the committee provided advice and support to council staff on policies, procedures, and other council functions. The committee is an important conduit for staff and the executive team. The committee also oversees the implementation of council's inaugural Gender Equality Action Plan.



EMPLOYEE RECOGNITION

Skilled, motivated, and dedicated staff are critical to council's success. As part of council's ongoing Service Recognition program, the commitment and service to the Southern Grampians Shire of the following employees were recognised in 2022/23:

5 years

Stacey Barnes
Adam Buckley
Kenneth Campbell
Quinlan Donehue
Geoffrey Edwards
Molly Humphries
Barry Lawrence
Tendai Mhasho
Susannah Milne
Lauren Savin
Michael Shanahan
Andrew Fry
Jayden Duncan
Tahlia Grant

10 years

Katrina Arnel
Leesa Logan
Colin McInnes
Jodie Nicholls
Richard Oliver
Sara Overton
Pollyanna Porter
Laurence Round
Daniel Spencer
Roderick Ubank
Frank Verschuren

20 years

Pamela Bowman

30 years

Mark Pryle

Photo: Council acknowledged the work of HACC workers at the end of council's provision of service.

OUR PERFORMANCE

Council Plan

This section describes how the 2022/23 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 2021-2025.

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

1. Support Our Community

An empowered community that is healthy, inclusive and connected.

2. Grow our Regional Economy

A growing and diverse local and regional economy that supports our local businesses.

3. Maintain and Renew our Infrastructure

Provide access to a high-quality built environment and infrastructure that meets community needs.

4. Protect our Natural Environment

Act as community leaders to promote and enhance a clean, green and sustainable environment.

5. Provide Strong Governance and Leadership

Strong leadership, good governance and effective service delivery.

Performance

Council's performance for the 2022/23 year has been reported against each strategic objective to demonstrate how council is performing in achieving the 2021-2025 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; and
- + Results against the prescribed service performance indicators and measures.

STRATEGIC OBJECTIVES



STRATEGIC OBJECTIVE NO.1

SUPPORT OUR COMMUNITY

An empowered community that is healthy, inclusive and connected.

Photo: opening of the Pedrina Park Inclusive Sports Hub.

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
Develop and implement a youth-led strategy	Ongoing	Council engaged a Youth Officer who started in January 2023 and one of their tasks was to develop a local Youth Strategy. To start the process, the Youth Officer conducted a Youth Survey, which yielded over 250 responses from young people and 15 from local youth service providers. Engagement continues for the Youth Strategy, which is expected to go to council for approval in late 2023.
Implement actions and priorities of the Recreation and Leisure Strategy 2019-2029	Ongoing	<p>The Pedrina Park Inclusive Sports Hub (PPISH) was officially opened, which was funded with \$500,000 from the Sports and Recreation Victoria's Local Sports Infrastructure Fund and a \$1 million contribution from council.</p> <p>The Pedrina Park Netball Courts were built thanks to a \$1.7m grant from the Federal Government Local Roads and Community Infrastructure.</p> <p>The Pedrina Park Playground replacement project was also completed.</p>
Develop, adopt and implement a Reconciliation Action Plan (RAP)	Ongoing	<p>In early 2023 Council employed two First Nations Officers to develop a Reconciliation Action Plan (RAP).</p> <p>The plan will provide a framework for council to support reconciliation in our community.</p> <p>This year the First Nations Officers hosted two internal workshops at council and are spending time scoping and developing relationships with Aboriginal and Torres Strait Islander stakeholders, deciding on a vision for reconciliation and exploring the sphere of influence, before committing to specific actions or initiatives.</p>

The following statement reviews the progress of council in relation to major initiatives identified in the 2022/23 budget:

MAJOR INITIATIVES	PROGRESS
<p>Hamilton Botanic Gardens Community Precinct and Children’s Garden</p>	<p>Ongoing Council has committed \$900,000 towards the construction of the Hamilton Botanic Gardens Community Precinct and Children’s Garden. Council is advocating for funding from Federal Government to match this funding through the Growing Regions Funding Stream.</p>
<p>Complete costings and design for Hamilton Gallery Option 3, seek council resolution to engage community on project and options developed. Confirm agreed location and undertake detailed design to enable construction (subject to funding).</p>	<p>Ongoing At the November 2022 council meeting, council voted to build a new Hamilton Gallery at its current location as part of a broader CBD Revitalisation project. Council reallocated \$3.55m funding for the detailed design of the Hamilton Gallery to the 2024/25 year to reduce debt in the 2023/24 year and allow projects essential to the development of the new gallery, such as relocation of the Hamilton Library and council offices (both in Brown Street) to begin.</p>
<p>Build effective partnerships with First Nations – via Reconciliation Action Plan or partnership agreement.</p>	<p>Ongoing Council worked with First Nations people across the Southern Grampians. Council acknowledged National Sorry Day with a collaborative event with Windamara Aboriginal Corporation at Melville Oval and marked National Reconciliation Week with an Indigenous Circus Performance at the Hamilton Performing Arts Centre. In early 2023 council employed two First Nations Officers to develop the Reconciliation Action Plan. The plan will provide a framework for council to support reconciliation in our community. So far the officers have hosted two internal workshops and are spending time scoping and developing relationships with Aboriginal and Torres Strait Islander stakeholders, deciding on a vision for reconciliation and exploring the sphere of influence, before committing to specific actions or initiatives.</p>

The following statement provides information in relation to the services funded in the 2022/23 budget and the persons in the community who are provided the service:

SERVICE	DESCRIPTION	BUDGET EXPENDITURE (REVENUE) NET COST \$000	ACTUAL EXPENDITURE (REVENUE) NET COST \$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 and property maintenance.	2,378 (2,310) 68	940 (575) 365
Senior Citizen Programs and Support	This service offers opportunities for older residents to participate in community and social activities across the shire.	106 (57) 49	64 (11) 52
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.	545 (0) 545	1,183 (20) 1,163
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.	648 (96) 553	512 (245) 268
Children's Services	This service provides quality education and care services ie. Family Day Care and promotes the early years sector.	609 (544) 65	738 (631) 107
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.	490 (0) 490	392 (41) 351
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.	824 (38) 786	934 (44) 890
Lake Hamilton	This service provides a safe, functional, accessible and useable space for leisure and recreational activities, on water and surrounding open space.	406 (1) 405	285 (7) 297
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.	615 (21) 594	656 (22) 634
Hamilton Indoor Leisure & Aquatic Centre	This service provides accessible leisure and aquatic experiences that facilitates and promotes wellbeing outcomes.	2,643 (1,197) 1,446	2,727 (1,278) 1,449
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.	851 (140) 711	1,216 (294) 922

SERVICE	DESCRIPTION	BUDGET EXPENDITURE (REVENUE) NET COST \$000	ACTUAL EXPENDITURE (REVENUE) NET COST \$000
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.	1088 (271) 818	960 (169) 792
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.	776 (220) 556	794 (233) 561
Cinema	This service provides the community with a high-quality cinema experience.	327 (276) 51	352 (197) 154
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.	275 0 275	287 0 287
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.	912 0 912	1,167 (1) 1,167
Local Laws Operations	This service implements and enforces the Community Local Law No.1(2022), 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.	698 (371) 327	656 (308) 349
Maternal & Child Health	This service provides a primary health care service for the shire's families with children from birth to school age.	450 (445) 5	444 (429) 15
Emergency Management	This service coordinates emergency management planning to enable council to coordinate and respond to emergencies in cooperation with other agencies.	294 (60) 234	466 (674) 208
Botanic Gardens	This service maintains the historically significant Botanic Gardens in Hamilton (and Peshurst) and provides responsible management of flora, open spaces and built facilities on the grounds.	362 (1) 361	353 (1) 352

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

STRATEGIC INDICATOR/ MEASURE	18/19	19/20	20/21	21/22	22/23	MATERIAL VARIATIONS
LIBRARY						
Utilisation <i>Physical library collection usage</i> [Number of physical library collection item loans/Number of physical library collection items]	4.33	3.05	2.68	3.17	3.32	No material variations
Resource standard <i>Standard of library collection</i> [Number of library collection items purchased in the last five years/ number of library collection items] x100	66.27%	62.83%	61.33%	64.10%	72.12%	Increase in performance due to the return to normal purchasing of items post pandemic.
Service cost <i>Cost of library service</i> [Direct cost of the library service/ Population]	\$32.52	\$35.17	\$33.99	\$36.06	\$38.25	No material variations
Participation <i>Active library members</i> [Number of active library members/Municipal population] x100	14.96%	13.15%	11.92%	10.84%	10.80%	No material variations

STRATEGIC INDICATOR/ MEASURE	18/19	19/20	20/21	21/22	22/23	MATERIAL VARIATIONS
AQUATIC FACILITIES						
Service standard <i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of council aquatic facilities/Number of council aquatic facilities]	1	1	1	1	1	No material variations
Service cost <i>Cost of aquatic facilities</i> [Direct cost of aquatic facilities less income received/Number of visits to aquatic facilities]	N/A	\$11.65	\$18.26	\$16.01	\$14.03	Attendance has increased post COVID therefore the cost of running the aquatic facilities per person has decreased.
Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities/Municipal population]	9.33	7.56	4.43	5.27	7.50	Utilisation data for HILAC increased post COVID lockdowns.

STRATEGIC INDICATOR/ MEASURE	18/19	19/20	20/21	21/22	22/23	MATERIAL VARIATIONS
ANIMAL MANAGEMENT						
Timeliness <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]	1 day	1.47 days	1.21 days	1.06 days	2.09 days	Reporting errors within the team increased the actual time taken due to the report not being closed off correctly. Administration error has been identified and addressed.
Service standard <i>Animals reclaimed</i> [Number of animals reclaimed / Number of animals collected] x100 <i>Animals rehomed</i> [Number of animals rehomed / Number of animals collected] x100	51.06%	50.99%	50.19%	45.25%	51.50%	Increase in dangerous and surrendered animals.
	New in 2020	8.70%	10.11%	14.07%	39.48%	Increased focus on rehoming animals. Now within council's expected range.
Service cost <i>Cost of animal management service per population</i> [Direct cost of the animal management service/ Population]	New in 2020	\$7.73	\$9.93	\$12.07	\$11.64	No material variations.
Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions / Number of animal management prosecutions] x100	New in 2020	0%	0%	0%	0%	No material variations.

STRATEGIC INDICATOR/ MEASURE	18/19	19/20	20/21	21/22	22/23	MATERIAL VARIATIONS
MATERNAL AND CHILD HEALTH (MCH)						
Service standard <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	101.79%	101.26%	100.60%	100.55%	99.41%	No material variations
Service cost <i>Cost of the MCH service</i> [Cost of the MCH service / Hours worked by MCH nurses]	\$77.06	\$90.48	\$78.33	\$73.70	\$74.84	No material variations
Participation <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	77.96%	76.99%	73.73%	81.09%	81.78%	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	62.69%	63.89%	74.68%	85.00%	81.25%	No material variations
<i>Participation in 4-week Key Age and Stage visit</i> [Number of 4-week Key Age and Stage visits / Number of birth notifications received] x100	New in 2020	93.71%	99.40%	90.66%	85.80%	No material variations



GROW OUR REGIONAL ECONOMY

A growing and diverse local and regional economy that supports our local businesses.



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
Develop and implement the Key Worker Housing Strategy	Ongoing	Council continued to work with other councils in the Southwest Alliance to develop a Key Worker Housing Strategy and is actively advocating for funding to see this implemented.
Partner with Hamilton Regional Business Association (HRBA)	Ongoing	<p>HRBA made the decision to become independent and to no longer proceed with the MoU with council.</p> <p>Continued communication with HRBA will be ongoing, but no funding will be provided.</p> <p>Communication with local businesses will continue through monthly e-news and face-to-face conversations.</p> <p>Council is actively engaging with HRBA as we explore the CBD streetscape project.</p>
Complete the Rural Land Use Strategy (RLUS)	Complete	The Rural Land Use Strategy was adopted by council at the May 2023 council meeting.

Photo: Winners of the 2022 Southern Grampians Shire Business Awards.



The following statement reviews the progress of council in relation to major initiatives identified in the 2022/23 budget for the year:

MAJOR INITIATIVES	PROGRESS
Complete updates to Rural Land Use Strategy post exhibition and finalise/adopt	<p>Complete The Rural Land Use Strategy was adopted by council at the May 2023 council meeting.</p>
Deliver Stage 1 of the Dunkeld Visitor Hub to support the Grampians Peak Trail Head	<p>Construction was largely completed for a welcome/ departure platform (decking and shelter) and associated landscaping, connections through Memorial Park, pedestrian crossing, wayfinding and interpretive signage, trails, and parking.</p>
Commence upgrades of Penshurst Volcanoes Discovery Centre	<p>Ongoing In conjunction with the Penshurst Volcanoes Discovery Centre committee, Challis Design was appointed to develop the detailed designs for the expanded interpretation and visitor information outside the centre and to design the refurbishment required for internal displays.</p>

The following statement provides information in relation to the services funded in the 2022/23 budget and the persons in the community who are provided with the service:

SERVICE	DESCRIPTION	BUDGET EXPENDITURE (REVENUE) NET COST \$000	ACTUAL EXPENDITURE (REVENUE) NET COST \$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.	1,097 (12) 1,085	707 (130) 836
Airport	This service is responsible for the management and operation of the Hamilton Airport.	432 (32) 400	371 (21) 350
Livestock Exchange	This service is responsible for the management and operation of the Hamilton Regional Livestock Exchange.	1,377 (1,790) (413)	11,736 (1,781) 9,955
Visitor Experience and 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.	729 (15) 714	785 (118) 667
Business Development	The business development service seeks to facilitate an environment that is conducive to a sustainable and growing local business sector.	147 0 147	146 0 146
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.	303 (4) 299	211 (2) 210
Caravan Parks	This service provides low-cost camping and caravan park accommodation facilities in Coleraine and Peshurst.	65 (38) 27	79 (49) 30
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.	24 0 24	68 0 68

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

STRATEGIC INDICATOR/ MEASURE	18/19	19/20	20/21	21/22	22/23	MATERIAL VARIATIONS
STATUTORY PLANNING*						
Timeliness <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]	35 days	33.5 days	38 days	43 days	83	There were significant staff changes within the Statutory Planning team, resulting in new staff needing to be recruited.
Service standard <i>Planning applications decided within required timeframes</i> [(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days)/Number of planning application decisions made] x100	77.30%	94.44%	93.55%	93.37%	46.53%	There were significant staff changes within the Statutory Planning team. Complex planning applications required either a Planning Committee or council meeting for a notice-of-decision to be made.
Service cost <i>Cost of statutory planning service</i> [Direct cost of statutory planning service/Number of planning applications received]	\$1805.41	\$1514.34	\$482.27	\$588.37	\$1,581.98	There was an increase in contractor costs to clear the backlog of planning applications. New staff were onboarded.
Decision making <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	50.00%	50.00%	0	No material variation

*Statutory Planning also reported under Strategic Objective Three



MAINTAIN AND RENEW OUR INFRASTRUCTURE

Provide access to a high-quality built environment and infrastructure that meets community needs.

Photo: Dunkeld Visitor Hub construction.

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
Develop and implement the Hamilton Transport Network Study	Ongoing	The draft Hamilton Transport Network Study, named 'Hamilton Moves' is in final revision. Costings for alternative heavy transport route are underway. The final draft will be presented and reviewed by council late 2023 prior to presentation to community for the final engagement phase.
Develop the Community Facilities Infrastructure Plan	Ongoing	The project is in the final stage before proceeding to the Community Needs Prioritisation and Project Formulation stage. This will be the final stage of Strategic Planning engagement in the process. Council will be briefed in August 2023 on the final outcomes and framework that prioritises the project formulation.

The following statement reviews the progress of council in relation to major initiatives identified in the 2022/23 budget for the year:

MAJOR INITIATIVES	PROGRESS
Deliver on the CBD revitalisation plan by completing the endorsed Cox Street redevelopment	Ongoing The Cox Street Redevelopment project construction started in January 2023. Issues with contractor availability and utilities works resulted in ongoing delays.
Commence construction of Melville Oval stage 2 CBD project	Ongoing The project contract was awarded to Hamilton company Ultrabuild Construction Group Pty Ltd and work was scheduled to begin in July 2023.
Complete Hamilton Network Operating Plan to confirm alternate heavy vehicle route	Ongoing The draft Hamilton Transport Network Study, named 'Hamilton Moves' is in final revision. Costings for alternative heavy transport route are underway. The final draft will be presented and reviewed by council late 2023 prior to presentation to community for the final engagement phase.

The following statement provides information in relation to the services funded in the 2022/23 budget and the persons in the community who are provided the service:

SERVICE	DESCRIPTION	BUDGET EXPENDITURE (REVENUE) NET COST \$000	ACTUAL EXPENDITURE (REVENUE) NET COST \$000
Community Buildings	This service supports the use of community buildings, including halls and showgrounds throughout the shire by ensuring they are maintained adequately.	402 (17) 386	364 (12) 352
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.	1,000 (15) 985	931 (2,069) (1,137)
Building Services	This service provides statutory building services including enforcement of the Building Act and Regulation to ensure community safety in the built environment.	247 (80) 167	437 (139) 298
Bridges & Culverts	This service ensures the development and maintenance of the shire's bridges and culverts.	1,083 0 1,083	1,815 (0) 1,815
Footpaths and Cycle Ways	This service ensures the development and maintenance of the shire's footpaths and cycle ways.	549 0 549	556 0 556
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.	578 (58) 520	219 (68) 151
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.	67 0 67	57 0 57
Infrastructure Management	This service undertakes design, tendering, contract management and supervision of various works within council's capital works program.	1,178 0 1,178	1,009 0 1,009
Statutory Planning	This service processes all planning applications, provides advice and makes decisions about development proposals, which require a planning permit.	568 (136) 432	402 (259) 143
Plant Management and 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.	768 (120) 648	1,678 (380) 1,298
Roads and Streets	This service aims to ensure responsible management of council's road infrastructure and compliance with regulatory requirements.	11,147 (8) 11,139	12,771 0 12,771

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.	526 0 526	532 (100) 433
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.	4 (0) 4	12 (19) (8)
VicRoads Contract Management	This service ensures responsible contract management of council's VicRoads contract.	28 (28) 0	36 (28) 8

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

STRATEGIC INDICATOR/ MEASURE	18/19	19/20	20/21	21/22	22/23	MATERIAL VARIATIONS
ROADS						
Satisfaction of use <i>Sealed local road requests</i> [Number of sealed local road requests/Kilometres of sealed local roads] x100	5.66%	10.30%	2.85%	0.39%	7.65%	Percentage increase may be a miscalculation from the previous financial year 2020-21 and 2021-22.
Condition <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	98.15%	97.07%	88.17%	90.24%	89.68%	No material variations
Service cost <i>Cost of sealed local road reconstruction</i> [Direct cost of sealed local road reconstruction/Square metres of sealed local roads reconstructed]	\$19.32	\$22.33	\$20.88	\$21.91	\$29.80	Road reconstruction cost increased in 2022-23 due to increase in material price, freight cost, fuel price and petroleum products price.
<i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing/Square metres of sealed local roads resealed]	\$5.00	\$3.07	\$6.04	\$6.66	\$6.73	Reseal cost increased due to aggregate price increase and petroleum price increase.
Satisfaction <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	43	42	37	34	No material variations



PROTECT OUR NATURAL ENVIRONMENT

Act as community leaders to promote and enhance 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
Progress the Natural Asset Management Plan	Ongoing	The Draft Natural Asset Strategy is finished and is scheduled for adoption by council late 2023 after the final phase of public exhibition.
Review, update and implement the Sustainability Strategy	Ongoing	The strategy draft discussion paper was reviewed by ELT and feedback provided for consultation phase. Consultation and finalisation of strategy to be completed 2023/24.
Reduced Waste	Ongoing	A tender went out for non-municipal waste to further diversify streams accepted by council. Resource trading platform, ASPIRE, contract signed for rollout 2023/24. A waste dashboard was created for better understanding of resource flows.

The following statement reviews the progress of council in relation to initiatives identified in the 2022/23 budget for the year:

MAJOR INITIATIVES	PROGRESS
Deliver the Waste & Resource Recovery Strategy as adopted by council including landfill, transfer stations and collection initiatives	A draft strategy will be reviewed in the first quarter of 2024.
New Sustainability Strategy addressing renewables, climate adaptation, waste management/recycling, Integrated Water Management etc	The development of a strategy is well underway with draft discussion paper and consultation framework completed. Consultation and publication of strategy to be completed in 2023/24.

The following statement provides information in relation to the services funded in the 2022/23 budget and the persons in the community who are provided the service:

SERVICE	DESCRIPTION	BUDGET EXPENDITURE (REVENUE) NET COST \$000	ACTUAL EXPENDITURE (REVENUE) NET COST \$000
Landfill & Transfer Stations	This service manages the waste and recyclables collection process at the landfill.	1,741 (930) 811	1,791 (913) 878
	This service manages the waste and recyclables collection process at the designated transfer stations within the shire.		
Waste and Recycling Collection	This service manages the waste and recyclables collection process within the shire, including the collection of kerbside bins.	2,176 (146) 2,031	2,471 (123) 2,348
Natural Asset Management	This service develops environmental policy, coordinates and implements environmental projects and works with other services to improve council's environmental performance.	269 (70) 199	263 (75) 188
Stormwater/ Drainage	This service manages the maintenance and environmental issues associated with the stormwater/drainage networks throughout the shire.	588 0 588	680 0 680
Yatchew Drainage Authority	This service is responsible for the management and maintenance of the Yatchaw Drainage Scheme.	6 0 6	11 (8) 4
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.	4 (240) (236)	2,404 (260) (2,144)
Environmental Sustainability	This service implements council's Sustainability Strategy and acts as a catalyst for council and community sustainability actions within the shire.	224 0 224	140 (10) 130
Fire Prevention	This service coordinates fire prevention planning and works in cooperation with other agencies.	160 0 160	152 3 154
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.	14 (5) 9	2,190 (2) 2,188
Environmental Health	This service improves the health and wellbeing of the community and protects the shire's environment.	326 (140) 186	347 (145) 201

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

STRATEGIC INDICATOR/ MEASURE	18/19	19/20	20/21	21/22	22/23	MATERIAL VARIATIONS
WASTE COLLECTION						
Satisfaction <i>Kerbside bin collection requests</i> [Number of kerbside garbage and recycling bin collection requests/Number of kerbside bin collection households] x1,000	117.52	70.44	98.35	122.01	95.27	Number has returned to a regular level following an increase in 2021/2022, which can be attributed to increased reporting and follow up with the service provider.
Service standard <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	12.51	5.85	9.58	9.42	6.64	Number has decreased back to pre-pandemic levels.
Service cost <i>Cost of kerbside garbage collection service</i> [Direct cost of the kerbside garbage bin collection service/Number of kerbside garbage collection bins]	\$115.54	\$110.28	\$118.31	\$129.96	\$175.66	Number has increased due to inflation from transport costs and government levy increases.
<i>Cost of kerbside recyclables collection service</i> [Direct cost of the kerbside recyclables bin collection service/Number of kerbside recyclables collection bins]	\$85.12	\$83.50	\$71.77	\$78.48	\$88.49	Number has increased due to inflation from transport costs and government levy increases.
Waste Diversion <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	44.16%	43.01%	62.72%	79.24%	62.97%	Percentage has standardised following a miscalculation in the previous financial year.

STRATEGIC INDICATOR/ MEASURE	18/19	19/20	20/21	21/22	22/23	MATERIAL VARIATIONS
FOOD SAFETY						
Service standard <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	100.66%	102.61%	75.17%	100.00%	103.01%	No material variations
Timeliness <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]	1.29	1.29	1.00	1.11	1.29	All food premises complaints responded within one day except for one complaint that was responded to within three days, as it was received on the weekend when council officers were unavailable.
Service cost <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]	\$407.88	\$399.46	\$436.04	\$426.06	\$466.18	No material variations
Health and safety <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%	93.33%	100%	92.86%	100%	No material variations

PROVIDE STRONG 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
Deliver the Community Public Health and Wellbeing Plan 2021-2025	Ongoing	Council adopted the Community Public Health and Wellbeing Plan 2021–2025 in October 2021. Work will continue with relevant organisations to implement outcomes defined in the plan to achieve better health and wellbeing results for community.
Continue to implement improved digital solutions that focus on excellence in customer service	Ongoing	Council committed to a replacement of all core systems in a joint project with two neighbouring councils. Contracts were awarded in January 2023 and the development of the new systems was undertaken in early 2023. Go live for most systems was set for 1 July 2023.
Improve council's performance against the Local Government Performance Reporting Framework for customer service and engagement	Ongoing	Community satisfaction with Council's customer service and engagement dropped again this FY, with a score of 47, down from 50 in 21/22. A range of measures are being implemented, which will seek to address this including the development and implementation of Customer Service Standards and the introduction of a new customer request management system.

The following statement reviews the progress of council in relation to major initiatives identified in the 2022/23 budget:

MAJOR INITIATIVES	PROGRESS
Invest in the appropriate systems, processes and training to support an environment which delivers a seamless customer Experience.	Council committed to a replacement of all core systems in a joint project with two neighbouring councils. Contracts were awarded in January 2023 and development of the new systems was undertaken early 2023. Go live for most systems was set for 1 July 2023.
Develop and implement the Community Infrastructure Framework to guide decisions on building asset management.	<p>The project is at final stage to proceed to Community Needs Prioritisation and Project Formulation stage. This will be the final stage of Strategic Planning engagement in the process.</p> <p>Council will be briefed in August 2023 on the final outcomes and framework that prioritises the project formulation.</p>

The following statement provides information in relation to the services funded in the 2022/23 budget and the persons in the community who are provided the service:

SERVICE	DESCRIPTION	BUDGET EXPENDITURE (REVENUE) NET COST \$000	ACTUAL EXPENDITURE (REVENUE) NET COST \$000
Executive and Councillor Support	This area of governance includes the Chief Executive Officer, Executive Management Team the Mayor, Councillors and associated support.	2,107 (0) 2,107	2,055 (1) 2,055
Governance Administration	This service has the responsibility to provide the organisation with appropriate strategic advice on governance matters, enabling the organisation to be responsive to the needs of the council and the community.	315 (15) 299	267 (0) 267
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.	1,296 (0) 1,296	1,128 (775) 353
People and Culture	The Organisational Development Unit aims to facilitate council's organisational goals through effective workforce management and provide a mechanism for continual review and improvement.	900 0 900	1,007 (90) 917
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.	393 0 393	289 (14) 275
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.	340 0 340	332 0 332
Communications	The Communications service assists the organisation to facilitate communication across both internal and external stakeholders, and provide high quality information to the community.	455 0 455	392 0 392
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.	422 (23) 399	341 (0) 341
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 council's IT requirements necessary to deliver effective services.	2,470 (1) 2,470	2,573 (936) 1,637

Corporate Buildings and Overheads	This service maintains buildings and grounds of corporate buildings, supports whole of organisation administration functions and coordinates centralised purchasing of corporate consumables.	925 (4,879) (3,954)	1,081 (4,879) (3,798)
Depot Operations and Maintenance	This service coordinates the operation of Council's depots in Hamilton, Coleraine, Balmoral, Cavendish, Dunkeld and Penshurst to support works teams to deliver capital and maintenance programs.	471 (81) 390	449 (23) 426



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

STRATEGIC INDICATOR/ MEASURE	18/19	19/20	20/21	21/22	22/23	MATERIAL VARIATIONS
GOVERNANCE						
Transparency <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	2.92%	2.63%	0.75%	4.85%	7.41%	There was an increase in the number of confidentially considered tenders and contractual matters.
Consultation and Engagement <i>Satisfaction with community consultation and engagement</i> [Community satisfaction rating out of 100 with how council has performed on community consultation and engagement]	57	59	57	50	47	No material variations
Attendance <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	95.24%	96.70%	98.81%	95.80%	91.60%	No material variations
Service cost <i>Cost of governance</i> [Direct cost of the governance service/Number of councillors elected at the last council general election]	\$32,159.71	\$32,911.86	\$33,978.00	\$35,505.72	\$37,607.46	No material variations
Satisfaction <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]	49	52	54	51	46	No material variations

CORPORATE GOVERNANCE

Council is constituted under the *Local Government Act 2020* to provide good governance in its municipal district for the benefit and wellbeing of the municipal community. Council must in the performance of its role give effect to the overarching governance principles, including:

- + Council decisions are to be made and actions taken in accordance with the relevant law.
- + Priority to be given to achieving the best outcomes for the municipal community, including future generations.
- + The economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted.
- + The municipal community is to be engaged in strategic planning and strategic decision making.
- + Innovation and continuous improvement is to be pursued.
- + Collaboration with other councils and Governments and statutory bodies is to be sought.
- + The ongoing financial viability of the council is to be ensured.
- + Regional, state and national plans and policies are to be taken into account in strategic planning and decision making.
- + The transparency of council decisions, actions and information is to be ensured.

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

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

Council meetings are usually open to all who wish to attend with councillors available to meet informally with residents between 5:00pm – 5:30pm, prior to the monthly council meetings.

For the 2022/23 year Council held the following meetings:

1. 12 council meetings; and
2. Five unscheduled council meetings

The following table provides a summary of councillor attendance at council meetings and unscheduled council meetings for the 2022/23 financial year.

Councillor	Council Meeting	Unscheduled Council Meeting	Total
Cr David Robertson (Mayor from October 2022)	11/12	5/5	16/17
Cr Mary-Ann Brown	10/12	3/5	13/17
Cr Albert Calvano	11/12	4/5	15/17
Cr Bruach Colliton	11/12	5/5	16/17
Cr Helen Henry	12/12	5/5	17/17
Cr Greg McAdam	11/12	4/5	13/15
Cr Katrina Rainsford	11/12	5/5	16/17
Cr Fran Malone (Cr from 24 May 2023)	1/1	N/A	1/1

Council Committees

The Act allows councils to establish committees.

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

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 Sporting Ground	The management and operation of the Coleraine Tennis & Netball Centre, Silvester Oval and Turnbull Street Reserve of Coleraine.
Cavendish Soldiers Memorial Hall	Managing the Cavendish Soldiers Memorial Hall.

Councillor Code of Conduct

The *Local Government Act 2020* provides that all councils must develop and adopt a Councillor Code of Conduct ('Code') and that the code must be reviewed and adopted within the period of four months after a general election.

The Councillor Code of Conduct was adopted at council's meeting on 10 February 2021.

The Code

- + Sets out the standards of conduct required and expected of elected representatives;
- + Endeavours to foster good working relations between councillors to enable councillors to work constructively together in the best interests of the local community; and
- + Mandates councillor conduct designed to build public confidence in the integrity of local government.

Councillors must also adhere to prescribed standards of conduct, including:

1. Treatment of Others

- A councillor must, in performing the role of a councillor, treat other councillors, members of Council staff, the municipal community and members of the public with dignity, fairness, objectivity, courtesy and respect, including by ensuring that the councillor;
- Takes positive action to eliminate discrimination, sexual harassment and victimisation in accordance with the *Equal Opportunity Act 2010*;
- Supports the council in fulfilling its obligation to achieve and promote gender equality;
- Does not engage in abusive, obscene or threatening behaviour in their dealings with members of the public, council staff and councillors; and
- In considering the diversity of interests and needs of the municipal community, treats all persons with respect and has due regard for their opinions, beliefs, rights and responsibilities.

2. Performing the role of Councillor

- A councillor must, in performing the role of a councillor, do everything reasonable necessary to ensure that the councillor performs the role of a Councillor effectively and responsibly, including by ensuring that the Councillor:
 - a) Undertakes any training or professional development activities the Council decides is necessary for all Councillors to undertake in order to effectively perform the role of a Councillor;
 - b) Diligently uses Council processes to become informed about matters which are subject to Council decisions;
 - c) Is fit to conscientiously perform the role of a Councillor when acting in that capacity or purporting to act in that capacity; and
 - d) Represents the interests of the municipal community in performing the role of a Councillor by considering and being responsive to the diversity of interests and needs of the municipal community.

3. Compliance with good governance measures

- A Councillor, in performing the role of a Councillor, to ensure the good governance of the Council, must diligently and properly comply with the following:
 - a) Any policy, practice or protocol developed and implemented by the Chief Executive Officer in accordance with Section 46 of the Act for managing interactions between members of Council staff and Councillors;
 - b) The Council expenses policy adopted and maintained by the Council under Section 41 of the Act;
 - c) The Governance Rules developed, adopted and kept in force by the Council under Section 60 of the Act; and
 - d) Any directions of the Minister issued under Section 175 of the Act.

4. Councillor must not discredit or mislead council or public

- In performing the role of councillor, a councillor must ensure that their behaviour does not bring discredit upon the council.
- In performing the role of a councillor, a councillor must not deliberately mislead the Council or the public about any matter related to the performance of their public duties.

5. Standards do not limit robust political debate

- Nothing in these standards is intended to limit, restrict or detract from robust public debate in a democracy.

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

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 exists 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 39 of the Act, councillors are entitled to receive an allowance while performing their duty as a Councillor.

The Victorian Independent Tribunal sets the allowances paid to Councillors, Mayors and Deputy Mayor. 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 Victorian Independent Remuneration Tribunal revised the Mayor, Deputy Mayor and Councillors allowances. The Allowance payable to Mayors, Deputy Mayors and Councillors (Victoria) Determination No. 01/2022 came into effect from 18 December 2021.

Prior to 18 December 2021 the allowance amounts for category 1 were:

Mayor - \$62,884 pa
Deputy Mayor – same as Councillor allowance
Councillors - \$21,049 pa

The base allowance amounts which applies for this category from 18 December 2021 are:-

Mayor - \$74,706 pa
Deputy Mayor – \$37,080 pa
Councillors - \$24,080 pa

Councillors can individually elect to receive either the full allowance to which they are entitled, part of the allowance or no allowance at all.

The amount equivalent to the superannuation scheme guarantee under Commonwealth taxation legislation (10% for the 2021/22 period) is payable in addition to these amounts.

The table below sets out the allowances paid in accordance with the Act for the 2022/23 financial year:

Councillor	Allowance	Superannuation Equivalent	Total
Brown	\$22,817.15	\$2281.73	\$25,098.88
Calvano	\$22,817.15	\$2281.73	\$25,098.88
Colliton (Mayor from 18 November 2020)	\$69,780.23	\$6978.08	\$76,758.31
Henry	\$22,817.15	\$2281.73	\$25,098.88
McAdam	\$22,817.15	\$2281.73	\$25,098.88
Rainsford	\$22,817.15	\$2281.73	\$25,098.88
Robertson (Deputy Mayor from 18 November 2020)	\$30,559.73	\$3056.00	\$33,615.73
Total	\$214,425.71	\$21,442.73	\$235,868.44

Councillor	Travel	Mileage	Childcare	ICT	Conference/ Training	Total
Brown	0	0	0	\$1,649.62	0	\$1,649.62
Calvano	\$578.39	\$1401.12	0	-\$1,469.70	0	\$509.81
Colliton (Mayor from 18 November 2020)	\$1,632.21	0	0	\$681.19	\$227.27	\$2,540.67
Henry	0	0	0	\$388.18	\$60.00	\$448.18
McAdam	0	0	0	\$1,160.16	0	\$1,160.16
Rainsford	0	0	0	\$1,136.83	\$274.35	\$1,411.18
Robertson	\$267.27	0	0	\$717.33	0	\$984.60
Total	\$2,477.87	\$1,401.12	\$0	\$4,263.61	\$561.62	\$8,704.22

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

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 2022/23 financial year.

Audit and Risk Committee

The Audit and Risk Committee is a legislated Committee of Council formed in accordance with Section 53 of the *Local Government Act 2020*. The purpose of the Committee is to assist council in the effective conduct of its responsibilities in relation to its financial and performance reporting practices. This includes monitoring compliance of council's policies and procedure with overarching governance principles and legislative responsibilities, risk management and internal control systems.

The Audit and Risk Committee consists of three independent members, Mr Brian Densem (Chair), Ms Aisling Cunningham and Mr Bill Millard and two councillors, Councillor David Robertson and Councillor Helen Henry. Meetings are also attended by the Chief Executive Officer, Director People and Performance, Manager Finance, Manager People & Culture and other staff as appropriate.

The Audit and Risk 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; and
- + The provision of an effective means of communication between the external auditor, internal audit, management and the council.

The Audit and Risk Committee met on four occasions during 2022/2023 and addressed a broad range of issues including:

- + Implementation of the Local Government Act 2020;
- + Annual Financial, Standard and Performance Statements;
- + Budget 2023-2024; Long Term Financial Plan 2023-2033 and Pricing Register 2023-2024;
- + Quarterly Financial Statements and Reports;
- + Business Continuity;
- + Internal Audit & Internal Audit - 3 Year Strategic Plan;
- + Risk Management Framework;
- + Fraud and Corruption Control;
- + Compliance Framework;
- + OH&S;
- + Performance Reports;

- + Annual Plan;
- + Councillor expenses; and
- + Procurement Policy.

Documents for Public Inspection

In accordance with *Local Government Act 2020*, council makes a range of information available on its website www.sthgrampians.vic.gov.au

Carer's Recognition Act 2012

In accordance with the *Carer's 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 *Carer's 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.

Procurement

During the year council publicly advertised tender opportunities and expressions of interest that had a value above council's Procurement Policy contract value (threshold) and entered into contracts for the following projects:

- + Record Management in Share Point Implementation
- + Bridge Maintenance Repairs - various locations
- + Provision of Building Services
- + Dunkeld Visitor Hub Precinct A
- + Hamilton Aerodrome - Runway Emergency Safety Area (RESA)
- + Hamilton PAC - Supply and Installation of auditorium seating

- + Bridge Maintenance and Repair Work (2022-2023)
- + Provision of ERP Solution - Councilwise
- + Provision of ERP Solution - E-Vis
- + Provision of ERP Solution - Evolution Business Systems
- + Hamilton Gallery Climate Control Upgrade
- + Hamilton Gallery Lighting Upgrade
- + Provision of ERP Solution - Magiq
- + Provision of ERP Solution - Adroit

During this period council did not invite a tender or seek an expression of interest without doing so through a public advertising process.

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 2022/23 financial year.

Disability Action Plan

Council is committed to working alongside our community to create a place where people of all ages and abilities can achieve optimal health and wellbeing.

The *Disability Act 2006* requires all councils to have a Disability Action Plan as prescribed in the *Commonwealth Disability Discrimination Act 1992*.

This plan needs to focus on:

- + reducing barriers to persons with disabilities accessing goods, services and facilities
- + reducing barriers to persons with disabilities obtaining and maintaining employment
- + promoting inclusion and participation in the community of persons with disabilities
- + achieving tangible changes in attitudes and practices which discriminate against persons with disabilities.

The Disability Action Plan was embedded into the Council Plan for the first time in 2021. The approach aims to ensure that disability remains a priority across all areas of council business and that a disability perspective is applied in the delivery of all Council services and activities.

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 programed 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.

2022/23 key figures:

Dogs and cats registered: 2362
 Dogs rehomed: 30
 Dogs reclaimed: 50
 Cats rehomed: 21
 Cats reclaimed: 3

2022/23 highlights:

During the year the animal pound was refurbished with the floors being repainted, as well as new cage doors, vet table and cat condos. The rangers also had new-look uniforms.

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 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*.

One valid FOI was received by council during the period 1 July 2022 – 30 June 2023.

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 emailed to council's FOI Officer at 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 <http://www.sthgrampians.vic.gov.au/foi>

Public Interest 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 *Public Interest Disclosures 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

During the 2022/23 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 2022/23 financial year.

Management

Council has implemented statutory and better practice items to strengthen its management framework. Having strong governance and management frameworks leads to better decisions by council. The Act requires council to undertake an assessment against the prescribed Governance and Management Checklist and include this in its report of operations. Council's Governance and Management Checklist results are set out in the section below. The following items have been highlighted as important components of the management framework.

Governance and Management Checklist

Indicator	Governance and Management Items	Assessment
Community Engagement	1 Community engagement policy (policy outlining council's commitment to engaging with the community on matters of public interest)	Adopted in accordance with section 55 of the Act Date: 21 June 2023
Community Engagement	2 Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Current guidelines in operation Date: 21 June 2023
Planning	3 Financial Plan (plan under section 91 of the Act outlining the financial and non-financial resources required for at least the next 10 financial years)	Adopted in accordance with section 91 of the Act Date: 21 June 2023
Planning	4 Asset Plan (plan that sets out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Adopted in accordance with section 92 of the Act Date: 22 July 2022
Planning	5 Revenue and Rating Plan (plan setting out the rating structure of council to levy rates and charges)	Adopted in accordance with section 93 of the Act Date: 8 February 2023
Planning	6 Annual budget (plan 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 94 of the Act Date of adoption: 21 June 2023
Planning	7 Risk policy (policy outlining council's commitment and approach to minimising the risks to council's operations)	Current policy in operation Date: 9 October 2019
Planning	8 Fraud policy (policy outlining council's commitment and approach to minimising the risk of fraud)	Current policy in operation Date: 29 March 2018
Planning	9 Municipal emergency management plan (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 Procurement policy (policy outlining the principles, processes and procedures that will apply to all purchases of goods and services by the council)	Adopted in accordance with section 108 of the Act Date: 15 December 2021
Planning	11 Business continuity plan (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 September 2019
Planning	12 Disaster recovery plan (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: 10 September 2022

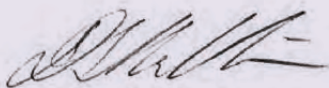
Monitoring	13	Risk management framework (framework outlining council's approach to managing risks to the council's operations)	Current framework in operation Date: 1 February 2020
Monitoring	14	Audit and Risk Committee (advisory committee of council under section 53 and 54 of the Act)	Established in accordance with section 53 of the Act Date: 10 August 2022
Monitoring	15	Internal audit (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: 3 September 2020
Monitoring	16	Performance reporting framework (and non-financial performance, including the performance indicators referred to in section 98 of the Act)	Current framework in operation Date: 14 September 2022
Reporting	17	Council Plan reporting (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: 9 November 2022 8 March 2023 10 May 2023
Reporting	18	Quarterly budget reports (quarterly reports to council under section 97 of the Act comparing actual and budgeted results and an explanation of any material variations)	Quarterly statements presented to council in accordance with section 97 of the Act Date: 10 August 2022 8 February 2023 10 May 2023
Reporting	19	Risk reporting (six-monthly reports of strategic risks to council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Reports prepared and presented for ELT Date: 15 November 2022
Reporting	20	Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 98 of the Act)	Performance report prepared and presented Date: 14 September 2022
Reporting	21	Annual report (annual report under sections 98 and 99 of the Act containing a report of operations and audited financial performance statements)	Annual Report considered at a meeting of council in accordance with section 134 of the 1989 Act Date: 12 October 2022
Decision-making	22	Councillor Code of Conduct (Code setting out the standards of conduct to be followed by councillors and other matters)	Code of conduct reviewed in accordance with section 139 of the Act Date: 10 February 2021

Decision-making	23	Delegations (documents 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 11(7) of the Act and a register kept in accordance with sections 11(8) and 47(7) of the Act Dates of review: s5 – 8 March 2023 s6 – 8 March 2023 s7 – 9 May 2023 s12 – 9 February 2023 S13 – 7 April 2020 s14 – 13 January 2023 c5 - 12 August 2020 c7 – 9 September 2021
Decision-making	24	Meeting procedures (Governance Rules governing the conduct of meetings of council and delegated committees)	Governance Rules adopted in accordance with section 60 of the Act Date: 21 June 2023

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



Tony Doyle
Interim Chief Executive Officer
Date: December 4, 2023



Cr David Robertson
Mayor
Date: December 4, 2023

FINANCIAL INFORMATION



Understanding these accounts

The Financial Statements have been prepared in accordance with the *Local Government Act 2020*, the Local Government (Planning and Reporting) Regulations 2020, 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 & Risk Committee and council itself. The Financial Statements are then forwarded to the Auditor-General for final approval.

For this financial year council has received a clear audit of its Financial Statements.

The Financial Statements are comprised of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works 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 2022/23 Financial Statements are included from page 89-94 of this report.

Council had an operating deficit of \$10.323 million due to a \$10.359 million net loss on disposal of property, infrastructure, plant, and equipment.

Council has a working capital ratio of 3.113:1 this year (2021/22 2.5:1). The Working Capital

Ratio assesses council's ability to meet current commitments and means that council has \$3.11 of cash and current assets for every \$1.00 of current liabilities.

Unrestricted cash on hand at 30 June 2023 was \$25.668 million, which includes investments of \$3.500 million for payment of long service leave entitlements, \$1.100 million for the future provision of landfill remediation, and \$1.281 million defined benefits superannuation call contingency. Restricted cash of \$0.911 million is for specific reserve funds and trust deposits.

Borrowings outstanding at 30 June 2023 totalled \$1.828 million. Trade and other payables was \$4.307 million.

Council had a net overall cash inflow for the year of \$0.063 million compared to a budgeted outflow of \$16.116 million.

Council achieved a Net Cash Flow of \$16.589 million from Operating Activities compared to a budget of \$10.265 million for the financial year.

Rating

Rates and Charges provided 42 per cent of council's total operating revenue in 2022/23.

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 was fixed at 59.11 per cent of the higher differential rate.

Looking ahead

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.

Council continues to receive funding from the Federal Government for general purpose expenses (via the Victorian Grants Commission) and under the 'Roads to Recovery' program for the local road network. Council has also received substantial funding for the 2022/23 financial year and following two years under the Local Roads and Community Infrastructure Program (LRCIP).

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 \$64.600 million with revenue \$54.277 million resulting in a deficit of \$10.323 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 Balance Sheet indicates council is in a sound position. Its Current Assets consist predominately of cash assets and are 3.113 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 increased from \$444.010 million to \$509.503 million in 2022/23. This increase of \$65.493 million is the operating result plus asset revaluation increments in 2022/23.



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 2023

TABLE OF CONTENTS

Page

Certification of the Financial Statements	91
Victorian Auditor-General's Office Report	92
Understanding Council's Financial Statements	94
Financial Statements:	
Comprehensive Income Statement	95
Balance Sheet	96
Statement of Changes in Equity	97
Statement of Cash Flows	98
Statement of Capital Works	99
Notes to the Financial Statements	
Note 1 Overview	100
Note 2 Analysis of our results	102
2.1 Performance against budget	102
2.1.1 Income / Revenue and expenditure	102
2.1.2 Capital works	104
2.2 Analysis of Council results by program	106
Note 3 Funding for the delivery of our services	108
3.1 Rates and charges	108
3.2 Statutory fees and fines	108
3.3 User fees	109
3.4 Funding from other levels of government	110
3.5 Contributions	112
3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment	113
3.7 Other income	113
3.8 Adjustment to Landfill Provision	113
Note 4 The cost of delivering services	114
4.1 Employee costs	114
4.2 Materials and services	115
4.3 Depreciation	115
4.4 Bad and doubtful debts – allowance for impairment losses	116
4.5 Borrowing costs	117
4.6 Other expenses	117
4.7 Other Expense items	117
Note 5 Our financial position	118
5.1 Financial assets	118
5.2 Non-financial assets	120
5.3 Payables, trust funds and deposits and unearned income/revenue	120
5.4 Interest-bearing liabilities	121
5.5 Provisions	122
5.6 Financing arrangements	124
5.7 Commitments	125
Note 6 Assets we manage	126
6.1 Property, infrastructure, plant and equipment	126
6.2 Investment property	133
Note 7 People and relationships	134
7.1 Council and key management remuneration	134
7.2 Related party disclosure	137
Note 8 Managing uncertainties	138
8.1 Contingent assets and liabilities	138
8.2 Change in accounting standards	139
8.3 Financial instruments	139
8.4 Fair value measurement	141
8.5 Events occurring after balance date	142
Note 9 Other matters	143
9.1 Reserves	143
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	145
9.3 Superannuation	145
Note 10 Changes in accounting policies	148

Content Overview

These financial statements are General Purpose Financial Statements and cover the consolidated operations for Southern Grampians Shire Council

All figures presented in these financial statements are presented in Australian Currency.

These financial statements were authorised for issue by the Council on 25 October 2023
Council has the power to amend and reissue these financial statements.

CERTIFICATION OF THE FINANCIAL STATEMENTS

Southern Grampians Shire Council

2022/2023 Financial Report

Annual Financial Report
for the year ended 30 June 2023

Certification of the Financial Statements

Certification of the Financial Statements

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 2020*, the *Local Government (Planning and Reporting) Regulations 2020*, the Australian Accounting Standards and other mandatory professional reporting requirements.



Belinda Johnson
Principal Accounting Officer
Dated: 04 December 2023
Hamilton, Victoria

In our opinion, the accompanying financial statements present fairly the financial transactions of Southern Grampians Shire Council for the year ended 30 June 2023 and the financial position of the Council as at that date.

At the date of signing, we are not aware of any circumstances which 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 2020* to certify the financial statements in their final form.



Cr David Robertson
Mayor
Dated: 04 December 2023
Hamilton, Victoria



Cr Helen Henry
Councillor
Dated: 04 December 2023
Hamilton, Victoria



Rory Neeson
Acting Chief Executive Officer
Dated: 04 December 2023
Hamilton, Victoria

Independent Auditor's Report

To the Councillors of Southern Grampians Shire Council

Opinion	<p>I have audited the financial report of Southern Grampians Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2023 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 4 of the <i>Local Government Act 2020</i>, the <i>Local Government (Planning and Reporting) Regulations 2020</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<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 <i>APES 110 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>
Councillors' responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the <i>Local Government Act 2020</i> and the <i>Local Government (Planning and Reporting) Regulations 2020</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>

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.



FINANCIAL STATEMENTS

For the year ended 30 June 2023

UNDERSTANDING COUNCIL'S FINANCIAL STATEMENTS

Introduction

Each year, individual Local Governments across Victoria are required to present a set of audited financial statements to their council and community.

What you will find in the Report

The financial report set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2023.

The format of the financial report is standard across all Victorian Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by Local Government Victoria.

About the Certification of the Financial Statements

The financial statements must be certified by senior staff and Councillors as "presenting fairly" the Council's financial results for the year as well as Council's financial position, and are required to be adopted by Council - ensuring both responsibility for and ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. Comprehensive Income Statement

Summarises Council's financial performance for the year, listing all income & expenses.

Includes other comprehensive income which primarily records changes in the fair values of Council's property, infrastructure, plant and equipment.

2. Balance Sheet

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

3. Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

4. Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

5. Statement of Capital Works

This statement details all amounts expended by Council on capital works.

About the Notes to the Financial Report

The Notes to the financial statements provide greater detail and additional information on the 5 primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialise in local government).

The auditor provides an audit report which gives an opinion on whether the financial statements present fairly the Council's financial performance and position.

Who uses the Financial Report?

The financial report is a publicly available document and is used by (but not limited to) Councillors, residents and ratepayers, employees, suppliers, contractors, customers, Local Government Victoria, state and federal governments, and financiers including banks and other financial institutions.

FINANCIAL STATEMENTS

For the year ended 30 June 2023

COMPREHENSIVE INCOME STATEMENT

	Notes	2023 \$ '000	2022 \$ '000
Income / Revenue			
Rates and charges	3.1	22,568	22,085
Statutory fees and fines	3.2	620	639
User fees	3.3	5,494	5,686
Grants - operating	3.4	14,959	14,279
Grants - capital	3.4	7,115	4,094
Contributions - monetary	3.5	406	508
Contributions - non monetary	3.5	125	214
Net gain on disposal of property, infrastructure, plant and equipment	3.6	–	352
Fair value increment on investment properties	6.2	–	50
Other income	3.7	2,990	403
Adjustment to Landfill Provision	3.8	–	609
Total income / revenue		54,277	48,919
Expenses			
Employee costs	4.1	20,604	20,346
Materials and services	4.2	11,988	10,843
Depreciation	4.3	14,945	11,835
Bad and doubtful debts - allowance for impairment losses	4.4	18	3
Borrowing costs	4.5	71	98
Net loss on disposal of property, infrastructure, plant and equipment	3.6	10,359	–
Fair value decrement on investment properties	6.2	2,400	–
Other expenses	4.6	3,226	3,132
Waste Disposal Costs	4.7	718	656
Adjustment to Landfill Provision	4.7	271	–
Total expenses		64,600	46,913
Surplus/(deficit) for the year		(10,323)	2,006
Other comprehensive income:			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	6.1	75,816	41,711
Total items which will not be reclassified subsequently to the operating result		75,816	41,711
Total other comprehensive income		75,816	41,711
Total comprehensive result		65,493	43,717

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

FINANCIAL STATEMENTS

For the year ended 30 June 2023

BALANCE SHEET

	Notes	2023 \$ '000	2022 \$ '000
Assets			
Current assets			
Cash and cash equivalents	5.1	8,604	8,541
Trade and other receivables	5.1	3,560	3,422
Other financial assets	5.1	18,737	14,531
Inventories	5.2	502	538
Other assets	5.2	505	483
Total current assets		31,908	27,515
Non-current assets			
Trade and other receivables	5.1	16	37
Property, infrastructure, plant and equipment	6.1	489,552	427,222
Investment property	6.2	900	3,300
Total non-current assets		490,468	430,559
Total assets		522,376	458,074
Liabilities			
Current liabilities			
Trade and other payables	5.3	4,307	3,266
Trust funds and deposits	5.3	387	450
Unearned income/revenue	5.3	67	1,795
Provisions	5.5	4,905	4,810
Interest-bearing liabilities	5.4	585	556
Total current liabilities		10,251	10,877
Non-current liabilities			
Provisions	5.5	1,379	1,359
Interest-bearing liabilities	5.4	1,243	1,828
Total non-current liabilities		2,622	3,187
Total liabilities		12,873	14,064
Net assets		509,503	444,010
Equity			
Accumulated surplus		138,311	148,664
Reserves	9.1	371,192	295,346
Total Equity		509,503	444,010

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

FINANCIAL STATEMENTS

For the year ended 30 June 2023

STATEMENT OF CHANGES IN EQUITY

	Note	Total \$ '000	Accumulated Surplus \$ '000	Revaluation Reserves \$ '000	Other Reserves \$ '000
2023					
Balance at beginning of the financial year		444,010	148,664	294,805	541
Surplus/(deficit) for the year		(10,323)	(10,323)	–	–
Other comprehensive income					
Net asset revaluation increment/(decrement)	6.1	75,816	–	75,816	–
Other comprehensive income		75,816	–	75,816	–
Total comprehensive income		65,493	(10,323)	75,816	–
Transfers to other reserves	9.1	–	(30)	–	30
Balance at end of the financial year		509,503	138,311	370,621	571
2022					
Balance at beginning of the financial year		400,293	146,678	253,094	521
Surplus/(deficit) for the year		2,006	2,006	–	–
Other comprehensive income					
Net asset revaluation increment/(decrement)	6.1	41,711	–	41,711	–
Other comprehensive income		41,711	–	41,711	–
Total comprehensive income		43,717	2,006	41,711	–
Transfers to other reserves	9.1	–	(20)	–	20
Balance at end of the financial year		444,010	148,664	294,805	541

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

FINANCIAL STATEMENTS

For the year ended 30 June 2023

STATEMENT OF CASH FLOWS

Notes	2023 Inflows/ (Outflows) \$ '000	2022 Inflows/ (Outflows) \$ '000
Cash flows from operating activities		
	22,344	21,975
	625	610
	5,488	5,702
	14,507	14,321
	5,845	2,733
	406	509
	858	173
	(63)	310
	247	568
	76	20
	(20,760)	(20,981)
	(10,487)	(11,264)
	(82)	–
	–	(232)
	(4,420)	(3,251)
	<u>14,584</u>	<u>11,193</u>
9.2		
Cash flows from investing activities		
	(10,760)	(15,039)
	1,072	826
	(4,206)	5,282
	<u>(13,894)</u>	<u>(8,931)</u>
6.1		
Cash flows from financing activities		
	(71)	(98)
	(556)	(530)
	<u>(627)</u>	<u>(628)</u>
Net Increase (decrease) in cash and cash equivalents		
	<u>63</u>	<u>1,634</u>
	8,541	6,907
Cash and cash equivalents at the end of the financial year		
	<u>8,604</u>	<u>8,541</u>
	3,078	3,634
5.6		

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

FINANCIAL STATEMENTS

For the year ended 30 June 2023

STATEMENT OF CAPITAL WORKS

	2023 \$ '000	2022 \$ '000
Property		
Land	207	1,314
Land improvements	–	904
Total land	<u>207</u>	<u>2,218</u>
Buildings	2,151	1,601
Total buildings	<u>2,151</u>	<u>1,601</u>
Total property	<u>2,358</u>	<u>3,819</u>
Plant and equipment		
Plant, machinery and equipment	601	750
Fixtures, fittings and furniture	801	–
Library books	62	52
Art Collection	5	90
Total plant and equipment	<u>1,469</u>	<u>892</u>
Infrastructure		
Roads	4,520	5,784
Bridges	1,000	555
Footpaths and cycleways	216	160
Recreational, leisure and community facilities	366	1,559
Waste management	11	686
Parks, open space and streetscapes	146	1,464
Aerodromes	248	–
Off street car parks	24	–
Other infrastructure	402	199
Total infrastructure	<u>6,933</u>	<u>10,407</u>
Total capital works expenditure	<u>10,760</u>	<u>15,118</u>
Represented by:		
New asset expenditure	1,370	3,937
Asset renewal expenditure	5,953	7,718
Asset expansion expenditure	75	15
Asset upgrade expenditure	3,362	3,448
Total capital works expenditure	<u>10,760</u>	<u>15,118</u>

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 2023

Note 1. 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 St, 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 Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

The Council is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a not-for-profit entity under the Australian Accounting Standards.

Significant accounting policies

1.1 Basis of accounting

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Accounting policies applied are disclosed in sections where the related balance or financial statement matter is disclosed.

The accrual basis of accounting has been used in the preparation of these financial statements, except for the cash flow information, 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.

The financial statements are based on the historical cost convention unless a different measurement basis is specifically disclosed in the notes to the financial statements.

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.

The financial statements have been prepared on a going concern basis. The financial statements are in Australian dollars. The amounts presented in the financial statements have been rounded to the nearest thousand dollars unless otherwise specified. Minor discrepancies in tables between totals and the sum of components are due to rounding.

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 6.1.)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1.).
- the determination of employee provisions (refer to Note 5.5.).
- the determination of landfill provisions (refer to Note 5.5.).
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- whether or not *AASB 1059 Service Concession Arrangements: Grantors* is applicable
- 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 2023

Note 1. Overview (continued)

Goods and Services Tax (GST)

Income and expenses are recognised net of the amount of associated GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

1.2 Impact of Covid-19

Council has considered the impact of the COVID-19 pandemic in all areas of estimates and judgements and provided specific notes where a significant impact is noted. In all other areas, the impact has been minor or negligible.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 2. Analysis of our results

Note 2.1 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 2020* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$100,000 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.

These notes are prepared to meet the requirements of the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

	Budget 2023 \$ '000	Actual 2023 \$ '000	Variance \$ '000	Variance %	Ref
2.1.1 Income / Revenue and expenditure					
Income / Revenue					
Rates and charges	22,229	22,568	339	1.53%	
Statutory fees and fines	546	620	74	13.55%	1
User fees	6,106	5,494	(612)	(10.02)%	2
Grants - operating	5,039	14,959	9,920	196.86%	3
Grants - capital	12,206	7,115	(5,091)	(41.71)%	4
Contributions - monetary	247	406	159	64.37%	5
Contributions - non monetary	–	125	125	∞	6
Other income	230	2,990	2,760	1,200.00%	7
Total income / revenue	46,603	54,277	7,674	16.47%	
Expenses					
Employee costs	20,518	20,604	(86)	(0.42)%	
Materials and services	12,510	11,988	522	4.17%	8
Depreciation	11,976	14,945	(2,969)	(24.79)%	9
Bad and doubtful debts - allowance for impairment losses	–	18	(18)	∞	
Borrowing costs	72	71	1	1.39%	
Net loss on disposal of property, infrastructure, plant and equipment	–	10,359	(10,359)	∞	10
Fair value decrement on investment properties	–	2,400	(2,400)	∞	11
Other expenses	2,721	3,226	(505)	(18.56)%	12
Waste Disposal Costs	676	718	(42)	(6.21)%	
Adjustment to Landfill Provision	–	271	(271)	∞	13
Total expenses	48,473	64,600	(16,127)	(33.27)%	
Surplus/(deficit) for the year	(1,870)	(10,323)	(8,453)	452.03%	

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 2.1 Performance against budget (continued)

(i) Explanation of material variations

Variance Ref	Explanation
1.	Fee revenue generated from the Statutory Planning and Building fees were at a higher service level than anticipated.
2.	Council prepared the 2022/23 budget including the provision of the Home and Community Care Program for the full year, however transitioned away effective 30 September 2022 - \$693k reduction. This was offset by minor increases in other services.
3.	Financial Assistance Grants for 2023/24 were prepaid in 2022/23 (\$9.4m), an additional grant for flood support works & programs of \$500k was received and Business Systems received funding of \$930k. These were offset by reduced grants for operating the Home and Community Care Program of \$1.029m.
4.	Capital Grants are claimed in accordance with funding agreements and progression of works. Due to this restriction, grant revenues were less than anticipated for the Local Roads & Community Infrastructure Program \$3.2m, Melville Oval \$1.6m, Botanic Gardens \$840k, Emergency Management \$750k and Waste Management \$500k. These were offset by additional grants/timing of claims obtained for the Art Gallery \$330k and Sports reserves \$225k.
5.	Additional contributions were received for Community Planning \$100k & Public Infrastructure Projects \$100k offset by reduced contributions in Botanic Gardens \$30k and Sports Reserves \$57k. Other variances were minor.
6.	The non-monetary Contributions related to the value of volunteer services for Visitor Experience Offices and Meals on Wheels delivery.
7.	Council received an additional \$707k or interest on investments. Asset inspections revealed a further \$2.062m of assets not previously recorded.
8.	Council experienced some difficulties in obtaining contractors to undertake works (\$980k), however this was offset by additional costs in the building services area \$173k, net cost of plant operations \$125k and additional minor equipment purchases \$102k.
9.	Depreciation on Council assets has increased on the budget allocation following asset adjustments and the posting of new assets to the various portfolios. Notable increases are Recreation, Leisure & Community Assets \$841k, Roads & Kerbs \$376k and Other infrastructure (NEI) \$1.59m.
10.	Council continues to reassess its assets and processes each year with adjustments being processed to the Asset Revaluation Reserve or the Income Statement as appropriate. This year an adjustment to drainage asset quantitative data resulted in the write off of \$9,952m. A revaluation was also undertaken with that adjustment be processed to the Asset Revaluation Reserve.
11.	Council owns a quarry which it leases for investment purposes. This asset is revalued each year and the net movement in its worth is recognised via the income statement. This property's value decreased by \$2.4m in the 2022/23 year.
12.	Council distributed external funds relating to a shared service project to other participants (\$634k). This was offset by a number of other minor under expenditure areas (\$129k).
13.	Council has an obligation to monitor the Hamilton Landfill site into the long-term future. The estimated cost of this work is treated as a liability and adjusted annually via the income statement to meet obligations. It is estimated that these long-term costs are approximately \$271k more than anticipated at the end of the 2021/22 year. This amount includes additional works identified, works carried out and an adjustment due to the changes in financial assumptions.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 2.1 Performance against budget (continued)

	Budget 2023 \$ '000	Actual 2023 \$ '000	Variance \$ '000	Variance %	Ref
2.1.2 Capital works					
Property					
Land	1,200	207	(993)	(82.75)%	1
Total land	1,200	207	(993)	(82.75)%	
Buildings	3,807	2,151	(1,656)	(43.50)%	2
Total buildings	3,807	2,151	(1,656)	(43.50)%	
Total property	5,007	2,358	(2,649)	(52.91)%	
Plant and equipment					
Plant, machinery and equipment	1,925	601	(1,324)	(68.78)%	3
Fixtures, fittings and furniture	–	801	801	∞	4
Library books	85	62	(23)	(27.06)%	
Art Collection	–	5	5	∞	
Total plant and equipment	2,010	1,469	(541)	(26.92)%	
Infrastructure					
Roads	6,205	4,520	(1,685)	(27.16)%	5
Bridges	765	1,000	235	30.72%	6
Footpaths and cycleways	596	216	(380)	(63.76)%	7
Recreational, leisure and community facilities	5,790	366	(5,424)	(93.68)%	8
Waste management	1,637	11	(1,626)	(99.33)%	9
Parks, open space and streetscapes	6,548	146	(6,402)	(97.77)%	10
Aerodromes	240	248	8	3.33%	
Off street car parks	185	24	(161)	(87.03)%	11
Other infrastructure	420	402	(18)	(4.29)%	
Total infrastructure	22,386	6,933	(15,453)	(69.03)%	
Total capital works expenditure	29,403	10,760	(18,643)	(63.41)%	
Represented by:					
New asset expenditure	2,901	1,370	(1,531)	(52.77)%	
Asset renewal expenditure	14,394	5,953	(8,441)	(58.64)%	
Asset expansion expenditure	–	75	75	∞	
Asset upgrade expenditure	12,108	3,362	(8,746)	(72.23)%	
Total capital works expenditure	29,403	10,760	(18,643)	(63.41)%	

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 2.1 Performance against budget (continued)

(i) Explanation of material variations

Variance Ref	Explanation
--------------	-------------

1. Delays to Hamilton Industrial Estate to be carried into 23-24.
2. Purchase of Lonsdale St Buildings to be completed in 23-24.
3. Heavy and Light Fleet Management Review underway. Replacement of Patching truck was also deferred.
4. Art Gallery Climate Control & Lighting and Art Gallery Auditorium Seating both unbudgeted.
5. Council experienced difficulties in delivering its infrastructure works due to the ability to internally resource projects coupled with the inability to attract suppliers at appropriate rates - if at all in some cases. Of particular note is flood maintenance works which were still being identified which had been budgeted at an estimated \$1m.
6. Council's Bridge program was amended to ensure priority projects were completed with Branholme Rd Bridge being added at \$200K.
7. Dunkeld-Mount Sturgeon Loop Walk (delayed due to land acquisition). Implementation of Hamilton Network operating plan and trails development delayed, \$200K.
8. Melville Oval is a very large multi year project. Delays have related to detailed scoping and procurement. The project has commenced and will be carried out over the next two years \$4.4m. Various Outdoor Pool works were delayed pending detailed costing and prioritisation.
9. Waste Options Implementation project to be carried forward into the 2023/24 year with revised scope \$1.1m. Coleraine and Hamilton landfill works also carried forward, \$375K.
10. Cox St Project delayed \$3.5m mainly due to contractual issues. Intergenerational Garden \$1.6m deferred pending rescoping after external funding was not achieved. Other projects delayed for various reasons but remain ongoing and will be carried forward into 23-24.
11. Hamilton Showgrounds Carpark and Pedestrian Crossing temporarily delayed whilst Pedrina Park Carpark upgrade is to be carried forward as part of larger project staging.

NOTE: Council continued to be impacted by high tender prices, quite often beyond budget allocation coupled with an inability to complete works within Council's desired timeframes.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 2.2 Analysis of Council results by program

2.2.1 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

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.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 2.2 Analysis of Council results by program (continued)

2.2.2 Summary of income / revenue, expenses, assets and capital expenses by program

Functions/activities	Income / Revenue \$ '000	Expenses \$ '000	Surplus / (Deficit) \$ '000	Grants included in income / revenue \$ '000	Total assets \$ '000
2023					
Supporting the Community	4,688	14,917	(10,229)	2,909	68,111
Developing the regional economy and businesses	2,749	13,643	(10,894)	270	10,977
Planning for our built environment & infrastructure	3,109	20,578	(17,469)	3,480	385,855
Promoting our natural environment	1,642	10,449	(8,807)	215	5,966
Providing Governance and Leadership	42,089	5,013	37,076	15,200	51,467
Total functions and activities	54,277	64,600	(10,323)	22,074	522,376
2022					
Supporting the Community	2,340	4,097	(1,757)	357	62,268
Developing the regional economy and businesses	4,411	17,957	(13,546)	3,184	9,022
Planning for our built environment & infrastructure	2,534	5,083	(2,549)	428	342,145
Promoting our natural environment	6,473	15,008	(8,535)	3,423	4,780
Providing Governance and Leadership	33,161	4,768	28,393	10,980	39,859
Unattributed	–	–	–	1	–
Total functions and activities	48,919	46,913	2,006	18,373	458,074

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 3. Funding for the delivery of our services

	2023 \$ '000	2022 \$ '000
3.1 Rates and charges		
Council uses Capital Improved Value as the basis of valuation of all properties within the municipal district. The Capital Improved Value 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.		
General rates	17,993	17,590
Municipal charge	2,015	1,973
Waste management charge	2,360	2,332
Special rates and charges	4	4
Revenue in lieu of rates	196	186
Total rates and charges	22,568	22,085

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2022, and the valuation will be first applied in the rating year commencing 1 July 2022.

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	–	69
Court recoveries	4	1
Town planning fees	262	237
Land information certificates	18	32
Registrations	137	127
Permits	179	173
Other Fees and Fines	20	–
Total statutory fees and fines	620	639

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.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 3. Funding for the delivery of our services (continued)

	2023 \$ '000	2022 \$ '000
3.3 User fees		
Livestock Exchange	1,766	1,803
Hamilton Indoor Leisure & Aquatic Centre	1,227	815
Waste management services	933	953
Property, Recreation & Infrastructure Facilities	346	234
Home & Community Care Services	276	807
Quarry Operations	260	251
Cinema Operations	197	139
Family Day Care	165	148
Performing Arts Centre	134	88
Sponsorship	130	–
Parking	19	104
Old Hamilton Reservoir	2	5
Meals Services	–	254
Other fees and charges	39	85
Total user fees	5,494	5,686
User fees by timing of revenue recognition		
User fees recognised over time	5,494	5,686
Total user fees	5,494	5,686

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 3. Funding for the delivery of our services (continued)

	2023 \$ '000	2022 \$ '000
3.4 Funding from other levels of government		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	17,376	14,652
State funded grants	4,698	3,721
Total grants received	22,074	18,373
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants - general purpose	11,465	10,443
Family day care	384	351
General home care	248	1,031
Emergency Services Assistance	100	-
Childrens Services	36	-
Australia Day	30	-
Other	100	97
Recurrent - State Government		
Maternal and child health	427	-
Libraries	199	176
Community Health Services	153	-
Youth Programs	148	-
Statutory Planning	84	-
Roadside Pest & Weed Eradication	75	-
School crossing supervisors	59	-
Preschool Projects	42	-
Aged care	22	347
Childrens Services	-	542
Art Gallery	-	211
Cultural Services	-	165
Community safety	-	73
Total recurrent operating grants	13,572	13,436
Non-recurrent - Commonwealth Government		
Other	-	57
Non-recurrent - State Government		
Information Systems	930	-
Emergency Services Assistance	574	-
Flood Recovery Hubs	20	-
Community Health & Wellbeing	-	28
Community Planning & Support	-	387
Environmental Management	-	106
Recreation	-	50
Cultural Services	-	34
Local Infrastructure	-	100
Family and children	-	81
Return of Grant - Outdoor Eating	(137)	-
Total non-recurrent operating grants	1,387	843
Total operating grants	14,959	14,279

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 3. Funding for the delivery of our services (continued)

	2023 \$ '000	2022 \$ '000
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	2,104	2,006
Local Roads & Community Infrastructure	2,684	444
Total recurrent capital grants	4,788	2,450
Non-recurrent - Commonwealth Government		
Other Infrastructure	225	223
Non-recurrent - State Government		
Buildings	851	50
Other Infrastructure	1,301	1,361
Flood Recovery	-	10
Return of Grant - Industrial Development	(50)	-
Total non-recurrent capital grants	2,327	1,644
Total capital grants	7,115	4,094

(c) Recognition of grant income

Before recognising funding from government grants as revenue the Council assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with *AASB 15 Revenue from Contracts with Customers*. When both these conditions are satisfied, the Council:

- identifies each performance obligation relating to revenue under the contract/agreement
- determines the transaction price
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations, at the time or over time when services are rendered.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies *AASB 1058 Income for Not-for-Profit Entities*.

Grant revenue with sufficiently specific performance obligations is recognised over time as the performance obligations specified in the underlying agreement are met. Where performance obligations are not sufficiently specific, grants are recognised on the earlier of receipt or when an unconditional right to receipt has been established. Grants relating to capital projects are generally recognised progressively as the capital project is completed. The following table provides a summary of the accounting framework under which grants are recognised.

Income recognised under AASB 1058 Income of Not-for-Profit Entities

General purpose	11,465	10,443
Specific purpose grants to acquire non-financial assets	7,115	4,094
Other specific purpose grants	3,494	3,836

Revenue recognised under AASB 15 Revenue from Contracts with Customers

Specific purpose grants	-	-
	22,074	18,373

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 3. Funding for the delivery of our services (continued)

	2023 \$ '000	2022 \$ '000
(d) Unspent grants received on condition that they be spent in a specific manner:		
Operating		
Balance at start of year	452	410
Received during the financial year and remained unspent at balance date	–	243
Received in prior years and spent during the financial year	(452)	(201)
Balance at year end	–	452
Capital		
Balance at start of year	1,270	2,632
Received in prior years and spent during the financial year	(1,270)	(1,362)
Balance at year end	–	1,270

Unspent grants are determined and disclosed on a cash basis.

3.5 Contributions

Monetary contributions

Monetary	406	508
Total monetary contributions	406	508

Non-monetary contributions

Non-monetary	125	214
Total non-monetary contributions	125	214

Total contributions

531	722
------------	------------

Contributions of non monetary assets were received in relation to the following asset classes.

Art Gallery - Gifted works of Art	–	79
Meals on Wheels Service - Value of volunteer labour donated to Council	38	72
Visitor Information Centres - Value of volunteer labour donated to Council	87	63
Total non-monetary contributions	125	214

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

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 3. Funding for the delivery of our services (continued)

	2023 \$ '000	2022 \$ '000
3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Property, infrastructure, plant and equipment		
Proceeds of sale	–	826
Written down value of assets disposed	–	(474)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	–	352
Land and buildings		
Proceeds of sale	460	–
Total net gain/(loss) on disposal of land and buildings	460	–
Plant and equipment		
Proceeds of sale	612	–
Written down value of assets disposed	(370)	–
Total net gain/(loss) on disposal of plant and equipment	242	–
Infrastructure Assets		
Written down value of assets disposed	(11,061)	–
Total net gain/(loss) on disposal of Infrastructure Assets	(11,061)	–
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(10,359)	352

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

3.7 Other income

Found Assets	2,063	–
Interest	858	173
Vicroads	28	55
Insurance Reimbursements	4	118
User Reimbursements	–	29
Donations	–	3
Other	37	25
Total other income	2,990	403

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.

3.8 Adjustment to Landfill Provision

Adjustment to Landfill Provision	–	609
Total Income line amount	–	609

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 4. The cost of delivering services

	2023 \$ '000	2022 \$ '000
4.1 Employee costs		
(a) Employee costs		
Wages and salaries	13,385	14,925
Leave - Annual, Long Service & Sick	2,761	1,835
Superannuation	1,933	1,963
Casual staff	1,470	-
WorkCover	403	1,192
Conference & Training	195	165
Travelling	152	160
Fringe benefits tax	79	101
Corporate Image	1	5
Other	225	-
Total employee costs	20,604	20,346
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	49	51
	<u>49</u>	<u>51</u>
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,124	1,301
Employer contributions - other funds	760	611
	<u>1,884</u>	<u>1,912</u>
Total superannuation costs	1,933	1,963

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

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 4. The cost of delivering services (continued)

4.2 Materials and services

Contract payments	5,592	5,268
Materials and services	1,809	–
Consultants	1,047	728
Utilities	822	864
Insurance	701	671
Information technology	523	485
General maintenance	461	2,392
Office administration	355	163
Materials issued from Stores	283	–
Motor Vehicle Registrations	185	–
Expenses from leases of low value assets	82	–
Solicitors Fees	41	–
Fire Services Property Levy on Council Properties	27	–
Building maintenance	–	272
Other	60	–
Total materials and services	11,988	10,843

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

4.3 Depreciation

Property

Land improvements	11	11
Buildings - specialised	1,329	1,262
Total depreciation - property	1,340	1,273

Plant and equipment

Plant machinery and equipment	1,065	1,025
Fixtures fittings and furniture	16	27
Computers and telecomms	78	123
Total depreciation - plant and equipment	1,159	1,175

Infrastructure

Roads	7,244	6,866
Bridges	862	834
Footpaths and cycleways	348	331
Drainage	239	235
Recreational, leisure and community	847	401
Waste management	134	131
Parks open spaces and streetscapes	78	84
Aerodromes	190	180
Off street car parks	38	38
Other infrastructure	2,466	287
Total depreciation - infrastructure	12,446	9,387

Total depreciation

14,945	11,835
---------------	---------------

Refer to note 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 4. The cost of delivering services (continued)

	2023 \$ '000	2022 \$ '000
4.4 Bad and doubtful debts - allowance for impairment losses		
Fire Prevention	16	–
Domestic Care Services	–	3
Other	2	–
Total bad and doubtful debts - allowance for impairment losses	18	3
Movement in allowance for impairment losses in respect of debtors		
Balance at the beginning of the year	12	15
New provisions recognised during the year	–	3
Amounts already provided for and written off as uncollectible	(5)	(5)
Amounts provided for but recovered during the year	–	(1)
Balance at end of year	7	12

An allowance for impairment losses in respect of debtors is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 4. The cost of delivering services (continued)

	2023 \$ '000	2022 \$ '000
4.5 Borrowing costs		
Interest - Borrowings	71	98
Total borrowing costs	71	98

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

Disbursement of Grant funds to Other Organisations	604	–
Community Grants	359	405
Software Licences	327	346
Advertising	256	308
Councillors' allowances	221	214
Discount on Rates	192	185
Phone, Internet & Other Communication Charges	180	211
Subscriptions, Memberships & Licences	174	164
Food and Catering	154	108
Value of Volunteer service	125	135
Legal Expenses	81	113
Stock Adjustments/Write Offs	59	108
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	52	32
Auditors' remuneration - Internal	35	50
Other	407	753
Total other expenses	3,226	3,132

4.7 Other Expense items

Waste Disposal Costs

Waste Disposal Costs	718	656
Total Expense line amount	718	656

Adjustment to Landfill Provision

Adjustment to Landfill Provision	271	–
Total Expense line amount	271	–

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 5. Our financial position

	2023 \$ '000	2022 \$ '000
5.1 Financial assets		
(a) Cash and cash equivalents		
Current		
Cash on hand	4	4
Cash at bank	8,600	8,537
Total current cash and cash equivalents	8,604	8,541
(b) Other financial assets		
Current		
Term deposits	18,737	14,531
Total current other financial assets	18,737	14,531
Total current financial assets	27,341	23,072

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

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.

Other financial assets include term deposits and those with original maturity dates of three to 12 months are classified as current, whilst term deposits with maturity dates greater than 12 months are classified as non-current.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 5. Our financial position (continued)

	2023 \$ '000	2022 \$ '000
(c) Trade & Other Receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	2,560	2,336
Net GST receivable	115	174
Infringement debtors	70	75
<i>Non-statutory receivables</i>		
Other debtors	822	849
<i>Provisions for doubtful debts</i>		
Provision for doubtful debts - other debtors	(7)	(12)
Total current trade and other receivables	3,560	3,422
Non-Current		
<i>Statutory receivables</i>		
Special rate scheme	16	37
Total non-current trade and other receivables	16	37
Total trade and other receivables	3,576	3,459

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 & other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	600	694
Past due by up to 30 days	52	42
Past due between 31 and 60 days	11	12
Past due between 61 and 90 days	19	10
Past due by more than 90 days	140	91
Total trade and other receivables	822	849

(e) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$7 (2022: \$12k) were impaired. The amount of the provision raised against these debtors was \$5k (2022: \$3k). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of receivables that have been individually determined as impaired at reporting date was:

Past due between 31 and 180 days	–	2
Past due between 181 and 365 days	–	1
Past due by more than 1 year	7	9
Total trade and other receivables	7	12

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 5. Our financial position

	2023 \$ '000	2022 \$ '000
5.2 Non-financial assets		
(a) Inventories		
Current		
Inventories held for distribution	367	403
Land held for Inventory	135	135
Total current inventories	502	538

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

Current		
Prepayments	451	460
Accrued income	54	23
Total current other assets	505	483

5.3 Payables, trust funds and deposits and unearned income/revenue

(a) Trade and other payables

Current		
<i>Non-statutory payables</i>		
Trade payables	1,768	1,391
Accrued expenses	1,249	252
Employee Costs	799	935
Rate Revenue received in Advance	499	495
Fire Services Levy	–	269
<i>Statutory payables</i>		
Net GST payable	–	(76)
Other	(8)	–
Total current trade and other payables	4,307	3,266

(b) Trust funds and deposits

Current		
Retention amounts	217	182
Refundable deposits	162	268
Other	8	–
Total current trust funds and deposits	387	450

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 5. Our financial position (continued)

	2023 \$ '000	2022 \$ '000
(c) Unearned income/revenue		
Current		
Grants received in advance:		
Grants received in advance - operating	–	452
Grants received in advance - capital	–	1,270
Total grants received in advance	–	1,722
User fees received in advance:		
Other	67	73
Total user fees received in advance	67	73
Total current unearned income/revenue	67	1,795

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

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.

5.4 Interest-bearing liabilities

Current		
Borrowings - secured	585	556
Total current interest-bearing liabilities	585	556
Non-current		
Borrowings - secured	1,243	1,828
Total non-current interest-bearing liabilities	1,243	1,828
Total	1,828	2,384

Borrowings are secured by Council rates

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

Not later than one year	585	556
Later than one year and not later than five years	815	1,190
Later than five years	428	638
	1,828	2,384

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.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 5. Our financial position (continued)

	Employee provisions \$ '000	Landfill restoration \$ '000	Total \$ '000
5.5 Provisions			
2023			
Balance at the beginning of the financial year	5,069	1,100	6,169
Additional provisions	1,289	160	1,449
Amounts used	(1,212)	(10)	(1,222)
Adjustment to provision	(76)	70	(6)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(157)	51	(106)
Balance at the end of the financial year	4,913	1,371	6,284
Provisions			
Provisions - current	4,472	433	4,905
Provisions - non-current	441	938	1,379
Total Provisions	4,913	1,371	6,284
2022			
Balance at the beginning of the financial year	5,996	1,709	7,705
Additional provisions	1,611	-	1,611
Amounts used	(1,722)	(145)	(1,867)
Adjustment to provision	(157)	-	(157)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(659)	(464)	(1,123)
Balance at the end of the financial year	5,069	1,100	6,169
Provisions			
Provisions - current	4,630	180	4,810
Provisions - non-current	439	920	1,359
Total Provisions	5,069	1,100	6,169

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 5. Our financial position (continued)

	2023 \$ '000	2022 \$ '000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	907	1,211
Long service leave	290	263
Time in Lieu	124	136
	1,321	1,610
Current provisions expected to be wholly settled after 12 months		
Annual leave	943	753
Long service leave	2,208	2,267
	3,151	3,020
Total current employee provisions	4,472	4,630
Non-Current		
Long service leave	441	439
Total Non-Current Employee Provisions	441	439
Aggregate Carrying Amount of Employee Provisions:		
Current	4,472	4,630
Non-current	441	439
Total Aggregate Carrying Amount of Employee Provisions	4,913	5,069

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

Annual leave

A liability for annual leave is recognised in the provision for employee benefits as a current liability because the Council does not have an unconditional right to defer settlement of the liability. Liabilities for annual leave are measured at:

- nominal value if the Council expects to wholly settle the liability within 12 months
- present value if the Council does not expect to wholly settle within 12 months.

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. Unconditional LSL is disclosed as a current liability as the Council does not have an unconditional right to defer settlement. Unconditional LSL is measured at nominal value if expected to be settled within 12 months or at present value if not expected to be settled within 12 months. 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 and measured at present value.

Key assumptions:

- discount rate	4.34%	2.43%
- index rate	2.50%	2.50%

(b) Landfill restoration

Current

Current	433	180
Total current	433	180

Non-current

Non-current	938	920
Total non-current	938	920

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 5. Our financial position (continued)

	2023 \$ '000	2022 \$ '000
--	-----------------	-----------------

Council is obligated to restore Hamilton and Coleraine site 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. Council reviews the landfill restoration provision on an annual basis, including the key assumptions listed below.

Key assumptions:

- discount rate	5.16%	3.61%
- index rate	3.00%	2.00%

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2023.

Bank overdraft	1,000	1,000
Credit card facilities	250	250
Other facilities	1,828	2,384
Total Facilities	3,078	3,634
Used facilities	1,828	2,450
Used facilities	1,828	2,450
Unused facilities	1,250	1,184

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 5. Our financial position (continued)

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.

(a) Commitments for expenditure

	Not later than 1 year \$ '000	Later than 1 year and not later than 2 years \$ '000	Later than 2 years and not later than 5 years \$ '000	Later than 5 years \$ '000	Total \$ '000
2023					
Operating					
Corporate Administration	323	265	53	–	641
Recreation	46	46	82	–	174
Waste Management	32	32	–	–	64
Total	401	343	135	–	879
Capital					
Infrastructure	4,220	–	–	–	4,220
Plant	–	–	–	–	–
Total	4,220	–	–	–	4,220
2022					
Operating					
Corporate Administration	261	67	–	–	328
Recreation	47	46	128	–	221
Waste Management	1,793	–	–	–	1,793
Meals for delivery	62	–	–	–	62
Total	2,163	113	128	–	2,404
Capital					
Infrastructure	3,769	–	–	–	3,769
Plant	344	–	–	–	344
Total	4,113	–	–	–	4,113

(b) Operating lease receivables

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

Not later than one year	581	573
Later than one year and not later than five years	110	540
Later than five years	97	109
	788	1,222

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 6. Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment	Carrying amount	Additions	Contributions	Revaluation	Disposal	Depreciation	Write-off	Transfers	Carrying amount
	30 June 2022								30 June 2023
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Property	104,997	758	—	10,114	—	(1,340)	—	13	114,542
Plant and equipment	25,033	669	—	—	(180)	(1,159)	—	—	24,363
Infrastructure	288,735	6,023	—	65,702	(11,051)	(12,446)	—	37	337,000
Work in progress	8,457	5,375	—	—	—	—	(131)	(50)	13,651
Total	427,222	12,825	—	75,816	(11,231)	(14,945)	(131)	—	489,556
Summary of Work in Progress									
		Opening WIP		Additions		Write-off		Transfers	Closing WIP
		\$ '000		\$ '000		\$ '000		\$ '000	\$ '000
Property		4,776		2,097		(131)		(8)	6,734
Plant and equipment		—		800		—		—	800
Infrastructure		3,681		2,478		—		(42)	6,117
Total		8,457		5,375		(131)		(50)	13,651

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 6. Assets we manage (continued)

	Land specialised \$ '000	Land non specialised \$ '000	Land improve- ments \$ '000	Total land and land improve- ments \$ '000	Buildings specialised \$ '000	Total buildings \$ '000	Work in progress \$ '000	Total property \$ '000
Property								
At fair value 1 July 2022	14,571	179	43,306	58,056	80,776	80,776	4,776	143,608
Accumulated depreciation at 1 July 2022	–	–	(948)	(948)	(32,887)	(32,887)	–	(33,835)
	14,571	179	42,358	57,108	47,889	47,889	4,776	109,773
Movements in fair value								
Additions	495	–	–	495	263	263	2,097	2,855
Contributions	–	–	–	–	–	–	–	–
Revaluation	9,977	137	–	10,114	–	–	–	10,114
Disposal	–	–	–	–	–	–	–	–
Write-off	–	–	–	–	–	–	(131)	(131)
Transfers	(1,310)	–	–	(1,310)	1,343	1,343	(8)	25
	9,162	137	–	9,299	1,606	1,606	1,958	12,863
Movements in accumulated depreciation								
Depreciation and amortisation	–	–	(11)	(11)	(1,329)	(1,329)	–	(1,340)
Accumulated depreciation of disposals	–	–	–	–	–	–	–	–
Impairment losses recognised in operating result	–	–	–	–	–	–	–	–
Transfers	–	–	–	–	(20)	(20)	–	(20)
	–	–	(11)	(11)	(1,349)	(1,349)	–	(1,360)
At fair value 30 June 2023	23,732	316	43,306	67,354	82,382	82,382	6,734	156,470
Accumulated depreciation at 30 June 2023	–	–	(959)	(959)	(34,236)	(34,236)	–	(35,195)
Carrying amount	23,732	316	42,347	66,395	48,146	48,146	6,734	121,275

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 6. Assets we manage (continued)

	Plant machinery and equipment \$ '000	Fixtures fittings and furniture \$ '000	Computers and telecomms \$ '000	Library books \$ '000	Art Collection \$ '000	Total \$ '000	Work in progress \$ '000	Total plant and equipment \$ '000
At fair value 1 July 2022	15,107	2,072	1,683	430	17,257	36,549	-	36,549
Accumulated depreciation at 1 July 2022	(8,434)	(1,837)	(1,245)	-	-	(11,516)	-	(11,516)
	6,673	235	438	430	17,257	25,033	-	25,033
Movements in fair value								
Additions	601	-	-	62	6	669	800	1,469
Contributions	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Disposal	(652)	(10)	-	(41)	-	(703)	-	(703)
Write-off	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
	(51)	(10)	-	21	6	(34)	800	766
Movements in accumulated depreciation								
Depreciation and amortisation	(1,065)	(16)	(78)	-	-	(1,159)	-	(1,159)
Accumulated depreciation of disposals	523	-	-	-	-	523	-	523
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
	(542)	(16)	(78)	-	-	(636)	-	(636)
At fair value 30 June 2023	15,056	2,062	1,683	451	17,263	36,515	800	37,315
Accumulated depreciation at 30 June 2023	(8,976)	(1,853)	(1,323)	-	-	(12,152)	-	(12,152)
Carrying amount	6,080	209	360	451	17,263	24,363	800	25,163

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 6. Assets we manage (continued)

	Roads \$ '000	Bridges \$ '000	Footpaths and cycleways \$ '000	Drainage \$ '000	Recrea- tional, leisure and community \$ '000	Waste manage- ment \$ '000	Parks open spaces and streets- capes \$ '000	Aerodromes \$ '000	Off street car parks \$ '000	Other infra- structure \$ '000	Total \$ '000	Work in progress \$ '000	Total infra- structure \$ '000
At fair value 1 July 2022	336,794	82,491	18,958	23,533	18,867	4,210	3,483	6,237	845	15,981	511,399	3,681	515,080
Accumulated depreciation at 1 July 2022	(140,665)	(34,519)	(6,463)	(13,357)	(12,334)	(1,433)	(1,965)	(3,127)	(201)	(8,590)	(222,664)	—	(222,664)
	196,129	47,972	12,495	10,166	6,533	2,777	1,518	3,110	644	7,391	288,735	3,681	292,416
Movements in fair value													
Additions	3,341	791	—	—	1,631	—	—	—	—	260	6,023	2,478	8,501
Contributions	—	—	—	—	—	—	—	—	—	—	—	—	—
Revaluation	58,708	8,313	6,013	43,490	5,138	—	—	700	—	5,101	127,463	—	127,463
Disposal	—	(1,978)	—	(23,556)	(643)	—	—	—	—	—	(26,177)	—	(26,177)
Write-off	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers	27	—	18	73	38	—	(104)	—	—	(35)	17	(42)	(25)
	62,076	7,126	6,031	20,007	6,164	—	(104)	700	—	5,326	107,326	2,436	109,762
Movements in accumulated depreciation													
Depreciation and amortisation	(7,244)	(862)	(348)	(239)	(847)	(134)	(78)	(190)	(38)	(2,466)	(12,446)	—	(12,446)
Accumulated depreciation of disposals	—	1,183	—	13,604	339	—	—	—	—	—	15,126	—	15,126
Accumulated depreciation on revaluation	(22,558)	(4,845)	(2,065)	(26,394)	(3,254)	—	—	(823)	—	(1,822)	(61,761)	—	(61,761)
Transfers	—	—	(15)	(12)	22	—	14	—	—	11	20	—	20
	(29,802)	(4,524)	(2,428)	(13,041)	(3,740)	(134)	(64)	(1,013)	(38)	(4,277)	(59,061)	—	(59,061)
At fair value 30 June 2023	398,870	89,617	24,969	43,540	25,030	4,210	3,379	6,837	844	21,307	618,723	6,117	624,840
Accumulated depreciation at 30 June 2023	(170,487)	(39,044)	(8,892)	(26,408)	(16,074)	(1,567)	(2,029)	(4,140)	(239)	(12,866)	(281,726)	—	(281,726)
Carrying amount	228,403	50,573	16,097	17,132	8,956	2,643	1,350	2,797	605	8,441	336,997	6,117	343,114

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 6. Assets we manage (continued)

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.

Asset recognition thresholds and depreciation periods

	Depreciation Period years	Threshold Limit \$ '000
Land and land improvements		
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		
Roads - pavements & substructures - Urban	115 years	10
Roads - pavements & substructures - All Others	60 years	10
Seals - All Others	43 years	10
Seals - Asphalt	28 years	10
Road kerb, channel and minor culverts	97-100 years	10
Bridges - substructure	100 years	10
Bridges - deck	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.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 6. Assets we manage (continued)

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. At balance date, leasehold improvements are amortised over a 25 to 110 year period.

Valuation of land and buildings

Valuation of land was undertaken by a qualified independent valuers, Opteon Property Group as at 1 January 2023. Valuation of buildings was undertaken by APV Valuers and Asset Management as at 1 January 2019. 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.

A valuation of land improvements was undertaken by qualified independent valuers GHD as at 1 July 2021. The valuation of land improvements is at replacement cost.

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 detailed in the following table.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2023 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of valuation	Type of Valuation
Land	–	316	–	01/01/2023	Full Valuation
Specialised land	–	–	23,732	01/01/2023	Full Valuation
Land improvements	–	–	42,347	01/07/2021	Full Valuation
Buildings	–	–	48,186	01/01/2019	Indexation
Total	–	316	114,265		

Valuation of Infrastructure

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Uthayasangar Sivapatham, Asset Planning Engineer (Bachelor of Science - Civil Engineering).

A detailed Unit Justification Document is prepared by the Infrastructure & Assets team outlining the unit rates and calculation method for each asset type. The team will determine the most accurate method to calculate unit rates based on available data. Primarily the unit rate will be based on internal costings of recent works completed however should this data not be available the team will look to other methods including recent tenders, Rawlinson indices or ABS indices.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2023 are as follows:

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 6. Assets we manage (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of valuation	Type of Valuation
Roads	–	–	228,403	30/06/2023	Unit Rate Valuation
Bridges	–	–	50,573	30/09/2022	Unit Rate Valuation
Footpaths and cycleways	–	–	16,097	30/06/2023	Unit Rate Valuation
Drainage	–	–	17,133	30/06/2023	Unit Rate Valuation
Recreational, leisure & community facilities	–	–	8,956	31/03/2023	Unit Rate Valuation
Waste management	–	–	2,643	01/07/2020	Indexation
Parks, open space & streetscapes	–	–	1,350	01/07/2020	Indexation
Aerodromes	–	–	2,797	31/03/2023	Unit Rate Valuation
Off street car parks	–	–	606	01/07/2020	Full Valuation
Other Infrastructure	–	–	8,441	31/03/2023	Unit Rate Valuation
Total	–	–	336,999		

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. Council does not recognise any Land under roads at this point in time.

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 are calculated on a square metre basis. The remaining useful lives of buildings are determined on the basis of the current condition of buildings 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 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.

Reconciliation of specialised land

	2023 \$ '000	2022 \$ '000
Community Services	1,337	745
Corporate & Governance	2,522	3,344
Infrastructure	7,924	4,191
Recreation & Open Space	11,949	6,471
Total specialised land	23,732	14,751

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 6. Assets we manage (continued)

6.2 Investment property

	2023 \$ '000	2022 \$ '000
Balance at beginning of financial year	3,300	3,250
Fair value increment	–	50
Fair value decrement	(2,400)	–
Balance at end of financial year	900	3,300

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 in accordance with an independent valuation by Les Speed AAPI CPV 62337 of Preston Rowe Paterson 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 as at 30 June 2023.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 7. People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Southern Grampians Shire Council

(b) Key Management Personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Southern Grampians Shire Council. The Councillors, Chief Executive Officer and Directors are deemed KMP.

Details of KMP at any time during the year are:

Councillors	Councillor D Robertson - Mayor Councillor H Henry - Deputy Mayor Councillor M A Brown Councillor A Calvano Councillor B Colliton Councillor G McAdam (to 12.04.23) Councillor F Malone (from 24.05.23) Councillor K Rainsford
Chief Executive Officer and other Key Management Personnel	Chief Executive Officer - Tony Doyle 01.07.22-01.08.22-Director Planning & Development - Andrew Goodsell 10.08.22-30.09.22-Acting Director Planning & Development - Peter Brown 01.10.22-01.01.23-Acting Director Planning & Development - Belinda Johnson 08.01.23-03.02.23-Acting Director Wellbeing, Planning & Regulation - Susannah Milne 06.02.23-30.06.23-Director Wellbeing, Planning & Regulation - Rory Neeson 01.07.22-30.09.22-Acting Director Community & Corporate - Belinda Johnson 01.10.22-26.01.23-Acting Director Community & Corporate - Kevin Leddin 29.01.23-25.02.23-Acting Director People & Performance - Peter Brown 27.02.23-30.06.23-Director People & Performance - Darren Barber Director Infrastructure & Sustainability - Marg Scanlon 28.11.22-12.12.22-Acting Director Infrastructure & Sustainability - Brett Holmes

	2023	2022
	No.	No.
Total Number of Councillors	8	7
Total of Chief Executive Officer and other Key Management Personnel	10	6

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 7. People and relationships (continued)

(c) Remuneration of Key Management Personnel

Remuneration comprises employee benefits including all forms of consideration paid, payable or provided by Council, or on behalf of the Council, in exchange for services rendered. Remuneration of Key Management Personnel and Other senior staff is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Other long-term employee benefits include long service leave, other long service benefits or deferred compensation.

Post-employment benefits include pensions, and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Termination benefits include termination of employment payments, such as severance packages.

	2023 \$ '000	2022 \$ '000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	1,072	1,078
Post-employment benefits	80	85
Termination benefits	74	46
Other long-term employee benefits	11	8
Total	1,237	1,217

	2023 No.	2022 No.
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
\$1 - \$9,999	2	-
\$10,000 - \$19,999	2	1
\$20,000 - \$29,999	3	5
\$30,000 - \$39,999	2	1
\$50,000 - \$59,999	2	-
\$60,000 - \$69,999	3	-
\$70,000 - \$79,999	-	2
\$80,000 - \$89,999	1	-
\$100,000 - \$109,999	1	-
\$180,000 - \$189,999	-	1
\$200,000 - \$209,999	1	1
\$230,000 - \$239,999	-	1
\$240,000 - \$249,999	-	1
\$340,000 - \$349,999	1	-
	18	13

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 7. People and relationships (continued)

(d) Remuneration of other senior staff

Other senior staff are officers of Council, other than Key Management Personnel, whose total remuneration exceeds \$160,000 and who report directly to a member of the KMP. *

Total remuneration of other senior staff was as follows:

	2023 \$ '000	2022 \$ '000
Short-term employee benefits	289	1,078
Other long-term employee benefits	2	8
Post-employment benefits	31	85
Termination benefits	359	46
Total	681	1,217

The number of other senior staff are shown below in their relevant income bands:

	2023 No.	2022 No.
Income Range:		
\$150,000 - \$159,999	–	4
\$160,000 - \$169,999	1	2
\$220,000 - \$229,999	1	–
\$290,000 - \$299,999	1	–
	3	6

	2023 \$ '000	2022 \$ '000
Total Remuneration for the reporting year for Senior Officers included above amounted to:	681	961

* Due to a definitional change the comparative figures in this note may not align with the previous year's annual report, which included disclosure of senior officers as defined in the Local Government Act 1989.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 7. People and relationships (continued)

	2023 \$ '000	2022 \$ '000
--	-----------------	-----------------

7.2 Related party disclosure

(a) Transactions with related parties

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

Dunkeld Community Centre Committee Inc (May-Ann Brown is Chairperson of DCCC)	16	3
SA & AJ McAdam T/A Tree Fella from Mooralla (Gregory McAdam's son & daughter-in-law)	129	144
Taylor Motors Hamilton (D Barber - Son is Sales Manager)	147	–
Roxburgh (B Colliton - Director)	2	–
Hamilton Flooring Xtra (B Colliton - Brother)	13	–

(b) Outstanding balances with related parties

Nil to disclose.

(c) Loans to/from related parties

Nil to disclose.

(d) Commitments to/from related parties

Nil to disclose.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 8. Managing uncertainties

8.1 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed and if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively.

(a) Contingent assets

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.

(b) Contingent liabilities

Superannuation

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.

Insurance claims

At balance date, there were no major insurance claims that could have a material impact on future operations.

Legal matters

At balance date, there were no legal matters that could have a material impact on future operations.

Building cladding

At balance date, there were no contingencies in relation to rectification works or other matters associated with building cladding that may have the potential to adversely impact Council.

Flood & Storm Events

Over the past 5 years, Council has been subject to a number of storm events which have impacted the condition of various assets. Individual events are claimed either through insurances or through the Emergency Management Victoria claims processes. Significant assets which are impaired will be adjusted, otherwise rectification works will occur through capital works programs or maintenance expenditure.

Liability Mutual Insurance

Council is a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such a liability will continue whether or not the participant remains a participant in future insurance years.

MAV Workcare

In November 2017, the Victorian WorkCover Authority (the Authority) granted the Municipal Association of Victoria (MAV) a three-year self-insurance licence allowing it to provide workers' compensation insurance to Victorian councils. When the MAV WorkCare Scheme commenced, there were 31 inaugural members, including the MAV. In accordance with the Authority's decision not to renew the MAV's self-insurance licence, the MAV WorkCare Scheme ceased operation on 30 June 2021. The MAV is continuing to support the orderly transition of claims management responsibilities to the Authority. Council was a participant of the MAV WorkCare Scheme. The MAV WorkCare Scheme participation agreement stated that each participant would remain liable to make further contributions to the Scheme in respect of any insurance year, and such liability would continue whether or not the participant remained a participant in future insurance years. Any obligation is dependent upon the Authority's initial actuarial assessment of the tail claims liabilities of the the MAV WorkCare Scheme. In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six-year liability period following the cessation of the MAV WorkCare Scheme. During the liability period, adjustment payments may be required (or received) by Council. The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by Authority.

Mount Napier Quarry

Council has identified a potential liability for the remediation of the Mount Napier Quarry. Whilst these works have been accommodated in the lease document, there is always a residual risk of non-compliance.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 8. Managing uncertainties (continued)

(c) Guarantees for loans to other entities

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised.

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period. Council assesses the impact of these new standards. As at 30 June 2023 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2023 that are expected to impact Council.

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 2020*. 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 has exposure to credit risk on some financial assets included in the balance sheet. Particularly

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 8. Managing uncertainties (continued)

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 has a policy for establishing credit limits for the entities Council deals with;
- Council may require collateral where appropriate; and
- Council only invests 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 provides 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.

(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 +1.5% and -1.5% in market interest rates (AUD) from year-end rates of 2.36%.

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 2023

Note 8. Managing uncertainties (continued)

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.

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 observable; and

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. (For plant and equipment carrying amount is considered to approximate fair value given short useful lives). 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 1 to 10 years. The valuation is performed either by experienced council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

Asset Class	Revaluation frequency
Land	2 to 5 years
Buildings	4 years
Roads	3 years
Bridges	3 years
Footpaths and cycleways	3 years
Drainage	3 years
Recreational, leisure and community facilities	5 years
Waste management	5 years
Parks, open space and streetscapes	5 years
Aerodromes	3 years
Other infrastructure	5 years

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.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 8. Managing uncertainties (continued)

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 2023

Note 9. Other matters

	Balance at beginning of reporting period \$ '000	Increment (decrement) \$ '000	Balance at end of reporting period \$ '000
9.1 Reserves			
(a) Asset revaluation reserves			
2023			
Property			
Land - specialised	–	9,977	9,977
Land - non specialised	–	137	137
Land and land improvements	46,884	–	46,884
Buildings	28,539	–	28,539
	<u>75,423</u>	<u>10,114</u>	<u>85,537</u>
Plant and equipment			
Plant machinery and equipment	474	–	474
	<u>474</u>	<u>–</u>	<u>474</u>
Infrastructure			
Roads	150,779	36,149	186,928
Bridges	43,433	3,467	46,900
Footpaths and cycleways	10,944	3,947	14,891
Drainage	10,512	17,096	27,608
Recreational, leisure and community facilities	–	1,884	1,884
Aerodromes	682	(123)	559
Other infrastructure	2,558	3,282	5,840
	<u>218,908</u>	<u>65,702</u>	<u>284,610</u>
Total asset revaluation reserves	<u>294,805</u>	<u>75,816</u>	<u>370,621</u>
2022			
Property			
Land and land improvements	5,174	41,710	46,884
Buildings	28,539	–	28,539
	<u>33,713</u>	<u>41,710</u>	<u>75,423</u>
Plant and equipment			
Plant machinery and equipment	474	–	474
	<u>474</u>	<u>–</u>	<u>474</u>
Infrastructure			
Roads	150,779	–	150,779
Bridges	43,433	–	43,433
Footpaths and cycleways	10,944	–	10,944
Drainage	10,512	–	10,512
Other infrastructure	3,240	–	3,240
	<u>218,908</u>	<u>–</u>	<u>218,908</u>
Total asset revaluation reserves	<u>253,095</u>	<u>41,710</u>	<u>294,805</u>

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 9. Other matters (continued)

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

	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) Other reserves				
2023				
Subdividers Contributions	346	30	–	376
Parking Development Reserve	98	–	–	98
Drainage Headworks Reserve	97	–	–	97
Total restricted reserves	541	30	–	571
Total Other reserves	541	30	–	571
2022				
Subdividers Contributions	326	20	–	346
Parking Development Reserve	98	–	–	98
Drainage Headworks Reserve	97	–	–	97
Total restricted reserves	521	20	–	541
Total Other reserves	521	20	–	541

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 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.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 9. Other matters (continued)

	2023 \$ '000	2022 \$ '000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	(10,323)	2,006
Depreciation/amortisation	14,945	11,835
(Profit)/loss on disposal of property, infrastructure, plant and equipment	10,359	(352)
Fair value adjustments for investment property	2,400	(50)
Contributions - Non-monetary assets	(125)	(79)
Amounts disclosed in financing activities	71	-
Asset write-offs	-	114
Other	58	96
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(117)	(174)
(Increase)/decrease in inventories	36	18
(Increase)/decrease in prepayments	9	6
Increase/(decrease) in accrued income	(31)	(18)
Increase/(decrease) in trade and other payables	1,041	647
Increase/(decrease) in provisions	115	(1,537)
(Decrease)/increase in other liabilities	(63)	-
Increase/(decrease) in Unearned income /revenue	(1,728)	(1,319)
(Increase/decrease) in Other Assets	(2,063)	-
Net cash provided by/(used in) operating activities	14,584	11,193
Cash and cash equivalents	8,604	8,541
Total	8,604	8,541

9.3 Superannuation

Southern Grampians Shire Council makes all 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. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives 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 2023, this was 10.5% as required under Superannuation Guarantee (SG) legislation (2022: 10.0%)).

Defined Benefit

Southern Grampians Shire 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 Southern Grampians Shire 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 2023

Note 9. Other matters (continued)

Funding Arrangements

Southern Grampians Shire 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.

A triennial actuarial investigation is currently underway for the Defined Benefit category which is expected to be completed by 31 December 2023. Council was notified of the 30 June 2023 VBI during August 2023 (2022: August 2022). The financial assumptions used to calculate the 30 June 2023 VBI were:

Net investment returns 5.7% pa
Salary information 3.5% pa
Price inflation (CPI) 2.8% pa.

As at 30 June 2022, 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 102.2%. The financial assumptions used to calculate the VBI were:

Net investment returns 5.5% pa
Salary information 2.5% pa to 30 June 2023, and 3.5% pa thereafter
Price inflation (CPI) 3.00% pa.

Southern Grampians Shire Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). Vision Super has advised that the estimated VBI at June 2023 was 104.1%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2022 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

(a) Regular contributions

On the basis of the results of the 2022 interim actuarial investigation conducted by the Fund Actuary, Southern Grampians Shire Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2023, this rate was 10.5% of members' salaries (10.0% in 2021/22). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2022 interim valuation.

In addition, Southern Grampians Shire Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

(b) 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%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Southern Grampians Shire 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.

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.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 9. Other matters (continued)

The 2022 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Southern Grampians Shire Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2022 and the last full investigation was conducted as at 30 June 2020.

The Fund's actuarial investigations identified the following for the Defined Benefit category of which Southern Grampians Shire Council is a contributing employer:

	2022 (Interim)	2021 (Interim)
	\$m	\$m
- A VBI Surplus	44.6	214.7
- A total service liability surplus	105.8	270.3
- A discounted accrued benefits surplus	111.9	285.2

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 2022.

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 2022.

The discounted accrued benefits 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 2022.

The 2023 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2023. It is anticipated that this actuarial investigation will be completed by 31 December 2023. The financial assumptions for the purposes of this investigation are:

	2023 Triennial Investigation % pa	2020 Triennial Investigation % pa
Net investment return	5.7	5.6
Salary inflation	3.5	2.5 for the first two years and 2.75 thereafter
Price inflation	2.8	2.0

Superannuation contributions

Contributions by Southern Grampians Shire Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2023 are detailed below:

Scheme	Type of scheme	Rate	2023 \$ '000	2022 \$ '000
Vision Super	Defined benefits	10.5% (2022:10.0%)	49	51
Vision Super	Accumulation	10.5% (2022:10.0%)	1,124	1,301
All other schemes	Accumulation	10.5% (2022:10.0%)	760	611

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2023

Note 10. Changes in accounting policies

There have been no changes to accounting policies in the 2022-23 year.

PERFORMANCE STATEMENT

For the year ended 30 June 2023

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, Peshurst 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 2023

SUSTAINABLE CAPACITY INDICATORS

Indicator/Measure	Results			Material Variations & Comments
	2020	2021	2022	
Population				
C1 Expenses per head of municipal population (Total expenses/Municipal population)	\$2,984.78	\$2,947.13	\$2,923.47	Expenses in 2022/23 include one off items such as net loss on disposals, total \$11.35m
C2 Infrastructure per head of municipal population (Value of Infrastructure/Municipal population)	\$21,178.39	\$22,905.36	\$23,064.37	The impact of the asset revaluation increment on non-current asset values, a total of \$75.82m, has been the contributing factor here
C3 Population density per length of road (Municipal population/Kilometres of local roads)	6.00	5.86	5.83	5.98
Own Source Revenue				
C4 Own source revenue per head of municipal population (Own source revenue/Municipal population)	\$1,829.32	\$1,933.68	\$1,858.54	\$1,934.29
Recurrent Grants				
C5 Recurrent grants per head of municipal population (Recurrent Grants/Municipal population)	\$767.95	\$784.86	\$989.97	\$913.58
Disadvantage				
C6 Relative Socio-Economic Disadvantage (Index of Relative Socio-Economic Disadvantage by decile)	5.00	5.00	5.00	5.00
Workforce Turnover				
C7 Resignations and terminations compared to average staff	16.10%	19.21%	15.66%	35.24%

Workforce reduced 30/9/22 when HACC service was discontinued and there has been higher workforce turnover generally throughout the Council in 2022/23

(Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year) X 100

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 or 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 2023

SERVICE PERFORMANCE INDICATORS

Indicator/Measure	Results				Material Variations & Comments
	2020	2021	2022	2023	
Aquatic Facilities - Utilisation					
AF6 Utilisation of aquatic facilities (Number of visits to aquatic facilities/Municipal population)	7.56	4.43	5.27	7.50	Utilisation data for HILAC increased post Covid lockdowns.
Animal Management - Health and Safety					
AM4 Animal management prosecutions (Number of successful animal prosecutions)	0	0	0	0	
Food Safety - Health and Safety					
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	93.33%	100.00%	92.86%	100.00%	
Governance - Satisfaction					
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)	52	54	51	46	
Libraries - Participation					
LB4 Active Library Members (Number of active library members/Municipal population) X 100	13.15%	11.92%	10.85%	10.82%	
Maternal & Child Health (MCH) - Participation					
MC4 Participation in MCH Service (Number of children who attend the MCH service at least once (in the year)/Number of children enrolled in the MCH service) X 100	76.99%	73.09%	81.09%	81.78%	

PERFORMANCE STATEMENT

For the year ended 30 June 2023

SERVICE PERFORMANCE INDICATORS

		Results				Material Variations & Comments
Indicator/Measure		2020	2021	2022	2023	
MC5	Participation in 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) X 100	63.89%	74.68%	85.00%	81.25%	
Roads - Satisfaction						
R5	Satisfaction with sealed local roads (Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads)	43	42	37	34	Council continues to prioritise spending on local roads however, the age, declining condition, frequency of severe weather events combined with strained financial resources, skilled labour shortages and increasing costs to deliver has lead to a slowly increasing gap in meeting community expectation.
Statutory Planning - Decision making						
SP4	Council planning decisions upheld at VCAT (Number of VCAT decision that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications) X 100	0.00%	20.00%	100.00%	0.00%	There have been no decisions at VCAT
Waste Collection - Waste Diversion						
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) X 100	43.01%	62.72%	79.24%	57.60%	Percentage has standardised following a miscalculation in the previous financial year.

Definitions

"Aboriginal child" means a child who is an Aboriginal person
 "Aboriginal person" means a child who is an Aboriginal person
 "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
 "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

PERFORMANCE STATEMENT

For the year ended 30 June 2023

Indicator/Measure	Results				Forecast			Material Variations & Comments	
	2020	2021	2022	2023	2024	2025	2026		2027
Efficiency									
<i>Expenditure Level</i>									
E2 Expenses per property assessment (Total expenses / Number of property assessments)	\$4,368.64	\$4,322.64	\$4,188.66	\$5,767.86	\$4,140.40	\$4,267.50	\$4,341.60	\$4,419.10	Expenses in 2022/23 include one off items such as net loss on disposals, totalling \$11.35m
<i>Revenue Level</i>									
E4 Average rate per property assessment (General rates and Municipal charges / Number of property assessments)	\$1,707.00	\$1,744.82	\$1,746.70	\$1,786.43	\$2,074.40	\$2,136.60	\$2,190.10	\$2,233.90	
Liquidity									
<i>Working Capital</i>									
L1 Current assets compared to current liabilities (Current Assets / Current Liabilities) X 100	228.50%	250.58%	252.96%	311.27%	164.17%	100.62%	73.67%	74.67%	Council held considerable amounts of cash at 30 June 2023 for capital projects which will be consumed over the coming years.
<i>Unrestricted Cash</i>									
L2 Unrestricted cash compared to current liabilities (Unrestricted cash / Current Liabilities) X 100	4.38%	23.75%	74.39%	76.50%	56.29%	6.16%	-3.89%	7.17%	
Obligations									
<i>Loans and Borrowings</i>									
O2 Loans and borrowings compared to rates (Interest bearing loans and borrowings / Rate revenue) X 100	16.61%	13.28%	10.80%	8.10%	13.98%	37.01%	52.71%	66.08%	Council did not borrow in 2022/23 but is planning a large borrowing program to fund many capital works into the future
O3 Loans and borrowings repayments compared to rates (Interest and principal repayments on interest bearing loans and borrowings / Rate revenue) X 100	2.31%	3.19%	2.84%	2.78%	2.70%	2.30%	5.04%	7.25%	
<i>Indebtedness</i>									
O4 Non-current liabilities compared to own source revenue (Non-current liabilities / Own source revenue) X 100	19.81%	14.22%	10.69%	8.28%	13.50%	30.52%	40.75%	49.00%	This is mainly due to Council's non-current loan liability dropping between 2021/22 and 2022/23

PERFORMANCE STATEMENT

For the year ended 30 June 2023

FINANCIAL PERFORMANCE INDICATORS

Indicator/Measure	Results					Forecast			Material Variations & Comments
	2020	2021	2022	2023	2024	2025	2026	2027	
Asset Renewal and Upgrade									
O1 Asset Renewal and Upgrade compared to depreciation (Asset renewal and asset upgrade expense / Asset Depreciation) X 100	92.24%	68.65%	94.35%	62.33%	235.29%	181.82%	408.28%	344.60%	Council is committed to a number of large projects which are essentially new and upgraded assets, once completed the financial plan resumes a higher level of spending on renewal rather than upgrade and new.
Operating Position									
Adjusted underlying result									
OP1 Adjusted underlying surplus (or deficit) (Adjusted underlying surplus (deficit) / Adjusted underlying revenue) X 100	-7.09%	2.31%	-0.07%	-37.34%	-7.70%	-7.60%	-6.50%	-5.70%	The operating result has been impacted due to a once off \$10.36m net loss on disposal of assets, mainly drainage assets.
Stability									
Rates concentration									
S1 Rates compared to adjusted underlying revenue (Rate Revenue / Adjusted underlying revenue) X 100	46.78%	45.08%	47.10%	47.97%	53.90%	53.90%	53.70%	53.40%	
Rates effort									
S2 Rates compared to property values (Rate Revenue / Capital improved value of all rateable properties in the municipality) X 100	0.50%	0.46%	0.40%	0.30%	0.20%	0.30%	0.30%	0.30%	This indicator continues to erode as property values increase at a much higher percentage than rates are increasing in the capped environment.

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
 "own-source 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
 "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.

PERFORMANCE STATEMENT

For the year ended 30 June 2023

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 2020 and Local Government (Planning and Reporting) Regulations 2020.

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 4 year budget. The Local Government (Planning and Reporting) Regulations 2020 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 Budget on 21 June 2023. The Budget 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 Budget can be obtained by contacting Council.

CERTIFICATION OF THE PERFORMANCE STATEMENT

Certification of the Performance Statement

In my opinion, the accompanying performance statement has been prepared in accordance with the Local Government Act 2020 and the Local Government (Planning and Reporting) Regulations 2020.



Belinda J Johnson, B, Comm., CPA
Principal Accounting Officer
Dated: 4 December 2023

In our opinion, the accompanying performance statement of the Southern Grampians Shire Council for the year ended 30 June 2023 presents fairly the results of council's performance in accordance with the Local Government Act 2020 and the Local Government (Planning and Reporting) Regulations 2020.

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 2020 to certify this performance statement in its final form.



Cr David Robertson
Councillor
Dated: 4 December 2023



Cr Helen Henry
Councillor
Dated: 4 December 2023



Mr Rory Neeson
Acting Chief Executive Officer
Dated: 4 December 2023

Independent Auditor's Report

To the Councillors of Southern Grampians Shire Council

Opinion	<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">• description of municipality for the year ended 30 June 2023• sustainable capacity indicators for the year ended 30 June 2023• service performance indicators for the year ended 30 June 2023• financial performance indicators for the year ended 30 June 2023• other information and• certification of the performance statement. <p>In my opinion, the performance statement of Southern Grampians Shire Council in respect of the year ended 30 June 2023 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 4 of the <i>Local Government Act 2020 and Local Government (Planning and Reporting) Regulations 2020</i>.</p>
Basis for Opinion	<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>
Councillors' responsibilities for the performance statement	<p>The Councillors 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 2020</i> and the <i>Local Government (Planning and Reporting) Regulations 2020</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of a performance statement that is free from material misstatement, whether due to fraud or error.</p>

AUDITOR-GENERAL'S REPORT

**Auditor's
responsibilities
for the audit of
the performance
statement**

As required by the *Audit Act 1994*, 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 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 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.

MELBOURNE
6 December 2023



Travis Derricott
as delegate for the Auditor-General of Victoria

SOUTHERN GRAMPIANS SHIRE COUNCIL

111 Brown Street (Locked Bag 685)
Hamilton Victoria 3300

p: (03) 5573 0444

e: council@sthgrampians.vic.gov.au

w: sthgrampians.vic.gov.au

2022/23

