

SOUTHERN GRAMPIANS SHIRE COUNCIL

**ANNUAL
REPORT**
2016/17





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ABOUT THIS REPORT

Welcome to the 2016/17 Annual Report of Southern Grampians Shire Council. 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 2013-17 and provides an analysis of our financial performance. This report also demonstrates the breadth of our operations and the diversity of services delivered on a daily basis to the Southern Grampians community.

We hope you enjoy reading about the journey of Southern Grampians Shire across 2016/17.

WHY WE HAVE AN ANNUAL REPORT

The Annual Report is presented to Council and the community at a Meeting of Council held in October each year.

Our Annual Report caters for a wide readership and is intended as a point of reference for residents, businesses, visitors, investors, community organisations and government departments.

The report also provides Council staff with a picture of how they have performed and contributed to the community that we live in over the past 12 months.

NAVIGATING THE DOCUMENT

This Annual Report comprises three main sections. The first section provides an overview of our achievements, challenges and financial performance, including a message from our Mayor and Chief Executive Officer.

The main body of the report provides an overview of who we are, the issues faced by Southern Grampians, where we are headed in the future and our performance in detail against our five strategic objectives.

The final section of this report provides a detailed account of our financial performance. For more information on our financials please refer to pages 87-138.

WHERE TO GET A COPY

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

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

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

COUNCIL OFFICES

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Hamilton VIC 3000**

FAST FACTS



368,959 – Visits to indoor aquatic facilities



68 – Kilometres of sealed local roads resealed



3032 – Number of registered animals



29,986 – Cattle sold at the Hamilton Regional Livestock Exchange



2406 – Active library members



Estimated resident population – **15,751**



22436 – Items in the library collection



121 – Planning applications received



70 – Number of services provided to our community



34.5 – Kilometres of gravel re-sheeting of local roads



1456 – Animal management requests received by local laws rangers



1,004,719 – Sheep and lamb sold at the Hamilton Regional Livestock Exchange



MAYOR'S REPORT

The last 12 months have been a time of considerable change in Southern Grampians Shire. Council elections were held in October 2016, resulting in the re-election of three councillors and the election of four new councillors.

Among the highlights of the 2016/17 financial year are:

- **Council Plan** - Preparation and adoption of the Council Plan 2017-2021 was one of the highest priorities for the new Council. Following extensive consultation with all of the community, including sessions in all towns in the Shire, the Council Plan was adopted. It focuses on five themes - Supporting our Community, Developing our Regional Economy & Businesses, Planning for our Built Environment [Infrastructure], Promoting our Natural Environment and Providing Leadership and Governance. This plan forms the foundation for Council's Annual Plans and Budgets for the next four years.
- **Hamilton Regional Livestock Exchange** - In March 2017 Council awarded contracts for Stage 3 works to the Livestock Exchange which included paving works for car parking, roofing of the cattle yards and associated electrical work. Awarding of these contracts completes the work at the Hamilton Livestock Exchange as outlined in the masterplan.
- **Outdoor swimming pools** - Following extensive community consultation, a plan was developed and adopted for infrastructure management for all the Shire's outdoor pools. The next step is to finalise the policy for the operation of the outdoor swimming pools for the 2017/2018 swimming season.
- **HILAC Roof** - Following through on work commissioned by the previous Council, a comprehensive engineering review of the HILAC roof was undertaken which resulted in the awarding of a contract to replace the roof and to implement an ongoing maintenance program to ensure the roof remains in good condition. Adoption of this course of action should provide a solution to the ongoing issues of leaking which have limited the use of HILAC, particularly the basketball courts.
- **Passenger Rail Feasibility Study** - The report, commissioned by eight councils, was launched in April this year. This study confirms the strength of the case for the return of passenger rail to Hamilton, recommending daily passenger rail services to Hamilton and Horsham. Advocacy for a commitment of \$369 million to upgrade the track and replace level crossings has commenced and will be ongoing over the next 12-18 months. The report also addressed aspects of timetabling, additional bus services and other concerns regarding public transport services in western Victoria which have been raised with the State Government and will continue to be part of Council's advocacy program.

In June 2017 the first Council meeting outside Hamilton was held at Balmoral. This was the result of a policy adopted by the previous Council which was to hold two meetings annually outside Hamilton. The current Council decided to proceed with three meetings annually outside Hamilton. In 2017, those meetings will be held at Balmoral, Peshurst and Coleraine. Pleasingly, the Council meeting in Balmoral was well attended by the community.

Community Engagement and Consultation

- Aside from the consultations regarding the Council Plan and outdoor swimming pools, Council also held budget information and consultation sessions in Hamilton, Balmoral and Glenthompson. These sessions were well attended.

Disappointingly, in April this year, Iluka announced that the mineral sands processing plant in Hamilton would be suspended in October 2017 with the loss of approximately 60 direct jobs and another 60 indirect jobs. Following discussions with the State Government, funding of \$500,000 was announced for the development of the industrial estate on the Port Fairy-Hamilton Road. This project will deliver fully

serviced industrial land for new business investment from a range of sectors including forestry, manufacturing, agri-business and logistics. Construction of the industrial estate, costing \$3.2 million in total, will commence in July 2018 with sales to commence in March 2019.

WE WOULD LIKE TO THANK ALL OUR COMMUNITIES FOR THEIR PASSION, COMMITMENT AND CONCERN FOR OUR SHIRE. OUR COMMUNITIES MAKE THE SOUTHERN GRAMPIANS A WONDERFUL PLACE TO LIVE AND WORK.

We would also like to thank our staff who deliver the services and maintain the facilities our communities enjoy. Rate capping and the freezing of the Financial Assistance Grants, provided by the Federal Government, have placed significant financial pressure on Council. In this challenging financial environment, Council



staff have been resourceful and creative, while aiming to meet the expectations of our communities.

Finally, I would like to thank my colleagues for their hard work, passion and commitment over the last 12 months. We have made significant progress in building strong and robust relationships with our communities. The challenge ahead is to deliver services and support our communities to make them strong, vibrant and resilient.

Mary-Ann Brown

CR MARY-ANN BROWN
Mayor



CEO'S REPORT

It is with great pleasure that I present the year in review for the Southern Grampians Shire Council through the 2016/17 Annual Report.

Since being appointed Chief Executive Officer in March 2016 I have continued to be impressed by the organisation and our communities and whilst we have challenges and much work ahead of us I take this opportunity to highlight the achievements in the past year and the opportunities ahead.

The organisation led by the newly-elected Council in October 2016 has undertaken significant community engagement in the development of the 2017-2021 Council Plan, 2017/18 Annual Plan and Budget leveraging from our Community Planning program. I have been very impressed by the level of engagement and cooperation from all of our communities during these sessions, particularly the community priorities put forward and supported by Council.

During the year Council also took the opportunity to seek direct feedback on a number of other issues or initiatives including outdoor pools and due to that feedback, ideas and suggestions believe we have a sustainable and responsible way forward for this key service.

In an ongoing tight fiscal environment the financial accounts reflect the strong position Council is in for the 2017/18 year. However, with pressures internally from costs and externally restricting Council's ability to raise revenue much work will continue into our financial position and the organisation is to be congratulated on this continuing effort and the approach from the Council to invest strategically and responsibly.

The challenges for 2017/18 and beyond will be to maintain our service levels to community expectations within the financial constraints and also deliver significant capital works to maintain Council's asset base in roads, buildings and other physical assets. This is the subject of significant continuing work in the next year and a partnership approach with the community and other levels of government is critical.

During the past year, Council has reviewed a number of our 70 services which will continue over the next two years and during the next year these will be presented to Council for assessment and decision on future service levels, budget and resources to meet the future demands.

THIS SHOULD ENSURE THAT OUR SERVICES REMAIN RELEVANT, COST-EFFECTIVE AND ENSURE THEY CONTINUE TO MEET COMMUNITY NEEDS AND EXPECTATIONS.

The past year has also seen a dedicated response from the organisation to the September 2016 Flood events. A significant impact on our infrastructure in the order of \$30 million will keep the organisation focused on recovery and rebuilding over the next two to three years. Importantly this will be majority funded by disaster recovery funding from State and Federal Governments.

The past 12 months has seen an increased focus on our advocacy to other levels of government both State and Federal to highlight the priorities of our communities. Many of these have been work in progress for a number of years and we have now 'ramped up' that advocacy to ensure we are an area of focus from other levels of government and importantly investment into our long-term future as a Regional Service Centre.

In closing, I acknowledge the significant commitment from our staff and of our elected Councillors. This Council continues to deliver significant services and initiatives into and on behalf of the community. I thank all Councillors and the current Mayor Cr Mary-Ann Brown for their leadership of Council and community.

There are both exciting and challenging times ahead for us all and I am confident with the Council leadership, community willingness and mutual respect for each other's roles, responsibilities and views, we will progress positively into a future that we are all part of.

MICHAEL TUBBALL
Chief Executive Officer





YEAR AT A GLANCE

Southern Grampians Shire Council's performance reporting is based on five Strategic Objectives that are outlined in the Southern Grampians Shire Council Plan 2013-2017. 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 74. The Southern Grampians Shire Council Plan 2013-2017 is available from our website www.sthgrampians.vic.gov.au.

Strategic Objective One: LEADERSHIP AND GOOD GOVERNANCE

We will maintain an understanding of issues of local importance and provide leadership in tackling them. Where appropriate, we will advocate on behalf of our community and ensure that our community is represented in debates which affect us.

Highlights

- Successful election and induction of new Council
- Extensive period of community engagement around the development of the new Council Plan 2017-2021
- Launch of the new Council website
- Commitment to holding three Council meetings outside of Hamilton each year for the term of Council
- Extensive community engagement around outdoor pools to support good decision making about future direction
- Appointment of Director Community and Corporate Services, Evelyn Arnold, in September 2016.



Strategic Objective Two: FOSTER POPULATION AND ECONOMIC GROWTH

We are committed to the encouragement of population growth and increasing investment opportunities within the region. Our Economic Development Strategy 2011-21 is formulated with this aim and reinforces the vision of becoming Australia's most liveable provincial community to attract people and funding, which will in turn create amenity and generate investment.

Highlights

- State Government commitment of \$500,000 for industrial land estate development in Hamilton
- Delivery of Grampians and Barwon South West Passenger Rail Feasibility Study and development of advocacy campaign to return passenger rail to Hamilton and Horsham
- Completion of Stage 2 of the Hamilton Livestock Exchange redevelopment
- Smart Cities Framework development and winning the award for Rural and Regional Team Achievement at the 2016 Municipal Association Victoria Technology Awards for Excellence
- Further promotion of the region achieved with Greater Hamilton branding campaign continuing in this financial year. The social media branding was completed in the first half of the year and the television campaign commenced at the end of the year.

Strategic Objective Three: ENHANCE WELLBEING AND CULTURE

We recognise the importance of the provision of quality health, leisure, education and cultural services as important for businesses and individuals when making a decision on where to invest or live. Council is committed to ensuring that those services provided directly remain real competitive strengths and that strong relationships are maintained with external providers of these services.

Highlights

- Development of the Municipal Health and Wellbeing Plan in partnership with Western District Health Service and the Primary Care Partnership
- Commencement of the '1000 books before school' literacy project as part of the local action group for the regional Beyond the Bell program
- Delivery of the successful Learner to Probationary (L2P) Driver mentoring program in association with the TAC and VicRoads
- Facilitation of the second annual Crazy Ideas College to engage and involve young people in decision making
- State Government commitment of \$120,000 for much needed works at the Hamilton Library through the Living Libraries fund.



**Strategic Objective Four:
HELP COMMUNITIES FEEL
DYNAMIC AND RESILIENT**

We recognise the importance of community safety and will undertake actions related to partnerships, community strengthening, safe and healthy urban environments, safer roads and prevention of alcohol-related harm and family violence. Creation of a dynamic community will be achieved through support of smaller towns and integrated planning.

Highlights

- Renewed commitment towards community engagement with a new manager position created and new team established to focus on communications, engagement and customer service
- Supporting the prevention of violence against women by holding a White Ribbon day event in partnership with Western District Health Service
- Established an equity working group to investigate opportunities to improve equity in the organisation
- Resealing 68 kilometres of sealed local roads and re-sheeting 34.5 kilometres of gravel roads, increasing safety for residents and visitors
- Council endorsement to undertake a pilot Economic Migration project that aims to support the relocation of families originally from Africa to south west Victoria
- Hosted annual New Residents function to welcome newcomers to town and provide information on Council services, community groups and to help people make connections.

**Strategic Objective Five:
MANAGE ENVIRONMENTAL
SECURITY**

Protection, efficient use and enhancement of natural assets to support economic growth will be a priority for Council. Council's Sustainability Strategy 2010-2020 (adopted April 2010) provides a shared vision and framework for addressing environmental sustainability issues and commits Council to working closely with its State and Federal partners and community groups to reduce negative impacts on the environment.

Highlights

- Adoption of Climate Change Adaptation Plan
- Roll out of new mandatory waste collection service to Cavendish and Branhholme
- Participation in the Barwon South West and Resource Recovery Group
- Completion of Septic Tank inspection program in Cavendish and Balmoral.





CHALLENGES OF THE YEAR

- September 2016 flood event and ensuing relief and recovery efforts
- Management of outdoor pools through the summer swimming season
- Organisational restructure to better align directorates and management with Council Plan
- Navigating major changes to waste services
- Aged Care Reforms
- The development of a new Municipal Health and Wellbeing Plan
- Complexity of applying policy and maintaining services in a tight fiscal environment
- Street tree management across the Shire and in the Hamilton Botanic Gardens.

FUTURE OUTLOOK

- Rolling out phases 0 and 1 of the digital strategy aligned with Telstra `Smart Communities` work
- Commencing the development and release of new industrial land in Hamilton
- Implementing the communication strategy ensuring effective engagement with our communities
- Increasing our advocacy to focus, promote and invest into Council's goals and priorities
- Scoping and feasibility for the Hamilton Art Gallery
- Prioritise and implement key actions from Climate Change Adaptation Plan
- Deliver the Waste and Resource Recovery Strategy as adopted by Council including landfill, transfer stations and collection initiatives
- Deliver Year one of the Flood impact repairs and reinstatement
- Work with State and Federal Governments to support the local economy following the impending closure of Iluka Mineral Sands processing in Hamilton
- Undertake a strategic review and masterplan for premier recreation facilities including Pedrina Park
- Address service delivery challenges with outdoor pool facilities and implement works schedule.



SEPTEMBER 2016 FLOOD EVENT

In September 2016, the Shire experienced a 1-in-100-year flood event.

There was significant impact across the entire Shire with follow-up rain events that further contributed to the damage. Townships including Coleraine, Hamilton and Dunkeld were significantly impacted but the damage was widespread and extensive throughout the Shire.

Staff members from across the organisation were on the ground from the first hours with Council's Works Department assisting community and emergency services in dealing with the immediate impact and staff from across the organisation tasked with setting up relief centres and coordinating response efforts. Clean-up and relief efforts from the initial impact continued for many weeks, with Council staff working around the clock to ensure the impact on the communities affected was minimised and that families and businesses were supported. A Flood Recovery Manager was appointed in October 2016 to manage the ongoing recovery efforts.

A post-impact assessment carried out late in 2016 estimated the damage to be in the order of \$30M, with assets such as roads, bridges, culverts and drains making up a substantial component of these costs. Additionally, there is significant impact on community, sporting and recreational assets within our communities which will continue over the next two to three years.

Council will continue working closely with State and Federal Governments to ensure firstly, that funding is forthcoming to support the recovery works and secondly, that we can reinstate all of the damaged assets in consultation with our affected communities.





FINANCIAL SUMMARY

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

The key objectives of this Plan are:

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

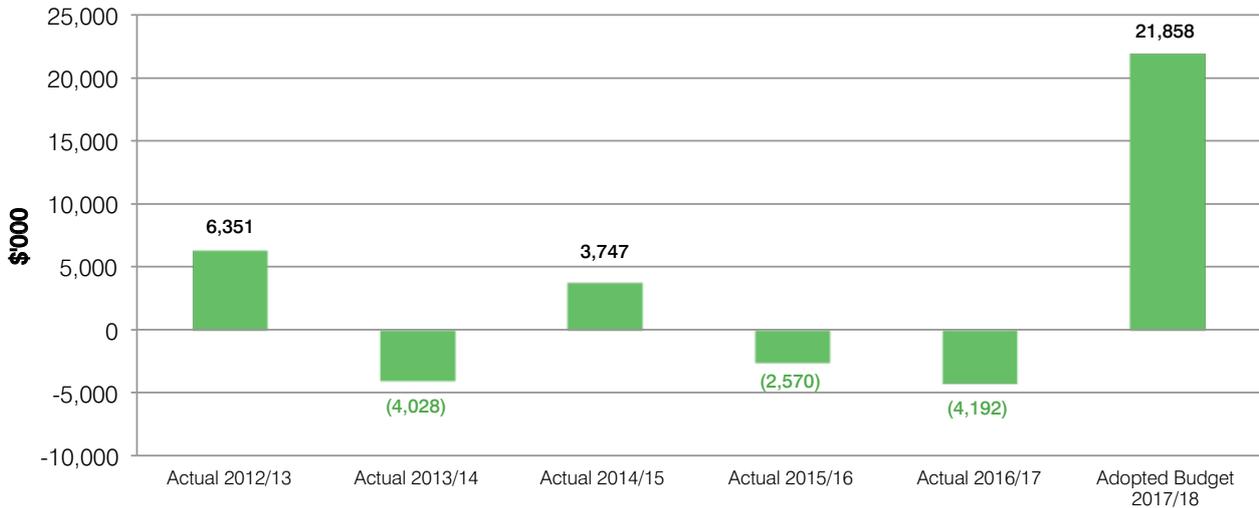
FINANCIAL RESULTS AT A GLANCE

- Operating Expenditure - \$55.619 million
- Capital Works Program Delivered - \$8.671 million
- Rates and Charges - \$19.013 million
- Operating Deficit - \$4.192 million
- Net Funds Available - \$24.808 million
- Working Capital - \$3.06 of current assets for every \$1.00 of current liabilities
- Debt decrease of \$356,000 from \$3.001million to \$2.645 million



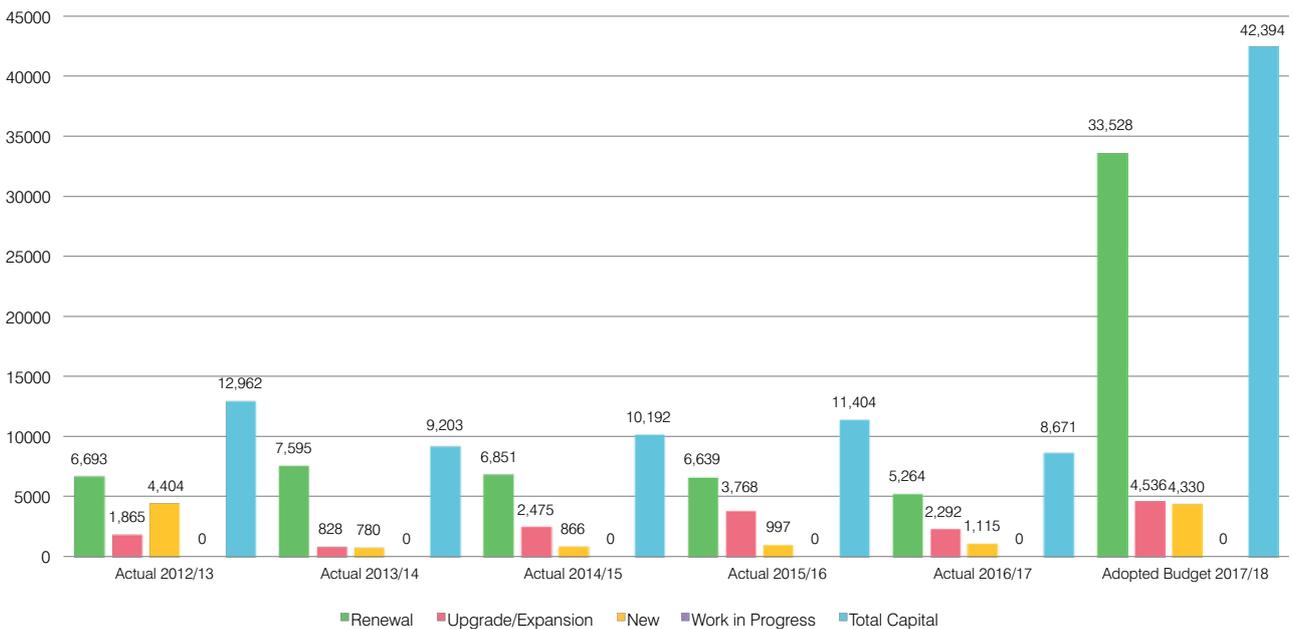
NET OPERATING RESULT

The operating deficit in 2016/17 was (\$4.192) million compared to a budgeted \$6.215 million surplus. The operating deficit was a result of asset impairments due to flooding of \$14.43 million and the repayment of 50 per cent of Victorian Grants Commission payment made in 2016/17 that was budgeted in 2017/18. Council's Long Term Financial Plan demonstrates modest operating surpluses in the years following the next two which have large deficits due to the flood funding arrangements.



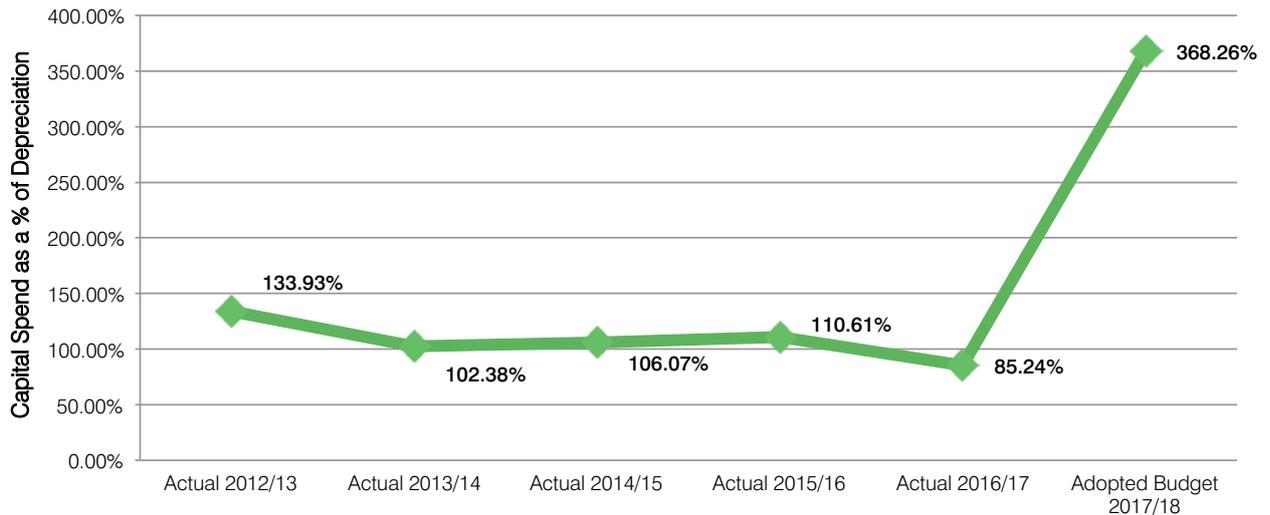
SUSTAINABLE CAPITAL EXPENDITURE

Council continues to invest in renewing and revitalising its assets. Council spent \$8.671 million on Capital works in 2016/17 with an average spend in excess of \$10 million for the past five years. Of this amount Council spent 64 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.



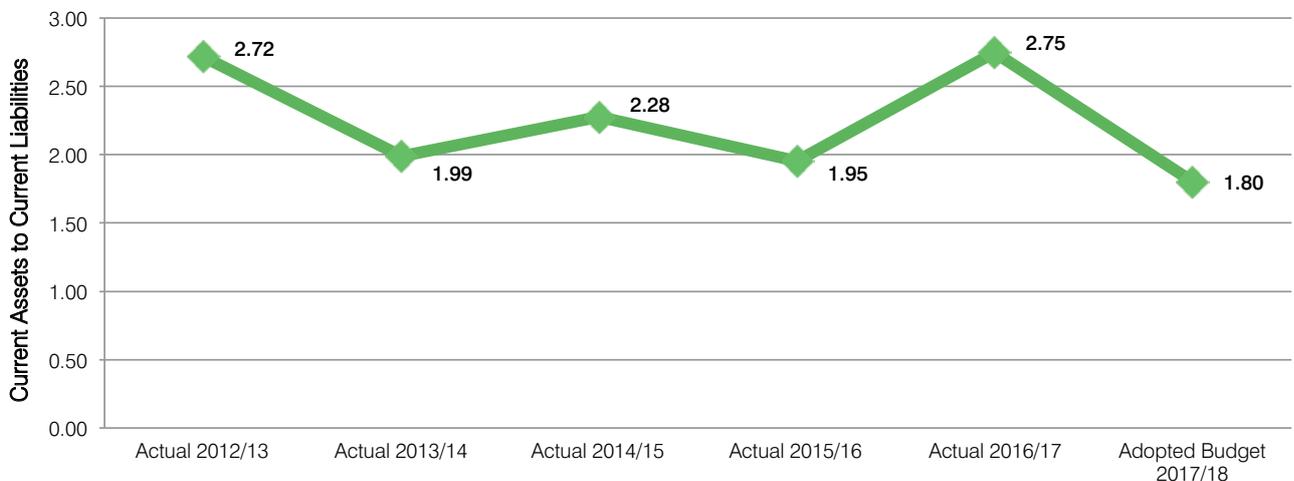
RATIO OF CAPITAL EXPENDITURE TO DEPRECIATION

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 85 percent for 2016/17. However, it should be noted some of the works completed are for new assets which will increase the level of depreciation into the future. The figure for 2017/18 is distorted by the large amount to be spent on flood restorative works which are not 'true' capital works.



WORKING CAPITAL

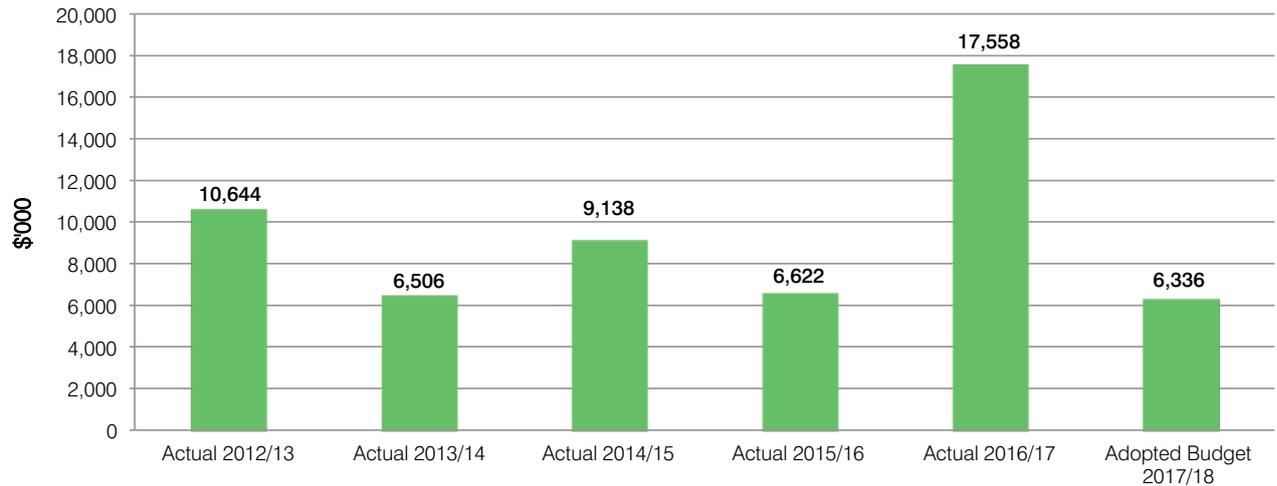
This graph indicates Council's ability to meet its short-term commitments with its short-term assets. Council ended the year with a ratio of 3.06:1 which means for every \$1 of short-term liability, Council has \$3.06 of current assets. Future working ratios are predicted to be similar enabling Council 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 and deposit accounts.

Council's remains in a strong cash position for 2017/18.

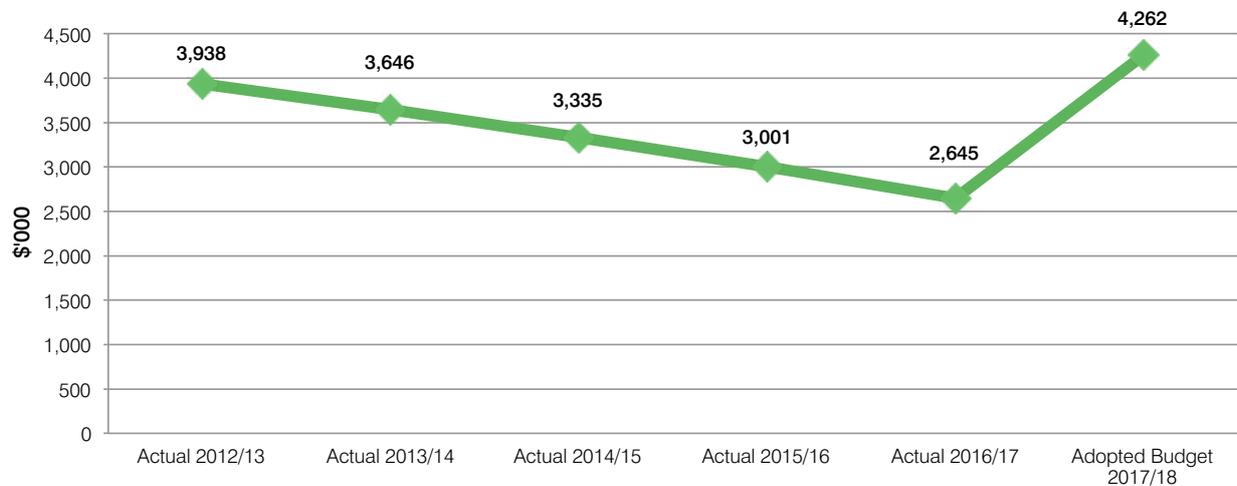


DEBT LEVELS

Council has decreased debt by \$356,000 in 2016/17.

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

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

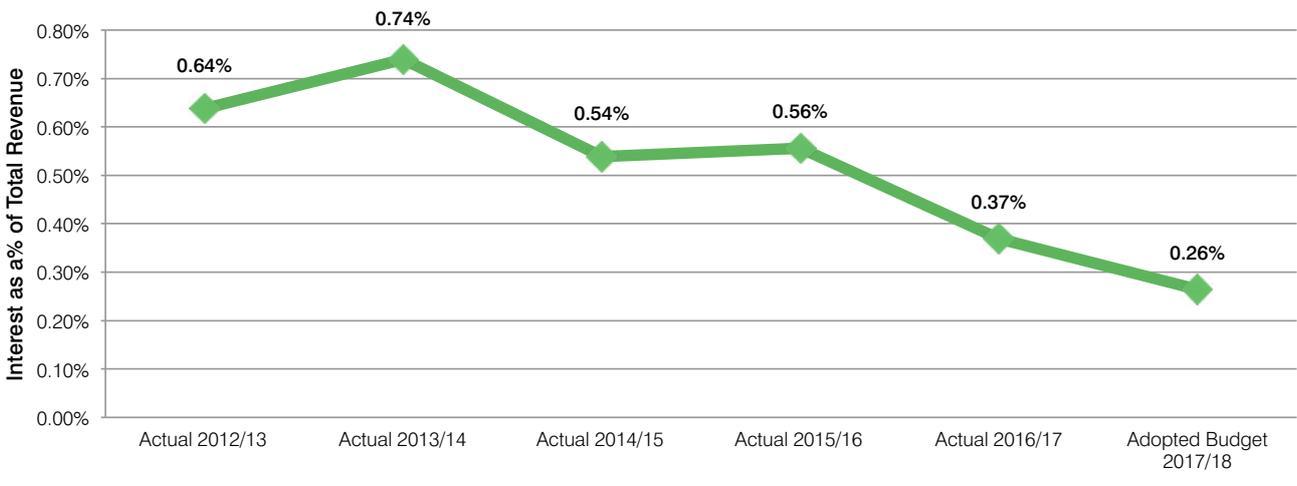


DEBT SERVICING LEVELS

For the past four years Council has maintained a debt servicing ratio of less than one per cent. This means that less than one per cent 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 2.87 percent (1.06 percent of total revenue) for 2016/17.

These ratios indicate Council is in a sound financial position.



REPORT OF OPERATIONS

OUR SERVICES

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

This includes everything from family and children's services, recreation management, community facilities, waste management, roads management and community building; to business development, planning for appropriate development and asset management, major infrastructure projects and ensuring accountability for Council's budget.

As well as implementing various Commonwealth and State Government programs, Council also provides a range of discretionary services in response to local community needs.

In order to best use limited resources to provide effective local government 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 Strategic Resource Plan and reported upon in this document.

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



FOR EVERY \$100 OF RATES

- Leisure - **\$7.00**
- Emergency Management - **\$2.41**
- Capital Works - **\$50.94**
- Cultural Services - **\$0.57**
- Community Services - **\$4.87**
- Economic Development and Tourism - **\$1.92**
- Community Development - **\$2.83**
- Planning and Environment - **\$2.27**
- Business Enterprises - **\$2.74**
- Waste - **\$3.86**
- Infrastructure - **\$16.47**
- Regulatory and Compliance - **\$1.22**
- Governance and Corporate Services - **\$2.90**

MAJOR CAPITAL WORKS



The capital works program forms a significant proportion of Council's budget. In 2016/17, \$15.58M was allocated to capital works projects across the Shire. The aim of the capital program is to provide targeted expenditure on projects to maintain or improve Council's infrastructure, assets and services. The total capital expenditure for the 2016/17 Financial year was \$12.1M which was 90.3 per cent of the budget allocation.

SIXTY-FOUR PER CENT OF PROJECTS PLANNED FOR THE FINANCIAL YEAR WERE DELIVERED, A FURTHER 10 PER CENT HAVE BEEN STARTED, 16 PER CENT OF PROJECTS HAVE BEEN DEFERRED AND 10 PER CENT NOT STARTED.

Major Capital Projects delivered in 2016/17 include:

SALEYARDS REDEVELOPMENT

Stage 2 redevelopment works at the Hamilton Regional Livestock Exchange began in May and were completed in late 2016.

Stage 2 included the demolition of existing pens, creation of newer, safer pens with roof and lighting facilities. Not only will our region benefit economically from this redevelopment project, but the works also derive operational, structural, environmental and animal welfare benefits and improve OH&S and regional competition. The three-stage redevelopment, which is anticipated to be complete in late 2018, will result in a more attractive venue for selling of livestock and it is expected that sheep throughput numbers will increase as a result.

FIVE-WAYS BLACK-SPOT INTERSECTION UPGRADE

As part of the Federal Government's Black Spot Program, Council completed road safety improvement works at the Hamilton-Chatsworth Rd, Blackwood-Dunkeld Rd and Woolsthorpe Rd intersection at Penshurst, also known as Five-ways. The works, which began in early 2017, included altering the existing Five Ways intersection north of Penshurst, to a staggered T intersection.

Other improvements at the five-ways intersection included:

- Alter existing vertical alignment of all approaches to improve visibility of oncoming traffic
- Construction of concrete traffic islands on major approaches
- Reinforced priority signs at intersection
- Advanced warning signage on approaches with flashing lights.

Upgrade works were undertaken by Council's works department and the project was completed in June 2017. The total cost of this project was \$934,000 which was fully funded by the Federal Government Black Spot Program.

BASKETBALL COURT RESURFACING - HILAC

Remedial works were undertaken to improve the playing surface on courts two and three at Hamilton Indoor Leisure and Aquatic Centre (HILAC) in late 2016. Works included a coarse, medium and fine sanding back to bare timber, punch and filling all surface nails and holes with matching wood filler, applying four coats of sealant and the repainting of all court lines. The project included the court surroundings and cost \$47,030.

It is hoped works will commence in December 2017 on courts one and four.





HAMILTON LANDFILL REDEVELOPMENT

Stage 3 and 4 works on the rehabilitation of the Hamilton Landfill commenced in late 2017. Works progressed well until wet weather set in.

Access to the site where materials required for the rehabilitation process are sourced, are difficult when the ground conditions are too wet. Works for Stages 3 and 4 are expected to re-commence soon. Previous works on Stages 1 and 2 included construction of a leachate pond and new cell.

MAJOR ROAD PROJECTS

Around 3,564km of roads are situated within Southern Grampians Shire and it is a huge challenge each year to maintain, repair and restore them. Council places a high priority on road maintenance and each year allocates millions of dollars to road management. Major road projects undertaken in 2016/17 include:

- Cavendish-Coleraine Road rehabilitation
- Carapook Road rehabilitation
- Burdetts Road rehabilitation
- Cavendish-Coleraine Road rehabilitation
- Hamilton-Chatsworth Road rehabilitation
- Murndal – Branxholme Road Culvert replacement
- Hillview Road Culvert replacement
- Hartwicks Road Culvert replacement.

OTHER CAPITAL WORKS PROJECTS

- Community bus replacement - \$48,218
- Swimming pool security cameras - \$12,143
- Improved seating Art Gallery - \$73,589
- HILAC roof replacement over squash court area - \$18,345
- Interior Painting PAC - \$11,200
- Mitchell Park Kindergarten Roof Replacement - \$15,922
- Library book purchases - \$52,247.



MAJOR ACHIEVEMENTS

DEVELOPMENT OF A NEW COUNCIL PLAN 2017-2021

The preparation and adoption of the Council Plan 2017-2021 was one of the highest priorities for the new Council.

The Council Plan was developed through an extensive and unprecedented period of community consultation. Council ran 11 engagement sessions across 10 towns and engaged with over 230 attendees. More than 950 ideas were shared by the community, with six common themes being identified - footpaths, street tree maintenance, road maintenance, more support from Council with grants and permits, digital connectivity and increased promotion of our region and existing natural assets. All of these common themes appear as objectives or strategies in the final Council Plan.

Following the engagement sessions the themes and objectives were workshopped between Councillors and with Council staff. We are confident this document accurately reflects the needs, aspirations and expectations of the entire Southern Grampians Community.

The Council Plan seeks to outline where Council and the community will be by 2021 and how Council will achieve those outcomes. It identifies Council's five fundamental priority areas. These priorities have formed the themes of the Council Plan and will help achieve our vision for the future.

AIRPORT AWARD AND RUNWAY EXTENSION

Hamilton Airport was awarded the Small Regional Airport of the Year in November at the Australian Airport Association (AAA) Awards. The Award was accepted by Director of Infrastructure David Moloney at an awards dinner at Parliament House in Canberra.

Council received the award for the redevelopment project at the airport, in particular for its focus on local content throughout the upgrade with works being delivered by a local civil contracting company and incorporating local materials suppliers.

The \$5.2 million upgrade at the Hamilton Airport included an upgrade to the terminal, strengthening and resealing of the apron and taxiways, a new LED apron and runway lighting system including floodlighting of the apron, new office buildings, expansion of the car park and installation of a Precision Approach Path Indicator System (PAPI) to provide guidance information to help pilots acquire and maintain the correct approach. The upgrade also included the extension of the existing North/South runway to a length of 1700m. The runway extension allows for larger aircraft to land, bringing a wide range of benefits to the region including increased employment and investment, as well as improved social and community opportunities.

SMART COMMUNITY FRAMEWORK DEVELOPMENT

A great deal of work has been undertaken through 2016/17 on Council's digital transformation project. 'The Digital Transformation of a Rural Community' project is a culmination of a partnership between Council's Economic Development and Business Systems teams that aims to prepare the community for the digital age by demonstrating leadership and innovation through Council's digital strategy and the 'Smart Community Framework' in partnership with Telstra.

Following the development of the Digital Strategy in 2015, Council partnered with Telstra to engage with community members, local businesses and Council officers to develop a tailored framework and strategic roadmap to transform the Southern Grampians into a smart, connected rural Council.

The Smart Community Framework outlines a range of projects that aim to create a more digitally connected community. The first stage implementation lays the foundation for improved connectivity by creating the LoRaWan IoT Network, the Smart Community management platform and numerous WiFi hotspots across the Shire for open data collection.

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MAJOR ACHIEVEMENTS

Projects scheduled for implementation in the 2017/18 financial year include:

Hamilton

- Public WiFi pilot
- Smart Lighting pilot
- Smart Security pilot:
 - Skate Park
 - Lakes Edge Adventure Playground
 - Rankin and Henry Court playground
 - Hamilton Gardens
 - Melville oval.

Surrounding Townships

– Identify with community a location to make a digital hub to include:

- Public WiFi hotspot
- Smart signage
- Smart Public Safety and Security.

Environmental sensors

- Weather stations
- Water over road sensors
- Moisture sensors in ovals, water quality – Lake Hamilton / swimming pool.

Council's Smart Community Framework creates an integrated strategic technological rollout to connect, drive and diversify the economy and jobs, create environmental efficiencies, strengthen community, education opportunities and liveability.

IMPROVED ENGAGEMENT

Council is committed to effective engagement with the community to ensure the needs of the community are acknowledged in Council key projects, plans and strategies. During the year there were a number of opportunities for the community to provide input into plans, strategies and service design. These opportunities included:

- Council Plan engagement sessions held across 10 towns, calling for community input into the future of the Southern Grampians Shire
- Budget sessions held across three towns to explain budget process and how to submit comments
- Outdoor pools consultation held across six townships to determine a way forward for next summer
- Peshurst Botanic Gardens Master Plan consultation sessions in Peshurst.

These opportunities were well attended and feedback from community was largely positive. People commented that they were grateful to have the opportunity to contribute and be a part of the decision-making process.

The feedback received at these sessions allowed Council to make informed decisions about the wants and needs of the community and informed the direction of the projects, plans and service delivery into the future.

Council will continue to explore the best way to engage with the community and provide increased opportunities for engagement as part of the Communications and Engagement strategy development in 2017/18.





MAJOR ACHIEVEMENTS

CLIMATE CHANGE ADAPTATION PLAN

In June 2017, Council endorsed its first Climate Change Adaptation Plan. The plan takes the form of a risk management plan for the period 2017-2027 and was developed in collaboration with DELWP, various statutory agencies and nine other councils in the Barwon South West region.

The project is aimed at helping communities and organisations throughout the Barwon South West region understand what risks or opportunities might be presented by future climate change and extreme weather events.

Climate change related risks were identified and actions were developed to prepare Council for unavoidable impacts caused by fire, heat waves, water shortages and floods.

The plan provides actions across six main themes - improved community resilience and social connectedness, integrated water management, construction practices for road and Council infrastructure, sustainable agricultural practices through changes to land use planning and development approvals, urban forest and open space assets strategy and investigating more dispersed and diversified tourism opportunities.

The six themes were broken down into individual actions which were then allocated to particular positions within the organisation, to ensure that the appropriate staff members take responsibility for their implementation. It is important to note that whilst the funding was directed through the Sustainability and Environment staff network across the region, implementation will rely on Council-wide embedding of the approach.

For this reason, efforts are being made to include climate adaptation measures into Annual Work Plans where appropriate.

INDUSTRIAL LAND DEVELOPMENT

Following Council endorsement to proceed with developing Council-owned industrial land in Port Fairy Road, Hamilton, an Independent Planning Consultant has been appointed to assist in preparing a Development Plan and Town Planning Report to accompany a permit application for the subdivision of land.

The development of the land, which is approximately 1.4km south-west of the Hamilton town centre, supports Council's commitment to creating a stronger more diverse and resilient economy. This development will provide infrastructure to make available an "investment-ready" industrial estate in Hamilton.

The project will encourage new investment and complement other local investments and will promote economic diversification, growth and sustainability of the Greater Hamilton region. It will also add value to recent investments in close proximity including the Hamilton Regional Livestock Exchange, the new Petrol and Truck Facility, the proposed meat processing facility for which a \$30M planning permit was granted and the planned Intermodal Freight Terminal. The location of the land is strategically positioned to leverage off strong rail, road and port connections. The Port of Portland is located 100 km from the proposed estate and two hours from the Geelong Port. These ports are established international gateways handling an estimated \$1.5 billion and \$7.6 billion in annual trade respectfully.

The total cost of the development is estimated to be \$3.2M and the State Government announced a contribution by the State Government of \$500,000 towards the project in early 2017. The project has been included in Council's Long Term Strategic Resources Plan with \$500,000 budgeted in the coming financial year to commence the project. It is expected that all costs will be recouped through the sale of the land over the next 10 years based on current land sales and that the development will be a cost neutral exercise.

It is envisaged that construction will commence in July 2018, with titles ready to be issued by March 2019.

MAJOR ACHIEVEMENTS



ADVOCACY

Council undertook a review of its Advocacy Framework and Priority Projects in late 2016. It was found that a number of the projects had achieved a significant level of completion and could therefore be considered as having been achieved.

The following projects have been removed from the priority listing:

- National Centre for Farmer Health
- Year 12 attainment
- Hamilton skill centre
- Livestock Exchange
- Obesity prevention
- Mobile black spots (to be incorporated into new proposed Smart Communities infrastructure).

Based on progress made the following Advocacy Priorities were recommended to be updated/ revised:

- Transport - Vic Roads - noting that the Henty Highway Action Group has been established
- Passenger Rail feasibility - now that feasibility and costing study has been funded, advocacy will be revised to achieve the recommendations of the study
- Melville Oval and Botanic Gardens - these projects will be incorporated into the overall CBD upgrade project as adopted by Council in 2016
- Cultural facilities - this project will be revised to become the Art Gallery feasibility study.

Council resolved to add two new strategies to the advocacy priorities list:

- Smart Communities Infrastructure – this project is based on Council’s adopted Digital Strategy and Smart Communities Framework and includes improved connectivity and mobile black spots
- Regional centre and decentralisation - this project is based on policy and strategies including the Municipal Strategic Statement, Economic Development Plan and Regional Growth Plan.

MAJOR ACHIEVEMENTS

The following Council advocacy priorities achieved significant success in 2016/17:

PASSENGER RAIL FEASIBILITY STUDY

The need for improved public passenger services in the Western part of Victoria has been recognised for many years by regional councils. In 2013 Southern Grampians and Glenelg Shires and Horsham Rural City Council agreed to pursue the need for improved rail services as a priority in the Wimmera Southern Mallee and Great South Coast Regional Plans. Continued work since that time culminated in eight Western Victorian Councils coming together over the past 18 months to seek funding for and undertake a study of improvements to passenger services including the potential for the return of rail services to the Wimmera and south west. The eight regional councils contributed \$32,000 and the State and Federal Governments each contributing \$20,000 (\$40,000 total), to undertake the Cost and Feasibility Study.

John Hearsch Consulting was appointed as consultant in August 2016 and the Grampians Barwon South West Passenger Services Cost and Feasibility Study was launched on 4 April 2017.

This study investigated the extent to which existing passenger services – both train and coach – supported the social and economic requirements of this large and productive region, and whether the services currently provided and the infrastructure used could be improved. The Grampians Barwon South West Study found that there were significant opportunities to improve the quality of services provided and better utilise the existing rail infrastructure. The central conclusions of the Feasibility Study were that rail passenger services

can and should be reinstated to Horsham and Hamilton and that the railway between Ballarat and Ararat should be converted from broad to standard gauge.

Following the launch of the study, Mayors and CEOs from the Councils involved have met with State Government representatives and presentations have been made to regional partnerships to ensure that as many people as possible understand the importance of return of passenger rail to Western Victoria. A website and social media pages have also been launched and a communications strategy drafted to gain and maintain community support.

ECONOMIC MIGRATION PROJECT

In March 2017, Council resolved to pursue opportunities for population growth and increase diversity within its communities by undertaking a pilot economic migration project. Community information sessions have been facilitated across the Shire in response to the proposal, which aims to support the relocation of new Australian citizens from African countries with traditionally rural backgrounds into the rural areas of south west Victoria. Initial support from the community toward the project was strong and Council will continue working in the coming 12 months with partners Leadership Great South Coast, iGen foundation and Great Lakes Agency for Peace and Development with a view to achieving these economic and social aims.



COMMUNITY GRANTS

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

The Greater Grants program was established to deliver Council grants that are responsive to the needs and opportunities of the community, inclusive and equitable to all, and one that facilitated the flexible delivery of key strategies identified within the Council Plan 2013-2017 across the social, economic and environmental spectrum.

The projects we support help reflects the tremendous contribution made by our

volunteers. These volunteers, whether they are from a sporting club, arts group, events organisers or other community groups, are the heart and foundation of what makes the Southern Grampians Shire such a great place to live.

Council is committed to working with those volunteers and supporting them to achieve what is so important to our community.

In 2016/17, Council gave \$240,000 to community groups, events and individuals through our Greater Grants Program.

Some of the community initiatives supported last year were:

- Peaks and Trails event, Dunkeld
- North Hamilton Kinder Junior Obstacle Race
- Refurbishment of town walk signage - Dunkeld historical walk
- Australian Pedal Car Grand Prix Coleraine
- Cavendish Campout

- Hamilton Pride and Inclusion day
- Sturgeon Stampede – Dunkeld Rodeo
- Peshurst Community Christmas Market
- Branxholme Community Gathering Space
- St Mary's Expo
- Serra Terror
- Seymour Park Sculptures art project
- Rainwater tank for HIRL
- Renewable Energy Forum
- Lane Ropes – Hamilton Swim Club.

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





OUR COUNCIL

SHIRE PROFILE

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

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

With a population of almost 16,000, Southern Grampians covers an area of 6,655 square kilometres. Hamilton is the main retail and service centre supported by the smaller towns of Balmoral, Branxholme, Byaduk, Cavendish, Coleraine, Dunkeld, Glenthompson, 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. Our rich fertile soils and reliable water availability provide opportunities for diversification. More intensive use of land where sustainable, enhanced land management and new enterprises like mineral sands processing, horticulture, viticulture and plantation timber have the potential to boost the Shire's economy and the availability of jobs and business enterprises.

Secure water supplies in our settlements provide opportunities for industry development.

Processing, manufacturing, research and development, engineering, retail, tourism, aged and health care services and education are also important employment sectors across the Shire.

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



Estimated resident population – **15,751**



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



Land area – **6,652km²**



Unemployment rate – **3.8%**



Average household – **2.29 people**



Average weekly household income – **\$908**



Rateable properties – **10,888**



Average annual rainfall (Hamilton) – **703mm**



Average min temperature (Hamilton) – **7.5°C**



Average max temperature (Hamilton) – **19.1°C**



ROLES AND RESPONSIBILITIES OF COUNCIL

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

The role of a Council includes:

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

The functions of a Council include:

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

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

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

In October 2016, the seven Councillors of the Southern Grampians Shire Council were elected. The new Southern Grampians Shire Council includes three Councillors who were re-elected – Cr Albert Calvano, Cr Katrina Rainsford, and Cr Cathy Armstrong – and four new Councillors – Cr Mary-Ann Brown, Cr Chris Sharples, Cr Greg McAdam and Cr Colin Dunkley. Southern Grampians Shire Council would also like to acknowledge our outgoing Councillors who served their community for the first part of 2016/17. Cr Peter Dark, first elected 2012; Cr Paul Battista, first elected 2008; Cr Bruach Colliton, first elected 2008; and Cr Dennis Dawson, first elected 2012.

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

Councillor Mary-Ann Brown was elected as Mayor of the incoming Council in November 2016. Cr Peter Dark served two terms as Mayor from 2014-2016 and did not stand for re-election to Council in 2016.



ACKNOWLEDGEMENT OF TRADITIONAL LANDOWNERS

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

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

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

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



COUNCILLORS



CR MARY-ANN BROWN

Mayor 2016/17
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 0429 638 245



CR CHRIS SHARPLES

Deputy Mayor 2016/17
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CR GREG MCADAM

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CR KATRINA RAINSFORD

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 0429 140 216

VISION

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

VALUES

Innovative

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

Respectful

We will be caring, accept differences and value diversity.

Collaborative

Together we will work smarter to achieve agreed common goals.

Trusting

We will be open, honest and brave.

Empowering

We will delegate opportunities and develop and inspire success.



REPRESENTATION

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

Each year Council appoints representation to a range of other bodies. Appointments were made at The Ordinary Meeting of Council held on 9 November 2016 and are detailed in the table below.

COMMITTEES REQUIRED BY LEGISLATION

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

SECTION 86 COMMITTEES

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

Community Inclusion Advisory Committee	Cr Armstrong
Hamilton Regional Livestock Exchange Advisory Committee	Deputy Mayor and Cr McAdam
Environmental Reserves Committee	Cr Dunkley

COMMITTEES ESTABLISHED BY OTHER BODIES

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



EXECUTIVE LEADERSHIP TEAM



MICHAEL TUDBALL – Chief Executive Officer

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

Experience: Michael joined the Southern Grampians Shire in March 2016 from the City of Melton where he headed up Economic Development and Advocacy. He has a strong history in population growth and urban development with previous roles in State Government as Director School and Community Partnerships and Director of the Caroline Springs Partnerships.

Michael also has a solid background in business having run his own management consultancy firm for almost ten years. He has held a number of Governance roles including Government and Statutory Authority Boards, Not-For-Profit and Local Government, as a Councillor and Mayor.

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



DAVID MOLONEY – Director Shire Infrastructure

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

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



EVELYN ARNOLD – Director Community and Corporate Services

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

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



MICHAEL MCCARTHY – Director Shire Futures

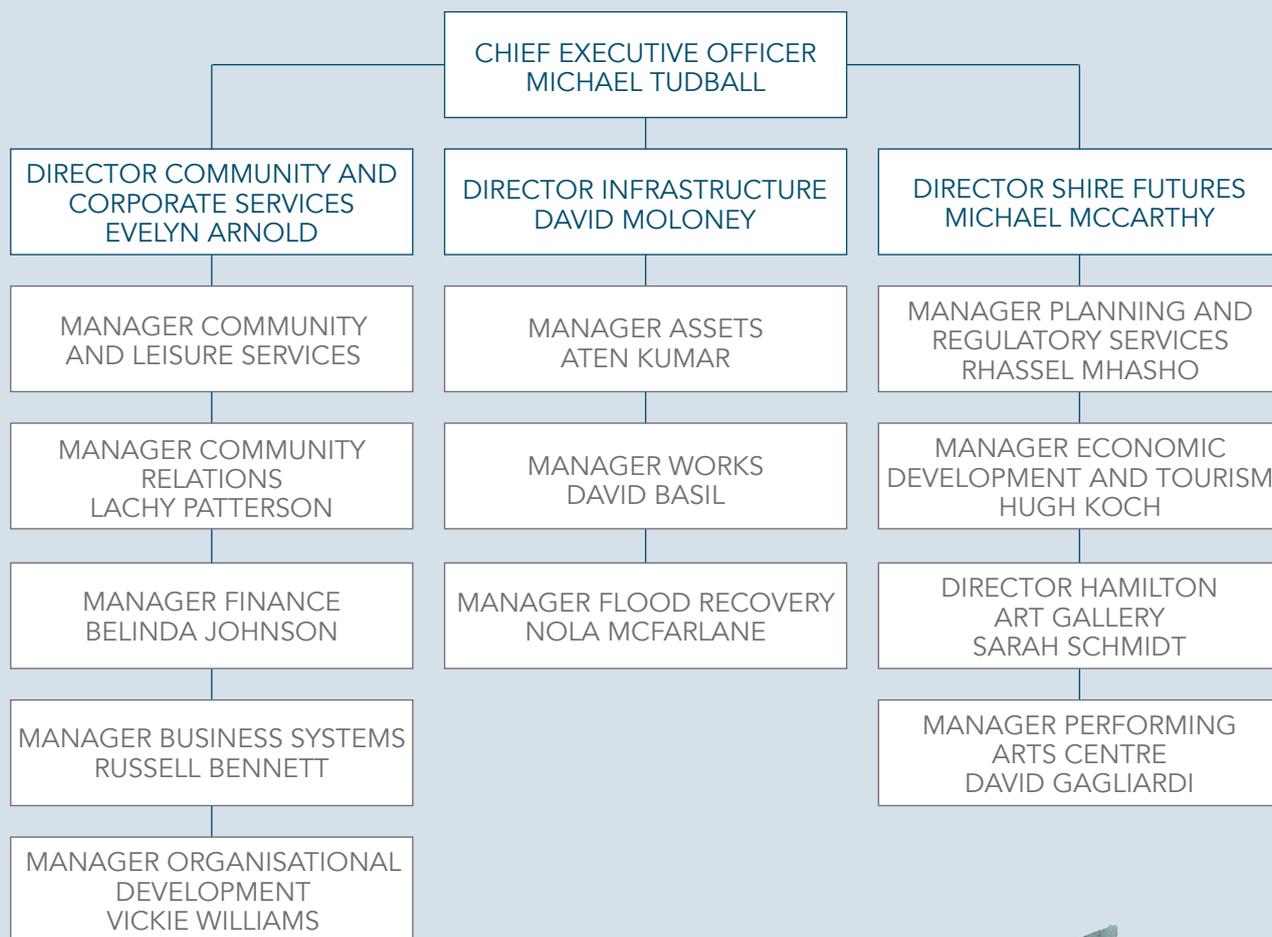
Position: Responsible for Planning and Regulatory Services, Environmental Health, Local Laws, Building, Economic Development and Tourism, Hamilton Gallery, Performing Arts Centre and Cinema.

Experience: Michael worked for four years at the Shire of Moorabool after almost 20 years at La Trobe University in marketing, commercial development, service provision and environmental education and restoration.

ORGANISATIONAL STRUCTURE

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

In September 2016, Evelyn Arnold was appointed to the position of Director Community and Corporate Services following the departure of Bronwyn Herbert in April 2016 after five years in the role.





MAJOR CHANGES

The 2016/17 financial year saw an extensive review of the organisational structure at the Southern Grampians Shire Council.

Significant staff consultation was conducted throughout the last 12 months as part of the review process and staff members were given opportunities to provide direct feedback to the structure prior to its implementation.

The review was based on the following principles:

- aligning our organisational structure and resources with our direction
- working more efficiently and effectively
- demonstrating to Council and Community value for money
- demonstrating to Council and Community we are focused, prioritised and delivering quality outcomes
- not about jobs or reducing our workforce.

The new structure has been designed to help the organisation achieve these objectives across all our service delivery areas, create greater collaboration between areas that have mutual interests, customers or outcomes and ensure more efficient and effective use of resources.

The review of the Infrastructure Department was targeted at providing a better management structure to better plan and deliver works and services including the significant capital works program each year and to deliver improved and more consistent outcomes.

The Shire Services Directorate has been renamed Community and Corporate Services and has been re-aligned to a better balance of workload, responsibilities and accountabilities. We also needed to focus and align our Communications and Community Engagement roles across the organisation to ultimately lead to excellence in customer service.

In Shire Futures, the revised structure brings together all Council's Regulatory Services and Local Laws into one team.

OUR PEOPLE

COUNCIL STAFF

In 2016/17 Southern Grampians Shire Council employed 367 people across the year, which is the equivalent to 222 EFT. During the year Council had a staff turnover rate of approximately 15% which equates to 55 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	Shire Services	Shire Futures	Shire Infrastructure
Permanent FT	7	34	18	93
Permanent PT	2	87	11	12
Temporary		3	2	2
Casual	1	67	24	4
Total	10	191	55	111

Legend: FT – Full time, PT – Part time

Employment Classification	Male	Female	Total
Band 1	16	28	44
Band 2	30	34	64
Band 3	51	55	106
Band 4	16	28	44
Band 5	9	22	31
Band 6	18	13	31
Band 7	6	5	11
Band 8	1	1	2
Band not applicable	18	16	34
	165	202	367



OTHER STAFF MATTERS

Organisational Development Business Unit

Over the past 24 months it has been recognised that the demand on the Organisational Development Business Unit is vast and increasing. This has resulted in a number of changes to the structure and team and an increase in staffing numbers within the unit. During an internal restructure in 2015/2016, Continuous Improvement and Payroll were moved across to the unit to align service delivery with human resources and risk management. This increased the team from three full-time staff to five.

During the 2016/17 organisational restructure the demands across the organisation on OH&S and Human Resources and Training were acknowledged and the business unit has now increased by a further two full-time positions. These positions are Health and Safety Officer and a Learning and Development Officer. In the near future Emergency Management will also be moved across to the team to join Risk Management.

This brings the team structure in line with benchmarking of Organisational Development teams across like sized organisations. With an improved structure and resources the team is more flexible and has a proactive approach to service delivery. The team is excited to be better resourced and to be able to provide and support the organisation with a more positive and practical approach into the future.

Occupational Health and Safety

Council has recently had its OH&S Management System audited and has embarked on a program of continuous improvement across Council to enhance its system and processes.

This has involved working across sites to embed improved practices and outcomes. The OHS Committee meets regularly and Council has increased the number of Health and Safety Representatives across the organisation from five to nine. Emergency Management Committees have been established at Council facilities.

Equal Opportunity Program

Council continues its Equal Opportunity and Human Rights commitment to provide a workplace free of any form of discrimination and harassment through its Equal Opportunity Policy and Staff Code of Conduct. During this year we trained an additional 10 employees in Contact Officer training to ensure we were providing the right mechanism across Council.

Equal Opportunity Contact Officers are trained to assist other staff with any enquiries about our organisational policies relating to discrimination, bullying or sexual harassment and are important as they help ensure that all staff understand their rights and obligations in relation to maintaining a work place that is free of bullying, harassment and discrimination.

Staff Consultative Committee

The Staff Consultative Committee continues to be busy with Enterprise Bargaining, policy reviews and change management across the organisation. Meetings regularly have guest speakers to ensure information and updates are provided to the Staff Representatives. Such speakers have spoken on subjects including local flood recovery updates, fraud prevention and employee safety.



EMPLOYEE RECOGNITION



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

5 years:	10 years:	20 years:	30years:	40years:
Megan Kruger	Simone Logan	Jean Humphries	Garry Walker	Lou Grinham
Nola McFarlane	Michael Matthews	Cheryl Storer	Bev Schurmann	
Lisa Kearney	Brett Greed	Jason Mulley		
Sarah Franks	Nathan Appledore			
Rhonda Main	Vicki McIntosh			
Kelly Pitt-Lancaster	Melanie Williams			
Jenny Maggs	Carol Lawrence			
Noelene Vickery	Dion Rhook			
Tracey Moore	Nicole Boxer			
Andrew Njue	Paige Cameron			
David Gough				
John Merryweather				
Bjorn Mair				
David Martin				
Aaron Kennett				
Cecily Hardy				
Amy Knight				

OUR PERFORMANCE

COUNCIL PLAN

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

PLANNING AND ACCOUNTABILITY FRAMEWORK

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

STRATEGIC OBJECTIVES

Council delivers services and initiatives under 70 major service categories. Each contributes to the achievement of one of the five Strategic Objectives as set out in the Council Plan for the years 2013-17. The following are the five strategic objectives as detailed in the Council Plan:

1. Leadership and Good Governance

Maintain an understanding of issues of local importance and provide leadership in tackling them. Where appropriate, advocate on behalf of our community and ensure that our community is represented in debates which affect us.

2. Foster Population and Economic Growth

Work to stimulate the Shire's economic activity and drive population growth through Council's Economic Development Strategy 2011-202.

3. Enhance Wellbeing and Culture

Enhance the liveability within the Shire, through planning and provision of quality in health, leisure, education and cultural services.

4. Help Communities Feel Dynamic and Resilient

Deliver high quality services in areas that are important in maintaining community safety and involve the community in determining and evaluating their performance on an ongoing basis.

5. Manage Environmental Security

Take seriously its responsibility as the custodian of community resources. Commit to achieving maximum benefit for the community from all our resources while taking care of our natural environment.

PERFORMANCE

Council's performance for the 2016/17 year has been reported against each strategic objective to demonstrate how Council is performing in achieving the 2013-2017 Council Plan.

Performance has been measured as follows:

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



STRATEGIC OBJECTIVE ONE: LEADERSHIP AND GOOD GOVERNANCE

Maintain an understanding of issues of local importance and provide leadership in tackling them. Where appropriate, advocate on behalf of our community and ensure that our community is represented in debates which affect us.

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 2014/15	RESULT 2015/16	RESULT 2016/17	COMMENTS
<p>Council Direction</p> <p>Community Satisfaction Survey rating out of 100 on the respondent's view of the overall direction of the Council's activities.</p>	43	46	56	Overall direction improved 10 points in the 2017 survey, the highest level ever achieved and an increase of 18 index points since 2012.
<p>Council Governance</p> <p>Community Satisfaction Survey rating out of 100 on interaction and responsiveness in dealing with the public:</p> <ul style="list-style-type: none"> • Community Consultation and Engagement • Making Community Decisions • Customer Service. 	50 44 64	49 50 63	56 49 69	The result for consultation and engagement sees Southern Grampians Shire placed higher than other large rural shires, and higher than the State average in this category.

The following statement reviews the progress of council in relation to major initiatives identified in the 2016/17 budget for the year:

MAJOR INITIATIVES	PROGRESS
Conduct the election of a new Council in October 2016.	Council elections were held in October 2016, resulting in the re-election of three Councillors and the election of four new Councillors. The Mayor was appointed at a statutory meeting held in November.
Develop a Council Plan 2017 – 21 for the term of the newly elected Council.	Following extensive community consultation the Council Plan was adopted in June 2016. This plan, divided into five themes, forms the foundation for Council's Annual Plans and Budgets for the next four years.
Advocate in relation to Council's Advocacy Priorities program.	<p>Council's Advocacy framework and priority projects, designed to support and facilitate its advocacy program in 2014 was presented to and reviewed by Council late in the 2016/17 financial year.</p> <p>Throughout the year a number of projects were determined to have been achieved and these were removed from the list. A number of other strategies were updated and added to the list. A full report can be found on page 29 of this document.</p> <p>The key focus of these priority projects is to reinforce Council's role as a key regional centre providing services across the Shire and beyond, noting that Hamilton has the cultural and social facilities and services to accommodate population growth across the Greater Hamilton region.</p>

The following statement provides information in relation to the services funded in the 2016/17 budget and the persons in the community who are provided the service:

SERVICE	DESCRIPTION	BUDGET	ACTUAL
		EXPENDITURE (REVENUE)	EXPENDITURE (REVENUE)
		NET COST	NET COST
		\$000	\$000
Executive and Councillor Support	This area of governance includes the Mayor, Councillors, Chief Executive Officer and Executive Management Team and associated support.	1,805	1,687
		(15)	(33)
		1,790	1,655
Governance Administration	This service has the responsibility to provide the organisation with appropriate strategic advice on governance and property-related matters, enabling the organisation to be responsive to the needs of the Council and the community.	1,274	1,593
		(0)	(61)
		1,274	(1,532)
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.	948	861
		(961))	(54)
		(13)	317
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.	185	145
		0	0
		185	145
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.	180	108
		0	(3)
		180	105
Communications	The Communications service assists the organisation to facilitate communication across both internal and external stakeholders, and provide high quality information to the community.	164	173
		0	0
		164	173
Customer Service	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.	336	255
		0	(3)
		336	252
Information Management	The Business Systems unit aims to maximise the organisation's capacity to utilise all its many and diverse systems and is also responsible for the ongoing support of Councils IT requirements necessary to deliver effective services.	1,022	902
		0	0
		1,022	902
Organisational Development and Continuous Improvement	The Organisational Development Unit aims to facilitate Council's organisational goals through effective workforce management and provide a mechanism for continual review and improvement.	422	452
		(30)	(1)
		392	451

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

STRATEGIC INDICATOR/MEASURE	RESULT 2014/15	RESULT 2015/16	RESULT 2016/17	MATERIAL VARIATIONS
GOVERNANCE				
<p>Transparency <i>Council resolutions at meetings closed to the public</i></p> <p>[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</p>	31%	19.44%	5.80%	Council made a conscious effort to reduce the number of Council Reports that were being held in Closed Council in 2016/2017. It did so by making all Procurement Council Reports held in Open Council, where previously they were held in Closed Council. This led to a significant drop in the number of Confidential Council Reports and an improvement in decision making transparency.
<p>Consultation and Engagement <i>Satisfaction with community consultation and engagement</i></p> <p>[Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]</p>	50	49	56	No material variations
<p>Attendance <i>Council attendance at council meetings</i></p> <p>[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</p>	89%	90.98%	92.31%	No material variations
<p>Service cost <i>Cost of governance</i></p> <p>[Direct cost of the governance service / Number of Councillors elected at the last Council general election]</p>	\$29,973.71	\$40,879.71	\$35,792.86	No material variations
<p>Satisfaction <i>Satisfaction with council decisions</i></p> <p>[Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]</p>	44	50	49	No material variations

STRATEGIC OBJECTIVE TWO: FOSTER POPULATION AND ECONOMIC GROWTH

Work to stimulate the Shire's economic activity and drive population growth through Council's Economic Development Strategy 2011-2021.



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 2014/15	RESULT 2015/16	RESULT 2016/17	COMMENTS
Planning Activity Level of Planning Permits processed within specified statutory timeframe.	82%	74.83%	87.59%	The 2016/17 result has improved significantly from 2015/16.
Increased Visitor Numbers <ul style="list-style-type: none"> • Hamilton VIC • Dunkeld VIC • Coleraine VIC 	32,985	33,184	31,743	Attendance at all three centres has remained consistent over the last three years.
	21,669	21,709	22,691	
	7,347	7,744	8,634	

The following statement reviews the progress of Council in relation to major initiatives identified in the 2016/17 budget for the year:

MAJOR INITIATIVES	PROGRESS
Market and promote investor and business utilisation of the Land Capability Study.	An additional 15 commodities have been modelled in partnership with the Glenelg Hopkins CMA and Deakin University to add to the land use mapping tool, bring the total number to 23. Specific horticultural information has been prepared and presented to key investors at "Hortconnections" – the inaugural expo and convention of the horticulture sector in Australia and New Zealand – with an invitation to visit the region and view the opportunities. A list of key investors has been developed following the expo and further communication of the horticultural possibilities has occurred.
Plan for the release of the serviced industrial land.	Following Council endorsement to proceed with developing Council-owned industrial land in Port Fairy Rd, Hamilton, an independent planning consultant has been appointed to assist in preparing a development plan and town planning report to accompany a permit application for the subdivision of land. \$500,000 has also been received from the State Government to assist in developing the land.
Work to seek private investor interest and public sector funding in the Intermodal Hub project.	A survey of potential freight users has been completed. This work will be shared with potential terminal operators to demonstrate the viability of such a project.
Commence master planning for the Council's cultural facilities upgrade.	Hamilton Gallery is regarded as one of the best regional art galleries in Australia, however 97 percent of the gallery's \$24 million collection of more than 8,000 works now stands in storage. Council has resolved to undertake a feasibility study to determine the scale and location of a new gallery. Funding of this study is essential for the gallery to achieve its full potential. The scoping study and master plan will guide the level of investment needed and provide the prospectus to begin a major fund raising project to achieve this. The Council has contributed 50% of the required funding and is currently seeking the remainder from higher levels of Government.

The following statement provides information in relation to the services funded in the 2016/17 budget and the persons in the community who are provided the service:

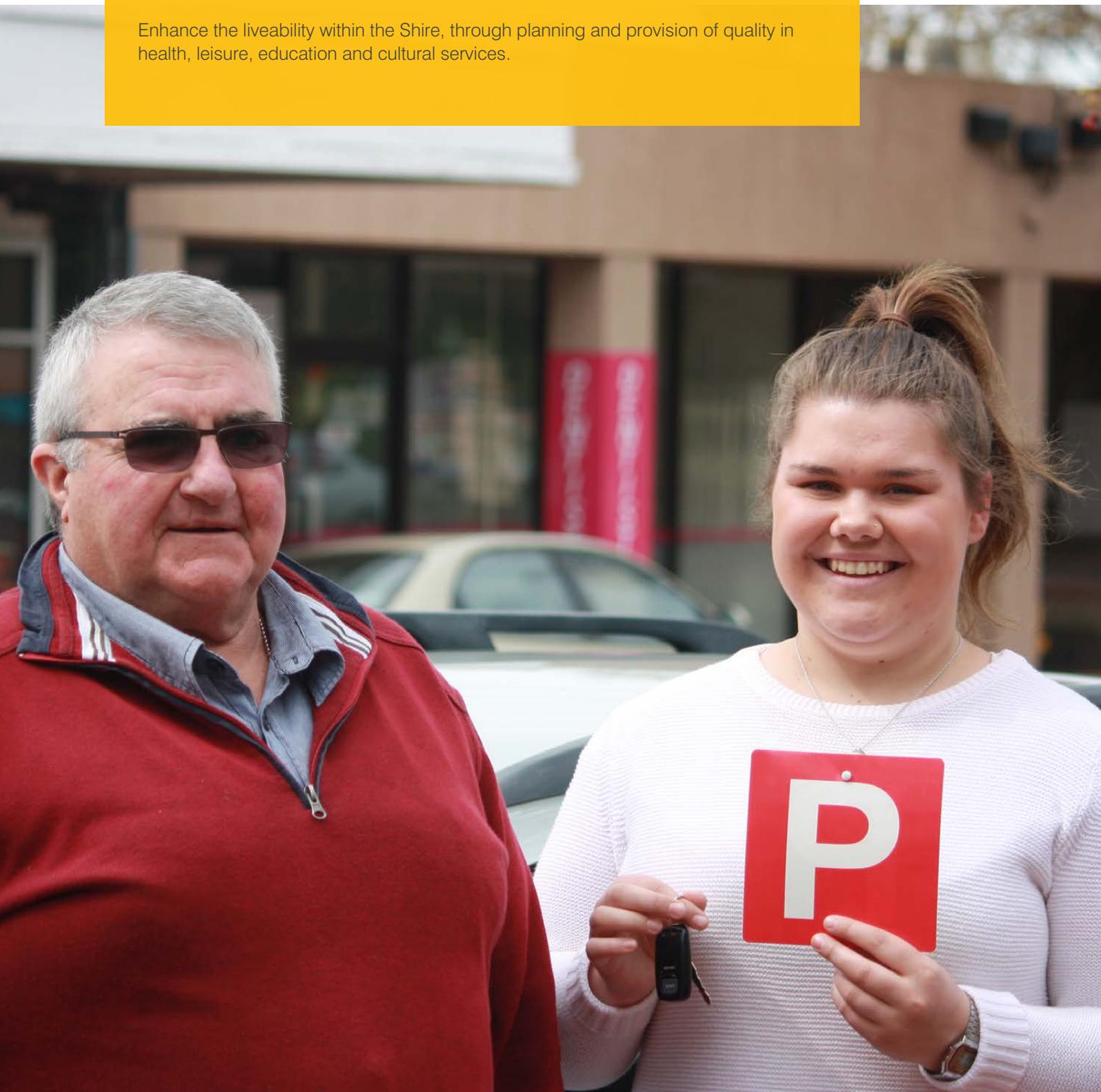
SERVICE	DESCRIPTION	BUDGET EXPENDITURE (REVENUE) NET COST \$000	ACTUAL EXPENDITURE (REVENUE) NET COST \$000
Economic Development	The economic development service seeks, in conjunction with key stakeholders, to promote an environment that is conducive to a sustainable and growing local economy.	414 (39) 375	365 (40) 325
Aerodrome	This service is responsible for the management and operation of the Hamilton Aerodrome.	407 (27) (380)	645 (27) 617
Livestock Exchange	This service is responsible for the management and operation of the Hamilton Livestock Exchange.	872 (1,529) (657)	879 (1,343) (464)
Tourism	This service aims to increase visitation and visitor yield and increase the quality of visitor experiences in the Shire.	308 (16) 292	308 (11) 296
Visitor Services	This service aims to connect the visitor to the Greater Hamilton experience, encouraging them to stay longer and contribute more to the local economy.	391 (20) 371	329 (24) 304
Building Services	This service provides statutory building services including enforcement of the Building Act and Regulation to ensure community safety in the built environment.	355 (209) 146	332 (231) 101
Business Development	The business development service seeks to facilitate an environment that is conducive to a sustainable and growing local business sector.	98 0 98	94 0 94
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.	243 0 243	144 (188) (44)
Statutory Planning	This statutory planning service processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit.	612 (132) 480	313 (77) 236

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

STRATEGIC INDICATOR/MEASURE	RESULT 2014/15	RESULT 2015/16	RESULT 2016/17	MATERIAL VARIATIONS
STATUTORY PLANNING				
<p>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]</p>	48.5 days	40 days	47 days	Several key factors effected statutory assessment times in the 2016/2017 financial year, including the introduction of the Planning Committee as delegate, staff turnover and a number of planning permit applications which were carried over from previous years. The prolonged assessment processes for these small number of permit applications significantly skewed the average number of statutory days to assess a Permit Application.
<p>Service standard <i>Planning applications decided within 60 days</i> [Number of planning application decisions made within 60 days / Number of planning application decisions made] x100</p>	82%	74.83%	87.59%	From 1 July 2016 this indicator will be updated to include VicSmart planning applications which should be assessed within 10 days. This may result in some variances. year on year.
<p>Service cost <i>Cost of statutory planning service</i> [Direct cost of statutory planning service /Number of planning applications received]</p>	\$1842.83	\$2630.02	\$2348.59	The increase in staff salaries from 2014/15 to 2015/16 is due to extra resources which has contributed to the large variations between financial years.
<p>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</p>	0	0	0	No Council planning decisions were referred to VCAT in the 2016/2017 financial year.

STRATEGIC OBJECTIVE THREE: ENHANCE WELLBEING AND CULTURE

Enhance the liveability within the Shire, through planning and provision of quality in health, leisure, education and cultural services.



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 2014/15	RESULT 2015/16	RESULT 2016/17	COMMENTS
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Patronage of Cultural Facilities

Performing Arts Centre	30,492	51,615	26,052	There was a miscalculation in the PAC figures for 15/16, attendance should have been 32,810.
Library	92,312	90,632	81,768	
Cinema	19,981	20,197	22,237	New door counter installed at the library reflects in decreased visits.
Art Gallery	18,730	22,530	23,074	

Data on the level of use of facilities (recreation)

HILAC indoor pool	113,508 visits	131,269 visits	147,640 visits	Visitation at HILAC indoor pool was higher in 2016/17 than in the previous year.
Outdoor Pools total (Dec-March)	19,773 visits	16,188 visits	11,801 visits	This figure is across all six pools in Southern Grampians Shire. Attendance is lower in 2016/17 than the previous year which can be attributed to extensive days lost due to weather, lifeguard unavailability and plant issues.

The following statement reviews the progress of council in relation to major initiatives identified in the 2016/17 budget for the year:

MAJOR INITIATIVES	PROGRESS
Implement the third year of the action plan for the Arts & Culture Strategy	<p>Council has implemented a broad range of initiatives to increase participation and appreciation of the arts, leveraging from its superior cultural facilities. An extensive education program has been delivered by the Gallery and an increased range of public and community initiatives and events have been aligned with the Gallery's varied and exciting exhibition program.</p> <p>The Performing Arts Centre has maintained a high quality program and delivered an extensive community program with a broad range of community groups utilising its facilities and services..</p>
Lead the development of a new Health & Wellbeing Plan	A series of workshops are being run to analyse the complex factors that influence a community's health and wellbeing. It is hoped this will lead to a new approach which will have a positive collective impact on the Southern Grampians region.
Monitor and respond to the Aged Care Reforms when advised	The Community Services department is gathering information both about the proposed changes and the best service level response to ensure that the community members most affected continue to receive the best possible service to meet their changing needs.

The following statement provides information in relation to the services funded in the 2016/17 budget and the persons in the community who are provided the service:

SERVICE	DESCRIPTION	BUDGET EXPENDITURE (REVENUE) NETCOST \$000	ACTUAL EXPENDITURE (REVENUE) NET COST \$000
Aged and Disability Services	This service provides a range of Home and Community Care services for the aged and disabled including home delivered meals, personal care, domestic assistance transport, property maintenance, and senior citizen clubs.	2,275 <u>(2,344)</u> (69)	2,344 <u>(2,321)</u> 23
Community Services Management	This service is responsible for the management and planning of community services. The service provides advice regarding social issues and assists community groups.	281 <u>0</u> 281	209 <u>(25)</u> 184
Rural Access	This service aims to build inclusive communities by mobilising, strengthening and providing support to communities.	58 <u>(67)</u> (9)	60 <u>(69)</u> (9)
Children's Services	This service provides quality education and care services, i.e. Family Day Care, and promotes the early years sector.	801 <u>(626)</u> 175	773 <u>(712)</u> 62
Leisure Services Planning and Support	This service is responsible for the management and planning of recreational opportunities in conjunction with the community using community development processes.	230 <u>0</u> 230	209 <u>(25)</u> 184
Structured Recreation	This service manages or provides assistance in the delivery of sporting facilities for structured clubs or groups in the Shire.	698 <u>(30)</u> 668	763 <u>(5)</u> 758
Unstructured Recreation	This service manages and/or provides assistance in the delivery of recreation facilities and open space for unstructured recreational activities in the Shire.	1,358 <u>(295)</u> 1,063	1,271 <u>(106)</u> 1,164
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.	659 <u>(59)</u> 600	601 <u>(87)</u> 514

SERVICE	DESCRIPTION	BUDGET EXPENDITURE (REVENUE) NET COST \$000	ACTUAL EXPENDITURE (REVENUE) NET COST \$000
Hamilton Indoor Leisure and Aquatic Centre	This service provides accessible leisure and aquatic experience that facilitates and promotes wellbeing outcomes.	2448 <u>(1,410)</u> 1,078	2,287 <u>(1,240)</u> 1,047
Art Gallery	This service aims to broaden the understanding and enjoyment of art in our community, providing enriching experiences for all our visitors.	844 <u>(288)</u> 616	746 <u>(578)</u> 168
Performing Arts Centre	This service provides promotion and support of performing arts, encouraging both appreciation and participation. Also serves as one of the major conference and event venues in the area for both the business and community sectors.	525 <u>(258)</u> 267	555 <u>(258)</u> 297
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.	518 <u>(201)</u> 317	624 <u>(199)</u> 425
Cinema	This service provides the community with a high quality cinema experience.	325 <u>(312)</u> 13	305 <u>(283)</u> 23
Civic and 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.	37 <u>0</u> 37	47 <u>(3)</u> 44
Events Support	This service's purpose is to increase visitation and visitor yield and increase quality visitor experiences through the support and marketing of events within the Shire.	221 <u>(3)</u> 218	251 <u>(8)</u> 243

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

STRATEGIC INDICATOR/MEASURE	RESULT 2014/15	RESULT 2015/16	RESULT 2016/17	MATERIAL VARIATIONS
LIBRARY				
Utilisation <i>Library collection usage</i> [Number of library collection item loans / Number of library collection items]	4.65	4.83	4.72	No material variations
Resource standard <i>Standard of library collection</i> [Number of library collection items purchased in the last 5 years / Number of library collection items] x100	71%	71.76%	77.60%	No material variations
Service cost <i>Cost of library service</i> [Direct cost of the library service / Number of visits]	\$5.15	\$6.00	\$5.71	Large difference between data from 2014/15 to 2015/16 is due to improved door count data capture.
Participation <i>Active library members</i> [Number of active library members / Municipal population] x100	35%	16.16%	15.28%	The change in data results from the information being calculated based on card use within 12 months in 2015/16 compared to 24 months in 2014/15.



STRATEGIC INDICATOR/MEASURE	RESULT 2014/15	RESULT 2015/16	RESULT 2016/17	MATERIAL VARIATIONS
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AQUATIC FACILITIES

<p>Service standard</p> <p><i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]</p>	1.14	1	1.29	The season in 2015/16 was shorter due to seasonal weather influences and in 2016/17 more inspections were conducted as a part of the internal report prepared on the condition of swimming pools.
<p><i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]</p>	0	0	0	There were no reportable safety incidents at aquatic facilities in Southern Grampians Shire in the 2016/2017 financial year.
<p>Service cost</p> <p><i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]</p>	\$2.90	\$2.72	\$2.20	The cost of indoor aquatic facilities has decreased in the 2016/2017 financial year due to an increase in attendance at the facility and a decreased cost of utilities and staff resourcing.
<p><i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]</p>	\$11.93	\$16.17	\$29.00	The significant cost increase for outdoor aquatic facilities in the 2016/2017 financial year is due to low attendance figures, extensive days lost due to weather, lifeguard unavailability and plant issues.
<p>Utilisation</p> <p><i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]</p>	13.70	15.23	24.17	There has been increased attendance of indoor aquatic facilities in the 2016/2017 financial year.

STRATEGIC INDICATOR/MEASURE	RESULT 2014/15	RESULT 2015/16	RESULT 2016/17	MATERIAL VARIATIONS
HOME AND COMMUNITY CARE				
Service standard <i>Compliance with Community Care Common Standards</i> [Number of Community Care Common Standards expected outcomes met / Number of expected outcomes under the Community Care Common Standards] x100	89%	88.89%	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
Service Cost <i>Cost of domestic care service</i> [Cost of the domestic care service / Hours of domestic care service provided]	0	\$51.47	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
<i>Cost of personal care service</i> [Cost of the personal care service / Hours of personal care service provided]	0	\$42.60	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
<i>Cost of respite care service</i> [Cost of the respite care service / Hours of respite care service provided]	0	\$49.15	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
Participation <i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC service x100]	35%	35.78%	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
<i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	54%	29.52%	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.

STRATEGIC OBJECTIVE FOUR: HELP COMMUNITIES FEEL DYNAMIC AND RESILIENT

Deliver high quality services in areas that are important in maintaining community safety and involve the community in determining and evaluating their performance on an ongoing basis.



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 2014/15	RESULT 2015/16	RESULT 2016/17	COMMENTS
Compliance with Electric Lines Clearance Regulations.	100% Complete	100% Complete	100% Complete	All trees on the list for the Hamilton declared area this year have been trimmed.
Immunisation rate of children within the Shire.	88.89%	91.07%	94%	This represents the percentage of children in the Shire fully immunised at 12-15 months. This is in line with Victorian average of 94.99%.
Building community capacity and participation through training opportunities.		<ul style="list-style-type: none"> Let's nut it out Community forum Communities in Control forum 	<ul style="list-style-type: none"> Events forum Crazy Ideas College Grants workshop Council Plan engagement 	We provided a number of opportunities this year for community members to collaborate, engage and develop their capacity to make changes in their own communities.

The following statement reviews the progress of council in relation to major initiatives identified in the 2016/17 budget for the year:

MAJOR INITIATIVES	PROGRESS
Review community engagement policy and ongoing Council program across Shire.	The Community Engagement policy review has begun and will be completed as part of the Communications Strategy development. A new set of guidelines will be developed part of this review which will inform engagement for all Council projects.
Review the regional Prevention of Violence Against Women & Children Strategy.	Council is committed to ongoing support in this area. This was demonstrated with the participation in White Ribbon Day and other community-based events to raise awareness and reinforce the importance of influencing genuine change.

The following statement provides information in relation to the services funded in the 2016/17 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
Emergency Services	This service coordinates emergency management planning to enable Council to coordinate and respond to emergencies in cooperation with other agencies.	194 (92) 102	1,482 (60) 1,422
Fire Prevention	This service coordinates fire prevention planning and works in cooperation with other agencies.	80 0 80	83 (33) 50
Environmental Health	This service improves the health and wellbeing of the community and protects the Shire's environment.	274 (105) 169	256 (114) 142
Environmental Sustainability	This service implements Council's Sustainability Strategy and acts as a catalyst for Council and community sustainability actions within the Shire.	240 (63) 177	116 0 116
Local Laws Operations	This service provides for the peace, order and good government of the Shire.	347 (357) (10)	436 (302) 134
Maternal and Child Health	This service provides a primary health care service for the Shire's families with children from birth to school age.	246 (207) 39	270 (273) (2)
Community Planning	This service assists communities to develop a vision and priorities for their community and facilitate the implementation of community plans.	216 (15) 201	239 (80) 159
Community Support	This service is responsible for the provision of community support services. The service provides advice to Council and assists community groups.	126 0 126	39 (5) 34
Asset Management and Property Services	This service prepares long-term maintenance management programs for Council's property assets in an integrated and prioritised manner in order to optimise their strategic value and service potential. These include municipal buildings, pavilions and other community buildings.	406 (59) 347	469 (74) 394

SERVICE	DESCRIPTION	BUDGET EXPENDITURE (REVENUE) NET COST \$000	ACTUAL EXPENDITURE (REVENUE) NET COST \$000
Bridges and Culverts	This service ensures the development and maintenance of the Shire's bridges and culverts.	408 <u>0</u> 408	2,509 <u>0</u> 2,509
Depot Operations and Maintenance	This service supports the Infrastructure Directorate in the delivery of Infrastructure-related services.	358 <u>(21)</u> 337	665 <u>(32)</u> 633
Footpaths	This service ensures the development and maintenance of the Shire's footpaths and cycle ways.	339 <u>0</u> 339	439 <u>0</u> 439
Infrastructure Management	This service undertakes design, tendering, contract management and supervision of various works within Council's capital works program.	1,084 <u>0</u> 1,084	669 <u>0</u> 669
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.	131 <u>(125)</u> 6	121 <u>(119)</u> 2
Rural Roads Verges and Drainage	This service aims to ensure responsible management of Council's road infrastructure and compliance with regulatory requirements.	5,528 <u>0</u> 5,528	7,104 <u>(8)</u> 7,097
Street Lighting	This service provides public lighting for safety and amenity in streets within urban areas and other designated public locations.	123 <u>0</u> 123	109 <u>0</u> 109
Traffic Control Management	This service provides strategic planning, policy development and day to day management of traffic and transport related issues in Council.	206 <u>0</u> 206	184 <u>0</u> 184
Urban Streets	This service aims to ensure responsible management of Council's urban road infrastructure and compliance with regulatory requirements.	1,642 <u>0</u> 1,642	805 <u>0</u> 805
Vic Roads Contract Management	This service ensures responsible contract management of Councils VicRoads contract.	367 <u>(590)</u> (223)	212 <u>(232)</u> (20)

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

STRATEGIC INDICATOR/MEASURE	RESULT 2014/15	RESULT 2015/16	RESULT 2016/17	MATERIAL VARIATIONS
ROADS				
Satisfaction of use <i>Sealed local road requests</i> [Number of sealed local road requests / kilometres of sealed local roads] x100	1.27	1.44	4.16	The increase in sealed local roads requests had been due to road damage resulting from the 2016 September flood event. VicRoads are still in the progress of approving funding for the works to repair the condition of the roads.
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	100%	99.94%	99.64%	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]	\$77.06	\$21.75	\$17.65	Improvements in the rehabilitation methodology has resulted in better unit rate, reducing the overall cost of sealed local road reconstruction in the 2016/2017 financial year.
<i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$4.37	\$3.34	\$3.81	
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	36	35	No material variations

STRATEGIC INDICATOR/MEASURE	RESULT 2014/15	RESULT 2015/16	RESULT 2016/17	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]	0.33 days	1 day	1 day	No material variations
Service standard <i>Animals reclaimed</i> [Number of animals reclaimed / Number of animals collected]	40%	50.55%	34.76%	A large number of animals were surrendered to Council in 2016/2017 due to behavioural issues or legislative requirements. There was also a significant increase of the number of feral cats in 2016/2017 which are euthanised and unable to be reclaimed.
Service cost <i>Cost of animal management service</i> [Direct cost of the animal management service/ Number of registered animals]	\$19.85	\$19.48	\$26.46	There has been a reduction in the number of animals registered in 2016/2017 for a variety of reasons. There has also been an increase in animals impounded and in feral cats in 2016/2017.
Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	0	1	Council had one successful animal management prosecution in 2016/2017.

STRATEGIC INDICATOR/MEASURE	RESULT 2014/15	RESULT 2015/16	RESULT 2016/17	MATERIAL VARIATIONS
MATERNAL AND CHILD HEALTH (MCH)				
Satisfaction <i>Participation in first MCH home visit</i> [Number of first MCH home visits / Number of birth notifications received] x100	101%	103.93%	114.49%	No material variations.
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	98%	91.57%	99.28%	No material variations.
Service cost <i>Cost of the MCH service</i> [Cost of the MCH service / Hours worked by MCH nurses]	\$0	\$68.47	\$44.46	The cost of the MCH service has reduced in the 2016/2017 financial year due to a reduction in the number of visits to the smaller townships in the Shire. This service reduction has occurred due to the reduction of birth numbers in the smaller townships.
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	85%	71.53%	77.01%	No material variations.
<i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	81%	N/A	69.77%	No material variations.

STRATEGIC INDICATOR/MEASURE	RESULT 2014/15	RESULT 2015/16	RESULT 2016/17	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	101%	100%	100.70%	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]	0	1.07	1.63	
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]	\$133.76	\$387.95	\$355.47	Increase in premises numbers, without increase to resourcing levels.
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%	96.43%	92.31%	From 1 July 2016, 'Critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year.



STRATEGIC OBJECTIVE FIVE: MANAGE ENVIRONMENTAL SECURITY

Take seriously its responsibility as the custodian of community resources. Commit to achieving maximum benefit for the community from all our resources while taking care of our natural environment.

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 2014/15	RESULT 2015/16	RESULT 2016/17	COMMENTS
Reduction in waste going into landfill	47%	45.17%	41.39%	The diversion rate has increased significantly from the 2013/14 rate of 27%. Council funded increased promotion of the organic waste program throughout the financial year which may have assisted in this increase.
Level of participation in organic waste scheme	745 residents	950 residents	1029 residents	The participation rate remains low in the townships where it is provided as an optional service. Options are being considered for the future including making the service compulsory, changing the frequency and alternatives just as biogas.
Demonstrable reduction in carbon emissions Street Lights: • C02 Emissions (tonnes) • Electricity Use (kWh)	2010/11 791 638,319	2016/17 382 350,290		In 2014/15 Council removed all 80-watt mercury vapour streetlights, replacing them with energy-efficient 18-watt LED lights. The new lights have significantly reduced Council's greenhouse gas emissions from electricity.



The following statement reviews the progress of Council in relation to major initiatives identified in the 2016/17 budget for the year:

MAJOR INITIATIVES	PROGRESS
<p>Complete and adopt Climate Change Adaptation Plan</p>	<p>In June 2017 Council endorsed its first Climate Change Adaptation Plan. The plan takes the form of a risk management plan for the period 2017-2027 and was developed in collaboration with DELWP, various statutory agencies and nine other councils in the Barwon South West region.</p> <p>Climate change related risks were identified and actions were developed to prepare Council for unavoidable impacts caused by fire, heat waves, water shortages and floods. The plan provides actions across six main themes and these are to be included in Annual Work Plans.</p>
<p>Develop a Waste & Resource Recovery Strategy to inform the Long Term Financial Plan and waste management operations.</p>	<p>A financial review of waste services was completed in late 2016. Recommendations included closing the Hamilton landfill and standardising kerbside recycling to a fortnightly service across the Shire. These, and a number of other recommended changes, will save Council significant money over time and improve waste diversion rates.</p> <p>A number of councils in the Barwon South West region expressed the need for a Waste Strategy so the regional group cooperatively developed a template that was finalised in June 2017. The template will result in Council waste strategies that are consistent with the region's and the state's waste management objectives. Council will be utilising the template in 2017-18 to develop its strategy.</p>
<p>Participate in the Barwon South West and Resource Recovery Group to leverage funding and project opportunities</p>	<p>Council is a member of the Barwon South West Waste and Resource Recovery Group (BSWRRRG), formed in 2014 as an amalgam of the two previous Barwon Region and South Western Region Waste Management Groups. The BSWRRRG is responsible for planning and enhancing commercial and industrial waste, construction and demolition as well as municipal solid waste across the region. Council is an active participant in the group's program and provides Councillor and staff delegates to the Local Government Forum and the Advisory Reference Group (ARG).</p>



The following statement provides information in relation to the services funded in the 2016/17 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	This service manages the disposal of non-recyclable waste within the Shire's Landfill site.	1,328	605
		<u>(1,082)</u>	<u>(758)</u>
		246	(153)
Transfer Stations	This service manages the waste and recyclables collection process at the designated transfer stations within the Shire.	437	382
		<u>(88)</u>	<u>(92)</u>
		349	290
Waste and Recycling Collection	This service manages the waste and recyclables collection process within the Shire, including the collection of kerbside bins.	1,310	1,270
		<u>(138)</u>	<u>(131)</u>
		1,172	1,139
Natural Asset Management	This service develops environmental policy, coordinates and implements environmental projects and works with other services to improve Council's environmental performance.	226	135
		<u>(63)</u>	<u>(64)</u>
		163	71
Stormwater/ Drainage	This service manages the maintenance and environmental issues associated with the stormwater/drainage networks throughout the Shire.	329	388
		<u>0</u>	<u>0</u>
		329	388
Yatchew Drainage Authority	This service is responsible for the management and maintenance of the Yatchaw Drainage Scheme.	6	6
		<u>(7)</u>	<u>(5)</u>
		(1)	1
Quarry	This service is responsible for the sustainability in the supply of materials for road management and the realisation of returns from an economic asset.	0	3
		<u>(150)</u>	<u>(204)</u>
		(150)	(200)



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

SERVICE/INDICATOR/MEASURE	RESULT 2014/15	RESULT 2015/16	RESULT 2016/17	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	21.27	47.73	65.76	There was an increased number of missed bins and an increase in bins damaged due to the older bins becoming more brittle in the 2016/2017 financial year, which in turn increased the number of kerbside bin collection requests.
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	1.18	3.78	4.99	There was an increased number of missed bins in the 2016/2017 financial year, which was mainly due to relief drivers not familiar with routes.
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]	\$99.74	\$99.75	103.39	No material variations.
<i>Cost of kerbside recyclables collection service</i> [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$60.98	\$44.69	45.99	A new contract was entered into in the 2015/16 financial year which has led to significant cost savings for Council.
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	47%	45.17%	41.39%	No material variations.



CORPORATE GOVERNANCE

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

Council has a number of roles including:

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

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

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

MEETINGS OF COUNCIL

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

The meeting is open to all who wish to attend. Councillors of the Southern Grampians Shire Council are also available to meet informally with residents between 5:00pm- 5:30pm in the Martin J. Hynes Auditorium, 5 Market Place, prior to the monthly Council Meeting Council meetings. There is also the opportunity for community members to submit a question to the Council, make a submission or speak to an item. For the 2016/2017 year Council held the following meetings:

- 11 Ordinary Council meetings
- two Special Council meetings

The following table provides a summary of councillor attendance at Council meetings and Special Council meetings for the 2016/17 financial year.

Councillor	Ordinary Meeting	Special Meeting	Total
Cr Peter Dark (Mayor until October 2016)	4	0	4/4
Cr Albert Calvano	9	1	10/13
Cr Dennis Dawson	4	0	4/4
Cr Katrina Rainsford	11	2	13/13
Cr Bruach Colliton	3	0	3/4
Cr Paul Battista	4	0	4/4
Cr Cathy Armstrong	10	2	12/13
Cr Mary Ann Brown (Mayor from 9 November 2016)	6	2	8/9
Cr Chris Sharples	7	2	9/9
Cr Colin Dunkley	7	2	9/9
Cr Greg McAdam	6	2	8/9

COUNCILLOR CODE OF CONDUCT

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

The Councillor Code of Conduct was adopted at Council's meeting on 8 February 2017.

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

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

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

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

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

A copy of the Councillor Code of Conduct can be obtained from Council's Brown Street Business Centre, or viewed on Council's website www.sthgrampians.vic.gov.au.

COUNCILLOR ALLOWANCES

The Local Government Act 1989 provides for the payment of allowances to the Mayor and Councillors.

There are three categories of Councils for the purpose of determining allowance ranges, determined on population and revenue, and Southern Grampians is in the lowest Category, being Category 1.

The allowance range limits which apply for this category are:

Mayor - up to \$59,257 pa

Councillors - \$8,324 to \$19,834 pa

Section 74 of the Local Government Act 1989 (LGA) provides that Council must review the level of the Mayoral and Councillor allowances by 30 June following a General Election. In April 2017 Council reviewed the allowances payable and resolved that they remain at the maximum level applicable to Category 1.

The Minister for Local Government periodically reviews the limits and ranges of the Mayoral and Councillor allowances and makes determinations under section 73B of the LGA.

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

Allowances set under this process remain in force for the next four financial years but may be varied if an Order in Council is made by the State Government.



The table below sets out the allowances paid and the bona fide expenses reimbursed in accordance with the Act.

Councillor	Allowance	Superannuation	Other Allowable Expenditure/ Reimbursements	Total
Dark#	14,453.01	1,373.04	-	15,826.05
Calvano	19,672.56	1,869.04	5,271.94	26,813.54
Dawson#	4,837.50	459.60	129.92	5,427.02
Armstrong	19,672.56	1,869.04	-	21,541.60
Colliton#	4,837.50	459.60	-	5,297.10
Rainsford	19,672.56	1,869.04	7,167.64	28,709.24
Battista#	4,837.50	459.60	936.78	6,233.88
Brown*	44,322.63	4,210.72	112.46	48,645.81
Sharples*	14,835.06	1,409.44	178.00	16,422.50
McAdam*	14,835.06	1,409.44	3,715.75	19,960.25
Dunkley*	14,835.06	1,409.44	-	16,244.50

Outgoing Councillor *Incoming Councillor

AUDIT COMMITTEE

The Audit Committee is an advisory committee of Council formed in accordance with section 139 of the Local Government Act 1989.

The Committee is comprised of two independent members, Mr Michael Murphy (Chair) and Mr Brian Densem and Councils' Mayor, Councillor Mary-Ann Brown and Councillor Colin Dunkley. Meetings are also attended by the Chief Executive Officer, Director Community and Corporate Services, Manager Finance, Financial Services Coordinator and other staff as appropriate.

The primary objective of the Audit Committee is to assist Council in the effective conduct of its responsibilities for financial reporting, management of risk, maintaining a reliable system of internal controls and facilitating the organisation's ethical development.

The Audit Committee is established to assist the co-ordination of relevant activities of management, the internal audit function and the external auditor to facilitate achieving overall organisational objectives in an efficient and effective manner.

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

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

The duties and responsibilities of the Audit Committee include reviewing:

- Council's annual financial and standard statements prior to their approval by the Council
- The annual performance statement Budget documents prior to adoption by Council
- Internal controls over revenue, expenditure, assets and liability processes;
- Matters arising from external audit
- Comparative financial statements
- The impact on Council financial statements of major changes in accounting policies and regulations.

The Audit Committee met on four occasions during 2016/17 and addressed a broad range of issues including:

- Annual Financial, Standard and Performance Statements
- Budget 2017 – 2018
- Financial Statements
- Audit Plan 2017
- External Audit Strategy 2017
- Local Government Performance Reporting Framework
- Audit Committee Charter
- Internal Audit Charter
- Procurement Policy and Processes
- Victorian Auditor General Report
- Strategic Risk Register.

DOMESTIC ANIMAL MANAGEMENT PLAN

In accordance with the Domestic Animal Act 1994, Council is required to prepare a Domestic Animal Management Plan and to evaluate its implementation in its Annual Report. It is prepared in accordance with the requirements and responsibilities under the Domestic Animals Act 1994, the Southern Grampians Shire Council Community Local Law and relevant policies.

The plan identifies strategies and actions to implement the vision, aims and objectives for animal management and contains recommendations for a wide range of actions to be undertaken by Council in a programmed approach. These actions will enable Council to maintain a balance between the competing

interests of animal management and to accommodate new requirements. The plan addresses topics including authorised officer training, promotion of responsible pet ownership including registration, minimisation of dog attacks, operation of the Pound facility and general service delivery throughout the municipality. The Pound is run in strict accordance with the code of practice for Pounds and Shelters.

Council is effectively implementing the actions in the Domestic Animal Management Plan. There was a slight reduction in the number of animals registered in the Shire for 2015/16. As at 30 June 2016 there were 3,204 domestic animals registered with Council: 2,432 dogs and 772 cats. The 2015/16 year saw 59 percent of impounded dogs and 14 percent of impounded cats reclaimed by their owners and 10 percent of impounded dogs rehoused with new families.

Whilst the number of impounded cats humanely destroyed appears to be disproportionately high, this is because the majority of the cats impounded by Council are feral animals. However, this only represents the animals that were physically brought to the pound and does not include the many animals that were able to be returned to their owners before being impounded.

Enforcement of domestic animal management resulted in five infringements being issued. The Domestic Animal

Management Plan provides Council with a sound basis from which it can plan, coordinate and make decisions to meet the present and future needs of the community.

BEST VALUE

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

CARER'S RECOGNITION ACT 2012

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.



THE COMMUNITY INCLUSION PLAN 2013-2017

The Southern Grampians Community Inclusion (Disability Action) Plan 2013-17 was adopted by Council in December 2013. The four-year action plan aims to improve access, inclusion and community participation for people with disability. It promotes partnerships and networks, highlights local issues, and involves all areas of Council and relevant local organisations. The actions align with the 'environments for health' framework, as shown in the Municipal Public Health Plan.

This comprises the Built/Physical Environment; the Social Environment; and the Economic Environment. The implementation of actions in the plan is now underway.

The Community Inclusion Plan 2013-2017 is Council's third Disability Action Plan, the first being established in 2006. The plan provides a framework to meet the legislative requirement to prepare a Disability Action Plan (Section 38 of the Disability Act 2006). However, the decision to name these plans "community inclusion" rather than focus solely on "disability action" is indicative of Council's commitment to inclusion beyond mere legislative compliance. The overarching aim of the Plan is that people with disability are able to access services and facilities and participate fully in community life.

People with a disability make up almost 20 per cent of the Victorian community. With this number of

people experiencing disability, effective practices that improve access to organisations and services and reduce discrimination and promote inclusion and community participation must be implemented. The Community Inclusion Plan 2013-2017 provides a means to join community, stakeholders and Council in the achievement of positive change.

The Community Inclusion Advisory Committee provides an opportunity for interested community members, including people with disability to have a voice on issues that are important to them. It also enables Council, stakeholders and wider community to work together to improve access and community participation and inclusion for people with disability.

MUNICIPAL HEALTH AND WELLBEING PLAN

The Public Health & Wellbeing Act 2008 requires every local government in Victoria to prepare a Health and Wellbeing Plan within a year of Council elections. The Municipal Public Health and Wellbeing Plan for Southern Grampians Shire was adopted by Council in October 2013.

The Southern Grampians Health and Wellbeing Plan 2013-2017 is a four-year strategic plan that provides a framework to improve the health and wellbeing of the Southern Grampians Shire community. The plan identifies the health status of the community and addresses the most pressing health issues for term of the plan.

We have used the World Health Organisation's definition of health as - a state of complete physical, mental and social wellbeing, and not merely the absence of disease or infirmity (WHO, 1948) and based the plan on the social determinants of health – the social, political, economic, environmental and cultural factors that are as influential on an individual's health as their life style choices, medical or genetic factors. Addressing these upstream factors focuses on the circumstances in which people are born, grow up, live, work and age and leads to policies and strategies that consider, for example, employment, education, attention to the early years of life, housing, social connections, and access to transport, healthy food and health services.

This Plan aims to lead and inspire a large community effort and partnership towards creating an environment that will ensure good health, on equal terms, for all our residents. It promotes partnerships and networks, highlights local health issues, involves all areas of Council and relevant local organisations and

describes the links to regional, state and national health priorities. It will help achieve the Shire's vision of becoming 'Australia's Most Liveable Provincial Community'.

COUNCIL RECOGNISES THE IMPORTANCE OF THE PROVISION OF QUALITY HEALTH, LEISURE, EDUCATION AND CULTURAL SERVICES AS IMPORTANT FOR BUSINESSES AND INDIVIDUALS WHEN MAKING A DECISION ON WHERE TO INVEST OR LIVE. Council is committed to ensuring that those services provided directly remain real competitive strengths and that strong relationships are maintained with external providers of these services.

Significant community progress has been achieved particularly in the outcome areas of seeking ways to improve educational attainment, and improving levels of physical activity and intake of healthy food, through the Beyond the Bell and GenR8 change initiatives respectively. Council

has taken a strong leadership role in the campaign to end violence against women and children with all staff trained in the "Take a stand" program and support of the White Ribbon Day initiative. We have this year commenced a youth engagement program, the "Crazy Ideas College" seeking to improve the sense of belonging and connection for all people in our shire, including school-aged youth.

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 financial year.



CORPORATE GOVERNANCE

GOVERNANCE AND MANAGEMENT CHECKLIST

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

GOVERNANCE AND MANAGEMENT ITEMS	ASSESSMENT
1 Community engagement policy (policy outlining Council's commitment to engaging with the community on matters of public interest).	Current policy in operation Date: 9 June 2010
2 Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community).	Current guidelines in operation Date: 9 June 2010
3 Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next four financial years).	Plan adopted in accordance with section 126 of the Act Date of adoption: 12 July 2017
4 Annual budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Budget adopted in accordance with section 130 of the Act Date of adoption: 12 July 2017
5 Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years).	Current plans in operation Date: Bridges and Culverts: 30 June 2015 Storm Water Drainage: 30 June 2015 Roads Infrastructure Mgt Plan: 28 June 2011
6 Rating strategy (strategy setting out the rating structure of Council to levy rates and charges).	Current strategy in operation Date: 8 June 2016
7 Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Current policy in operation Date: 1 July 2013
8 Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud).	Current policy in operation Date: 24 November 2009
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: 13 May 2015

GOVERNANCE AND MANAGEMENT ITEMS**ASSESSMENT**

10	Procurement Policy (policy under section 186A of the Local Government Act 1989 outlining the matters, practices and procedures that will apply to all purchases of goods, services and works).	Prepared and approved in accordance with section 186A of the Local Government Act Date: 14 December 2016
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 February 2012
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: 1 February 2012
13	Risk management framework (framework outlining council's approach to managing risks to the Council's operations).	Current framework in operation Date: 1 July 2013
14	Audit Committee (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements).	Committee established in accordance with section 139 of the Act Date: 9 April 1999
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: 1 May 2017
16	Performance Reporting Framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act).	Current framework in operation Date: 1 July 2014
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: 14 December 2016 and 26 April 2017
18	Financial reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure).	Quarterly statements presented to council in accordance with section 138(1) of the Act Date: 14 September 2016, 30 November 2016, 22 February 2017, 22 March 2017, 26 April 2017, 24 May 2017 and 28 June 2017

CORPORATE GOVERNANCE

GOVERNANCE AND MANAGEMENT ITEMS

ASSESSMENT

<p>19 Risk reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies).</p>	<p>Reports prepared and presented Date: 30 August 2016, 31 August 2016, 29 November 2017 and 14 March 2017</p>
<p>20 Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act).</p>	<p>Reports prepared and presented Date: 14 September 2016, 30 November 2016, 14 December 2016, 22 February 2017, 22 March 2017, 26 April 2017, 24 May 2017 and 28 June 2017</p>
<p>21 Annual Report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements).</p>	<p>Annual Report considered at a meeting of Council in accordance with section 134 of the Act Date: 12 October 2016</p>
<p>22 Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors).</p>	<p>Code of conduct reviewed in accordance with section 76C of the Act Date: 8 February 2017</p>
<p>23 Delegations (a document setting out the powers, duties and functions of council and the Chief Executive Officer that have been delegated to members of staff).</p>	<p>Delegations reviewed in accordance with section 98(6) of the Act Dates of review: s5 28 June 2017, s6 28 June 2017, s7 5 June 2017, s14 31 July 2015</p>
<p>24 Meeting procedures (a local law governing the conduct of meetings of Council and special committees).</p>	<p>Meeting procedures local law made in accordance with section 91(1) of the Act Date: 18 October 2013</p>



STATUTORY INFORMATION

The following information is provided in accordance with legislative and other requirements applying to Council.

Documents available for public inspection:

Council maintains a range of documents and registers for public inspection in accordance with the Local Government (General) Regulations 2015.

Documents are available for inspection at Council's Brown Street Business Centre, 111 Brown Street, Hamilton. To arrange an inspection please contact Council on (03) 5573 0444.

The following documents are available for public inspection:

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



FINANCIAL INFORMATION

UNDERSTANDING THESE ACCOUNTS

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

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

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

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

FINANCIAL OVERVIEW

Council's audited 2016/17 Financial Statements are included from page 90-95 of this report.

Council continues to be in a sound financial position despite an operating deficit of \$4.192 million.

Council has a working capital ratio of 3.06:1 this year (2015/16 1.95:1). The Working Capital Ratio assesses Council's ability to meet current commitments and

means that Council has \$3.06 of cash and current assets for every \$1.00 of current liabilities.

Unrestricted cash on hand at 30 June 2017 was \$24.808 million which includes investments of \$3.0 million for payment of long service leave entitlements, \$1.595m for the future provision of landfill remediation, and \$1.6m defined benefits super call contingency. Restricted cash of \$0.748 million is for specific reserve funds and trust deposits.

Borrowings outstanding at 30 June 2017 totalled \$2.645 million. Trade and other payables was \$2.210m.

Council had a net overall cash outflow for the year of \$1.452 million compared to a budgeted inflow of \$2.283 million.

Council achieved a net cash flow of \$21.713 million from Operating Activities compared to a budget of \$16.434 million for the financial year.

RATING

Rates and Charges provide 37 per cent of Council's total operating revenue in 2016/17 or 46 per cent of recurrent revenue.

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

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

FINANCIAL INFORMATION

LOOKING AHEAD

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

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

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

COMPREHENSIVE INCOME STATEMENT

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

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

The Statement is prepared on an accrual basis. This means that all revenue and expenditure for the year is recognised even though the revenue may not yet be received or expenses not yet paid.

The key figure is the Surplus (Deficit) which is the equivalent to the profit or (loss) of Council for the year. Council Expenses were \$55.619 million with Revenue \$51.427 million leaving a deficit of \$4.192 million.

BALANCE SHEET

The Balance Sheet shows what the Council owns as assets and what it owes as liabilities.

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

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

STATEMENT IN CHANGES OF EQUITY

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

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

Council's Net Equity decreased from \$335.957 million to \$331.765 million in 2016/17. This decrease of \$4.192 million is the operating deficit.

FINANCIAL INFORMATION

STATEMENT OF CASH FLOWS

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

It differs from the Comprehensive Income Statement in that it:

- excludes the accruals taken into account in the Comprehensive Income Statement
- excludes non-cash expenses such as depreciation and impairment
- 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 of Council and contingent liabilities



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

COMPREHENSIVE INCOME STATEMENT

	Note	2017 \$'000	2016 \$'000
Income			
Rates and charges	3	19,013	18,434
Statutory fees and fines	4	602	493
User fees	5	6,104	6,455
Grants - operating	6	14,340	6,257
Grants - capital	6	9,416	5,239
Contributions - monetary	7	2	36
Contributions - non monetary	7	433	378
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	8	(76)	54
Found Assets	24	442	-
Fair value adjustments for investment property	25	37	20
Other income	9	1,114	1,271
Total income		51,427	38,637
Expenses			
Employee costs	10	(16,283)	(16,545)
Materials and services	11	(9,690)	(7,976)
Bad and doubtful debts	12	(26)	(27)
Depreciation and amortisation	13	(10,172)	(10,310)
Assets written off	14	(1,758)	(2,472)
Adjustment to landfill provision	15	(2)	106
Borrowing costs	16	(190)	(215)
Impairment of Assets	24	(14,430)	-
Other expenses	17	(3,068)	(3,768)
Total expenses		(55,619)	(41,207)
Surplus/(deficit) for the year		(4,192)	(2,570)
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	24	-	8,101
Total comprehensive result		(4,192)	5,531

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

BALANCE SHEET

	Note	2017 \$'000	2016 \$'000
Assets			
Current assets			
Cash and cash equivalents	18	3,875	5,327
Trade and other receivables	20	3,476	3,312
Other financial assets	19	21,130	7,165
Inventories	21	1,113	1,128
Other assets	23	558	476
Total current assets		30,152	17,408
Non-current assets			
Trade and other receivables	20	140	164
Property, infrastructure, plant and equipment	24	313,908	331,256
Investment property	25	1,100	1,063
Total non-current assets		315,148	332,483
Total assets		345,300	349,891
Liabilities			
Current liabilities			
Trade and other payables	26	2,210	2,053
Trust funds and deposits	27	197	221
Provisions	28	7,041	6,389
Interest-bearing loans and borrowings	29	382	357
Total current liabilities		9,830	9,020
Non-current liabilities			
Provisions	28	1,442	2,270
Interest-bearing loans and borrowings	29	2,263	2,644
Total non-current liabilities		3,705	4,914
Total liabilities		13,535	13,934
Net assets		331,765	335,957
Equity			
Accumulated surplus		130,563	134,822
Reserves	30	201,202	201,135
Total Equity		331,765	335,957

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

STATEMENT OF CHANGES IN EQUITY

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2017					
Balance at beginning of the financial year		335,957	134,822	200,463	672
Surplus/(deficit) for the year		(4,192)	(4,192)	-	-
Net asset revaluation increment/(decrement)	30(a)	-	-	-	-
Transfers to other reserves	30(b)	-	(67)	-	67
Transfers from other reserves	30(b)	-	-	-	-
Balance at end of the financial year		331,765	130,563	200,463	739

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2016					
Balance at beginning of the financial year		330,426	137,451	192,362	613
Surplus/(deficit) for the year		(2,570)	(2,570)	-	-
Net asset revaluation increment/(decrement)	30(a)	8,101	-	8,101	-
Transfers from other reserves	30(b)	-	(59)	-	59
Balance at end of the financial year		335,957	134,822	200,463	672

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

STATEMENT OF CASH FLOWS

	Note	2017 Inflows/ (Outflows) \$'000	2016 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		19,144	18,306
Statutory fees and fines		576	490
User fees		5,836	6,455
Grants - operating		14,340	6,257
Grants - capital		9,417	5,239
Contributions - monetary		2	36
Interest received		409	387
Trust funds and deposits taken		58	81
Other receipts		705	575
Net GST refund/(payment)		(169)	(166)
Employee costs		(16,141)	(16,783)
Materials and services		(9,313)	(8,454)
Trust funds and deposits repaid		(82)	(228)
Other payments		(3,069)	(2,977)
Net cash provided by/(used in) operating activities	31	21,713	9,218
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(8,987)	(12,058)
Proceeds from sale of property, infrastructure, plant and equipment		333	320
Payments for investments		(13,965)	(3,025)
Net cash provided by/(used in) investing activities		(22,619)	(14,763)
Cash flows from financing activities			
Finance costs		(190)	(214)
Proceeds from borrowings		-	-
Repayment of borrowings		(356)	(334)
Net cash provided by/(used in) financing activities		(546)	(548)
Net increase (decrease) in cash and cash equivalents		(1,452)	(6,093)
Cash and cash equivalents at the beginning of the financial year		5,327	11,420
Cash and cash equivalents at the end of the financial year		3,875	5,327
Financing arrangements	32		
Restrictions on cash assets	18		

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

STATEMENT OF CAPITAL WORKS

	Note	2017 \$'000	2016 \$'000
Property			
Land		-	253
Total land		<u>-</u>	<u>253</u>
Building improvements		273	720
Total buildings		<u>273</u>	<u>720</u>
Total property		<u>273</u>	<u>973</u>
Plant and equipment			
Art gallery collection		14	283
Plant, machinery and equipment		1,080	1,380
Fixtures, fittings and furniture		-	806
Computers and telecommunications		399	-
Library books		66	75
Total plant and equipment		<u>1,559</u>	<u>2,544</u>
Infrastructure			
Roads		4,360	4,198
Bridges		237	82
Footpaths and cycleways		74	364
Drainage		-	4
Recreational, leisure and community facilities		86	-
Waste management		160	-
Aerodromes		22	1,175
Livestock exchange		1,900	-
Other infrastructure		-	2,064
Total infrastructure		<u>6,839</u>	<u>7,887</u>
Total capital works expenditure		<u>8,671</u>	<u>11,404</u>
Represented by:			
New asset expenditure		1,115	997
Asset renewal expenditure		5,264	6,639
Asset expansion expenditure		24	1,938
Asset upgrade expenditure		2,268	1,830
Total capital works expenditure		<u>8,671</u>	<u>11,404</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 2017

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.

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

Note 1 Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1 (l))
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 1 (m))
- the determination of employee provisions (refer to Note 1 (s))
- the determination of landfill rehabilitation provisions (refer to Note 1 (t))

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.

(b) Changes in accounting policies

There have been no changes in accounting policies from the previous period.

(c) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2017, and their income and expenses for that part of the reporting period in which control existed.

Subsidiaries are all entities over which Council has control. Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Council. They are deconsolidated from the date that control ceases.

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In the process of preparing consolidated financial statements all material transactions and balances between consolidated entities are eliminated.

Entities consolidated into Council include:

- Yatchaw Drainage Authority is an Advisory Committee of Council. Council levies a special rate for the specific purpose of maintaining the Drainage system. It maintains separate bank accounts under interfund accounting, however Council is the controlling entity.

(d) Committees of management

All entities controlled by Council that have material revenues, expenses, assets or liabilities, such as committees of management, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Note 1 Significant accounting policies (cont.)

(e) Revenue recognition

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

Rates and Charges

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.

Statutory fees and fines

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.

User fees

User fees are recognised as revenue when the service has been provided or the payment is received, whichever first occurs.

Grants

Grant income is recognised when Council obtains control of the contribution. This is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 6. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

Contributions

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

Sale of property, infrastructure, plant and equipment

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

Interest

Interest is recognised as it is earned.

Other Income

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.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Note 1 Significant accounting policies (cont.)

(f) Fair value measurement

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

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

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

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

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

(g) Cash and cash equivalents

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

(h) Trade and other receivables

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.

(i) Other financial assets

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

(j) Inventories

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.

(k) Non-current assets classified as held for sale

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

(l) Recognition and measurement of property, infrastructure, plant and equipment

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 detailed in Note 1 (m) have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Note 1 Significant accounting policies (cont.)

(l) Recognition and measurement of property, infrastructure, plant and equipment and intangibles (cont'd)

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 24 Property, infrastructure, plant and equipment.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 3 to 10 years. The valuation is performed either by experienced council officers or independent experts.

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

Land under roads

Land under road acquired after 30 June 2008 is brought to account using fair value basis. Council does not recognise land under roads that it controlled prior to that period in its financial report.

(m) Depreciation and amortisation of property, infrastructure, plant and equipment and intangibles

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 below and are consistent with the prior year unless otherwise stated.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Note 1 Significant accounting policies (cont.)

(m)

Depreciation and amortisation of property, infrastructure, plant and equipment and intangibles (cont'd)

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit \$'000
Property		
land	-	1
land improvements	100 years	1
Buildings		
buildings	25-110 years	1
Plant and Equipment		
plant, machinery and equipment	3-15 years	1
fixtures, fittings and furniture	3-15 years	1
computers and telecommunications	3-5 years	1
Infrastructure		
road pavements & substructures - Urban	115 years	1
road pavements & substructures - All Others	60 years	1
Seals - All Other	43 years	1
Seals - Asphalt	28 years	1
road kerb, channel and minor culverts	97-100 years	1
bridges deck	100 years	1
bridges substructure	100 years	1
footpaths and cycleways	10-70 years	1
drainage	100 years	1

(n) **Repairs and maintenance**

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

(o) **Investment property**

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. Rental income from the leasing of investment properties is recognised in the comprehensive income statement on a straight line basis over the lease term.

(p) **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.

During September 2016, Southern Grampians was subject to severe storm impact which resulted in impairment of a significant volume of infrastructure damage which has resulted in \$14.43m of impairment expense. See Note 24 for a break up of the expenditure across asset

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Note 1 Significant accounting policies (cont.)

(q) Trust funds and deposits

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 (refer to Note 27).

(r) Borrowings

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.

Borrowing costs

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. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges.

(s) Employee costs and benefits

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

Wages and salaries and annual leave

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

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

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current liability - unconditional LSL is disclosed as a current liability even when the council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at :

- present value - component that is not expected to be wholly settled within 12 months.
- nominal value - component that is expected to be wholly settled within 12 months.

Classification of employee costs

Non-current liability - conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value.

(t) Landfill rehabilitation provision

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Note 1 Significant accounting policies (cont.)

(u) Leases

Operating leases

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

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.

(v) Goods and Services Tax (GST)

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

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

(w) Financial guarantees

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. Details of guarantees that Council has provided, that are not recognised in the balance sheet, are disclosed at Note 36 contingent liabilities and contingent assets.

(x) Contingent assets and contingent liabilities and commitments

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

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of note and presented inclusive of the GST payable.

(y) Pending accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2017 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

Revenue from contracts with customers (AASB 15) (applies 2018/19)

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

Leases (AASB 16) (applies 2019/20)

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

(z) Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars. Figures in the financial statement may not equate due to rounding.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Note 2 Budget comparison

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

The budget figures detailed below are those adopted by Council for 2016/17. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

(a) Income and Expenditure

	Budget 2017 \$'000	Actual 2017 \$'000	Variance 2017 \$'000	Ref
Income				
Rates and charges	18,273	19,013	740	1
Statutory fees and fines	542	602	60	2
User fees	6,408	6,104	(304)	3
Grants - operating	9,511	14,340	4,829	4
Grants - capital	6,887	9,416	2,529	5
Contributions - monetary	212	2	(210)	6
Contributions - non monetary	-	433	433	7
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	(76)	(76)	8
Found Assets	-	442	442	9
Fair value adjustments for investment property	-	37	37	10
Other income	1,854	1,114	(740)	11
Total income	43,687	51,427	7,740	
Expenses				
Employee costs	15,878	16,283	(405)	12
Materials and services	8,260	9,690	(1,430)	13
Bad and doubtful debts	-	26	(26)	14
Depreciation and amortisation	9,933	10,172	(239)	15
Impairment	-	14,430	(14,430)	16
Assets written off	-	1,758	(1,758)	17
Adjustment to landfill provision	-	2	(2)	
Borrowing costs	191	190	1	
Other expenses	3,210	3,068	142	18
Total expenses	37,472	55,619	(18,147)	
Surplus/(deficit) for the year	6,215 -	4,192	(10,407)	

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Rates and charges	Budgeted figure includes pension concession rebate of \$500k. Additional revenue also provided from the change in valuation base adopted after the Budget was finalised.
2	Statutory fees and fines	Infringements for Block Clearance \$30k not previously charged and Lodgement Fees \$38k greater than budget.
3	User fees	Waste fees \$248k are lower due to decline in volume (waste diverting to other landfills in the are) and livestock fees \$160k less due to decline in cattle numbers through yards.
4	Grants - operating	Victorian Grants Commision \$3.641m advance payment for 2017/2018, Library unbudgeted \$120K grant, Strategic Planning unbudgeted \$182k grant , Recreation unbudgeted \$73k grant, Community Services unbudgeted \$148k grant.
5	Grants - capital	Flood Recovery Grant \$4m was not foreseen at the time of budgeting. RTR grant \$1.568m lower due to changes in works priorities.
6	Contributions - monetary	Monetary contributions lower than budgeted due to projects not proceeding in this financial year.
7	Contributions - non monetary	No Budget estimate was made for Non monetary contributions (gifts of works of art) as these cannot be estimated at the time of setting the budget.
8	Net gain/(loss) on disposal	Due to variable nature of plant sales no budget is estimated
9	Found Assets	These were assets that were previously not classified as non current assets, or were classified as non-current assets but their valuations had not been recorded correctly in the asset register. All assets were minor/major culverts.
10	Fair value adjustments	These cannot be anticipated at the time of preparing the Budget.
11	Other income	Vicroads reduced revenue \$358k, Botanic Gardens reimbursement \$182k not received as project postponed until 2017/18, Rates reimbursement \$100k lower than budgeted.
12	Employee costs	Other employee expenses \$170k reported as employee cost but budgeted as materials and services, Capital works expensed labour \$51k.
13	Materials and services	\$534k budgeted in capital but expensed to operating. Flood recovery unbudgeted \$709k, Bridges & Culverts maintenance unbudgeted \$463k.
14	Bad and doubtful debts	Due to variable nature of bad debts no budget is estimated.
15	Depreciation and amortisation	Buildings revaluation in late 2015/16 has resulted in higher depreciation for 2016/17.
16	Impairment	Relates to the recognition of assets damaged in flood events during September 2016
17	Assets written off	Write-off of minor culverts not budgeted for in 2016/17.
18	Other expenses	Section 86 Committee Expenses \$94k are not included in Budget calculations as then cannot be predicted. A Stock Adjustment of \$80k was not foreseen.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Note 2 Budget comparison (cont)

(b) Capital Works

	Budget 2017 \$'000	Actual 2017 \$'000	Variance 2017 \$'000	Ref
Property				
Land	500	-	(500)	1
Land improvements	-	-	-	
Total Land	500	-	(500)	
Buildings	-	-	-	
Heritage buildings	-	-	-	
Building improvements	833	273	(560)	2
Leasehold improvements	-	-	-	
Total Buildings	833	273	(560)	
Total Property	1,333	273	(1,060)	
Plant and Equipment				
Art gallery collection	15	14	(1)	
Plant, machinery and equipment	1,550	1,080	(470)	3
Fixtures, fittings and furniture	-	-	-	
Computers and telecommunications	312	399	87	4
Library books	54	66	12	5
Total Plant and Equipment	1,931	1,559	(372)	
Infrastructure				
Roads	6,596	4,360	(2,236)	6
Bridges	255	237	(18)	7
Footpaths and cycleways	447	74	(373)	8
Drainage	169	-	(169)	9
Recreational, leisure and community facilities	1,087	86	(1,001)	10
Waste management	1,324	160	(1,164)	11
Parks, open space and streetscapes	-	-	-	
Aerodromes	-	22	22	12
Livestock exchange	2,442	1,900	(542)	13
Off street car parks	-	-	-	
Other infrastructure	-	-	-	
Total Infrastructure	12,320	6,839	(5,481)	
Total Capital Works Expenditure	15,584	8,671	(6,913)	
Represented by:				
New asset expenditure	1,187	1,115	(72)	
Asset renewal expenditure	8,810	5,264	(3,546)	
Asset expansion expenditure	105	24	(81)	
Asset upgrade expenditure	5,482	2,268	(3,214)	
Total Capital Works Expenditure	15,584	8,671	(6,913)	

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Expenditure relates to development of an industrial estate which has not yet commenced due to the funding announcement not being made until April 2017.
2	Buildings	Significant project which were not completed include the Bird Aviary at the Botanic Gardens due to a design issue, HILAC Entrance Improvements were rescheduled, renewal works to Melville Oval Function Room and Patterson Park Hall were postponed due to Health & Safety issues (Asbestos).
3	Plant, Machinery & Equipment	Front Deck Mower and 2 Loaders tendered and ordered but not delivered with the year.
4	Computers & Technology	Additional Equipment and projects undertaken. One project (\$50k) carried forward from previous year.
5	Library books	Additional purchases from bequest funds
6	Roads	Reprioritisation due to Roads to Recovery funding and then further complications due to flooding natural disaster.
7	Bridges	Minor variations and savings over several projects.
8	Footpaths	The Dunkeld-Mt Sturgeon Loop Walk has been delayed (\$400k) - due to problems surrounding land ownerships survey data.
9	Drainage	King St/Holden St Flood project not commenced. Urban drainage projects postponed.
10	Recreational, leisure and community facilities	Works on the Cox Street "Front Door" project did not commence - \$900k - as still waiting for funding announcement and project cannot proceed without this.
11	Waste	Rehabilitation works delayed due to availability of cover materials (clay) and weather
12	Aerodromes	Completion of 2015/16 projects
13	Livestock	Some staged works delayed due to weather conditions and resourcing arrangements.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$'000	2016 \$'000
Note 3 Rates and charges		
<p>Council uses the Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property means the sum which the land, if it were held for an estate in fee simple unencumbered by any lease, mortgage or other charge, might be expected to realise at the time of valuation if offered for sale on any reasonable terms and conditions which a genuine seller might in ordinary circumstances be expected to require.</p> <p>The valuation base used to calculate general rates for 2016/17 was \$3,360 million (2015/16 \$3,844 million).</p>		
General rates	15,602	15,195
Municipal charge	1,751	1,696
Garbage & recycling charge	1,404	1,303
Green waste charge	81	67
Special rates and charges	5	5
Revenue in lieu of rates	170	168
Total rates and charges	19,013	18,434
<p>The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation will be first applied in the rating year commencing 1 July 2016.</p>		
Note 4 Statutory fees and fines		
Infringements and costs	70	21
Registrations	97	100
Town planning fees	102	101
Land information certificates	13	12
Permits	320	259
Total statutory fees and fines	602	493
Note 5 User fees		
Airport	27	31
Cinema Operations	283	315
Cultural Festivals	-	18
Facility Rental and Hire	15	43
Family Day Care	346	288
Hamilton Indoor Leisure & Aquatic Centre	1,216	1,232
Home and Community Care Services	685	712
Livestock Exchange	1,342	1,410
Meals Services	234	216
Outdoor Swimming Pools	51	58
Parking Control	138	148
Performing Arts Centre	152	174
Private Works	147	220
Property Rentals and Leases	95	79
Quarry Operations	204	155
Tourism & Economic Development	51	51
Waste Management Services	976	1,006
Old Hamilton Reservoir	80	157
Other fees and charges	62	142
Total user fees	6,104	6,455

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$'000	2016 \$'000
Note 6 Grants		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	15,989	7,693
State funded grants	7,725	3,763
Others	42	40
Total grants received	<u>23,756</u>	<u>11,496</u>
Operating Grants		
Recurrent - Commonwealth Government		
Victoria Grants Commission	10,192	3,275
Childrens Services	373	525
Aged & Disabled Services	951	-
Other	106	-
Recurrent - State Government		
Art Gallery	128	110
Community Safety	63	26
Aged & Disabled Services	377	1,267
Cultural Services	80	80
Libraries	120	155
Inclusive Activities	99	114
Other	106	15
Total recurrent operating grants	<u>12,595</u>	<u>5,567</u>
Non-recurrent - Commonwealth Government		
Other	11	-
Non-recurrent - State Government		
Community Events	-	16
Community Planning & Support	31	74
Environmental Management	-	63
Emergency Services	26	152
Local Infrastructure	1,121	310
Recreation	308	32
Strategic Planning	206	3
Total non-recurrent operating grants	<u>1,703</u>	<u>650</u>
Other	42	40
Total operating grants	<u>14,340</u>	<u>6,257</u>
Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	3,114	3,787
Recurrent - State Government		
Total recurrent capital grants	<u>3,114</u>	<u>3,787</u>
Non-recurrent - Commonwealth Government		
Other Infrastructure	45	106
Livestock Exchange	1,197	-
Non-recurrent - State Government		
Airport	965	1,271
Buildings	-	55
Other Infrastructure	35	20
Flood Recovery	4,060	-
Total non-recurrent capital grants	<u>6,302</u>	<u>1,452</u>
Total capital grants	<u>9,416</u>	<u>5,239</u>
Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	107	-
Received during the financial year and remained unspent at balance date	2,900	107
Received in prior years and spent during the financial year	107	-
Balance at year end	<u>2,900</u>	<u>107</u>

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$'000	2016 \$'000
Note 7 Contributions		
Monetary	2	36
Non-monetary	433	378
Total contributions	<u>435</u>	<u>414</u>
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Buildings	-	106
Art collection	433	270
Other infrastructure	-	-
Other	-	2
Total non-monetary contributions	<u>433</u>	<u>378</u>
Note 8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	333	374
Written down value of assets disposed	(409)	(320)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	<u>(76)</u>	<u>54</u>
Note 9 Other income		
Interest	409	387
Vicroads	244	321
Found assets	-	78
Insurance reimbursements	100	-
Other	361	485
Total other income	<u>1,114</u>	<u>1,271</u>
Note 10 (a) Employee costs		
Wages and salaries	12,436	12,736
Leave - Annual, Long Service & Sick	1,684	1,760
Superannuation	1,377	1,347
Conferences & training	171	174
Workcover	341	268
Travelling	131	135
Fringe benefits tax	138	119
Corporate image	5	6
Total employee costs	<u>16,283</u>	<u>16,545</u>
Note 10 (b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	76	98
	<u>76</u>	<u>98</u>
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,028	1,131
Employer contributions - other funds	273	118
	<u>1,301</u>	<u>1,249</u>
Employer contributions payable at reporting date.	-	-
Refer to note 35 for further information relating to Council's superannuation obligations.		
Note 11 Materials and services		
Contract payments	4,575	2,754
Building maintenance	298	300
General maintenance, materials & services	2,740	2,527
Capital works in progress expense	-	19
Utilities	917	1,047
Information technology, plant & equipment	824	980
Consultants	336	349
Total materials and services	<u>9,690</u>	<u>7,976</u>

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$'000	2016 \$'000
Note 12 Bad and doubtful debts		
Other debtors	26	27
Total bad and doubtful debts	<u>26</u>	<u>27</u>
Note 13 Depreciation and amortisation		
Property	1,268	1,488
Plant and equipment	1,531	1,230
Infrastructure	7,373	7,592
Total depreciation	<u>10,172</u>	<u>10,310</u>
<i>Refer to note 24 for a more detailed breakdown of depreciation and amortisation charges.</i>		
Note 14 Assets written off		
Building & Other Structures	3	-
Other Infrastructure	222	-
Bridges & culverts	1,533	34
Hamilton landfill provision	-	1,231
Livestock Exchange	-	1,207
Total assets written off	<u>1,758</u>	<u>2,472</u>
Note 15 Adjustment to landfill provision		
Glenisla landfill provision reversal	-	(106)
Hamilton landfill provision adjustment	(25)	-
Coleraine landfill provision adjustment	27	-
Total adjustment to landfill provision	<u>2</u>	<u>(106)</u>
Note 16 Borrowing costs		
Interest - Borrowings	190	215
Total borrowing costs	<u>190</u>	<u>215</u>
Note 17 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquitals	37	38
Councillors' allowances	177	171
Waste Disposal	526	548
Community Grants	318	368
General Asset Insurances	363	346
Software Licences	138	189
Section 86 Committee Expenses	94	138
Discount on Rates	136	126
Phone, Internet & Other Communication Charges	223	250
Legal Costs	13	122
Performers Fees	84	93
Advertising	185	165
Food & Catering	103	89
Stock Adjustments/Write offs	120	19
Heavy Plant and Motor Vehicle Insurances	78	75
Postage	71	75
Donations Paid	55	45
Contributions to Other Bodies	48	43
Subscriptions, Memberships & Licences	42	42
Travel & Accommodation	99	59
Bank & Merchant Fees	48	38
Licences & Memberships	50	26
Recognition of Liability	-	455
Other	60	248
Total other expenses	<u>3,068</u>	<u>3,768</u>

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$'000	\$'000
Note 18 Cash and cash equivalents		
Cash on hand	6	6
Cash at bank	3,869	5,231
Term deposits	-	90
	<u>3,875</u>	<u>5,327</u>
Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:		
- Trust funds and deposits (Note 27)	197	377
Total restricted funds	<u>197</u>	<u>377</u>
Total unrestricted cash and cash equivalents	<u>3,678</u>	<u>4,950</u>
Intended allocations		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
- Cash held for specific Reserve Funds	748	727
- Cash held for the Sir Irving Benson Bequest	672	662
- Cash held for unspent grants	2,900	107
- Cash held for unexpended capital works	6,913	1,999
Total funds subject to intended allocations	<u>11,233</u>	<u>3,495</u>
Refer also to Note 19 for details of other financial assets held by Council.		
Note 19 Other financial assets		
Term deposits	21,130	7,165
Total other financial assets	<u>21,130</u>	<u>7,165</u>
Note 20 Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	1,359	1,490
Net GST receivable	169	166
Infringement debtors	32	6
<i>Non statutory receivables</i>		
Loans and advances to community organisations	3	3
Other debtors	1,913	1,690
Provision for doubtful debts - other debtors	-	(43)
Total current trade and other receivables	<u>3,476</u>	<u>3,312</u>
Non-current		
<i>Statutory receivables</i>		
Special rate scheme	135	155
<i>Non statutory receivables</i>		
Loans and advances to community organisations	5	9
Total non-current trade and other receivables	<u>140</u>	<u>164</u>
Total trade and other receivables	<u>3,616</u>	<u>3,476</u>
(a) Ageing of Receivables		
At balance date other debtors representing financial assets were past due but not impaired. The ageing of the Council's trade & other receivables (excluding statutory receivables) was:		
Current (not yet due)	869	1,262
Past due by up to 30 days	115	120
Past due between 31 and 60 days	6	27
Past due between 61 and 90 days	74	60
Past due by more than 90 Days	1,024	178
Total trade & other receivables	<u>2,088</u>	<u>1,647</u>
(b) Movement in provisions for doubtful debts		
Balance at the beginning of the year	43	16
New Provisions recognised during the year	-	27
Amounts already provided for and written off as uncollectible	(43)	-
Balance at end of year	<u>-</u>	<u>43</u>

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Note 20	Trade and other receivables (cont'd)	2017 \$'000	2016 \$'000
	(c) Ageing of individually impaired Receivables		
	At balance date, other debtors representing financial assets with a nominal value of \$0 (2016: \$43K) were impaired. The amount of the provision raised against these debtors was \$0 (2016: \$43K). 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 by more than 1 year	-	43
	Total trade & other receivables	<u>-</u>	<u>43</u>
Note 21	Inventories		
	Inventories held for distribution	454	462
	Inventories held for sale	659	666
	Total inventories	<u>1,113</u>	<u>1,128</u>
Note 22	Investment - Occupancy Agreement (Francess Hewett Community Centre)		
	(included in note 24 under buildings)		
	Cost of acquisition	500	500
	Accumulated Depreciation	(405)	(381)
	Total non current asset Investment	<u>95</u>	<u>119</u>
Note 23	Other assets		
	Prepayments	488	459
	Accrued income	70	17
	Other	-	-
	Total other assets	<u>558</u>	<u>476</u>

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Note 24 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2016	Acquisitions	Contributions	Depreciation	Disposal	Impairment	Found Assets	Transfers	At Fair Value 30 June 2017
Land	13,835			(6)				(252)	13,577
Buildings	54,709	1,082		(1,268)		(50)		1,283	55,756
Plant and Equipment	30,642	1,711	433	(1,496)	(458)			(154)	30,678
Infrastructure	230,997	5,472		(7,402)	(1,762)	(14,380)	441	(57)	213,309
Work in progress	1,073	406			(69)			(822)	588
	331,256	8,671	433	(10,172)	(2,289)	(14,430)	441	(2)	313,908

Summary of Work in Progress

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
Buildings	63	66	(2)	(58)	69
Plant and Equipment	13	2	0	0	15
Infrastructure	997	338	(820)	(11)	504
Total	1,073	406	(822)	(69)	588

Land and Buildings

At fair value 1 July 2016

Accumulated depreciation at 1 July 2016

Movements in fair value

Acquisition of assets at fair value

Contributed assets

Found Assets

Revaluation increments/decrements

Fair value of assets disposed

Impairment losses recognised in operating result

Transfers

Movements in accumulated depreciation

Depreciation and amortisation

Accumulated depreciation of disposals

Impairment losses recognised in operating result

Found Assets

Transfers

At fair value 30 June 2017

Accumulated depreciation at 30 June 2017

Note	Land - specialised	Land - non specialised	Total Land	Buildings - specialised	Total Buildings	Work In Progress	Total Property
	13,373	583	13,956	94,134	94,134	63	108,153
	0	(121)	(121)	(39,425)	(39,425)	0	(39,546)
	13,373	462	13,835	54,709	54,709	63	68,607
	0	0	0	1,082	1,082	66	1,148
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	(58)	(58)
	0	0	0	0	0	0	0
	(252)	0	(252)	1,283	1,283	(2)	1,029
	(252)	0	(252)	2,365	2,365	6	2,119
	0	(6)	(6)	(1,268)	(1,268)	0	(1,274)
	0	0	0	0	0	0	0
	0	0	0	(50)	(50)	0	(50)
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	(6)	(6)	(1,318)	(1,318)	0	(1,324)
	13,121	583	13,704	96,499	96,499	69	110,272
	0	(127)	(127)	(40,743)	(40,743)	0	(40,870)
	13,121	456	13,577	55,756	55,756	69	69,402

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Note 24 Property, infrastructure, plant and equipment (cont'd)

	Note	Plant machinery and equipment	Fixtures fittings and furniture	Art Collection	Library books	WIP	Total plant and equipment
Plant and Equipment							
At fair value 1 July 2016		12,642	3,745	22,022	539	13	38,961
Accumulated depreciation at 1 July 2016		(6,172)	(2,134)	0	0	0	(8,306)
		6,470	1,611	22,022	539	13	30,655
Movements in fair value							
Acquisition of assets at fair value		1,079	552	14	66	2	1,713
Contributed assets				433			433
Found Assets							0
Revaluation increments/decrements							0
Fair value of assets disposed		(1,924)	(1,103)		(119)		(3,146)
Impairment losses recognised in operating result							0
Transfers			(154)				(154)
		(845)	(705)	447	(53)	2	(1,154)
Movements in accumulated depreciation							
Depreciation and amortisation		(1,091)	(405)				(1,496)
Accumulated depreciation of disposals		1,585	1,103				2,688
Impairment losses recognised in operating result							0
Found Assets							0
Transfers							0
		494	698	0	0	0	1,192
At fair value 30 June 2017		11,797	3,040	22,469	486	15	37,807
Accumulated depreciation at 30 June 2017		(5,678)	(1,436)	0	0	0	(7,114)
		6,119	1,604	22,469	486	15	30,693

	Note	Roads	Bridges	Footpaths and cycleways	Drainage	Aerodromes	Other Infrastructure	Work In Progress	Total Infrastructure
Infrastructure									
At fair value 1 July 2016		288,591	45,942	16,040	9,568	3,597	29,404	997	394,139
Accumulated depreciation at 1 July 2016		(117,907)	(17,773)	(6,088)	(4,832)	(1,118)	(14,427)	0	(162,145)
		170,684	28,169	9,952	4,736	2,479	14,977	997	231,994
Movements in fair value									
Acquisition of assets at fair value		3,779	194	63			1,436	338	5,810
Contributed assets									0
Found Assets			608						608
Revaluation increments/decrements									0
Fair value of assets disposed		(85)	(2,391)				(398)	(11)	(2,885)
Impairment losses recognised in operating result									0
Transfers		(246)	282		(4)	87	(176)	(820)	(877)
		3,448	(1,307)	63	(4)	87	862	(493)	2,656
Movements in accumulated depreciation									
Depreciation and amortisation		(5,152)	(457)	(332)	(97)	(392)	(972)		(7,402)
Accumulated depreciation of disposals		15	858				239		1,112
Impairment losses recognised in operating result		(14,354)	(26)						(14,380)
Found Assets			(167)						(167)
Transfers									0
		(19,491)	208	(332)	(97)	(392)	(733)	0	(20,837)
At fair value 30 June 2017		292,039	44,635	16,103	9,564	3,684	30,266	504	396,795
Accumulated depreciation at 30 June 2017		(137,398)	(17,565)	(6,420)	(4,929)	(1,510)	(15,160)	0	(182,982)
		154,641	27,070	9,683	4,635	2,174	15,106	504	213,813

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Note 24 Property, infrastructure, plant and equipment (cont'd)

Valuation of land and buildings

Valuation of land was undertaken by a qualified independent valuer - Stephen Davey AAPI CPV 63379 Qualified Valuer of Opteon Property Group. The valuation of land and buildings is at fair value as at 1 January 2016, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

Valuation of buildings

Valuation of land was undertaken by Campbell McKenzie, Associate Consultant with CT Management Pty. Ltd. using Cordell Building Cost Estimator valuation software.

The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation of 1 January 2016.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Level 2	Level 3
Land	-	-	13,121
Land improvements	-	-	456
Buildings	-	-	55,756
Total	-	-	69,333

Valuation of infrastructure

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

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Level 2	Level 3
Roads	-	-	154,641
Bridges	-	-	27,070
Footpaths and cycleways	-	-	9,683
Drainage	-	-	4,635
Aerodromes	-	-	2,174
Other infrastructure	-	-	15,106

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 between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$181 to \$8363 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 3years to 70 years. 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 from 28 years to 115 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

Art Collection was last valued in 2009 utilising various experts in specific areas of the decorative arts. Additions to collection are recorded at the current market value of the items. An overall scan of the collection values by collection classification and artist are made each year to review specific fluctuations. Due to the breadth of the collection, the extensive size and cost of revaluation, the revaluation only occurs on a 10 year cycle.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$'000	2016 \$'000
Note 25 Investment property		
Balance at beginning of financial year	1,063	1,043
Additions	-	-
Disposals	-	-
Fair value adjustments	37	20
Balance at end of financial year	<u>1,100</u>	<u>1,063</u>

Valuation of investment property

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

Note 26 Trade and other payables		
Trade payables	967	1,137
Rate revenue received in advance	267	227
Employee costs	336	307
Fire services levy	502	156
Accrued expenses	138	226
Total trade and other payables	<u>2,210</u>	<u>2,053</u>

Note 27 Trust funds and deposits		
Refundable deposits	112	122
Retention amounts	56	65
Trust Funds held for Other Government Departments	29	34
Total trust funds and deposits	<u>197</u>	<u>221</u>

Purpose and nature of items

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

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

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

	Employee	Landfill restoration	Total
	\$ '000	\$ '000	\$ '000
Note 28 Provisions			
2017			
Balance at beginning of the financial year	4,675	3,984	8,659
Additional provisions	1,690	-	1,690
Amounts used	(1,367)	(318)	(1,685)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(183)	2	(181)
Balance at the end of the financial year	<u>4,815</u>	<u>3,668</u>	<u>8,483</u>
2016			
Balance at beginning of the financial year	4,777	3,665	8,442
Additional provisions	1,174	437	1,611
Amounts used	(1,317)	(136)	(1,453)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	41	18	59
Balance at the end of the financial year	<u>4,675</u>	<u>3,984</u>	<u>8,659</u>

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$'000	2016 \$'000
Note 28		
Provisions (cont'd)		
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	914	955
Long service leave	126	178
Other - Time in Lieu	111	123
	<u>1,151</u>	<u>1,256</u>
Current provisions expected to be wholly settled after 12 months		
Annual leave	838	682
Long service leave	2,440	2,252
	<u>3,278</u>	<u>2,934</u>
Total current employee provisions	<u>4,429</u>	<u>4,190</u>
Non-current		
Long service leave	386	485
Annual leave	-	-
Total non-current employee provisions	<u>386</u>	<u>485</u>
Aggregate carrying amount of employee provisions:		
Current	4,429	4,190
Non-current	386	485
Total aggregate carrying amount of employee provisions	<u>4,815</u>	<u>4,675</u>
(b) Land fill restoration		
Current	2,612	2,199
Non-current	1,056	1,785
	<u>3,668</u>	<u>3,984</u>
(c) Other provisions		
Current	-	-
Non-current	-	-
	<u>-</u>	<u>-</u>
Note 29		
Interest-bearing loans and borrowings		
Current		
Borrowings - secured (1)	382	357
	<u>382</u>	<u>357</u>
Non-current		
Borrowings - secured (1)	2,263	2,644
	<u>2,263</u>	<u>2,644</u>
Total	<u>2,645</u>	<u>3,001</u>
(1) Borrowings are secured over rate revenue		
(a) The maturity profile for Council's borrowings is:		
Not later than one year	382	357
Later than one year and not later than five years	1,508	1,546
Later than five years	754	1,098
	<u>2,644</u>	<u>3,001</u>

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Note 30 Reserves	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
(a) Asset revaluation reserves			
2017			
Property			
Land	4,929	-	4,929
Buildings	38,560	-	38,560
Art collection	2,976	-	2,976
Plant & equipment	474	-	474
	<u>46,939</u>	<u>-</u>	<u>46,939</u>
Infrastructure			
Roads	119,515	-	119,515
Bridges	22,186	-	22,186
Footpaths and cycleways	7,318	-	7,318
Drainage	4,189	-	4,189
Other infrastructure	316	-	316
	<u>153,524</u>	<u>-</u>	<u>153,524</u>
Total asset revaluation reserves	<u>200,463</u>	<u>-</u>	<u>200,463</u>
2016			
Property			
Land	6,964	(2,035)	4,929
Buildings	28,424	10,136	38,560
Art collection	2,976	-	2,976
Plant & equipment	474	-	474
	<u>38,838</u>	<u>8,101</u>	<u>46,939</u>
Infrastructure			
Roads	119,515	-	119,515
Bridges	22,186	-	22,186
Footpaths and cycleways	7,318	-	7,318
Drainage	4,189	-	4,189
Other infrastructure	316	-	316
	<u>153,524</u>	<u>-</u>	<u>153,524</u>
Total asset revaluation reserves	<u>192,362</u>	<u>8,101</u>	<u>200,463</u>

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

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000
(b) Other reserves				
2017				
Subdividers Contributions	207	26	-	233
Parking Development Reserve	98	-	-	98
Drainage Headworks Reserve	97	-	-	97
Waste Levy Reserve	270	41	-	311
Total Other reserves	<u>672</u>	<u>67</u>	<u>-</u>	<u>739</u>
2016				
Subdividers Contributions	207	-	-	207
Parking Development Reserve	98	-	-	98
Drainage Headworks Reserve	97	-	-	97
Waste Levy Reserve	211	59	-	270
Total Other reserves	<u>613</u>	<u>59</u>	<u>-</u>	<u>672</u>

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

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

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

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$'000	2016 \$'000
Note 31 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	(4,192)	(2,570)
Depreciation/amortisation	10,172	10,310
Impairment	14,430	-
Asset write-offs	1,950	1,332
Profit/(loss) on disposal of property, infrastructure, plant and equipment	6	320
Fair value adjustments for investment property	(37)	20
Found Assets	(442)	-
Contributions - Non-monetary assets	(433)	(376)
Other	191	214
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(140)	(587)
Decrease in prepayments	(82)	(9)
Increase/(decrease) in trade and other payables	157	(492)
(Increase)/decrease in inventories	15	147
Increase/(Decrease) in provisions	142	1,448
(Decrease)/increase in other liabilities	(24)	(5)
Net cash provided by/(used in) operating activities	<u>21,713</u>	<u>9,752</u>
Note 32 Financing arrangements		
Bank overdraft	1,000	1,000
Credit card facilities	-	70
Loan facilities	2,645	3,014
Total facilities	<u>3,645</u>	<u>4,084</u>
Used facilities	<u>(2,645)</u>	<u>(3,013)</u>
Unused facilities	<u>1,000</u>	<u>1,071</u>

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Note 33 Commitments

The Council has entered into the following commitments

2017	Not later than 1	Later than 1 year	Later than 2 years	Later than 5	Total
	year	and not later than 2 years	and not later than 5 years	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Flood Recovery	-	-	-	-	-
Infrastructure	1,025	100	-	-	1,125
Corporate/administration	238	237	-	-	475
Strategic planning	-	-	-	-	-
Waste management	805	2,907	-	-	3,712
Meals for delivery	328	-	-	-	328
Total	2,396	3,244	-	-	5,640
Capital					
Buildings	-	-	-	-	-
Infrastructure	1,438	-	-	-	1,438
Plant	256	-	-	-	256
Total	1,694	-	-	-	1,694

2016	Not later than 1	Later than 1 year	Later than 2 years	Later than 5	Total
	year	and not later than 2 years	and not later than 5 years	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Community & leisure services	348	-	-	-	348
Infrastructure	86	-	-	-	86
Corporate/administration	140	84	15	-	239
Strategic planning	-	-	-	-	-
Waste management	942	785	2,326	581	4,634
Meals for delivery	322	328	-	-	650
Total	1,838	1,197	2,341	581	5,957
Capital					
Community & leisure	-	-	-	-	-
Infrastructure	1,567	-	-	-	1,567
Total	1,567	-	-	-	1,567

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$'000	2016 \$'000
Note 34 Operating leases		
(a) Operating lease commitments		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	16	14
Later than one year and not later than five years	48	-
Later than five years	-	-
	64	14
(b) Operating lease receivables		
The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.		
Future minimum rentals receivable under non-cancellable operating leases are as follows:		
Not later than one year	271	260
Later than one year and not later than five years	421	522
Later than five years	26	108
	718	890

Note 35 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. 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 categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2017, this was 9.5% as required under Superannuation Guarantee legislation).

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

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

As at 30 June 2016, 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 Council is a contributing employer was 102.0%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns 7.0% pa
 Salary information 4.25% pa
 Price inflation (CPI) 2.5% pa.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Note 35 Superannuation (cont'd)

Vision Super has advised that the estimated VBI at 30 June 2017 was 103.1%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2016 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2016 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2017, this rate was 9.5% of members' salaries (9.5% in 2015/2016). This rate will increase in line with any increase to the contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%. In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated. 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.

2016 Interim actuarial investigation surplus amounts

The Fund's interim actuarial investigation as at 30 June 2016 identified the following in the defined benefit category of which Council is a contributing employer:

A VBI surplus of \$40.3 million; and

A total service liability surplus of \$156 million.

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 2016. 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. Council was notified of the 30 June 2016 VBI during August 2016.

2017 Full triennial actuarial investigation

A full actuarial investigation is being conducted for the Fund's position as at 30 June 2017. It is anticipated that this actuarial investigation will be completed in December 2017.

Future superannuation contributions

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2018 are \$76,000.

Note 36 Contingent liabilities and contingent assets

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined in Note 35. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

Council has identified a potential liability for the remediation of the Mt Napier Quarry. This quarry is currently under lease arrangement and Council expects to quantify any remediation obligations in 2017/2018.

Guarantees for loans to other entities

The Environment Protection Authority holds a bank guarantee for \$427,440 for Council to remediate its landfill site.

Contingent assets

As a result of the floods in September 2016, and damaged incurred, Council has received \$4.06m during the current financial year. Both the State and Federal Governments have committed to additional funding of approximately \$40m to complete the repair/restoration works of damaged assets. This funding is contingent upon the Council completing appropriate claim forms for costs incurred.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Note 37 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

(b) Market risk

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

Interest rate risk

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

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

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

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

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

(c) Credit risk

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

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

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

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

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 36.

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. 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 36, 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 29.

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

(e) Fair value

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

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 2.39%.

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 2017

	2017 No.	2016 No.
Note 38 Related party disclosures		
(i) Related Parties		
<i>Parent entity</i>		
Southern Grampians Shire Council		
(ii) Key Management Personnel		
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:		
Councillors		
Councillor MA Brown - Mayor (22/10/2016 - 30/06/2017)		
Councillor C Sharples - Deputy Mayor (22/10/2016 - 30/06/2017)		
Councillor C Dunkley - (22/10/2016 - 30/06/2017)		
Councillor G McAdam - (22/10/2016 - 30/06/2017)		
Councillor C Armstrong		
Councillor A Calvano		
Councillor K A Rainsford		
Councillor P A Battista - (01/07/2016 - 21/10/2016)		
Councillor B F Colliton - (01/07/2016 - 21/10/2016)		
Councillor P Dark - (01/07/2016 - 21/10/2016)		
Councillor D Dawson - (01/07/2016 - 21/10/2016)		
Total Number of Councillors	11	7
Other Key Management Personnel		
Michael G Tudball - Chief Executive Officer		
Michael M McCarthy - Director Shire Futures		
David J Moloney - Director Shire Infrastructure		
Evelyn M Arnold - Director Community & Corporate Services (26/09/2016 - 30/06/2017)		
Belinda J Johnson - Acting Director Community & Corporate Services (22/08/2016 - 25/09/2016)		
Total Other Key Management Personnel	5	4
Total Key Management Personnel	<u>16</u>	<u>11</u>
(iii) Remuneration of Key Management Personnel	2017	2016
	\$,000	\$,000
Total remuneration of key management personnel was as follows:		
Short-term benefits	844	
Long-term benefits	75	
Post employment benefits	60	
Termination benefits	-	
Total	<u>979</u>	
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
	2017 No.	2016 No.
\$1 - \$9,999	3	1
\$10,000 - \$19,999	5	-
\$20,000 - \$29,999	3	6
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	-	1
\$90,000 - \$99,999	-	1
\$120,000 - \$129,999	1	
\$160,000 - \$169,999	2	
\$210,000 - \$229,999	1	
\$360,000 - \$369,999	-	1
	<u>16</u>	<u>11</u>
(iv) Transactions with related parties		
<i>Nothing to Disclose</i>		
(v) Outstanding balances with related parties		
<i>Nothing to Disclose</i>		

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Note 38	Related party disclosures (cont'd)	2017	2016
		\$,000	\$,000

(vi) **Loans to/from related parties**

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

Nothing to Disclose

(vii) **Commitments to/from related parties**

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

Nothing to Disclose

Note 39 Senior Officer Remuneration

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

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$142,000.

The number of Senior Officers are shown below in their relevant income bands:

Income Range:	2017	2016
	No.	No.
\$20,000 - \$29,999	-	1
\$80,000 - \$89,999	-	1
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	-	-
	<u>-</u>	<u>4</u>

Total Remuneration for the reporting year for Senior Officers included above, amounted to	-	426
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Note 40 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 2017

Certification of the Financial Statements

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



Belinda J Johnson, B. Comm., CPA., Manager Finance

Principal Accounting Officer

Date : 14.09.17

Hamilton

In our opinion the accompanying financial statements present fairly the financial transactions of Southern Grampians Shire Council for the year ended 30 June 2017 and the financial position of the Council as at that date.

As 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 2014* to certify the financial statements in their final form.



Cr Mary-Ann Brown

Councillor

Date : 14.09.17

Hamilton



Cr Christopher L Sharples

Councillor

Date : 14.09.17

Hamilton



Michael G Tudball

Chief Executive Officer

Date : 14.09.17

Hamilton

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017



Victorian Auditor-General's Office

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 2017• comprehensive income statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• statement of capital works for the year then ended• notes to the financial statements, including a summary of 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 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. 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 and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

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

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

MELBOURNE
15 September 2017



Tim Loughnan
as delegate for the Auditor-General of Victoria

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

Sustainable Capacity Indicators

<i>Indicator/measure</i>	Results 2015	Results 2016	Results 2017	Material Variations and Comments
Population				
C1 <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,531.10	\$2,616.15	\$3,531.14	Total expenses for 2017 were \$13m (33%+) more than in the prior year - mostly due to the recognition of \$14.3m of Flood impairment expenses.
C2 <i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$19,124.17	\$20,152.43	\$19,067.42	The total value of the Infrastructure network decreased substantially due to the large amount of impaired assets in the 2016 Flood event.
C3 <i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	6.32	6.20	5.68	Road lengths were recalculated and reconciled from Council's asset management system to give a more accurate total - an increase of approximately 230km.
Own-source revenue				
C4 <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,639.70	\$1,696.84	\$1,729.16	
Recurrent grants				
C5 <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$867.43	\$593.87	\$997.33	Improved position generally relates to additional revenue received from the Victoria Grants Commission. The 2015 figure included 150% of VGC Funding with the subsequent 2016 year only including 50% of funding. The 2017 year includes 150% of funding due to 50% of the 2017/18 payment being made early.
Disadvantage				
C6 <i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	6.00	6.00	6.00	

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

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

Service Performance Indicators

Service/indicator/measure	Results 2015	Results 2016	Results 2017	Material Variations and Comments
Aquatic Facilities Utilisation AF6 <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	13.70	15.23	14.80	Downturn in Outdoor facilities due to low attendance figures, extensive days lost due to weather, lifeguard unavailability and plant issues. Indoor facilities maintained stable with some savings in running expenses.
Animal Management Health and safety AM4 <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0.00	0.00	1.00	Council had one successful animal management prosecution in 2016/2017.
Food Safety Health and safety FS4 <i>Critical and major non-compliance outcome 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 outcome notifications and major non-compliance notifications about a food premises] x100	100.00%	96.43%	92.31%	From 1 July 2016, 'Critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year.
Governance Satisfaction G5 <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	44.00	50.00	49.00	
Home and Community Care (HACC) Participation HC6 <i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100 Participation HC7 <i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	35.00%	35.78%	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
Libraries Participation LB4 <i>Active library members</i> [Number of active library members / Municipal population] x100	35.00%	16.16%	15.28%	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

Service Performance Indicators cont'd

Service/indicator/measure	Results 2015	Results 2016	Results 2017	Material Variations and Comments
Maternal and Child Health (MCH)				
Participation				
MC4 <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	85.00%	71.53%	77.01%	
Participation				
MC5 <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	81.00%	75.00%	69.77%	
Roads				
Satisfaction				
R5 <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]	41.00	36.00	35.00	
Statutory Planning				
Decision making				
SP4 <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	0.00%	0.00%	0.00%	No Council planning decisions were referred to VCAT in the 2016/2017 financial year.
Waste Collection				
Waste diversion				
WC5 <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	47.00%	45.17%	41.39%	

Definitions

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

FINANCIAL PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2017

Dimension/indicator/measure	Results	Results	Results	Forecasts			Material Variations and Comments
	2015	2016	2017	2018	2019	2020	
Efficiency							
Revenue level							
E1 Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$852.69	\$1,127.86	\$1,378.14	\$1,325.29	\$1,354.14	\$1,383.71	\$1,414.00
Expenditure level							
E2 Expenses per property assessment [Total expenses / Number of property assessments]	\$3,746.27	\$3,489.64	\$5,056.27	\$3,723.82	\$3,682.09	\$3,780.64	\$3,914.55
Workforce turnover							
E3 Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	10.94%	22.05%	17.12%	17.12%	15.91%	14.61%	14.68%
Liquidity							
Working capital							
L1 Current assets compared to current liabilities [Current assets / Current liabilities] x100	227.52%	195.39%	306.73%	180.20%	355.66%	353.99%	314.41%
Unrestricted cash							
L2 Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	65.37%	56.29%	31.81%	110.31%	206.39%	229.52%	178.76%

1. Waste Collection charges were increased to reflect more accurately the true cost of collection and disposal. 2. Movements between rural & residential valuations resulted in a change in the mix of rate revenue from these two rating categories.

Expenses were substantially higher due to the recognition of impairment expenses for the September 2016 floods.

Council has recently carried out a major organisational realignment which has seen a considerable turnover in staff. It is predicted that this turnover will reduce, however the number of temporary/project positions will also decrease keeping the ratio at a higher than normal level.

Council holds additional cash due to advanced funding for flood restitution works and incomplete capital works.

Whilst this indicator appears low, Council holds additional cash due to advanced funding for flood restitution works and incomplete capital works in "other Financial Assets" - \$21m.

FINANCIAL PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2017

Dimension / Indicator / Measure	Results	Results	Results	Forecasts			Material Variations and Comments
	2015	2016	2017	2018	2019	2020	
Obligations							
Asset renewal							
O1 Asset renewal compared to depreciation [Asset renewal expense / Asset depreciation] x100	74.48%	64.39%	51.75%	291.24%	158.93%	68.05%	73.56%
Loans and borrowings							
O2 Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	19.31%	16.28%	13.91%	13.97%	19.11%	28.58%	24.19%
O3 Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3.18%	2.97%	2.87%	2.89%	4.14%	3.83%	5.19%
Indebtedness							
O4 Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	22.13%	20.56%	13.60%	22.40%	34.29%	40.25%	37.49%
Operating position							
Adjusted underlying result							
OP1 Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	1.63%	-13.07%	-24.46%	-5.40%	-0.19%	-7.45%	-8.76%
Stability							
Rates concentration							
S1 Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	41.80%	54.28%	42.54%	48.71%	47.85%	51.07%	51.02%
Rates effort							
S2 Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.45%	0.48%	0.57%	0.56%	0.58%	0.59%	0.60%

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

FINANCIAL PERFORMANCE INDICATORS CONT.

Definitions

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

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

OTHER INFORMATION FOR THE YEAR ENDED 30 JUNE 2017

1. Basis of preparation

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

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

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

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 29 June 2016. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

Certification of the Performance Statement

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



Belinda J Johnson, B.Comm., CPA.
Principal Accounting Officer
Dated: 14-09-17

In our opinion, the accompanying performance statement of the (*council name*) for the year ended 30 June 2017 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

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

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

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



Cr Mary Ann Brown
Mayor
Dated: 14-09-17



Cr Christopher L Sharples
Councillor
Dated: 14-09-17



Michael G Tudball
Chief Executive Officer
Dated: 14-09-17

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017



Victorian Auditor-General's Office

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 2017• sustainable capacity indicators for the year ended 30 June 2017• service performance indicators for the year ended 30 June 2017• financial performance indicators for the year ended 30 June 2017• other information and• the 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 2017 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</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. My responsibilities under the Act are further described 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>. I and my staff 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 Australia and 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 is responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

**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 economic decisions of users taken on the basis of this financial report.

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 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 our 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 statement of performance, including the disclosures, and whether the statement of performance 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
15 September 2017



Tim Loughnan
as delegate for the Auditor-General of Victoria

SOUTHERN GRAMPIANS
SHIRE COUNCIL

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