

# SOUTHERN GRAMPIANS SHIRE COUNCIL

## ANNUAL REPORT

2017/18





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# ABOUT THIS REPORT

Southern Grampians Shire Council is pleased to present the 2017/18 Annual Report to our community.

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

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

We hope you enjoy reading about the journey of Southern Grampians Shire across 2017/18.

## WHERE TO GET A COPY

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

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

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

## COUNCIL OFFICES

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

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Hamilton VIC 3000**







# OUR SHIRE

## SHIRE PROFILE

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

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

With a population of almost 16,000, Southern Grampians covers an area of 6,655 square kilometres. Hamilton is the main retail and service centre supported by the smaller towns of Balmoral, Branxholme, Byaduk, Cavendish, Coleraine, Dunkeld, Glenthompson, 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 enterprises like, 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 further 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 – **6,652km<sup>2</sup>**



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**



## ACKNOWLEDGEMENT OF TRADITIONAL LANDOWNERS

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

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

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

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

# OUR COUNCIL

## VISION

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

## VALUES

### Innovative

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

### Respectful

We will be caring, accept differences and value diversity.

### Collaborative

Together we will work smarter to achieve agreed common goals.

### Trusting

We will be open, honest and brave.

### Empowering

We will delegate opportunities and develop and inspire success.

# OUR SERVICES

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

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

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

In order to best use limited resources to provide effective local government 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:



- Leisure - **\$8.26**
- Emergency Management - **\$2.20**
- Capital Works - **\$43.62**
- Cultural Services - **\$3.28**
- Community Services - **\$5.22**
- Economic Development and Tourism - **\$1.76**
- Community Development - **\$0.95**
- Planning and Environment - **\$0.54**
- Business Enterprises - **\$3.03**
- Waste - **\$4.89**
- Infrastructure - **\$19.75**
- Regulatory and Compliance - **\$2.98**
- Governance and Corporate Services - **\$3.52**

# FAST FACTS



**92,581** – Visits to shire aquatic facilities



**85,452** – Square metres of sealed local roads reconstructed



**2,957** – Number of registered animals



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



**2,379** – Active library members



**6,352** – Kerbside Garbage collection bins



**22,780** – Items in the library collection



**125** – Planning applications received



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



**263,499** – Square metres of sealed local roads resealed



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



**984,027** – Sheep and lambs sold at the Hamilton Regional Livestock Exchange



# MAYOR'S REPORT

## It is a pleasure to present the Southern Grampians Shire Council Annual Report for the 2017/18 financial year.

We are extremely proud of the achievements and positive outcomes we have delivered to our residents over the last financial year. In 2017/18 we saw Council celebrate the completion of a number of major community infrastructure projects, including the long-awaited HILAC roof replacement, stage three of the Hamilton Regional Livestock Exchange project, installation of the Radio Frequency Identification Devices (RFID) at the Livestock Exchange, and the redevelopment of the Greater Hamilton Library. Other highlights of the capital works program delivered this year include the \$297,000 of improvement works across Council's six outdoor pools, the completion of the Bridges program and the rehabilitation of major shire roads including Nareen Road, Byaduk Ardoon Road and Forest Lane.

We had the pleasure of hosting a variety of events that represented the unique interests of our diverse community this year. Residents and visitors participated in our inaugural Harmony Day celebrations which were well received by the community and are something we hope to build on in coming years. In November 2017 we celebrated the 40 year anniversary of our beautiful Lake Hamilton.

It was a real privilege to stand with past councillors and Mayors, including the late Kevin Thomas, and rejoice in the foresight and the hard work that created such a wonderful, iconic community asset for our region.

Council continued the practice of holding Council meetings outside Hamilton with meetings being held in Peshurst and Coleraine. In 2018/19, meetings will be held at Cavendish, Dunkeld and Branxholme.

Council hosted a new resident's function in May, which was attended by many people who have decided to make the Greater Hamilton region home in the last 12-18 months. It was particularly pleasing to welcome to this event our newly relocated African families who have moved here as part of the Economic Migration Pilot Project.

Other event highlights for the year include the Shakespeare in the Gardens event held on the March long weekend – a new and unique event for our region, held in our iconic Hamilton Botanic Gardens which attracted over 500 people. Another successful event was the 3x3 Champions League Basketball Tournament, which attracted players and spectators from across Victoria. The participation of the Hamilton Basketball Association was a key factor in the success of this event.

Council was also delighted to host the Great South Coast Regional Assembly, which provided a wonderful opportunity for our residents to network with politicians and raise regional priorities with senior government officers.

A highlight of the Regional Assembly was the announcement by Minister Jaala Pulford of state government funding of \$2.7 million for Cox Street, stage one of the CBD Revitalisation masterplan.

Council's Smart Cities Digital Transformation project was recognised for innovation and excellence throughout the year, winning the 2017 National Awards for Local Government – Digital Innovation in Local Government Category and the MAV Technology 2017-2018 Smart City Achievement of the year. The project also received \$150,000 funding from the Federal Government Smart Cities and Suburbs program, validating that the strategy work completed to date is well aligned to the expectations of higher levels of government.

In June 2018 Council was delighted to award the contract for the Scoping Study and Masterplan for a new Hamilton Gallery to Denton Corker Marshall Pty Ltd. This project is important for Council and the community as it offers the opportunity to drive significant growth in the tourism sector in the region.

Other major achievements for the year included the adoption of the four year Municipal Health and Wellbeing Plan and the adoption of the Penshurst Botanic Gardens

Masterplan which will see the revitalisation of this wonderful asset for Penshurst.

Councillors and Executive have been busy this financial year, advocating to State and Federal Government for a number of priority projects designed to support economic development and population growth in regional Victoria and specifically in the Greater Hamilton region. These priorities include:

- Digital Technology Infrastructure
- Public Transport – additional regional bus routes and services
- Hamilton Airbase stage two
- Alternative Heavy Vehicle Route for Hamilton
- Stage two of the Hamilton CBD revitalisation
- Economic Migration Project Enhancement.

There have been many trips to Canberra and Spring Street in the last 12 months. While we have had little success in the way of funding or commitment towards projects, we remain undeterred and will continue to be persistent and passionate in advocating for our region. We believe the Greater Hamilton region has a central role to play in supporting the State and Federal Governments' objectives of rural economic and population growth.



These projects are essential to stimulate employment, population growth and economic development in our region.

My fellow Councillors and I would like to take this opportunity to thank residents and businesses for their support for and contribution to making our communities vibrant and exciting places to live and work.

I am confident that the 2018/19 financial year will be a positive one and will bring a number of new, outstanding achievements and celebrations for our community.

*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 2017/18 Annual Report.

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

The organisation led by the elected Councillors has continued significant community engagement in the development of the 2018/19 Annual Plan and Budget leveraging off our community planning program and very active and informed communities. The level of discussion at our gatherings has been reassuring that mostly we are on the right track.

As always we take the opportunity to seek direct feedback on a number of key issues including a very successful outdoor pool season, flood recovery implementation and specific project implementation such as Hamilton CBD Revitalisation and the Hamilton Regional Livestock Exchange (HRLX).

In an ongoing tight fiscal environment the financial accounts reflect the strong position Council is in for the 2018/19 year. However with pressures internally from costs and externally restricting Councils' 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 2018/19 and beyond continue to revolve around maintaining our service levels to community expectations within the financial constraints and also deliver significant capital works to maintain Councils 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.

A major focus has been on the economy over the past year and will continue into the next years. One area has been to look to attracting workforce and population to the region. We have significant workforce shortages of jobs that cannot be filled and one approach in our armoury has been the very successful economic migration project seeing four families to date moving from major cities into our region, being placed immediately into employment, schooling and related family services. Our communities have been extremely welcoming and supportive and this will continue with 10 families to be welcomed in total by the end of this year.

The other economic focus has been to support a diversified economy. This includes leveraging and growing our offerings in agriculture but then working towards other markets including horticulture, viticulture and most importantly value-adding to our current agricultural commodities. A significant part of this is a strategic plan for the Hamilton Regional Livestock Exchange (HRLX) including growing other markets, maintaining and growing the sheep and lamb markets and provide a value-add for producers and buyers at the HRLX.

The past year has also seen a dedicated response from the organisation to the September 2016 Flood events. A significant impact on our infrastructure of approximately \$40 million has kept the organisation focussed on recovery and rebuilding, with the majority of this work to be completed by 30 June 2019. This is majority funded by disaster recovery funding from State and Federal Governments and we are totally focussed on delivering the program for our affected communities.

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. This is now bearing fruit with recognition at the Great South Coast Regional Assembly being held in Hamilton in June 2018 with significant announcements of funding and support to key projects within the shire which we will continue to advocate and seek our share of support from other levels of government.

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



**MICHAEL 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 2017-2021. Each Strategic Objective has a set of strategies that we want to achieve and how we will achieve them, which guides our actions during the year.

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

## **Strategic Objective One: SUPPORT OUR COMMUNITY**

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

### **Highlights**

- Redevelopment of the Hamilton Library through the State Government's living libraries fund
- Council support for the families relocated to the Greater Hamilton region as part of the Economic Migration Program
- Hosted annual New Residents function to welcome newcomers to town and provide information on Council services, community groups and to help people make connections
- Supporting the prevention of violence against women by holding a White Ribbon day event in partnership with Western District Health Service
- Celebrating our history and assets with the Lake Hamilton 40th Birthday event
- \$176,837 of funds delivered to community projects through Council's Greater Grants
- Council adoption of the Southern Grampians Health and Wellbeing Plan 2017-21.



### **Strategic Objective Two: DEVELOP OUR REGIONAL ECONOMY AND BUSINESS**

A strong, diversified local and regional economy

#### **Highlights**

- Continued advocacy campaign to return passenger rail to Hamilton and Horsham
- Completion of stage three of the Hamilton Regional Livestock Exchange redevelopment
- MAV Technology 2017-2018 Smart City Achievement of the year and Federal government investment of \$150,000 into the smart communities project
- Hamilton CBD Revitalisation project funding \$2.7 million received from State Government
- Land Agents appointed for the Port Fairy Road Industrial Estate and planning permits submitted.

### **Strategic Objective Three: PLAN FOR OUR BUILT ENVIRONMENT AND INFRASTRUCTURE**

Provide access to infrastructure that meets community needs

#### **Highlights**

- Positive community engagement around street trees in the Hamilton CBD
- Delivery of \$297,000 of works at outdoor pools across the shire on the back of extensive community engagement in 2017 to improve service delivery
- Engagement of Major Strategic Projects Officer to deliver on key initiatives previously planned and scoped
- Community consultation and planning undertaken for essential recreation and leisure facilities as part of the Southern Grampians Recreation and Leisure Strategy development
- Delivery of year one of the flood impact repairs and reinstatement.



**Strategic Objective Four:  
PROMOTE OUR NATURAL  
ENVIRONMENT**

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

**Highlights**

- Successful change over to fortnightly recycling service and rollout of 2,500 240 litre collection bins
- Successful re-negotiation of recycling services in a very difficult world environment
- Adoption of Climate Change Adaptation Plan
- Part of the newly established regional Integrated Water Management working group which involves Councils, Wannon Water and the GHCMA
- Solar Photovoltaic system installed on the Hamilton Depot to reduce electricity usage.

**Strategic Objective Five:  
PROVIDE GOVERNANCE AND  
LEADERSHIP**

Strong Leadership, good governance and effective service delivery

**Highlights**

- Successful establishment of community relations team coordinating our community interactions
- Hosted the Local Government Chief Officer's meeting from across Australia and New Zealand and the 2018 Great South Coast Regional Assembly
- Continued advocacy for Council's priority projects including several visits by Mayor and CEO to Canberra and Spring Street
- Highly successful Council meetings conducted outside of Hamilton; and
- Council resolution to continue holding three Council Meetings in towns outside Hamilton at its meeting in November 2017.





## CHALLENGES OF THE YEAR

- Review and Masterplan for premier recreation facilities including Pedrina Park
- South West Fires March 2018 impacting Gazette and Peshurst communities specifically
- Maintaining service delivery through staff shortages in critical regulatory services area
- Hamilton Botanic Gardens Masterplan
- Feasibility study for Hamilton Gallery
- HILAC Roof Replacement.

## FUTURE OUTLOOK

- Increasing our advocacy to focus, promote and invest into Council's goals and priorities
- Prioritise and implement key actions from Climate Change Adaptation Plan
- Development of short, medium and long-term priority plans for recreation and leisure facilities in response to the findings of the Recreation and Leisure Strategy, including Lake Hamilton
- Implement a pro-active strategy to further promote and grow the Hamilton Regional Livestock Exchange.
- Design stage two Hamilton CBD revitalisation project – Lonsdale St/Melville Oval/Gray Street
- Implement key actions from 2018 energy audits at HILAC, Brown Street Business Centre, Hamilton Depot and Market Place.
- Commence construction of the serviced industrial land
- Deliver year two of the Flood Impact repairs and reinstatement works
- Complete capping works at Elijah Street Landfill and implement gas treatment system.
- Commence works on Melville Oval Facilities
- Completion of Coleraine Flood investigation.



# FINANCIAL SUMMARY

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

The key objectives of this Plan are:

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

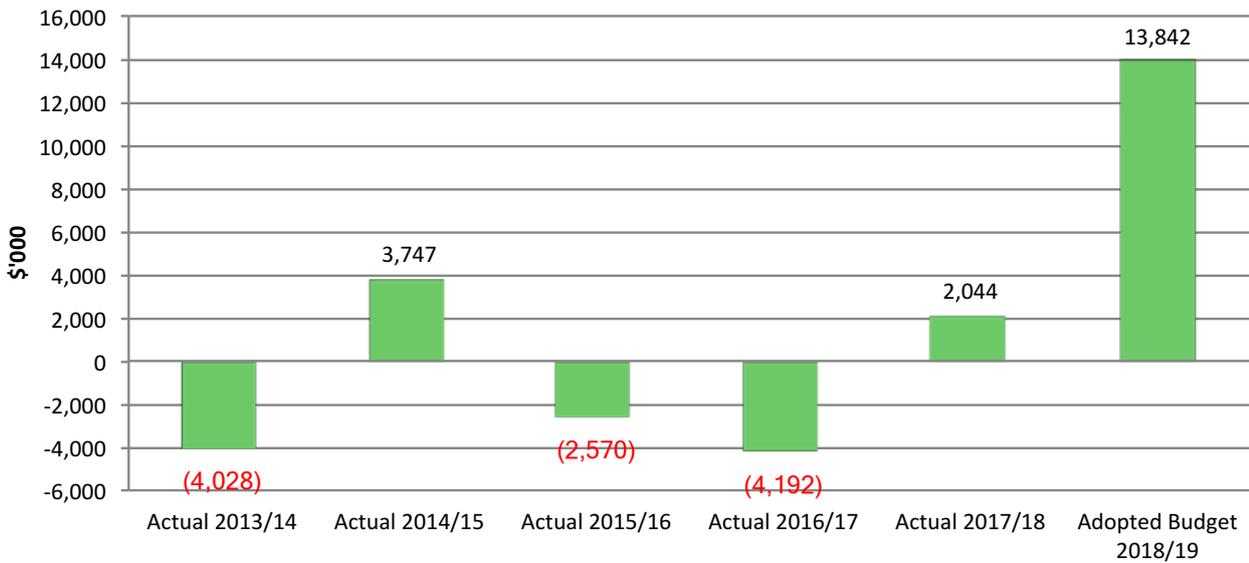
## FINANCIAL RESULTS AT A GLANCE

- Operating Expenditure - \$46.760 million
- Capital Works Program Delivered - \$17.336 million
- Rates and Charges - \$19.706 million
- Operating Surplus - \$2.044 million
- Net Funds Available - \$16.626 million
- Working Capital - \$2.57 of current assets for every \$1.00 of current liabilities
- Debt decrease of \$383,000 from \$2.645 million to \$2.262 million



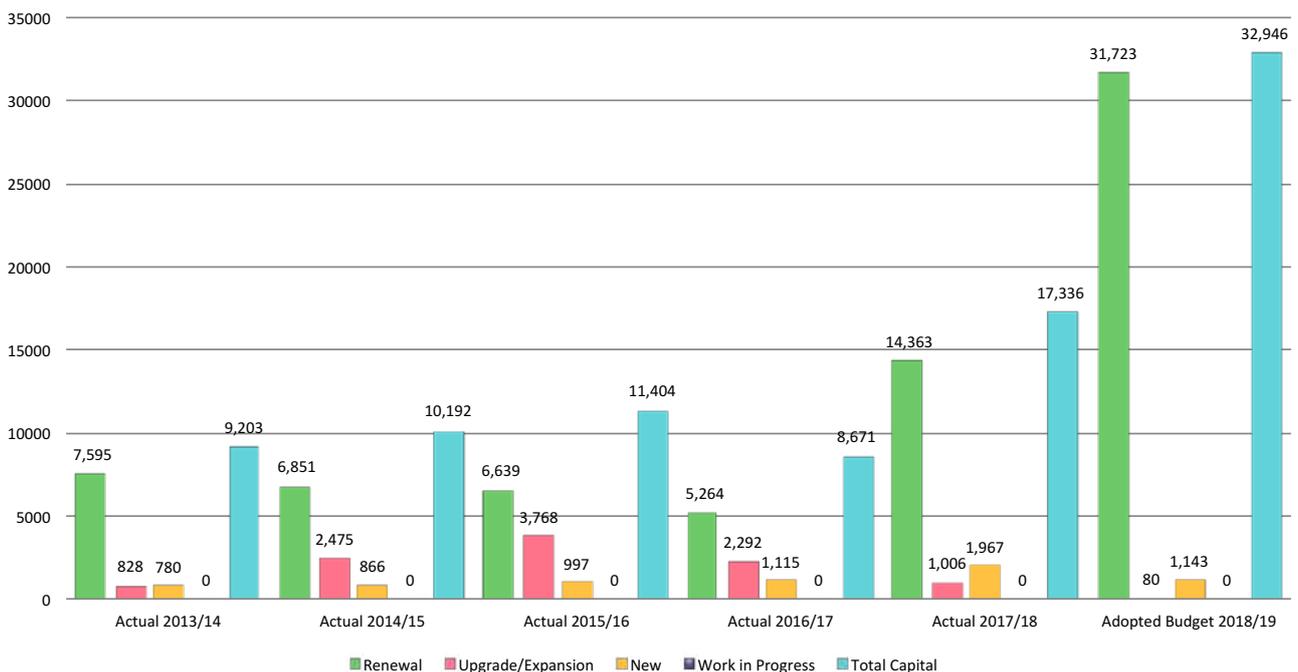
## NET OPERATING RESULT

The operating surplus in 2017/18 was (\$2.044) million compared to a budgeted \$21.858 million surplus. The operating surplus was lower than budgeted mainly due to capital grants of \$17.240 million for flooding, industrial land development and livestock exchange upgrade not being received. Council's long term financial plan demonstrates modest operating surplus in the next five years. Except for the next year where large operating surpluses are expected due to flood funding to restore written off assets.



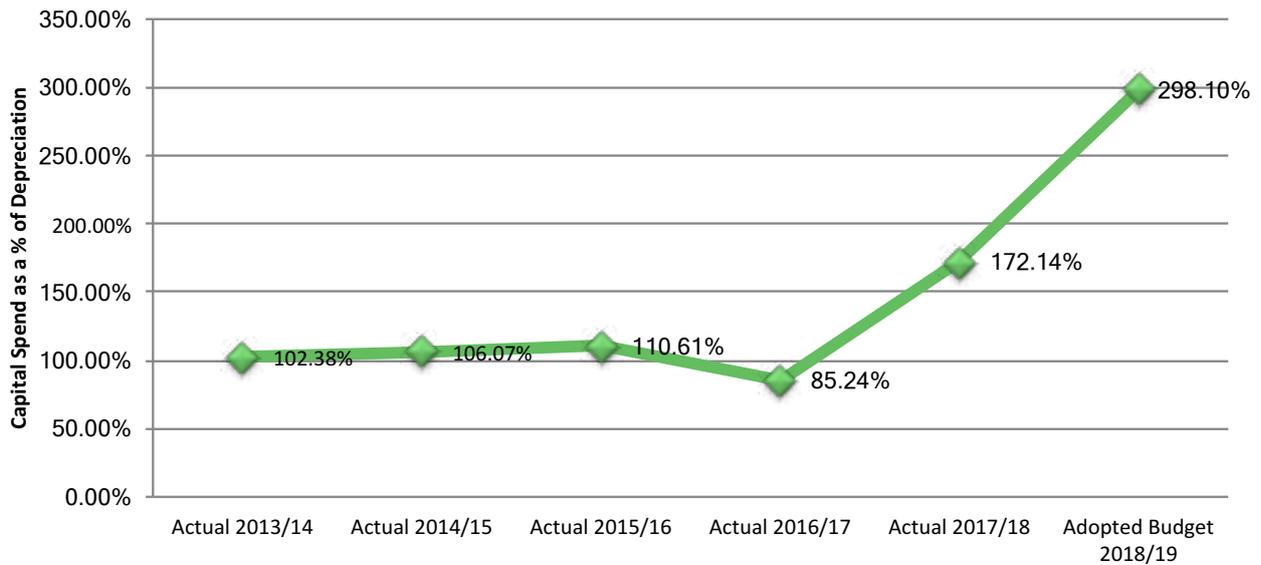
## SUSTAINABLE CAPITAL EXPENDITURE

Council continues to invest in renewing and revitalising its assets. Council spent \$17.336 million on Capital works in 2017/18 with an average spend in excess of \$11 million for the past five years. Of this amount Council spent 70 percent of capital expenditure on the renewal of assets with the remaining capital funds being expended on the upgrade/expansion of existing assets or new assets.



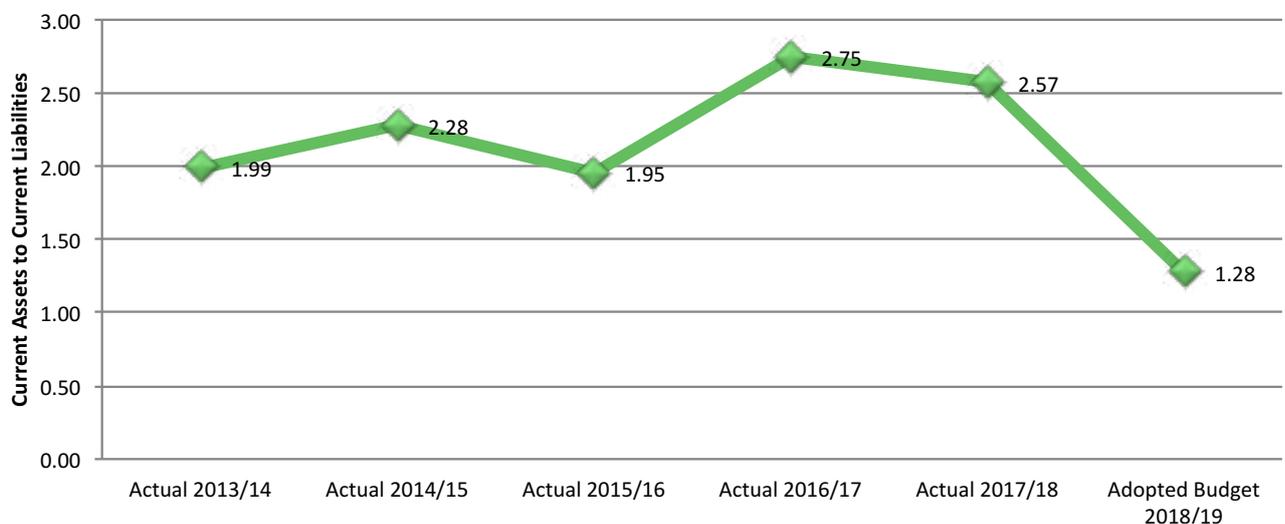
### RATIO OF CAPITAL EXPENDITURE TO DEPRECIATION

A ratio of capital expenditure to depreciation of greater than one hundred percent indicates that Council is spending more on replacing assets than it is consuming during the period. Council achieved 172 percent for 2017/18. However, it should be noted some of the works completed are for new assets which will increase the level of depreciation into the future.



### WORKING CAPITAL

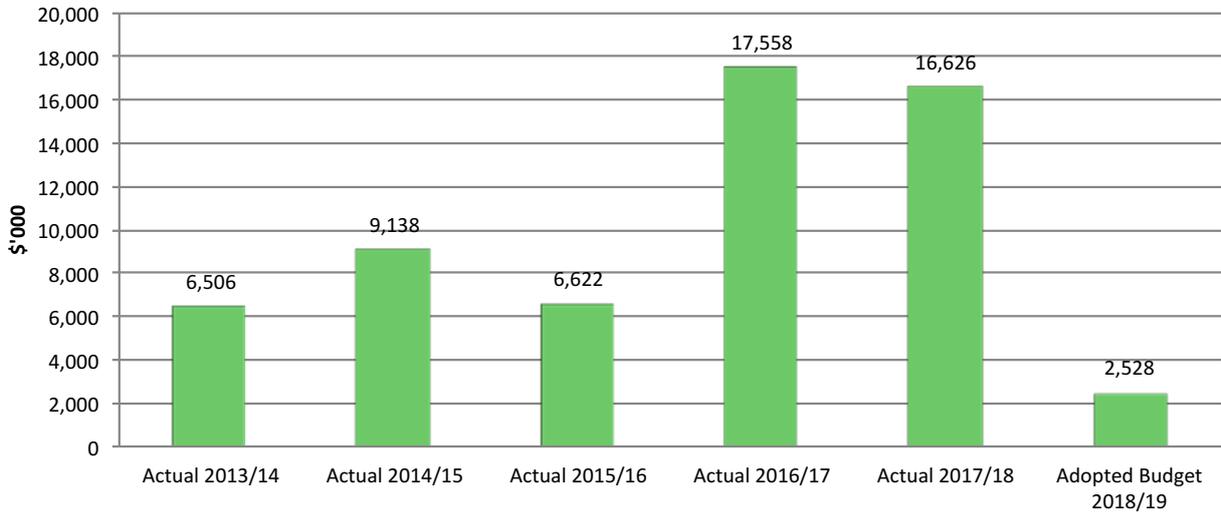
This graph indicates Council's ability to meet its short term commitments with its short-term assets. Council ended the year with a ratio of 2.57:1 which means for every \$1 of short-term liability, Council has \$2.57 of current asset. Future working ratios are predicted to enable Council to meet its commitments as they fall due.



## NET FUNDS AVAILABLE

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

Council's will draw down on cash reserves while remaining in a strong cash position for 2018/19.

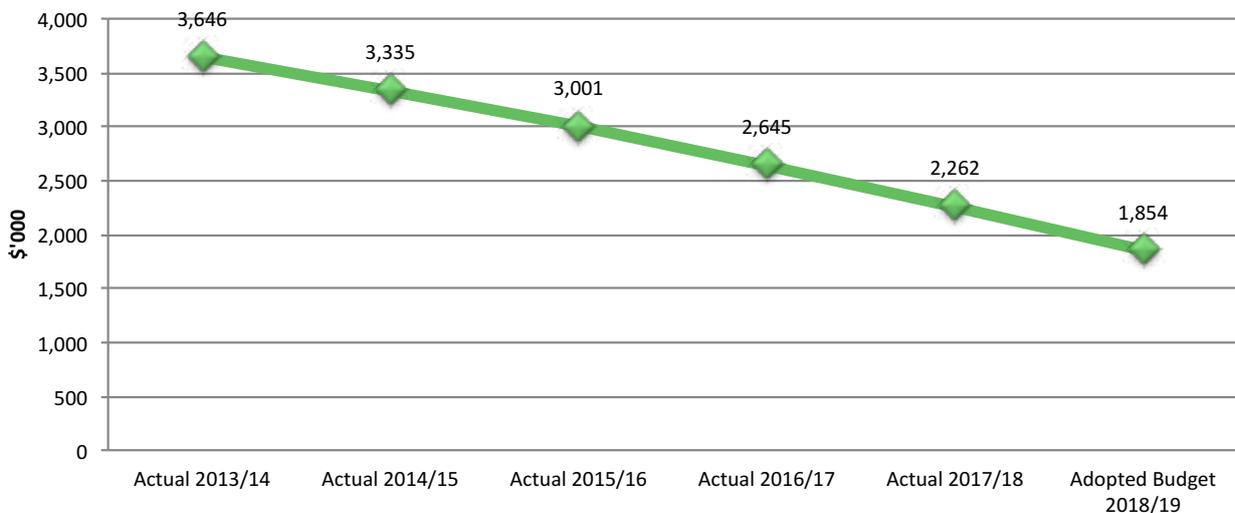


## DEBT LEVELS

Council has decreased debt by \$383,000 in 2017/18.

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

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

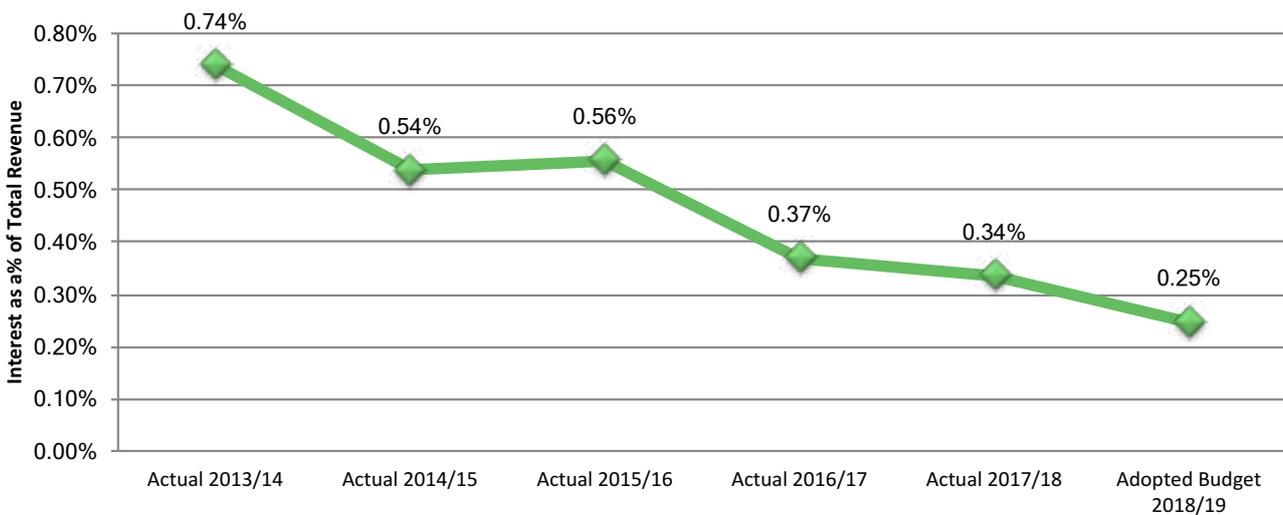


## DEBT SERVICING LEVELS

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

Council's Debt Commitment Ratio – which is total debt servicing and debt redemption as a percentage of annual rate revenue is 2.78 percent (1.12 percent of total revenue) for 2017/18.

These ratios indicate Council is in a sound financial position.





## MAJOR CAPITAL WORKS

The capital works program forms a significant proportion of Council's budget. In 2017/18, \$20.55M 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 2017/18 financial year was \$10.33 million.

**COUNCIL HAS DELIVERED 87% OF THE 326 PROJECTS IN THE CAPITAL PROGRAM INCLUDING 43 PROJECTS WHICH WERE STARTED BUT NOT COMPLETED FOR THE FINANCIAL YEAR AND 31 PROJECTS DEFERRED.**

Major Capital Projects delivered in 2017/18 include:

### HILAC ROOF

Replacement of the roof at HILAC was completed in 2018. The successful tenderer was Millers Plumbing Pty Ltd, for the amount of \$528,000. The work was originally scheduled to be completed over two financial years, but the project was able to be completed in full within four months and with minimal disruption to users.

The roof was completely replaced on Basketball Courts two and three and Squash Court one. Movement controlled ventilation fans and new guttering were also installed. On Basketball Court four, ridge capping was replaced, movement controlled ventilation fans installed and skylights and gutters were replaced. The roof on Basketball Court one was replaced, movement controlled ventilation fans installed, gutters replaced, wall sheeting was refitted and access ladders were installed. Works were also undertaken over the table tennis facility, childcare centre and part of the entry.

A 10-year roof maintenance program will commence in 2018/19 to ensure ongoing management of the facility's roof.



## OUTDOOR POOL WORKS

The six Greater Hamilton outdoor swimming pools underwent an extensive review at the completion of the 2016/17 pool season. This involved inspections of the condition of the assets by industry experts, an audit of compliance requirements and consultation sessions with pool users and interested community members. This review highlighted the need to establish a capital renewal program to invest in the assets.

The intention of the investment was to ensure that swimming pools are safe, open and reliable. This service level expectation was also reflected in the feedback and submissions received during the community consultation sessions. In order to achieve and maintain the required service level that swimming pools are safe open and reliable, funds were invested in addressing the infrastructure issues, resolving the maintenance and compliance issues and improving operational effectiveness and communication.

Renewal works included:

- The repaint and seal of each swimming pool, addressing the particular requirements of each pool (fixing cracks, sealing leaks or repainting surface)
- Compliance and risk management including signage and first aid room improvements for all pools, a concrete slab for the pool blankets at Peshurst and new bubble pool blankets and wind skirts for Coleraine
- Replacement of pool plant focusing on the renewal of filtration and pump systems as required at each pool.

There were additional infrastructure improvements identified through the consultation process, however in the first two years of the works program, the focus has been on the essential areas that directly impact on the identified service level of swimming pools being safe, open and reliable.

## HAMILTON LIVESTOCK EXCHANGE REDEVELOPMENT – STAGE THREE

Stage three of the Hamilton Regional Livestock Exchange redevelopment was completed in 2018.

This stage, included the completion of the roof over the sheep saleyards and the asphaltting of the southern and northern loading areas. The total stage cost was \$1.6 million (the roof cost was \$1.2 million). Contracts will be written for rebuild of the Canteen and Managers Office in 2018/19. This will bring to a close the \$6.6 million upgrade of the Hamilton saleyards, which began in 2015.

## HAMILTON LIBRARY REFURBISHMENT

The Greater Hamilton Library underwent a major refurbishment during 2017/18. The refurbishment was made possible thanks to \$121,000 in funding from the Victorian Government's Living Libraries Infrastructure program.

A new and vibrant space has been created, which enhances browsing and collection accessibility for library users and includes new flooring, mobile shelving, new service desk, improved staff space and the creation of a dedicated area for creative play.

In a major piece of work for staff, the library collection, IT and other furniture was relocated to the Hamilton Performing Arts Centre (PAC) throughout January and February to enable the refurbishment works to take place.

The re-opening celebrations were held on Friday 2 March with Councillors and patrons attending a morning tea and an official ribbon cutting by 100 year old Olive Kitchin, our longest serving library member.



## MAJOR ROAD PROJECTS

Around 3,564km of roads are situated within Southern Grampians Shire and it is a huge challenge each year to maintain, repair and restore them. Council place a high priority on road maintenance and each year allocates millions of dollars to road management. Major road projects undertaken in 2017/18 include:

- Forest Lane rehabilitation
- Byaduk/Ardoon Road rehabilitation
- Den Hills Road rehabilitation
- Yatchaw Road rehabilitation
- Nareen Road rehabilitation

### Bridges and Culverts:

- Loudon Youngs Road
- Byaduk/Ardoon Road
- Loats Road Road
- Lower Hilgay Road

## OTHER CAPITAL WORKS PROJECTS INCLUDE:

- PAC kitchen refurbishment replacement - \$28,599
- PAC interior painting \$11 686
- HILAC floor resurfacing - \$49, 997
- Tyers Street pedestrian crossing works - \$12,082
- Repaint cottage and repair and repaint gates- Hamilton Botanic Gardens - \$10,013

## 2016 FLOODS AND STORMS

In September 2016, the Shire experienced a significant flood and storm event. Townships including Coleraine, Hamilton and Dunkeld were significantly impacted but the damage was widespread and extensive throughout the Shire.

A Flood Recovery Unit was established as the damage was beyond the capacity of Council's annual budget. During this financial year over \$20 million of road works were placed under contract and delivery commenced. Another \$10 million of drainage, storm water, and bridge works were quantified and released to the market. The total estimate for the damage to public infrastructure for this event is over \$34 million.

A community fund was released to the residents of Southern Grampians Shire to facilitate works on uninsured community assets, and this year has seen the completion of a number of project across all of the impacted towns, with the final projects to be delivered in the coming year.

## ST PATRICK'S DAY FIRES 2018

March 2018 saw a fire and storm event impact South West Victoria, particularly the Gazette, Garvoc and Cobden areas. Approximately 3,498 hectares was burnt out across the Gazette to Hawkesdale area with three dwellings lost. There were also significant stock losses in the Gazette area and losses of outbuildings and farming equipment.

Council worked closely with neighbouring shires Moyne and Corangamite to support residents both during the emergency response and in the coordination of recovery efforts. Council also supported our communities by providing health and safety information via social media, web pages, newspaper and radio along with direct visitation. Information sessions in Penshurst and Gazette were facilitated by Council staff and these provided another opportunity to assist affected residents through the disaster event. A council appointed recovery manager worked with affected landowners for the months following the event to ensure appropriate restoration of services, manage insurance claims and provide support.

# MAJOR ACHIEVEMENTS

## SHEEP EID PROJECT

Radio Frequency Identification Device (RFID) readers were installed at the Hamilton Regional Livestock Exchange in 2018 after Council was successful in securing State Government funding of \$460,080 for the project implementation through the Electronic National Livestock Implementation Scheme (Sheep & Goats) transition package.

The State Government introduced legislation in 2016 to make it compulsory for sheep and goats to have electronic ear tags (EID) and agents are required to ensure scanning and reporting on these tagged animals at livestock exchanges. Council was required to install infrastructure by 31 March 2018 to enable the agents to meet their obligations.

The Hamilton Regional Livestock Exchange was the first saleyard in the country to receive funding for RFID installation. Council are proud to be leading the way with EID technology and in doing so, ensuring the long-term viability of our saleyards, which are such an important asset to the region.

## LAKE HAMILTON 40th BIRTHDAY CELEBRATIONS

Sunday 12 November marked 40 years since Lake Hamilton was officially opened. Council held celebrations to honour the anniversary, with a huge crowd in attendance.

Past Mayors, Councillors and City Engineers responsible for the planning and construction of the Lake were present on the day and provided some wonderful accounts about the history of the project and the Shire.

The activities on the day of the event aimed to reflect those of the original opening ceremony, with the rowing club and sailing club both providing demonstrations on the Lake and the Aero club performing a fly over, just as it did back in 1977.

Promotion of the Lake as a valuable community asset was another aim of the day and the addition of canoes and stand-up paddleboards on the Lake, together with live music at the Lake playground and a free BBQ lunch, created a wonderful community atmosphere.





## SMART COMMUNITY FRAMEWORK DEVELOPMENT

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. A great deal of work has been undertaken through 2017/18 on Council's Smart Community Framework.

In 2017, Council was successful in securing a grant for \$150, 000 under round one of the Federal Governments Smart Cities and Suburbs program. This was a tremendous outcome for Council and validates that the strategy work completed to date and the smart communities framework is well aligned to the expectations of higher levels of government.

Free public WiFi is now available in all townships and through the CBD of Hamilton. Investing in free WiFi enhances connectivity options for our community and visitors and provides a platform to leverage further technology solutions into the future. As Council looks to offer increased online service delivery into the future, ensuring there is equity and access for all residents is paramount.

2017/18 has also seen the Expansion of the 'Greater Hamilton IoT Network'.

Council's original investment into a LoRaWAN sensor network has been expanded upon through the Federal Government Grant funding. An additional gateway has been installed on Mt Baimbridge and Council is working towards a second additional gateway to be installed once a location can be secured.

This adds further LoRaWAN coverage to the gateways already in place in Hamilton, Coleraine, Dunkeld and Penshurst. The LoRaWAN technology used is an open source sensor network allowing anyone within range of the network to connect their own LoRa compatible sensor to the network at no cost.

Pilots to be implemented in the 2018/19 year:

- Water quality sensors in Council's outdoor swimming pools. Having the ability to centrally monitor the water quality of all the seven pools across our shire will enable council officers to be more proactive in fixing problems as they arise and provide earlier notification to the community if the issues can't be resolved. This will assist in working towards an improved delivery of the pool services across Council
- Localised weather data. Weather stations will be installed in each township and the data collected by all weather stations will be released to the community by Council's Open Data portal. This will allow everyone access to more localised and current weather data
- Public space usage data. Council are currently trialling sensors that measure usage of public spaces, for example how often a playground is used, or a walking track. If data around usage of public assets is able to be accurately captured, it will assist in the asset renewal program and ensuring the right assets are provided in the right locations for the community.



## SHAKESPEARE IN THE GARDENS

In a first for Hamilton, the March long weekend saw the Australian Shakespeare Company (ASC) perform 'A Midsummer Night's Dream, Under the Stars' in our own Hamilton Botanic Gardens. The performance came to Hamilton direct from Melbourne, as one of only two regional performances in Victoria for 2018.

It took the ASC crew along with PAC staff, depot, parks and gardens staff and 14 generous members of Friends of the Gardens, two full days to build the stage and set up the space. Five-hundred and thirty people attended the event with their picnics, blankets and chairs on what was a perfect night weather-wise.

Thirty-five percent of the audience was made up of visitors from outside the Shire, attending from surrounding areas such as Warrnambool, Portland, Mortlake and Casterton, from multiple destinations along the coast as far as Queenscliff, and places such as Bendigo, Ballarat, Camperdown and even Elwood, Frankston and Glen Waverley. A total of 84 students attended as well.

The event was a direct result of community consultation undertaken with Performing Arts Centre subscribers about the type of new events they would like to see available in the region in the future. The event is set to become an annual feature on the PAC calendar that provides a welcome tourism and economic boost.

## GREAT SOUTH COAST REGIONAL ASSEMBLY

Council, in conjunction with the Great South Coast Regional Partnership, hosted the 2018 Regional Assembly in Hamilton on 13 June. The assembly was very well attended with over 300 people in the room, over 50 percent of which were local residents.

This was a wonderful opportunity to listen to the community's priorities and highlight Hamilton to others in the region. Ministers present on the night were State Members Martin Pakula, and Jaala Pulford and member for Wannon Emma Kealy. Education improvements, transport and roads, digital connectivity, tourism and infrastructure, planning and development, were the key priorities highlighted at the Regional Assembly.

Council also hosted the 'After the Assembly' function, which was a great informal occasion for attendees to network, relax and be entertained by local musicians in an informal environment with community leaders and representatives.

## FUNDING FOR COX STREET

The Cox Street redevelopment project, will commence in 2018/19 with the announcement of \$2.7 million in funding from the State Government. The announcement was made in Hamilton ahead of the Great South Coast Regional Assembly by Minister for Regional Development and Minister for Agriculture Jaala Pulford MP.

The Victorian Government contribution will make up more than half of the total project cost of just over \$4 million, the balance of which will be contributed by Council.

The Cox Street Front Door Retail Precinct and Street Scape project will activate prime retail frontage, create new jobs, address access and safety issues and improve community amenity at this major entrance into Hamilton. It is the first of five stages in the Hamilton CBD revitalisation project that represent carefully planned and sequenced design and construction phases over the next decade including Melville Oval and Lonsdale Street, Botanic Gardens and Gray Street, Brown and Thompson Streets, and French and Kennedy Streets.



## IMPROVED COMMUNITY 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 in person, to plans, strategies and service design. These opportunities included:

- Budget sessions held across three townships to explain budget process and how to submit comments
- Coleraine Flood Study community sessions
- Recreations and Leisure Strategic Plan engagement sessions and workshops – community, schools and sporting groups
- Performing Arts Centre subscriber engagement session
- CBD Street Tree management session
- Annual township engagement sessions

These opportunities were largely 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 into 2018/19.

Council also facilitated a number of community events throughout 2017/18 which not only showed Council support for important social issues/ events, but also provided informal opportunities for Councillors and community to come together.

These included:

- Ride for Ovarian Cancer- BBQ breakfast
- White Ribbon Day
- Harmony Day
- Reconciliation Week
- Australia Day
- New residents function
- International Day of People with Disability – Party with the Ponies



## IMPROVED EVENT ATTRACTION

In 2017/18 Council have been working on attracting professional quality events to our region to benefit the economy, enrich our culture and community, and build community capacity to run successful events.

Council signed a three year partnership with Sports Marketing Australia (SMA) who match sports, music, arts, community and business/conferencing events to regional areas of Australia, focussing on decentralising events away from metropolitan areas.

Three events were held in this first year of the agreement:

- National Cinema Pop-Up at Melville Oval
- Australia Swims - Optus Junior Dolphins Carnival and Clinics at Hamilton Olympic Swimming Pool
- CLB 3x3 at Melville Oval Netball Courts

The cinema pop-up saw over 1500 attendees coming from outside the region across three nights. The event increased exposure for the Greater Hamilton brand regionally and showcased Council facilities, activating Melville Oval in a completely new way.

In January, two days of Swim Clinics, races and play-based learning as part of a National "Australia Swims" Campaign was held at the Hamilton Olympic Swimming Pool, and managed by HILAC staff. While the event wasn't a resounding success, it was popular with the 100 local attendees and gave opportunity to promote healthy active communities and water safety.

By far the most successful of the three events was the Champions League Basketball (CLB) 3 X 3 event. It was the largest outdoor event in CLB3x3 history, with 60 teams (240 people) participating including 45 participants from outside region and a total of over 1000 attendees over the three day event. The event provided great exposure of Council facilities and also provided an opportunity for community groups to collaborate with National sporting organisations, with the Hamilton Basketball Association (HBA) taking the lead role in running the event.

Council looks forward to seeing this event grow, attract more elite teams seeking to gain official ranking points for wider competition, and allowing HBA to continue to develop their capability to run large-scale sporting events.



# ADVOCACY

The Greater Hamilton region has a central role to play in supporting the State and Federal Governments' aims to increase rural economic activities, populations and build Australia's capacity to feed the world.

Southern Grampians Shire Council has identified a range of projects to stimulate employment, population growth and economic development. Priority projects include:

## DECENTRALISATION

Regional centres have a central role to play in supporting the State and Federal Governments' aims to increase rural economic activities, grow population and build Australia's capacity to maximise its natural and technological advantages in agriculture production.

Cr Mayor Mary-Ann Brown and CEO Michael Tudball presented a Decentralisation Paper to Senator Fiona Nash and Member for Wannon Dan Tehan in late 2017 on options for decentralisation in the Southern Grampians Shire. This paper focused on the need to relocate to Greater Hamilton, State and Federal Government departmental work units that complement our strengths in agricultural research, health research and service delivery, emergency management and education

Further meetings occurred in May 2018 with key Ministers and Dan Tehan along with State Ministers and MPs to progress local and regional initiatives based on the understanding that regional centres such as Greater Hamilton require continued and significant investment to ensure equitable opportunities for growth. Ideas approached with Ministers included future uses of the former Iluka Mineral Separation Plant, Hamilton CBD Revitalisation including Cox Street upgrade.



## PASSENGER RAIL

Passenger rail and public transport connectivity is a key driver of regional population and economic growth, providing vital connections between education, employment, health, retail and recreational opportunities.

The feasibility analysis for returning passenger rail and improving public transport was a collaborative project between eight local government agencies with funding support from the Federal and State Governments. It demonstrates the strength of inter-regional collaboration with three Regional Partnerships in support of the project.

The feasibility study shows that passenger rail can and should be re-introduced to western Victoria, underlining the importance of public transport to support the State Government's policy to support population growth in regional Victoria.

Mayors and CEO's from three Councils have spent much of 2018 lobbying State and Federal government Ministers to support the project. To date, support for a business case has been provided by State opposition leader Matthew Guy and the Federal Government have indicated support conditional on the State Government also coming to the table. Work will continue on this critical advocacy project leading into the 2018 State Election and the Federal Government election in 2019.

A key focus over this coming 12 months will be the re-connection and enhanced public transport coach services to improve connectivity between our townships, Ararat and Ballarat rail lines and Melbourne, Mt Gambier and Adelaide.



### HAMILTON CBD MASTER PLANNING

The Hamilton Structure Plan adopted by Southern Grampians Shire identifies a vision for the CBD: to be the civic, shopping, business, entertainment, social, cultural and community heart of the city and region. It identifies that more than 40 per cent of the Hamilton CBD remains underdeveloped, while the CBD streetscape has not received significant public investment for more than a decade.

The Hamilton CBD is in urgent need of design upgrades. While high level planning has been undertaken there is a need for detailed design that ensures the potential is fully reached. Further strategic work is also required to connect the CBD with Melville Oval that must be consistent with both the needs of user groups and the greater community.

To progress the vision and tackle the issues identified a "Hamilton CBD Liveability and Economic Revitalisation" Project was developed to consider a staged approach over the next decade commencing in 2017/18. Each stage represents a carefully planned and sequenced cascade of design and construction phases. The Hamilton City gateways, boulevards, laneways and pathways will connect new retail, services and community spaces. Funding for stage one – Cox Street Front Door Precinct was received from the State Government in 2018. Planning for Stage two – Lonsdale Street and Melville Oval is currently underway.



### 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. A working Group was formed 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. An initial visit to region by potential families occurred on weekend 16-17 September which saw families tour towns of Balmoral, Coleraine, Hamilton and Penshurst.

At this time, three families have moved to Hamilton, with the adults gaining employment in disability support services, aged care, childcare and at a local joinery. Originally from the Democratic Republic of Congo and Rwanda, the 19 new residents all lived in Melbourne for five to 10 years before relocating. Early indications are very positive, with families engaging with the community through interactions at their children's schools, at church, and the community groups they have joined. One of the new families has purchased a house in Hamilton, and the other two families are renting, with the view of one day owning their own home here. A local Language Café has been set up in town to help migrants practise their English skills and to help them meet people in the community.

The plan for the Great South Coast Economic Migration Project going forward is to assist a total of 10 migrant families to set up a new life in the Southern Grampians Shire.

# COMMUNITY GRANTS

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

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

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

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

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

In 2017/18, Council granted \$176,837 to community groups, events and individuals through our Greater Grants Program.

Some of the community initiatives supported last year were:

- Dunkeld - Three peaks festival
- Branholme Recreation Reserve – Tiered seating project
- Cavendish Fleece and Flower Show
- Buckley Swamp Hall refurbishment
- Cavendish Red Gum Festival
- Hamilton Speedway - Canteen project
- Dunkeld Rodeo – Sturgeon Stampede
- Peshurst Art Exhibition 2018
- Balmoral Bowling Club - Facilities upgrade
- RSPCA Million Paws Walk
- North Hamilton Kindergarten - Indigenous mural
- Yulecart Hall – Shade structures
- Hamilton Pastoral Museum - 50 year Rally
- Dunkeld Progress Association – Chinese wall heritage assessment
- Hamilton Scouts – Heating and cooling unit
- Coleraine Swimming Pool – Solar blanket machine
- Friends of Glenthompson RSL – Remembrance day centenary reunion





# COUNCILLORS

## ROLES AND RESPONSIBILITIES OF COUNCIL

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

The role of a Council includes:

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

The functions of a Council include:

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

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

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

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

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

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

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



**CR MARY-ANN BROWN**

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**CR CHRIS SHARPLES**

Deputy Mayor 2017/18  
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**CR CATHY ARMSTRONG**

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**CR KATRINA RAINSFORD**

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# REPRESENTATION

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

Each year Council appoints representation to a range of other bodies. Appointments were made at The Ordinary Meeting of Council held on 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)



## CR KATRINA RAINSFORD 15 YEAR SERVICE AWARD

Cr Rainsford was first elected onto Southern Grampians Shire Council in 2004.

“Being a local shire Councillor has been a privilege. Being part of caring for the legacy of previous generations whilst while working strategically on the future combined with being available to ratepayers and residents to make representation on their behalf. If you want a council to achieve the big projects, they also need to do the small things really well to build community support and respect.”

Among the achievements by Cr Rainsford and the various Councils over that time, she includes the following as highlights:

- Getting return of Passenger Rail to Western Victoria on the political agenda and continuing to make the case for service equity across the State of Victoria
  - Setting the economic game changer of development of Hamilton Abattoir as a priority and continuing to support the potential of local value adding and producing regional branded products
  - Supporting the indoor pool and HILAC development whilst successfully retaining and seeing improvements to the Olympic Outdoor pool. Retaining the community pools in the townships and supporting initiatives to improve patronage
  - Supporting the Adventure Playground at Lake Hamilton and Lakes Edge Vic urban development and current Lake Hamilton Masterplan project
  - Successfully getting a heavy truck route plan rolling, which is now on the work plans of Vicroads
- and seeing significant funding support for the first stage of revitalising the Hamilton CBD by revamping Cox Street as the Front Door Project
  - In 2004 being part of supporting the planning of Iluka Mineral Sand Mining separation plant and experiencing the initial contract through to recent closure of the local plant
  - Success in having public council meetings recorded and recordings available to community members
  - Taking council meetings out to the townships across the Shire or Southern Grampians was an initiative Cr Rainsford campaigned for, gaining council support and becoming policy in 2016. Now visiting three townships a year with full formal council meetings alongside well attended community engagement forums.

Cr Rainsford has represented the council on water issues including establishment of the Grangeburn Wetlands ,GWMWater stakeholder workshops including the Glenelg River, development of the Rocklands Management Plan, and Shire Lake Hamilton and Grangeburn Advisory committees, Hamilton Bandicoot Parklands, the Public Art Installation Reference Group and previous Tourism Advisory Committees

Regional Representation on Great South Coast Transport and Communications Pillar Group lobbying on roads, rail and telecommunication services.

Currently a delegate to Barwon South West Resource Recovery Working Group , the Southern Grampians Planning Committee and Ice challenge D Force project.

## EXECUTIVE LEADERSHIP TEAM

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.



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

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

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

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



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

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

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



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

**Position:** Responsible for Community and Leisure Services, Aged and Disability, Children's Services, Maternal Child Health, Library, HILAC, Organisational Development, 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

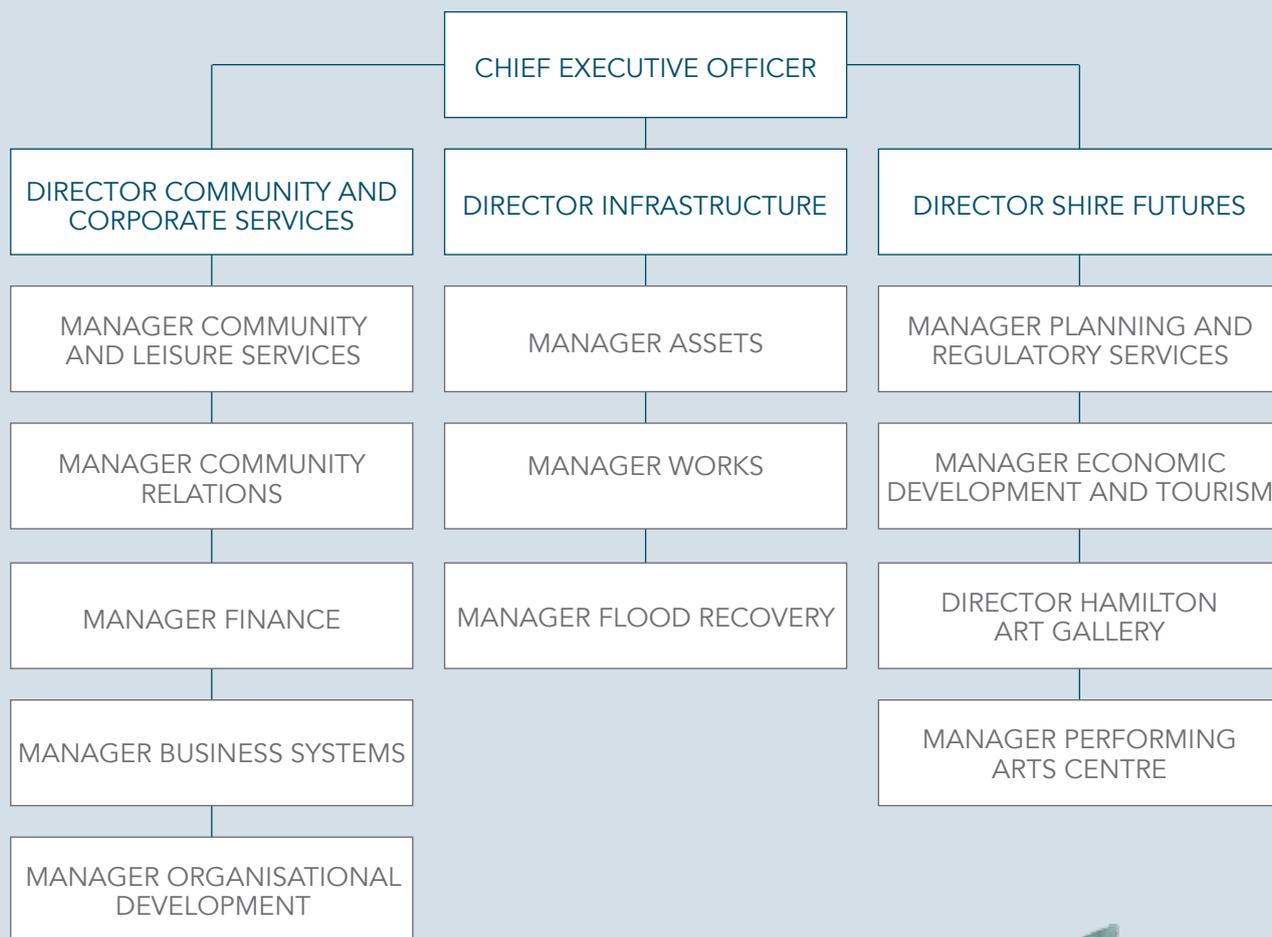
**Position:** Responsible for Planning and Regulatory Services, Environmental Health, Local Laws, Building, Economic Development and Tourism, Hamilton Gallery, Performing Arts Centre and Cinema.

**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.



## OUR PEOPLE

In 2017/18 Southern Grampians Shire Council employed 422 people across the year, which is the equivalent to 222 Equivalent Full Time (EFT). During the year Council had a staff turnover rate of approximately 11 percent which equates to 46 employees.

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

Employment type	CEO & Council	Corporate & Community Services	Planning & Development	Infrastructure
Permanent FT	6	41	26	85
Permanent PT		84	20	12
Temporary	1	8	3	11
Casual		84	34	7
Total	7	217	83	115

Legend: FT – Full time, PT – Part time

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





## OTHER STAFF MATTERS

### **ORGANISATIONAL DEVELOPMENT BUSINESS UNIT**

The 2017/18 year has seen considerable change with appointment of a new Organisational Development Manager and increase in service delivery.

Emergency Management was amalgamated into the Risk team in January 2018 aligning the organisations critical risk elements of OH&S, public safety and Emergency Management into one unit.

The focus over the second half of the financial year was process improvement with following initiatives approved and in the process of implementation:

- Electronic forms;
- Improved induction and on boarding;
- Child Safe Standards processes and policy endorsement;
- Redeveloped performance reviews;
- Updated recruitment processes; and
- Update of the employee, contractor and volunteer code of conduct.

This sets the foundation of transformation to a digital HR platform in the 2019/20 financial year including electronic timesheets.

A focus of the year has been improved leadership with a new staff survey introduced and Senior Leadership Team leadership program commenced.

### **OCCUPATIONAL HEALTH AND SAFETY**

A highlight of the last 12 months has been the ongoing engagement of the Health and Safety committee. The committee has reviewed health and safety policies and procedures to refine them to the organisations requirements.

A new process of executive endorsement and CEO sign off for all policies and procedures has been introduced to finalise the newly refined documents.

The organisation has continued to improve Health and Safety processes significantly over the year with improved reporting of hazards and corrective actions being implemented.

# OTHER STAFF MATTERS

## LEARNING AND DEVELOPMENT

Employees continue to be developed with approximately 48 training events attended over the last 12 months.

A focus on collecting and recording licenses and qualifications has been a large body of work completed over this period. This will allow the Learning and Development team to monitor expiry dates and schedule future training.

An executive budget initiative was centralising compliance training to a corporate budget. The initiative will create greater efficiency in programing training and maintaining records of training completion.

## RISK

An audit of our Business Continuity Plan (BCP) was conducted within the financial year. The Risk team are currently refining the plan to include the recommendations. An organisation wide training and testing event will be conducted in early 2019.

## EMERGENCY MANAGEMENT

Council's Municipal Emergency Management Plan (MEMP) successfully pass audit during this financial year. An Emergency management manual has been updated and refreshed to support the MEMP.

Many of the improvements came from a review of the storm and fire events experienced by the region in early 2018.

## STAFF CONSULTATIVE COMMITTEE

The Staff Consultative Committee continues to be review organisational policy and procedures for the organisation. Meetings regularly have guest speakers to ensure information and updates are provided to the Staff Representatives.

A new focus on staff wellbeing has the committee developing a Staff Benefits Day in the second half of 2018.



# 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:**

Rod Ubank  
Leah Martin  
Sally Taylor  
Anne McCann  
Lyn Battista  
Jenna Jones  
Jodie Nicholls  
Kynan Caruna  
Ethan Manders  
Polly Porter  
Frank Verschuren  
Richard Oliver  
Laurie Round  
Colin McInnes  
Aten Kumar  
Katrina Arnel  
Suzanne Connolly  
Leesa Logan  
Sara Overton  
Nikki Sutherland  
Daniel Spencer  
Christian Johnson

## **10 years:**

Josephine McFadyen  
Duncan Kinghorn  
Steven Fry  
Sarah Fry  
Tara Gould  
Chris Hynes  
Leanne Morey  
Brian Guy  
Susan Pope  
Neil Webb  
Hayley Ryan

## **30 years:**

Joan Malcolm

## **40 years:**

Win Henderson  
Bryan McInnes  
Neil Waldron

# OUR PERFORMANCE

## COUNCIL PLAN

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

## PLANNING AND ACCOUNTABILITY FRAMEWORK

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

## STRATEGIC OBJECTIVES

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

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

### 1. Support Our Community

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

### 2. Develop our Regional Economy and Business

A strong, diversified local and regional economy

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

Provide access to infrastructure that meets community needs

### 4. Promote our Natural Environment

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

### 5. Manage Environmental Security

Strong leadership, good governance and effective service delivery

## PERFORMANCE

Council's performance for the 2017/18 year has been reported against each strategic objective to demonstrate how Council is performing in achieving the 2017-2021 Council Plan.

Performance has been measured as follows:

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



## STRATEGIC OBJECTIVE ONE: SUPPORT OUR COMMUNITY

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

## STRATEGIC OBJECTIVE ONE:

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

Strategic Indicator/Measure	RESULT	COMMENTS
<b>Plan and provide for sustainable assets and infrastructure</b> Quarterly reports to Council on the progress of the Capital Works Program	100% complete	Quarterly reports provided to Council on the progress of the Capital Works Program as well as monthly briefings.
<b>Community satisfaction</b> Community Satisfaction Survey rating out of 100 on interaction and responsiveness in dealing with the public: <ul style="list-style-type: none"> <li>• Community Consultation and Engagement</li> <li>• Making Community Decisions</li> <li>• Overall performance of Council</li> <li>• Overall direction of Council</li> </ul>	54 50 52 52	Overall Performance has increased by one point in 2018 to 52. The score is four points below the Large Rural average of 56 and seven points below the State-wide average of 59.  Council's Performance Measures in Community Consultation and Overall Council Direction have decreased in 2018. However, the score for making Community Decisions has increased.

The following statement reviews the progress of council in relation to major initiatives identified in the 2017/18 budget:

MAJOR INITIATIVES	PROGRESS
Develop and implement customer focused organisation with new Community Relations Team	Complete
Undertake strategic review and Masterplan for premier recreation facilities including Pedrina Park	75% complete Consultants have completed the community consultation process and have prepared a Draft Report which summarises the results of the facilities audits and consultation will be presented to Council late July 2018 and will be used to formulate the key recommendations of the strategy and Lake Hamilton/Pedrina Park Master Plans
Based upon community engagement and feedback address service delivery challenges with Outdoor Aquatic Facilities	50% complete 17/18 pool season review and service review has demonstrated the need for a more specific asset analysis with industry expertise on the Southern Grampians Outdoor Pools to be conducted in addition to the Recreation and Leisure Strategy. This project will be carried forward to the 18/19 financial year.
Through Service Reviews ensure appropriate facilities are available for the type and level of service provided	Complete 11 services reviewed in 2017/2018. Plan developed to ensure all services are reviewed in the current Council term.

The following statement provides information in relation to the services funded in the 2017/18 budget and the persons in the community who are provided the service:

SERVICE	DESCRIPTION	BUDGET EXPENDITURE (REVENUE) NET COST \$000	ACTUAL EXPENDITURE (REVENUE) NET COST \$000
Aged and Disability Services Coordination	This service provides a range of Home and Community Care services for the aged and disabled including assessment, personal care, domestic assistance and respite care and coordinates delivered meals, community transport, property maintenance and senior citizens programs.	2,077 <u>(2,043)</u> <b>34</b>	1,980 <u>(1,773)</u> <b>207</b>
Senior Citizen Programs and Support	This service offers opportunities for older residents to participate in community and social activities across the Shire.	107 <u>(47)</u> <b>61</b>	103 <u>(51)</u> <b>52</b>
Community Services Management	This service provides management support to coordinate whole of organisation approach to service delivery across community and leisure portfolio, particularly in relation to delivering the Municipal Health and Wellbeing Plan.	343 <u>(10)</u> <b>333</b>	597 <u>0</u> <b>597</b>
Community Planning Engagement and Support	This service coordinates Council's approach to community planning and citizen engagement, including skill development and capacity building for Councillors and community.	395 <u>(56)</u> <b>339</b>	376 <u>(51)</u> <b>366</b>
Rural Access	This service aims to build inclusive communities by mobilising, strengthening and providing support to communities.	67 <u>(67)</u> <b>(0)</b>	98 <u>(115)</u> <b>(16)</b>
Children's Services	This service provides quality education and care services ie. Family Day Care and promotes the early years sector.	785 <u>(607)</u> <b>178</b>	788 <u>(638)</u> <b>150</b>
Recreation Development and Support	This service is responsible for the management and planning of recreational opportunities in conjunction with the community, using community development processes.	286 <u>0</u> <b>286</b>	326 <u>(206)</u> <b>119</b>
Sports Reserves	This service directly manages or provides operational assistance for 16 recreational reserves across the Shire to support both active and passive participation in sports and recreation.	756 <u>(26)</u> <b>730</b>	663 <u>(30)</u> <b>633</b>
Lake Hamilton	This service provides a safe, functional, accessible and useable space for leisure and recreational activities, on water and surrounding open space.	273 <u>(1)</u> <b>272</b>	269 <u>(11)</u> <b>258</b>
Aquatic Facilities	This service provides a geographic spread of aquatic facilities that deliver recreation, health, wellbeing, education, social and tourism/ economic opportunities to our communities.	657 <u>(28)</u> <b>630</b>	647 <u>(62)</u> <b>585</b>

SERVICE	DESCRIPTION	BUDGET EXPENDITURE (REVENUE)	ACTUAL EXPENDITURE (REVENUE)
		NET COST \$000	NET COST \$000
Hamilton Indoor Leisure & Aquatic Centre	This service provides accessible leisure and aquatic experiences that facilitates and promotes wellbeing outcomes.	2,700 <u>(1,332)</u> <b>1,368</b>	2,640 <u>(1,098)</u> <b>1,543</b>
Art Gallery	This service supports tourism promotion and community engagement with the arts, and acts as custodian of one of the most valuable collections in regional Australia.	929 <u>(218)</u> <b>711</b>	772 <u>(331)</u> <b>441</b>
Performing Arts Centre	This service provides promotion and support of performing arts, encouraging both appreciation and participation. Also offers a conference and event venue for both the business and community sectors.	585 <u>(258)</u> <b>326</b>	703 <u>(251)</u> <b>452</b>
Library	This service aims to be an effective and dynamic library service inspiring and connecting our community by providing diverse, accessible and creative collections, programs, spaces and experiences.	579 <u>(220)</u> <b>359</b>	663 <u>(196)</u> <b>466</b>
Cinema	This service provides the community with a high quality cinema experience.	385 <u>(332)</u> <b>53</b>	357 <u>(278)</u> <b>79</b>
Civic & Community Arts	This service aims to increase visibility and activity of arts and culture in the community through a range of community programs or projects.	155 <u>0</u> <b>155</b>	50 <u>0</u> <b>50</b>
Parks and Urban Spaces	This service provides and maintains appropriate parks and urban space areas across the Shire to support inclusive recreation activities for the whole community.	624 <u>0</u> <b>624</b>	587 <u>(69)</u> <b>508</b>
Local Laws Operations	This service implements and enforces the Community Local Law No.1 (2015), provides parking control, coordinates domestic animal management including the operation of Council owned pound facility, and supports the provision of law and order in the community.	394 <u>(321)</u> <b>73</b>	497 <u>(328)</u> <b>169</b>
Maternal & Child Health	This service provides a primary health care service for the Shire's families with children from birth to school age.	290 <u>(212)</u> <b>77</b>	298 <u>(238)</u> <b>61</b>
Delivered Meal Services	This service provides delivered meals to eligible residents to support residents to live independently in their homes.	368 <u>(270)</u> <b>98</b>	382 <u>(341)</u> <b>41</b>
Property Maintenance	This service provides support to eligible clients to maintain a safe, habitable and healthy home environment by providing repairs and modifications.	42 <u>(55)</u> <b>(14)</b>	33 <u>(38)</u> <b>(5)</b>

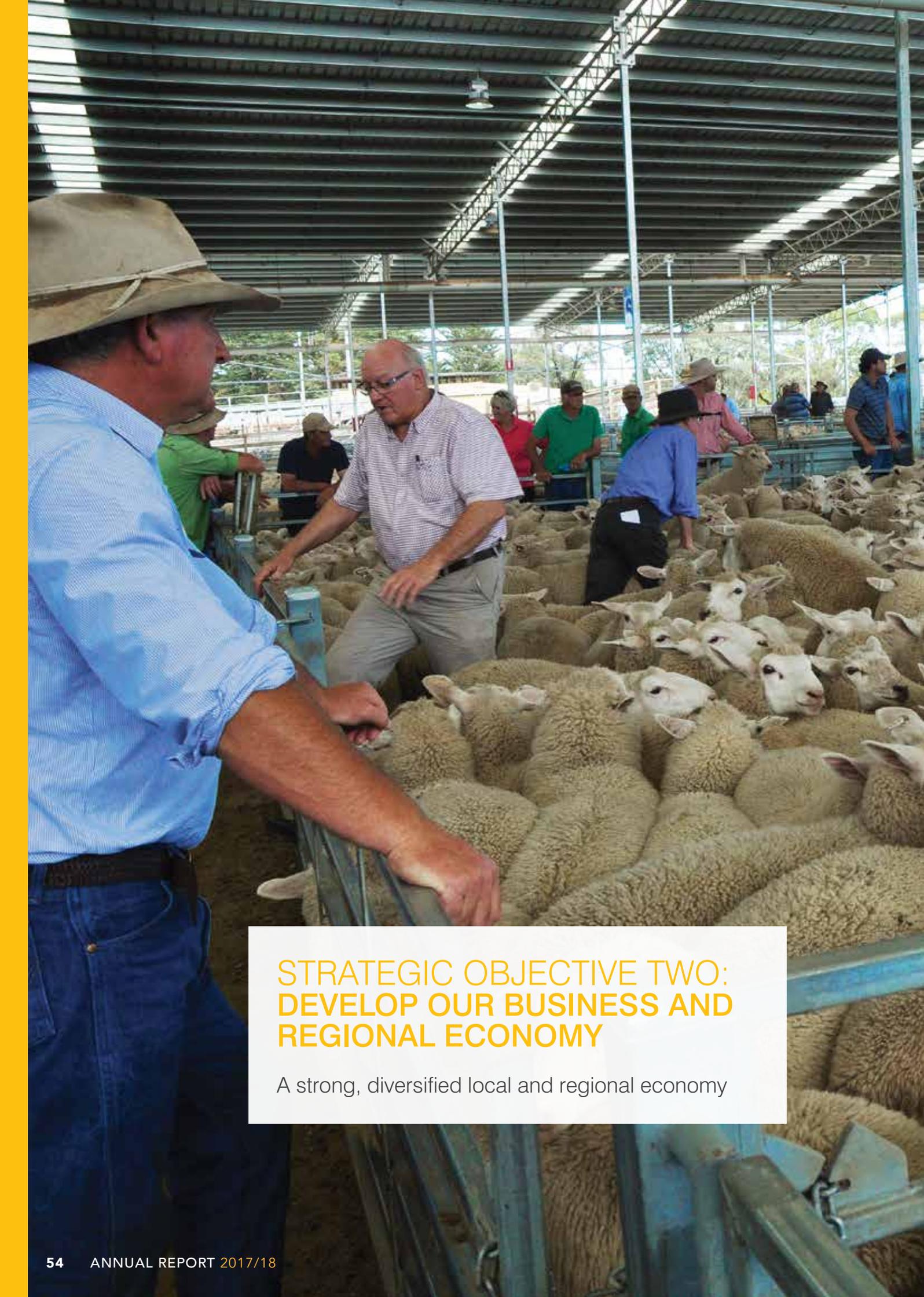
SERVICE	DESCRIPTION	BUDGET EXPENDITURE (REVENUE)	ACTUAL EXPENDITURE (REVENUE)
		NET COST \$000	NET COST \$000
Emergency Management	This service coordinates emergency management planning to enable Council to coordinate and respond to emergencies in cooperation with other agencies.	1,209 (120) <b>1,089</b>	1,943 (2,269) <b>(325)</b>
Botanic Gardens	This service maintains the historically significant Botanic Gardens in Hamilton (& Penshurst) and provides responsible management of flora, open spaces and built facilities on the grounds.	315 0 <b>315</b>	304 (2) <b>302</b>

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

Service/Indicator/Measure	14/15	15/16	16/17	17/18	MATERIAL VARIATIONS
<b>LIBRARY</b>					
<b>Utilisation</b> <i>Library collection usage</i> [Number of library collection item loans / Number of library collection items]	4.65	4.83	4.72	4.33	No material variations
<b>Resource standard</b> <i>Standard of library collection</i> [Number of library collection items purchased in the last 5 years / Number of library collection items] x100	71%	71.76%	77.60%	71.88%	No material variations
<b>Service cost</b> <i>Cost of library service</i> [Direct cost of the library service / Number of visits]	\$5.15	\$6.00	\$5.71	\$5.98	No material variations
<b>Participation</b> <i>Active library members</i> [Number of active library members / Municipal population] x100	35%	16.16%	15.28%	14.28%	A relatively large capital upgrade occurred with relocated library services for over 2 months along with a revamped mobile library service.
<b>AQUATIC FACILITIES</b>					
<b>Service standard</b> <i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of council aquatic facilities / Number of council aquatic facilities]	1.14	1	1.29	1	Environmental Health Department staffing levels were reduced by 30% - 50% during 2017/18 due to staff vacancies which impacted on the number of public pools inspections.

Service/Indicator/Measure	14/15	15/16	16/17	17/18	MATERIAL VARIATIONS
<i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]	0	0	0	0	There were no reportable safety incidents at aquatic facilities in Southern Grampians Shire in the 2017/18 financial year.
<b>Service cost</b> <i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$2.90	\$2.72	\$2.20	\$4.97	Council has improved its financial management in relation to the cost of aquatic services which has improved the calculations in this area and allowed Council to capture the true financial cost of the service.
<i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$11.93	\$16.17	\$29.00	\$24.19	There has been a significant improvement in service delivery in the 2017/18 financial year and Council has improved its financial management in relation to the cost of aquatic services which has improved the calculations in this area and allowed Council to capture the true financial cost of the service.
<b>Utilisation</b> <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	13.70	15.23	14.80	\$5.77	A major service review was undertaken for the outdoor swimming pools in 2017/18 with outcomes of more accurate patronage and cost allocations.
<b>ANIMAL MANAGEMENT</b>					
<b>Timeliness</b> <i>Time taken to action animal requests</i> [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	0.33 days	1 day	1 day	1 day	No material variations
<b>Service standard</b> <i>Animals reclaimed</i> [Number of animals reclaimed / Number of animals collected]	40%	50.55%	34.76%	32.81%	A large number of animals were surrendered to Council in 2017/18 due to behavioural issues or legislative requirements. There was also a significant increase of the number of feral cats in 2017/18 which cannot be reclaimed or rehomed and are euthanised. These figures also exclude the number of cats and dogs that Council has successfully rehomed.

Service/Indicator/Measure	14/15	15/16	16/17	17/18	MATERIAL VARIATIONS
<b>Service cost</b> <i>Cost of animal management service</i> [Direct cost of the animal management service/ Number of registered animals]	\$19.85	\$19.48	\$26.46	\$25.23	No material variations
<b>Health and safety</b> <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	0	1	0	There were no animal management prosecutions in the 2017/18 year.
<b>MATERNAL AND CHILD HEALTH (MCH)</b>					
<b>Satisfaction</b> <i>Participation in first MCH home visit</i> [Number of first MCH home visits / Number of birth notifications received] x100	101%	103.93%	114.49%	95.07%	There was a reduction in the service level due to the retirement of key staff member.
<b>Service standard</b> <i>Infant enrolments in the MCH service</i> [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100	98%	91.57%	99.28%	100.00%	No material variations
<b>Service cost</b> <i>Cost of the MCH service</i> [Cost of the MCH service / Hours worked by MCH nurses]	\$0	\$68.47	\$44.46	\$68.80	The cost of service calculations were incorrect in the 2016/17 financial year. Although there is a large variation between the 2016/17 cost calculations, the difference between the 2015/16 and 2017/18 financial years is a more accurate representation of the cost of the service.
<b>Participation</b> <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	85%	71.53%	77.01%	76.61%	No material variations
<i>Participation in the MCH service by Aboriginal children</i> [Number of aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	81%	N/A	69.77%	65.71%	No material variations



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

A strong, diversified local and regional economy

## STRATEGIC OBJECTIVE TWO:

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

Strategic Indicator/Measure	RESULT	COMMENTS
<b>Planning Activity</b> Local Government Performance Reporting Indicators in relation to Statutory Planning	62 days to decide application 70.43% of applications decided within statutory timeframes	Staffing levels were significantly reduced in 2017/18 which impacted upon the time taken to decide planning applications. This has now been rectified.
<b>Increase Digital Connectivity</b> LoRaWAN network established	Complete	Council's original investment into a LoRaWAN sensor network has been expanded upon thanks to grant money received from Federal Government. An additional gateway has been installed on Mt Baimbridge and Council is working towards a second additional gateway to be installed once a location can be secured. This adds further LoRaWAN coverage to the gateways already in place in Hamilton, Coleraine, Dunkeld and Penshurst.

The following statement reviews the progress of council in relation to major initiatives identified in the 2017/18 budget for the year:

MAJOR INITIATIVES	PROGRESS
Develop further potential markets and promote investor and business utilisation of the Land Capability Study	Ongoing Stage two of the Land Capability Study was completed in partnership with Deakin University and the Glenelg Hopkins CMA with 23 commodities now modelled for the region. The mapping has been promoted to the Horticulture sector through support of Ausveg and Produce Marketers Australia.
Deliver the release of the serviced industrial land	Complete Land Agents appointed. Development Plan and Planning permit submitted to Council for assessment 28 June. Advertising and Marketing plan currently being developed.
Continue to focus and support opportunities to diversify and enhance agricultural industries within the Shire	Ongoing A dedicated economic development officer – investment attraction has been appointed to further Council's efforts to facilitate diversification of the agricultural sector.

The following statement provides information in relation to the services funded in the 2017/18 budget and the persons in the community who are provided the service:

SERVICE	DESCRIPTION	BUDGET	ACTUAL
		EXPENDITURE (REVENUE) NET COST \$000	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.	520 (27) <b>493</b>	455 (2) <b>454</b>
Aerodrome	This service is responsible for the management and operation of the Hamilton Aerodrome.	1036 (25) <b>1011</b>	665 (29) <b>636</b>
Livestock Exchange	This service is responsible for the management and operation of the Hamilton Regional Livestock Exchange.	1,312 (1,433) <b>(121)</b>	1,330 (1,372) <b>(41)</b>
Tourism	This service aims to increase visitation and visitor yield and increase the quality of visitor experiences in the Shire.	304 0 <b>304</b>	269 0 <b>269</b>
Visitor Services	This service aims to connect the visitor to the Greater Hamilton experience, encouraging them to stay longer and contribute more to the local economy.	379 (20) <b>359</b>	412 (29) <b>383</b>
Business Development	The business development service seeks to facilitate an environment that is conducive to a sustainable and growing local business sector.	109 0 <b>109</b>	124 0 <b>124</b>
Events Support	This services purpose is to increase visitation and visitor yield and increase quality visitor experiences through the support and marketing of events within the Shire.	234 (6) <b>228</b>	216 (9) <b>207</b>
Caravan Parks	This service provides low cost camping and caravan park accommodation facilities in Coleraine and Penshurst.	44 (8) <b>36</b>	61 (19) <b>42</b>
Land Development	This service provides management of Council owned land to promote economic and industrial development and may also secure industrial land for potential development.	0 0 <b>0</b>	1 0 <b>1</b>

Service/Indicator/Measure	14/15	15/16	16/17	17/18	MATERIAL VARIATIONS
<b>STATUTORY PLANNING*</b>					
<b>Timeliness</b> <i>Time taken to decide planning applications</i> [The median number of days between receipt of a planning application and a decision on the application]	48.5 days	40 days	47 days	62 days	Planning staff levels were significantly reduced in 2017/18 financial year which impacted upon the time taken to decide planning applications. This has now been rectified.
<b>Service standard</b> <i>Planning applications decided within 60 days</i> [Number of planning application decisions made within 60 days / Number of planning application decisions made] x100	82%	74.83%	87.59%	70.43%	Planning staff levels were significantly reduced in 2017/18 financial year which impacted upon the time taken to decide planning applications. This has now been rectified.
<b>Service cost</b> <i>Cost of statutory planning service</i> [Direct cost of statutory planning service /Number of planning applications received]	\$1842.83	\$2630.02	\$2348.59	\$2,026.73	No material variations
<b>Decision making</b> <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	0	0	0	0	One matter was referred to VCAT in the 2017/18 financial year. VCAT upheld the decision made by Council.

\*Statutory Planning also reported under Strategic Objective Three



## STRATEGIC OBJECTIVE THREE: PLAN FOR OUR BUILT ENVIRONMENT

Provide access to infrastructure that meets  
community needs

## STRATEGIC OBJECTIVE THREE:

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

Strategic Indicator/Measure	RESULT	COMMENTS
<b>Plan and provide for sustainable assets and infrastructure</b> Quarterly reports to Council on the progress of the Capital Works Program	100% complete	Quarterly reports delivered to Council meetings in addition to monthly briefings.
<b>Community satisfaction</b> Community Satisfaction Survey results in relation to the condition of Sealed Local Roads	32/100	Score has decreased three points from 2017. Council rates significantly lower than the State-wide average in the area of Sealed Local Roads. Council rates significantly lower than the Group Average in Sealed Local Roads.

The following statement reviews the progress of council in relation to major initiatives identified in the 2017/18 budget for the year:

MAJOR INITIATIVES	PROGRESS
Deliver Year one of the Flood Impact repairs and reinstatement	Complete. Contracts let for \$20M in road restoration works. Contracts in development for bridges, major and minor culverts, foot paths and investigation of storm water systems.
Deliver the roads and Community infrastructure program	Council has delivered 87% of the capital program including 43 projects which were started but not financially completed for the financial year and 31 projects deferred. The total capital expenditure for the 2017/18 Financial year was \$10.33 million.
Implement design stage of Lonsdale Street Structure Plan	83% complete Major Strategic Project Coordinator appointed in May 2018. Tender drafted and expected to be advertised in July 2018 for concept design and masterplan.



The following statement provides information in relation to the services funded in the 2017/18 budget and the persons in the community who are provided the service:

SERVICE	DESCRIPTION	BUDGET EXPENDITURE (REVENUE) NET COST \$000	ACTUAL EXPENDITURE (REVENUE) NET COST \$000
Community Buildings	This service supports the use of community buildings, including halls and showgrounds throughout the Shire by ensuring they are maintained adequately.	285 <u>(12)</u> <b>273</b>	293 <u>(17)</u> <b>276</b>
Strategic Planning	This service monitors the Council's Planning Scheme as well as preparing major policy documents shaping the future of the Shire. It prepares and processes amendments to the Council Planning Scheme and carries out research on urban development issues.	274 <u>0</u> <b>274</b>	466 <u>0</u> <b>466</b>
Building Services	This service provides statutory building services including enforcement of the Building Act and Regulation to ensure community safety in the built environment.	330 <u>(217)</u> <b>113</b>	308 <u>(190)</u> <b>118</b>
Bridges & Culverts	This service ensures the development and maintenance of the Shires bridges and culverts.	557 <u>0</u> <b>557</b>	567 <u>0</u> <b>567</b>
Footpaths and Cycle Ways	This service ensures the development and maintenance of the Shires footpaths and cycle ways.	530 <u>0</u> <b>530</b>	508 <u>0</u> <b>508</b>
Facilities Management and Property Services	This service ensures Council owned buildings are maintained to acceptable standards, are fit for purpose and compliant with building regulations.	157 <u>(59)</u> <b>98</b>	31 <u>(51)</u> <b>(20)</b>
Playground and Skate Parks	This service creates social spaces for younger people and their families to recreate, and includes provision of age appropriate play activities (including skate parks) and safe playground equipment across the Shire.	19 <u>0</u> <b>19</b>	23 <u>0</u> <b>23</b>
Infrastructure Management	This service undertakes design, tendering, contract management and supervision of various works within Council's capital works program.	1,514 <u>(0)</u> <b>1,514</b>	1,424 <u>(0)</u> <b>1,424</b>
Statutory Planning	This service processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit.	1008 <u>(173)</u> <b>835</b>	434 <u>(121)</u> 313
Roads	This service aims to ensure responsible management of Council's road infrastructure and compliance with regulatory requirements.	9,978 <u>(0)</u> <b>9,978</b>	9,617 <u>(10)</u> <b>9,607</b>
Roadside Assets	This service manages projects that include roadside parking improvements and bus shelters.	000 <u>0</u> <b>000</b>	000 <u>0</u> <b>000</b>

SERVICE	DESCRIPTION	BUDGET EXPENDITURE (REVENUE)	ACTUAL EXPENDITURE (REVENUE)
		NET COST \$000	NET COST \$000
Public Infrastructure	This service provides community and visitors with appropriate public infrastructure to meet community needs in relation to location, safety, hygiene, quality and environmental sustainability of public toilets.	391 0 <b>391</b>	491 0 <b>491</b>
Private Works	This service is provided on a case by case basis for private requests for minor works that may not be readily available to the community, for example sealing driveways.	000 0 <b>000</b>	72 (83) <b>(11)</b>
VicRoads Contract Management	This service ensures responsible contract management of Councils VicRoads contract.	48 0 <b>48</b>	155 (202) <b>(47)</b>

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

Service/Indicator/Measure	14/15	15/16	16/17	17/18	MATERIAL VARIATIONS
<b>ROADS</b>					
<b>Satisfaction of use</b> <i>Sealed local road requests</i> [Number of sealed local road requests / Kilometres of sealed local roads] x100	1.27	1.44	4.16	3.43	The number of sealed local requests varies from year to year. It is expected that the reduction in the number of requests in the 2017/18 financial year is due to the large number of works completed by Council's Flood Recovery Team.
<b>Condition</b> <i>Sealed local roads below the intervention level</i> [Number of kilometres of sealed local roads below the renewal intervention level set by council / Kilometres of sealed local roads] x100	100%	99.94%	99.64%	99.64%	No material variations
<b>Service cost</b> <i>Cost of sealed local road reconstruction</i> [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$77.06	\$21.75	\$17.65	\$18.66	No material variations
<i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$4.37	\$3.34	\$3.81	\$4.11	No material variations
<b>Satisfaction</b> <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	41	36	35	32	Both flood damage and significant works across State and Local roads continues to dominate this area of community satisfaction.



## STRATEGIC OBJECTIVE FOUR: PROMOTE OUR NATURAL ENVIRONMENT

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

## STRATEGIC OBJECTIVE FOUR:

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

Strategic Indicator/Measure	RESULT	COMMENTS
<b>Waste Diversion</b> Increased diversion of waste from landfills	44.2%	Increase on last year's figure of 41.4%
<b>Emissions Reduction</b> Reduction in Council's carbon and ecological footprint	Achieved	Emissions dropped from 13,242 to 9428 tonnes CO2-e, due to less waste going into the landfill, energy efficiency measures, solar installations and a small decrease in liquid fuel use (diesel and petrol).

The following statement reviews the progress of council in relation to major initiatives identified in the 2017/18 budget for the year:

MAJOR INITIATIVES	PROGRESS
Prioritise and implement key actions from Climate Change Mitigation & Adaptation Study	Ongoing Relevant staff engaged through plan development process. Staff to include relevant actions into their annual work plans. Action 2 - Update Domestic Wastewater Management Plan expected to be complete by end 2018/19. Action 5b - Develop a Street Tree Master Plan is also underway and a draft will go to Council in August 2018.
Deliver the Waste & Resource Recovery Strategy as adopted by Council including landfill, transfer stations and collection initiatives	10% complete Template has been received from Barwon South West Waste Resource Recovery Group ready for development of strategy and draft is underway. Expected to be complete at end 2018 calendar year.



The following statement provides information in relation to the services funded in the 2017/18 budget and the persons in the community who are provided the service:

SERVICE	DESCRIPTION	BUDGET	ACTUAL
		EXPENDITURE (REVENUE) NET COST \$000	EXPENDITURE (REVENUE) NET COST \$000
Landfill	This service manages the disposal of non-recyclable waste within the Shire's Landfill site.	1,278 <u>(742)</u> <b>536</b>	25 <u>(843)</u> <b>(818)</b>
Transfer Stations	This service manages the waste and recyclables collection process at the designated transfer stations within the Shire.	450 <u>(90)</u> <b>360</b>	418 <u>(157)</u> <b>260</b>
Waste and Recycling Collection	This service manages the waste and recyclables collection process within the Shire, including the collection of kerbside bins.	1,540 <u>(170)</u> <b>1,370</b>	1,496 <u>(112)</u> <b>1,384</b>
Natural Asset Management	This service develops environmental policy, coordinates and implements environmental projects and works with other services to improve Council's environmental performance.	228 <u>(50)</u> <b>178</b>	151 <u>0</u> <b>151</b>
Stormwater/ Drainage	This service manages the maintenance and environmental issues associated with the stormwater/drainage networks throughout the Shire.	373 <u>0</u> <b>373</b>	420 <u>0</u> <b>420</b>
Yatchew Drainage Authority	This service is responsible for the management and maintenance of the Yatchaw Drainage Scheme.	6 <u>(7)</u> <b>(1)</b>	6 <u>(7)</u> <b>(1)</b>
Quarry	This service is responsible for the sustainability in the supply of materials for road management and the realisation of returns from an economic asset.	0 <u>(164)</u> <b>(164)</b>	0 <u>(1,922)</u> <b>(1,922)</b>
Environmental Sustainability	This service implements Council's Sustainability Strategy and acts as a catalyst for Council and community sustainability actions within the Shire.	183 <u>0</u> <b>183</b>	203 <u>(51)</u> <b>152</b>
Fire Prevention	This service coordinates fire prevention planning and works in cooperation with other agencies.	237 <u>(50)</u> <b>187</b>	104 <u>(12)</u> <b>92</b>
Water	This service manages the Old Hamilton Reservoir and provides a source of non-potable water for irrigation purposes, maintaining sporting grounds and the amenity of the Hamilton Botanic Gardens.	9 <u>0</u> <b>9</b>	0 <u>(106)</u> <b>(106)</b>
Environmental Health	This service improves the health and wellbeing of the community and protects the Shire's environment.	292 <u>(101)</u> <b>191</b>	261 <u>(113)</u> <b>149</b>

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

Service/Indicator/Measure	14/15	15/16	16/17	17/18	MATERIAL VARIATIONS
<b>WASTE COLLECTION</b>					
<b>Satisfaction</b> <i>Kerbside bin collection requests</i> [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000	21.27	47.73	65.76	101.86	There was an increase in the number of bins missed in the 2017/18 financial year as Council's Contractor had new drivers which were unfamiliar with the routes for pick up.
<b>Service standard</b> <i>Kerbside collection bins missed</i> [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	1.18	3.78	4.99	11.18	There was an increase in the number of bins missed in the 2017/18 financial year as Council's Contractor had new drivers which were unfamiliar with the routes for pick up.
<b>Service cost</b> <i>Cost of kerbside garbage collection service</i> [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$99.74	\$99.75	\$103.39	\$109.47	No material variations
<i>Cost of kerbside recyclables collection service</i> [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$60.98	\$44.69	\$45.99	\$28.81	Reduction due to going from a weekly collection in Hamilton and Tarrington to a fortnightly collection from 1 September 2017
<b>Waste Diversion</b> <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	47%	45.17%	41.39%	44.23%	A major review of waste services occurred in 2017/18 with implementation underway and results reflective of this work.
<b>FOOD SAFETY</b>					
<b>Service standard</b> <i>Food safety assessments</i> [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100	101%	100%	100.70%	100.65%	Average numbers of days to action a food complaint decreased by 0.38 of a day, large variances occur year to year due to the small number of food complaints received annually.

Service/Indicator/Measure	14/15	15/16	16/17	17/18	MATERIAL VARIATIONS
<b>Timeliness</b> <i>Time taken to action food complaints</i> [Number of days between receipt and first response action for all food complaints / Number of food complaints]	0	1.07	1.63	1.25	No material variations
<b>Service cost</b> <i>Cost of food safety service</i> [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$133.76	\$387.95	\$355.47	\$311.54	No material variations
<b>Health and safety</b> <i>Critical and major non-compliance outcome 100% notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance outcome notifications about food premises] x100	100%	96.43%	92.31%	85.71%	Premises with non-compliance inspection with outstanding follow-up inspections in 2017, received their follow up inspections in January and February 2018.





## STRATEGIC OBJECTIVE FIVE: PROVIDE GOOD GOVERNANCE AND LEADERSHIP

Strong leadership, good governance and effective service delivery

## STRATEGIC OBJECTIVE FIVE:

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

Strategic Indicator/Measure	RESULT	COMMENTS
Quarterly reports to Council on progress of the Council's Annual Plan, Capital Works Program and Financial Statements	Complete	Quarterly reports were presented to Council on the Annual Plan, Financial Statements and Capital Works Programs.
Community Satisfaction Survey results in relation to: - Overall performance of Council - Overall direction of Council - Lobbying on behalf of the community - Customer Service	52 52 51 65	Council's Overall Performance has increased by one point in 2018 to 52. The Overall Performance score of 52 is four points below the Large Rural average of 56 and seven points below the State-wide average of 59.  Council's Performance Measures in Customer Services and Overall Council Direction have decreased in 2018. Advocacy has increased however Council rates are significantly lower than the State-wide average in this area.

The following statement reviews the progress of council in relation to major initiatives identified in the 2017/18 budget:

MAJOR INITIATIVES	PROGRESS
Implement Year 1 of the Council Plan 2017 – 21	The Implementation of the Council Plan is delivered and measured through the Annual Action Plan. A final report was completed and reported to Council. Of 110 actions, there has been completion and/or commencement of 101 actions (92%) with 9 (8%) off track but to be delivered in 2018/19.
Renew Council's Advocacy Priorities program to implement across 2017-21	The Advocacy Priorities were reviewed and renewed during 2017/18 with a Council report in June 2017 and Councillor direction in December 2017 with finalised Advocacy Priorities and Approach determined at a Council briefing in March 2018.
Provide the environment, appropriate systems and processes to enhance the Customer Experience dealing with Council	Ongoing. Reviewed the reporting from the Customer Request Module, which captures and monitors enquiry type and response times. Customer feedback surveys were introduced in both the Planning and Environmental Health Service areas. It is expected to improve the quality of data we have which will be used to inform any service changes and customer requirements in the coming year.

The following statement provides information in relation to the services funded in the 2017/18 budget and the persons in the community who are provided the service:

SERVICE	DESCRIPTION	BUDGET EXPENDITURE (REVENUE) NET COST \$000	ACTUAL EXPENDITURE (REVENUE) NET COST \$000
Executive and Councillor Support	This area of governance includes the Mayor, Councillors, Chief Executive Officer and Executive Management Team and associated support.	1,797 0 <b>1,797</b>	1,857 (196) <b>1,661</b>
Governance Administration	This service has the responsibility to provide the organisation with appropriate strategic advice on Governance and Property related matters, enabling the organisation to be responsive to the needs of the Council and the community.	177 (0) <b>177</b>	206 (33) <b>173</b>
Financial Services	This service has the responsibility to provide the organisation with appropriate strategic advice, reporting and internal control on finance related matters. Financial services also provide accounts payable, receivable and rating administration.	1034 (366) <b>668</b>	751 (642) <b>109</b>
Human Resources Management	The Organisational Development Unit aims to facilitate Council's organisational goals through effective workforce management and provide a mechanism for continual review and improvement.	601 0 <b>601</b>	677 0 <b>677</b>
Risk Management	This service has the responsibility to provide the organisation with appropriate advice and management of risk and OHS in relation to legal and other community requirements.	170 0 <b>170</b>	287 (61) <b>225</b>
Procurement	This service has the responsibility to provide the organisation with appropriate advice, administration and policy on all procurement matters as specified in Section 186A of the Local Government Act 1989.	180 0 <b>180</b>	194 0 <b>194</b>
Communications	The Communications service assists the organisation to facilitate communication across both internal and external stakeholders, and provide high quality information to the community.	253 0 <b>253</b>	286 0 <b>286</b>
Customer Service	The Customer Service is the first point of contact for all communications with Council. This unit aims to provide accurate and a high quality of service to all customers.	226 0 <b>226</b>	274 0 <b>274</b>

SERVICE	DESCRIPTION	BUDGET EXPENDITURE (REVENUE)	ACTUAL EXPENDITURE (REVENUE)
		NET COST \$000	NET COST \$000
Business Systems	The Business Systems unit aims to maximise the organisation's capacity to utilise all its many and diverse systems and is also responsible for the ongoing support of Council's IT requirements necessary to deliver effective services.	1,287 <u>0</u> <b>1,287</b>	1220 <u>(2)</u> <b>1,218</b>
Corporate Buildings and Overheads	This service maintains buildings and grounds of corporate buildings, supports whole of organisation administration functions and coordinates centralised purchasing of corporate consumables.	1,058 <u>0</u> <b>1,058</b>	1,272 <u>0</u> <b>1,272</b>
Depot Operations and Maintenance	This service coordinates the operation of Council's depots in Hamilton, Coleraine, Balmoral, Cavendish, Dunkeld and Penshurst to support works teams to deliver capital and maintenance programs.	418 <u>(21)</u> <b>396</b>	1049 <u>(27)</u> <b>1,021</b>
Plant Management & 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.	(50) <u>(135)</u> <b>(185)</b>	(160) <u>(128)</u> <b>(288)</b>



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

Service/Indicator/Measure	14/15	15/16	16/17	17/18	MATERIAL VARIATIONS
<b>GOVERNANCE</b>					
<b>Transparency</b> <i>Council resolutions at meetings closed to the public</i> [Number of council resolutions made at ordinary or special meetings of council, or at meetings of a special committee consisting only of councillors, closed to the public / Number of council resolutions made at ordinary or special meetings of council or at meetings of a special committee consisting only of councillors] x100	31%	19.44%	5.80%	0.71%	Council has continued to improve its practices and processes in relation to transparent governance and decision making by dealing with more Council Reports in open meetings. The main reduction has been in relation to Council Reports which relate to tenders and contracts which are now being dealt with in open meetings resulting in a significant decrease in confidential items to under 1%
<b>Consultation and Engagement</b> <i>Satisfaction with community consultation and engagement</i> [Community satisfaction rating out of 100 with how council has performed on community consultation and engagement]	50	49	56	54	No material variations
<b>Attendance</b> <i>Council attendance at council meetings</i> [The sum of the number of councillors who attended each ordinary and special council meeting / (Number of ordinary and special council meetings) x (Number of councillors elected at the last council general election)] x100	89%	90.98%	92.31%	92.44%	No material variations
<b>Service cost</b> <i>Cost of governance</i> [Direct cost of the governance service / Number of councillors elected at the last council general election]	\$29,973.71	\$40,879.71	\$35,792.86	\$31,908.43	No material variations
<b>Satisfaction</b> <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	44	50	49	50	A slight increase with a new policy implemented on confidential Council reports seeing a large reduction in matters considered in confidential.

# 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 and
- fostering community cohesion and encouraging active participation in civic life.

Council is committed to effective and sustainable forms of democratic and corporate governance as the key to ensuring that council and its administration meet the community's priorities. The community has many opportunities to provide input into council's decision-making processes including community consultation, public forums and the ability to make submissions to Council. Council's formal decision-making processes are conducted through council meetings. Council delegates the majority of its decision-making to council staff. These delegations are exercised in accordance with adopted council policies.

## MEETINGS OF COUNCIL

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

Council also hosted three meetings in towns other than Hamilton in 2017:

- Balmoral on 28 June 2017
- Penshurst on 23 August 2017
- Coleraine on 25 October 2017

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

The meeting is open to all who wish to attend. Councillors of the Southern Grampians Shire Council are also available to meet informally with residents between 5:00pm - 5:30pm in the Martin J. Hynes Auditorium, 5 Market Place, prior to the monthly Council Meeting. 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 2017/18 year Council held the following meetings:

- 11 ordinary council meetings
- 6 special council meetings.

The following table provides a summary of councillor attendance at council meetings and special council meetings for the 2017/18 financial year.

Councillor	Ordinary Meeting	Special Meeting	Total
Cr Mary Ann Brown (Mayor from 9 November 2016)	10	6	16/17
Cr Chris Sharples	10	6	16/17
Cr Cathy Armstrong	9	6	15/17
Cr Albert Calvano	11	5	16/17
Cr Colin Dunkley	10	5	15/17
Cr Greg McAdam	11	6	17/17
Cr Katrina Rainsford	11	6	17/17

## SPECIAL COMMITTEES

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

- Councillors
- Council staff
- Other persons
- Any combination

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

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



## COUNCILLOR CODE OF CONDUCT

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

The Councillor Code of Conduct was adopted at Council's meeting on 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](http://www.sthgrampians.vic.gov.au)

## CONFLICT OF INTEREST

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

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

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



## COUNCILLOR ALLOWANCES AND EXPENSES

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

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

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

**Mayor** - up to \$59,257 pa

**Councillors** - \$8,324 to \$20,098.56 pa

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

The table below sets out the allowances paid and the bona fide expenses reimbursed in accordance with the Act for the 2017/18 financial year:

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	Council paid expenses directly	Total
Brown	44,322.63	5,704.06		6,275.80	65,751.72
Sharples	20,098.56	1,909.48		350.00	22,008.04
Armstrong	20,098.56	1,909.48			22,008.04
Calvano	20,098.56	1,909.48	7,470.13	6,043.14	35,521.31
Dunkley	20,098.56	1,909.48		40.91	22,008.04
McAdam	20,098.56	1,909.48	2,902.38	2,059.90	26,970.32
Rainsford	20,098.56	1,909.48	5,872.24	579.27	28,459.55
	180,638.48	17,161.48	16,244.75	15,349.02	222,727.02

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

## MANAGEMENT

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



## AUDIT COMMITTEE

The Audit Committee is an advisory committee of Council formed in accordance with section 139 of the Local Government Act 1989. The Audit Committee's role is to oversee and monitor the effectiveness of Council in carrying out its responsibilities for accountable financial management, good corporate governance, maintaining an effective system of internal control and risk management and fostering an ethical environment. The Audit Committee consists of two independent members Mr Michael Murphy (Chair) and Mr Brian Densem and two Councillors, Councillor Mary-Ann Brown and Councillor Colin Dunkley. Meetings are also attended by the Chief Executive Officer, Director Community and Corporate Services, Manager Finance, Financial Services Coordinator and other staff as appropriate.

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

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

The Audit Committee met on five occasions during 2017/18 and addressed a broad range of issues including:

- Annual Financial, Standard and Performance Statements
- Budget 2018 – 2019
- Financial Statements
- Audit Plan 2018
- External Audit Strategy 2018
- Local Government Performance Reporting Framework
- Audit Committee Charter
- Internal Audit Charter
- Procurement Policy and Processes
- Victorian Auditor General Report
- Strategic Risk Register
- Review recommendations from the Internal Audit Reports.

## DOCUMENTS FOR PUBLIC INSPECTION

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

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

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

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

## BEST VALUE

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

## **CARER'S RECOGNITION ACT 2012**

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

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

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

## **CONTRACTS**

During the year Council did not enter into any contracts valued at \$150,000 or more for goods or services or \$200,000 or more for works without engaging in a competitive process.

## **COMMUNITY INCLUSION PLAN 2017-2021**

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

Council has prepared a Community Inclusion Plan and implemented the following actions:

- Grants – Council has reviewed our Greater Grants program to ensure access and inclusion principles are reflected
- Communication – Council is reviewing the communication and engagement strategy and guidelines to improve inclusive engagement practices and processes
- Inclusive Recreation – Council has included inclusion principles into user group agreements for committees that receive operational subsidies and/or use council facilities
- Council has reviewed the operations and composition of the Community Inclusion Advisory Committee including the recruitment of advisory members

- Council has provided training and activities to Councillors and staff to increase confidence, awareness and knowledge about disabilities and inclusive practices (i.e., wheelchair Basketball)
- Council promoted and celebrated 'International Day of people with a Disability' at Party with the Ponies
- Council provided Hospitality and Barista skills training and support to students from Hamilton Parklands Special School to reduce barriers to obtaining employment
- Council delivered the inclusive business awards to promote and support businesses with inclusive processes
- Council staff attended 'Universal Design' training.

## **DOMESTIC ANIMAL MANAGEMENT PLAN**

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

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

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 2017/18. As at 30 June 2018 there were 2,957 domestic animals registered with Council; 2,250 dogs and 707 cats. The 2017/18 year saw 63% of impounded dogs and 4% of impounded cats reclaimed by their owners and 12% of impounded dogs and 3% of impounded cats rehoused with new families.



There has been a small increase in reclaimed/rehomed animals which may be contributed to the ongoing and proactive improvement to Councils animal management facilities and responsible pet ownership and rehoming program. 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 impounded through an intense trapping program in known feral population areas. This only represents the animals that were physically brought to the pound and does not include the many animals that were able to be returned to their owners before being impounded. Enforcement of domestic animal management resulted in 20 infringements being issued in the 2017/18 financial year.

#### **FOOD ACT MINISTERIAL DIRECTIONS**

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

No such ministerial directions were received by Council during the 2017/18 financial year.

#### **FREEDOM OF INFORMATION**

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

The FOI Act has four main functions:

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

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

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

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

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

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

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

### **PROTECTED DISCLOSURES ACT 2012**

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

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

During the 2017/18 financial year no disclosures were notified to Council officers appointed to receive disclosures, or to IBAC.

### **ROAD MANAGEMENT ACT MINISTERIAL DIRECTION**

In accordance with section 22 of the *Road Management Act 2004*, a Council must publish a copy or summary of any Ministerial direction in its Annual Report. No such Ministerial Directions were received by Council during the 2017/18 financial year.

### **INFRASTRUCTURE AND DEVELOPMENT CONTRIBUTIONS**

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

No infrastructure or development contributions were received by Council in the 2017/18 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 <b>Community engagement policy</b> (policy outlining Council's commitment to engaging with the community on matters of public interest).	Current policy in operation Date: 9 June 2010
2 <b>Community engagement guidelines</b> (guidelines to assist staff to determine when and how to engage with the community).	Current guidelines in operation Date: 9 June 2010
3 <b>Strategic Resource Plan</b> (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next four financial years).	Plan adopted in accordance with section 126 of the Act Date of adoption: 27 June 2018
4 <b>Annual budget</b> (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Budget adopted in accordance with section 130 of the Act Date of adoption: 27 June 2018
5 <b>Asset management plans</b> (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years).	Current plans in operation Date: Bridges and Culverts: 30 June 2015 Storm Water Drainage: 30 June 2015 Roads Infrastructure Mgt Plan: 28 June 2011
6 <b>Rating strategy</b> (strategy setting out the rating structure of Council to levy rates and charges).	Current strategy in operation Date: 9 May 2018
7 <b>Risk policy</b> (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Current policy in operation Date: 1 July 2013
8 <b>Fraud policy</b> (policy outlining Council's commitment and approach to minimising the risk of fraud).	Current policy in operation Date: 29 March 2018
9 <b>Municipal Emergency Management Plan</b> (plan under section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery).	Prepared and maintained in accordance with section 20 of the Emergency Management Act 1986 Date: 13 May 2015
10 <b>Procurement Policy</b> (policy under section 186A of the Local Government Act 1989 outlining the matters, practices and procedures that will apply to all purchases of goods, services and works).	Prepared and approved in accordance with section 186A of the Local Government Act Date: 14 December 2016

## GOVERNANCE AND MANAGEMENT ITEMS

## ASSESSMENT

11 <b>Business Continuity Plan</b> (plan setting out the actions that will be taken to ensure that key services continue to operate in the event of a disaster).	Current plan in operation Date: 1 February 2012
12 <b>Disaster Recovery Plan</b> (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster).	Current plan in operation Date: 2 February 2018
13 <b>Risk management framework</b> (framework outlining council's approach to managing risks to the Council's operations).	Current framework in operation Date: 1 July 2013
14 <b>Audit Committee</b> (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements).	Committee established in accordance with section 139 of the Act Date: 9 April 1999
15 <b>Internal Audit</b> (independent accounting professionals engaged by the council to provide analyses and recommendations aimed at improving council's governance, risk and management controls).	Internal auditor engaged Date: 1 May 2017
16 <b>Performance Reporting Framework</b> (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act).	Current framework in operation Date: 1 July 2014
17 <b>Council Plan reporting</b> (report reviewing the performance of the council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year).	Current report Date: 23 August 2017, 25 October 2018, 14 February 2018, 9 May 2018
18 <b>Financial reporting</b> (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure).	Quarterly statements presented to council in accordance with section 138(1) of the Act Date: 23 August 2017, 25 October 2017, 14 February 2018, 14 March 2018, 11 April 2018, 9 May 2018 and 14 June 2018
19 <b>Risk reporting</b> (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies).	Reports prepared and presented Date: 15 November 2017, 20 February 2018, 10 April 2018, 02 May 2018, 09 May 2018, 12 June 2018
20 <b>Performance reporting</b> (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act).	Reports prepared and presented Date: 23 August 2017, 25 October 2017, 14 February 2018, 14 March 2018, 11 April 2018, 9 May 2018, 14 June 2018
21 <b>Annual Report</b> (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements).	Annual Report considered at a meeting of Council in accordance with section 134 of the Act Date: 25 October 2017

**GOVERNANCE AND MANAGEMENT ITEMS****ASSESSMENT**

22 <b>Councillor Code of Conduct</b> (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors).	Code of conduct reviewed in accordance with section 76C of the Act Date: 8 February 2017
23 <b>Delegations</b> (a document setting out the powers, duties and functions of council and the Chief Executive Officer that have been delegated to members of staff).	Delegations reviewed in accordance with section 98(6) of the Act Dates of review: s5 28 June 2017, s6 28 June 2017, s7 5 June 2017, s14 31 July 2015
24 Meeting procedures (a local law governing the conduct of meetings of Council and special committees).	Meeting procedures local law made in accordance with section 91(1) of the Act Date: 18 October 2013

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



**MICHAEL TUDBALL**  
Chief Executive Officer

Dated: 12 September 2018



**MARY-ANN BROWN**  
Mayor

Dated: 12 September 2018



# 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 2017/18 Financial Statements are included from page 90-94 of this report.

Council continues to be in a sound financial position and achieved an operating surplus of \$2.044 million.

Council has a working capital ratio of 2.57:1 this year (2016/17 2.75:1). The Working Capital Ratio assesses Council's ability to meet current commitments and means that Council has \$2.57 of cash and current assets for every \$1.00 of current liabilities.

Unrestricted cash on hand at 30 June 2018 was \$16.626 million which includes investments of \$3.0 million for payment of long service leave entitlements, \$2.250m for the future provision of landfill remediation, and \$2.0m defined benefits super call contingency. Restricted cash of \$1.223 million is for specific reserve funds and trust deposits.

Borrowings outstanding at 30 June 2018 totalled \$2.262 million. Trade and other payables was \$4.070m.

Council had a net overall cash inflow for the year of \$4.643 million compared to a budgeted outflow of \$6.802 million.

Council achieved a Net Cash Flow of \$11.073 million from Operating Activities compared to a budget of \$33.536 million for the financial year.

## RATING

Rates and Charges provide 40 percent of Council's total operating revenue in 2017/18.

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

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

# FINANCIAL INFORMATION

## LOOKING AHEAD

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

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

The key objective of the Financial Plan is financial sustainability in the medium to long term, while 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 \$46.760 million with Revenue \$48.804 million leaving a surplus of \$2.044 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 2.57 times Current Liabilities which demonstrates that Council has sufficient funds on hand to pay liabilities as they fall due.

## STATEMENT IN CHANGES OF EQUITY

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

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

Council's Net Equity increased from \$331.765 million to \$333.809 million in 2017/18. This increase of \$2.044 million is the operating surplus result in 2017/18.

# FINANCIAL INFORMATION

## STATEMENT OF CASH FLOWS

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

It differs from the Comprehensive Income Statement in that it:

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

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

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

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

## STATEMENT OF CAPITAL WORKS

The Statement of Capital Works compares the expenditure allocated to the various categories of assets Council maintains for the purpose of delivering services. This statement compares the level of expenditure compared to the previous year.

It also provides a breakdown of the expenses into the development of new assets, renewing existing assets or upgrading and/or expanding assets.

## NOTES TO THE ACCOUNTS

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





# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## COMPREHENSIVE INCOME STATEMENT

	Note	2018 \$'000	2017 \$'000
<b>Income</b>			
Rates and charges	2.1	19,706	19,013
Statutory fees and fines	2.2	584	602
User fees	2.3	5,901	6,104
Grants - operating	2.4	10,187	14,340
Grants - capital	2.4	7,972	9,416
Contributions - monetary	2.5	-	2
Contributions - non monetary	2.5	148	433
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	2.6	5	(76)
Found Assets		-	442
Fair value adjustments for investment property	5.3	1,720	37
Adjustment to Landfill Provision		931	(2)
Other income	2.7	1,650	1,114
<b>Total income</b>		<b>48,804</b>	<b>51,425</b>
<b>Expenses</b>			
Employee costs	3.1	(17,694)	(16,283)
Materials and services	3.2	(15,683)	(9,690)
Depreciation and amortisation	3.3	(10,071)	(10,172)
Bad and doubtful debts	3.4	(75)	(26)
Borrowing costs	3.5	(164)	(190)
Assets Written Off		-	(1,758)
Impairment of Assets		-	(14,430)
Other expenses	3.6	(3,073)	(3,068)
<b>Total expenses</b>		<b>(46,760)</b>	<b>(55,617)</b>
<b>Surplus/(deficit) for the year</b>		<b>2,044</b>	<b>(4,192)</b>

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

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## BALANCE SHEET

		\$'000	\$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4.1	8,518	3,875
Trade and other receivables	4.1	3,724	3,476
Other financial assets	4.1	15,956	21,130
Inventories	4.2	1,095	1,113
Other assets	4.2	1,043	558
<b>Total current assets</b>		<b>30,336</b>	<b>30,152</b>
<b>Non-current assets</b>			
Trade and other receivables	4.1	96	140
Property, infrastructure, plant and equipment	5.1	314,997	313,908
Investment property	5.2	2,820	1,100
<b>Total non-current assets</b>		<b>317,913</b>	<b>315,148</b>
<b>Total assets</b>		<b>348,249</b>	<b>345,300</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	4.3	4,070	2,210
Trust funds and deposits	4.3	353	197
Provisions - Landfill & Employees	4.5	6,962	7,041
Interest-bearing liabilities	4.4	409	382
<b>Total current liabilities</b>		<b>11,794</b>	<b>9,830</b>
<b>Non-current liabilities</b>			
Provisions - Landfill & Employees	4.5	793	1,442
Interest-bearing liabilities	4.4	1,853	2,263
<b>Total non-current liabilities</b>		<b>2,646</b>	<b>3,705</b>
<b>Total liabilities</b>		<b>14,440</b>	<b>13,535</b>
<b>Net assets</b>		<b>333,809</b>	<b>331,765</b>
<b>Equity</b>			
Accumulated surplus		132,567	130,563
Reserves	8.1	201,242	201,202
<b>Total Equity</b>		<b>333,809</b>	<b>331,765</b>

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

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## STATEMENT OF CHANGES IN EQUITY

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

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2017</b>					
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)		-	-	-	-
Transfers to other reserves		-	(67)	-	67
Transfers from other reserves		-	-	-	-
<b>Balance at end of the financial year</b>		<b>331,765</b>	<b>130,563</b>	<b>200,463</b>	<b>739</b>

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

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## STATEMENT OF CASH FLOWS

	2018	2017
	Inflows/ (Outflows)	Inflows/ (Outflows)
Note	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Rates and charges	19,647	19,144
Statutory fees and fines	609	576
User fees	6,290	5,836
Grants - operating	10,187	14,340
Grants - capital	7,972	9,417
Contributions - monetary	-	2
Interest received	624	409
Trust funds and deposits taken	241	58
Other receipts	1,026	705
Net GST refund/(payment)	(596)	(169)
Employee costs	(17,513)	(16,141)
Materials and services	(14,308)	(9,313)
Trust funds and deposits repaid	(85)	(82)
Other payments	(3,021)	(3,069)
<b>Net cash provided by/(used in) operating activities</b>	<b>11,073</b>	<b>21,713</b>
<b>Cash flows from investing activities</b>		
Payments for property, infrastructure, plant and equipment	5.2 (11,197)	(8,987)
Proceeds from sale of property, infrastructure, plant and equipment	140	333
Payments/(Proceeds) for investments	5,174	(13,965)
<b>Net cash provided by/(used in) investing activities</b>	<b>(5,883)</b>	<b>(22,619)</b>
<b>Cash flows from financing activities</b>		
Finance costs	(164)	(190)
Repayment of borrowings	(383)	(356)
<b>Net cash provided by/(used in) financing activities</b>	<b>(547)</b>	<b>(546)</b>
Net increase (decrease) in cash and cash equivalents	4,643	(1,452)
Cash and cash equivalents at the beginning of the financial year	3,875	5,327
<b>Cash and cash equivalents at the end of the financial year</b>	<b>8,518</b>	<b>3,875</b>
Financing arrangements	4.6	
Restrictions on cash assets	4.1	

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

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## STATEMENT OF CAPITAL WORKS

	Note	2018 \$'000	2017 \$'000
<b>Property</b>			
Land		15	-
<b>Total land</b>		<u>15</u>	<u>-</u>
Buildings		820	-
Building improvements		186	273
<b>Total buildings</b>		<u>1,006</u>	<u>273</u>
<b>Total property</b>		<u>1,021</u>	<u>273</u>
<b>Plant and equipment</b>			
Art Gallery Collection		-	14
Plant, machinery and equipment		1,606	1,080
Fixtures, fittings and furniture		131	-
Computers and telecommunications		241	399
Library books		57	66
<b>Total plant and equipment</b>		<u>2,035</u>	<u>1,559</u>
<b>Infrastructure</b>			
Roads		9,750	4,360
Bridges		443	237
Footpaths and cycleways		248	74
Drainage		30	-
Recreational, leisure and community facilities		287	86
Waste management		481	160
Parks, open space and streetscapes		12	-
Aerodromes		101	22
Livestock Exchange		1,847	1,900
Other infrastructure		1,081	-
<b>Total infrastructure</b>		<u>14,280</u>	<u>6,839</u>
<b>Total capital works expenditure</b>		<u>17,336</u>	<u>8,671</u>
<b>Represented by:</b>			
New asset expenditure		1,967	1,115
Asset renewal expenditure		14,363	5,264
Asset expansion expenditure		45	24
Asset upgrade expenditure		961	2,268
<b>Total capital works expenditure</b>		<u>17,336</u>	<u>8,671</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 2018

## OVERVIEW

### Introduction

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

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

### Statement of compliance

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

### Significant accounting policies

#### (a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 5.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 5.1)
- the determination of employee provisions (refer to Note 4.5)
- the determination of landfill provisions (refer to Note 4.5)

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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

## Note 1 Performance against budget

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

The budget figures detailed below are those adopted by Council on 12 July 2017. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

### 1.1 Income and expenditure

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Ref
<b>Income</b>				
Rates and charges	18,932	19,706	774	1
Statutory fees and fines	564	584	20	
User fees	6,143	5,901	(242)	2
Grants - operating	10,339	10,187	(152)	3
Grants - capital	25,212	7,972	(17,240)	4
Contributions - monetary	165	-	(165)	5
Contributions - non monetary	-	148	148	6
Net gain/(loss) on disposal of property, infrastructure, plant and equi	-	5	5	7
Fair value adjustments for investment property	-	1,720	1,720	8
Adjustment of Landfill Provision	-	931	931	9
Other income	1,465	1,650	185	10
<b>Total income</b>	<b>62,820</b>	<b>48,804</b>	<b>(14,016)</b>	
<b>Expenses</b>				
Employee costs	16,287	17,694	(1,407)	11
Materials and services	9,702	15,683	(5,981)	12
Bad and doubtful debts	-	75	(75)	
Depreciation and amortisation	11,512	10,071	1,441	13
Borrowing costs	166	164	2	
Other expenses	3,295	3,073	222	14
<b>Total expenses</b>	<b>40,962</b>	<b>46,760</b>	<b>(5,798)</b>	
<b>Surplus/(deficit) for the year</b>	<b>21,858</b>	<b>2,044</b>	<b>(8,218)</b>	

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

## (i) Explanation of material variations

Variance Ref	Item	Explanation
1	Rates and charges	Budgeted rate revenue was reduced by pensioner concessions and did not include revenue in lieu of rates from windfarms.
2	User fees	Lower than anticipated revenues, particularly in Livestock Exchange, Home & Community Care and HILAC
3	Grants - operating	Operational grants were not achieved in the Planning, Recreation & Natural Asset Management areas.
4	Grants - capital	Timing of projects in relation to the Livestock Exchange and the Industrial Land Development meant grants were not able to be claimed. Progress in the Flood Management works also meant works have not been completed to enable grant claims.
5	Contributions - monetary	A contribution towards Hamilton Botanic Gardens work was not received due to the project timing.
6	Contributions - non monetary	These are gifted assets to the Hamilton Art Gallery, which cannot be predicted at the time of budget preparation.
7	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Relates to Fleet purchases and sales, which cannot be predicted at the time of budget preparation.
8	Fair value adjustments for investment property	Increased value of Investment Properties - Commercial in confidence
9	Adjustment of Landfill Provision	Councils liability has reduced due to rehabilitation works being carried out results in an adjustment to revenue
10	Other income	The culmination of a number of minor variations.
11	Employee costs	Increase in General employee expenses (additional EFT, Addition allowance payments and conversion of contract works to employees), a deficit in oncost recovery and inclusion of conferences and training as well as non-capitalised wages has culminated in the increased expense.
12	Materials and services	Payments to contractors and for materials and services is higher mostly due to the reclassification of expenses which were anticipated to meet capital criteria, but did not pass materiality or assets tests - in particular flood repair works.
13	Depreciation and amortisation	Depreciation less than anticipated for Hamilton airport, Hamilton Outdoor Pool, Hamilton Landfill Site and Construction Plant
14	Other expenses	The culmination of a number of minor variations.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

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

### 1.2 Capital works

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Ref
<b>Property</b>				
Land	2,500	15	(2,485)	1
<b>Total Land</b>	<b>2,500</b>	<b>15</b>	<b>(2,485)</b>	
Buildings	1,105	820	(285)	2
Building improvements	235	186	(49)	3
<b>Total Buildings</b>	<b>1,340</b>	<b>1,006</b>	<b>(334)</b>	
<b>Total Property</b>	<b>3,840</b>	<b>1,021</b>	<b>(2,819)</b>	
<b>Plant and Equipment</b>				
Plant, machinery and equipment	1,971	1,606	(365)	4
Fixtures, fittings and furniture	120	131	11	
Computers and telecommunications	547	241	(306)	5
Library books	70	57	(13)	6
<b>Total Plant and Equipment</b>	<b>2,708</b>	<b>2,035</b>	<b>(673)</b>	
<b>Infrastructure</b>				
Roads	18,690	9,750	(8,940)	7
Bridges	5,010	443	(4,567)	8
Footpaths and cycleways	1,243	248	(995)	9
Drainage	339	30	(309)	10
Recreational, leisure and community facilities	2,104	287	(1,817)	11
Waste management	2,700	481	(2,219)	12
Parks, open space and streetscapes	2,990	12	(2,978)	13
Aerodromes	50	101	51	14
Livestock Exchange	1,684	1,847	163	15
Other infrastructure	1,036	1,081	45	
<b>Total Infrastructure</b>	<b>35,846</b>	<b>14,280</b>	<b>(21,566)</b>	
<b>Total Capital Works Expenditure</b>	<b>42,394</b>	<b>17,336</b>	<b>(25,058)</b>	
<b>Represented by:</b>				
New asset expenditure	4,330	1,967	(2,363)	
Asset renewal expenditure	33,528	14,363	(19,165)	
Asset expansion expenditure	130	45	(85)	
Asset upgrade expenditure	4,406	961	(3,445)	
<b>Total Capital Works Expenditure</b>	<b>42,394</b>	<b>17,336</b>	<b>(25,058)</b>	

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

## (i) Explanation of material variations

The ability to obtain appropriately qualified, affordable and available contractors has been difficult for Southern Grampians and has impacted almost every Category of Capital Works - in particular those classifications where flood recovery works are required, but also other areas which include large construction type works. This has been compounded by the 2016 flood-related works (~\$40 million), State Government investment into south west road network (~\$90 million) and all south west Councils cumulative capital spend totalling over \$50 million.

Variance Ref	Item	Explanation
1	Land	Progress on the construction of the Hamilton Industrial Land development has not proceeded as planned due to a delay in signing funding agreement and agreeing timelines and process with Regional Development Victoria.
2	Buildings	Remediation works on flood related damage has not been completed due to delays with insurance assessment and agreement and access to appropriate contractors.
3	Building improvements	Solar project at Hamilton depot did not proceed
4	Plant, machinery and equipment	Some large items of construction equipment were on order but not received at balance date.
5	Fixtures, fittings and furniture	Additional works were completed at outdoor pools.
6	Library books	Councils service provider did not spend all available funds.
7	Roads	The variance relates to the progress of work being completed to restore flood impacted works. The majority of Council's own sourced capital works were completed.
8	Bridges	The majority of the variance relates to the delay of work being completed to restore flood impacted works. Three of the four Council funded bridges were also delayed.
9	Footpaths and cycleways	The Dunkeld-Mount Sturgeon walking track construction has been delayed with the majority of the remaining variance relating to the delays of work being completed to restore flood impacted works.
10	Drainage	The majority of the variance relates to the delay of work being completed to restore flood impacted works.
11	Recreational, leisure and community facilities	Patterson Park Playground was delayed and some of the repair works to outdoor pools. The remainder relates to flood affected assets.
12	Waste management	Coleraine Landfill remediation and waste options implementation have been delayed. Hamilton Landfill works continued, but not to the extent expected due to availability of materials and contractor timeframes.
13	Parks, open space and streetscapes	Cox Street Front Door project, Hamilton & Peshurst Botanic Gardens works, Gallery/Library Forecourt works and Art Gallery Masterplan have all been delayed relating to funding negotiations and announcements.
14	Aerodromes	The installation of an Avgas facility (which was not budgeted) was implemented, however the replacement of the water pipeline has not been completed.
15	Livestock Exchange	This large multi-year project is proceeding with only minor time differences in completion of stages and payments.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

<b>Note 2 Funding for the delivery of our services</b>	<b>2018</b>	<b>2017</b>
<b>2.1 Rates and charges</b>	<b>\$'000</b>	<b>\$'000</b>

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

The valuation base used to calculate general rates for 2017/18 was \$3,380 million (2016/17 \$3,360 million).

General Rates	15,972	15,602
Municipal charge	1,792	1,751
Garbage & Recycling Charge	1,660	1,404
Green Waste Charge	101	81
Special rates and charges	5	5
Revenue in lieu of rates	176	170
<b>Total rates and charges</b>	<b>19,706</b>	<b>19,013</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2018, and the valuation will be first applied in the rating year commencing 1 July 2018.

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.

## 2.2 Statutory fees and fines

Infringements and costs	44	70
Registrations	111	97
Town planning fees	121	102
Land information certificates	16	13
Permits	292	320
<b>Total statutory fees and fines</b>	<b>584</b>	<b>602</b>

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

## 2.3 User fees

Cinema Operations	278	283
Family Day Care	288	346
Hamilton Indoor Leisure & Aquatic Centre	1,070	1,216
Home and Community Care Services	557	685
Livestock Exchange	1,338	1,342
Meals Services	230	234
Old Hamilton Reservoir	106	80
Parking Control	113	138
Performing Arts Centre	140	152
Quarry Operations	202	204
Waste Management Services	1,152	976
Other fees and charges	427	448
<b>Total user fees</b>	<b>5,901</b>	<b>6,104</b>

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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
<b>2.4 Funding from other levels of government</b>		
Grants were received in respect of the following :		
<b>Summary of grants</b>		
Commonwealth funded grants	12,101	15,989
State funded grants	6,058	7,725
Other	-	42
<b>Total grants received</b>	<u>18,159</u>	<u>23,756</u>
<b>(a) Operating Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Financial Assistance Grant	7,201	10,192
Childrens Services	298	373
Aged & Disabled Services	904	951
Other	127	106
<b>Recurrent - State Government</b>		
Art Gallery	120	128
Community Safety	53	63
Aged & Disabled Services	604	377
Cultural Services	80	80
Libraries	167	120
Inclusive Activities	-	99
Childrens Services	322	-
Other	13	106
<b>Total recurrent operating grants</b>	<u>9,889</u>	<u>12,595</u>
<b>Non-recurrent - Commonwealth Government</b>		
Other	-	11
<b>Non-recurrent - State Government</b>		
Community Planning & Support	41	31
Environmental Management	50	-
Emergency Services	-	26
Local Infrastructure	-	1,121
Recreation	207	308
Strategic Planning	-	206
<b>Total non-recurrent operating grants</b>	<u>298</u>	<u>1,703</u>
<b>Total operating grants</b>	<u>10,187</u>	<u>14,298</u>
<b>(b) Capital Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Roads to recovery	3,064	3,114
<b>Recurrent - State Government</b>		
Other	-	-
<b>Total recurrent capital grants</b>	<u>3,064</u>	<u>3,114</u>
<b>Non-recurrent - Commonwealth Government</b>		
Other Infrastructure	108	45
Livestock Exchange	399	1,197
<b>Non-recurrent - State Government</b>		
Airport	13	965
Buildings	6	-
Other Infrastructure	263	35
Livestock Exchange	462	-
Childrens Services	3	-
Recreation	10	-
Flood Recovery	3,644	4,060
<b>Total non-recurrent capital grants</b>	<u>4,908</u>	<u>6,302</u>
<b>Total capital grants</b>	<u>7,972</u>	<u>9,416</u>

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
<b>(c) Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of year	2,900	107
Received during the financial year and remained unspent at balance date	1,172	2,900
Received in prior years and spent during the financial year	2,900	107
Balance at year end	<u>1,172</u>	<u>2,900</u>

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal) or upon earlier notification that a grant has been secured.

## 2.5 Contributions

Monetary	-	2
Non-monetary	148	433
<b>Total contributions</b>	<u>148</u>	<u>435</u>

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

Art Collection	148	433
<b>Total non-monetary contributions</b>	<u>148</u>	<u>433</u>

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

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

Proceeds of sale	140	333
Written down value of assets disposed	(135)	(409)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<u>5</u>	<u>(76)</u>

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

## 2.7 Other income

Interest	706	409
Vicroads	202	244
Insurance Reimbursements	302	100
Other	440	361
<b>Total other income</b>	<u>1,650</u>	<u>1,114</u>

Interest is recognised as it is earned.

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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

<b>Note 3 The cost of delivering services</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>3.1 Employee costs</b>		
Wages and salaries	13,348	12,436
Leave - Annual, Long Service & Sick	1,950	1,684
Superannuation	1,459	1,377
Conferences & training	185	171
Workcover	471	341
Travelling	140	131
Fringe benefits tax	136	138
Corporate image	5	5
<b>Total employee costs</b>	<b>17,694</b>	<b>16,283</b>
<b>(b) Superannuation</b>		
Council made contributions to the following funds:		
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	55	76
	<u>55</u>	<u>76</u>
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,036	1,028
Employer contributions - other funds	368	273
	<u>1,404</u>	<u>1,301</u>
Refer to note 8.3 for further information relating to Council's superannuation obligations.		
<b>3.2 Materials and services</b>		
Contract payments	10,646	4,575
Building maintenance	303	298
General maintenance, materials & services	2,323	2,740
Utilities	907	917
Office administration	199	-
Information technology	299	824
Insurance	424	-
Consultants	582	336
<b>Total materials and services</b>	<b>15,683</b>	<b>9,690</b>
Contracts & Materials is higher in 2017/18 due to the additional works required relating to the impact of the September 2016 storm/flood event.		
<b>3.3 Depreciation and amortisation</b>		
Property	1,298	1,268
Plant and equipment	1,470	1,531
Infrastructure	7,303	7,373
<b>Total depreciation and amortisation</b>	<b>10,071</b>	<b>10,172</b>

Refer to note 4.2(c) and 5.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
<b>3.4 Bad and doubtful debts</b>		
Parking fine debtors	75	-
Other debtors	-	26
<b>Total bad and doubtful debts</b>	<u>75</u>	<u>26</u>
<b>Movement in provisions for doubtful debts</b>		
Balance at the beginning of the year	-	43
New Provisions recognised during the year	-	-
Amounts already provided for and written off as uncollectible	-	43
Amounts provided for but recovered during the year	-	-
Balance at end of year	<u>-</u>	<u>-</u>

Provision for doubtful debt is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

### 3.5 Borrowing costs

Interest - Borrowings	164	190
Less capitalised borrowing costs on qualifying assets	-	-
<b>Total borrowing costs</b>	<u>164</u>	<u>190</u>

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.

### 3.6 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	43	37
Auditors' remuneration - Internal Audit Function	18	-
Councillors' allowances	180	177
Advertising	313	185
Community Grants	321	318
Discount on Rates	144	136
Food & Catering	150	103
General Asset Insurances	-	363
Phone, Internet & Other Communication Charges	252	223
Software Licences	172	138
Stock Adjustments/Write offs	15	120
Travel & Accommodation	154	99
Waste Disposal	602	526
Other	709	643
<b>Total other expenses</b>	<u>3,073</u>	<u>3,068</u>

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

<b>Note 4 Our financial position</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>4.1 Financial assets</b>		
<b>(a) Cash and cash equivalents</b>		
Cash on hand	6	6
Cash at bank	8,512	3,869
<b>Total cash and cash equivalents</b>	<u>8,518</u>	<u>3,875</u>
<b>(b) Other financial assets</b>		
Term deposits - current	15,956	21,130
<b>Total other financial assets</b>	<u>15,956</u>	<u>21,130</u>
<b>Total financial assets</b>	<u>24,474</u>	<u>25,005</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 4.3)	353	197
Total restricted funds	<u>353</u>	<u>197</u>
Total unrestricted cash and cash equivalents	<u>8,165</u>	<u>3,678</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	870	748
- Cash held for the Sir Irving Benson Bequest	693	672
- Cash held for unspent grants	1,172	2,900
- Cash held for unexpended capital works	4,165	6,913
Total funds subject to intended allocations	<u>6,900</u>	<u>11,233</u>

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

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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$'000	\$'000
<b>(c) Trade and other receivables</b>		
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	1,633	1,359
Net GST Receivable	596	169
Infringement debtors	7	32
Provision for doubtful debts - infringements	-	-
<i>Non statutory receivables</i>		
Loans and advances to community organisations	4	3
Other debtors	1,484	1,913
Provision for doubtful debts - other debtors	-	-
Total current trade and other receivables	<u>3,724</u>	<u>3,476</u>
<b>Non-current</b>		
<i>Statutory receivables</i>		
Special rate scheme	96	135
<i>Non statutory receivables</i>		
Loans and advances to community organisations	-	5
Total non-current trade and other receivables	<u>96</u>	<u>140</u>
<b>Total trade and other receivables</b>	<u><b>3,820</b></u>	<u><b>3,616</b></u>

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

## (a) Ageing of Receivables

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

Current (not yet due)	951	869
Past due by up to 30 days	71	115
Past due between 31 and 60 days	411	6
Past due between 61 and 90 days	14	74
Past due by more than 90 days	144	1,024
Total trade & other receivables	<u>1,591</u>	<u>2,088</u>

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

<b>4.2 Non-financial assets</b>	<b>2018</b>	<b>2017</b>
<b>(a) Inventories</b>	<b>\$'000</b>	<b>\$'000</b>
Inventories held for distribution	413	454
Inventories held for sale	682	659
<b>Total inventories</b>	<b>1,095</b>	<b>1,113</b>

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

#### **(b) Other assets**

Prepayments	983	488
Accrued income	60	70
<b>Total other assets</b>	<b>1,043</b>	<b>558</b>

#### **4.3 Payables**

##### **(a) Trade and other payables**

Trade payables	2,567	967
Rate Revenue received in Advance	312	267
Employee costs	314	336
Fire Services levy	567	502
Accrued expenses	310	138
<b>Total trade and other payables</b>	<b>4,070</b>	<b>2,210</b>

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

Refundable deposits	28	112
Retention amounts	293	56
Other refundable deposits	32	29
<b>Total trust funds and deposits</b>	<b>353</b>	<b>197</b>

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

##### *Purpose and nature of items*

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

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

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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
<b>4.4 Interest-bearing liabilities</b>		
<b>Current</b>		
Borrowings - secured	409	382
	<u>409</u>	<u>382</u>
<b>Non-current</b>		
Borrowings - secured	1,853	2,263
Finance leases	-	-
	<u>1,853</u>	<u>2,263</u>
<b>Total</b>	<u>2,262</u>	<u>2,645</u>

Borrowings are secured over rate revenue

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

Not later than one year	408	382
Later than one year and not later than five years	1,855	1,508
Later than five years	-	754
	<u>2,263</u>	<u>2,644</u>

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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

## 4.5 Provisions

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

	2018	2017
(a) Employee provisions	\$'000	\$'000
<b>Current provisions expected to be wholly settled within 12</b>		
Annual leave	985	914
Long service leave	184	126
Time in Lieu	131	111
	<b>1,300</b>	<b>1,151</b>
<b>Current provisions expected to be wholly settled after 12</b>		
Annual leave	809	838
Long service leave	2,365	2,440
	<b>3,174</b>	<b>3,278</b>
Total current employee provisions	<b>4,474</b>	<b>4,429</b>
<b>Non-current</b>		
Long service leave	544	386
Annual leave	-	-
Total non-current employee provisions	<b>544</b>	<b>386</b>
Aggregate carrying amount of employee provisions:		
Current	4,474	4,429
Non-current	544	386
Total aggregate carrying amount of employee provisions	<b>5,018</b>	<b>4,815</b>

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

### *Wages and salaries and annual leave*

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

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

### *Long service leave*

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

Key assumptions:	2018	2017
- discount rate	2.647%	2.612%
- inflation rate	3.875%	3.813%

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$'000	\$'000
<b>(b) Landfill restoration</b>		
Current	2,488	2,612
Non-current	249	1,056
	<u>2,737</u>	<u>3,668</u>

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

Key assumptions:	2018	2017
- discount rate	2.647%	2.612%
- inflation rate	3.875%	3.813%
- estimated cost to rehabilitate	2,631	3,512

#### 4.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2018

Bank overdraft	1,000	1,000
Credit card facilities	250	250
Other facilities	2,263	2,645
Total facilities	<u>3,513</u>	<u>3,895</u>
Used facilities	<u>(2,263)</u>	<u>(2,645)</u>
Unused facilities	<u>1,250</u>	<u>1,250</u>

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

## 4.7 Commitments

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

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

2017	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not	years and not	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Infrastructure	1,025	100	-	-	1,125
Corporate/Administration	238	237	-	-	475
Waste Management	805	2,907	-	-	3,712
Meals for delivery	328	-	-	-	328
<b>Total</b>	<b>2,396</b>	<b>3,244</b>	<b>-</b>	<b>-</b>	<b>5,640</b>
<b>Capital</b>					
Infrastructure	1,438	-	-	-	1,438
Plant	256	-	-	-	256
<b>Total</b>	<b>1,694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,694</b>

	2018	2017
	\$'000	\$'000
<b>Operating lease commitments</b>		

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	37	16
Later than one year and not later than five years	74	48
Later than five years	-	-
	<u>111</u>	<u>64</u>

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.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

## 5.1 Property, infrastructure, plant and equipment

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

	At Fair Value 30 June 2017 \$'000	Additions \$'000	Contributions \$'000	Impairment Reversal \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	At Fair Value 30 June 2018 \$'000
Property	69,334	1,059	-	-	(1,298)	-	-	62	69,157
Plant and equipment	30,677	1,950	-	-	(1,470)	(140)	(43)	-	30,974
Infrastructure	213,309	7,020	-	947	(7,303)	-	-	193	214,166
Work in progress	588	369	-	-	-	-	(2)	(255)	700
	313,908	10,398	-	947	(10,071)	(140)	(45)	-	314,997

Summary of Work in Progress	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	69	160	-	(62)	167
Plant and equipment	15	-	(2)	-	13
Infrastructure	504	209	-	(193)	520
Total	588	369	(2)	(255)	700

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

*Asset recognition thresholds and depreciation periods*

	Depreciation Period	Threshold Limit \$'000
Land & land improvements		
land	-	-
land improvements	100 years	1
Buildings		
buildings	25-110 years	1
Plant and Equipment		
plant, machinery and equipment	3-15 years	1
fixtures, fittings & furniture	3-15 years	1
Computers & 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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

## (a) Property

	Land - specialised \$'000	Land - non specialised \$'000	Total Land & Land Improvements \$'000	Buildings - specialised \$'000	Total Buildings \$'000	Work In Progress \$'000	Total Property \$'000
At fair value 1 July 2017	13,121	583	13,704	96,500	96,500	69	110,273
Accumulated depreciation at 1 July 2017	-	(127)	(127)	(40,743)	(40,743)	-	(40,870)
	13,121	456	13,577	55,757	55,757	69	69,403
<b>Movements in fair value</b>							
Additions	-	-	-	1,059	1,059	160	1,219
	-	-	-	1,059	1,059	160	1,219
<b>Movements in accumulated depreciation</b>							
Depreciation and amortisation	-	(6)	(6)	(1,292)	(1,292)	-	(1,298)
Transfers	-	-	-	62	62	(62)	-
	-	(6)	(6)	(1,230)	(1,230)	(62)	(1,298)
At fair value 30 June 2018	13,121	583	13,704	97,559	97,559	229	111,492
Accumulated depreciation at 30 June 2018	-	(133)	(133)	(41,973)	(41,973)	(62)	(42,168)
	13,121	450	13,571	55,586	55,586	167	69,324

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

## (b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Art Collection	Library Books	WIP	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	11,797	3,039	22,469	486	15	37,806
Accumulated depreciation at 1 July 2017	(5,678)	(1,436)	-	-	-	(7,114)
	6,119	1,603	22,469	486	15	30,692
<b>Movements in fair value</b>						
Additions	1,581	133	180	56	-	1,950
Disposal	(140)	-	-	-	-	(140)
Write-off	(48)	-	-	(49)	(2)	(99)
	1,393	133	180	7	(2)	1,711
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation	(1,049)	(421)	-	-	-	(1,470)
Accumulated depreciation of disposals	54	-	-	-	-	54
	(995)	(421)	-	-	-	(1,416)
At fair value 30 June 2018	13,190	3,172	22,649	493	13	39,517
Accumulated depreciation at 30 June 2018	(6,673)	(1,857)	-	-	-	(8,530)
	<b>6,517</b>	<b>1,315</b>	<b>22,649</b>	<b>493</b>	<b>13</b>	<b>30,987</b>

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

## (c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Aerodromes	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	292,039	44,635	16,103	9,564	3,684	30,266	504	396,795
Accumulated depreciation at 1 July 2017	(137,398)	(17,565)	(6,420)	(4,929)	(1,510)	(15,160)	-	(182,982)
	154,641	27,070	9,683	4,635	2,174	15,106	504	213,813
<b>Movements in fair value</b>								
Additions	4,270	295	160	-	62	2,233	209	7,229
Transfers	153	-	-	-	-	40	(193)	-
	4,423	295	160	-	62	2,273	16	7,229
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation	(5,321)	(460)	(300)	(97)	(149)	(976)	-	(7,303)
Impairment Reversals	947	-	-	-	-	-	-	947
	(4,374)	(460)	(300)	(97)	(149)	(976)	-	(6,356)
At fair value 30 June 2018	296,462	44,930	16,263	9,564	3,746	32,539	520	404,024
Accumulated depreciation at 30 June 2018	(141,772)	(18,025)	(6,720)	(5,026)	(1,659)	(16,136)	-	(189,338)
	154,690	26,905	9,543	4,538	2,087	16,403	520	214,686

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

## *Acquisition*

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

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

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

## *Land under roads*

Council recognises land under roads it controls at fair value.

## *Depreciation and amortisation*

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

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

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

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

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

## *Repairs and maintenance*

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

## **Valuation of land and buildings**

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

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

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

The date of the current valuation is detailed in the following table. A full revaluation of these assets will be conducted in 2018/19.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1	Level2	Level 3	Date of Valuation
Land	0	0	13,121	Jan-16
Land Improvements	0	0	450	-
Buildings	0	0	55,586	Jan-16
Total	0	0	69,157	

#### 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 30 June 2015. (Apart from Drainage and Other Infrastructure)

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

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1	Level2	Level 3	Date of Valuation
Roads	-	-	154,690	Jun-15
Bridges	-	-	26,905	Jun-15
Footpaths and cycleways	-	-	9,543	Jun-15
Drainage	-	-	4,538	Jun-15
Aerodromes	-	-	2,087	Jun-15
Other infrastructure	-	-	16,403	Jun-15
Total	-	-	214,166	

#### 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 \$8,363 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 3 years 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.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
<b>5.2 Investment property</b>		
Balance at beginning of financial year	1,100	1,063
Additions	-	-
Disposals	-	-
Fair value adjustments	1,720	37
Balance at end of financial year	<u>2,820</u>	<u>1,100</u>

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

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

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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	No.	No.
<b>Note 6 People and relationships</b>		
<b>6.1 Council and key management remuneration</b>		
<b>(a) Related Parties</b>		
<i>Parent entity</i>		
Southern Grampians Shire Council		
<b>(b) Key Management Personnel</b>		
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:		
<b>Councillors</b>		
Councillor MA Brown - Mayor		
Councillor C Sharples - Deputy Mayor		
Councillor C Dunkley		
Councillor G McAdam		
Councillor C Armstrong		
Councillor A Calvano		
Councillor K A Rainsford		
<b>Total Number of Councillors</b>	7	11
<b>Chief Executive Officer and other Key Management Personnel</b>		
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	4	5
<b>Total Key Management Personnel</b>	11	16
<b>(c) Remuneration of Key Management Personnel</b>		
Total remuneration of key management personnel was as follows:		
Short-term benefits	892	844
Long-term benefits	16	75
Post Employment benefits	64	60
Termination benefits	-	-
<b>Total</b>	972	979
The numbers of key management personnel whose total remuneration from Council and any related entities, fall		
\$1 - \$9,999	-	3
\$10,000 - \$19,999	-	5
\$20,000 - \$29,999	6	3
\$40,000 - \$49,999	-	1
\$60,000 - \$69,999	1	-
\$120,000 - \$129,999	-	1
\$160,000 - \$169,999	1	2
\$170,000 - \$179,999	2	-
\$210,000 - \$219,999	-	1
\$240,000 - \$249,999	1	-
	11	16

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$'000	\$'000
<b>6.2 Related party disclosure</b>		
<b>(a) Transactions with related parties</b>		

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

*Nothing to Disclose*

**(b) Outstanding balances with related parties**

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

*Nothing to Disclose*

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

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

*Nothing to Disclose*

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

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

*Nothing to Disclose*

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

## Note 7 Managing uncertainties

### 7.1 Contingent assets and liabilities

#### (a) Contingent assets

##### *Operating lease receivables*

The Council has entered into property leases on various miscellaneous properties. 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:

	2018	2017
	\$'000	\$'000
Not later than one year	114	271
Later than one year and not later than five years	365	421
Later than five years	125	26
	<hr/>	<hr/>
	604	718

#### (b) Contingent liabilities

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

As a result of the floods in September 2016, and damaged incurred, Council has received commitments from both the State and Federal Governments to fund approximately \$40m of repair/restoration works of damaged assets over the period to June 2019. This funding is contingent upon the Council completing appropriate claim forms for costs incurred. This funding agreement may not cover the full extent of the damaged assets.

##### **Superannuation**

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

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

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 2018/2019.

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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

## 7.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2018 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.

### ***Financial Instruments - Disclosures (AASB 7) (applies 2018/19)***

This Standard requires entities to provide disclosures in their financial statements that enable users to evaluate: (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed.

### ***Financial Instruments (AASB 9) (applies 2018/19)***

The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.

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

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

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

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

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

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

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

This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

## 7.3 Financial instruments

### (a) Objectives and policies

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

### (b) Market risk

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

#### *Interest rate risk*

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

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

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

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

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

### (c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. 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 7.1(b).

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

# NOTES TO THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2018

### (d) Liquidity risk

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 7.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 4.4.

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

### (e) Sensitivity disclosure analysis

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

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 2.75%.

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.

## 7.4 Fair value measurement

### *Fair value hierarchy*

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

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

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

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

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

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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

## *Revaluation*

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 4 to 10 years. The valuation is performed either by experienced council officers or independent experts.

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

## *Impairment of assets*

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

## **7.5 Events occurring after balance date**

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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

## Note 8 Other matters

8.1 Reserves	Balance at beginning of reporting period	Increment (decrement)	Share of increment (decrement) on revaluation of <name asset class> by an associate	Balance at end of reporting period
(a) Asset revaluation reserves	\$'000	\$'000	\$'000	\$'000
<b>2018</b>				
<b>Property</b>				
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>46,939</u>
<b>Infrastructure</b>				
Roads	119,515	-	-	119,515
Bridges	22,186	-	-	22,186
Footpaths and cycleways	7,318	-	-	7,318
Drainage	4,189	-	-	4,189
Other infrastructure	316	-	-	316
	<u>153,524</u>	-	-	<u>153,524</u>
<b>Total asset revaluation reserves</b>	<b>200,463</b>	-	-	<b>200,463</b>
<b>2017</b>				
<b>Property</b>				
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>46,939</u>
<b>Infrastructure</b>				
Roads	119,515	-	-	119,515
Bridges	22,186	-	-	22,186
Footpaths and cycleways	7,318	-	-	7,318
Drainage	4,189	-	-	4,189
Other infrastructure	316	-	-	316
	<u>153,524</u>	-	-	<u>153,524</u>
<b>Total asset revaluation reserves</b>	<b>200,463</b>	-	-	<b>200,463</b>

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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>(b) Other reserves</b>				
<b>2018</b>				
Subdividers Contributions	233			233
Parking Development Reserve	98			98
Drainage Headworks Reserve	97			97
Waste Levy Reserve	311	40	-	351
<b>Total Other reserves</b>	<b>739</b>	<b>40</b>	<b>-</b>	<b>779</b>
<b>2017</b>				
Subdividers Contributions	207	26	-	233
Parking Development Reserve	98			98
Drainage Headworks Reserve	97			97
Waste Levy Reserve	270	41		311
<b>Total Other reserves</b>	<b>672</b>	<b>67</b>	<b>-</b>	<b>739</b>

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

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

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

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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
<b>8.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus/(deficit) for the year	2,046	(4,192)
Depreciation/amortisation	10,071	10,172
Impairment	-	14,430
Asset write-offs	49	1,950
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(6)	6
Fair value adjustments for investment property	(1,720)	(37)
Found Assets	-	(442)
Contributions - Non-monetary assets	(148)	(433)
Other	176	191
Change in assets and liabilities:	-	
(Increase)/Decrease in trade and other receivables	(204)	(140)
(Increase)/Decrease in prepayments	(495)	(82)
(Increase)/Decrease in inventories	18	15
Increase/(Decrease) in trade and other payables	1,858	157
Increase/(Decrease) in provisions	(728)	142
Increase/(Decrease) in other liabilities	156	(24)
Net cash provided by/(used in) operating activities	<u>11,073</u>	<u>21,713</u>

## 8.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. 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 2018, 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 2017, a triennial/full actuarial investigation was completed. The vested benefit index (VBI) of the Defined Benefit category of which Southern Grampians is a contributing employer was 103.1%. The financial assumptions used to calculate the VBIs were:

Net investment returns 6.5% pa  
Salary Information 3.5%  
Price inflation (CPI) 2.5%

Vision Super has advised that the VBI at 30 June 2018 was 106%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2017 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.

# NOTES TO THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2018

### Employer contributions

#### Regular contributions

On the basis of the results of the 2017 triennial 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 2018, this rate was 9.5% of members' salaries (9.5% in 2016/2017). This rate will increase in line with any increases in the SG contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

#### Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

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.

### 2017 triennial actuarial investigation surplus amounts

The Fund's triennial investigation as at 30 June 2017 identified the following in the defined benefit category of which Council is a contributing employer:

- A VBI surplus of \$69.8 million
- A total service liability surplus of \$193.5 million.
- A discounted accrued benefits surplus of \$228.8 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 2017. Council was notified of the 30 June 2017 VBI during August 2017.

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.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2017.

### 2018 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2018 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2018.

# 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.Com., CPA*  
Principal Accounting Officer  
Date : 12 September 2018  
Hamilton

In our opinion the accompanying financial statements present fairly the financial transactions of Southern Grampians Shire Council for the year ended 30 June 2018 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 : 12 September 2018  
Hamilton



*Cr Colin B Dunkley*  
Councillor  
Date : 12 September 2018  
Hamilton



*Michael G Tudball*  
Chief Executive Officer  
Date : 12 September 2018  
Hamilton

## Independent Auditor's Report

### *To the Councillors of Southern Grampians Shire Council*

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<b>Opinion</b>	<p>I have audited the financial report of Southern Grampians Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"><li>• balance sheet as at 30 June 2018</li><li>• comprehensive income statement for the year then ended</li><li>• statement of changes in equity for the year then ended</li><li>• cash flow statement for the year then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• certification of the financial statements.</li></ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2018 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>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Councillors' responsibilities for the financial report</b>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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

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

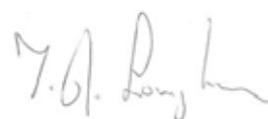
As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

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

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

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MELBOURNE  
13 September 2018



Tim Loughnan  
*as delegate for the Auditor-General of Victoria*

# PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

## DESCRIPTION OF MUNICIPALITY

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

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

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

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

# PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

## SUSTAINABLE CAPACITY INDICATORS

Indicator/measure		Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
<b>Population</b>						
C1	<i>Expenses per head of municipal population</i>  [Total expenses / Municipal population]	\$2,531.10	\$2,616.15	\$3,531.14	\$2,913.21	Councils 2016/17 result was inflated due to the recognition of \$14m of Impairment due to the September 2016 Flood/Storm event. The 2017/18 result continues to be higher than "normal" due to additional costs relating to the repair of the impaired assets.
C2	<i>Infrastructure per head of municipal population</i>  [Value of infrastructure / Municipal population]	\$19,124.17	\$20,152.43	\$19,067.42	\$18,807.30	
C3	<i>Population density per length of road</i>  [Municipal population / Kilometres of local roads]	6.32	6.20	5.68	5.78	
<b>Own-source revenue</b>						
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	\$1,900.01	Own source revenue has increased due to an increase in the value of investment properties and other revenue of \$3m, however this is partially offset by an increase in the population base of 300 people.
<b>Recurrent grants</b>						
C5	<i>Recurrent grants per head of municipal population</i>  [Recurrent grants / Municipal population]	\$867.43	\$593.87	\$997.33	\$806.99	This indicator has been particularly affected by the timing of the payments of the Financial Assistance Grants. Whilst the allocation has remained around \$7m, the actual payments received in each year has varied from 2014/15 - \$10.153m, 2015/16 - \$3.275m, 2016/17 - \$10.192m, 2017/18 - \$7.201m. The other major recurrent grant which has impacted this indicator is Roads to Recovery 2014/15 - \$1.521m, 2015/16 - \$3.787m, 2016/17 - \$3.114m, 2017/18 - \$3.064m.
<b>Disadvantage</b>						
C6	<i>Relative Socio-Economic Disadvantage</i>  [Index of Relative Socio-Economic Disadvantage by decile]	6.00	6.00	6.00	5.00	

### 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 2018

## SERVICE PERFORMANCE INDICATORS

Service/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
<b>Aquatic Facilities</b> <b>Utilisation</b> AF6 <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	13.70	15.23	14.80	5.77	A major service review was undertaken for the outdoor swimming pools in 2017/18 with outcomes of more accurate patronage and cost allocations.
<b>Animal Management</b> <b>Health and safety</b> AM4 <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0.00	0.00	1.00	0	There were no animal management prosecutions in the 2017/18 year
<b>Food Safety</b> <b>Health and safety</b> 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%	85.71%	Premises with non-compliance inspection with outstanding follow-up inspections in 2017, received their follow-up inspections in January & February 2018
<b>Governance</b> <b>Satisfaction</b> 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	50.00	A slight increase with a new policy implemented on confidential Council reports seeing a large reduction in matters considered in confidential.
<b>Home and Community Care (HACC)</b> <b>Participation</b> HC6 <i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100 <b>Participation</b> 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 Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS & CHSP programs
<b>Libraries</b> <b>Participation</b> LB4 <i>Active library members</i> [Number of active library members / Municipal population] x100	35.00%	16.16%	15.28%	14.82%	A relatively large capital upgrade occurred with relocated library services for over 2 months along with a revamped mobile library service.

# PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

## SERVICE PERFORMANCE INDICATORS CONT'D

Service/indicator/measure	Results	Results	Results	Results	Material Variations and Comments
	2015	2016	2017	2018	
<b>Maternal and Child Health (MCH)</b>					
<b>Participation</b>					
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%	76.61%	
<b>Participation</b>					
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%	65.71%	
<b>Roads</b>					
<b>Satisfaction</b>					
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	32.00	Both flood damage and confusion with State and Local roads continues to dominate this area of community satisfaction.
<b>Statutory Planning</b>					
<b>Decision making</b>					
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%	0.00%	One matter was referred to CVAT in the 2017/18 financial year. VCAT upheld the decision made by Council
<b>Waste Collection</b>					
<b>Waste diversion</b>					
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%	44.23	A major review of waste services occurred in 2017/18 with implementation underway and results reflective of this work.

### Definitions

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

## FINANCIAL PERFORMANCE INDICATORS

Dimension/indicator/measure	Results	Results	Results	Forecasts			Material Variations and Comments	
	2015	2016	2017	2018	2019	2020		2021
<b>Efficiency</b>								
<b>Revenue level</b>								
E1 Average residential rate per residential property assessment	\$852.69	\$1,127.86	\$1,378.14	\$1,432.00	\$1,456.52	\$1,485.64	\$1,515.35	\$1,545.66
[Residential rate revenue / Number of residential property assessments]								
<b>Expenditure level</b>								
E2 Expenses per property assessment	\$3,746.27	\$3,489.64	\$5,056.27	\$4,250.91	\$3,871.00	\$3,970.73	\$4,085.09	\$4,175.27
[Total expenses / Number of property assessments]								
<b>Workforce turnover</b>								
E3 Resignations and terminations compared to average staff	10.94%	22.05%	17.12%	17.60%	17.72%	19.34%	21.12%	23.29%
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100								
<b>Liquidity</b>								
<b>Working capital</b>								
L1 Current assets compared to current liabilities	227.52%	195.39%	306.73%	257.22%	127.60%	119.31%	66.08%	6.75%
[Current assets / Current liabilities] x100								
<b>Unrestricted cash</b>								
L2 Unrestricted cash compared to current liabilities	65.37%	56.29%	31.81%	16.60%	73.47%	51.34%	-1.63%	-62.56%
[Unrestricted cash / Current liabilities] x100								

The 2016/17 figure was substantially inflated due to impairment expenses recognised

Council cash holdings are reduced from the prior year. Council projects to utilise cash holdings to fund future capital works.

# FINANCIAL PERFORMANCE INDICATORS CONT'D

Dimension/ <i>indicator/measure</i>	Results 2015	Results 2016	Results 2017	Results 2018	2019	2020	2021	2022	Material Variations and Comments
<b>Obligations</b>									
<b>Asset renewal</b>									
O1 <i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100	74.48%	64.39%	51.75%	142.96%	287.66%	142.46%	102.97%	119.15%	This is substantially due to remedial capital works to reverse impairment included in the renewal classification
<b>Loans and borrowings</b>									
O2 <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	19.31%	16.28%	13.91%	11.48%	9.46%	19.88%	16.60%	13.63%	Council has been consistently reducing outstanding borrowings in preparation for new borrowings
O3 <i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3.18%	2.97%	2.87%	2.78%	2.79%	2.51%	3.89%	3.48%	
<b>Indebtedness</b>									
O4 <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	22.13%	20.56%	13.60%	8.68%	10.32%	26.94%	24.37%	21.78%	Council is currently reducing its outstanding long term debt in preparation for a longer term borrowing strategy to fund future capital works and intergenerational strategies.
<b>Operating position</b>									
<b>Adjusted underlying result</b>									
OP1 <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	1.63%	-13.07%	-24.46%	-6.88%	-4.79%	-10.89%	-11.66%	-11.68%	Council's 2016/17 result was inflated due to the recognition of impairment
<b>Stability</b>									
<b>Rates concentration</b>									
S1 <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	41.80%	54.28%	42.54%	45.04%	48.25%	50.77%	50.69%	50.60%	
<b>Rates effort</b>									
S2 <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.45%	0.48%	0.57%	0.58%	0.58%	0.59%	0.60%	0.62%	

## FINANCIAL PERFORMANCE INDICATORS CONT'D

### Definitions

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

# OTHER INFORMATION

## 1. Basis of preparation

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

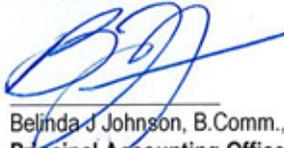
Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

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

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

# CERTIFICATION OF THE PERFORMANCE STATEMENT

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



Belinda J Johnson, B.Comm., CPA.  
**Principal Accounting Officer**  
**Dated:** 12 September 2018

In our opinion, the accompanying performance statement of the (*council name*) for the year ended 30 June 2018 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:** 12 September 2018



Cr Colin B Dunkley  
**Councillor**  
**Dated:** 12 September 2018



Michael G Tudball  
**Chief Executive Officer**  
**Dated:** 12 September 2018

## Independent Auditor's Report

### To the Councillors of Southern Grampians Shire Council

<b>Opinion</b>	<p>I have audited the accompanying performance statement of Southern Grampians Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• description of municipality for the year ended 30 June 2018</li> <li>• sustainable capacity indicators for the year ended 30 June 2018</li> <li>• service performance indicators for the year ended 30 June 2018</li> <li>• financial performance indicators for the year ended 30 June 2018</li> <li>• other information and</li> <li>• the certification of the performance statement.</li> </ul> <p>In my opinion, the performance statement of Southern Grampians Shire Council in respect of the year ended 30 June 2018 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>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. 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 Victoria 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>
<b>Councillors' responsibilities for the performance statement</b>	<p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 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>
<b>Auditor's responsibilities for the audit of the performance statement</b>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.</p>

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

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

- identify and assess the risks of material misstatement of performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether performance statement represents the underlying events and results in a manner that achieves fair presentation.

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

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MELBOURNE  
13 September 2018



Tim Loughnan  
as delegate for the Auditor-General of Victoria



**SOUTHERN GRAMPIANS  
SHIRE COUNCIL**

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