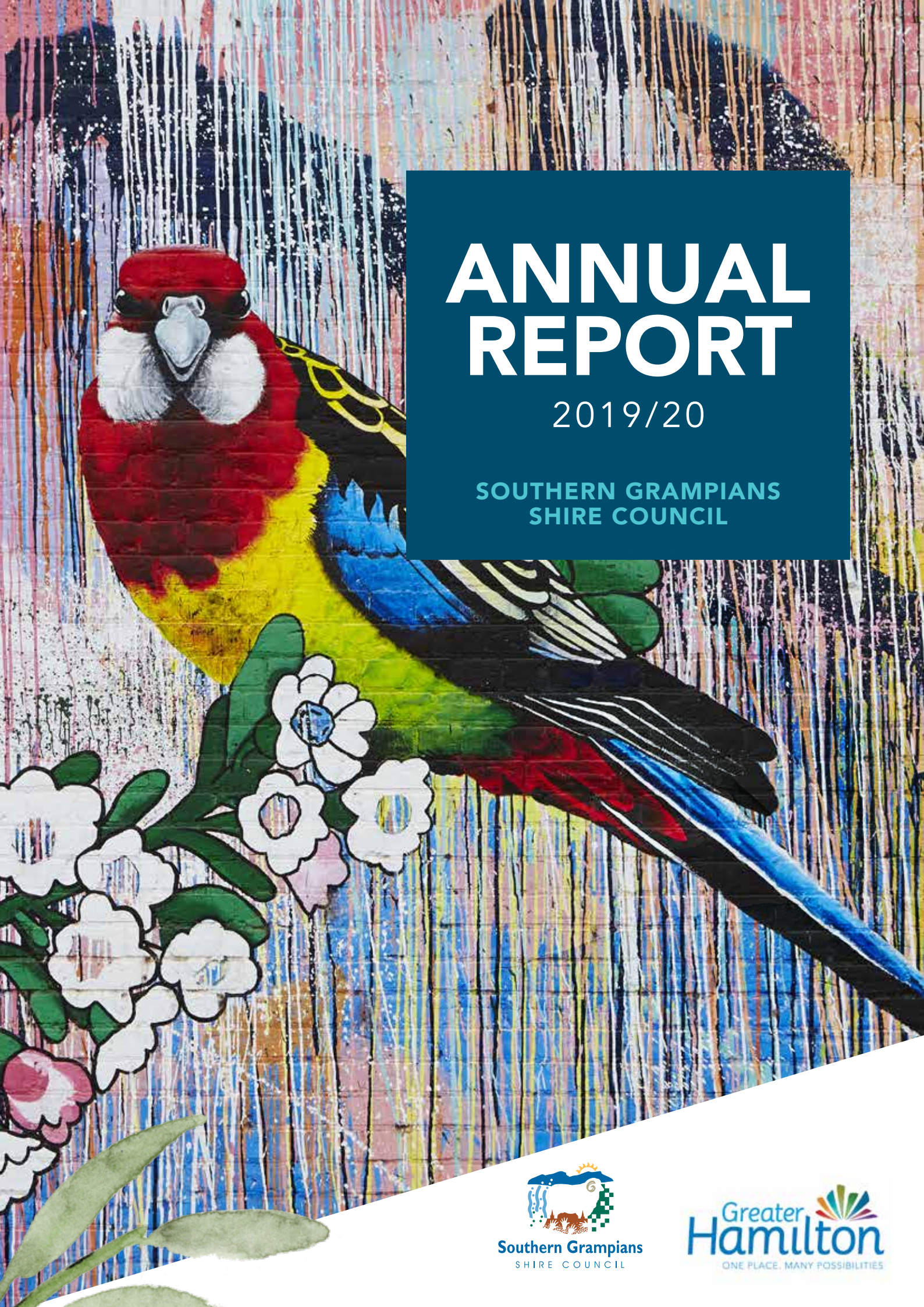




ANNUAL REPORT

2019/20

SOUTHERN GRAMPIANS
SHIRE COUNCIL



Southern Grampians
SHIRE COUNCIL

Greater
Hamilton
ONE PLACE. MANY POSSIBILITIES



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About THIS REPORT

Southern Grampians Shire Council is pleased to present the 2019/20 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 2019/20.

WHERE TO GET A COPY

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

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

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

COUNCIL OFFICES

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

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

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Web: www.sthgrampians.vic.gov.au

Postal address: Locked Bag 685,
Hamilton VIC 3000







Our SHIRE

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

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

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

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

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





Estimated resident
population – **15,944**



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



Land area –
6,652km²



Unemployment
rate – **4.4%**



Average household
2.3 people



Average weekly
household income **\$1,043**



Rateable properties
10,888



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



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



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



Acknowledgement **OF TRADITIONAL LANDOWNERS**

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

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

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

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

Our COUNCIL

VISION

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

VALUES

Innovative

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

Respectful

We will be caring, accept differences and value diversity.

Collaborative

Together we will work smarter to achieve agreed common goals.

Trusting

We will be open, honest and brave.

Empowering

We will delegate opportunities and develop and inspire success.



Our SERVICES

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

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

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



- Planning and Environment - **\$0.67**
- Community Services and Development - **\$9.21**
- Capital Works - **\$23.75**
- Waste Services - **\$6.36**
- Governance and Corporate Services - **\$6.89**
- Business Enterprises - **\$3.01**
- Working for Victoria - **\$4.08**
- Leisure Services - **\$9.73**
- Economic Development and Tourism - **\$1.33**
- Regulatory Services - **\$3.54**
- Infrastructure and Emergency Management - **\$26.63**
- Cultural Services - **\$4.80**

Fast **FACTS**



121,675 – Visits
to shire aquatic
facilities



115,760 – Square
metres of sealed local
roads reconstructed



2,639 – Number of
registered animals



161 – Number of
infants enrolled in
Maternal Child Health
service



1,872 – Active
library members



6,493 – Kerbside
Garbage collection
bins



22,025 – Items
in the library
collection



120 – Planning
applications
received



70 – Number of
services provided to
our community



900,657 – Square
metres of sealed local
roads resealed



500 – Animal
management requests
received by local
laws rangers



977,589 – Sheep and
lambs sold at the
Hamilton Regional
Livestock Exchange



Mayor's REPORT

I am delighted to present the Southern Grampians Shire Council Annual Report for the 2019/20 financial year.

We are extremely proud of the achievements and positive outcomes we have delivered to our residents over the last financial year, and for the almost four years of this Council.

In 2019/20 we saw Council celebrate the completion of a number of major community infrastructure projects, including the final stages of the Hamilton Regional Livestock Exchange (HRLX) project, delivery of 93 percent of the entire capital works program, the delivery of a safe, open and reliable outdoor swimming pool season, commencement of implementation of the Masterplans for both Lake Hamilton and Pedrina Park.

We had the pleasure of hosting a variety of events that represented the unique interests and the wonderful volunteers that make our Shire such a great place to live and work. The introduction of Listening Posts into our surrounding communities covered varied topics focusing on community priorities and ideas.

During the year, we held Council meetings in the townships of Byaduk and Woodhouse. These meetings were well supported by community members and provided these townships an opportunity to engage with Council in a different way.

Over the course of the year we also welcomed 15 new Australian Citizens into our Shire from countries including Vietnam, South Africa, Netherlands, Phillippines, South Korea, Sri Lanka, India and Poland.

As well as changes and upgrades in the Hamilton Art Gallery, there has been considerable work on the next stages in the development of a new Hamilton Art Gallery, with development of the business case to seek funds from Federal and State Governments, along with philanthropic support and key Board and Reference Group appointments to support Council in this work.

Recreation, leisure and sports continued to be widely used and supported, including completion of the revitalisation and extension of the walking track around Lake Hamilton and completion of the dog park within that precinct.

Facilities including Melville Oval and Pedrina Park in Hamilton, along with Silvester Oval and Turnbull Street in Coleraine, have seen much use and planning and delivery for these improved facilities is either underway or recently completed.



Other projects led by communities and supported by Council in our townships that have been completed include the Mt Rouse steps and Botanic Gardens in Penshurst, the Cavendish Men's Shed and Recreation Reserve facilities upgrade, Balmoral Recreation Reserve Community Hub, Dunkeld cricket nets and Monivae College Cricket Hub, along with thousands of dollars distributed across our communities through our Greater Grants program.

Council has continued significant effort and investment into digital transformation following on from the hugely successful Digital Innovation and Smart Agriculture Festival or DISA, held in May 2019. This event ran over two days with visits to 'smart farms', a conference day in Hamilton and then topping off with students and youth showcasing the technology available for learning and education in the Hub at Hamilton. Unfortunately due to COVID-19 restrictions this event was unable to be held in 2020, but is in the planning for 2021.

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

In March 2020 and right through to the current day, the Shire and the entire country was impacted by the global pandemic COVID-19. I would like to sincerely acknowledge the Council Staff and community for the way we have responded and continued our 'Business as Unusual' approach over these months, and most likely a long period to come.

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

CR CHRIS SHARPLES
Mayor



CEO's REPORT

It is with great pleasure that we put before the community the Southern Grampians Shire Council year in review through the 2019/20 Annual Report.

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

The organisation, led by the elected Councillors, has continued significant community engagement in the development of the 2020/21 Annual Plan and Budget, leveraging off our community planning program and very active and informed communities. This year we continued Listening post-style engagement in addition to our regular engagement.

The last four months of the 2019/20 year saw various stages of restrictions and lockdowns due to the COVID-19 worldwide pandemic. This saw Council go virtual on many occasions with Council Meetings, Councillor Briefings, and Community Engagement sessions concluding with annual plan and budget virtual question and answer sessions. These virtual engagements allowed Council to meet many more and diverse community members with over 120 attending the two budget Q&A sessions, peaks of 65 attending Council Meetings and hundreds of 'shares' and 'likes' on our social media for the many informative videos and images of our services and any changes.

In an ongoing tight fiscal environment, the financial accounts reflect the strong position Council is in for the 2020/21 year. However, with pressures both internally and externally restricting Councils' ability to raise revenue, much work will continue into our financial position. Of course COVID-19 impacts to our services and our finances will be further understood and responded to during the course of next year and beyond. We do however stand here ready and able to support our communities through these times.

A key economic focus has been to support a diversified economy. This includes leveraging and growing our offerings in agriculture, while also working towards other markets including horticulture, viticulture and most importantly value-adding to our current agricultural commodities. I am very confident that these efforts will be rewarded in the near future with very strategic work undertaken across the Great South Coast with our Economic Futures study and roadmap going forward especially in high-value agriculture, horticulture and sustainable energy and natural resources.

With the above key strategies to boost our local economy, we have helped to create another problem in access to affordable housing. A significant body of work has been completed to provide Council with strategies and levers to address both housing for purchase and rental across the shire and we expect to see some tactics employed to alleviate some pressure in this area during the coming year.

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

Internally, improving our customer service has been a focus of the past four years. It was extremely pleasing therefore, for myself and the organisation, to reflect on the 2019/20 Community Satisfaction Survey results that saw significant increases in the community rating of our Customer Service, Sealed Road Network and Community Consultation, continuing an upward trend in these areas and others.

In closing, I acknowledge the outstanding efforts and commitment from our staff, our elected Councillors and the community, where in partnership, we have been able to deliver great outcomes. I am confident we will continue to do so. I thank all Councillors for their past four years (and beyond) and the two Mayors across this term of Council, Cr Mary-Ann Brown and Cr Chris Sharples for their leadership of Council and within the community.



MICHAEL TUDBALL AFSM FAICD ACECD
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.



STRATEGIC OBJECTIVE 1:

SUPPORT OUR COMMUNITY

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

Highlights

- Commenced year one of the Pedrina Park Irrigation project
- Adopted the business case for the New Hamilton Gallery and established a skills based board
- Constructed the Lake Hamilton Dog Park
- Finished construction of the new Flight Aviary as part of the Hamilton Botanic Gardens Masterplan and delivered a variety of birds to the space
- Completed full refurbishment of courts two and three at Hamilton Indoor Leisure and Aquatic Centre
- Delivered \$186,218 to community groups through our Greater Grants program
- Curated multiple exhibitions at the Hamilton Gallery utilising items from the collection, including 'A Dog's Life' which included submissions from community members
- Conducted a smart lighting pilot in the Hamilton CBD as part of Council's Smart Community roadmap
- Transitioned Family Day Care and Occasional Care Services to an online business model, resulting in a significant reduction in paper use and increased productivity due to streamlined processes
- Restructured the Hamilton Gallery, Hamilton Performing Arts Centre and Hamilton Cinema into a Cultural Arts team.



STRATEGIC OBJECTIVE 2:

DEVELOP OUR REGIONAL ECONOMY AND BUSINESS

A strong, diversified local and regional economy

Highlights

- Completed the canteen facilities upgrade at Hamilton Regional Livestock Exchange
- Adopted Stage Two of the CBD Masterplan for Gray and Lonsdale Street and Melville Oval
- Commenced construction of Hamilton-Port Fairy Road Industrial Estate
- Received \$500,000 funding to commence Stage One of the Dunkeld Visitor Hub and Grampians Peak Trailhead Project
- Dedicated significant funding and resources to support local businesses during COVID-19 through business relief and recovery programs
- Received funding of \$2.843 million from the Federal Government's Community Development Grants Program towards the upgrading of the netball courts and netball change rooms at Melville Oval
- Hosted 25 delegates from 18 Visitor Information Centres covering the Great Ocean Road / Limestone Coast and Grampians regions, for the 16th Annual Cross Border Conference.

STRATEGIC OBJECTIVE 3:

PLAN FOR OUR BUILT ENVIRONMENT AND INFRASTRUCTURE

Provide access to infrastructure that meets community needs

Highlights

- Completed the Capital Works program for roads on time and on budget, with 154kms of roads across the Shire renewed or resealed
- Completed upgrades to Council's animal pound facility to improve energy efficiency and animal welfare
- Commenced the process of the Community Vision Framework 2041 to identify Council's strategic priorities for the next 20 years
- Completed and adopted the Cavendish Zone Review
- Adopted the Southern Grampians Shire Council Heritage Strategy
- Extended the Lake Hamilton walking track to create a complete 5km circuit
- Secured Council resolutions to progress Flood Planning Scheme Amendments at Hamilton and Coleraine
- Developed and endorsed the Street Tree Asset Management Plan.



STRATEGIC OBJECTIVE 4:

PROMOTE OUR NATURAL ENVIRONMENT

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

Highlights

- Prepared and adopted the Domestic Wastewater Strategy to enable Council to meet its management of onsite wastewater management systems obligations
- Updated the Roadside Management Plan
- Collaborated with the Glenelg Hopkins Catchment Management Authority, Wannon Water and Taylor Toyota to host National Tree Planting day at the Grangeburn which was attended by close to 300 community members
- Continued improvement works at the Grangeburn including installation of trash rack, non-native tree removal and native revegetation, in collaboration with other agencies
- Removed 350m³ of hedge wattle from Wannon Falls in collaboration with the CFA through the Victorian Governments Safer Together Programme, increasing biodiversity and reducing the fuel load
- Finalised the service review for the Environment/ Biodiversity service.

STRATEGIC OBJECTIVE 5:

PROVIDE GOVERNANCE AND LEADERSHIP

Strong leadership, good governance and effective service delivery

Highlights

- Employed 40 staff across the organisation through the Working For Victoria initiative to assist with COVID-19 recovery
- Achieved significant increases in the community satisfaction rating of our Consultation and Engagement, Overall Performance, Sealed Road Network and Community Decisions
- Continued advocacy for Council's priority projects including the return of passenger rail to Hamilton, improved bus services and connections, along with investment into key infrastructure including Hamilton and Coleraine CBDs and recreation facilities, including Melville Oval and Pedrina Park
- Started the livestreaming of Council meetings, enabling increased community participation and engagement, particularly throughout COVID restrictions
- Held live question and answer sessions for community members to allow for engagement on Budget, FOGO rollout and rates
- Recruited four MEROs (Municipal Emergency Resource Officers) to ensure Council is prepared to effectively allocate resources for emergency response and recoveries activities.

CHALLENGES OF THE YEAR

- Delivery of the Cox Street redevelopment
- Construction of the King Street roundabout
- Community acceptance and adoption of the FOGO bin service
- Continuation of service delivery and Business support throughout COVID-19 lockdowns.

FUTURE OUTLOOK

- As part of the Digital Strategy implementation, continue digital innovation capacity building program and implement Smart Community Initiatives
- Implement an investment attraction program that focuses on the key industries of agriculture, manufacturing, retail, tourism and the digital economy
- Complete construction of the serviced industrial land in Port Fairy Road
- Complete stage three of the Livestock Exchange roof over the Cattle Yards
- Deliver the Waste and Resource Recovery Strategy as adopted by Council including landfill, transfer stations and collection initiatives
- Invest in the appropriate systems, processes and training to support an environment which delivers a seamless Customer Experience
- Continue the next steps in the planning and feasibility of the new Hamilton Gallery
- Commence the delivery of recreation facilities in line with Council's Recreation and Leisure Strategic Plan including design and planning of Pedrina Park Sporting Hub
- Continue advocacy on key Council priorities to Regional organisations (Great South Coast and Grampians), State and Federal Governments.

ECONOMIC FACTORS

There are a number of issues facing Council which present an ongoing challenge.

Some of the key issues include:

- Rate capping, which started 1 July 2016, is progressively impacting on Council's ability to fund service delivery and capital works
- The continued high cost of utilities, particularly electricity
- Ensuring that the network of roads, footpaths, bridges and drainage are maintained and renewed into the future and the particular challenge associated with the large number of kilometres of local roads, and age of bridge structures to maintain
- Significant changes in the recycling sector across Australia where considerable high levels of uncertainty continues
- The need for significant investment in our ageing aquatic infrastructure to meet the expectations of the community, with many outdoor pools built more than 50 years ago
- The rapidly changing technology environment, driving community expectation to improve the ways we communicate, provide information, deliver services and report back to the community
- The ability to attract and retain staff with the skills and qualifications required to service our communities.





COVID-19 PANDEMIC

Southern Grampians Shire Council worked tirelessly throughout the pandemic to provide innovative ways to deliver services to the community while ensuring strict safety and hygiene methods were implemented and adhered to across Council services.

As a leader within the community, Council recognised the importance of the Southern Grampians Shire Council's role in working with the Western District Health Service (WDHS) to effectively communicate accurate and up to date COVID-19 information across the region. This included health and safety messages, restriction and closure details, and business resources and support across a broad range of mediums including but not limited to; social media, radio, online resources, telephone, printed materials, print (newspaper), and signage.

During the enforced stage three restrictions, a number of Council operated cultural and recreation services including the Hamilton Art Gallery, Performing Arts Centre (PAC), Cinema, Library and Hamilton Indoor Leisure and Aquatic Centre (HILAC) were closed to the public. While these services were closed for face-to-face contact, staff remained available to facilitate telephone and email enquiries.

Some Council departments had the flexibility to provide adapted services and staff responded quickly to the challenge.

- HILAC staff offered a wide-range of online fitness classes from their social media page which were very well received by members who were unable to attend the gym or classes.
- The Hamilton Gallery created online content to showcase lesser known items from the collection and projected classic films and imagery onto the Gallery building at night.

- The PAC created 'Get me a Gig', a weekly online performance event, showcasing local talent and engaging audiences by voting to support their favourite acts.
- The Greater Hamilton Library continued to provide borrowing and return services to the community via a home delivery option for vulnerable community members, and a contactless collection point for new borrowings. The Library also increased their online presence by posting Storytime for children and craft activities on the Greater Hamilton Library Facebook page which garnered a large following.
- Customer service centres at Brown Street and Market Place maintained a high standard of service delivery via telephone and email support for the community.
- The introduction of electronic payments across all Transfer Stations allowed them re-open for operation during the second round of closures and increased the safety of the community and staff.
- Environmental Health Officers conducted public health protection and food safety inspections with operators via video conferencing / facetime.

The introduction of stage three restrictions significantly impacted the regions tourism and business sector, forcing businesses to adapt how they operated during the pandemic. Council's economic development and tourism team responded swiftly to the call, providing immediate support and resources to local businesses via phone calls, Business support and reskilling workshops, free digital marketing audits, subsidised website development providing access to business advisors, the development of a Council business support bulletin, introduction of a business community Facebook Group and the development of "Business as Unusual" campaign which included 'Open for Business' signs for shop fronts.

As 2020 will forever be remembered as a great health and economic challenge, Council has remained committed to help slow the spread of COVID-19 within the community, to protect staff, volunteers and visitors, and to play Council's role in the national response to limiting transmissions, and supporting local businesses and community members through the pandemic.

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
- Maintain debt at 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.

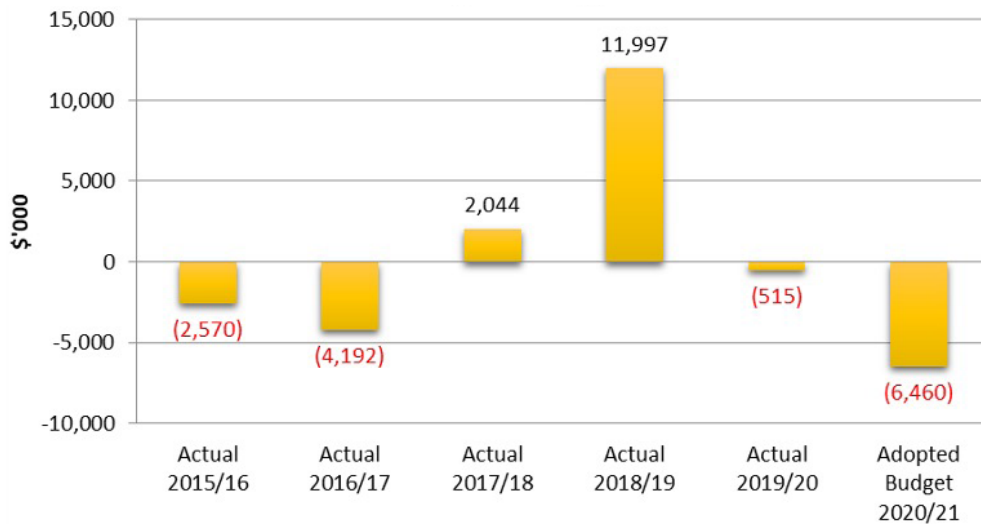
FINANCIAL RESULTS AT A GLANCE

- Operating Expenditure - \$48.055 million
- Capital Works Program Delivered - \$16.202 million
- Rates and Charges - \$20.990 million
- Operating deficit - \$0.515 million
- Net Funds Available - \$13.133 million
- Working Capital - \$2.28 of current assets for every \$1.00 of current liabilities
- Debt increase of \$1.628 million from \$1.858 million to \$3.486 million.



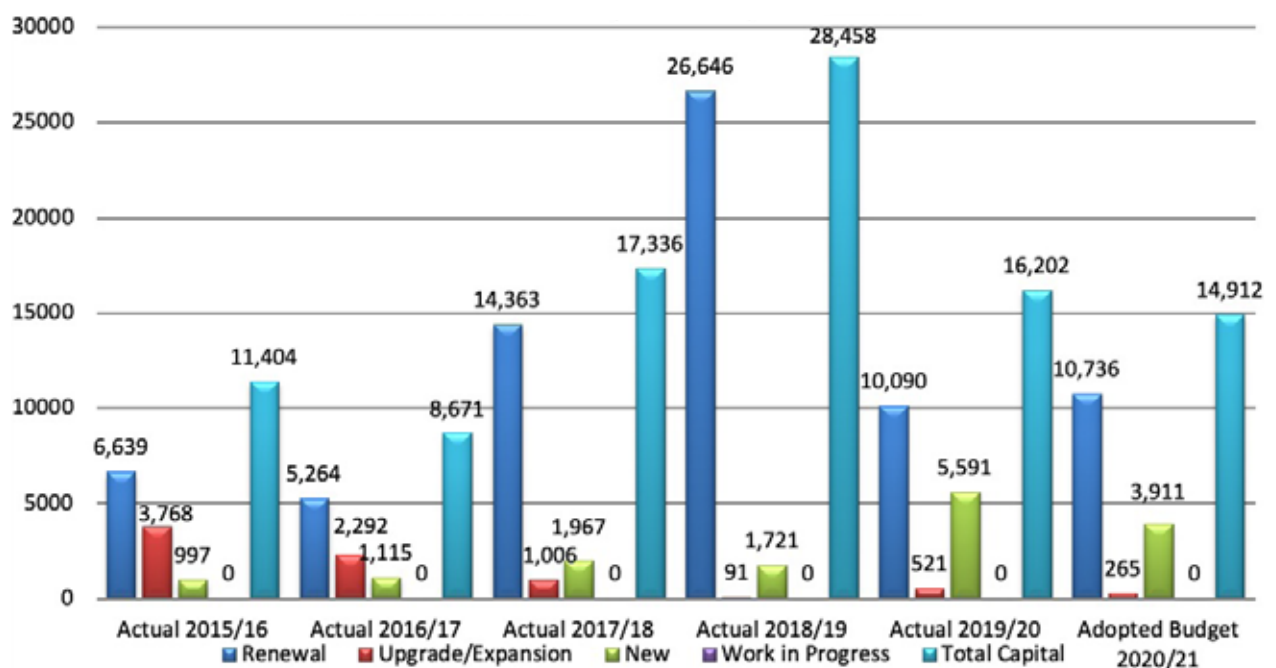
NET OPERATING RESULT

The operating deficit in 2019/20 was (\$0.515) million compared to a budgeted \$0.761 million surplus. The result was lower than budgeted mainly due to asset revaluation write-offs of \$587k for assets. Council's long term financial plan demonstrates operating surplus in the next two years then moving into moderate deficits. Continual monitoring and planning will be required to maintain Council in a break-even (or modest surplus) situation.



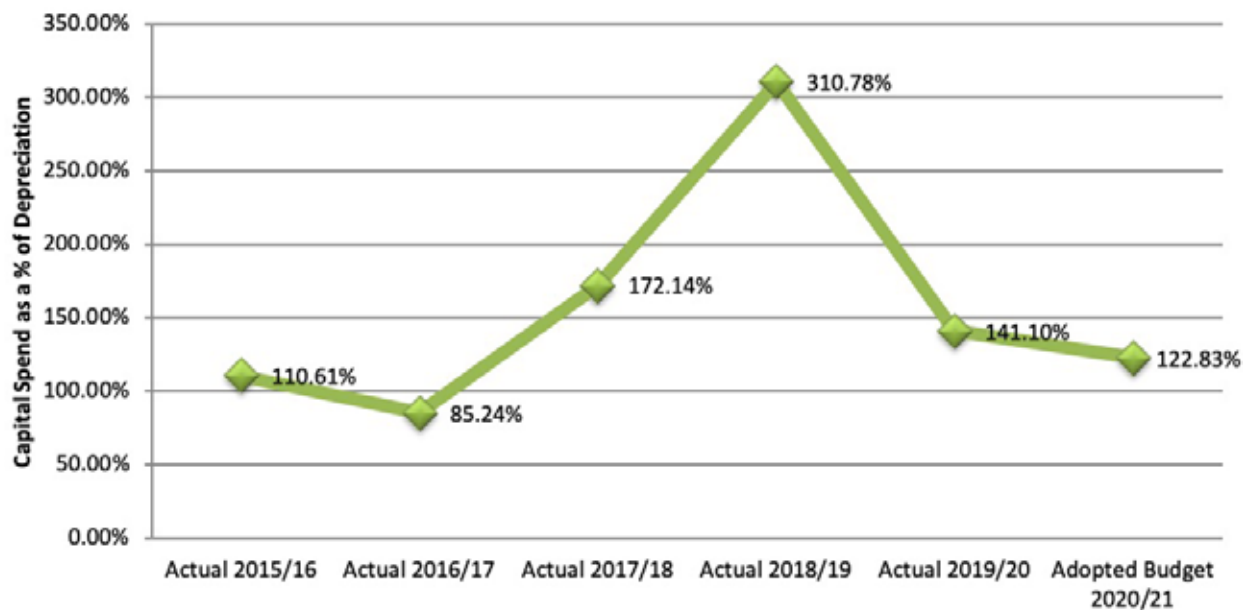
SUSTAINABLE CAPITAL EXPENDITURE

Council continues to invest in renewing and revitalising its assets. Council spent \$16.202 million on Capital works in 2019/20 with an average spend in excess of \$16 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.



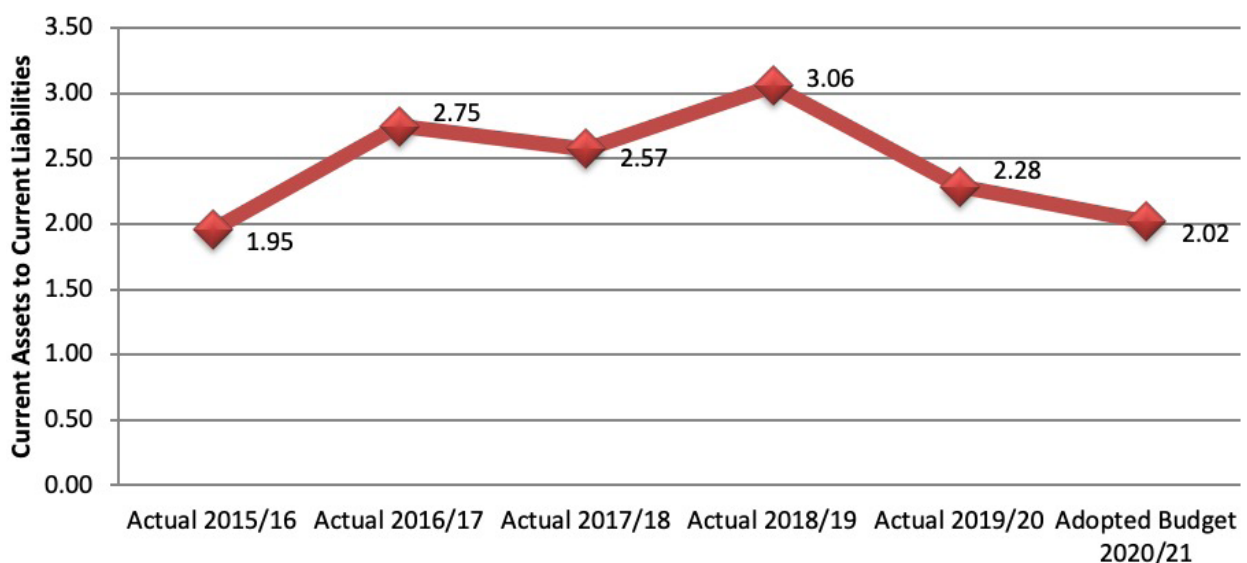
RATIO OF CAPITAL EXPENDITURE TO DEPRECIATION

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 141 percent for 2019/20. However, it should be noted some of the works completed are for new assets which will increase the level of depreciation into the future. Council also carried out a revaluation and condition assessment of a significant proportion of its asset base which will result in changes to depreciation in the coming years.



WORKING CAPITAL

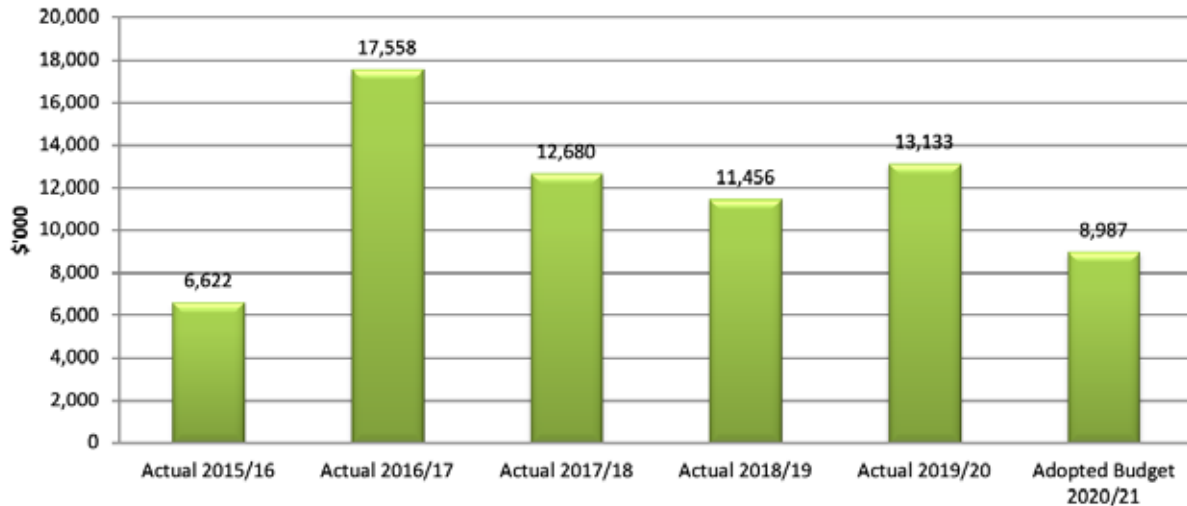
This graph indicates Council's ability to meet its short-term commitments with its short-term assets. Council ended the year with a ratio of 2.28:1 which means for every \$1 of short-term liability, Council has \$2.28 of current asset. Future working ratios are predicted to enable Council to meet its commitments as they fall due.



NET FUNDS AVAILABLE

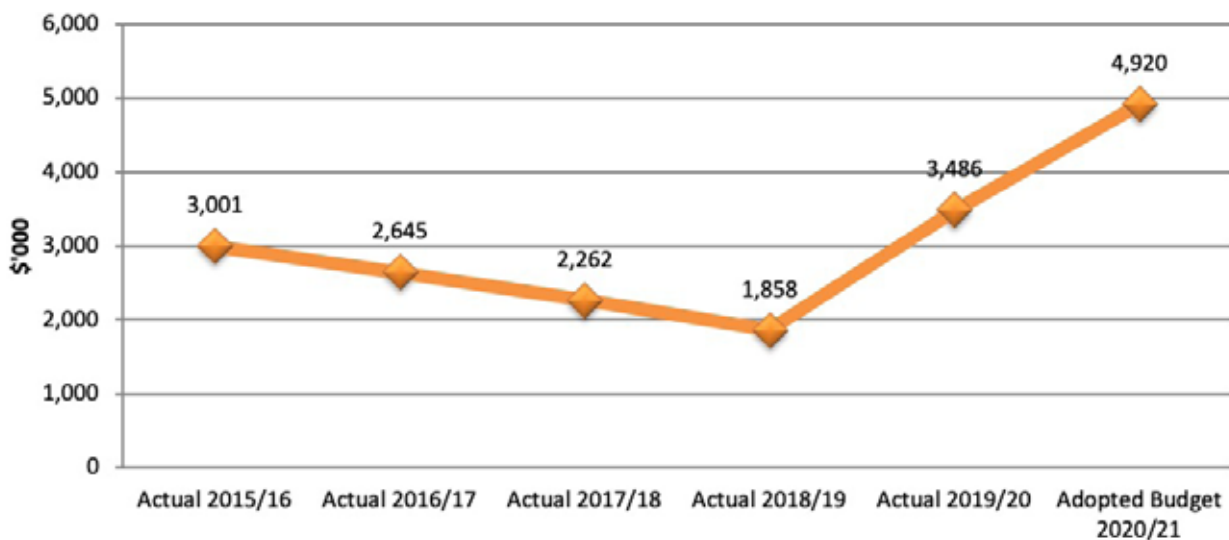
Net Funds available is the remaining cash after all current liabilities and restricted cash holdings have been met. Restricted cash includes specific purpose reserves, trust and deposit accounts.

Council's will draw down on cash reserves for 2020/21.



DEBT LEVELS

Council has increased debt by \$1.628 million in 2019/20. This was made up of a new loan of \$2 million offset by the repayment of existing borrowings of \$0.372 million. 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 including a further loan of \$2 million in the 2020/21 financial year.

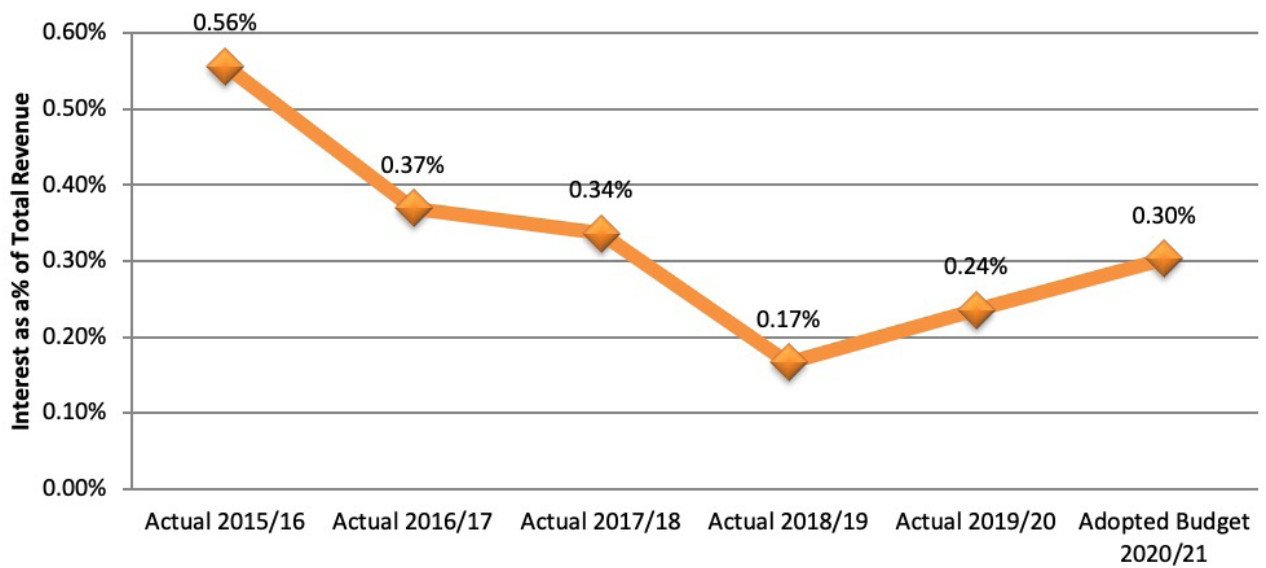


DEBT SERVICING LEVELS

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 2.31 percent (1.02 percent of total revenue) for 2019/20.

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 2019/20, over \$23 million was allocated to capital works projects across the Shire with this being forecast to just over \$24 million with deferred and carry forward projects.

The aim of the capital program is to provide targeted expenditure on projects to maintain or improve Council's infrastructure, assets and services.

THE 2019/20 CAPITAL WORKS PROGRAM CONSISTED OF 176 PROJECTS WITH 175 PROJECTS STARTED AND 162 OF THOSE COMPLETED IN THE FINANCIAL YEAR. THIS EQUATES TO 99% OF THE PROGRAM STARTED AND 92% COMPLETE.

Major Capital Projects delivered in 2019/20 include:

HRLX CATTLE YARD ROOF

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

HRLX, but to ensure growth of the current and future offerings.

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

In March 2019, Council received funding of \$715,000 from the Federal Government's Building Better Regions Fund for the roof and construction commenced in late June 2019.

The project involved the demolition of existing infrastructure including the small roof covered walkways, timber fence, lighting and sprinkler system; construction of roof over the cattle pens and pre-weigh area; reconfiguration of cattle pens and replacement of timber fence with steel frames; realignment of fencing and walkways and installation of all electrical, communication, and security services.

The total project cost was \$1.8 million and while construction was delayed by permit approvals and COVID-19, it is expected to be complete by the end of October 2020.

Other project elements, including new electronic signage, installation of solar panels and establishment of live online cattle sales will follow in 2020/21.

The upgrade to the canteen was finalised in 2019, resulting in a much improved facility for agents, buyers and staff.

HAMILTON INDUSTRIAL ESTATE

Works at the Hamilton Industrial Estate progressed substantially during the last financial year despite some delays caused by COVID-19. Building upon the vision of the Hamilton Structure Plan, the Hamilton Industrial Land Development aims to provide a well-connected and well-served location for small and medium-scale industrial development. Grant funding of \$500,000 was received from Regional Development Victoria (RDV) in 2018 toward the project.

The key features of the precinct are its positioning on the southern gateway to the city of Hamilton, proximity to the Hamilton Saleyards and access to heavy vehicle routes and industrial trunk infrastructure. The precinct also forms a critical link for north-south bound traffic to/from the Hamilton Central Activity District and east-west bound traffic to/from Hamilton's southern industrial, rural activity and residential precincts.

The plans and design works for the proposed Hamilton Industrial Park allow for about 23 land parcels each measuring approximately 2000sqm in size with one block slightly larger than the others.

In March 2020, Council resolved to name four roads within the Industrial Estate as Mott Road, Walter Road, Slorach Road and Drummond Road following consultation with the Hamilton History Centre. The four new roads were named after influential Hamilton businessmen John Robert Slorach, George Mott, Walter Drummond, and Harry R. Walter who were instrumental in developing the Southern Grampians Shire.

The project is on schedule for completion at the end of October 2020 and planning is currently underway for the launch and the sales campaign.

DUNKELD ARBORETUM DAM WALL

The restoration of the Dunkeld Arboretum Dam Wall, damaged in the 2016 floods, was completed at the end of June 2020, significantly improving the safety of residents living in Dunkeld.

The Victorian Government made a budget allocation in 2018/19 to reduce the risk rating on a number of regional dams. The Dunkeld Arboretum Dam was part of this funding initiative. Inspection by Southern Rural Water found the dam to be in an unsatisfactory condition with some serious issues identified, most notably relating to failure from piping, stability and lack of flood capacity.

The spillway and discharge channel were damaged during the floods when water flowed over the wall outside of the spillway footprint, causing erosion and narrowing of the wall structure.

Major construction activities at the site included:

- de-watering of the dam;
- construction of a new spillway;
- re-strengthening of upstream embankment;
- removal of the trees along the upstream embankment;
- removal of the existing jetty; and
- relocation of the existing pump infrastructure on the reservoir embankment.

The restoration project was delivered in partnership with the Department of Environment, Land, Water and Planning (DELWP) through National Disaster Relief Funding Arrangements. Funding of \$1 million was released by DELWP to complete the project, with Council contributing the remaining \$400,000.





HAMILTON BOTANIC GARDENS PROJECTS

This financial year has seen some big changes within the Hamilton Botanic Gardens and real progress in the implementation of the Hamilton Botanic Gardens Masterplan adopted in 2015. A number of key projects have now been completed or are in the final stages, including the redeveloped Flight Aviary, restoration of the Thomson Fountain and the construction of the accessible toilet near the playground.

The Flight Aviary, identified as a major priority in the Masterplan, was completed in late 2019. Bird species such as Budgerigars, Cockatiels, Zebra Finches, Quails, Red Rump Parrots and Bourke Parrots were sourced for Council by the Halls Gap zoo and were introduced into the aviary in June 2020. Funding of \$200,000 was donated to the Friends of the Botanic Gardens by the late Geoff Handbury OAM towards the aviary project, with the remaining cost contributed by Council. An official opening event for the Aviary has been postponed due to the pandemic, but a celebration will be scheduled when it is safe to do so.

While works on the Thomson Fountain were impacted by the COVID-19 travel restrictions, the specialist contractor was able to finish the bulk of the restoration works by the end of financial year. This included surface cleaning and paint preparation, removal and reconstruction of previous repairs, cracks repaired, lining of the bowls and complete repainting. Remaining works include replacement of the missing upper bowl and testing of the plumbing. Works are expected to be completed at the end of September 2020.

The construction of a fully accessible toilet near the playground was completed in early 2020. This new facility not only provides a second amenities block in the gardens, but improves accessibility for all abilities, enabling safe and equitable access to the region's significant and well-loved historic gardens.

The first phase of development for the children's playspace has been completed with the awarding of the tender in June 2020. The contractor provided inspiring ideas for the project that not only complemented and respected the existing heritage listed features but also acknowledged the development of the gardens over time. This will be another beautiful addition to the gardens and a space for future generations to enjoy. Construction is expected to commence in late 2020.





RECREATION AND LEISURE FACILITIES UPGRADES

As part of Council's commitment to support a vibrant, healthy and inclusive community and as outlined in the Recreation and Leisure Strategy 2019-2029, a number of recreational facilities across the Shire were upgraded in 2019/20.

In December 2019, Council awarded the tender for resurfacing of courts two and three at HILAC for the amount of \$338,960. The floor of Courts two and three was becoming hazardous to the participants and so it was deemed crucial to deliver the project this financial year to ensure reliable and safe recreational space. The courts were resurfaced with sprung American Maple, and were constructed to a FIBA level 1 certified standard. New line marking was also finalised, and new backboards and rings courtesy of the Hamilton Basketball Association installed.

Coleraine's Turnbull Street Courts project was completed in June 2020. The project involved the reinstatement of the facility for tennis and hockey damaged in the 2016 floods. A successful insurance claim was settled for the value of \$365,000 and this was carried forward to the 2019/20 budget to deliver the project. The end result was a synthetic surface, suitable for multi-sport use and large enough for three tennis courts and a hockey pitch. The facility now offers a multi-purpose community court, providing unstructured play options in addition to structured sport- co-located with the skatepark and playground.

The Lake Hamilton Dog Park was completed in mid-May 2020, providing the community a fully-enclosed, outdoor play space for their dogs to enjoy. The Dog Park features obstacles, new signage to guide users, waste bins at the entry, secure fencing, water stations, pathways and gate monitors to gauge usage. The Lake Hamilton Dog Park will continue to provide future generations with a safe and accessible enclosed place for dog to play off lead.

The installation of the Pedrina Park Irrigation system in early 2020 was the beginning of a significant infrastructure upgrade for the facility. The upgrade of the irrigation system to a completely automatic system will improve ground management, turf cover and reduce resource requirements of staff and user group volunteers. The project is the first to be initiated from the Pedrina Park Masterplan, which identified that the Park should be developed and improved into a first class sporting precinct, catering for many different sports. This significant upgrade, as with others identified in the Masterplan will go a long way in future to meet the increasing demands of the Southern Grampians sporting community.

OTHER CAPITAL PROJECTS

Ballarat Road Landscaping Project

Tarrington Footpath

Byaduk-Ardoon Road Bridge

RV Dump points at Hamilton, Coleraine and Dunkeld

Penshurst Botanic Gardens gates.



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 in 2019/20 include:

Rural Rehabilitations:

- Cameron's Road (Pigeon Ponds)
- Wilderness Road (Gritjurk)
- Lake Road (Croxtton East)
- Hensley Park Road
- Mill Road (Strathkellar)
- Mill Road (Moutajup)
- Morgiana Road (Wannon)
- Rudolphins Lane (Moutajup)
- Scholfield Road (Culla)
- McDougalls Lane (Nareen)

Urban Rehabilitations:

- Wedge Street (Hamilton)
- Mt Baimbridge Road (Hamilton)
- Kent Road (Hamilton)
- Hector Street (Hamilton)
- Laidlaw Street (Hamilton)
- Cameron Street (Coleraine)

Major Culvert Replacements:

- East-West Road
- Cavendish-Coleraine Road
- Hensley Park Road

THIS YEAR COUNCIL'S WORKS TEAM COMPLETED:

**15.91km of road
rehabilitation projects**

12.04km of urban road reseals

100.02km of rural road reseals

**22.13km of rural road
final seals**

**4.51km of gravel
road resheets**

Major ACHIEVEMENTS

ADOPTION OF CBD MASTERPLAN

Council endorsed the 2020 Hamilton CBD Masterplan in May. This plan will inform the future strategic development of the CBD with the concept designs focussed on Melville Oval, Lonsdale Street, Gray Street and other prominent connecting streets and laneways. It is designed to revitalise the Hamilton CBD for the community and to allow commercial activity to sustain investment by attracting consumers, business and visitors through considered urban design and principles

Jensen PLUS were engaged to develop design improvements to those important CBD streets and public spaces, and to explore options to improve walking and cycling, to introduce more public art and signage, better public spaces and parking, and to improve trees and landscaping.

Principles for the new CBD design concepts included:

- Developing a framework that reflected community aspirations and addressed the inter-relationships; between the elements of the urban environment;
- To facilitate the development of a more attractive and vibrant public realm;
- To consolidate priorities for the Southern Grampians Shire Council and the community of Hamilton;
- To create linkages with Melville Oval, the Hamilton CBD precinct, Corriedale and McGuigan Lane and the adjoining street interfaces;
- To consider opportunities and issues detailed in relevant master plans and strategies; and
- To actively attract people to visit, engage and linger in Hamilton's CBD.

Community engagement sessions held in February provided significant feedback on the concept design with more than 350 people attending in person and another 275 interacting online during the consultation period.

The project was identified as part of the city-wide Hamilton Structure Plan prepared by Council in 2012, and follows the design work completed for the upgrades at Cox Street.

In December 2019, Member for Wannon, Dan Tehan announcing \$2.843 million in funding under the Federal Government's Community Development Grants Programme for Melville Oval to upgrade netball courts and change rooms. The funding will also go towards fencing, court lighting for the two new netball courts and a new commercial-grade kitchen as part of a new single-story function space.

This funding will greatly assist Council in bringing the CBD revitalisation vision to life and improving facilities for sport and recreation in the Hamilton CBD.

The Hamilton CBD Masterplan will continue to be an intergenerational project, co-designed with significant community thought and input that ensures the future growth of Hamilton CBD to be the civic, shopping, business, entertainment, social, cultural and community heart of the city and region.





PROGRESSION OF NEW HAMILTON GALLERY

A significant amount of groundwork was completed in 2019/20 to progress the establishment of a New Hamilton Gallery.

Following a resolution to build a new Hamilton Gallery at Lake Hamilton in 2018, Council endorsed the Business Case for the New Gallery project in September 2019 and made provision for \$10 million in the long term financial planning towards the Gallery's construction.

In May 2020, Council appointed a new skills based Board to the New Hamilton Gallery, to raise the funds required to build the new Hamilton Gallery and to also operate the Gallery once completed.

Three experienced and influential Directors, Mr Allan Myers AC QC, Ms Merran Kelsall and Mr Gordon Dickinson were appointed to the Board due to their fundraising and philanthropic experience and knowledge, as well as their significant contribution to the visual arts sector across Australia.

Under a Memorandum of Understanding that went to Council in May, Council and the Board both committed to achieving a new building for the Gallery, to increase the profile and visitor numbers and to promote the arts in the region.

A New Hamilton Gallery Project Reference Group was also established in 2019, charged with managing the initial stages of the project, comprising of representatives from Council, Community, HRBA, the Friends of the Gallery and the Gallery Trust. This group will oversee the initial phases of advocacy, communications and engagement with stakeholders as well as develop and assist fundraising, alongside the Hamilton Gallery Board, for the NHG. Updates from this group will be key in communicating the key steps throughout the project and will provide a single voice for the project's advocacy.

FOOD ORGANICS GARDEN ORGANICS SERVICE ROLLOUT

In September 2019, Council resolved to introduce compulsory kerbside Food Organics and Garden Organics (FOGO) collection to all townships currently in the compulsory waste zones to increase effectiveness in processing organic waste. The FOGO service had previously been an optional service to residents of Hamilton and Tarrington only.

Since resolving on this decision in September 2019, the State Government has now mandated that all Councils introduce a compulsory FOGO service as part of its circular economy policy meaning that the Southern Grampians Shire is now ahead of the curve.

The 240 litre lime green lid bins and kitchen caddies were delivered to the households and businesses across the shire in May and June and the service commenced on 1 July.

Council developed and implemented a range of communication methods to inform Southern Grampians residents about the new service. This campaign included social media, print, radio, a range of printed information materials and guides, as well as a promotional video.

Council staff delivered 4651 new FOGO bins to customers in the compulsory waste collections zones and 119 bins in the elective waste areas. A further 67 FOGO bins were delivered to non-residential or commercial operators and four bins were delivered to people who wanted additional FOGO services. In total, 4841 new FOGO bins were delivered across the Southern Grampians Shire which makes 6179 residences or businesses receiving the FOGO service.

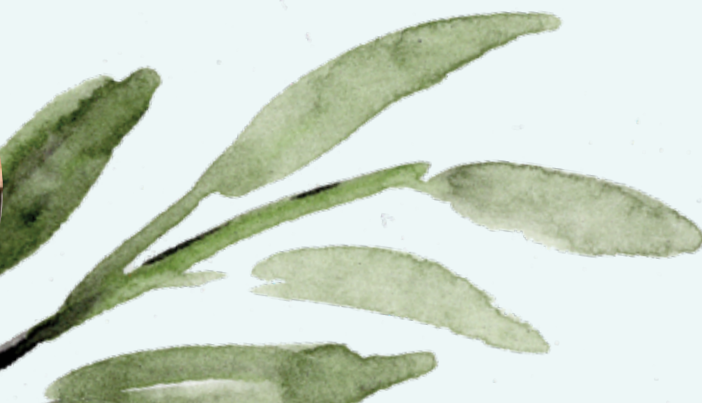
SOUTHERN GRAMPIANS SHIRE HERITAGE STRATEGY ADOPTION

In August 2019, Council adopted the Southern Grampians Shire Council Heritage Strategy, a high-level planning document that will assist Council to meet its heritage obligations as set out in the *Planning and Environment Act 1987*, the *Heritage Act 2017* and the *Aboriginal Heritage Act 2006*.

Victorian councils are encouraged to prepare Municipal Heritage Strategies to guide identification, protection, management and promotion of heritage assets. This is the first time Council has prepared a whole-of-council plan that sets out a list of actions to increase knowledge, foster partnerships and support improved heritage systems and work practices that aims to achieve six objectives:

- Recognise the diverse cultural heritage of the Shire and ensure an inclusive approach to understanding the heritage values of its people, places, traditions and objects;
- Identify, document, protect and manage the significant values places of cultural heritage value in the Shire;
- Support and assist landowners and custodians in the management and maintenance of heritage places;
- Promote and encourage an appreciation of the Shire's heritage through celebrations, awards, events, publications and interpretive material;
- Ensure up-to-date information about places, groups and activities can be easily accessed on-line and in hardcopy; and
- Ensure Council strategies, documents and plans have regard for heritage matters.

The implementation of the Heritage Strategy will assist Council to more effectively protect and manage the Shire's considerable heritage places and help identify opportunities which can benefit community wellbeing and local economies.





2019 SMART CITIES REGIONAL LEADERSHIP AWARD

Every year, the Smart Cities Council rewards excellence through the Australian Smart Cities Awards. The awards recognise those organisations, from right across the country who demonstrate the highest level of leadership across a range of categories. In October 2019, Council were recognised for our work in building a local digital ecosystem to transform our rural, ageing and declining community into a thriving Smart Connected Rural Community.

Key initiatives recognised include:

Foundational connectivity infrastructure implemented – including eight LoRaWAN gateways within the Shire, providing one of the largest LoRaWAN coverage areas in rural Australia.

Implementation of connectGH (connect Greater Hamilton) – which is Council's free public WiFi solution. There is at least one connectGH hotspot in each of the nine surrounding townships in the Shire.

Self-walking tour and tourist app – providing a boost to tourism with an engaging digital solution.

Parking sensors providing usage data – which have been installed in the Hamilton CBD, and are now enabling the Economic Development team to use the data to help drive a key CBD revitalisation project.

Weather stations installed in each township – providing localised real time weather data, which is released via the 'SGSC Smart Community and Open Data Platform'.

Technology to optimise water quality at all six outdoor pools – allowing staff to remotely view pool water quality and change chemical dosage remotely from a smartphone.

The highlight in council's smart community journey thus far occurred in May 2019 when we hosted the inaugural **Digital Innovation and Smart Agriculture (DISA) 2019 Festival**. The three-day festival showcased smart agriculture and how IoT is transforming farm management, smart community solutions and insights from industry leaders on data driven decision making.

This award win demonstrates Council's ongoing commitment to improving digital opportunities for our rural community, implementing innovative practices and developing partnerships and technology to inspire our regions.

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 that facilitate the flexible delivery of key strategies identified within the Council Plan 2017-2021 across the social, economic and environmental spectrum.

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

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

In 2019/20, Council gave \$186,218 to community groups, events and individuals through our Greater Grants Program. Due to the COVID-19 pandemic, a number of community events funded were unable to proceed. Rather than returning the money, these community groups were advised to hold onto the funds in the hope that their events would be able to proceed into the future. Extensions have been granted for acquittals for the second round of grants funded in 2019/20.

Some of the community initiatives supported last year were:

- Mulleraterong - Kitchen Garden Program
- Hamilton Field Naturalists - Hamilton Region Nature Guide
- Gazette Landcare Group - Website Development
- Byaduk Progress Assoc. - Byaduk Storyboards Replacement
- Dunkeld Progress Assoc. - Dunkeld Pool Equipment
- Hamilton Lawn Bowls - Solar Panels Project
- Hamilton Woodturners - Insulation Project
- Hamilton Pony Club - Jump Poles
- Coleraine Football Netball Club - Portable Stadium Seating
- Wannon Community Group - Historical Bridge Sign
- Byaduk Cricket Club - Cricket Net Upgrade
- Cavendish Townscape Assoc. - Community Logo Sign Restoration
- Hamilton Croquet Club - Tree Removal Project
- Dunkeld Museum - Website Development and Equipment
- Dunkeld Arboretum - Culvert
- Hamilton Model Railway - Security Upgrade
- Rural Australians For Refugee – Hamilton Cultural Celebration
- Standing Tall - Hear Us Join Us
- Hamilton Netball Association - All Abilities Competition
- Red Gum Festival - Gala Show
- North Hamilton Kinder - Obstacle Race
- Coleraine and District Development Association - Coleraine Art and Photography Show



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 2020.

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; and
- 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; and
- 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 for a four year term. The Mayor is elected annually at a special meeting.

The seven Councillors have responsibility for setting the strategic direction for the municipality, policy development, identifying service standards and monitoring performance across the organisation.

Councillor Chris Sharples was elected as Mayor in November 2019. Councillor Colin Dunkley was elected as Deputy Mayor in November 2019.



**CR CHRIS
SHARPLES**

Mayor 2019/20

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**CR COLIN
DUNKLEY**

Deputy Mayor 2019/20

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**CR KATRINA
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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 11 December 2019 and are detailed in the table below.

COMMITTEES REQUIRED BY LEGISLATION

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

SECTION 86 COMMITTEES

Planning Committee	Cr Dunkley (Deputy Mayor) Cr Brown
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ADVISORY COMMITTEES ESTABLISHED BY COUNCIL

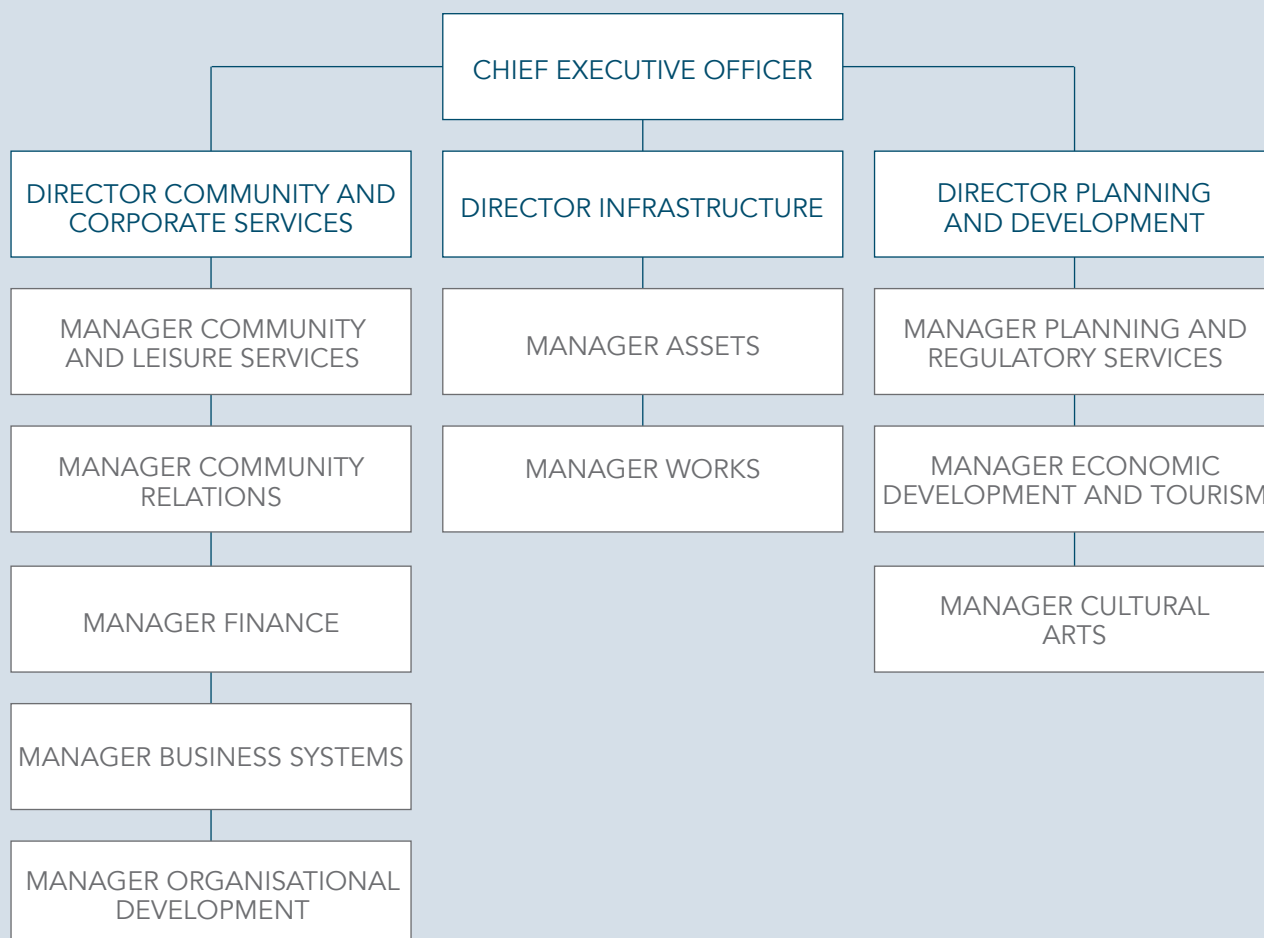
Hamilton Regional Livestock Exchange Advisory Committee	Cr McAdam (Chair) Cr Brown
CEO Employment and Remuneration Charter	Cr Sharples (Mayor) Cr Dunkley (Deputy Mayor) Cr Rainsford Cr Brown

COMMITTEES ESTABLISHED BY OTHER BODIES

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



Organisational STRUCTURE



EXECUTIVE LEADERSHIP TEAM

Council is the governing body that appoints the Chief Executive Officer (CEO). The CEO is responsible for the day-to-day management of Council operations in accordance with the strategic directions of the Council Plan. Three Directors and the CEO form the Executive Leadership Team (ELT). The ELT leads the organisation and meets weekly to oversee and manage Council operations. The ELT also provides Council with information and advice that supports strategic and effective decision making. The ELT is supported by a team of departmental managers.

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

Executive LEADERSHIP TEAM



MICHAEL TUDBALL – Chief Executive Officer

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

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

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



DAVID MOLONEY – Director Shire Infrastructure

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

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



EVELYN ARNOLD – Director Community and Corporate Services

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

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



ANDREW GOODSSELL – Director Planning and Development

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

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



OUR PEOPLE

In 2019/20 Southern Grampians Shire Council employed 432 people across the year, which is the equivalent to 232 Equivalent Full Time (EFT). During the year Council had a staff turnover rate of approximately 15.9 percent which equates to 43 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	Community & Corporate Services	Planning & Development	Infrastructure	Total
Permanent FT	5	38	22	85	150
Permanent PT		71	13	13	97
Temporary		5	5	14	24
Casual		77	32	9	118
Total	5	191	72	121	389

Legend: FT – Full time, PT – Part time

Employment Classification	Male	Female	Total
Band 1	10	25	35
Band 2	11	27	38
Band 3	101	64	165
Band 4	16	27	43
Band 5	12	26	38
Band 6	16	11	27
Band 7	8	6	14
Band 8	3	1	4
Band not applicable	12	13	25
Total	189	200	389





Other STAFF MATTERS

EQUITY AND DIVERSITY

Southern Grampians Shire Council recognises the value of a diverse and skilled workforce. Council recognises and values diversity by respecting individual's unique attributes and creating an environment where everyone is able to achieve their potential. Council's core values support this commitment. Equal opportunity is about the fair and equal treatment of those who either are, or who are seeking employment with Council, regardless of differences. As an equal opportunity employer, Council is committed to the principles of equal opportunity and anti-discrimination. The equal opportunity policy and practices provide a framework to ensure staff are not disadvantaged but receive fair and equitable treatment.

HUMAN RESOURCES

The 2019/20 year has been a year of consolidation and implementation of our workforce development plan.

Implementation of the Enterprise Agreement has been a key focus especially the management of annual leave accruals under the Enterprise Agreement provisions.

The COVID-19 pandemic created significant change across the organisation and this impacted on the HR unit. The introduction of the State Governments

Working for Victoria program resulted in the HR unit supporting the program through the largest single recruitment program implemented at council.

Some of the major activities for the year include:

- Recruitment of new staff under the Working for Victoria program;
- Redevelopment of our staff induction system and on boarding program;
- Implementation of Enterprise Bargaining Agreement No 9, 2019;
- Ongoing development and promotion of our traineeship and apprenticeship program;
- Department restructures, and
- Implementation of our new online training program.

OCCUPATIONAL HEALTH AND SAFETY

We continue to build a supportive and robust safety culture with the ongoing support and commitment of our executive, the occupational health and safety committee, together with individual workgroup health and safety representatives. We maintain a five year OHS strategic plan supported by annual strategy directions from the Strategic OHS Committee.

A quarterly OHS reporting regime is being maintained with supplementary monthly monitoring reports to senior managers, facilitated by the enhanced reporting capabilities from Elumina software. This reporting regime fosters increased levels of scrutiny allowing comprehensive analysis of our OHS culture and drives proactive health, safety and welfare initiatives across the organisation.

Other STAFF MATTERS

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

Achievements from the last 12 months include:

- Decrease in both the number and the cost of workers compensation claims;
- Scheduled OHS audits and workplace inspections have increased three fold;
- Increase in level of support for various departments to develop and implement safe work procedures;
- Re-design of the organisation wide portable appliance testing program;
- Re-development and upgrade of the online induction platform to now include employees, contractors and volunteers; and
- Significant increase in hazard identification across the organisation.

LEARNING AND DEVELOPMENT

There was a substantial transformation with our online induction and compliance training this year. COVID-19 saw a reduction in the face to face training however employees continue to develop, learn and upskill with approximately 30 training events attended over the past 12 months.

A large body of work was undertaken to update our Learning Management System. There are over 700 courses available for staff to use which do not include our own internal courses.

Staff performance reviews have been restructured to allow for a much smoother online process that has the capability to audit completed versus not completed. The future of technology and using an online LMS system in professional development and compliance training is a value add for our staffs' development.

RISK

The 2019/20 financial year saw an increased focus on the business continuity plan and processes throughout Council. Actions identified through the external audits of the business continuity and risk management systems have been actioned, to strengthen the existing systems in place. Highlights of the year include a full review of the business continuity plan, increased reporting to the Audit and Risk Committee and Executive Leadership Team and decreased insurance premiums for the 2020/21 period.

GOVERNANCE

The Governance team's focus over the past 12 months has been the implementation of the new *Local Government Act 2020* (the Act), which received royal assent on 24 March 2020. This is a significant milestone, after more than four years of development.

The Governance team has been responsible for developing the project plan and coordinating the implementation of the actions resulting from the change of legislation.

The implementation of the Act resulted in large scale consultation, engagement and collaboration between Councils across Victoria, as well as state and peak bodies. A number of online platforms were utilised to ensure key messaging and communication was not lost during the COVID-19 pandemic. The online presence went a long way to ensure Councils were well connected and supported in meeting the implementation timeframes.

STAFF CONSULTATIVE COMMITTEE

The Staff Consultative Committee has been focused on the implementation of the New Enterprise Agreement over the last 12 months.

In line with the terms of reference developed last year the committee has a strong focus on policy review and staff wellbeing.



Employee RECOGNITION



Skilled, motivated and dedicated staff are critical to Council's success. As part of Council's ongoing Service Recognition program, the commitment and service to the Southern Grampians Shire of the following employees was recognised in 2019/20:

5 years:	10 years:	20 years:	30 years:
Gina Makris	Donna McKellar	Craig Beaton	Ivan Mouat
Kim Ayling	Glenda Knight		Robyn Elvery
Ben Hunter	Luke Barber		
William McArthur	Linda Rook		
Richard Eales	James Dishon		
Leonie Dewitte	Pauline Porter		
Natasha-Lee Jones	Vicki Potae		
Michelle Mitchell	Catherine McGrath		
Shayne White	Nicholas Hendriks		
Alison Quade	Andrew Curtis		
Cheryl Linke	Gary Spring		
Susan Dehnert	Nadine Rhook		
Leo Van-Dooren	Ian McLean		
Tania Ewing	Simon Sharrock		
Jennifer Beulke			

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

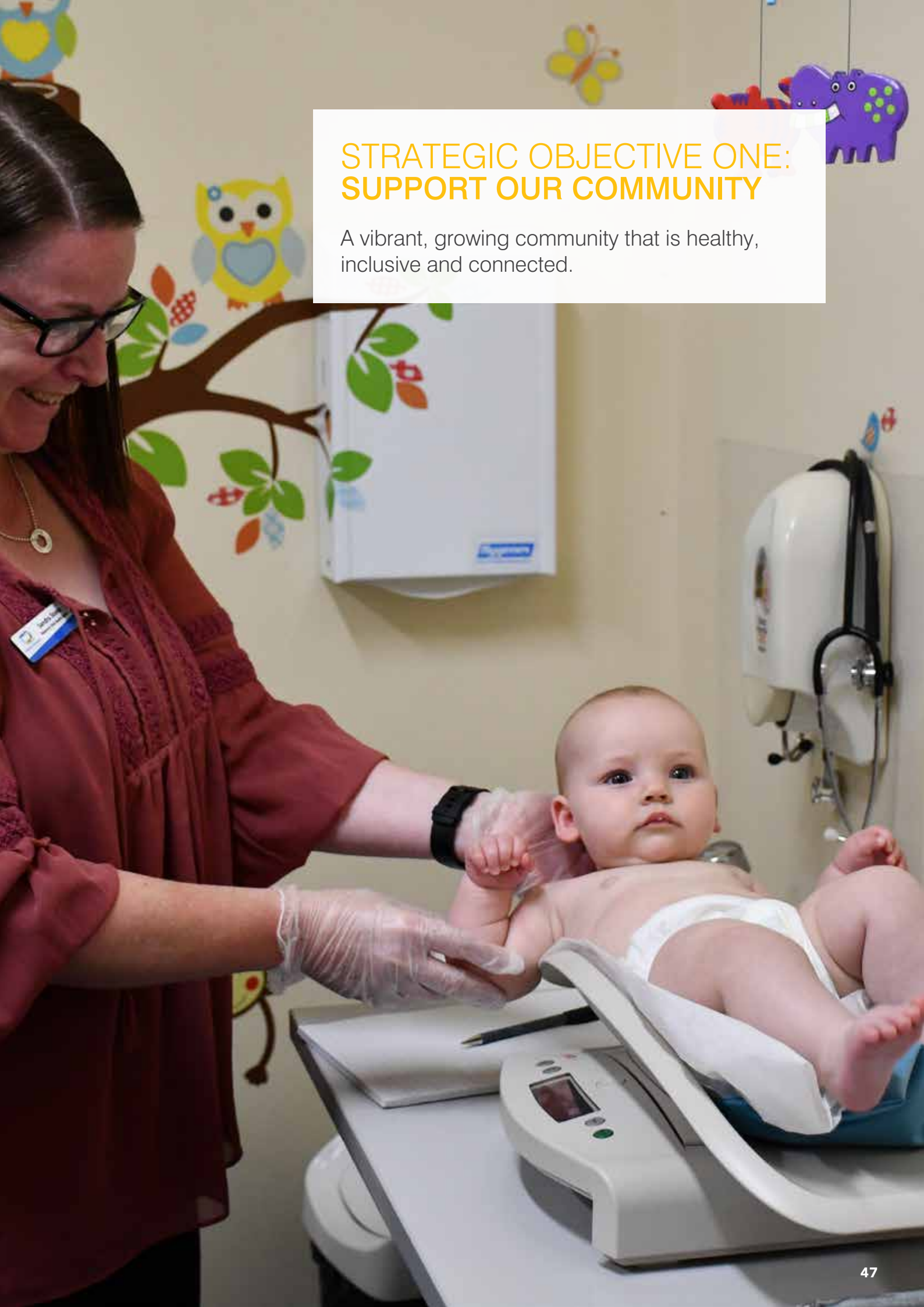
Strong leadership, good governance and effective service delivery

PERFORMANCE

Council's performance for the 2019/20 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; and
- Results against the prescribed service performance indicators and measures.

A healthcare professional, likely a nurse or doctor, is shown from the waist up, wearing a red long-sleeved shirt, glasses, and a name tag. She is wearing clear plastic gloves and is holding a baby's arm while the baby lies on a white medical scale. The baby is wearing a white diaper and looking towards the camera. The background features a wall with colorful decorations, including a yellow owl, a purple elephant, and a butterfly. A white paper towel dispenser and a stethoscope are also visible on the wall.

STRATEGIC OBJECTIVE ONE: SUPPORT OUR COMMUNITY

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

STRATEGIC OBJECTIVE ONE:

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

STRATEGIC INDICATOR/MEASURE	RESULT	COMMENTS
Increased participation in the Community Grants Program 2017/18 2018/19 2019/20	48 applications 77 applications 91 applications	The grants program has significantly increased the number of applications over the past two years. We expect this trend to continue.
Community satisfaction Community Satisfaction Survey rating out of 100 on interaction and responsiveness in dealing with the public. • Community Consultation and Engagement • Making Community Decisions • Overall performance of Council • Overall direction of Council	59 52 56 49	Overall Performance has increased by three points in 2020 to 56. The score is above the Large Rural average of 55 and only two points below the State-wide average of 58. Community Consultation and Engagement has also increased two points in 2020, which places Southern Grampians five points above the large rural shire average and four points above the state average.
Increased attendance at all Council engagement sessions	Complete	Council continued the listening post style engagement session in outer townships which increased attendance numbers in those communities. Virtual engagement sessions held on the Budget and Rates saw over 60 people attend which is many more than would have been likely to attend in person.

The following statement reviews the progress of council in relation to major initiatives identified in the 2019/20 budget:

MAJOR INITIATIVES	PROGRESS
Implement the short and medium priorities in response to the adopted the Recreation and Leisure Strategy and relevant Master Plans	Ongoing Council completed the resurfacing of courts two and three at HILAC, the Lake Hamilton Dog Park and the reinstatement of Tennis Courts in Turnbull Street Coleraine. Work has commenced on the irrigation works at Pedrina Park.

MAJOR INITIATIVES	PROGRESS
Subject to Council endorsing the Business Case for the Hamilton Art Gallery, commence program for securing funding of the gallery construction	Ongoing Council endorsed the Business Case in September 2019 and in May 2020, Council resolved to establish a Skills Based Board, with a clear purpose of raising funds as well as operating the New Hamilton Gallery once built.
Undertake community visioning to support council's Community Vision 2041 Project	Complete Council commenced the process of the Community Vision Framework 2041 to identify Council's strategic priorities for the next 20 years. A consultancy has been appointed to deliver the project and the first phase of community engagement has been undertaken.
Deliver effective land use controls into the planning scheme to address flood risk in Hamilton and Coleraine	Complete Resolutions secured to progress flood amendments at Hamilton and Coleraine.

The following statement provides information in relation to the services funded in the 2019/20 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.	2,126 (1,872) 254	2,270 (2,040) 229
Senior Citizen Programs and Support	This service offers opportunities for older residents to participate in community and social activities across the Shire.	109 (51) 58	115 (53) 61
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.	526 (0) 526	577 (53) 524
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.	448 (41) 407	430 (60) 371
Rural Access	This service aims to build inclusive communities by mobilising, strengthening and providing support to communities.	34 (34) 0	64 (38) 27
Children's Services	This service provides quality education and care services ie. Family Day Care and promotes the early years sector.	741 (577) 164	610 (563) 47

SERVICE	DESCRIPTION	BUDGET Expenditure (REVENUE) NET COST \$000	ACTUAL Expenditure (REVENUE) NET COST \$000
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.	420 (100) 320	758 (125) 633
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.	696 (39) 657	670 (33) 637
Lake Hamilton	This service provides a safe, functional, accessible and useable space for leisure and recreational activities, on water and surrounding open space.	258 (2) 256	294 (3) 291
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.	682 (17) 665	615 (30) 585
Hamilton Indoor Leisure and Aquatic Centre	This service provides accessible leisure and aquatic experiences that facilitates and promotes wellbeing outcomes.	2,776 (1,273) 1,503	2,161 (872) 1,290
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.	828 (131) 697	858 (225) 634
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.	882 (268) 614	857 (208) 649
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.	630 (203) 427	783 (198) 585
Cinema	This service provides the community with a high quality cinema experience.	354 (280) 74	330 (229) 101
Civic and Community Arts	This service aims to increase visibility and activity of arts and culture in the community through a range of community programs or projects.	118 0 118	105 0 104
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.	656 0 656	654 (3) 651
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.	485 (348) 137	593 (356) 237

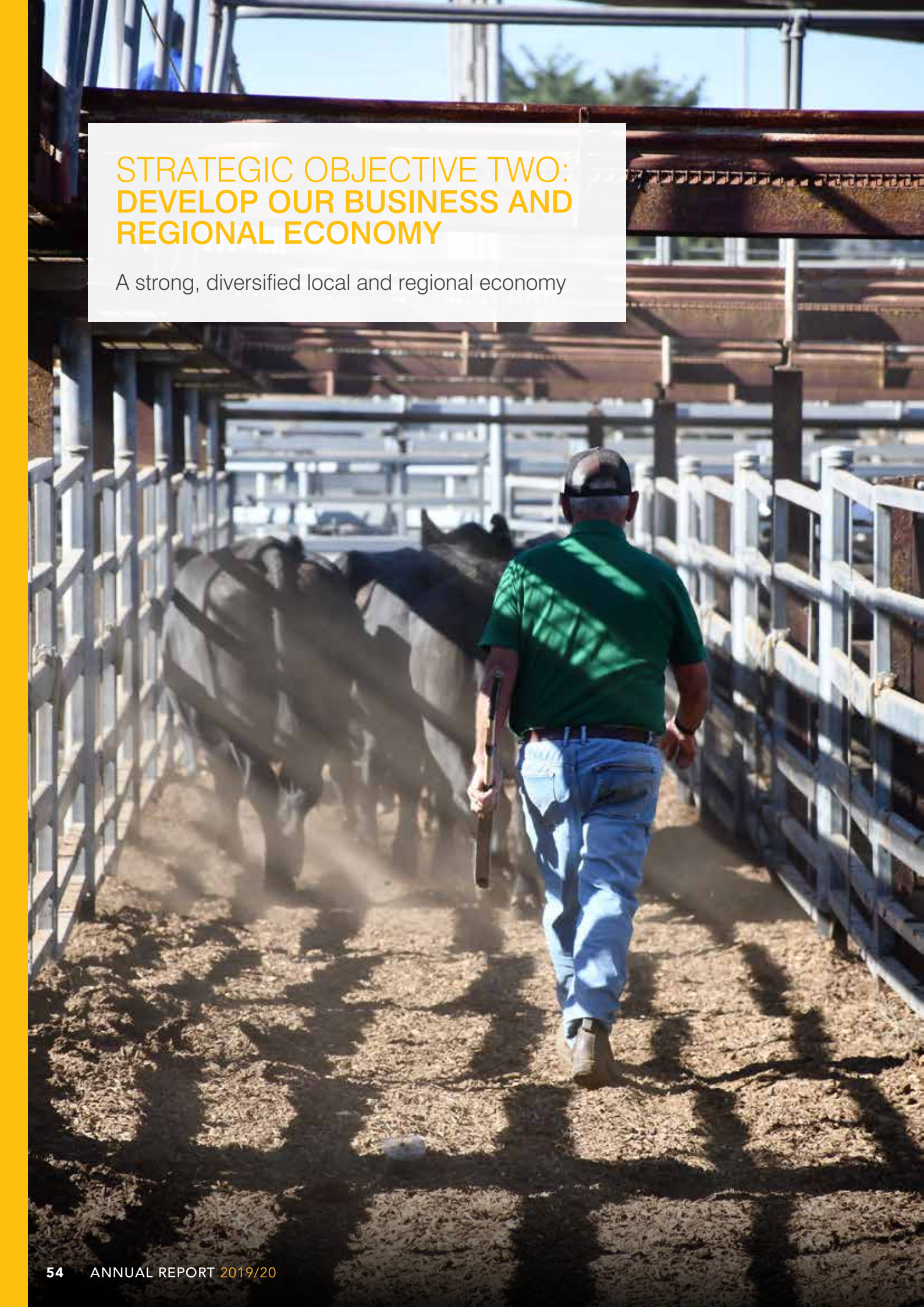
SERVICE	DESCRIPTION	BUDGET Expenditure (REVENUE) NET COST \$000	ACTUAL Expenditure (REVENUE) NET COST \$000
Maternal and Child Health	This service provides a primary health care service for the Shire's families with children from birth to school age.	396 (351) 45	379 (354) 25
Emergency Management	This service coordinates emergency management planning to enable Council to coordinate and respond to emergencies in cooperation with other agencies.	256 (60) 196	603 (470) 133
Botanic Gardens	This service maintains the historically significant Botanic Gardens in Hamilton (and Penshurst) and provides responsible management of flora, open spaces and built facilities on the grounds.	297 (36) 261	384 (286) 97

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

Service/Indicator/Measure	16/17	17/18	18/19	19/20	MATERIAL VARIATIONS
LIBRARY					
Utilisation <i>Physical library collection usage</i> [Number of physical library collection item loans / Number of physical library collection items]	4.72	4.33	4.33	3.05	Reduction from previous year is the result of a change in measure to exclude eResource loans, plus significantly reduced loans during COVID closure period. <i>Note: From 2019-20, this indicator measures the performance of physical library items as a subset of the wider library collection.</i>
Resource standard <i>Standard of library collection</i> [Number of library collection items purchased in the last 5 years / Number of library collection items] x100	77.60%	71.88	66.27%	62.83%	No material variations
Service cost <i>Cost of library service</i> [Direct cost of the library service / Population]	\$29.67	\$33.45	\$32.52	\$35.17	No material variations <i>Note: This measure is replacing the previous 'Cost of library service' indicator which measured based on number of visits.</i>
Participation <i>Active library members</i> [Number of active library members / Municipal population] x100	15.28%	14.28%	14.96%	13.15%	Reduction from previous year is the result of significant reduction in patronage and membership during COVID closure period.

Service/Indicator/Measure	16/17	17/18	18/19	19/20	MATERIAL VARIATIONS
AQUATIC FACILITIES					
Service standard <i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of council aquatic facilities / Number of council aquatic facilities]	1.29	1	1	1	No material variations
Service cost <i>Cost of aquatic facilities</i> [Direct cost of aquatic facilities less income received / Number of visits to aquatic facilities]	N/A	N/A	N/A	\$11.65	<i>Note: From 2020, this measure replaced two previous measures: 'Cost of indoor aquatic facilities' and 'Cost of outdoor aquatic facilities'.</i>
Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	14.80	5.77	9.33	7.56	Reduction in usage due to COVID lockdown and closure of facilities
ANIMAL MANAGEMENT					
Timeliness <i>Time taken to action animal requests</i> [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	1 day	1 day	1 day	1.47 days	The extended variance is due to long open investigation from time of request to completion of investigation.
Service standard <i>Animals reclaimed</i> [Number of animals reclaimed / Number of animals collected] x100	34.76%	32.81%	51.06%	50.99%	No material variations
<i>Animals rehomed</i> [Number of animals rehomed / Number of animals collected] x100	New in 2020	New in 2020	New in 2020	8.70%	This is still an evolving program. Lower numbers can be contributed to COVID-19 travel restrictions and the increase in non rehousable dogs. <i>Note: New measure for 2019-20 financial year</i>
Service cost <i>Cost of animal management service per population</i> [Direct cost of the animal management service / Population]	New in 2020	New in 2020	New in 2020	\$7.73	<i>Note: This measure is replacing previous 'Cost of animal management service' which was based on cost per number of registered animals.</i>

Service/Indicator/Measure	16/17	17/18	18/19	19/20	MATERIAL VARIATIONS
Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions / Number of animal management prosecutions] x100	New in 2020	New in 2020	New in 2020	0.00%	Although Council received reports of dog attacks throughout the year, after full investigations, few were deemed serious and none were required to be prosecuted. <i>Note: This measure is replacing previous 'Animal management prosecutions' which was a measure of number, not proportion.</i>
MATERNAL AND CHILD HEALTH (MCH)					
Service standard <i>Infant enrolments in the MCH service</i> [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100	99.28%	100.00%	101.79%	101.26%	No material variations
Service cost <i>Cost of the MCH service</i> [Cost of the MCH service / Hours worked by MCH nurses]	\$44.46	\$68.80	\$77.06	\$90.48	Due to COVID we have been required to increase service requirements with clients, coverage of staff and the birth rate has decrease. MAV and DHHS anticipated this.
Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	77.01%	76.61%	77.96%	76.99%	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	69.77%	65.71%	62.69%	63.89%	No material variations
<i>Participation in 4-week Key Age and Stage visit</i> [Number of 4-week Key Age and Stage visits /Number of birth notifications received] x100	New in 2020	New in 2020	New in 2020	93.71%	No material variations

A man in a green polo shirt, blue jeans, and a baseball cap is walking away from the camera down a dirt aisle in a horse stable. He is leading a dark-colored horse. The aisle is flanked by white metal railings. In the background, other horses and stable equipment are visible. The scene is brightly lit, suggesting daytime.

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
Local Government Performance Reporting Indicators in relation to Statutory Planning	33.5 days to decide application 94.44% of applications decided within statutory timeframes	Council has put various measures in place to improve performance in this area.
Wi-Fi Hot Spots established and analytics monitored	13,000 unique sessions 735,000 total sessions 13,000GB downloaded	Usage data is monitored and stored locally. While data downloads remained steady throughout 2019/20, usage dropped significantly in late March/April when COVID-19 restrictions were introduced.
An increase in business investment	Ongoing	Council has undertaken the development of a new investment attraction strategy to guide efforts over the next few years and in particular, helped the region recover following the COVID pandemic. The completion of the Hamilton Industrial Land development on Port Fairy Road will support further business development in the region.

The following statement reviews the progress of council in relation to major initiatives identified in the 2019/20 budget for the year:

MAJOR INITIATIVES	PROGRESS
Complete construction of the serviced industrial land in Port Fairy Road and commence a sales and marketing campaign	Ongoing The construction of all internal roads has been completed and all utilities have been installed. Detail design of entry intersection at Hamilton-Port Fairy intersection has been approved by Department of Transport. The project is expected to be fully complete by the end of October 2020. Planning is currently underway for the launch and the sales campaign.
Plan and deliver Stage 1 of the Dunkeld Visitor Hub including Grampians Peak Trail Head	Ongoing Council received \$500,000 funding to commence Stage 1 of the Dunkeld Visitor Hub and Grampians Peak Trailhead Project in 2019/20. Detail design is underway.
Develop a new website and other digital infrastructure to support the Visit Greater Hamilton website	Complete Council's Tourism and Visitor Services team developed and launched new website in March 2020, designed to position Greater Hamilton as a vibrant regional destination to visit and live within.

The following statement provides information in relation to the services funded in the 2019/20 budget and the persons in the community who are provided the service:

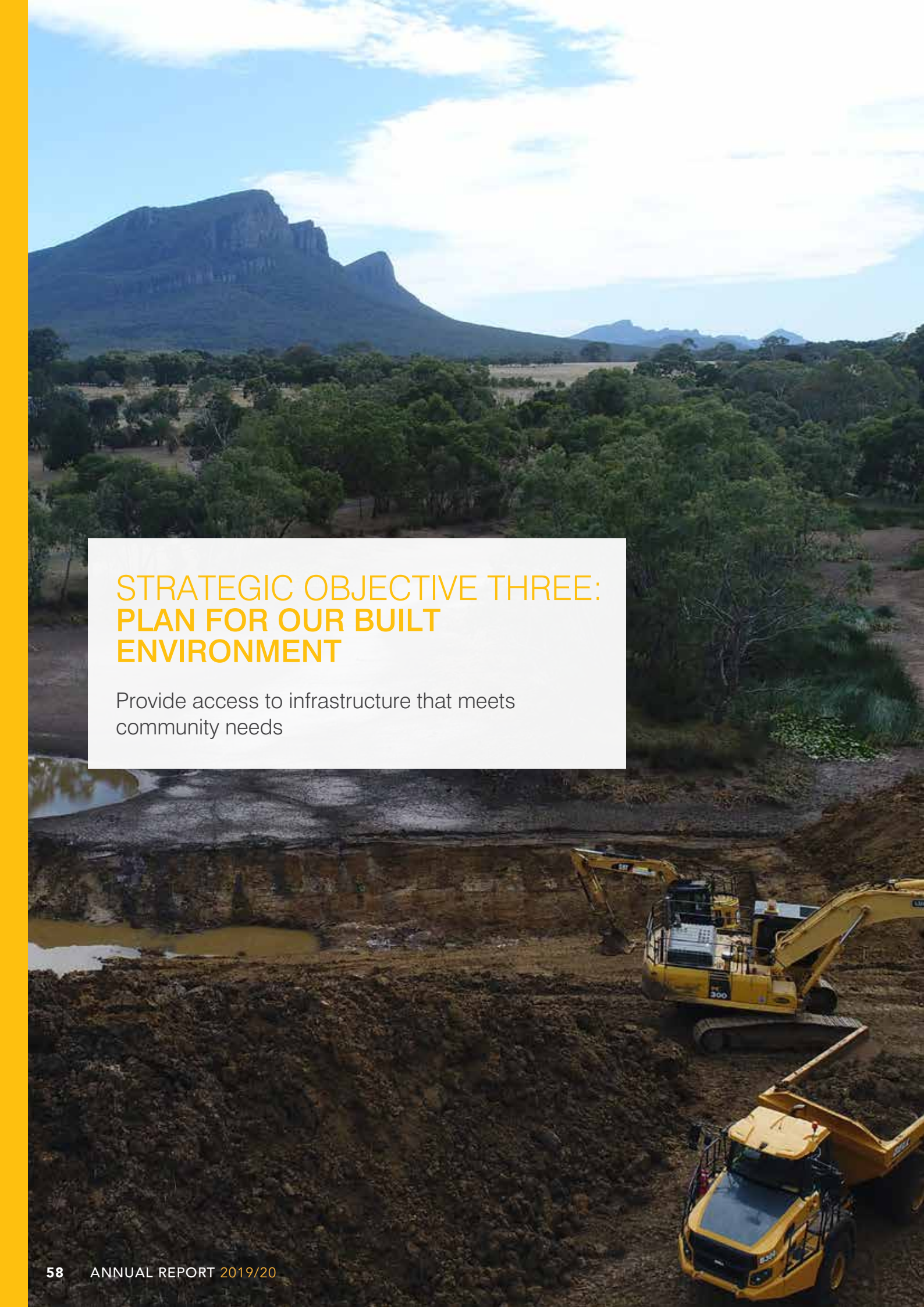
SERVICE	DESCRIPTION	BUDGET Expenditure (REVENUE) NET COST \$000	ACTUAL Expenditure REVENUE NET COST \$000
Economic Development	The economic development service seeks, in conjunction with key stakeholders, to promote an environment that is conducive to a sustainable and growing local economy.	666 (16) 650	1,131 (339) 792
Airport	This service is responsible for the management and operation of the Hamilton Airport.	369 (29) 340	429 (27) 402
Livestock Exchange	This service is responsible for the management and operation of the Hamilton Livestock Exchange.	1,127 (1,298) (171)	1,679 (2,103) (423)
Visitor Experience and Services	This service aims to connect the visitor to the Greater Hamilton experience, encouraging them to stay longer and contribute more to the local economy.	662 (22) 640	712 (128) 585
Business Development	The business development service seeks to facilitate an environment that is conducive to a sustainable and growing local business sector.	121 0 121	181 0 181
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.	277 (9) 268	248 (3) 245
Caravan Parks	This service provides low cost camping and caravan park accommodation facilities in Coleraine and Penshurst.	60 (12) 48	67 (29) 38
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.	4 (150) (146)	27 (153) (126)



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

Service/Indicator/Measure	16/17	17/18	18/19	19/20	MATERIAL VARIATIONS
STATUTORY PLANNING*					
Timeliness <i>Time taken to decide planning applications</i> [The median number of days between receipt of a planning application and a decision on the application]	47 days	62 days	35 days	33.5 days	
Service standard <i>Planning applications decided within required timeframes</i> [(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x100	87.59%	70.43%	77.30%	94.44%	Council has put various measures in place to improve performance in this area.
Service cost <i>Cost of statutory planning service</i> [Direct cost of statutory planning service / Number of planning applications received]	\$2,348.59	\$2,026.73	\$1,805.41	\$1,514.34	Greater efficiencies achieved internally.
Decision making <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	0	0	0	0	Two applications are currently before VCAT and a decision has not yet been made on either application.

*Statutory Planning also reported under Strategic Objective Three



STRATEGIC OBJECTIVE THREE: PLAN FOR OUR BUILT ENVIRONMENT

Provide access to infrastructure that meets
community needs

STRATEGIC OBJECTIVE THREE:

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

Strategic Indicator/Measure	RESULT	COMMENTS
Quarterly reports to Council on the progress of the Capital Works Program	Complete	Quarterly reports delivered to Council meetings in addition to monthly briefings.
Community Satisfaction Survey results in relation to the condition of Sealed Local Roads	43/100	This measure has increased for the second year, up two points from 2019 to 43. Council rates significantly lower than the State-wide average in the area of Sealed Local Roads.

The following statement reviews the progress of council in relation to major initiatives identified in the 2019/20 budget for the year:

MAJOR INITIATIVES	PROGRESS
Deliver on the CBD revitalisation plan by completing the Cox Street redevelopment	Project deferred Funding and support from Regional Roads Victoria is currently being sought to commence this project.
Deliver Stage 2 of the Hamilton CBD revitalisation project – concept design for Lonsdale Street/Melville Oval/Gray Street	Complete Council endorsed the 2020 Hamilton CBD Masterplan in May. Detailed design is underway.
Deliver the roads and Community infrastructure program	Ongoing The 2019/20 Capital Works program consisted of 176 projects with 175 projects started and 162 of those completed in the financial year. This equates to 99% of the program started and 92% complete.
Design and implement in stages the Hamilton Structure Plan town entrances project	Ongoing The Ballarat Road town entrance landscaping works were completed in early 2020. This works saw the planting out of the median strips and nature strips with Crepe Myrtles and Apple Gums. The new plantings will create an avenue effect, with nature strips on both sides of Ballarat Road planted with identical species.

The following statement provides information in relation to the services funded in the 2019/20 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.	290 (17) 273	338 (16) 322
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.	619 0 619	527 0 527
Building Services	This service provides statutory building services including enforcement of the Building Act and Regulation to ensure community safety in the built environment.	262 (131) 131	305 (114) 191
Bridges and Culverts	This service ensures the development and maintenance of the Shires bridges and culverts.	762 0 762	1,116 (154) 961
Footpaths and Cycle Ways	This service ensures the development and maintenance of the Shires footpaths and cycle ways.	454 (0) 454	595 (7) 588
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.	40 (63) (23)	29 (35) (6)
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.	33 0 33	38 0 38
Infrastructure Management	This service undertakes design, tendering, contract management and supervision of various works within Council's capital works program.	2,354 (143) 2,211	2,479 (29) 2,450
Statutory Planning	This service processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit.	578 (106) 473	519 (149) 370
Plant Management and Operations	This service purchases and maintains Council vehicles, plant and equipment to meet functionality and safety needs and to maximise the performance and minimise operational cost of the fleet.	(328) 0 (328)	(234) (86) (320)
Roads	This service aims to ensure responsible management of Council's road infrastructure and compliance with regulatory requirements.	9,142 0 9,142	10,727 (4,033) 6,695
Roadside Assets	This service manages projects that include roadside parking improvements and bus shelters.	0 0 0	0 0 0
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.	409 0 409	508 (1) 507
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.	9 0 9	30 (14) (16)
VicRoads Contract Management	This service ensures responsible contract management of Councils VicRoads contract.	48 (28) 21	67 (27) 39

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

Service/Indicator/Measure	16/17	17/18	18/19	19/20	MATERIAL VARIATIONS
ROADS					
Satisfaction of use <i>Sealed local road requests</i> [Number of sealed local road requests / Kilometres of sealed local roads] x100	4.16	3.43	5.66	10.30	Increase in sealed road requests were about rural road patches, table drains, verges repair and re-instatements.
Condition <i>Sealed local roads below the intervention level</i> [Number of kilometres of sealed local roads below the renewal intervention level set by council / Kilometres of sealed local roads] x100	99.64%	99.64%	98.15%	97.07%	No material variations
Service cost <i>Cost of sealed local road reconstruction</i> [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$17.65	\$18.66	\$19.32	\$22.33	The variance is due to the increased proportional cost of fixed overheads due to a larger number of jobs for the year.
<i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$3.81	\$4.11	\$5.00	\$3.07	Reduced \$/m2 rate due to planning for longer runs of reseal compared to previous years which had a higher number of smaller jobs.
Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	35	32	41	43	No material variations





STRATEGIC OBJECTIVE FOUR: PROMOTE OUR NATURAL ENVIRONMENT

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

STRATEGIC OBJECTIVE FOUR:

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

Strategic Indicator/Measure	RESULT	COMMENTS
Increased diversion of waste from landfills	43%	Diversion of kerbside garbage per household increased by 3% from 369 kg/hh/year in 2018/19, to 382 kg/hh/year in 2019/20. The amount of kerbside recycling per household dropped by 9% from 213 to 193 kg/hh. The total tonnage of FOGO collected increased from 505 tonnes to 619 tonnes.
Reduction in Council's carbon and ecological footprint	Reduction of greenhouse gas emissions by around 372 tonnes CO ₂ -e per year	In 2019-20, Council installed an additional 153 kW of solar generation to our buildings, taking the total to 270kW. This reduces our usage off the electricity grid by approximately 365 MWh per year and equates to around \$84,000 per year in savings. It reduces our greenhouse gas emissions by around 372 tonnes CO ₂ -e per year.
Local Government Performance Reporting Indicators in relation to waste		The decrease from 12.86 missed bins last year can be attributed to the contractor's drivers being more experienced than the previous year and therefore being more familiar with the routes.
Kerbside collection bins missed	5.85	
Cost of kerbside garbage bin collection	\$110.28	
Cost of kerbside recyclables collection	\$83.50	

The following statement reviews the progress of council in relation to initiatives identified in the 2019/20 budget for the year:

MAJOR INITIATIVES	PROGRESS
Implement key actions from 2018 energy audits at HILAC, Brown Street Business Centre, Hamilton Depot and Market Place	Ongoing Council installed 153 kW of new solar generation at it's facilities: • HILAC 30 kW • Market Place 30 kW • PAC 30 kW • Animal Pound 6.4 kW • Coleraine Depot 4.32 kW • HRLX 52.8 kW
Actively participate in the Barwon South West Resource Recovery Group to leverage funding and project opportunities in waste	Council continued its active involvement with the BSWWRRG to develop community education information focusing on FOGO. The group also developed documentation to assist regional Councils with post-closure management of landfills.

The following statement provides information in relation to the services funded in the 2019/20 budget and the persons in the community who are provided the service:

SERVICE	DESCRIPTION	BUDGET Expenditure (REVENUE) NET COST \$000	ACTUAL Expenditure (REVENUE) NET COST \$000
Landfill	This service manages the waste and recyclables collection process at the landfill.	1,271 (1,060) 211	1,537 (1,907) (370)
Transfer Stations	This service manages the waste and recyclables collection process at the designated transfer stations within the Shire.	422 (114) 308	421 (93) (327)
Waste and Recycling Collection	This service manages the waste and recyclables collection process within the Shire, including the collection of kerbside bins.	1,535 0 1,535	1,935 (23) 1,912
Natural Asset Management	This service develops environmental policy, coordinates and implements environmental projects and works with other services to improve Council's environmental performance.	202 (0) 202	283 (92) 191
Stormwater/ Drainage	This service manages the maintenance and environmental issues associated with the stormwater/ drainage networks throughout the Shire.	837 0 837	433 0 433
Yatchew Drainage Authority	This service is responsible for the management and maintenance of the Yatchaw Drainage Scheme.	6 (7) (1)	6 (6) 0
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.	7 (430) (423)	8 (209) (202)
Environmental Sustainability	This service implements Council's Sustainability Strategy and acts as a catalyst for Council and community sustainability actions within the Shire.	394 (100) 294	233 (53) 180
Fire Prevention	This service coordinates fire prevention, planning and works in cooperation with other agencies.	48 (0) 48	77 (11) 66
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.	18 0 18	1,238 (518) 720
Environmental Health	This service improves the health and wellbeing of the community and protects the Shire's environment.	304 (126) 178	291 (117) 174

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

Service/Indicator/Measure	16/17	17/18	18/19	19/20	MATERIAL VARIATIONS
WASTE COLLECTION					
Satisfaction <i>Kerbside bin collection requests</i> [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000	65.76	101.86	117.52	70.44	Contractor performance has improved due to performance monitoring.
Service standard <i>Kerbside collection bins missed</i> [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	4.99	11.18	12.51	5.85	Contractor performance has improved due to performance monitoring.
Service cost <i>Cost of kerbside garbage collection service</i> [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$103.39	\$109.47	\$115.54	\$110.28	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]	\$45.99	\$28.81	\$85.12	\$83.50	No material variations
Waste Diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	41.39%	44.23%	44.16%	43.01%	No material variations

Service/Indicator/Measure	16/17	17/18	18/19	19/20	MATERIAL VARIATIONS
FOOD SAFETY					
Service standard <i>Food safety assessments</i> [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100	100.70%	100.65%	100.66%	102.61%	No material variations
Timeliness <i>Time taken to action food complaints</i> [Number of days between receipt and first response action for all food complaints / Number of food complaints]	1.63	1.25	1.29	1.29	No material variations
Service cost <i>Cost of food safety service</i> [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$355.47	\$311.54	\$407.88	\$399.46	No material variations
Health and safety <i>Critical and major non-compliance outcome 100% notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance outcome notifications about food premises] x100	92.31%	85.71%	100%	93.33%	No material variations



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	56 49 53 67	Areas of greatest improvement for Council in 2020 were Overall Performance, up three points to 56 and Community decisions, up three points to 52. These scores align Southern Grampians with the scores for large rural shires, falling only slightly behind the state average.
Reduction in the number of Occupational Health and Safety incidents. Incidents 2018/19 Incidents 2019/20	126 134	Incident numbers have increased, however this is due to dramatically increased reporting of hazards and near misses. We are using this to drive down incidents of serious injury and damage.

The following statement reviews the progress of council in relation to major initiatives identified in the 2019/20 budget:

MAJOR INITIATIVES	PROGRESS
Implement year three of the Council Plan 2017-21	Ongoing 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 71 actions, 40 actions (58%) have been completed. 54 (76%) are on track with at least 90% of target achieved. 7 (10%) are off track with less than 70% achieved.
Continue advocacy on key Council priorities covering Regional (Great South Coast), State and Federal Governments	Ongoing The past 12 months has also seen a sustained effort in our advocacy to State and Federal government to highlight the priorities of our communities and our region. Council has a detailed priorities list which we will continue to lobby for, seeking our share of support from other levels of government.
Provide the environment, appropriate systems and processes to enhance the Customer Experience dealing with Council	Ongoing A number of improvement areas were identified through the audit in 2018/19 including increased security measures and CRM training. These were planned for implementation in early 2020 however COVID-19 has impacted the delivery of these improvements. Enhancements to the CRM system have been made during shutdown and online solutions including digital forms and online payments have been developed to enhance customer experience.

The following statement provides information in relation to the services funded in the 2019/20 budget and the persons in the community who are provided the service:

SERVICE	DESCRIPTION	BUDGET Expenditure (REVENUE) NET COST \$000	ACTUAL Expenditure (REVENUE) NET COST \$000
Executive and Councillor Support	This area of governance includes the Chief Executive Officer, Executive Management Team the Mayor, Councillors and associated support.	1,915 (126) 1,789	2,322 (158) 2,164
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.	236 0 236	341 (86) 254
Financial Services	This service has the responsibility to provide the organisation with appropriate strategic advice, reporting and internal control on finance related matters. Financial services also provide accounts payable, receivable and rating administration.	1,175 (300) 875	(2,701) (435) (3,136)
Organisational Development	The Organisational Development Unit aims to facilitate Council's organisational goals through effective workforce management and provide a mechanism for continual review and improvement.	818 0 818	811 (1) 810
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.	352 0 352	381 (16) 366
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.	208 0 208	211 0 211
Communications	The Communications service assists the organisation to facilitate communication across both internal and external stakeholders, and provide high quality information to the community.	353 0 353	359 0 359

SERVICE	DESCRIPTION	BUDGET Expenditure (REVENUE) NET COST \$000	ACTUAL Expenditure (REVENUE) NET COST \$000
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.	382 (3) 379	419 0 419
Business Systems	The Business Systems unit aims to maximise the organisation's capacity to utilise all its many and diverse systems and is also responsible for the ongoing support of Councils IT requirements necessary to deliver effective services.	1,917 (5) 1,912	2,015 (3) 2,012
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.	(2,642) 0 (2,642)	920 (1) 919
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.	327 (22) 305	470 (23) 448



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

Service/Indicator/Measure	16/17	17/18	18/19	19/20	MATERIAL VARIATIONS
GOVERNANCE					
Transparency <i>Council resolutions at meetings closed to the public</i> [Number of council resolutions made at ordinary or special meetings of council, or at meetings of a special committee consisting only of councillors, closed to the public / Number of council resolutions made at ordinary or special meetings of council or at meetings of a special committee consisting only of councillors] x100	5.80%	0.71%	2.92%	2.63%	The decrease in this percentage can be attributed to Councils commitment to transparent decision making, therefore resulting in more contracts being considered in open Council.
Consultation and Engagement <i>Satisfaction with community consultation and engagement</i> [Community satisfaction rating out of 100 with how council has performed on community consultation and engagement]	56	54	57	59	No material variations
Attendance <i>Council attendance at council meetings</i> [The sum of the number of councillors who attended each ordinary and special council meeting / (Number of ordinary and special council meetings) x (Number of councillors elected at the last council general election)] x100	92.31%	92.44%	95.24%	96.70%	No material variations
Service cost <i>Cost of governance</i> [Direct cost of the governance service / Number of councillors elected at the last council general election]	\$35,792.86	\$31,908.43	\$32,159.71	\$32,911.86	No material variations
Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	49	50	49	52	No material variations

Corporate GOVERNANCE

Council is constituted under the Local Government Act 2020 to provide good governance in its municipal district for the benefit and wellbeing of the municipal community.

Council must in the performance of its role give effect to the overarching governance principles, including:

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

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

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

MEETINGS OF COUNCIL

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

Council also hosted two meetings in towns other than Hamilton during 2019/2020:

- Byaduk on 9 October 2019
- Woodhouse on 11 March 2020

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.

Council meetings are usually open to all who wish to attend and Councillors meet informally with residents between 5:00pm-5:30pm, prior to the monthly Council Meetings.

On 24 April 2020, the COVID-19 Omnibus (Emergency Measures) Act 2020 (the Act) received royal assent and provides for Councils to hold meetings by electronic means of communication until 2 November 2020. The Act also specifies that a Council meeting would be considered open to the public if it were livestreamed to the internet. As a result, Council communicated the advice that, for the safety of the community, the Councillors and the staff and to ensure social distancing, all interest community members were encouraged to access the meeting online where it would be livestreamed, rather than attending the meeting in person. All opportunities for public participation, such as submitting a question to Council, making a submission or speaking to an item are still available, but done so electronically.



For the 2019/20 year Council held the following meetings:

- 11 ordinary council meetings
- 2 special council meetings.

The following table provides a summary of councillor attendance at council meetings and special council meetings for the 2019/20 financial year.

Councillor	Ordinary Meeting	Special Meeting	Total
Cr Chris Sharples (Mayor from November 2019)	11/11	2/2	13/13
Cr Colin Dunkley	10/11	2/2	12/13
Cr Mary-Ann Brown	11/11	2/2	13/13
Cr Cathy Armstrong	9/11	2/2	11/13
Cr Albert Calvano	11/11	2/2	13/13
Cr Greg McAdam	11/11	2/2	13/13
Cr Katrina Rainsford	11/11	2/2	13/13

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.
Konongwootong Hall	The management and operation of the Konongwootong 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 and 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.
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. Under the *Local Government Act 2020*, this will change to a review within the period of four months after a general election.

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

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

- Act with integrity;
- Impartially exercise his or her responsibilities in the interests of the local community; and
- 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; and
- 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

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 39 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 \$62,848 pa

Councillors - \$8,833 to \$21,049 pa

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

The table below sets out the allowances paid in accordance with the Act for the 2019/2020 financial year:

Councillor	Allowance	Superannuation equivalent	Total
Sharples (Mayor)	\$48,698.51	\$4,626.39	\$53,324.90
Dunkley (Deputy)	\$20,911.28	\$1,983.28	\$22,849.56
Brown	\$34,548.55	\$3,282.12	\$37,830.67
Armstrong	\$20,911.28	\$1,983.28	\$22,849.56
Calvano	\$20,911.28	\$1,983.28	\$22,849.56
McAdam	\$20,911.28	\$1,983.28	\$22,849.56
Rainsford	\$20,911.28	\$1,983.28	\$22,849.56
Total	\$187,803.46	\$17,599.91	\$205,403.37

Councillor	Travel	Mileage	Childcare	ICT	Conference and Training	Total
Sharples (Mayor)	\$1,407.66	0	0	\$451.83	\$229.72	\$2,089.21
Armstrong	\$1,147.59	0	0	\$462.85	\$371.82	\$1,982.26
Brown	\$888.89	0	0	\$796.64	\$1,318.17	\$3,003.70
Calvano	\$1,749.85	\$866.14	0	\$978.54	\$482.58	\$4,077.11
Dunkley	\$252.82	0	0	\$313.65	\$59.09	\$625.56
McAdam	\$252.82	0	0	\$719.98	\$68.18	\$1,040.98
Rainsford	\$81.82	\$2,855.32	0	\$680.38	\$5,142.72	\$8,760.24
Total	\$5,781.45	\$3,721.46	\$0	\$4,403.87	\$7,672.28	\$21,579.06

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 AND RISK COMMITTEE

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

The Audit Committee consists of two independent members Mr Michael Murphy (Chair) and Mr Brian Densem and two Councillors, Councillor Colin Dunkley and Councillor Katrina Rainsford. Meetings are also attended by the Chief Executive Officer, Director Community and Corporate Services, Manager Finance, Manager Organisational Development and other staff as appropriate.

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

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

The Audit and Risk Committee met on five occasions during 2019/2020 and addressed a broad range of issues including:

- Implementation of the Local Government Act 2020;

- Annual Financial, Standards and Performance Statements;
- Budget 2020-2021;
- Financial Statements and Reports;
- Business Continuity;
- Internal Audit;
- Risk Management Framework;
- Fraud and Corruption Control;
- Compliance Framework;
- OH&S;
- Performance Statements;
- Annual Plan;
- Councillor Expenses; and
- Procurement Policy.

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; and
- 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

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.

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 2019/20 financial year.

COMMUNITY INCLUSION DISABILITY ACTION PLAN 2017-2021

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

Council has implemented the following actions in 2019/20:

- Participated in the development of the State Disability Plan 2021- 24;
- Provided support, advice and increased staff knowledge on community Inclusion;
- Supported the growth and development of opportunities for volunteers for people with disabilities;
- Developed and implemented an inclusive communications and engagement strategy;
- Provided support and guidance to individuals with disability to participate in the L2P program;
- Promoted and celebrated 'International Day of people with a Disability' at Party with the Ponies;
- Supported the growth and development of opportunities for volunteers with a disability and supported businesses who possess inclusive processes or are aiming to. The 2019 Business awards were delivered to promote and support businesses with inclusive processes;
- Supported and partnered with service providers, state and Federal governments to improve opportunities for inclusion for people with a disability and their families in Southern Grampians Shire;
- Partnered with agencies to deliver key components of the Passport 2 Employment Mentoring Program (P2E) and Live4Life Youth Mental Health Program; and
- Provided sites within the Shire to recharge mobility scooters through Council's Scooter Recharge Program: Plug in and Power Up.



DOMESTIC ANIMAL MANAGEMENT PLAN

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

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

There was a reduction in the number of animals registered in the Shire for 2019/20. As at 30 June 2020 there were 2,639 domestic animals registered with Council; 2,032 dogs and 607 cats. The 2019/20 year saw 65 percent of impounded dogs and 7.8 percent of impounded cats reclaimed by their owners and 8.5 percent of impounded dogs and 7.8 percent of impounded cats rehoused with new families. There has been a slight increase in reclaimed/rehomed animals. This may be attributed to the ongoing and proactive improvement to Council's animal management facilities and the responsible pet ownership and rehoming program. While the number of impounded animals 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.

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*.

In the period 1 July 2019 – 30 June 2020, Council received a total of two valid FOI requests. These were all granted full or partial access. There were no outstanding requests as at 30 June 2020.

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

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

Applications can be emailed to Council's FOI Officer at foi@sthgrampians.vic.gov.au or mailed to Locked Bag 685, Hamilton VIC 3300.

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

Further information regarding FOI can be found at www.sthgrampians.vic.gov.au/foi

Public Interest Disclosures Act 2012

In accordance with section 69 of the *Public Interest Disclosures Act 2012* a Council must include in their Annual Report information about how to access the procedures established by the Council under Part 9 of that Act.

It is also required to provide certain information about the number and types of protected disclosures complaints investigated during the financial year.

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

During the 2019/20 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 2019/20 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 2019/20 financial year.



Corporate GOVERNANCE

GOVERNANCE AND MANAGEMENT CHECKLIST

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

INDICATOR	GOVERNANCE AND MANAGEMENT ITEMS	ASSESSMENT
Community Engagement	1 Community engagement policy (policy outlining council's commitment to engaging with the community on matters of public interest)	Current policy in operation Date: 9 June 2010
Community Engagement	2 Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Current guidelines in operation Date: 9 June 2010
Planning	3 Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	Plan adopted in accordance with section 126 of the Act Date of adoption: 8 July 2020
Planning	4 Annual budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Budget adopted in accordance with section 130 of the Act Date of adoption: 8 July 2020
Planning	5 Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Current plans in operation Date: 8 July 2020
Planning	6 Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	Current strategy in operation Date: 13 May 2020
Planning	7 Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Current policy in operation Date: 9 October 2019
Planning	8 Fraud policy (policy outlining council's commitment and approach to minimising the risk of fraud)	Current policy in operation Date: 29 March 2018
Planning	9 Municipal emergency management plan (plan under section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the Emergency Management Act 1986 Date: 11 July 2018
Planning	10 Procurement policy (policy 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: 11 December 2019

INDICATOR	GOVERNANCE AND MANAGEMENT ITEMS	ASSESSMENT
Planning	11 Business continuity plan (plan setting out the actions that will be taken to ensure that key services continue to operate in the event of a disaster)	Current plan in operation Date: 1 September 2019
Planning	12 Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Current plan in operation Date: 2 February 2018
Monitoring	13 Risk management framework (framework outlining council's approach to managing risks to the Council's operations)	Current framework in operation Date: 1 February 2020
Monitoring	14 Audit Committee (advisory committee of council under section 139 of the Act whose role is to oversee the integrity of a council's financial reporting, processes to manage risks to the council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	Committee established in accordance with section 139 of the Act Date: 9 April 1999
Monitoring	15 Internal audit (independent accounting professionals engaged by the council to provide analyses and recommendations aimed at improving council's governance, risk and management controls)	Internal auditor engaged Date: 1 May 2017
Monitoring	16 Performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	Current framework in operation Date: 25 February 2020
Reporting	17 Council Plan reporting (report reviewing the performance of the council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Current report Date: 13 November 2019, 12 February 2020, 13 May 2020, 12 August 2020
Reporting	18 Financial reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Quarterly statements presented to council in accordance with section 138(1) of the Act Date: 12 February 2020, 13 May 2020
Reporting	19 Risk reporting (six-monthly reports of strategic risks to council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Reports prepared and presented for ELT Date: ARC 12 November 2019 ARC 18 February 2020 ARC 21 May 2020
Reporting	20 Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	Reports prepared and presented Date: 11 September 2020 and 21 May 2020

INDICATOR	GOVERNANCE AND MANAGEMENT ITEMS	ASSESSMENT
Reporting	21 Annual report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)	Annual Report considered at a meeting of Council in accordance with section 134 of the Act Date: 9 October 2019
Decision-making	22 Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Code of conduct reviewed in accordance with section 76C of the Act Date: 10 October 2018
Decision-making	23 Delegations (a document setting out the powers, duties and functions of council and the Chief Executive Officer that have been delegated to members of staff)	Delegations reviewed in accordance with section 98(6) of the Act. Dates of review: s5 10 June 2020, s6 13 November 2017, s7 23 July 2020, s14 25 March 2019, s15 April 2019, s13 7 April 2020
Decision-making	24 Meeting procedures (a local law governing the conduct of meetings of council and special committees)	Meeting procedures local law made in accordance with section 91(1) of the Act Date: 18 October 2013

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



MICHAEL TUDBALL
Chief Executive Officer

Dated: 18 September 2020



CR CHRIS SHARPLES
Mayor

Dated: 18 September 2020

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 and Risk Committee and Council itself. The Financial Statements are then forwarded to the Auditor-General for certification.

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

The Financial Statements are comprised of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works, and Notes to and forming part of the Statements.

FINANCIAL OVERVIEW

Council's audited 2019/20 Financial Statements are included from pages 90-94 of this report.

Council continues to be in a sound financial position and achieved an operating deficit of \$0.515 million.

Council has a working capital ratio of 2.28:1 this year (2018/19 3.05:1). The Working Capital Ratio assesses Council's ability to meet current commitments and means that Council has \$2.28 of cash and current assets for every \$1.00 of current liabilities.

Unrestricted cash on hand at 30 June 2020 was \$13.133 million which includes investments of \$3.4 million for payment of long service leave entitlements, \$4.0 million for the future provision of landfill remediation, and \$2.0 million defined benefits super call contingency. Restricted cash of \$1.263 million is for specific reserve funds and trust deposits.

Borrowings outstanding at 30 June 2020 totalled \$3.486 million. Trade and other payables was \$2.565 million.

Council had a net overall cash outflow for the year of \$4.240 million compared to a budgeted outflow of \$10.394 million.

Council achieved a Net Cash Flow of \$14.597 million from Operating Activities compared to a budget of \$11.156 million for the financial year.

RATING

Rates and Charges provide 44 percent of Council's total operating revenue in 2019/20.

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.

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

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

COMPREHENSIVE INCOME STATEMENT

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

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

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

The key figure is the Surplus (Deficit) which is the equivalent to the profit or (loss) of Council for the year. Council Expenses were \$48.055 million with Revenue \$47.540 million leaving a deficit of \$0.515 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 2.02 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 \$331.426 million to \$365.142 million in 2019/20. This increase of \$33.716 million is the operating result plus asset revaluation increments in 2019/20.

FINANCIAL INFORMATION

STATEMENT OF CASH FLOWS

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

It differs from the Comprehensive Income Statement in that it:

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

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

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

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

STATEMENT OF CAPITAL WORKS

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

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

NOTES TO THE ACCOUNTS

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



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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CERTIFICATION OF THE FINANCIAL STATEMENTS

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



Belinda J Johnson, B Comm. CPA

Principal Accounting Officer

Date : 18 September 2020

Hamilton

In our opinion the accompanying financial statements present fairly the financial transactions of Southern Grampians Shire Council for the year ended 30 June 2020 and the financial position of the Council as at that date.

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

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

Cr Colin Dunkley

Councillor

Date : 18 September 2020

Hamilton



Cr Katrina Rainsford

Councillor

Date : 18 September 2020

Hamilton



Michael G Tudball

Chief Executive Officer

Date : 18 September 2020

Hamilton



Independent Auditor's Report

To the Councillors of Southern Grampians Shire Council

Opinion	I have audited the financial report of Southern Grampians Shire Council (the council) which comprises the: • balance sheet as at 30 June 2020 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial statements. In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2020 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.
Basis for Opinion	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. 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Councillors's responsibilities for the financial report	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. 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.

Auditor's responsibilities for the audit of the financial report	As required by the <i>Audit Act 1994</i>, 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
22 September 2020



Sanchu Chummar

as delegate for the Auditor-General of Victoria

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

COMPREHENSIVE INCOME STATEMENT

	Note	2020 \$'000	2019 \$'000
Income			
Rates and charges	3.1	20,990	20,206
Statutory fees and fines	3.2	558	598
User fees	3.3	5,491	5,716
Grants - operating	3.4	13,437	11,745
Grants - capital	3.4	4,231	29,226
Contributions - monetary	3.5	155	-
Contributions - non monetary	3.5	265	-
Reversal of Impairment	6.2	-	13,483
Adjustment to Landfill Provision	5.5	802	(2,811)
Other income	3.7	1,611	1,682
Total income		47,540	79,845
Expenses			
Employee costs	4.1	(19,257)	(19,322)
Materials and services	4.2	(11,528)	(32,501)
Depreciation	4.3	(11,483)	(9,157)
Bad and doubtful debts	4.4	(20)	(110)
Borrowing costs	4.5	(112)	(138)
Waste Disposal Costs	4.6	(1,521)	(637)
Revaluation of Art Collection	6.2	-	(2,684)
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	(704)	(153)
Fair value adjustments for investment property	6.3	-	(100)
Other expenses	4.7	(3,430)	(3,046)
Total expenses		(48,055)	(67,848)
Surplus/(deficit) for the year		(515)	11,997
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	6.2	34,893	(14,380)
Total comprehensive result		34,378	(2,383)

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

BALANCE SHEET

	Note	2020 \$'000	2019 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	7,318	11,558
Trade and other receivables	5.1	4,432	8,424
Other financial assets	5.1	15,200	10,567
Inventories	5.2	634	600
Non-current assets classified as held for sale	6.1	185	510
Other assets	5.2	382	959
Total current assets		28,151	32,618
Non-current assets			
Trade and other receivables	5.1	62	74
Property, infrastructure, plant and equipment	6.2	352,784	313,127
Investment property	6.4	2,300	2,720
Total non-current assets		355,146	315,921
Total assets		383,297	348,539
Liabilities			
Current liabilities			
Trade and other payables	5.3	2,565	3,554
Trust funds and deposits	5.3	781	639
Unearned Income	5.3	697	-
Provisions	5.5	7,704	6,100
Interest-bearing liabilities	5.4	573	376
Total current liabilities		12,320	10,669
Non-current liabilities			
Provisions	5.5	2,922	4,962
Interest-bearing liabilities	5.4	2,913	1,482
Total non-current liabilities		5,835	6,444
Total liabilities		18,155	17,113
Net assets		365,142	331,426
Equity			
Accumulated surplus		143,684	144,481
Reserves	9.1	221,458	186,945
Total Equity		365,142	331,426

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

STATEMENT OF CHANGES IN EQUITY

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2020					
Balance at beginning of the financial year		331,426	144,481	186,083	862
Impact of change in accounting policy - AASB 15 Revenue from Contracts with Customers	10	(662)	(662)	-	-
Adjusted Opening balance		330,764	143,819	186,083	862
Surplus/(deficit) for the year		(515)	(515)	-	-
Net asset revaluation increment/(decrement)	6.2	34,893	-	34,893	-
Transfers to other reserves	9.1	-	(70)	-	70
Transfers from other reserves	9.1	-	450	-	(450)
		34,378	(135)	34,893	(380)
Balance at end of the financial year		365,142	143,684	220,976	482

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

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

STATEMENT OF CASH FLOWS

	Note	2020 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		20,763	20,242
Statutory fees and fines		572	598
User fees		5,770	5,738
Grants - operating		16,971	11,745
Grants - capital		4,231	29,226
Interest received		426	627
Trust funds and deposits taken		335	842
Other receipts		805	1,056
Net GST refund/(payment)		225	(734)
Employee costs		(18,798)	(18,827)
Materials and services		(11,717)	(37,049)
Trust funds and deposits repaid		(193)	(556)
Other payments		(4,793)	(3,596)
Net cash provided by/(used in) operating activities		14,597	9,312
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.2	(16,202)	(11,684)
Proceeds from sale of property, infrastructure, plant and equipment		483	565
Payments for investments		(4,634)	5,389
Net cash provided by/(used in) investing activities		(20,353)	(5,730)
Cash flows from financing activities			
Finance costs		(112)	(138)
Proceeds from borrowings		2,000	-
Repayment of borrowings		(372)	(404)
Net cash provided by/(used in) financing activities		1,516	(542)
Net increase (decrease) in cash and cash equivalents		(4,240)	3,040
Cash and cash equivalents at the beginning of the financial year		11,558	8,518
Cash and cash equivalents at the end of the financial year		7,318	11,558
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

STATEMENT OF CAPITAL WORKS

	Note	2020 \$'000	2019 \$'000
Property			
Land		-	104
Land improvements		2,525	-
Total land		2,525	104
Buildings		1,990	803
Heritage buildings		-	-
Building improvements		220	33
Leasehold improvements		-	-
Total buildings		2,210	836
Total property		4,735	940
Plant and equipment			
Heritage plant and equipment		-	-
Plant, machinery and equipment		1,767	1,504
Fixtures, fittings and furniture		75	26
Computers and telecommunications		83	298
Library books		72	70
Art Collection		5	10
Total plant and equipment		2,002	1,908
Infrastructure			
Roads		5,888	13,948
Bridges		1,505	6,477
Footpaths and cycleways		250	760
Drainage		-	148
Recreational, leisure and community facilities		576	1,077
Waste management		162	922
Parks, open space and streetscapes		272	896
Aerodromes		27	112
Off street car parks		1	-
Other infrastructure		784	1,270
Total infrastructure		9,465	25,610
Total capital works expenditure		16,202	28,458
Represented by:			
New asset expenditure		5,591	1,721
Asset renewal expenditure		10,090	26,646
Asset expansion expenditure		19	-
Asset upgrade expenditure		502	91
Total capital works expenditure		16,202	28,458

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 2020

OVERVIEW

Introduction

The Southern Grampians Shire Council was established by an Order of the Governor in Council on 23 September 1994 and is a body corporate. The Council's main office is located at 111 Brown St, Hamilton.

Statement of compliance

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

Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- other areas requiring judgements

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation (except where transitional requirements of *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities* do not require restatement of comparatives under the modified retrospective approach adopted by the Council), and disclosure has been made of any material changes to comparatives.

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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 and \$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.

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 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance 2020 %	Ref
Income					
Rates and charges	20,716	20,990	274	1.32%	
Statutory fees and fines	491	558	67	13.65%	
User fees	5,873	5,491	(382)	-6.50%	
Grants - operating	10,485	13,437	2,952	28.15%	1
Grants - capital	4,200	4,231	31	0.74%	
Contributions - monetary	-	155	155	100.00%	2
Contributions - non monetary	-	265	265	100.00%	3
Adjustment to Landfill Provision	-	802	802	100.00%	4
Other income	1,022	1,611	589	57.63%	5
Total income	42,787	47,540	4,753	11.11%	
Expenses					
Employee costs	17,090	19,257	2,167	12.68%	6
Materials and services	10,106	11,528	1,422	14.07%	7
Depreciation	10,072	11,483	1,411	14.01%	8
Net loss on disposal of property, infrastructure, plant & equipment	-	11	11	100.00%	
Bad and doubtful debts	-	20	20	100.00%	
Borrowing costs	323	112	(211)	-65.33%	9
Other expenses	4,435	5,644	1,209	27.26%	10
Total expenses	42,026	48,055	6,029	14.35%	
Surplus/(deficit) for the year	761	(515)	(1,276)		

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Income - Grants - Operating	Additional grant funding was received for Fixing Country Roads \$1.35m, Working for Victoria \$1.3m, Dunkeld Dam restoration \$515k, Roads to Recovery \$398k, Try, Test & Learn \$260k, King/Gordon St Roundabout \$256k, Local Government Bushfire Recovery \$200k, Financial Assistance Grants \$134k and Hamilton Cricket Hub \$125k. This has been offset for grants not being acquired for the Lake Hamilton Dam Wall \$1.1m, Mt Sturgeon Loop Walk \$200k and Grampians Cricket nets \$100k. Grant funding for the Livestock exchange was also \$230k less than budgeted.
2	Income - Contributions - Non Monetary	This was \$155k for contribution to a joint works project with Moyne Shire Council.
3	Income - Contributions - Non Monetary	This is for works of art that have been gifted from various artists, galleries and benefactors \$108k and the recognition of the value of volunteer services at Visitor Information Centres \$109k and delivering Meals on Wheels \$48k.
4	Income - Adjustment to Landfill Provision	Each year the Net Present Value of future works required to rehabilitate landfills is reviewed. This results in an adjustment to future liabilities with the contra entry being to the income statement. The amount of provision required is estimated to be \$802k less than last financial year.
5	Income - Other	Increased revenue items include found assets (not previously recorded in Council's asset register) \$380k, Section 86 Revenues which are included but not held by Council \$86k and additional interest revenue of \$54k.
6	Expenses - Employee Costs	Wages and Salary savings occurred in the following service areas: Drainage \$259k, Community Planning & Support \$75k, Civic and Community Arts \$51k, however additional human resources were required in the following areas: Plant operations \$229k, Emergency management \$215k, Working for Victoria Program \$187k, Domestic Care \$180k, Road & Street Maintenance \$135, Art\$72k, Gallery \$129k, Infrastructure Management \$117, Human Resources Management \$105, Depot Operations \$72k, Business Development \$60, Landfill \$59k and Public Infrastructure \$53k. There were other variations to levels of service, many of which relate to COVID-19 - See Note 11. There was also \$242k of other oncosts which were budgeted in other expenses but are classified as employee expenses at year end.
7	Expenses - Materials & Services	Council utilised contractors for an additional \$1.7m worth of work coupled with a further \$359 for consultants, \$140 for external vehicle repairs. This has been offset by reduced expenses for Power \$100k, Water \$120k and general materials \$496k.
8	Expenses - Depreciation	The difference in depreciation is due to two factors, one is that the 2019/20 budget is set before the end of the 2018/19 year is complete. The other variance is due to the revaluation and condition assessment of infrastructure assets. Of the \$1.4m variance, \$1.1m is in the roads category.
9	Expenses - Borrowing Costs	The budget documents incorrectly classified debt redemption together with debt servicing.
10	Expenses - Other	The majority of the difference is the write off of the residual value of infrastructure assets following renewal or reconstruction works \$587k. Other Significant items are disclosure of payments to EPA due to a change in accounting methods, \$152k, Stock adjustments/write offs \$136k and inclusion of Section 86 Committee expenses where are not included in budget calculations \$100k.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

1.2 Capital works

	Budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000	Variance %	Ref
Property					
Land improvements	3,580	2,525	(1,055)	-29.47%	1
Total land	3,580	2,525	(1,055)	-29.47%	
Buildings	2,860	1,990	(870)	-30.42%	2
Building improvements	-	220	220	100.00%	2
Total buildings	2,860	2,210	(650)	-22.73%	
Total property	6,440	4,735	(1,705)	-26.48%	
Plant and equipment					
Plant, machinery and equipment	2,561	1,767	(794)	-31.00%	3
Fixtures, fittings and furniture	70	75	5	7.14%	
Computers and telecommunications	25	83	58	232.00%	
Art Collection	15	5	(10)	-66.67%	
Library books	70	72	2	2.86%	
Total plant and equipment	2,741	2,002	(739)	-26.96%	
Infrastructure					
Roads	5,537	5,888	351	6.34%	
Bridges	610	1,505	895	146.72%	4
Footpaths and cycleways	550	250	(300)	-54.55%	5
Recreational, leisure and community facilities	960	576	(384)	-40.00%	6
Waste management	1,100	162	(938)	-85.27%	7
Parks, open space and streetscapes	3,805	272	(3,533)	-92.85%	8
Aerodromes	-	27	27	100.00%	
Other infrastructure	1,700	784	(916)	-53.88%	9
Total infrastructure	14,262	9,464	(4,798)	-33.64%	
Total capital works expenditure	23,443	16,201	(7,242)	-30.89%	
Represented by:					
New asset expenditure	6,735	5,591	(1,144)	-16.99%	
Asset renewal expenditure	12,408	10,090	(2,318)	-18.68%	
Asset expansion expenditure	1,100	19	(1,081)	-98.27%	
Asset upgrade expenditure	3,200	502	(2,698)	-84.31%	
Total capital works expenditure	23,443	16,202	(7,241)	-30.89%	

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land Improvements	The development of the industrial land has been delayed with the funding being rolled into the 2020/21 financial year.
2	Buildings & Building Improvements	All buildings & building improvements were budgeted under buildings. Three specific building projects did not proceed which makes up the majority of the difference - Melville Oval \$150k, Pendrina Park \$100k & Public conveniences \$200k.
3	Plant, Machinery & Equipment	Plant and machinery expenditure has been significantly impacted by the ability for machinery to be imported into Australia due to COVID-19 (see Note 11). These unspent funds are already committed and will carry forward into the 2020/21 financial year.
4	Bridges	Council budgeted to carry out works on 7 bridges during the year however additional fund from fixing country roads allowed additional funds to be spend on a further 6 bridges.
5	Footpaths & Cycleways	The major variance was related to the Dunkeld loop walk where only \$126k was. spent of the \$450 budget allocation. This was offset by additional expenditure on the Tarrington Road Walkway of \$45k
6	Recreational, leisure and community facilities	Rollout of the works relating to the Recreation & Leisure Strategy were delayed \$320k as were works at outdoor pools \$85k. Works completed from the previous year were the Mount Rouse Steps \$64k, Hamilton Botanic Gardens Bird Aviary \$87k. There was also some final expenses relating to Category C insurance works which were \$131k less than budgeted.
7	Waste management	Whilst the Stage 5 Capping of the Hamilton Landfill was delayed (\$1.1m budget), other projects have been completed such as the waste options implementation \$74k, Stage 3 & 4 Capping \$31k, drainage at the E-Waste facility \$18k, improvements to the southerh dam area \$10k and other minor works.
8	Parks, open space and streetscapes	Cox Street Redevelopment works were delayed \$3m, as well as CBD trees \$103k and the detailed design of Hamilton CBD \$390k.
9	Other infrastructure	Additional works were carried out at the Livestock Exchange \$311k and the Thompson Fountain \$25k. This is offset by the Lake Hamilton Dam works \$1.1m which did not receive funding so did not proceed and reduced expenditure at Lake Hamilton \$110k.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Note 2 Analysis of Council results by program

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

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

2 (a) Results by Program

Supporting the Community

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

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

Developing the regional economy and businesses

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

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

Planning for our built environment & infrastructure

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

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

Promoting our natural environment

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

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

Providing Governance and Leadership

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

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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

2020

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

Income	Expenses	Surplus/ Deficit)	Grants included in income	Total assets
\$'000	\$'000	\$'000	\$'000	\$'000
(6,235)	14,140	7,905	(3,306)	52,849
(2,781)	4,475	1,694	(947)	5,715
(5,371)	17,015	11,644	(3,700)	280,618
(2,289)	6,462	4,173	(676)	6,191
(30,864)	5,963	(24,901)	(9,040)	37,924
(47,540)	48,055	515	(17,668)	383,297

2019

Supporting the Community
Planning and Development
Planning for our built environment & infrastructure
Promoting our natural environment
Providing Governance and Leadership

Income	Expenses	Surplus/ Deficit)	Grants included in income	Total assets
\$'000	\$'000	\$'000	\$'000	\$'000
(32,039)	23,506	(8,533)	(28,721)	53,068
(2,246)	4,047	1,801	(455)	6,211
(17,290)	32,205	14,915	(3,233)	250,449
(2,134)	7,210	5,076	(703)	4,978
(29,129)	3,874	(25,255)	(7,858)	33,833
(82,838)	70,841	(11,997)	(40,971)	348,539

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Note 3	Funding for the delivery of our services	2020	2019
3.1	Rates and charges	\$'000	\$'000

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

The valuation base used to calculate general rates for 2019/20 was \$4,182million (2018/19 \$3,573 million).

General rates	16,894	16,398
Municipal charge	1,883	1,828
Waste management charge	2,027	1,796
Special rates and charges	4	4
Revenue in lieu of rates	182	180
Total rates and charges	20,990	20,206

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2020, and the valuation will be first applied in the rating year commencing 1 July 2020.

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

3.2 Statutory fees and fines

Town planning fees	188	166
Permits	186	257
Registrations	114	110
Infringements and costs	39	48
Land information certificates	25	17
Court recoveries	6	-
Total statutory fees and fines	558	598

payment is received, or when the penalty has been applied, whichever first occurs.

3.3 User fees

Livestock Exchange	1,615	1,521
Waste management services	1,213	1,235
Hamilton Indoor Leisure & Aquatic Centre	822	1,041
Home & Community Care Services	534	434
Property, Recreation & Infrastructure Facilities	187	-
Cinema Operations	228	299
Meals Services	223	209
Quarry Operations	209	184
Family Day Care	136	163
Parking	131	111
Performing Arts Centre	95	134
Other fees and charges	95	374
Old Hamilton Reservoir	3	11
Total user fees	5,491	5,716

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

3.4 Funding from other levels of government

Grants were received in respect of the following :

Summary of grants

Commonwealth funded grants

State funded grants

Total grants received

2020	2019
\$'000	\$'000

12,188	11,625
5,480	29,346
17,668	40,971

(a) Operating Grants

Recurrent - Commonwealth Government

Financial Assistance Grants

Family day care

General home care

Other

7,725	7,812
372	357
998	987
100	118

Recurrent - State Government

Childrens Services

Aged care

Libraries

Art Gallery

Cultural Services

Community safety

Other

434	353
335	445
165	168
110	113
80	80
60	54
-	6

Total recurrent operating grants

10,379	10,493
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Non-recurrent - Commonwealth Government

Buildings

Local Infrastructure

Other

-	500
260	80
-	12

Non-recurrent - State Government

Community health

Community Planning & Support

Environmental Management

Recreation

Cultural Services

Local Infrastructure

Other

Family and children

1,349	9
45	38
302	107
211	218
7	80
707	113
54	95
123	-

Total non-recurrent operating grants

3,058	1,252
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Total operating grants

13,437	11,745
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NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$'000	2019 \$'000
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	1,985	1,528
Total recurrent capital grants	1,985	1,528
Non-recurrent - Commonwealth Government		
Other Infrastructure	263	31
Livestock Exchange	484	200
Non-recurrent - State Government		
Flood Recovery	-	25,095
Buildings	-	1,100
Other Infrastructure	1,499	1,043
Recreation	-	144
Livestock Exchange	-	33
Art Gallery	-	32
Childrens Services	-	20
Total non-recurrent capital grants	2,246	27,698
Total capital grants	4,231	29,226

(c) Unspent grants received on condition that they be spent in a specific manner

Operating		
Balance at start of year	200	1,172
Received during the financial year and remained unspent at balance date	1,528	926
Received in prior years and spent during the financial year	(200)	(736)
Balance at year end	1,528	1,362
Capital		
Balance at start of year	1,161	-
Received during the financial year and remained unspent at balance date	-	-
Received in prior years and spent during the financial year	(499)	-
Balance at year end	662	-

Grant income is recognised at the point in time when the council satisfies its performance obligations as specified in the underlying agreement.

3.5 Contributions

Monetary	155	-
Non-monetary	265	-
Total contributions	420	-

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

Art Gallery - Gifted works of Art	108	-
Meals on Wheels Service - Value of volunteer labour donated to Council	48	-
Visitor Information Centres - Value of volunteer labour donated to Council	109	-
Total non-monetary contributions	265	-

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

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

Proceeds of sale	483	564
Written down value of assets disposed	(1,187)	(717)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(704)	(153)

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$'000	2019 \$'000
3.7 Other income		
Interest	425	627
Found Assets	380	-
User Reimbursements	342	-
Donations	202	-
Insurance Reimbursements	30	550
Vicroads	28	106
Other	204	399
Total other income	1,611	1,682

Interest is recognised as it is earned.

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

Note 4 The cost of delivering services

4.1 (a) Employee costs

Wages and salaries	14,242	13,592
Leave- Annual, Long Service & Sick	2,414	2,833
WorkCover	524	539
Superannuation	1,634	1,642
Travelling	167	177
Conferences & Training	171	432
Fringe benefits tax	100	102
Corporate Image	5	5
Total employee costs	19,257	19,322

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	62	62
	62	62
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,053	1,101
Employer contributions - other funds	519	479
	1,572	1,580
Employer contributions payable at reporting date.	117	-

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

4.2 Materials and services

Contract payments	5,755	27,034
General maintenance	1,962	2,431
Consultants	1,273	597
Utilities	856	940
Insurance	601	466
Information technology	499	394
Building maintenance	411	439
Office administration	171	200
Total materials and services	11,528	32,501

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$'000	2019 \$'000
4.3 Depreciation		
Property	1,196	1,202
Plant and equipment	1,733	1,450
Infrastructure	8,554	6,505
Total depreciation	11,483	9,157

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

4.4 Bad and doubtful debts		
Fire Prevention	12	2
Infrastructure & Private Works	4	92
Other debtors	4	16
Total bad and doubtful debts	20	110

Movement in provisions for doubtful debts

Balance at the beginning of the year	106	-
New provisions recognised during the year	3	106
Amounts already provided for and written off as uncollectible	(98)	-
Amounts provided for but recovered during the year	(6)	-
Balance at end of year	5	106

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment - See Note 5.1

4.5 Borrowing costs		
Interest - Borrowings	112	138
Total borrowing costs	112	138

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

4.6 Waste Disposal Costs		
Waste Disposal Costs	1,521	637
Total Waste Disposal Costs	1,521	637

During the year, Council changed its practice of waste disposal from on-site to off-site

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$'000	2019 \$'000
4.7 Other expenses		
Advertising	296	298
Auditors' remuneration - Internal	39	35
Auditors' remuneration - VAGO - audit of Statutory documents	43	43
Community Grants	492	861
Councillors' allowances	188	184
Discount on Rates	162	158
Food and Catering	107	156
Phone, Internet & Other Communication Charges	183	259
Software Licences	273	201
Stock Adjustments/Write Offs	30	67
Subscriptions, Memberships & Licences	120	100
Value of Volunteer service	157	-
Others	1,340	684
Total other expenses	3,430	3,046
Note 5 Our financial position		
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	4	6
Cash at bank	7,314	11,552
Total cash and cash equivalents	7,318	11,558
(b) Other financial assets		
Term deposits - current	15,200	10,567
Total other financial assets	15,200	10,567
Total financial assets	22,518	22,125
Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These		
- Trust funds and deposits (Note 5.3)	781	639
Total restricted funds	781	639
Total unrestricted cash and cash equivalents	6,537	10,919
Intended allocations		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
Cash held for specific Reserves & Trust Funds	1,263	895
Cash held for Sir Irving Benson Bequest	654	682
Cash held for unspent grants	1,528	1,361
Cash held for unexpended capital works	3,988	7,712
Total funds subject to intended allocations	7,433	10,650

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 2020

5.1		2020 \$'000	2019 \$'000
	(c) Trade and other receivables		
	Current		
	Rates debtors	1,896	1,667
	Net GST Receivable	225	163
	Infringement debtors	4	15
	<i>Non statutory receivables</i>		
	Loans and advances to community organisations	-	2
	Other debtors	2,312	6,683
	Provision for doubtful debts - other debtors	(5)	(106)
	Total current trade and other receivables	4,432	8,424
	Non-current		
	<i>Statutory receivables</i>		
	Special rate scheme	62	74
	Total non-current trade and other receivables	62	74
	Total trade and other receivables	4,494	8,498

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

(d) Ageing of Receivables

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

Current (not yet due)	1,192	6,377
Past due by up to 30 days	1,052	102
Past due between 31 and 60 days	14	35
Past due between 61 and 90 days	12	8
Past due by more than 90 days	42	161
Total trade and other receivables	2,312	6,683

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$7 (2019: \$151) were impaired. The amount of the provision raised against these debtors was \$5 (2019: \$106). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Current (not yet due)	1	6
Past due by up to 30 days	2	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	4	145
Total trade & other receivables	7	151

30 June 2020	Current (not yet due)	Past due by up to 30 days	Past due between 31 & 90 days	Past due by more than 91 days	More than 1 year	Total
Debtors (\$'000)	1,192	1,052	14	12	42	2,312
Expected loss rate (%)	0.10%	0.20%	0.20%	0.50%	10%	
Loss allowance (\$'000)	1	2	0	0	4	7

30 June 2019	Current (not yet due)	Past due by up to 30 days	Past due between 31 & 90 days	Past due by more than 91 days	More than 1 year	Total
Debtors (\$'000)	6,377	102	35	8	161	6,683
Expected loss rate (%)	0.10%	0.20%	0.20%	0.50%	90%	
Loss allowance (\$'000)	6	0	0	0	145	151

Council is not anticipating a significant impact on the collection of receivables due to COVID-19 (See Note 11). Initial analysis and the implementation of Councils COVID-19 & General Hardship Policies which enable some financial relief accounted for at the time of granting coupled with deferment options, will not lead to the need for a higher write-off allowance.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

5.2 Non-financial assets

(a) Inventories

	2020 \$'000	2019 \$'000
Inventories held for distribution	499	465
Land held for inventory	135	135
Total inventories	634	600

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	372	921
Accrued income	10	38
Total other assets	382	959

5.3 Payables

(a) Trade and other payables

Trade payables	1,030	2,139
Rate Revenue received in Advance	357	383
Employee Costs	550	455
Fire Services Levy	202	479
Accrued expenses	426	98
Total trade and other payables	2,565	3,554

(b) Trust funds and deposits

Refundable deposits	21	23
Retention amounts	760	616
Total trust funds and deposits	781	639

(c) Unearned income

Grants received in advance - capital	662	-
Other	35	-
Total unearned income	697	-

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

Purpose and nature of items

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

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

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

5.4 Interest-bearing liabilities

	2020 \$'000	2019 \$'000
Current		
Borrowings - secured	573	376
	573	376
Non-current		
Borrowings - secured	2,913	1,482
	2,913	1,482
Total	3,486	1,858

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

Not later than one year	573	376
Later than one year and not later than five years	1,868	1,482
Later than five years	1,045	
	3,486	1,858

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.

5.5 Provisions

	Employee	Landfill restoration	Other	Total
2020	\$ '000	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year	5,513	5,548	-	11,061
Additional provisions	1,752	-	-	1,752
Amounts used	(1,552)	-	-	(1,552)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	167	(802)	-	(635)
Balance at the end of the financial year	5,880	4,746	-	10,626

	Employee	Landfill restoration	Other	Total
2019				
Balance at beginning of the financial year	5,018	2,737	-	7,755
Additional provisions	1,673	2,811	-	4,484
Amounts used	(1,531)	-	-	(1,531)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	353	-	-	353
Balance at the end of the financial year	5,513	5,548	-	11,061

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$'000	2019 \$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	1,050	1,050
Long service leave	224	187
Time in Lieu	167	143
	1,441	1,380
Current provisions expected to be wholly settled after 12 months		
Annual leave	868	772
Long service leave	2,920	2,813
	3,788	3,585
Total current employee provisions	5,229	4,965
Non-current		
Long service leave	651	548
Total non-current employee provisions	651	548
Aggregate carrying amount of employee provisions:		
Current	5,229	4,965
Non-current	651	548
Total aggregate carrying amount of employee provisions	5,880	5,513

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:	2020	2019
- discount rate	0.240%	1.035%
- index rate	4.250%	4.313%

(b) Landfill restoration

Current	1,825	1,135
Non-current	2,922	4,414
	4,747	5,549

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:	2020	2019
- discount rate	0.580%	1.035%
- index rate	2.000%	4.313%

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2020.

	2020	2019
Bank overdraft	1,000	1,000
Credit card facilities	250	250
Other facilities	3,486	1,847
Total facilities	4,736	3,097
Used facilities	(3,486)	(1,847)
Unused facilities	1,250	1,250

5.7 Commitments

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

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
2020	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Corporate Administration	169	57			226
Infrastructure	29				29
Meals for delivery	363	281			644
Recreation	402				402
Waste Management	1,848	1,386			3,234
Planning & Development	55				55
Total	2,866	1,724	-	-	4,590

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
2019	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Corporate Administration	225	20	-	-	245
Infrastructure	93	-	-	-	93
Meals for delivery	240	-	-	-	240
Planning	187	-	-	-	187
Recreation	402	-	-	-	402
Waste Management	882	927	1,403	-	3,212
Total	2,029	947	1,403	-	4,379
Capital					
Buildings	17	-	-	-	17
Roads	131	-	-	-	131
Drainage	491	-	-	-	491
Total	639	-	-	-	639
	2,668	947	1,403	-	5,018

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

5.8 Leases

Policy applicable before 1 July 2019

As a lessee, council classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to council. Operating lease payments, including any contingent rentals, were recognised as an expense in the comprehensive income statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset was not recognised in the balance sheet. All incentives for the agreement of a new or renewed operating lease were recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments. In the event that lease incentives were received to enter into operating leases, the aggregate cost of incentives were recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

Policy applicable after 1 July 2019

Council has applied AASB 16 Leases using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information. The council applied the approach consistently to all leases in which it is a lessee.

On transition to AASB 16 Leases, Council elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. The council has applied this practical expedient to all of its contracts and therefore applied AASB 16 Leases only to contracts that were previously identified as leases.

At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Council has elected to apply the temporary option available under AASB 16 Leases which allows not-for-profit entities to not measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

As at 30 June 2020, Southern Grampians Shire Council does not have any leases to disclose.

Note 6 Assets we manage

6.1 Non current assets classified as held for sale

	2020	2019
	\$'000	\$'000
Land held for Sale	185	510
Total non current assets classified as held for sale	185	510

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2019 \$'000	Additions via Capital Works \$'000	Contributions, Gifted & Found \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	At Fair Value 30 June 2020 \$'000
Property	57,232	620	-	-	(1,196)	-	-	108	56,764
Plant and equipment	25,204	1,930	108	-	(1,733)	(274)	-	580	25,815
Infrastructure	227,511	7,340	379	34,893	(8,554)	(521)	-	218	261,265
Work in progress	3,180	6,312	-	-	-	-	(66)	(486)	8,940
Total Non Current Property, Infrastructure, Plant & Equipment	313,127	16,202	487	34,893	(11,483)	(795)	(66)	420	352,784
Land held for resale	510	-	-	-	-	(325)	-	-	185
Total Current & Non Current Property, Infrastructure, Plant & Equipment	313,637	16,202	487	34,893	(11,483)	(1,120)	(66)	420	352,969

Summary of Work in Progress	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	134	2,525	-	420	3,079
Infrastructure	3,046	3,787	(66)	(906)	5,861
Total	3,180	6,312	(66)	(486)	8,940

(a) Property

	Land - specialised \$'000	Land - non specialised \$'000	Land improvements \$'000	Total Land & Land Improvements \$'000	Buildings - specialised \$'000	Total Buildings \$'000	Work In Progress \$'000	Total Property \$'000
At fair value 1 July 2019	11,633	179	583	12,395	74,086	74,086	134	86,615
Accumulated depreciation at 1 July 2019	-	-	(138)	(138)	(29,110)	(29,110)	-	(29,248)
Movements in fair value	11,633	179	445	12,257	44,976	44,976	134	57,367
Additions	-	-	-	-	620	620	2,525	3,145
Transfers	-	-	-	-	108	108	420	528
Movements in accumulated depreciation	-	-	-	-	728	728	2,945	3,673
Depreciation and amortisation	-	-	(6)	(6)	(1,190)	(1,190)	-	(1,196)
	-	-	(6)	(6)	(1,190)	(1,190)	-	(1,196)
At fair value 30 June 2020	11,633	179	583	12,395	74,814	74,814	3,079	90,288
Accumulated depreciation at 30 June 2020	-	-	(144)	(144)	(30,300)	(30,300)	-	(30,444)
	11,633	179	439	12,251	44,514	44,514	3,079	59,844

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

(b) Plant and Equipment

	Plant machinery and equipment \$'000	Fixtures fittings and furniture \$'000	Art Collection \$'000	Library books \$'000	Total plant and equipment \$'000
At fair value 1 July 2019	14,357	3,311	16,999	501	35,168
Accumulated depreciation at 1 July 2019	(7,662)	(2,302)	-	-	(9,964)
	6,695	1,009	16,999	501	25,204
Movements in fair value					
Additions	1,762	91	113	72	2,038
Disposal	(271)	-	-	(106)	(377)
Transfers	-	580	-	-	580
	1,491	671	113	(34)	2,241
Movements in accumulated depreciation					
Depreciation and amortisation	(1,259)	(474)	-	-	(1,733)
Accumulated depreciation of disposals	103	-	-	-	103
	(1,156)	(474)	-	-	(1,630)
At fair value 30 June 2020	15,848	3,982	17,112	467	37,409
Accumulated depreciation at 30 June 2020	(8,818)	(2,776)	-	-	(11,594)
	7,030	1,206	17,112	467	25,815

(c) Infrastructure

	Roads \$'000	Bridges \$'000	Footpaths and cycleways \$'000	Drainage \$'000	Aerodromes \$'000	Other Infrastructure \$'000	Work In Progress \$'000	Total Infrastructure \$'000
At fair value 1 July 2019	301,454	44,934	16,361	9,564	3,872	33,258	3,046	412,489
Accumulated depreciation at 1 July 2019	(132,627)	(18,347)	(7,076)	(5,123)	(1,809)	(16,953)	-	(181,935)
	168,827	26,587	9,285	4,441	2,063	16,305	3,046	230,554
Movements in fair value								
Additions	5,758	1,110	188	-	23	640	3,787	11,506
Revaluation	19,509	-	1,985	-	-	-	-	21,495
Disposal	-	(931)	-	-	-	(302)	-	(1,233)
Write-off	-	-	-	-	-	-	(66)	(66)
Transfers	18	-	50	54	(155)	(46)	(906)	(985)
	25,285	179	2,224	54	(132)	293	2,815	30,717
Movements in accumulated depreciation								
Depreciation and amortisation	(6,395)	(459)	(368)	(100)	(169)	(1,063)	-	(8,553)
Accumulated depreciation of disposals	-	502	-	-	-	209	-	711
Revaluation	11,757	-	1,641	-	-	-	-	13,398
Transfers	-	296	(12)	-	-	12	-	296
	5,362	339	1,261	(100)	(169)	(842)	-	5,852
At fair value 30 June 2020	326,739	45,113	18,585	9,618	3,740	33,551	5,861	443,206
Accumulated depreciation at 30 June 2020	(127,265)	(18,008)	(5,815)	(5,223)	(1,978)	(17,795)	-	(176,083)
	199,474	27,105	12,770	4,395	1,762	15,756	5,861	267,123

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Acquisition

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

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

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

	Depreciation Period	Threshold Limit \$'000
Asset recognition thresholds and depreciation periods		
Land & land improvements		
Land improvements	100 years	10
Buildings		
Buildings	25-110 years	10
Plant and Equipment		
Plant, machinery and equipment	3-15 years	3
Fixtures, fittings & furniture	3-15 years	3
Computers & telecommunications	3-5 years	3
Infrastructure		
Road pavements & substructures - Urban	115 years	10
Road pavements & substructures - All Others	60 years	10
Seals - All Other	43 years	10
Seals - Asphalt	28 years	10
Road kerb, channel and minor culverts	97-100 years	10
Bridges deck	100 years	10
Bridges substructure	100 years	10
Footpaths and cycleways	10-70 years	10
Drainage	100 years	10

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

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

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

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

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

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

Repairs and maintenance

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

Leasehold improvements

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuers, Opteon Property Group and APV Valuers & Asset Management respectively as at 1 January 2019. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1	Level2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Land	-	179	-	1-Jan-19
Specialised land	-	-	11,633	1-Jan-19
Land Improvements	-	-	445	1-Jan-19
Buildings	-	-	44,976	1-Jan-19
Total	-	179	57,054	

Council does not consider that the impact of COVID-19 on land and building valuations is significant as at 30 June 2020, however will closely monitor valuations over the 2020/21 financial year to again assess the impact.

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Rohit Srivastava, Manager of Assets (Bachelor of Engineering, Post Graduate Diploma in Environment Engineering, Master of Engineering), with condition assesment conducted by independent expert Peter Moloney from Peter Moloney Asset Management

The date of the current valuation is detailed in the following table.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1	Level2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Roads	-	-	199,474	30-Sep-19
Bridges	-	-	27,105	30-Jun-15
Footpaths and cycleways	-	-	12,770	30-Sep-19
Drainage	-	-	4,395	30-Jun-15
Aerodromes	-	-	1,762	30-Jun-15
Other infrastructure	-	-	15,756	30-Jun-15
Total	-	-	261,262	

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values. The market value of land varies significantly depending on the location of the land and the current market conditions. Council does not recognise any Land under roads at this point in time.

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

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

Art Collection. The entire Collection was reviewed by a panel of various experts as at 1 January 2019 resulting in a value of \$17m.

	2020 \$'000	2019 \$'000
Reconciliation of specialised land		
Land under roads	-	-
Parks and reserves	-	-
Community Services	708	708
Corporate & Governance	1,399	1,399
Infrastructure	3,649	3,649
Recreation & Open Space	5,877	5,877
Total specialised land	11,633	11,633

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$'000	2019 \$'000
6.3 Investment property		
Balance at beginning of financial year	2,720	2,820
Additions	-	-
Transfer to Work in Progress	(420)	-
Fair value adjustments	-	(100)
Balance at end of financial year	2,300	2,720

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 2020

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Southern Grampians Shire Council is the parent entity.

(b) Key Management Personnel

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

		2020 No.	2019 No.
Councillors	Councillor C Sharples - Mayor Councillor C Dunkley - Deputy Mayor Councillor MA Brown Councillor C Armstrong Councillor A Calvano Councillor G McAdam Councillor K Rainsford	7	7
Chief Executive Officer and other Key Management Personnel	Chief Executive Officer - Michael G Tudball Director Planning & Development - Andrew Goodsell Director Shire Infrastructure - David J Moloney Director Community & Corporate Services - Evelyn M Arnold Director Shire Futures - Michael McCarthy (2019 only)	4	5
Total Number of Key Management Personnel		11	12

(c) Remuneration of Key Management Personnel

Total remuneration of key management personnel was as follows:

	\$	\$
Short-term benefits	983	969
Long-term benefits	18	14
Post employment benefits	81	97
Termination benefits	-	171
Total	1,082	1,251

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

	No.	No.
\$20,000 - \$29,999	5	6
\$30,000 - \$39,999	1	-
\$50,000 - \$59,999	1	-
\$60,000 - \$69,999	-	1
\$110,000 - \$119,999	-	1
\$180,000 - \$189,999	1	-
\$190,000 - \$199,999	-	1
\$200,000 - \$209,999	2	1
\$260,000 - \$269,999	-	1
\$270,000 - \$279,999	-	1
\$280,000 - \$289,999	1	-
	11	12

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

(d) Senior Officer Remuneration

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

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$151,000 (2019:148,000)

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

Income Range:

\$148,000 - \$149,999

\$150,000 - \$159,999

\$160,000 - \$169,999

2020	2019
No.	No.
-	1
6	3
2	-
8	4
1,261	615

Total Remuneration for the reporting year for Senior Officers included above, amounted to:

7.2 Related party disclosure

(a) Transactions with related parties

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

Nothing to Disclose

(b) Outstanding balances with related parties

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

Nothing to Disclose

(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 2020

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

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

(a) Contingent assets

Operating lease receivables

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

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

	2020 \$'000	2019 \$'000
Not later than one year	465	425
Later than one year and not later than five years	1,007	1,244
Later than five years	121	113
	1,593	1,782

(b) Contingent liabilities

Superannuation

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

Landfills

Council is responsible for two closed landfills (Hamilton and Coleraine). Council will have to carry out site rehabilitation works in the future. At balance date, Council estimated the financial implications of such works and made provision in its balance sheet. Each year this estimate is revised and any movement shown through the comprehensive income statement. Council also maintains a term deposit to the value of the non-current proportion of this provision.

Council also has an outstanding claim from the Environmental Protection Authority for Landfill Levy and Interest totalling \$372k. This is being negotiated through legal representatives and the extent of the liability cannot be measured reliably at this point in time.

Insurance claims

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

September 2016 Flood & Storm Event

As a result of the floods in 2016, and damage incurred, Council received commitments from both the State and Federal Governments to fund approximately \$40m of repair/restoration works of damaged assets over the period to June 2019. This funding was contingent upon the Council completing appropriate claim forms for costs incurred. All eligible expenses have been claimed and paid by the Victorian Government.

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

Liability Mutual Insurance

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

MAV Workcare

Council is a participant of the MAV WorkCare Scheme. The MAV WorkCare scheme provides workers compensation insurance. The MAV WorkCare Scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Mount Napier Quarry

Council has identified a potential liability for the remediation of the Mount Napier Quarry. At balance date, the quarry lease was under negotiation and Council expects to quantify remediation obligations (if any) in 2020/21.

8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2020 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.

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (applies 2020/21 for LG Sector)

AASB 1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. It requires the grantor to:

- recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset;
- reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset;
- initially measure a service concession asset constructed, developed or acquired by the operator or reclassified by the grantor at current replacement cost in accordance with the cost approach to fair value in AASB 13 *Fair Value Measurement*. Subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with AASB 116 *Property, Plant and Equipment* or AASB 138 *Intangible Assets*, as appropriate, except as specified AASB 1059;
- recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator; and
- disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements.

Based on the Council's current assessment, there is expected to be no impact on the transactions and balances recognised in the financial statements as the Council is not a grantor in a service concession arrangement.

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for LG Sector)

The Standard principally amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The impacts on the local government sector are expected to be minimal.

AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (applies 2020/21 for LG Sector)

This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. The impacts on the local government sector are expected to be minimal.

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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

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

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

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

(c) Credit risk

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

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

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

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

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

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

(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.

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

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

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 0.25% and -0.25% in market interest rates (AUD) from year-end rates of 0.81%.

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

8.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

Revaluation

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

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

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

Impairment of assets

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

8.5 Events occurring after balance date

No specific new matters have occurred after balance date that require disclosure in the financial report, however the impact of COVID19 is expected to continue to impact well in the 2020/21 financial year and possibly beyond - See Note 11

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Note 9 Other matters

9.1	Reserves	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
	(a) Asset revaluation reserves			
	2020			
	Property			
	Land and land improvements	3,546	-	3,546
	Plant & Equipment	474	-	474
	Buildings	28,539	-	28,539
		32,559	-	32,559
	Infrastructure			
	Roads	119,515	31,267	150,782
	Bridges	22,186	-	22,186
	Footpaths and cycleways	7,318	3,626	10,944
	Drainage	4,189	-	4,189
	Other infrastructure	316	-	316
		153,524	34,893	188,417
	Total asset revaluation reserves	186,083	34,893	220,976
	2019			
	Property			
	Land and land improvements	4,929	(1,383)	3,546
	Art Collection	2,976	(2,976)	-
	Plant & Equipment	474	-	474
	Buildings	38,560	(10,021)	28,539
		46,939	(14,380)	32,559
	Infrastructure			
	Roads	119,515	-	119,515
	Bridges	22,186	-	22,186
	Footpaths and cycleways	7,318	-	7,318
	Drainage	4,189	-	4,189
	Other infrastructure	316	-	316
		153,524	-	153,524
	Total asset revaluation reserves	200,463	(14,380)	186,083

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 2020

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
--	--	---	---	---

(b) Other reserves

2020

Subdividers Contributions	274	13	-	287
Parking Development Reserve	98	-	-	98
Drainage Headworks Reserve	97	-	-	97
Waste Levy Reserve	393	57	(450)	-
Total Other reserves	862	70	(450)	482

2019

Subdividers Contributions	233	41	-	274
Parking Development Reserve	98	-	-	98
Drainage Headworks Reserve	97	-	-	97
Waste Levy Reserve	351	42	-	393
Total Other reserves	779	83	-	862

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 was levied on waste fees and transfer stations as waste is deposited in these facilities. This reserve was closed on 30 June 2020.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$'000	2019 \$'000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	(515)	11,997
Depreciation/amortisation	11,482	9,157
Asset write-offs	107	3,107
Profit/(loss) on disposal of property, infrastructure, plant and equipment	11	(182)
Reversal of Impairment losses	-	(13,483)
Loss on Revaluation/Disposal of Infrastructure	587	-
Fair value adjustments for investment property	-	100
Contributions - Non-monetary assets	(108)	-
Found Assets	(380)	-
Other	140	159
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	4,005	(4,678)
(Increase)/decrease in prepayments	549	62
Increase/(decrease) in trade and other payables	(954)	(516)
(Decrease)/increase in other liabilities	143	286
(Increase)/decrease in inventories	(34)	(4)
Increase/(decrease) in provisions	(436)	3,307
Net cash provided by/(used in) operating activities	14,597	9,312

9.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). The 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 Comprehensive Operating Statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings. For the year ended 30 June 2020, this was 9.5% (9.5% in 2018/19) as required under Superannuation Guarantee legislation.

Defined Benefit

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

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

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.

A triennial actuarial review is currently underway for the Defined Benefit category as at 30 June 2020 and is expected to be completed by 31 December 2020.

As at 30 June 2019, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Southern Grampians Shire Council is a contributing employer was 107.1%. The financial assumptions used to calculate the VBIs were:

Net Investment returns	6.0% pa
Salary Information	3.5% pa
Price Inflation (CPI)	2.0% pa

Vision Super has advised that the estimated VBI at 30 June 2020 was 104.6%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2019 interim actuarial investigation determined that 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 2020

Employer contributions

Regular contributions

On the basis of the results of the 2017 full actuarial investigation conducted by the Fund Actuary, Southern Grampians Shire Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2020, this rate was 9.5% of members' salaries (9.5% in 2018/2019). This rate is expected to increase in line with any increases in the SG contribution rate and reviewed as part of the 30 June 2020 triennial valuation.

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

Funding calls

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

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Southern Grampians Shire Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

The 2019 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Southern Grampians Shire Council is a contributing employer. Generally, a full actuarial investigation conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2019 and a full actuarial investigation was conducted as at 30 June 2017.

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

	2019 \$m	2018 \$m
- A VBI Surplus	\$151.3	\$69.8
- A total service liability surplus	\$233.4	\$193.5
- A discounted accrued benefits surplus	\$256.7	\$228.8

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2019.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2019.

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 2019.

Council was notified of the 30 June 2019 VBI during August 2019 (2018: August 2018).

The 2020 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2020. It is anticipated that this actuarial investigation will be completed by 31 December 2020. The financial assumptions for the purposes of this investigation are:

	2020 Triennial Investigation	2019 Triennial Investigation
Net Investment Return	5.6% pa	6.5% pa
Salary Inflation	2.5% pa for the first 2 years and 2.75% pa thereafter	3.5% pa
Price Inflation	2.0% pa	2.5% pa

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

10 Change in accounting policy

Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income of Not-for-Profit Entities*, from 1 July 2019. This has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Due to the transition methods chosen by Council in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards except in relation to contracts that were not complete at 1 July 2019. The transition impact of these are detailed below.

a) AASB 15 Revenue from Contracts with Customers - Impact of Adoption

AASB 15 *Revenue from Contracts with Customers* applies to revenue transactions where Council provides services or goods under contractual arrangements.

Council adopted AASB 15 *Revenue from Contracts with Customers* using the modified (cumulative catch up) method. Revenue for 2019 as reported under AASB 118 *Revenue* is not adjusted, because the new standard is only applied from the date of initial application.

AASB 15 *Revenue from Contracts with Customers* requires revenue from contracts with customers to be recognised as Council satisfies the performance obligations under the contract.

b) AASB 16 Leases

AASB 16 *Leases* requires right of use assets and related liabilities for all lease agreements to be recognised on the balance sheet. The Statement of Comprehensive Income is to separately recognise the amortisation of the right of use asset, and the finance costs relating to the lease.

c) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 *Income of Not-for-Profit Entities* applies to income received where no contract is in place. This includes statutory charges (such as rates) as well as most grant agreements.

Council adopted AASB 1058 *Income of Not-for-Profit Entities* using the modified (cumulative catch up) method. Income for 2019 is not adjusted, because the new standard is only applied from the date of initial application.

AASB 1058 *Income of Not-for-Profit Entities* requires income to be recognised as Council satisfies the performance obligations under the contract.

d) Transition impacts

The following table summarises the impact of transition to the new standards on retained earnings at 1 July 2019.

	2019 \$'000
Retained earnings at 30 June 2019	144,481
Revenue adjustment - impact of AASB 15 <i>Revenue from Contracts with Customers</i>	(662)
Retained earnings at 1 July 2019	143,819

11 Exceptional Circumstances - COVID19

On 30 January 2020, COVID 19 was declared as a global pandemic by the World Health Organisation. Since then, various measures have been taken by all three levels of Government in Australia to reduce the spread of COVID-19. This crisis and measures taken to mitigate it has impacted council operations in the following areas (but not limited to) for the financial year ended 30 June 2020. It should be noted that some impacts are quite minor. Where the impact has been significant, specific notes have been added.

Operating revenue for some facilities/services has been impacted - for instance Hamilton Indoor Leisure and Aquatic facility - however the operating expenses have also reduced due to the closure of the facility. This is similar for other services such as the Performing Arts Centre, Cinema, Hamilton Art Gallery and Library.

There have been some reductions in casual employee costs due to the above sample of service closures, however Council was able to obtain State Government Funding for the Working for Victoria Program which has enabled the employment of several new staff into new areas of service such as (but not limited to) additional cleaning roles, open space maintenance and development, replacement of some volunteer services and assistance in the business support and economic development services.

There has not been a significant impact on Council's general receivables at 30 June 2020 with detailed analysis showing only very minor increases (after taking into consideration levels of operations) and no real increase in rate receivables. There were no new hardship requests prior to 30 June 2020 however it is anticipated that there will be in the 2020/21 financial year. Council has prepared a specific policy to address this matter.



PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

DESCRIPTION OF MUNICIPALITY

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

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

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

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

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

SUSTAINABLE CAPACITY INDICATORS

Indicator/Measure	Results				Material Variations & Comments
	2016	2017	2018	2019	2020
Population					
C1 Expenses per head of municipal population (Total expenses/Municipal population)	\$2,616.15	\$3,531.14	\$2,913.21	\$3,554.94	\$2,984.78 Reduced expenses relate directly to costs associated with the restorative works undertaken due to the 2016 Flood Event
C2 Infrastructure per head of municipal population (Value of Infrastructure/Municipal population)	\$20,152.43	\$19,067.42	\$18,807.30	\$18,674.62	\$21,178.39 A revaluation of infrastructure assets together with capital additions for the year has seen significant increase in the value of infrastructure.
C3 Population density per length of road (Municipal population/Kilometres of local roads)	6.20	5.68	5.78	5.77	6.00
Own Source Revenue					
C4 Own source revenue per head of municipal population (Own source revenue/Municipal population)	\$1,696.84	\$1,729.16	\$1,900.01	\$2,594.79	\$1,829.32 The 2019/20 result is in line with long term results - the 2018/19 result was an abnormal year due to reversal of impairment (\$13.4m)
Recurrent Grants					
C5 Recurrent grants per head of municipal population (Recurrent Grants/Municipal population)	\$593.87	\$997.33	\$806.99	\$745.03	\$767.95
Disadvantage					
C6 Relative Socio-Economic Disadvantage (Index of Relative Socio-Economic Disadvantage by decile)	6.00	6.00	5.00	5.00	5.00
Workforce Turnover					
C7 Resignations and terminations compared to average staff (Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year) X 100	22.05%	17.12%	17.60%	12.62%	16.10% The variance in the staff turnover rates can be attributed to staff retirements and service reviews

Definitions

"Adjusted underlying revenue" means total income other than:

- a - non-recurrent grants used to fund capital expenditure; and
- b - non-monetary asset contributions; and

"Infrastructure" means non-current property, plant and equipment excluding land

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

"population" means the resident population estimated by Council

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control or council (including government grants)

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its internet website

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

SERVICE PERFORMANCE INDICATORS

Indicator/Measure		2016	2017	2018	2019	2020	Material Variations & Comments
Aquatic Facilities - Utilisation							
AF6	Utilisation of aquatic facilities (Number of visits to aquatic facilities/Municipal population)	15.23	14.80	5.77	9.33	7.56	Reduction in usage due to COVID lockdown and closure of facilities
Animal Management - Health and Safety							
AM4	Animal management prosecutions (Number of successful animal prosecutions)		New in 2020			0%	Although Council received reports of dog attacks throughout the year, after full investigations, few were deemed serious and none were required to be prosecuted.
Food Safety - Health and Safety							
FS4	Critical and major non-compliance outcome notifications (Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up/Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises) x100	96.43%	92.31%	85.71%	100.00%	93.33%	
Governance - Satisfaction							
G5	Satisfaction with council decisions (Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community)	50	49	50	49	52	
Libraries - Participation							
LB4	Active Library Members (Number of active library members/Municipal population) X 100	16.16%	15.28%	14.82%	14.96%	13.15%	Reduction from previous year is the result of significant reduction in patronage and membership during COVID closure period.
Maternal & Child Health (MCH) - Participation							
MC4	Participation in MCH Service (Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service) X 100	71.53%	77.01%	76.61%	77.96%	76.99%	
MC5	Participation in MCH Service by Aboriginal children (Number of aboriginal children who attend the MCH service at least once (in the year) / Number of aboriginal children enrolled in the MCH service) X 100	75.00%	69.77%	65.71%	62.69%	63.89%	

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

SERVICE PERFORMANCE INDICATORS CONT'D

Indicator/Measure	Results					Material Variations & Comments
	2016	2017	2018	2019	2020	
Roads - Satisfaction						
R5 Satisfaction with sealed local roads (Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads)	36	35	32	41	43	
Statutory Planning - Decision making						
SP4 Council planning decisions upheld at VCAT (Number of VCAT decision that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications) X 100	0.00%	0.00%	0.00%	0.00%	0.00%	Two applications are currently before VCAT and a decision has not yet been made on either application.
Waste Collection - Waste Diversion						
WC5 Kerbside collection waste diverted from landfill (Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins) X 100	45.17%	41.39%	44.23%	44.16%	43.01%	
Definitions						
"Aboriginal child" means a child who is an Aboriginal person "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 "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.						

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

FINANCIAL PERFORMANCE INDICATORS

Indicator/Measure	Results					Forecast				Material Variations & Comments
	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Efficiency										
Expenditure Level										
E2 Expenses per property assessment (Total expenses / Number of property assessments)	\$3,489.64	\$5,056.27	\$4,250.91	\$6,440.18	\$4,368.64	\$4,363.18	\$4,058.27	\$4,148.45	\$4,249.36	Council's expenses over the past 4 financial years has been unusually high due to the recognition of impaired assets due to Flooding in 2016 and the subsequent repair costs associated with the event. The 2020 figure is more in line with normal trend for the Council.
Revenue Level										
E4 Average rate per property assessment (General rates and Municipal charges / Number of property assessments)	New in 2020				\$1,707.00	\$1,765.55	\$1,763.27	\$1,798.55	\$1,834.55	
Liquidity										
Working Capital										
L1 Current assets compared to current liabilities (Current Assets / Current Liabilities) X 100	195.39%	306.73%	257.22%	305.73%	228.50%	201.75%	180.86%	170.51%	123.86%	Council has held substantial cash holdings related to large capital works which were incomplete and the timing of payments relating to flood even works. This ratio will continue to reduced as Council plans to consume higher levels of cash to achieve its longer term goals.
Unrestricted Cash										
L2 Unrestricted cash compared to current liabilities (Unrestricted cash/ Current Liabilities) X 100	56.29%	31.81%	16.60%	8.91%	4.38%	14.36%	12.30%	19.22%	10.19%	Restricted cash is now returning more on trend after utilising cash holding associated with committed capital works and flood restoration activities.
Obligations										
Loans and Borrowings										
O2 Loans and borrowings compared to rates (Interest bearing loans and borrowings / Rate revenue) X 100	16.28%	13.91%	11.48%	9.20%	16.61%	22.69%	19.41%	33.76%	29.15%	Council undertook new borrowings late in the 2019/20 financial year after reducing its existing level of borrowings in accordance with its long term financial plan. Council will leverage further funds in coming years to support planning capital works programs.
O3 Loans and borrowings repayments compared to rates (Interest and principal repayments on interest bearing loans and borrowings / Rate revenue) X 100	2.97%	2.87%	2.78%	2.68%	2.31%	3.22%	3.94%	3.85%	5.23%	During 2019/20 Council continued to repay outstanding borrowings, taking up a new loan late in the year. Further borrowings are planning in the 2020/21 year and future years, therefore seeing increase in this indicator.

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

FINANCIAL PERFORMANCE INDICATORS

Indicator/Measure		Results					Forecast				Material Variations & Comments
		2016	2017	2018	2019	2020	2021	2022	2023	2024	
Indebtedness											
O4	Non-current liabilities compared to own source revenue (Non-current liabilities / Own source revenue) X 100	20.56%	13.60%	8.68%	15.39%	19.81%	31.76%	31.32%	41.42%	39.51%	Council has been repaying outstanding borrowings, with new borrowings commencing late in the 2019/20 year and further borrowing planned in future years.
Asset Renewal and Upgrade											
O1	Asset Renewal and Upgrade compared to depreciation (Asset renewal and asset upgrade expense / Asset Depreciation) X 100	New in 2020					90.62%	132.11%	126.32%	131.81%	Council plans to increase its expenditure commitment to renewal works to assets in clearing the backlog of works required.
Operating Position											
Adjusted underlying result											
OP-1	Adjusted underlying surplus (or deficit) (Adjusted underlying surplus (deficit) / Adjusted underlying revenue) X 100	-13.07%	-24.46%	-6.88%	-28.48%	-7.09%	-23.54%	-3.39%	-5.01%	-6.60%	The impact of extensive funding for flood repair works has impacted significantly Councils underlying result. Financial planning demonstrates much less reliance on external one-off funding arrangements, resulting in reduced operating deficits or minor surpluses.
Stability											
Rates concentration											
S1	Rates compared to adjusted underlying revenue (Rate Revenue / Adjusted underlying revenue) X 100	54.28%	42.54%	45.05%	36.64%	46.78%	55.80%	50.25%	50.93%	51.49%	The result for the 2018/19 underlying revenue was due to the impact of high capital grants
Rates effort											
S2	Rates compared to property values (Rate Revenue / Capital improved value of all rateable properties in the municipality) X 100	0.48%	0.57%	0.58%	0.56%	0.50%	0.50%	0.50%	0.50%	0.50%	Whilst rate revenue only increased marginally (2%), the property values increased by 17% thereby affecting this ratio.

Definitions

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

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

RETIRED PERFORMANCE INDICATORS

Indicator/Measure	Results					Material Variations & Comments
	2016	2017	2018	2019	2020	
Animal Mangment						
Health and Safety						
ANM4 Animal Management prosecutions (Number of successful animal management prosecutions)	0	1	0	1	N/A	This measure was replaced by AM7 from 1 July 2019
Efficiency						
Revenue Level						
E1 Average residential rate per residential property assessment (Residential rate revenue/Number of residential property assessments)	\$1,127.86	\$1,378.14	\$1,432.00	\$1,451.29	N/A	This measure was replaced by E4 from 1 July 2019
Obligations						
Asset Renewal						
O1 Asset renewal compared to depreciation (Asset renewal expense/Asset depreciation) x 100	64.39%	51.75%	142.96%	291.75%	N/A	This measure was replaced by O5 from 1 July 2019

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 8 July 2020. 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.
2. Exceptional Circumstances - COVID-19	

On 30 January 2020, COVID 19 was declared as a global pandemic by the World Health Organisation. Since then, various measures have been taken by all three levels of Government in Australia to reduce the spread of COVID-19. This crisis and measures taken to mitigate it has impacted council operations in the following areas (but not limited to) for the financial year ended 30 June 2020. It should be noted that some impacts are quite minor. Where the impact has been significant, specific notes have been added.

CERTIFICATION OF THE PERFORMANCE STATEMENT

Certification of the Performance Statement

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



Belinda J Johnson, B. Comm., CPA
Principal Accounting Officer
Dated: 18 September 2020

In our opinion, the accompanying performance statement of Southern Grampians Shire Council for the year ended 30 June 2020 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 C Dunkley
Councillor
Dated: 18 September 2020



Cr K Rainsford
Councillor
Dated: 18 September 2020



Michael G Tudball
Chief Executive Officer
Dated: 18 September 2020

Independent Auditor's Report

To the Councillors of Southern Grampians Shire Council

Opinion	I have audited the accompanying performance statement of Southern Grampians Shire Council (the council) which comprises the: • description of municipality for the year ended 30 June 2020 • sustainable capacity indicators for the year ended 30 June 2020 • service performance indicators for the year ended 30 June 2020 • financial performance indicators for the year ended 30 June 2020 • other information and • the certification of the performance statement. In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2020 in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.
Basis for Opinion	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. 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Councillors' responsibilities for the performance statement	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.
Auditor's responsibilities for the audit of the performance statement	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.

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.

MELBOURNE
22 September 2020



Sanchu Chummar
as delegate for the Auditor-General of Victoria



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SHIRE COUNCIL

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