



# GANNAWARRA

## *Shire Council*

**Wednesday, 19 September 2018**

**6.30pm**

**Sir John Gorton Library**

**Kerang**

## **AGENDA**

### **Ordinary Council Meeting**

**Order Of Business**

<b>1</b>	<b>Acknowledgement of Country .....</b>	<b>3</b>
<b>2</b>	<b>Opening Declaration.....</b>	<b>3</b>
<b>3</b>	<b>Apologies and Leave of Absence .....</b>	<b>3</b>
<b>4</b>	<b>Confirmation of Minutes .....</b>	<b>3</b>
<b>5</b>	<b>Declaration of Conflict of Interest .....</b>	<b>3</b>
<b>6</b>	<b>Question Time.....</b>	<b>4</b>
<b>7</b>	<b>Assembly of Councillors.....</b>	<b>6</b>
7.1	Assembly of Councillors 16 August 2018 to 19 September 2018 .....	6
<b>8</b>	<b>Business Reports for Decision .....</b>	<b>9</b>
8.1	2018 Annual Financial Statements.....	9
8.2	Audit Committee - 28 August 2018 Meeting .....	72
8.3	2017/18 Annual Report - Receive and note .....	75
8.4	Contractor Appointment and Budget Variation to the Apex Park Amenities Block .....	77
8.5	Kindergarten Capital Works Projects .....	79
8.6	Instrument of Appointment and Authorisation .....	81
8.7	Council Policy Review .....	84
8.8	Christmas Closure 2018.....	92
<b>9</b>	<b>Information Reports .....</b>	<b>94</b>
	Nil	
<b>10</b>	<b>Urgent Items .....</b>	<b>94</b>
<b>11</b>	<b>Notices of Motion.....</b>	<b>94</b>
	Nil	
<b>12</b>	<b>Delegates Reports .....</b>	<b>95</b>
12.1	Delegates Report - 16 August, 2018 to 19 September, 2018 .....	95
<b>13</b>	<b>Confidential Items .....</b>	<b>97</b>
	Nil	

## 1 ACKNOWLEDGEMENT OF COUNTRY

I would like to take this time to acknowledge the Traditional Custodians of the land, and pay my respect to elders both past and present.

## 2 OPENING DECLARATION

We, the Councillors of the Shire of Gannawarra, declare that we will undertake the duties of the office of Councillor, in the best interests of our community, and faithfully, and impartially, carry out the functions, powers, authorities and discretions vested in us, to the best of our skill and judgement.

## 3 APOLOGIES AND LEAVE OF ABSENCE

## 4 CONFIRMATION OF MINUTES

Ordinary Meeting - 15 August 2018

## 5 DECLARATION OF CONFLICT OF INTEREST

*The Local Government Amendment (Councillor Conduct and Other Matters) Act 2008.*

A Councillor, member of a special committee, or member of Council staff has a conflict of interest in a matter if he or she has a *direct interest* or an *indirect interest* in that matter.

A person has a direct interest in a matter if there is a likelihood that the benefits, obligations, opportunities or circumstances of the person would be directly altered if the matter is decided in a particular way. This includes where there is a likelihood that the person will receive a direct benefit or loss that can be measured in financial terms or that the residential amenity of the person will be directly affected if the matter is decided in a particular way.

A person has an indirect interest in a matter if the person has:

- a close association in the matter because a family member, a relative or a member of their household has a direct or indirect interest in the matter
- an indirect financial interest in the matter
- a conflicting duty – although there are circumstances where a person does not have a indirect interest because of a conflicting duty
- received an ‘applicable gift’
- become an interested party in the matter by initiating civil proceedings or becoming a party to civil proceedings in relation to the matter.

### ***Disclosure of conflict of interest***

If a Councillor or member of a special committee has a conflict of interest in a matter which is to be or is likely to be considered at a meeting of the Council or special committee, the Councillor or member must:

- if he or she will be present at the meeting, make a full disclosure of that interest by advising of the class and nature of the interest to either –
- the Council or special committee immediately before the matter is considered at the meeting, or

- in writing to the Chief Executive Officer (CEO). Where the disclosure is made to the CEO in writing, the Councillor or member need only disclose the class of interest to the meeting, immediately before the matter is considered.
- if he or she will not be present at the meeting, make a full disclosure to the CEO or Chairperson of the meeting, in writing, of the class and nature of the interest. If a Chairperson is given a written disclosure, he or she must give the written disclosure to the CEO.
- The CEO must keep written disclosures in a secure place for 3 years after the date the Councillor or member of the special committee who made the disclosure ceases to be a Councillor or member, and destroy the written disclosure when the 3 year period expires.
- While the matter is being considered or any vote taken, the Councillor or member of a special committee with the conflict of interest must leave the room and notify the Mayor or Chairperson of the special committee he or she is doing so. The Mayor or Chairperson must notify the Councillor or member that he or she may return to the room after consideration of the matter and all votes have been cast.
- A CEO or Chairperson of a special committee must record in the minutes of the meeting the declaration of the conflict of interest, the class of the interest and, if the Councillor or member has disclosed the nature of the interest to the meeting, the nature of the interest.
- A failure by a Councillor or member to comply with section 79 of the Act may result in a penalty of up to 100 penalty units and disqualification under section 29(2) of the Act.

## 6 QUESTION TIME

*Question Time at Council meetings enables an opportunity for members of the public in the gallery to address questions to the Council of the Shire of Gannawarra.*

### QUESTIONS FROM THE GALLERY

- All questions are to be directed to the Chair.
- Members of the public may ask questions from the gallery and should provide their name (and organisation if relevant) at the beginning of their questions.
- There is a maximum number of 3 questions of up to 2 minutes each.
- Chair will respond or refer to Councillor or CEO.
- Sometimes a Councillor/officer may indicate that they require further time to research an answer. In this case, the answer will be provided in writing generally within 10 days.
- Where a question cannot be answered on the spot, the person is asked to write out their questions on a form provided to enable an accurate response to be prepared.
- Questions will be answered at the meeting, or later in writing, unless the Chairperson has determined that the relevant question relates to:
  - Personal matters
  - The personal hardship of any resident or ratepayers
  - Industrial matters
  - Contractual matters
  - Proposed developments
  - Legal advice
  - Matters affecting the security of council property
  - An issue outside the Gannawarra Shire Council core business
  - Or any other matter which the Council considers would prejudice it or any person



- A matter which may disadvantage the Council or any other person
  - Is defamatory, indecent, abusive or objectionable in language or substance
  - Is repetitive of a question already answered (whether at the same or an earlier meeting)
  - Is asked to embarrass an officer or another Councillor
- 
- No debate or discussion of questions or answers shall be permitted and all questions and answers shall be as brief as possible.

## **7 ASSEMBLY OF COUNCILLORS**

### **7.1 ASSEMBLY OF COUNCILLORS 16 AUGUST, 2018 TO 19 SEPTEMBER, 2018**

**Author:** Geoff Rollinson, Acting CEO

**Authoriser:** Geoff Rollinson, Acting CEO

**Attachments:** 1 Assembly of Councillors Record Form - 28 August, 2018  
2 Assembly of Councillors Record Form - 10 September 2018

### **RECOMMENDATION**

**That Council note the records of Assembly of Councillors from 16 August, 2018 to 19 September, 2018.**

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### **EXECUTIVE SUMMARY**

To present to Council written records of Assembly of Councillors in accordance with section 80A of the *Local Government Act 1989*.

### **DECLARATIONS OF CONFLICT OF INTEREST**

In accordance with Section 80B of the *Local Government Act 1989*, the Officer preparing this report declares no conflict of interest in regards to this matter.

### **COUNCIL PLAN**

Council Plan 2017-2021: Good Governance and a Healthy Organisation.

### **BACKGROUND INFORMATION**

In accordance with Section 80A of the *Local Government Act 1989* a written record of Assembly of Councillors must be reported at an Ordinary Council meeting and minuted as soon as practicable.

The record must include:

1. The names of all Councillors and members of council staff attending
2. The matters considered
3. Any conflict of interest disclosures made by a councillor attending
4. Whether a Councillor who has disclosed a conflict of interest left the assembly.

### **CONSULTATION**

Consultation with Councillors and staff has occurred to ensure the accuracy of the Assemblies of Councillors records.

### **CONCLUSION**

To ensure compliance with Section 80A of the *Local Government Act 1989* it is recommended that Council note the Assemblies of Councillors records as outlined in this report.



## Assembly of Councillors Record Form

<b>Date:</b>	Tuesday, 28 August 2018
<b>Time:</b>	5.30pm -7.40pm
<b>Location:</b>	Meeting Room 1, Kerang Council Office
<b>In Attendance: (Councillors)</b>	Cr Brian Gibson, Cr Charlie Gillingham, Cr Jodie Basile, Cr Lorraine Learmonth
<b>Apologies</b>	Cr Steve Tasker, Cr Sonia Wright, Cr Mark Arians
<b>In Attendance: (Officers)</b>	Geoff Rollinson, Stacy Williams, Lisa Clue, Jo Haw, Roger Griffiths, Leigh Hollingworth
<b>Matters Discussed:</b>	<p>Capital Works 2018/19 Update</p> <p>Pipeline of Potential Projects</p> <ul style="list-style-type: none"> <li>Tom Crouch and Robyn Lesley from Regional Development Victoria were in attendance for this discussion</li> </ul> <p>VHM Mineral Sands Mining</p> <p>Councillor Issues Raised:</p> <ul style="list-style-type: none"> <li>Murray River Group of Councils Position Paper re Basin Plan</li> <li>Gunbower State Forest Spring Firewood Collection</li> <li>Quambatook Grain Corp Receival Site</li> <li>Cohuna Fluoride – Coliban Water</li> <li>Atkinson Park sign</li> <li>Kerang Town Entrance south light</li> <li>Issues regarding the current drought and future impacts</li> <li>Future report list</li> <li>Kerang Saleyards</li> </ul>
<b>Conflict of Interest Disclosures (Councillors)</b>	Nil
<b>Conflict of Interest Disclosures (Officers)</b>	Nil
<b>Completed By:</b>	Geoff Rollinson – Acting Chief Executive Officer



## Assembly of Councillors Record Form

<b>Date:</b>	Monday, 10 September, 2018
<b>Time:</b>	9.00am -1.00pm
<b>Location:</b>	Agriculture Victoria, Meeting Room, 26 Wellington Street, Kerang
<b>In Attendance: (Councillors)</b>	Cr Brian Gibson, Cr Charlie Gillingham, Cr Steve Tasker, Cr Jodie Basile, Cr Lorraine Learmonth
<b>Apologies</b>	Cr Mark Arians, Cr Sonia Wright
<b>In Attendance: (Officers)</b>	Geoff Rollinson, Jo Haw, Stacy Williams, Sid Huitchinson, Wade Williams
<b>Matters Discussed:</b>	<ul style="list-style-type: none"> <li>• 2018 Annual Financial Statements</li> <li>• Audit Committee – 28 August, 2018 Meeting</li> <li>• 2017/18 Annual Report – Receive and Note</li> <li>• Contractor Appointment and Budget Variation to the Apex Park Amenities Block</li> <li>• Kindergarten Capital Works Projects</li> <li>• Instrument of Appointment and Authorisations</li> <li>• Council Policy Review</li> <li>• Christmas Closure</li> <li>• Future option for Cohuna Aerodrome management</li> <li>• Leitchville Men's Shed – Proposed New Extension Works</li> <li>• Creative Arts and Activation Strategy – Review</li> <li>• 2019 Australia Day Arrangements</li> <li>• Councillor Issues</li> </ul>
<b>Conflict of Interest Disclosures (Councillors)</b>	Nil
<b>Conflict of Interest Disclosures (Officers)</b>	Nil
<b>Completed By:</b>	Geoff Rollinson – Acting Chief Executive Officer

## **8 BUSINESS REPORTS FOR DECISION**

### **8.1 2018 ANNUAL FINANCIAL STATEMENTS**

**Author:** Sid Hutchinson, Manager Finance  
**Authoriser:** Lisa Clue, Acting Director Corporate Services  
**Attachments:** 1 2018 Financial Statements  
2 2018 Performance Statement

#### **RECOMMENDATION**

**That Council:**

- 1. Acknowledge that the ‘in principle’ 2018 Financial Statements, and ‘in principle’ 2018 Performance Statement have been presented to and endorsed by the Audit Committee at its meeting on 28 August, 2018.**
- 2. Approve the ‘in principle’ 2018 Financial Statements and ‘in principle’ 2018 Performance Statement.**
- 3. Approve the Principal Accounting Officer to be authorised to effect any changes required by the Victorian Auditor-General’s Office.**
- 4. Nominate Cr Gibson and Cr Gillingham to be authorised to certify on behalf of Council the ‘final statement’ 2018 Financial Statements, and ‘final statement’ 2018 Performance Statement, which are also to be signed by the Chief Executive Officer and the Principal Accounting Officer, and submit to the Minister and Auditor-General.**

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#### **EXECUTIVE SUMMARY**

Under Section 132 (2) (4) (5) of the *Local Government Act 1989*, a Council cannot submit its Financial Statements or Performance Statement to the Auditor-General or the Minister unless the Council has passed a resolution giving ‘in principle’ approval to the Financial Statements and Performance Statement, and authorising two Councillors, on behalf of the Council, to certify the statements once amendments or changes requested by the Auditor-General have been made.

#### **BACKGROUND**

The ‘in principle’ statements, together with a copy of the Council resolution, are required to be given to Council’s external auditor (the contractor).

The Victorian Auditor-General’s Office (VAGO) then reviews the ‘in principle’ statements and requests changes where appropriate and notifies the contractor of such changes. Council’s Principal Accounting Officer then considers the Auditor-General’s requested changes and incorporates these changes into the ‘in principle’ statements where appropriate.

When Council has made the appropriate changes requested by the Auditor-General’s office and adequately responds to any queries, the statements are signed by the delegated Councillors, the Chief Executive Officer and Principal Accounting Officer as the ‘final statements’ to be forwarded to the contractor.

The Auditor-General's report is issued to Council once formally signed statements have been received and checked by his office.

The draft Audit Closing Report with the 2018 Financial Statement and Performance Statement have been presented to and reviewed by Council's Audit Committee on 28 August, 2018 with a resolution from the Audit Committee to "Recommend that Council approve the 'in principle' 2018 Financial Statements and 2018 Performance Statement".

### **POLICY CONTEXT**

Council Plan 2017-2021: Good Governance and a Healthy Organisation.

### **DISCUSSION**

The matter for consideration in this report is a legislative requirement; there is no policy, financial or resource implications resulting from this report.

### **CONSULTATION**

As this is an internal/administrative matter there is no requirement for community consultation.

### **CONFLICT OF INTEREST**

In accordance with Section 80B of the *Local Government Act 1989*, the Officer preparing this report declares no conflict of interest in regards to this matter.

### **CONCLUSION**

Council is now required to give 'in principle' approval for the 2018 Financial Statements and 2018 Performance Statement and submit them to the Auditor-General and the Minister.

Council is also required to authorise two Councillors, on behalf of Council, to certify the statements once amendments or changes requested by the Auditor-General have been made. Recommended Councillors include the Mayor and a representative from the Audit Committee.

**Gannawarra Shire Council  
ANNUAL FINANCIAL REPORT**

*For the Year Ended 30 June 2018*

**Gannawarra Shire Council  
Financial Report  
Table of Contents**

<b>FINANCIAL REPORT</b>	<b>Page</b>
Certification of the Financial Statements	1
Victorian Auditor-General's Office Report	2
<b>Financial Statements</b>	
Comprehensive Income Statement	4
Balance Sheet	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Statement of Capital Works	8
<b>Overview</b>	9
<b>Notes to Financial Statements</b>	
Note 1      Performance against budget	10
1.1. Income and expenditure	10
1.2. Capital works	12
Note 2      Funding for the delivery of our services	15
2.1. Rates and charges	15
2.2. Statutory fees and fines	15
2.3. User fees	15
2.4. Funding from other levels of government	16
2.5. Contributions	17
2.6. Net gain/(loss) on disposal of property, infrastructure, plant and equipment	17
2.7. Other income	17
Note 3      The cost of delivering services	17
3.1. Employee costs	17
3.2. Materials and services	18
3.3. Depreciation	18
3.4. Bad and doubtful debts	18
3.5. Borrowing costs	19
3.6. Other expenses	19
Note 4      Our financial position	19
4.1. Financial assets	19
4.2. Non-financial assets	21
4.3. Payables	21
4.4. Interest bearing liabilities	22
4.5. Provisions	22
4.6. Financing arrangements	24
4.7. Commitments	25
Note 5      Assets we manage	26
5.1. Non current assets classified as held for sale	26
5.2. Property infrastructure plant and equipment	27
5.3. Investment property	33
Note 6      People and relationships	34
6.1. Council and key management remuneration	34
6.2. Related party disclosure	35
Note 7      Managing uncertainties	36
7.1. Contingent assets and liabilities	36
7.2. Change in accounting standards	37
7.3. Financial instruments	38
7.4. Fair value measurement	40
7.5. Events occurring after balance date	42
Note 8      Other matters	42
8.1 Reserves	42
8.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	43
8.3 Superannuation	43
8.4 Adjustments directly to equity	45



**Gannawarra Shire Council**  
**2017/2018 Financial Report**

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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*, Australian Accounting Standards and other mandatory professional reporting requirements.

*Sid Hutchinson, Dip Acc*  
**Principal Accounting Officer**

**Date :** 19 September, 2018  
*Kerang*

In our opinion the accompanying financial statements present fairly the financial transactions of Gannawarra Shire Council for the year ended 30 June 2018 and the financial position of the Council as at that date.

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

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

*Cr. Brian Gibson*  
**Councillor**

**Date :** 19 September, 2018  
*Kerang*

*Cr. Charlie Gillingham*  
**Councillor**

**Date :** 19 September, 2018  
*Kerang*

*Geoff Rollinson*  
**Acting Chief Executive Officer**

**Date :** 19 September, 2018  
*Kerang*

***Gannawarra Shire Council  
2017/2018 Financial Report***

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*<INSERT VAGO REPORT - PAGE 2>*

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Comprehensive Income Statement**  
**For the Year Ended 30 June 2018**

	Note	2018 \$'000	2017 \$'000
<b>Income</b>			
Rates and charges	2.1	12,334	11,988
Statutory fees and fines	2.2	409	459
User fees	2.3	2,766	1,881
Grants - operating	2.4	8,289	10,504
Grants - capital	2.4	2,717	3,954
Contributions - monetary	2.5	163	203
Net gain on disposal of property, infrastructure, plant and equipment	2.6	68	23
Fair value adjustments for investment property		381	-
Other income	2.7	2,102	2,201
<b>Total income</b>		<b>29,229</b>	<b>31,213</b>
<b>Expenses</b>			
Employee costs	3.1	(11,395)	(11,558)
Materials and services	3.2	(7,546)	(8,046)
Depreciation	3.3	(5,563)	(5,311)
Bad and doubtful debts	3.4	(51)	(61)
Borrowing costs	3.5	(47)	(55)
Other expenses	3.6	(351)	(348)
<b>Total expenses</b>		<b>(24,953)</b>	<b>(25,378)</b>
<b>Surplus for the year</b>		<b>4,276</b>	<b>5,835</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment	8.1	3,756	-
<b>Total comprehensive result</b>		<b>8,033</b>	<b>5,835</b>

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

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Balance Sheet**  
**As at 30 June 2018**

	<b>Note</b>	<b>2018</b> <b>\$'000</b>	<b>2017</b> <b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4.1	10,261	5,207
Trade and other receivables	4.1	1,908	2,031
Other financial assets	4.1	1,602	3,103
Inventories	4.2	436	654
Non-current assets classified as held for sale	5.1	-	666
Other assets	4.2	206	165
<b>Total current assets</b>		<b>14,413</b>	<b>11,826</b>
<b>Non-current assets</b>			
Property, infrastructure, plant and equipment	5.2	196,203	187,511
Investment property	5.3	1,152	-
<b>Total non-current assets</b>		<b>197,355</b>	<b>187,511</b>
<b>Total assets</b>		<b>211,768</b>	<b>199,337</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	4.3	1,343	675
Trust funds and deposits	4.3	409	386
Provisions	4.5	2,655	2,653
Interest-bearing liabilities	4.4	101	95
<b>Total current liabilities</b>		<b>4,508</b>	<b>3,809</b>
<b>Non-current liabilities</b>			
Provisions	4.5	1,118	1,116
Interest-bearing liabilities	4.4	564	666
<b>Total non-current liabilities</b>		<b>1,682</b>	<b>1,782</b>
<b>Total liabilities</b>		<b>6,190</b>	<b>5,591</b>
<b>Net assets</b>		<b>205,578</b>	<b>193,746</b>
<b>Equity</b>			
Accumulated surplus		85,168	76,321
Reserves	8.1	120,410	117,425
<b>Total Equity</b>		<b>205,578</b>	<b>193,746</b>

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

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Statement of Changes in Equity**  
**For the Year Ended 30 June 2018**

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000
<b>2018</b>				
Balance at beginning of the financial year		193,746	76,321	117,425
Adjustment on change in accounting policy				
- Land under roads	8.4	3,800	3,800	-
Transfers from revaluation reserve		-	771	(771)
Surplus for the year		4,276	4,276	-
Net asset revaluation increment		3,756	-	3,756
<b>Balance at end of the financial year</b>		<b>205,578</b>	<b>85,168</b>	<b>120,410</b>

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000
<b>2017</b>				
Balance at beginning of the financial year		187,911	70,486	117,425
Surplus for the year		5,835	5,835	-
<b>Balance at end of the financial year</b>		<b>193,746</b>	<b>76,321</b>	<b>117,425</b>

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

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Statement of Cash Flows**  
**For the Year Ended 30 June 2018**

	Note	2018 Inflows/ (Outflows) \$'000	2017 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		11,930	11,806
Statutory fees and fines		409	461
User fees		3,419	1,468
Grants - operating		8,289	10,504
Grants - capital		2,717	3,955
Contributions - monetary		163	203
Interest received		161	107
Trust funds and deposits taken		987	965
Other receipts		1,667	1,506
Net GST refund		635	216
Employee costs		(11,085)	(11,558)
Materials and services		(7,583)	(8,046)
Trust funds and deposits repaid		(965)	(717)
Other payments		(351)	(348)
<b>Net cash provided by/(used in) operating activities</b>	8.2	<b>10,393</b>	<b>10,522</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	5.2	(7,022)	(8,829)
Proceeds from sale of property, infrastructure, plant and equipment		323	794
Payments for investments		(145)	(192)
Proceeds from sale of investments		1,646	-
<b>Net cash provided by/(used in) investing activities</b>		<b>(5,198)</b>	<b>(8,227)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(47)	(55)
Repayment of borrowings		(95)	(169)
<b>Net cash provided by/(used in) financing activities</b>		<b>(142)</b>	<b>(224)</b>
Net increase (decrease) in cash and cash equivalents		5,054	2,071
Cash and cash equivalents at the beginning of the financial year		5,207	3,136
<b>Cash and cash equivalents at the end of the financial year</b>		<b>10,261</b>	<b>5,207</b>
Financing arrangements	4.6		
Restrictions on cash assets	4.1		

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

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Statement of Capital Works**  
**For the Year Ended 30 June 2018**

	Note	2018 \$'000	2017 \$'000
<b>Property</b>			
Land improvements		154	802
<b>Total land</b>		<u>154</u>	<u>802</u>
Buildings		-	15
Building improvements		123	202
Work in progress		5	-
<b>Total buildings</b>		<u>128</u>	<u>217</u>
<b>Total property</b>		<u>282</u>	<u>1,019</u>
<b>Plant and equipment</b>			
Plant, machinery and equipment		1,355	830
Fixtures, fittings and furniture		6	4
Computers and telecommunications		596	158
Library books		87	97
Works in progress		4	282
<b>Total plant and equipment</b>		<u>2,048</u>	<u>1,371</u>
<b>Infrastructure</b>			
Roads		2,542	2,201
Bridges		-	1,696
Footpaths and cycleways		119	94
Drainage		43	-
Recreational, leisure and community facilities		732	860
Kerb and channel		119	75
Waste management		97	347
Parks, open space and streetscapes		1,598	17
Aerodromes		-	16
Other infrastructure		79	361
Works in progress		331	547
<b>Total infrastructure</b>		<u>5,660</u>	<u>6,214</u>
<b>Total capital works expenditure</b>		<u>7,990</u>	<u>8,604</u>
<b>Represented by:</b>			
New asset expenditure		764	673
Asset renewal expenditure		5,158	6,669
Asset expansion/upgrade expenditure		2,068	1,262
<b>Total capital works expenditure</b>		<u>7,990</u>	<u>8,604</u>

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



**Gannawarra Shire Council  
2017/2018 Financial Report**

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

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**OVERVIEW**

**Introduction**

The Gannawarra Shire Council was established by an Order of the Governor in Council on 20 January 1995 and is a body corporate.

The Council's main office is located at 47 Victoria Street, Kerang.

**Statement of compliance**

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

**Significant accounting policies**

**(a) Basis of accounting**

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 5.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 5.2)
- the determination of employee provisions (refer to Note 4.5)
- the determination of landfill provisions (refer to Note 4.5)
- the fair value of investment properties (refer Note 5.3)

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

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

**Note**

**1 Performance against budget**

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

The budget figures detailed below are those adopted by Council on 28 June 2017. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

**1.1 Income and expenditure**

	<b>Budget 2018 \$'000</b>	<b>Actual 2018 \$'000</b>	<b>Variance 2018 \$'000</b>	<b>Ref</b>
<b>Income</b>				
Rates and charges	12,183	12,334	151	
Statutory fees and fines	399	409	10	
User fees	3,296	2,766	(530)	1
Grants - operating	6,744	8,289	1,545	2
Grants - capital	3,294	2,717	(577)	3
Contributions - monetary	453	163	(290)	4
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	246	68	(178)	5
Fair value adjustments for investment property	-	381	381	6
Other income	419	2,102	1,683	7
<b>Total income</b>	<b>27,034</b>	<b>29,229</b>	<b>2,195</b>	
<b>Expenses</b>				
Employee costs	11,229	11,395	(166)	
Materials and services	8,535	7,546	989	8
Bad and doubtful debts	-	51	(51)	9
Depreciation	5,598	5,563	35	
Borrowing costs	47	47	-	
Other expenses	1,143	351	792	10
<b>Total expenses</b>	<b>26,552</b>	<b>24,953</b>	<b>1,599</b>	
<b>Surplus for the year</b>	<b>482</b>	<b>4,276</b>	<b>3,794</b>	

10

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

**(i) Explanation of material variations**

<b>Variance Ref</b>	<b>Item</b>	<b>Explanation</b>
1	User fees	Additional income in respect to chargeable private works being undertaken during the year. Works included gravel and gravel carting at Edify Energy's solar farm and works on pedestrian crossing on the highway at Atkinson Park in total approximately \$500k. These works were not anticipated at the time the budget was prepared. Reimbursement income of \$1.7m was budgeted for in user fees but receipted as other income (Refer note 7 below)
2	Grants - operating	The budget was based on receiving a full year's Financial Assistance Grant payment. On 20 June 2018 the VGC advanced 50% of the 2018/19 payments totalling \$2.738 million. The advanced payment had the effect of increasing the amount of revenue received by Council during the current year.
3	Grants - capital	Capital grants are dependent on the capital projects undertaken each year. An amount of \$500k was allowed for community sport and recreation programs. An amount of \$257k had been received for approved projects.
4	Contributions - monetary	An amount of \$250k was allowed as a contribution from community groups in support of grant dependant community sport and recreation projects. Funding was not made available for all projects removing the requirement of a local contribution.
5	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	The sale of four Industrial Land blocks were included in the budget with only one selling during the financial year.
6	Fair value adjustments for investment property	Adjustment in respect to the accounting treatment of investment properties previously treated as part of Council's property plant and equipment.
7	Other income	Reimbursement income \$1.7m has been included in other income but budgeted in user fees and charges. Refer Note 1 above.
8	Materials and services	An amount of \$1m had been allowed for community projects dependant on grant and local contribution monies. Only one project was successful, Kerang Basketball Association, where approximately \$90k had been expended.
9	Bad and doubtful debts	No budget allocation is made for bad and doubtful debts as it is assumed all accounts will be paid or a payment arrangement entered into.
10	Other expenses	Contractor payments 304k, consultant fees 265k and general insurance 288k included in materials and services actuals.

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

**Note**

**1 Performance against budget (cont'd)**

**1.2 Capital works**

	<b>Budget 2018 \$'000</b>	<b>Actual 2018 \$'000</b>	<b>Variance 2018 \$'000</b>	<b>Ref</b>
<b>Property</b>				
Land improvements	321	154	(167)	<b>1</b>
Work in progress	-	5	5	<b>2</b>
<b>Total Land</b>	<b>321</b>	<b>159</b>	<b>(162)</b>	
Building improvements	375	123	(252)	<b>3</b>
<b>Total Buildings</b>	<b>375</b>	<b>123</b>	<b>(252)</b>	
<b>Total Property</b>	<b>696</b>	<b>282</b>	<b>(414)</b>	
<b>Plant and Equipment</b>				
Plant, machinery and equipment	1,625	1,355	(270)	<b>4</b>
Fixtures, fittings and furniture	-	6	6	<b>5</b>
Computers and telecommunications	320	306	(14)	
Library books	93	87	(6)	
Works in progress	-	294	294	<b>6</b>
<b>Total Plant and Equipment</b>	<b>2,038</b>	<b>2,048</b>	<b>10</b>	
<b>Infrastructure</b>				
Roads	3,193	2,542	(651)	<b>7</b>
Footpaths and cycleways	177	119	(58)	<b>8</b>
Drainage	590	43	(547)	<b>9</b>
Recreational, leisure and community facilities	1,611	732	(879)	<b>10</b>
Kerb and channel	150	119	(31)	<b>11</b>
Waste management	312	97	(215)	<b>12</b>
Parks, open space and streetscapes	642	1,598	956	<b>13</b>
Other infrastructure	425	79	(346)	<b>14</b>
Works in progress	-	331	331	<b>15</b>
<b>Total Infrastructure</b>	<b>7,100</b>	<b>5,660</b>	<b>(1,440)</b>	
<b>Total Capital Works Expenditure</b>	<b>9,834</b>	<b>7,990</b>	<b>(1,844)</b>	
<b>Represented by:</b>				
New asset expenditure	2,292	764	(1,528)	
Asset renewal expenditure	5,960	5,158	(802)	
Asset expansion expenditure	1,582	2,068	486	
<b>Total Capital Works Expenditure</b>	<b>9,834</b>	<b>7,990</b>	<b>(1,844)</b>	

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

**(i) Explanation of material variations**

<b>Variance Ref</b>	<b>Item</b>	<b>Explanation</b>
1	Land improvements	Bendigo Road irrigation returned savings of \$19K. An amount of \$50k has been deferred until the 2018/2019 financial year. Costs associated with the acquisition of land for the southern township levee in Kerang have yet to be incurred. Costs to date \$5k compared to \$80k in budget.
2	Land	Costs associated with the acquisition of land for the southern township levee in Kerang have yet to be incurred. Costs to date \$5k compared to \$80k.
3	Building improvements	Leitchville preschool upgrade has been held over to the 2018/2019 financial year (\$195k). The installation of bulk solar panels was completed at a cost of \$92k compared to budget of \$120k a saving of \$28k. Patchell plaza roof, heating, ventilation and airconditioning completed at a cost of \$31k compared to budget of \$60k a saving of \$29k.
4	Plant, machinery and equipment	An amount of \$300k was allowed as a carried over project for the purchase of a truck expected to be delivered in July 2017. The truck at a value of \$191k was received in June 2017 and therefore included in the 2016/2017 capital works schedule.
5	Fixtures, fittings and furniture	Replacement of Mayoral chains
6	Works in progress	Works carried forward from financial system upgrade.
7	Roads	Of the \$1.9m allowed for R2R expenditure \$1.5m had been expended with the balance to be spent in the 2018/2019 financial year.
8	Footpaths and cycleways	\$50k was expended on the footpath replacement program compared to \$100k in the budget.
9	Drainage	An amount of \$500k had been allowed for the Quambatook township flood mitigation project, this project has been carried over into the 2018/2019 year.
10	Recreational, leisure and community facilities	\$800k for the Koondrook Nature Based Hub has been carried forward as a project for 2018/2019.
11	Kerb and channel	Kerb and channel program not completed due to lack of resources.

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

12	Waste management	Capping of Old Kerang Landfill \$70k under budget and works to complete cell 3 at Denyer's landfill under budget by \$65k.
13	Parks, open space and streetscapes	An amount of \$350k had been allowed for the completion of the Kerang CBD upgrade (a 2016/2017 project) with the late start of the project \$1.01m was expended in 2017/2018.
14	Other infrastructure	Works on Koondrook Caravan Park \$350k have been carried forward to 2018/2019.
15	Works in progress	Various capital works still in progress at 30 June 2018 including Quambatook township flood mitigation \$17k, Cell 3 Denyers pit \$46k, Koondrook stormwater drainage \$17k, McCann Crescent playground \$12k, Koondrook Nature Based Tourism Hub \$160k, Apex Park Cohuna toilets \$8K and Lakes and waterways master plan \$62k.

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

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

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its value at which the unencumbered land might be expected to realise in an open market at the time of the valuation.

The valuation base used to calculate general rates for 2017/18 was \$1,547,350,100 (2016/17 \$1,525,278,180 ).

General Rates	9,790	9,548
Municipal charge	630	628
Waste management charge	1,783	1,701
Supplementary rates and rate adjustments	3	37
Interest on rates and charges	128	74
<b>Total rates and charges</b>	<b>12,334</b>	<b>11,988</b>

The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation was first applied in the rating year commencing 1 July 2016.

A further general revaluation of land for rating purposes within the municipal district was undertaken as at 1 January 2018, and the valuation will be first applied in the rating year commencing 1 July 2018.

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

**2.2 Statutory fees and fines**

Animal control	117	131
Health and preventative services	15	50
Library fees	-	1
Office services	-	8
Recreation	-	78
Town planning and building control	268	164
Other fees and charges	9	27
<b>Total statutory fees and fines</b>	<b>409</b>	<b>459</b>

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

**2.3 User fees**

Aged service fees	293	284
Child care/children's program fees	683	646
External works	1,199	355
Hall hire	16	17
Health and preventative services	62	2
Library, arts and culture	28	5
Office services	30	19
Recreation	153	57
Tourism	14	23
Waste and Environment	257	450
Other fees and charges	32	23
<b>Total user fees</b>	<b>2,766</b>	<b>1,881</b>

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

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

<b>2.4 Funding from other levels of government</b>	<b>2018</b>	<b>2017</b>
Grants were received in respect of the following :	<b>\$'000</b>	<b>\$'000</b>
<b>Summary of grants</b>		
Commonwealth funded grants	8,666	10,402
State funded grants	2,340	4,057
<b>Total grants received</b>	<b>11,006</b>	<b>14,459</b>
<b>(a) Operating Grants</b>		
<b><i>Recurrent - Commonwealth Government</i></b>		
Financial Assistance Grants - unallocated	3,419	4,807
Financial Assistance Grants - local roads	1,981	2,881
Children and Families	78	105
Senior citizens	838	783
	<b>6,316</b>	<b>8,576</b>
<b><i>Recurrent - State Government</i></b>		
Children and Families	894	928
Heritage and Culture	39	40
Preventative Services	26	66
Community Services	98	60
Regional Infrastructure	350	55
Senior Citizens	382	389
School Crossings	20	14
Other	36	52
	<b>1,845</b>	<b>1,604</b>
<b>Total recurrent operating grants</b>	<b>8,161</b>	<b>10,180</b>
<b><i>Non-recurrent - Commonwealth Government</i></b>		
Senior citizens	-	15
Children and Families	-	25
Library	128	144
Preventative Services	-	104
Heritage and Culture	-	21
Waste Management	-	15
<b>Total non-recurrent operating grants</b>	<b>128</b>	<b>324</b>
<b>Total operating grants</b>	<b>8,289</b>	<b>10,504</b>
<b>(b) Capital Grants</b>		
<b><i>Recurrent - Commonwealth Government</i></b>		
Roads to recovery	2,222	1,827
<b><i>Recurrent - State Government</i></b>		
Library	6	6
<b>Total recurrent capital grants</b>	<b>2,228</b>	<b>1,833</b>
<b><i>Non-recurrent - Commonwealth Government</i></b>		
<b><i>Non-recurrent - State Government</i></b>		
Recreation	266	763
Regional Infrastructure	223	1,359
<b>Total non-recurrent capital grants</b>	<b>489</b>	<b>2,122</b>
<b>Total capital grants</b>	<b>2,717</b>	<b>3,955</b>



**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

	<b>2018</b>	<b>2017</b>
<b>(c) Unspent grants received on condition that they be spent in a specific manner</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at start of year	565	520
Received during the financial year and remained unspent at balance date	598	538
Received in prior years and spent during the financial year	(565)	(493)
Balance at year end	<b>598</b>	<b>565</b>

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

**2.5 Contributions**

Monetary	163	203
<b>Total contributions</b>	<b>163</b>	<b>203</b>

Contributions by community groups to assist in the funding of community projects are treated as monetary contributions. Monetary and non monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

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

Proceeds of sale	323	521
Written down value of assets disposed	(255)	(498)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>68</b>	<b>23</b>

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

**2.7 Other income**

Interest	161	107
Property rental	241	258
<i>Reimbursements</i>		
Welfare and Children Services	1,241	1,173
Garbage collection and recycling	296	244
Flood recovery	-	192
Other	163	227
<b>Total other income</b>	<b>2,102</b>	<b>2,201</b>

Interest is recognised as it is earned.

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

**Note 3 The cost of delivering services**

**3.1 Employee costs**

Wages and salaries	7,992	8,321
Annual leave and long service leave	1,278	1,218
Other leave	863	784
Superannuation	931	969
Workcover	155	152
Fringe benefits tax	91	99
Salaries capitalised	(74)	(151)
Other	159	166
<b>Total employee costs</b>	<b>11,395</b>	<b>11,558</b>

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(b) Superannuation</b>		
Council made contributions to the following funds:		
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	53	58
	<u>53</u>	<u>58</u>
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	643	684
Employer contributions - other funds	235	227
	<u>878</u>	<u>911</u>

Refer to note 8.3 for further information relating to Council's superannuation obligations.

**3.2 Materials and services**

Operational Materials	1,937	2,004
Operational Services	3,021	3,231
Contract payments	304	277
Building maintenance	31	7
Utilities	505	636
Office administration	630	866
Information technology	275	331
Bank charges	37	35
Insurance	288	335
Consultants	265	131
Contributions	252	193
<b>Total materials and services</b>	<b><u>7,546</u></b>	<b><u>8,046</u></b>

**3.3 Depreciation**

Property	604	550
Plant and equipment	1,039	964
Infrastructure	3,920	3,797
<b>Total depreciation and amortisation</b>	<b><u>5,563</u></b>	<b><u>5,311</u></b>

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

**3.4 Bad and doubtful debts**

Rates	27	33
Children Services	2	2
Fire Hazard	11	13
Local Laws	10	13
Aged & Disabled services	1	-
	<u>51</u>	<u>61</u>

**Movement in provisions for doubtful debts**

Balance at the beginning of the year	214	163
New Provisions recognised during the year	47	51
Amounts already provided for and written off as uncollectible	(31)	-
Balance at end of year	<u>230</u>	<u>214</u>

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

**Gannawarra Shire Council  
2017/2018 Financial Report**

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>3.5 Borrowing costs</b>		
Interest - Borrowings	47	55
<b>Total borrowing costs</b>	<b>47</b>	<b>55</b>

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

**3.6 Other expenses**

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	52	45
Auditors' remuneration - Internal	24	39
Councillors' allowances	181	193
Valuations	94	71
<b>Total other expenses</b>	<b>351</b>	<b>348</b>

**Note 4 Our financial position**

**4.1 Financial assets**

**(a) Cash and cash equivalents**

Cash on hand	2	2
Cash at bank	619	414
Term deposits	9,640	4,791
<b>Total cash and cash equivalents</b>	<b>10,261</b>	<b>5,207</b>

**(b) Other financial assets**

Term deposits - current	1,602	3,103
<b>Total other financial assets</b>	<b>1,602</b>	<b>3,103</b>
<b>Total financial assets</b>	<b>11,863</b>	<b>8,310</b>

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

- Trust funds and deposits (Note 4.3)	409	386
<b>Total restricted funds</b>	<b>409</b>	<b>386</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>9,852</b>	<b>4,821</b>

**Intended allocations**

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

- Cash held to fund carried forward capital works	2,352	710
- Grant monies received but not yet expended	598	565
<b>Total funds subject to intended allocations</b>	<b>2,950</b>	<b>1,275</b>

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.

Other financial assets includes amounts set aside by Council resolution for a specific purpose and include the following:

Long Service Leave	1,895	1,531
LMPA - Preschool	44	44
Plant & Equipment	394	325
Land & Building	334	203
Major Projects	1,000	1,000
	<b>3,667</b>	<b>3,103</b>

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

	2018 \$'000	2017 \$'000
<b>(c) Trade and other receivables</b>		
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	1,478	1,116
Provision for doubtful debts - rates	(154)	(127)
Special rate assessment	70	-
Infringement debtors	29	53
Provision for doubtful debts - infringements	(22)	(44)
Net GST receivable	131	216
Other debtors	430	860
Provision for doubtful debts - other debtors	(54)	(43)
<b>Total trade and other receivables</b>	<b>1,908</b>	<b>2,031</b>

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

**(d) Ageing of Receivables**

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

Current (not yet due)	284	716
Past due between 30 and 60 days	73	30
Past due between 61 and 90 days	18	-
Past due by more than 90 days	55	114
<b>Total trade &amp; other receivables</b>	<b>430</b>	<b>860</b>

**(e) Ageing of individually impaired Receivables**

At balance date, other debtors representing financial assets with a nominal value of \$425k (2017: \$860k) were impaired. The amount of the provision raised against these debtors was \$54k (2017: \$43k). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Past due by more than 1 year	54	43
<b>Total trade &amp; other receivables</b>	<b>54</b>	<b>43</b>

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

<b>4.2 Non-financial assets</b>	<b>2018</b>	<b>2017</b>
<b>(a) Inventories</b>	<b>\$'000</b>	<b>\$'000</b>
Inventories held for distribution	436	654
<b>Total inventories</b>	<b>436</b>	<b>654</b>
Inventories held for distribution represent gravel stockpiles and are measured at chargeout rates based on gravel extraction, processing and cartage rates.		
<b>(b) Other assets</b>		
Prepayments	152	142
Accrued income	54	23
<b>Total other assets</b>	<b>206</b>	<b>165</b>
<b>4.3 Payables</b>		
<b>(a) Trade and other payables</b>		
Trade payables	909	-
Accrued expenses	414	675
Other payables	20	-
<b>Total trade and other payables</b>	<b>1,343</b>	<b>675</b>
<b>(b) Trust funds and deposits</b>		
Refundable deposits	65	5
Fire services levy	204	131
Retention amounts	50	92
Other refundable deposits	90	158
<b>Total trust funds and deposits</b>	<b>409</b>	<b>386</b>

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

*Purpose and nature of items*

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

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

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

**Gannawarra Shire Council  
2017/2018 Financial Report**

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

<b>4.4 Interest-bearing liabilities</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<b>Current</b>		
Borrowings - secured	101	95
	<b>101</b>	<b>95</b>
<b>Non-current</b>		
Borrowings - secured	564	666
	<b>564</b>	<b>666</b>
<b>Total</b>	<b>665</b>	<b>761</b>

Borrowings are secured by rates.

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

Not later than one year	101	95
Later than one year and not later than five years	409	415
Later than five years	155	251
	<b>665</b>	<b>761</b>

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

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

**4.5 Provisions**

	<b>Employee</b>	<b>Landfill restoration</b>	<b>Other</b>	<b>Total</b>
	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
<b>2018</b>				
Balance at beginning of the financial year	2,869	900	-	3,769
Additional provisions	1,282	-	1	1,283
Amounts used	(1,278)	-	-	(1,278)
Balance at the end of the financial year	<b>2,873</b>	<b>900</b>	<b>1</b>	<b>3,774</b>
<b>2017</b>				
Balance at beginning of the financial year	2,631	900	-	3,531
Additional provisions	1,456	-	-	1,456
Amounts used	(1,218)	-	-	(1,218)
Balance at the end of the financial year	<b>2,869</b>	<b>900</b>	<b>-</b>	<b>3,769</b>

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Employee provisions</b>		
<b>Current provisions expected to be wholly settled</b>		
Annual leave	840	738
Long service leave	417	422
	<b>1,257</b>	<b>1,160</b>
<b>Current provisions expected to be wholly settled</b>		
Annual leave	147	227
Long service leave	1,251	1,266
	<b>1,398</b>	<b>1,493</b>
Total current employee provisions	<b>2,655</b>	<b>2,653</b>
<b>Non-current</b>		
Long service leave	218	216
Annual leave	-	-
Total non-current employee provisions	<b>218</b>	<b>216</b>
Aggregate carrying amount of employee provisions:		
Current	2,655	2,653
Non-current	218	216
Total aggregate carrying amount of employee	<b>2,873</b>	<b>2,869</b>

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

*Wages and salaries and annual leave*

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

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

*Long service leave*

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

Key assumptions:	<b>2018</b>	<b>2017</b>
- discount rate	1.910%	1.610%
- inflation rate	3.875%	3.813%

**Gannawarra Shire Council  
2017/2018 Financial Report**

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(b) Landfill restoration</b>		
Current	-	-
Non-current	900	900
	<b>900</b>	<b>900</b>

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

<b>Key assumptions:</b>	<b>2018</b>	<b>2017</b>
- discount rate	1.910%	1.610%
- bond rate	3.571%	3.790%
- inflation rate	3.875%	3.813%

**(c) Other provisions**

Current - Time in lieu	1	-
	<b>1</b>	<b>-</b>

**4.6 Financing arrangements**

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

Credit card facilities	100	100
Other facilities	665	761
Total facilities	<b>765</b>	<b>861</b>
Used facilities	665	761
Unused facilities	<b>100</b>	<b>100</b>



**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

**4.7 Commitments**

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

2018	<div> <div>Later than 1 year and not later than 2 years</div> <div>Later than 2 years and not later than 5 years</div> <div>Later than 5 years</div> </div>				Total
	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	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Recycling	193	198	226	-	617
Garbage collection	286	294	335	-	915
Street Bins	18	18	21	-	56
Interest on Loans	42	35	62	10	149
Office equipment	8	-	-	-	8
Total	547	544	643	10	1,744
<b>Capital</b>					
Property	591	-	-	-	591
Infrastructure	1,761	-	-	-	1,761
Total	2,352	-	-	-	2,352

2017	<div> <div>Later than 1 year and not later than 2 years</div> <div>Later than 2 years and not later than 5 years</div> <div>Later than 5 years</div> </div>				Total
	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	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Garbage collection	481	991	511	-	1,983
Interest on Loans	48	42	87	24	201
Office equipment	15	8	-	-	23
Total	544	1,041	598	24	2,207
<b>Capital</b>					
Plant and Equipment	350	-	-	-	350
Infrastructure	360	-	-	-	360
Total	710	-	-	-	710

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

	2018	2017
	\$'000	\$'000
<b>Operating lease commitments</b>		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	8	15
Later than one year and not later than five years	-	8
	<u>8</u>	<u>23</u>

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

**Note 5 Assets we manage**

**5.1 Non current assets classified as held for sale**

Cost of acquisition	666	819
Reclassified as Land	(666)	-
Industrial estate land sold	-	(153)
<b>Total non current assets classified as held for sale</b>	<u>-</u>	<u>666</u>

Land acquired and developed to provide industrial estate blocks for sale have, in the past, been recorded as non current assets classified as held for sale. The sale of any industrial land is subject to market forces. As the sale of the land cannot be guaranteed to take place within the next twelve (12) month period the value of this land is no longer recorded in the current assets, this land is now included as part of the property, infrastructure, plant and equipment value shown in non-current assets.

Gannawarra Shire Council  
2017/2018 Financial Report

Notes to the Financial Report  
For the Year Ended 30 June 2018

5.2 Property, infrastructure, plant and equipment  
Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2017	Additions	Revaluation	Change in Accounting Policy	Depreciation	Disposal	Transfers	At Fair Value 30 June 2018
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
Property	22,375	277	-	3,800	(604)	(134)	(105)	25,609
Plant and equipment	4,902	2,044	-	-	(1,039)	(121)	-	5,786
Infrastructure	159,303	5,329	3,756	-	(3,920)	-	-	164,468
Work in progress	931	340	-	-	-	-	(931)	340
	187,511	7,990	3,756	3,800	(5,563)	(255)	(1,036)	196,203

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Transfers \$'000	Closing WIP \$'000
Property	-	5	-	5
Plant and equipment	290	4	(290)	4
Infrastructure	641	331	(641)	331
Total	931	340	(931)	340

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit \$'000
Property		
land	-	2,000
land improvements	40 - 50 years	5,000
Buildings		
buildings	50 years	5,000
building improvements	50 years	5,000
Plant and Equipment		
plant, machinery and equipment	2 - 25 years	2,000
fixtures, fittings and furniture	2 - 10 years	2,000
computers and telecommunications	2 - 10 years	2,000
library books	15 - 20 years	1,000
Infrastructure		
roads	15 - 25 year	10,000
road kerb, channel and minor culverts	80 years	5,000
bridges	100 years	5,000
footpaths and cycleways	20 - 40 years	5,000
drainage	80 years	10,000
recreational, leisure and community facilities	40 - 90 years	5,000
waste management	40 - 90 years	5,000
parks, open space and streetscapes	40 - 90 years	5,000
aerodromes	40 - 90 years	5,000

Gannawarra Shire Council  
2017/2018 Financial Report

Notes to the Financial Report  
For the Year Ended 30 June 2018

5.2 Property, infrastructure, plant and equipment  
(a) Property

	Land - specialised	Land - non specialised	Land improvements - specialised	Land improvements - non specialised	Land Under Roads	Total Land & Land Improvements	Buildings - non specialised	Building improvements	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	3,005	1,431	5,496	18	-	9,950	25,787	805	26,592	-	36,542
Accumulated depreciation at 1 July 2017	-	-	(622)	-	-	(622)	(13,408)	(137)	(13,545)	-	(14,167)
	3,005	1,431	4,874	18	-	9,328	12,379	668	13,047	-	22,375
<b>Movements in fair value</b>											
Additions	-	-	154	-	-	154	-	123	123	5	282
Change in accounting policy (refer Note 8.4)	-	-	-	-	3,800	3,800	-	-	-	-	3,800
Disposal	(129)	-	(5)	-	-	(134)	-	-	-	-	(134)
Transfers *	431	-	-	-	-	431	(917)	-	(917)	-	(486)
	302	-	149	-	3,800	4,251	(917)	123	(794)	5	3,462
<b>Movements in accumulated depreciation</b>											
Depreciation and amortisation	-	-	(111)	-	-	(111)	(456)	(39)	(495)	-	(606)
Accumulated depreciation of disposals	-	-	2	-	-	2	-	-	-	-	2
Transfers	-	-	-	-	-	-	381	-	381	-	381
	-	-	(109)	-	-	(109)	(75)	(39)	(114)	-	(223)
At fair value 30 June 2018	3,307	1,431	5,645	18	3,800	14,201	24,870	928	25,798	5	40,004
Accumulated depreciation at 30 June 2018	-	-	(731)	-	-	(731)	(13,483)	(176)	(13,659)	-	(14,390)
	3,307	1,431	4,914	18	3,800	13,470	11,387	752	12,139	5	25,614

\* Transfer of land represents the value of industrial estate land previously disclosed as 'non-current assets classified as held for sale' and the transfer of land and buildings now identified as investment property.

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Library books	Total Plant and Equipment	Work In Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000			\$'000
At fair value 1 July 2017	8,812	104	1,896	1,209	12,021	290	12,311
Accumulated depreciation at 1 July 2017	(4,864)	(99)	(1,514)	(642)	(7,119)	-	(7,119)
	3,948	5	382	567	4,902	290	5,192
<b>Movements in fair value</b>							
Additions	1,355	6	596	87	2,044	4	2,048
Disposal	(637)	-	-	-	(637)	-	(637)
Transfers	-	-	-	-	-	(290)	(290)
	718	6	596	87	1,407	(286)	1,121
<b>Movements in accumulated depreciation</b>							
Depreciation and amortisation	(792)	(2)	(190)	(55)	(1,039)	-	(1,039)
Accumulated depreciation of disposals	516	-	-	-	516	-	516
	(276)	(2)	(190)	(55)	(523)	-	(523)
At fair value 30 June 2018	9,530	110	2,492	1,296	13,428	4	13,432
Accumulated depreciation at 30 June 2018	(5,140)	(101)	(1,704)	(697)	(7,642)	-	(7,642)
	4,390	9	788	599	5,786	4	5,790

Gannawarra Shire Council  
2017/2018 Financial Report

Notes to the Financial Report  
For the Year Ended 30 June 2018

5.2 Property, infrastructure, plant and equipment

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Road kerb & channel	Recreational, leisure and community	Waste Management	Parks open spaces and streetscapes	Aerodromes	Other Infrastructure	Total Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'001	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	168,276	24,420	10,037	18,774	17,488	15,618	3,137	4,206	4,312	9,550	275,818	641	276,459
Accumulated depreciation at 1 July 2017	(71,390)	(9,402)	(3,014)	(8,628)	(6,987)	(7,777)	(766)	(503)	(1,848)	(6,200)	(116,515)	-	(116,515)
	96,886	15,018	7,023	10,146	10,501	7,841	2,371	3,703	2,464	3,350	159,303	641	159,944
<b>Movements in fair value</b>													
Additions	2,542	-	119	43	119	732	97	1,598	-	79	5,329	331	5,660
Revaluation	(370)	(1,368)	-	-	-	-	-	-	-	-	(1,738)	-	(1,738)
Transfers	-	-	-	-	-	-	-	-	-	-	-	(641)	(641)
	2,172	(1,368)	119	43	119	732	97	1,598	-	79	3,591	(310)	3,281
<b>Movements in accumulated depreciation</b>													
Depreciation and amortisation	(2,499)	(247)	(125)	(235)	(219)	(257)	(35)	(59)	(76)	(168)	(3,920)	-	(3,920)
Revaluation	3,694	1,800	-	-	-	-	-	-	-	-	5,494	-	5,494
	1,195	1,553	(125)	(235)	(219)	(257)	(35)	(59)	(76)	(168)	1,574	-	1,574
At fair value 30 June 2018	170,448	23,052	10,156	18,817	17,607	16,350	3,234	5,804	4,312	9,629	279,409	331	279,740
Accumulated depreciation at 30 June 2018	(70,195)	(7,849)	(3,139)	(8,863)	(7,206)	(8,034)	(801)	(562)	(1,924)	(6,368)	(114,941)	-	(114,941)
	100,253	15,203	7,017	9,954	10,401	8,316	2,433	5,242	2,388	3,261	164,468	331	164,799

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

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*Acquisition*

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

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

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

*Land under roads*

Council recognises land under roads it controls at fair value.

*Depreciation and amortisation*

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

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

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

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

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

*Repairs and maintenance*

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

***Valuation of land and buildings***

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

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

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

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

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

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

	Level 1	Level2	Level 3	Date of Valuation
Land	-	1,431	3,307	Jun-14
Land Improvements	-	18	4,914	Jun-14
Land under roads	-	-	3,800	Jan-18
Buildings	-	-	11,387	Jun-14
Building improvements	-	-	752	Jun-14
Total	-	1,449	24,160	

**Valuation of infrastructure**

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Council staff using Confirm software.

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

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

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

	Level 1	Level2	Level 3	Date of Valuation
Roads	-	-	100,253	Jun-18
Bridges	-	-	15,203	Jun-18
Footpaths and cycleways	-	-	7,017	Jun-16
Drainage	-	-	9,954	Jun-16
Road kerb and channel	-	-	10,401	Jun-16
Recreational, leisure and community facilities	-	-	8,316	Jun-14
Waste management	-	-	2,433	Jun-14
Parks, open space and streetscapes	-	-	5,242	Jun-14
Aerodromes	-	-	2,388	Jun-14
Other infrastructure	-	-	3,261	Jun-14
Total	-	-	164,468	

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

**Specialised land and land under roads** is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 25% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions.

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

**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 and range from \$250 to \$1,470 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 50 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 15 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2018	2017
	\$'000	\$'000
<b>Reconciliation of specialised land</b>		
Land under roads	3,800	-
<b>Total specialised land</b>	<b>3,800</b>	<b>-</b>



**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>5.3 Investment property</b>		
Balance at beginning of financial year	-	-
Transfer	1,152	-
Balance at end of financial year	<u>1,152</u>	<u>-</u>

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

Investment properties are held at the Fair Value valuation determined by Council's independent valuers, LG Valuations, in June 2014. The valuation is based on the current market valuation of the property.

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
<b>Note 6 People and relationships</b>		
<b>6.1 Council and key management remuneration</b>		
<b>(a) Related Parties</b>		
<i>Parent entity</i>		
Gannawarra Shire Council is the parent entity.		
<b>(b) Key Management Personnel</b>		
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:		
<b>Councillors</b>		
Councillor Brian Gibson (October 2012 - Current, Mayor 2016/2017, 2017/2018)		
Councillor Mark Arians (October 2012 - Current)		
Councillor Lorraine Learmonth (October 2012 - Current, Mayor 2015/16)		
Councillor Charlie Gillingham (October 2016 - Current)		
Councillor Sonia Wright (October 2016 - Current)		
Councillor Steven Tasker (October 2016 - Current)		
Councillor Jodie Basile (October 2016 - Current)		
<b>Total Number of Councillors</b>	7	11
<b>Chief Executive Officer and other Key Management Personnel</b>	8	5
<b>Total Key Management Personnel</b>	15	16
<b>(c) Remuneration of Key Management Personnel</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Total remuneration of key management personnel was as follows:		
Short-term benefits	867	853
Long-term benefits	56	58
<b>Total</b>	<b>923</b>	<b>911</b>
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
\$1 - \$9,999	-	4
\$10,000 - \$19,999	-	4
\$20,000 - \$29,999	7	1
\$30,000 - \$39,999	-	2
\$40,000 - \$49,999	2	-
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	2	-
\$100,000 - \$109,999	1	-
\$130,000 - \$139,999	1	1
\$150,000 - \$159,999	1	2
\$160,000 - \$169,999	1	-
\$230,000 - \$239,999	-	1
	15	16

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

**(d) Senior Officer Remuneration**

A Senior Officer is an officer of Council, other than Key Management Personnel,  
a) has management responsibilities and reports directly to the Chief Executive; or  
b) whose total annual remuneration exceeds \$145,000

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

Income Range:

<\$99,999

\$100,000 - \$119,999

<b>2018</b>	<b>2017</b>
<b>No.</b>	<b>No.</b>
-	1
1	1
<b>1</b>	<b>2</b>
<b>\$ 114,988</b>	<b>\$ 238,198</b>

Total Remuneration for the reporting year for Senior Officers included above,

**6.2 Related party disclosure**

**(a) Transactions with related parties**

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

*Nil*

**(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

*Nil*

**(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:

*Nil*

**(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:

*Nil*

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

**Note 7 Managing uncertainties**

**7.1 Contingent assets and liabilities**

**(a) Contingent assets**

***Operating lease receivables***

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

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

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	285	273
Later than one year and not later than five years	389	1,144
Later than five years	106	1,557
	<u>780</u>	<u>2,974</u>

***Bank Guarantees***

The following Bank Guarantees are held by Council for contract works being undertaken:

	<b>Start Date</b>	<b>Amount</b>
		<b>\$'000</b>
Primal Surfacing Pty Ltd CP 278 - Sealed Road Surfacing 1516	10/03/2016	21

**(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, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

***Landfill***

Council operates a landfill. Council will have to carry out site rehabilitation works in the future. At balance date Council has assessed the financial implications of these works and has identified the amount as a provision for landfill.

**(c) Guarantees for loans to other entities**

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

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

***Guarantees***

The following Bank Guarantee is held by State of Victoria - Environment Protection Authority on behalf of Council:

	<b>Start Date</b>	<b>Amount</b>
		<b>\$'000</b>
Kerang Landfill Financial Assurance	11/04/2013	247

**Gannawarra Shire Council  
2017/2018 Financial Report**

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

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**7.2 Change in accounting standards**

The following new AAS's have been issued that are not mandatory for the 30 June 2018 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

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

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

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

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

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

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

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

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

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

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

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

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

**Gannawarra Shire Council  
2017/2018 Financial Report**

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

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**7.3 Financial instruments**

**(a) Objectives and policies**

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

**(b) Market risk**

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

**Interest rate risk**

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

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

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

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

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

**(c) Credit risk**

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

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

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

***Gannawarra Shire Council***  
***2017/2018 Financial Report***

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

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

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provides a guarantee for another party. Details of our contingent liabilities are disclosed in Note 7.1(b).

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

**Gannawarra Shire Council  
2017/2018 Financial Report**

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

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**(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:

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

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

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

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

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

**(e) Sensitivity disclosure analysis**

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

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 2%

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

**7.4 Fair value measurement**

*Fair value hierarchy*

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

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

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



**Gannawarra Shire Council  
2017/2018 Financial Report**

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

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 3 to 4 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.

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

**7.5 Events occurring after balance date**

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

**Note 8 Other matters**

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Transfers to Accumulated Surplus \$'000	Balance at end of reporting period \$'000
<b>8.1 Reserves</b>				
<b>(a) Asset revaluation reserves</b>				
<b>2018</b>				
<b>Property</b>				
Land & land improvements	2,572	-	(235)	2,337
Buildings	9,839	-	(536)	9,303
	12,411		(771)	11,640
<b>Infrastructure</b>				
Roads	86,996	3,324	-	90,320
Bridges	6,227	432	-	6,659
Footpaths and cycleways	3,448	-	-	3,448
Drainage	4,610	-	-	4,610
Kerb and channel	3,733	-	-	3,733
	105,014	3,756	-	108,770
<b>Total asset revaluation reserves</b>	<b>117,425</b>	<b>3,756</b>	<b>(771)</b>	<b>120,410</b>
<b>2017</b>				
<b>Property</b>				
Land & land improvements	2,572	-	-	2,572
Buildings	9,839	-	-	9,839
	12,411	-	-	12,411
<b>Infrastructure</b>				
Roads	86,996	-	-	86,996
Bridges	6,227	-	-	6,227
Footpaths and cycleways	3,448	-	-	3,448
Drainage	4,610	-	-	4,610
Kerb and channel	3,733	-	-	3,733
	105,014	-	-	105,014
<b>Total asset revaluation reserves</b>	<b>117,425</b>	<b>-</b>	<b>-</b>	<b>117,425</b>

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>8.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus for the year	4,276	5,835
Depreciation	5,563	5,311
Fair value adjustment for investment properties	(381)	-
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(109)	(23)
<i>Change in assets and liabilities:</i>		
<i>Finance costs</i>	47	-
(Increase)/decrease in trade and other receivables	124	(611)
(Increase)/Decrease in other assets	(41)	180
Increase/(decrease) in trust funds and deposits	23	-
Increase/(decrease) in trade and other payables	669	(368)
(Decrease)/increase in other liabilities	-	-
(Increase)/decrease in inventories	218	(192)
Increase/(Decrease) in provisions	4	238
(Increase)/Decrease in land held for resale		153
Net cash provided by/(used in) operating activities	<b>10,393</b>	<b>10,523</b>

### 8.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

#### Accumulation

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

#### Defined Benefit

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

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

**Gannawarra Shire Council  
2017/2018 Financial Report**

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

---

***Funding arrangements***

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

As at 30 June 2017, a full triennial actuarial investigation was completed. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 103.1%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns 6.5% pa

Salary information 3.5% pa

Price inflation (CPI) 2.5% pa.

Vision Super has advised that the estimated VBI surplus at 30 June 2018 is 106.2%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2017 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

***Employer contributions***

***Regular contributions***

On the basis of the results of the 2017 triennial actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2018, this rate was 9.5% of members' salaries (9.5% in 2016/2017). This rate will increase in line with any increases in the SG contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

***Funding calls***

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

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

**Gannawarra Shire Council**  
**2017/2018 Financial Report**

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

**2017 triennial actuarial investigation surplus amounts**

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

- A VBI surplus of \$69.8 million
- A total service liability surplus of \$193.5 million.
- A discounted accrued benefits surplus of \$228.8 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2017. Council was notified of the 30 June 2017 VBI during August 2017.

**2018 interim actuarial investigation**

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2018. It is anticipated that this actuarial investigation will be completed in December 2018.

**8.4 Adjustments directly to equity**

Adjustment arising from the recognition of land under roads.

2018	2017
\$'000	\$'000

Council recognised land under roads in the 2017/2018 financial year. The initial recognition of land under roads is recognised as an adjustment to Council's accumulated surplus for 2017/2018.

Land under roads 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.

The effect of Council recognising land under roads is an increase to the opening balance of accumulated surplus of \$3.8 million and an increase to property, infrastructure, plant and equipment of \$3.8 million.

3,800	-
3,800	-

## Gannawarra Shire Council Performance Statement 2018

For the year ended 30 June 2018

### Description of Municipality

Bordered by the Murray River to the north, Gannawarra Shire is approximately three hours from Melbourne and around one hour from the neighbouring centres of Swan Hill, Echuca and Bendigo. Gannawarra Shire is a diverse landscape of lakes and rivers, red gum forests, irrigated agriculture and dry land farming. The magnificent natural landscapes and Mediterranean-style climate make it ideal for agriculture and outdoor recreation. Gannawarra's primary centres are Kerang, Cohuna and Koondrook. Smaller outlying communities include Leitchville, Quambatook, Murrabit, Lake Charm, Lalbert and Mystic Park.

### Sustainable Capacity Indicators

For the year ended 30 June 2018

Indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations
<b>Population</b>					
Expenses per head of municipal population <i>[Total expenses / Municipal population]</i>	\$2,388.66	\$2,419.00	\$2,551.94	\$2,362.30	Level of expenditure reduced due to rate capping.
Infrastructure per head of municipal population <i>[Value of infrastructure / Municipal population]</i>	\$15,941.74	\$17,780.92	\$17,916.84	\$17,299.35	Total capital program not achieved.
Population density per length of road <i>[Municipal population / Kilometres of local roads]</i>	4.46	4.41	4.38	4.65	Council road lengths have remained constant and with an increase in population, there has been an increase in population density.
<b>Own-source revenue</b>					
Own-source revenue per head of municipal population <i>[Own-source revenue / Municipal population]</i>	\$1,495.71	\$1,544.07	\$1,664.35	\$1,709.80	Own source revenue per head of municipal population remains constant.

Indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations
<b>Recurrent grants</b>					
Recurrent grants per head of municipal population <i>[Recurrent grants / Municipal population]</i>	\$1,113.65	\$764.05	\$1,207.84	\$983.53	The timing of financial assistance grant payments had an adverse effect on this result.
<b>Disadvantage</b>					
Relative Socio-Economic Disadvantage <i>[Index of Relative Socio-Economic Disadvantage by decile]</i>	3.00	3.00	3.00	3.00	

**Definitions**

"adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

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

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

"population" means the resident population estimated by council

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

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

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

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

### Service Performance Indicators

For the year ended 30 June 2018

Service/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations
<b>Aquatic Facilities</b>					
<b>Utilisation</b>					
Utilisation of aquatic facilities <i>[Number of visits to aquatic facilities / Municipal population]</i>	2.16	2.72	2.58	2.52	While visitation to Council's aquatic facilities increased, a drop in this indicator can be attributed to an increase in population.
<b>Animal Management</b>					
<b>Health and safety</b>					
Animal management prosecutions <i>[Number of successful animal management prosecutions]</i>	25.00	7.00	0.00	0.00	There were no animal management prosecutions in the 2017/18 year. This is attributed to greater compliance by animal owners through community education.
<b>Food Safety</b>					
<b>Health and safety</b>					
Critical and major non-compliance outcome notifications <i>[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100</i>	100.00%	100.00%	100.00%	0.00%	From 1 July 2016, 'Critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year. There were no critical or major non-compliance outcome notifications for the 2017 calendar year.



Service/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations
<b>Governance</b>					
<b>Satisfaction</b>					
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]</i>	64.00	59.00	60.00	54.00	A reduction in community satisfaction with council decisions could be attributed to public reaction to two controversial matters, being the Kerang CBD upgrade project and the proposed changes to Council's Rural Rating Strategy.
<b>Home and Community Care (HACC)</b>					
<b>Participation</b>					
Participation in HACC service <i>[Number of people that received a HACC service / Municipal target population for HACC services] x100</i>	51.00%	54.50%	Reporting ceased 1 July 2016	Reporting ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
<b>Participation</b>					
Participation in HACC service by CALD people <i>[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100</i>	17.00%	15.73%	Reporting ceased 1 July 2016	Reporting ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
<b>Libraries</b>					
<b>Participation</b>					
Active library members <i>[Number of active library members / Municipal population] x100</i>	13.00%	19.45%	20.01%	18.44%	A decrease in active library members is in part due to lower participation in the Summer Reading Club Program.

Service/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations
<b>Maternal and Child Health (MCH)</b>					
<b>Participation</b>					
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</i>	73.00%	79.19%	77.40%	77.49%	Gannawarra Shire Council Maternal and Child Health Service has increased EFT and a concerted effort is being made to follow up with children who have not attended appointments.
<b>Participation</b>					
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</i>	59.00%	69.49%	55.56%	54.39%	A decrease in the participation of the Maternal and Child Health Service by Aboriginal Children is attributed to an alternative service available through the Mallee District Aboriginal Service.
<b>Roads</b>					
<b>Satisfaction</b>					
Satisfaction with sealed local roads <i>[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]</i>	58.00	54.00	51.00	46.00	Results for community satisfaction with sealed local roads has seen a decrease of five points. This result is significantly different to Council's understanding of the sealed local road network, gained through customer requests and Council's inspection program. Council is aware that many residents find it difficult to ascertain a council maintained road compared to roads maintained by other authorities.

Service/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations
<b>Statutory Planning</b>					
<b>Decision making</b>					
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</i>	33.00%	0.00%	100.00%	100.00%	One matter decided by VCAT resulted in Gannawarra Shire Council's decision being upheld with a variation.
<b>Waste Collection</b>					
<b>Waste diversion</b>					
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</i>	33.00%	43.70%	44.21%	41.48%	Kerbside collection diversion rate has slightly decreased in 2017/18 however Council continues to focus on initiatives to reduce the level of waste that goes to the landfill.

**Definitions**

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

"Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006

"active library member" means a member of a library who has borrowed a book from the library

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act

"CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English

"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 the 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 the act

"Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth

"critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health

"food premises" has the same meaning as in the *Food Act 1984*

"HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the Home and Community Care Act 1985 of the Commonwealth

"HACC service" means home help, personal care or community respite provided under the HACC program

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

"major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

"MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age

"population" means the resident population estimated by council

"target population" has the same meaning as in the Agreement entered into for the purposes of the Home and Community Care Act 1985 of the Commonwealth

"WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the *Occupational Health and Safety Act 2004*.

## Financial Performance Indicators

For the year ended 30 June 2018

Dimension/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	2019	Forecasts			Material Variations
						2020	2021	2022	
<b>Efficiency</b>									
<b>Revenue level</b>									
Average residential rate per residential property assessment <i>[Residential rate revenue / Number of residential property assessments]</i>	\$1,080.80	\$1,203.59	\$1,228.84	\$1,158.40	\$1,172.80	\$1,198.60	\$1,225.00	\$1,251.80	There has been a slight shift to farm properties due to revaluation shift.
<b>Expenditure level</b>									
Expenses per property assessment <i>[Total expenses / Number of property assessments]</i>	\$3,461.86	\$3,621.39	\$3,771.59	\$3,564.71	\$3,887.00	\$3,927.00	\$4,026.57	\$4,129.43	Expenses have remained fairly constant.
<b>Workforce turnover</b>									
Resignations and terminations compared to average staff <i>[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100</i>	6.75%	19.81%	7.90%	3.98%	5.49%	5.49%	5.49%	5.49%	There were 6 less resignations/terminations in the 2017/18 year.

Dimension/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	2019	2020	Forecasts 2021	2022	Material Variations
Liquidity									
Working capital									
Current assets compared to current liabilities <i>[Current assets / Current liabilities] x100</i>	299.26%	236.11%	310.48%	319.72%	188.62%	189.36%	184.02%	189.15%	Advance payment of the Financial Assistance Grant made by the Victoria Grants Commission has a material effect on the cash position at the end of the financial year. The advance payment of \$2.6m in June 2018 has pushed the ratio up. Under normal circumstances the cash position stays relatively constant from year to year with the main difference being the shift due to the reduction in interest bearing loans.

Dimension/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Forecasts				Material Variations
Unrestricted cash									
Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	176.14%	137.38%	193.20%	153.11 %	42.78%	44.65%	63.21%	65.68%	Changes in timing of the financial assistance grant payments reflected 1.5 years in 2016/17 and an advance payment in 2017/2018 of \$2.6m. The advance payment also has an effect on the forecast as the cash balance is levelled out over the years in question.

Dimension/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	2019	2020	Forecasts 2021	2022	Material Variations
<b>Obligations</b>									
<b>Asset renewal</b>									
Asset renewal compared to depreciation <i>[Asset renewal expense / Asset depreciation] x100</i>	138.50%	114.53%	125.57%	92.72%	125.43%	85.12%	88.50%	77.19%	Expenditure profile changed to better reflect renewal gap.
<b>Loans and borrowings</b>									
Loans and borrowings compared to rates <i>[Interest bearing loans and borrowings / Rate revenue] x100</i>	11.50%	8.06%	6.35%	5.39%	4.49%	3.56%	2.60%	1.89%	Reduction in debt as no new loans have been undertaken.
Loans and borrowings repayments compared to rates <i>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i>	4.35%	3.54%	1.87%	1.15%	1.14%	1.11%	1.09%	0.82%	Reduction in debt as no new loans have been undertaken.
<b>Indebtedness</b>									
Non-current liabilities compared to own source revenue <i>[Non-current liabilities / Own source revenue] x100</i>	13.46%	12.24%	10.77%	9.31%	10.15%	9.56%	9.14%	8.71%	Shift due to changes in funding arrangements for aged and children services.

Operating position									
Dimension/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	2019	2020	Forecasts 2021	2022	Material Variations
<b>Adjusted underlying result</b>									
Adjusted underlying surplus (or deficit) <i>[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100</i>	9.69%	-2.92%	12.56%	13.18%	-6.71%	8.23%	4.33%	3.91%	Fluctuations affected by timing of grants commission payments.
<b>Stability</b>									
<b>Rates concentration</b>									
Rates compared to adjusted underlying revenue <i>[Rate revenue / Adjusted underlying revenue] x100</i>	40.96%	49.12%	41.30%	42.92%	49.38%	42.88%	44.47%	44.42%	Remaining constant.
<b>Rates effort</b>									
Rates compared to property values <i>[Rate revenue / Capital improved value of rateable properties in the municipality] x100</i>	0.75%	0.77%	0.77%	0.80%	0.75%	0.74%	0.73%	0.72%	Remaining constant due to rate capping.



**Definitions**

Adjusted underlying revenue means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

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

"population" means the resident population estimated by council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant" means a grant other than a non-recurrent grant

"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

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

**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 an accounting basis 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. Variations between the indicator in the performance statement and the strategic resource plan may occur due to rounding or a difference in the required method of calculation. 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 27 June 2018 which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.

### Certification of the performance statement

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

.....

Sid Hutchinson, DipAcc  
Principal Accounting Officer  
Date:

In our opinion, the accompanying performance statement of the Gannawarra Shire Council for the year ended 30 June 2018 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

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

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

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

.....

Cr Brian Gibson  
**Councillor**  
Date: 19 September 2018

.....

Cr Charlie Gillingham  
**Councillor**  
Date: 19 September 2018

.....

Geoff Rollinson  
**Acting Chief Executive Officer**  
Date: 19 September 2018

**8.2 AUDIT COMMITTEE - 28 AUGUST, 2018 MEETING**

**Author:** Lisa Clue, Acting Director Corporate Services

**Authoriser:** Lisa Clue, Acting Director Corporate Services

**Attachments:** Nil

**RECOMMENDATION**

**That Council note the recommendations and outcomes of the Audit Committee meeting held on 28 August, 2018.**

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**EXECUTIVE SUMMARY**

The Gannawarra Shire Council Audit Committee Charter requires the Director Corporate Services to provide a report of each meeting to the next Ordinary Meeting of Council, including an explanation of any specific recommendations and key outcomes.

This report relates to the Audit Committee meeting held on Tuesday, 28 August, 2018.

**BACKGROUND**

The Audit Committee Charter requires the Director Corporate Services to provide a report of each Audit Committee meeting to the next Ordinary Meeting of the Council.

This report relates to the Audit Committee meeting held on Tuesday, 28 August, 2018.

**POLICY CONTEXT**

In accordance with Section 139 of the *Local Government Act 1989*, Council has established an Audit Committee as an Advisory Committee of Council.

Council Plan 2017–2021: Good Governance and a Healthy Organisation.

**DISCUSSION**

Details of the 28 August, 2018 Audit Committee Meeting:

Attendees:

**MEMBERS:**

Deanne Van der Drift – Independent Member – via Skype

John Campbell – Independent Member – Temporary Chair

Bradley Tarr – Independent Member

Cr Brian Gibson – Council Representative

Cr Charlie Gillingham – Council Representative

**IN ATTENDANCE:**

Ryan Schischka – VAGO Audit Service Provider, Johnsons MME (*via teleconference*)

Brad Ead – Internal Auditor, AFS & Associates

Geoff Rollinson – Acting Chief Executive Officer

Lisa Clue – Acting Director Corporate Services

Sid Hutchinson – Manager Finance

Trish Carse – Administration Officer

Apologies:

Nil

The following items were considered by the Audit Committee at the meeting:

Report	Discussion	Recommendation/Outcome
2018 Financial Statements And Performance Statement	The purpose of this report was to present to the Audit Committee the 2018 Financial Statements and Performance Statement for 'in principle' endorsement. Mr Ryan Schischka from Johnsons MME presented a verbal report on matters that have arisen during the performance of the audit at the Audit Committee Meeting.	The Audit Committee: 1. received and noted the 'in principle' 2018 Financial Statements and Performance Statement. 2. recommended that Council approve the 'in principle' 2018 Financial Statements and Performance Statement. 3. received and noted the Draft Closing Report.
Outstanding Audit Items – July 2018	Recommendations provided to the Audit Committee which arise from both internal audit reviews and similarly external audit management letters are recorded on the Outstanding Audit Items spreadsheet for monitoring. The spreadsheet provides an update on the status of implementing the recommendations which are only to be removed upon resolution of the Audit Committee.  Council's Governance staff regularly monitor outstanding audit items on the spreadsheet and meet with relevant officers to ensure actions towards their completion are progressing.  A number of items will be referred to the next Past Issues Review for assessment and subsequent closure.	The Audit Committee acknowledged the Outstanding Audit items spreadsheet had been reviewed.

Internal Audit Program Status Update	The appointed internal auditor, AFS & Associates provided the updated three year audit program for Gannawarra Shire Council, which includes the current status of topics and scope for approaching topics. This update provided the Audit Committee the opportunity to review the 2018 program dates and confirm the future reviews to be undertaken.	The Audit Committee acknowledged the three year internal audit program and confirmed the scope and dates of future reviews to be undertaken.
Quarterly Update for Councils – Recent reports and publications of interest.	Council's appointed internal auditors, AFS & Associates provided a Quarterly Update for Councils – Recent reports of Interest as at April 2018. This report is a summary of recent reports and publications for the period March 2018 to July 2018, by government agencies and other sources that may impact on local councils.	The Audit Committee noted the information.

### CONSULTATION

A number of councillors, Council staff and Audit Committee members have been involved in matters relevant to this report.

### CONFLICT OF INTEREST

In accordance with Section 80B of the *Local Government Act 1989*, the Officer preparing this report declares no conflict of interest in regards to this matter.

### CONCLUSION

The recommendations and outcomes of the 28 August, 2018 Audit Committee meeting are presented for the information and noting of Council.

**8.3 2017/18 ANNUAL REPORT - RECEIVE AND NOTE**

**Author:** Narelle O'Donoghue, Manager Community Health

**Authoriser:** Stacy Williams, Director Community Wellbeing

**Attachments:** 1 Draft 2017/18 Annual Report (under separate cover)

**RECOMMENDATION**

**That Council:**

1. Receive and note the 2017/18 Annual Report, including the 'in-principle' financial statements.
2. Submit the 2017/2018 Annual Report to the Minister for Local Government prior to 30 September, 2018.

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**EXECUTIVE SUMMARY**

To receive the Gannawarra Shire Council 2017/18 Annual Report.

**BACKGROUND**

Council is required under Section 131 of the *Local Government Act 1989* to prepare an Annual Report and provide it to the Local Government Minister within three months of the end of each financial year (30 September) or a longer period as the Minister may permit in a particular case. It must contain:

- A report of its operations during the financial year
- Audited financial statements for the financial year
- Audited performance statement prepared under Section 132

**POLICY CONTEXT**

Council is required under Section 131 of the *Local Government Act 1989* to prepare an Annual Report and provide it to the Local Government Minister within three months of the end of each financial year or such longer period as the Minister may permit in a particular case.

**DISCUSSION**

The preparation of the Annual Report is a requirement of the *Local Government Act 1989*.

**CONSULTATION**

The Department of Environment Land Water and Planning has produced a Local Government Better Practice Guide for both the Report of Operations and the Performance Reporting, which has been followed in the production of this draft.

A range of resources have been used to gather the information in the Annual Report including the Australian Bureau of Statistics Census 2016, Council Minutes, media releases and other reporting documents for the past financial year.

Council executive and staff have been consulted as to the accuracy of the information relating to their areas of expertise.

**CONFLICT OF INTEREST**

In accordance with Section 80B of the *Local Government Act 1989*, the Officer preparing this report declares no conflict of interest in regards to this matter.

**CONCLUSION**

The 2017/18 Annual Report will be submitted to the Minister for Local Government as per Section 131 of the *Local Government Act 1989*, initially with the 'in-principle' financial statement, then again with the 'final' audited financial statement from Victorian Auditor General's Office. The document will be publicly available at Council's Customer Service centres and on our website at [www.gannawarra.vic.gov.au](http://www.gannawarra.vic.gov.au), following its adoption at the October Council meeting.



**8.4 CONTRACTOR APPOINTMENT AND BUDGET VARIATION TO THE APEX PARK AMENITIES BLOCK PROJECT**

**Author:** Wade Williams, Civil Projects Officer  
**Authoriser:** Jo Haw, Acting Director Infrastructure and Development  
**Attachments:** Nil

**RECOMMENDATION****That Council:**

1. Approve the appointment of CJ & BT McLoughlan Pty Ltd as the successful tenderer for the Cohuna Apex Park Amenities Block Project for the lump sum price of \$195,692 excluding GST, and not subject to rise and fall; and
2. Approve a budget increase variation of \$36,000 to allow for excess tender pricing and project contingency.

---

**EXECUTIVE SUMMARY**

This report is to seek Council approval to appoint the successful tenderer for the Cohuna Apex Park Amenities Block Project, and to approve a budget allocation increase of \$36,000 to allow for a higher than expected tender price of approximately \$16,000, and a contingency amount of \$20,000 in anticipation of any known or unforeseen cost variations that may occur during construction. For example, the project will require the supply of a septic system, pumps, and demolition of the existing toilet block.

A copy of the tender evaluation has previously been provided to the Councillors.

**BACKGROUND**

This Project is a carryover from the 2017/2018 Capital Works Program and has an allocated budget of \$180,000. The tender closed on 25 July, 2018 and three tender submissions were received. Two tenders were well in excess of the allocated budget and the preferred tender was also over budget by approximately \$16,000.

**POLICY CONTEXT**

Council Plan 2017-2021 - Sustainable Natural and Built Environment.

Completion of 90% of projects listed in the annual adopted Capital Works budget.

**DISCUSSION**

Plans for this project were developed by Williams Boag Architects, who also designed the Gateway to Gannawarra building. In order to maintain the continuity and integrity of the Cohuna urban aesthetics theme, this project would benefit from the same design features.

A copy of the tender evaluation has previously been provided to the Councillors.

Given that two of the tenders were well over the budget, and the preferred tender is also over budget, Council Officers are seeking a budget allocation increase of \$36,000 to cover construction costs and known and unforeseen contingencies.

Officers have identified potential savings within the current capital works program that could be redirected to this project.

It is anticipated that construction will begin in January 2019, immediately after the Christmas and school holiday period, unless the builder can give an assurance that the works can be completed prior to Christmas.

### **CONSULTATION**

Consultation has occurred between Council Officers, the architects and building contractors to ascertain a way forward to achieve the desired construction outcome.

### **CONFLICT OF INTEREST**

In accordance with Section 80B of the *Local Government Act 1989*, the Officer preparing this report declares no conflict of interest.

### **CONCLUSION**

In order to progress this project, approval is sought to appoint CJ & BT McLoughlan Pty Ltd as the successful tenderer and approval is required for a budget increase variation of \$36,000 for the construction of the Cohuna Apex Park Amenities Block Project.

**8.5 KINDERGARTEN CAPITAL WORKS PROJECTS**

**Author:** Stacy Williams, Director Community Wellbeing

**Authoriser:** Stacy Williams, Director Community Wellbeing

**Attachments:** Nil

**RECOMMENDATION**

**That Council approve the addition of Cohuna Kindergarten Works of \$30,623.78 and Koondrook Kindergarten Works of \$12,083.94 to the 2018-2019 Capital Works program and that the works be funded using the Kindergarten Reserve fund.**

---

**EXECUTIVE SUMMARY**

Council currently holds money in trust for Kindergartens. This funding was transferred following the management changes from Loddon Mallee Preschool Association (LMPA) to Council in 2013. This funding was held in trust to be spent at each kindergarten on building works or other projects as identified by Council and the community. \$42,707.72 remains in Trust to be spent at Cohuna and Koondrook Kindergartens. Scoping is currently underway to expend the remaining funds in 2018-19.

**BACKGROUND**

When Council took over management of Kindergartens from Loddon Mallee Preschool Association (LMPA) an amount of surplus funding was transferred to Council to be held in Trust. Leitchville Kindergarten and Kerang Kindergarten have fully expended their allocations of funding. The remaining funds are to be spent at Cohuna and Koondrook Kindergartens.

**POLICY CONTEXT**

Council Plan 2017 – 2021 – Sustainable Natural and Built Environment - Managing facilities and assets now and into the future.

**DISCUSSION**

When Council took over management of Kindergartens from Loddon Mallee Preschool Association (LMPA) \$256,008.59 was transferred to be held in Trust, following projects at Kerang and Leitchville, \$42,707.72 remains in the trust account.

Scoping is currently underway at Cohuna and Koondrook Kindergartens to expend the remaining funds in the 2018-19 financial year.

To ensure that these projects can be delivered in 2018-19 and that the remaining trust funds be used, the projects are required to be added to the 2018-19 capital works program with the following allocations:

Cohuna Kindergarten Front Entrance \$30,623.78

Koondrook Kindergarten Outdoor Storage \$12,083.94

**CONSULTATION**

Consultation has included a discussion with the Cohuna and Koondrook Kindergarten Parent Committees, Kindergarten staff and management.

**CONFLICT OF INTEREST**

In accordance with Section 80B of the *Local Government Act 1989*, the Officer preparing this report declares no conflict of interest in regards to this matter.

**CONCLUSION**

These allocations of funding in the 2018-19 Capital Works Program will allow the remaining funds to be expended and improvements made at both Cohuna and Koondrook Kindergartens.

**8.6 INSTRUMENT OF APPOINTMENT AND AUTHORISATION**

**Author:** Alissa Harrower, Acting Manager Governance

**Authoriser:** Lisa Clue, Acting Director Corporate Services

**Attachments:** 1 Instrument of Appointment and Authorisation (Planning and Environment Act 1987)

**RECOMMENDATION**

That Council, in the exercise of powers conferred by section 224 of the *Local Government Act 1989* (the Act) and the other legislation referred to in the attached Instrument of Appointment and Authorisation (the Instrument), resolve that;

1. The members of Council staff referred to in the Instrument be appointed and authorised as set out in the instrument.
2. The Instrument comes into force immediately the common seal of Council is affixed to the Instrument and remains in force until Council determines to vary or revoke it.
3. The Instrument be sealed.

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**EXECUTIVE SUMMARY**

Gannawarra Shire Council has functions and duties which it must perform and powers which it may exercise, pursuant to the *Local Government Act 1989* (the Act) as well as a range of other Acts.

The appointment of authorised officers enables appropriate staff within the organisation to administer and enforce various Acts, regulations or local laws in accordance with the powers granted to them under legislation or local law.

**BACKGROUND**

Instruments of Appointment and Authorisation are prepared based on advice from Maddocks Lawyers. Whilst the majority of appointments and authorisations of officers under the relevant legislation are undertaken by the Chief Executive Officer under delegation, the power to authorise an officer under planning legislation cannot be delegated and must be by resolution of Council. The Instrument of Appointment and Authorisation for Council staff under the *Planning and Environment Act 1987* has been reviewed to reflect recent changes within Council's Planning Department.

**POLICY CONTEXT**

Section 224 – *Local Government Act 1989*

Section 174(4) – *Planning and Environment Act 1987*

Council Plan 2017 – 2021 – Good Governance and a Healthy Organisation.

**DISCUSSION**

The appointment of authorised officers enables appropriate staff within the organisation to administer and enforce various Acts, regulations or local laws in accordance with the powers granted to them under legislation or a local law.

A number of Council staff are authorised under section 224 of the Act 'for the purposes of the administration and enforcement of any Act, regulations or local laws which relate to the functions and powers of Council.' Where these staff are also authorised specifically under relevant legislation, the more specific legislation will prevail over the general legislation. For example:

Officers authorised under section 224 of the *Local Government Act 1989* may enter land or building in the municipal district at any reasonable time.

Officers authorised under the *Planning and Environment Act 1987* must get occupier's consent, give two days' notice or obtain a warrant before entering any land.

**CONSULTATION**

Instruments of Appointment and Authorisation are prepared based on advice from Maddocks Lawyers. Council staff with authorisations under the Act have been involved in the review process.

**CONFLICT OF INTEREST**

In accordance with Section 80B of the *Local Government Act 1989*, the Officer preparing this report declares no conflict of interest in regards to this matter.

**CONCLUSION**

The Instrument of Appointment and Authorisation for Council staff under the *Planning and Environment Act 1987* has recently been reviewed to reflect changes to positions within Council's Planning Department.

**Instrument of Appointment and Authorisation  
(Planning and Environment Act 1987)**

In this instrument "**officers**" mean -

Kellie Burmeister  
Stevie Pearce  
Emrys Williams

**By this instrument of appointment and authorisation** Gannawarra Shire Council -

1. under section 147(4) of the *Planning and Environment Act 1987* - appoints the officers to be authorised officers for the purposes of the *Planning and Environment Act 1987* and the regulations made under that Act; and
2. under section 232 of the *Local Government Act 1989* authorises the officers generally to institute proceedings for offences against the Acts and regulations described in this instrument.

**It is declared that** this instrument -

- (a) comes into force immediately upon its execution;
- (b) remains in force until varied or revoked.

This instrument is authorised by a resolution of the Gannawarra Shire Council on 19 September, 2018.

The Common Seal of the GANNAWARRA SHIRE COUNCIL  
was hereunto affixed in accordance with its Local Law No. 7  
In the presence of:

\_\_\_\_\_ Chief Executive Officer

\_\_\_\_\_ Date

**8.7 COUNCIL POLICY REVIEW**

**Author:** Alissa Harrower, Acting Manager Governance

**Authoriser:** Lisa Clue, Acting Director Corporate Services

**Attachments:**

- 1 Policy No. 112 - Gravel Sales**
- 2 Policy No. 125 - Use of Council Land for Private Commercial Assets**
- 3 Policy No. 128 - Asset Disposal and Rationalisation**
- 4 Policy No. 135 - Private Works**

**RECOMMENDATION**

**That Council:**

- 1. Endorse the following reviewed policy:**

**Policy No. 128 – Asset Disposal and Rationalisation**

- 2. Repeal the following reviewed policies:**

**Policy No. 112 – Gravel Sales**

**Policy No. 125 – Use of Council Land for Private Commercial Assets**

- 3. Endorse the following new policy:**

**Policy No. 135 – Private Works**

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**EXECUTIVE SUMMARY**

Council Officers undertake regular reviews of Council policies to ensure they are up to date and reflective of current practices. This report addresses the following policies which have recently been reviewed:

- Policy No. 112 – Gravel Sales
- Policy No. 125 – Use of Council Land for Private Commercial Assets
- Policy No. 128 – Asset Disposal and Rationalisation
- Policy No. 135 – Private Works

**BACKGROUND**

Council Officers undertake regular reviews of Council policies to ensure compliance with relevant legislation and that they are reflective of current practice. Council policies are reviewed as needed, however most policies must be reviewed within either 12 months or two years of a Council Election. Reviewed policies are presented to Council for endorsement, or to be repealed if it has been determined the policy is no longer required.

**POLICY CONTEXT**

Council Plan 2017 – 2021 - Good Governance and Healthy Organisation.



**DISCUSSION**

Policy No.	Policy Name	Comments
112	Gravel Sales	Council Policy No. 112 was originally adopted in 2009 for the purpose of providing clarity around the sale of gravel from Council's gravel pits. It is recommended that this Policy be repealed and replaced with new Policy No. 135 – Private Works which provides a more encompassing direction for providing services and works.
125	Use of Council Land for Private Commercial Assets	Council Policy No. 125 was originally adopted in 2014 to provide guidance on the siting of any new permanent private commercial infrastructure on Council managed public land. Following a review of this policy, officers are confident that any request for new permanent private commercial infrastructure on Council managed public land would be assessed on its merit, taking into consideration Council strategic plans and current planning legislation. It is recommended that this policy be repealed.
128	Asset Disposal and Rationalisation	<p>Council Policy No. 128 was originally adopted in 2015 to provide direction for the disposal and rationalisation of Council assets when those assets are no longer required to meet agreed services or when there is no clear need for Council to retain ownership of the asset. The policy is applied in conjunction with Council's Asset Disposal and Rationalisation Procedure.</p> <p>Minor changes to the Policy are recommended including removal of reference to former Council Policy. 043 – Library Collection Development, amending reference to the Council Plan and a change to staff title reflecting current staff structure.</p>
135	Private Works	This new Council Policy has been developed to provide guidance and direction for providing services and works for external parties.

**CONSULTATION**

The members of Council's Executive Leadership and Management Teams responsible for the policy areas have been involved in the review of the policies.

**CONFLICT OF INTEREST**

In accordance with Section 80B of the *Local Government Act 1989*, the Officer preparing this report declares no conflict of interest in regards to this matter.

**CONCLUSION**

The report addresses one new and three recently reviewed policies for the consideration of Council to ensure compliance with relevant legislation and that they are reflective of current practice.



# GRAVEL SALES

## COUNCIL POLICY NO. 112

### 1. POLICY

Council will allow the sale of gravel from its gravel pits; however these sales will occur in accordance with the following principles:

- 1.1 At the discretion of the Director Infrastructure and Development, it be made available for use by the Gannawarra ratepayers within the Gannawarra Shire.
- 1.2 Gravel sales will be made for the purpose of supporting road construction or maintenance activities by the state road authority or their representative and for private sales.
- 1.3 Council, in selling this material, does so without warranty and specification. Officers are to advise purchasers of this fact in writing and obtain a signed statement from the purchaser acknowledging this fact before any sale proceeds.
- 1.4 Officers will adopt a rate for the sale of gravel which will give consideration to crushing, rehabilitation, loading/plant return, royalty, financing, and administration costs and provide a profit to Council of at least 20%.
- 1.5 Terms of payment for gravel sales are to be 5 working days from loading, and officers are authorised to seek advanced payments if they determine it is within Council's interest to do so.
- 1.6 Council will only sell material if it has adequate supply available to support its operations, as determined by the Director Infrastructure and Development in consultation with the Manager Operational Services.

### 2. POLICY REVIEW

Council will review this policy within twelve months after a general election of the Council.

At the time of review, this policy was compliant with the Victorian Charter of Human Rights and Responsibilities Act 2006.

### 3. FURTHER INFORMATION

Members of the public may inspect all Council policies at Gannawarra Shire Council's Kerang and Cohuna office or online at [www.gannawarra.vic.gov.au](http://www.gannawarra.vic.gov.au).

Any enquiries in relation to this policy should be directed to the Director Infrastructure and Development on (03) 5450 9333.

Records – Document Profile No. 14/00478

Originally adopted: 16/12/2009

Reviewed: 17/04/2013

Reviewed: 20/09/2017

To be reviewed by: 2021

Minute Book Reference: 7761

Minute Book Reference: 9849

Minute Book Reference: 12584



## Use of Council Land for Private Commercial Assets – Council Policy No. 125

### 1. POLICY PURPOSE

To formally document Gannawarra Shire Council's position on the siting of permanent private commercial infrastructure on Council managed public land.

### 2. DEFINITIONS

Nil

### 3. POLICY

Gannawarra Shire Council is committed to regulating and monitoring use of Council managed public land.

Council policy is not to allow new permanent private commercial infrastructure on Council managed public land.

### 4. RELATED PROCEDURES/GUIDELINES

Nil

### 5. REFERENCES/LEGISLATION

Nil

### 6. POLICY REVIEW

Council will review this policy as required but always within two years after a general election of the Council.

At the time it was developed, this policy was compliant with the *Victorian Charter of Human Rights and Responsibilities Act 2006*.

### 7. FURTHER INFORMATION

Members of the public may inspect all policies at Gannawarra Shire Council's Kerang and Cohuna office or online at [www.gannawarra.vic.gov.au](http://www.gannawarra.vic.gov.au).

Any enquiries in relation to this policy should be directed to the Director Corporate Services on (03) 5450 9333.

Records – Document Profile No. 14/00602

Originally adopted: 19/02/2014 Minute Book Reference: 10531

To be reviewed by: 2018



# Asset Disposal & Rationalisation

## COUNCIL POLICY NO. 128

**Policy purpose** The purpose of this policy is to give direction for the disposal and rationalisation of Council assets when the assets are no longer required to meet agreed services or when there is no clear need for Council to retain ownership of the asset. Council assets will not be automatically replaced at the end of their useful life or when they no longer serve the function for which they were intended.

This policy provides direction for identifying, assessing and making decisions that will inform the Asset Manager of their responsibilities during the disposal process. The Asset Manager is defined as the Manager responsible for the asset.

### 1. SCOPE

This policy applies to all asset classes owned by Council and identified as, but not limited to:

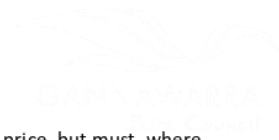
- real estate property,
- buildings or other fixed infrastructure,
- light vehicles (cars and utes),
- heavy plant,
- tangible assets including artworks, office furniture and equipment and computers.

This policy does not apply to the disposal or rationalisation of library books which are managed in accordance with the Gannawarra Library Service Collection Development Guidelines.

### 2. POLICY PRINCIPLES

Council must have regard to the following principles in its disposal or rationalisation of assets:

- Open and effective competition
- Demonstrate Council's accountability and responsibility to ratepayers;
- Seek to be fair and equitable to all parties involved;
- Seek to ensure probity, accountability and transparency in all disposal processes;
- Seek to ensure that the best outcome is achieved for Council;
- Applies to all Council officers and Councillors;
- Council officers must carry out all phases of the disposal process with impartiality, fairness, independence, openness and integrity.



- Obtaining best value in the management of public money. This is not restricted to price, but must, where applicable, include consideration of:
  - The contribution to Council's long term financial plan and strategic management plans;
  - Any relevant direct and indirect benefits to Council;
  - Efficiency and effectiveness;
  - The costs of various disposal methods;
  - Internal administration costs;
  - Risk exposure; and
  - Value of any associated environmental benefits.

### 3. POLICY OBJECTIVES

To provide a systematic, transparent and accountable method for the disposal or rationalisation of Council owned assets in accordance with:

- Council Policy No. 078 - Code of Conduct and Values for Elected Members
- Council staff handbook
- Council Plan 2017 - 2021
- Council's Strategic Resource Plan
- Council Policy No. 085 – Asset Management
- Council Policy No. 109 – Procurement
- Gannawarra Library Service Collection Development Guidelines
- *Local Government Act 1989*
- All appropriate legislation and accounting standards.

### 4. CONSULTATION

Council must undertake public consultation in respect of its proposed disposal or rationalisation of land and/or buildings in accordance with the *Local Government Act 1989* and with the intent of the Council Plan 2017 – 2021.

### 5. POLICY REVIEW

Council will review this policy as required but always within two years after a general election of the Council.

At the time it was developed, this policy was compliant with the *Victorian Charter of Human Rights and Responsibilities Act 2006*.

### 6. FURTHER INFORMATION

Members of the public may inspect all policies at Gannawarra Shire Council's Kerang and Cohuna office or online at [www.gsc.vic.gov.au](http://www.gsc.vic.gov.au).

Any enquiries in relation to this policy should be directed to the Director Infrastructure and Development on (03) 5450 9333.

Altus Folder: 3.000518  
Originally adopted:  
Reviewed:  
To be reviewed by:

15 July 2015  
19 September 2018  
2022

Minute Book Reference:  
Minute Book Reference:

11833





# Private Works

## COUNCIL POLICY NO. 135

### 1. POLICY PURPOSE

To provide guidance and direction for providing services or undertaking works and activities including provision of quotations and client engagement.

### 2. SCOPE

Council's operational activities may include providing services or undertaking works and activities for external parties. Council will ensure that works are undertaken on a commercial or full cost recovery basis.

### 3. POLICY

Undertaking private works will not take precedence over the completion of Council's annual capital works and operational works programs or cause disruption to Council's core activities. Private works will be undertaken on a full cost recovery basis and include a profit margin. Private works will generally include the provision of labour, materials, plant and equipment.

Council's processes for quoting and undertaking private works will be undertaken in a fair and transparent manner.

Council reserves the right to refuse private works if it is deemed to be outside of Council's scope of works, timelines cannot be met, resource availability or for any other reason deeming the works unachievable by Council.

### 4. POLICY REVIEW

Council will review this policy as required but always within two years after a general election of the Council.

At the time of review, this policy was compliant with the *Victorian Charter of Human Rights and Responsibilities Act 2006*.

### 5. FURTHER INFORMATION

Members of the public may inspect Council policies at Gannawarra Shire Council's Kerang and Cohuna Offices or online at [www.gsc.vic.gov.au](http://www.gsc.vic.gov.au).

Any enquiries in relation to this policy should be directed to the Director Infrastructure and Development on (03) 5450 9333.

Altus Folder – 3.000518

Originally adopted: 19 September 2018

To be reviewed by: 2022

Minute Book Reference:

**8.8 CHRISTMAS CLOSURE 2018****Author:** Lisa Clue, Acting Director Corporate Services**Authoriser:** Lisa Clue, Acting Director Corporate Services**Attachments:** Nil**RECOMMENDATION****That Council:**

- 1. Acknowledge the closure of the Council offices over the Christmas/New Year period from the usual closing time on Friday, 21 December, 2018 through to the usual opening time on Wednesday, 2 January, 2019.**
- 2. Advertise the office closure in the local newspapers, website and Facebook**

**EXECUTIVE SUMMARY**

To enable Council staff to enjoy the Christmas holiday period with friends and family, it is proposed that Council close its main administration offices, libraries, Kerang Long Day Care Centre and Works Depot from the usual closing time on Friday, 21 December, 2018 and re-open at the usual opening time on Wednesday, 2 January, 2019.

**BACKGROUND**

This holiday season, Christmas Day and Boxing Day are on a Tuesday and Wednesday respectively, with both days recognised public holidays.

In the spirit of a family friendly workplace, it is recommended to close Council's main administration offices, libraries, Kerang Long Day Care Centre and Works Depot from the usual closing time on Friday, 21 December, 2018 allowing staff time to travel and/or spend more time with family in the lead up to Christmas Day.

In essence, Council will be closing services for four days (24 December and 27-31 December). This is outlined on the table below:

<b>Sunday</b>	<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>	<b>Saturday</b>
					21/12/18 (Business as Usual)	22/12/18 (Closed)
23/12/18 (Closed)	24/12/18 (Closed)	25/12/18 <b>(Public Holiday)</b>	26/12/18 <b>(Public Holiday)</b>	27/12/18 (Closed)	28/12/18 (Closed)	29/12/18 (Closed)
30/12/18 (Closed)	31/12/18 (Closed)	1/1/19 <b>(Public Holiday)</b>	2/1/19 (Business as Usual)			



**POLICY CONTEXT**

Council Plan 2017-2021: Good Governance and a Healthy Organisation.

**DISCUSSION**

Most Councils close their administration offices between Christmas and New Year. Experience from previous years indicates that few problems are encountered at this time of the year and offices are traditionally extremely quiet.

After hours contact details and emergency numbers will be well promoted through the local media prior to the closure at the end of business on Friday, 21 December, 2018. A skeleton staff will be required in the Works Depot to cover necessary call-out functions and within the Community Services Department who may still be required to provide essential services to the community including personal care. Local Laws staff will also be on call.

Christmas closure arrangements incur no additional cost to Council as staff not working during this period access relevant leave entitlements.

**CONSULTATION**

This matter has been discussed by Council's Executive Leadership and Management Teams.

**CONFLICT OF INTEREST**

In accordance with Section 80B of the *Local Government Act 1989*, the Officer preparing this report declares no conflict of interest in regards to this matter.

**CONCLUSION**

It is believed that the opportunity should be taken to utilise the quiet period between Christmas and New Year by closing the Council offices to enable staff to take a break, enjoy spending time with their family and friends with minimal impact on Council services.

**9 INFORMATION REPORTS**

Nil

**10 URGENT ITEMS**

**11 NOTICES OF MOTION**

Nil

## 12 DELEGATES REPORTS

### 12.1 DELEGATES REPORT - 16 AUGUST, 2018 TO 19 SEPTEMBER, 2018

**Author:** Melissa Scott, Executive Assistant - Chief Executive Office

**Authoriser:** Geoff Rollinson, Acting CEO

**Attachments:** Nil

#### EXECUTIVE SUMMARY

Delegate Reports from 16 August, 2018 to 19 September, 2018

##### Cr Brian Gibson

16 August	Municipal Association of Victoria Rural and Regional Forum – Melbourne
17 August	Loddon Campaspe Meeting
18 August	Official Opening of Cohuna Recreation Reserve Lighting
24 August	Kerang & District Schools Book Week Presentation and Parade
28 August	Audit Committee Meeting
29 August	ACCIONA Energy Dinner – Melbourne

##### Cr Jodie Basile

16 August	Municipal Association of Victoria Rural and Regional Forum – Melbourne
24 August	Kerang & District Schools Book Week Presentation and Parade
4 September	Central Victoria Rural Women's Network Lunch - Bendigo
6 September	Kerang U3A Annual General Meeting

##### Cr Charlie Gillingham

27 August	Quambatook Community Development Meeting
28 August	Audit Committee Meeting
	Lake Charm Senior Citizens AGM
29 August	Lake Charm Mystic Park Lions Club Change Over

##### Cr Lorraine Learmonth

16 August	Municipal Association of Victoria Arts and Culture Meeting – Melbourne
18 August	Official Opening of Cohuna Recreation Reserve Lighting
21 August	Rohan Cleave presentation to School Students – Cohuna
23 August	Municipal Association of Victoria Arts and Culture Conference – Melbourne
24 August	Kerang & District Schools Book Week Presentation and Parade
27 August	Loddon Mallee Waste and Resource Recovery Group Forum – Stanhope
4 September	Central Victoria Rural Women's Network Lunch - Bendigo
5 September	Murray River Group of Councils Mayor's & CEO's Dinner Meeting – Mystic Park
6 September	Murray River Group of Councils Mayor's & CEO's Meeting – Kerang
7 September	Cohuna Seniors Birthday Lunch
12 & 13 September	Waste and Recovery Board Training – Melbourne
17 September	Walk to School Cohuna

Cr Steve Tasker

11 September Koondrook Development Committee Meeting  
13 September Official Launch of Walk to School Program - Koondrook

Cr Sonia Wright

17 August Stand Up For Water Community Meeting – Cohuna  
18 August Official Opening of Cohuna Recreation Reserve Lighting  
20 August Cohuna & District Progress Association Meeting  
21 August Book Week with Author Rohan Cleave – Cohuna  
23 August Central Victorian Greenhouse Alliance Strategic Meeting – Maryborough  
Central Victorian Greenhouse Alliance Board Meeting – Maryborough  
17 September Cohuna & District Progress Association Meeting  
18 September Walk to School St Mary's Cohuna

This table represents attendances at Council meetings and briefings:

Function Attended	Councillor (✓)						
	Gibson	Arians	Basile	Gillingham	Learmonth	Tasker	Wright
Council Strategic Briefing (28 August)	✓	A	✓	✓	✓	A	A
Council Briefing (10 September)	✓	A	✓	✓	✓	✓	A
Ordinary Council Meeting (19 September)	✓	LoA	✓	✓	✓	✓	✓

LoA = Leave of Absence

A = Apology

**13 CONFIDENTIAL ITEMS**

Nil