



AGENDA

SPECIAL MEETING OF COUNCIL

Tuesday, 25 September 2018

To be held Swan Hill Town Hall
53-57 McCallum Street, Swan Hill
Commencing at 12:45 PM

COUNCIL:

Cr LT McPhee – Mayor

Cr JN Katis

Cr GW Norton

Cr C Jeffery

Cr L Johnson

Cr B Moar

Cr A Young

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PERFORMANCE STATEMENTS.....4

SECTION A – PROCEDURAL MATTERS

- **Open**

- **Acknowledgement to Country**

- **Prayer**

- **Apologies**

- **Declarations of Conflict of Interest**

SECTION B – REPORTS

B.18.75 IN-PRINCIPLE ADOPTION OF FINANCIAL AND PERFORMANCE STATEMENTS

Responsible Officer: Director Corporate Services
File Number: 42-01-00
Attachments: 1 Annual Report 2017/18

Declarations of Interest:

David Lenton - as the responsible officer, I declare that I have no disclosable interests in this matter.

Summary

The Local Government Act requires that Council adopt its Annual Statements incorporating the General Purpose Financial Statements, and Performance Statement “in principle” prior to the Auditor General issuing an Audit opinion on the Statements. Officers have prepared a draft set of Statements, ready for “in principle adoption”, and request that Council adopt these Statements “in principle”.

Discussion

Officers have been working for some weeks to prepare Council’s annual Statutory Statements, incorporating the General Purpose Financial Statements and Performance Statement for 2017/18. A draft set of these statements has been prepared and presented for Audit.

Council’s Audit Committee met to review the Draft Statements on 20 September 2018. The Audit Committee recommended that Council adopt the statements “in-principle”. Accordingly, as required under the Local Government Act these draft statements are attached and are presented to Council for “in-principle” adoption.

The Auditor General and Local Government Victoria both accept that adoption is “in-principle” and is therefore not seen as a certification by Council as to the complete accuracy of the information being adopted.

It is anticipated that the final audit process will be completed shortly after Council adopts the Statements in-principle, at which time the Statements will be available for signing by the two appointed Councillors. The Statements can then be included in the Annual Report.

A formal advertising process will then take place, with the Annual Report being adopted at a Special Meeting of Council, to be arranged for late October 2018.

Consultation

The statements form part of the Annual Report which will be advertised prior to adoption.

Financial Implications

Not applicable.

Social Implications

Not applicable.

Economic Implications

Not applicable.

Environmental Implications

Not applicable.

Risk Management Implications

Failure to adopt the Statement 'in-principle' will contravene the Local Government Act.

Council Plan Strategy Addressed

Effective partnerships and relationships with key stakeholders and staff. - We will represent the interests of our community and will conduct our affairs openly and with integrity, reflecting high levels of good governance.

Options

Failure to adopt the statements "in-principle" will delay the audit of the statements and may put Council outside the deadline for lodgement of the Annual report with the Local Government minister, which is 30 September 2018.

Recommendation

That Council adopt "in-principle" the Draft General Purpose Financial Statement and Performance Statement for the 2017/18 financial year as presented.

Attachment

- Annual Report 2017/18



Annual Report

2017/18



About our Annual Report

Swan Hill Rural City Council is pleased to present its 2017/18 Annual Report, which provides a detailed account of our performance from 1 July 2017 to 30 June 2018.

Documenting Council's performance against the 2017/18 Budget and the Council Plan, the Annual Report highlights achievements and challenges faced within key service areas and programs in the first year of the 2017-21 Council Plan.

Council seeks to achieve community engagement and an understanding of Council's operations by conducting its affairs openly and with integrity.

Transparency in our decision-making and accountability are core values of Council, therefore reflecting high levels of good governance.

This report provides information to a variety of audiences including community groups, businesses, ratepayers, visitors, investors, government agencies and other interested stakeholders.

Acknowledgement

Swan Hill Rural City Council acknowledges the traditional custodians of the land on which we meet, and pays its respects to their elders, past and present.

How to read our Annual Report

Part one – Introduction

Provides a snapshot of our region and highlights what we have accomplished.

Part two – The year in review

Messages from our Mayor and CEO, a financial summary and major projects highlights.

Part three – Our council

Our region's history and profile and information on our Councillors.

Part four – Our people

Information on Council's employees, including our organisational structure, Occupational Health and Safety, Equal Opportunity and appreciating our staff.

Part five – Our performance

Results against our Council Plan Key Strategic Initiatives, Local Government Performance Reporting Indicators and Major Initiatives and Services identified in the 2017/18 Budget.

Part six – Corporate governance

Governance and statutory information including decision-making, elected members, risk management, benchmarking and accountability.

Part seven – Performance statement

Local Government Performance Reporting Indicators for Sustainable Capacity, Service Performance and Financial Performance.

Part eight – Financial performance

Council's general purpose financial statements.

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Part one

Introduction

Welcome to the report of operations

We are committed to transparent reporting and accountability to our community. The Annual Report is our primary means of advising residents within the Swan Hill Rural City Council region about our operations and performance during the 2017/18 financial year.

Snapshot of Council

Swan Hill Rural City Council covers 6,116 square kilometres and is home to 20,849 people. It includes the townships of Swan Hill, Robinvale, Lake Boga, Nyah, Nyah West, Piangil, Woorinen, Ultima, Manangatang, Boundary Bend and Tresco.

Agriculture and manufacturing drive the Swan Hill Rural City economy.

Almost 19 per cent of the total economic output from the region comes from agricultural production.

Irrigated farming (including stone fruit, grapes, nuts, olives and vegetable production) accounts for over 11 per cent of the total economic output for the municipality, while traditional livestock and broadacre farming accounts for almost four per cent.

More than 18 per cent of all jobs in the city are directly related to agriculture.

Food manufacturing (processing) accounts for almost 10 per cent of the municipality's economic output.

Located along the Murray River, tourism plays an important role in our region's economy as well. Our climate and natural beauty attracts about 656,000 visitors each year.

20,849	Our population
6,116km²	Our area
3,508km	The length of our local roads (sealed and unsealed)
11,957	Our rateable properties
\$1.28 billion	Gross regional product
9,126	People working

Our Vision

A prosperous and healthy community enjoying quality facilities and services.

Our Mission

We will lead, advocate, partner and provide efficient services and opportunities for growth and the wellbeing of our community and environment.

Our Values

Council values our residents and community and will be responsive to their needs. In pursuing our objectives, we believe in, and are committed to, the following values:

Community engagement

We will ensure that our communities are consulted, listened to and informed.

Leadership

We will be at the centre of our community and by actively engaging our community, we will form the collective view on strategic issues and will then express our views through strong advocacy.

Fairness

We will value and embrace the diversity of our community and ensure that all people are treated equally.

Accountability

We will be transparent and efficient in our activities and we will always value feedback.

Trust

We will act with integrity and earn the community's trust by being a reliable partner in delivering services and providing facilities.

Highlights of the year

Governance and Leadership

- Appointed a new Director Infrastructure.
- Appointed a new Director Development and Planning.
- Cr Les McPhee re-elected as Mayor and Cr Ann Young re-elected as Deputy Mayor.
- Wrote a detailed submission to the Local Government Act review.
- Reaffirmed the principles of the Women's Charter and nominated Crs Ann Young and Lea Johnson to be Women's Charter Champions.
- Agreed to highlight the names of all past female Councillors displayed on honour boards at the Swan Hill Town Hall.
- Joined a delegation of Mayors and CEOs from the Murray River Group of Councils to meet with Ministers, Shadow Ministers and the Murray Darling Basin Authority in Canberra to advocate on water, energy, tourism, roads and bridges, digital connectivity and regional economic development.
- Representatives from Central Murray councils and state governments met to discuss roads, rail freight, tourism, public and local transport, tracks and trails, and air transport. The group will develop a Central Murray Region Integrated Transport Strategy.
- Adopted Council's IT Strategic Plan, defining the direction of Council's IT operations over the next three years.
- Rolled out improved radio links to sites like the Library, Pioneer Settlement and Information Centre, resulting in higher network speeds, reduced costs and improved efficiency.
- Internal processes automated, including community grants and road closures, resulting in productivity improvements.

- Started a pro-active campaign to bring rooming houses in the Robinvale region up to standard to protect the health and safety of their tenants.
- Adopted the Health Precinct Plan into the Swan Hill Planning Scheme

Community Enrichment

- Adopted the Public Health and Wellbeing Plan 2017-21.
- Endorsed the Aboriginal Community Partnership Strategy.
- Adopted the Community Access and Inclusion Strategy 2017- 2021.
- Released the Robinvale 2031 Community Plan for feedback.
- Restructured the Community Grants program, giving local community-based organisations the chance to apply for up to \$5000 through the Community Development Fund. Timing for Event Support Fund applications was also changed. Applications for both programs will now close in June.
- Restructured our agreement with Robinvale District Health Service to ensure a Maternal and Child Health Nurse was available to families in the Robinvale area.
- Received more than 140 responses to a Maternal and Child Health survey. These responses are helping to shape the future delivery of this service to families across the municipality.
- Launched a community survey to assist in developing a Creative Strategy. The strategy will be completed in 2018/19.
- Adopted key recommendations from the Swan Hill Recreation Reserves Master Plan study, a 10-year plan to redevelop nine reserves across the municipality.

Economic Growth

- Received \$500,000 to complete the next stages in the PS Gem's conservation management plan.

- Adopted the Swan Hill Economic Development Strategy 2017-2022 and implementation plan.
- Completed construction of the Lake Boga Catalina Museum café. A new operator is due to start trading from the café early in 2018/19.

Infrastructure

- Completed the \$2 million upgrade of Swan Hill's Nyah Road.
- Secured funding through the State-Commonwealth National Partnership Agreement on Natural Disaster Resilience to build the Robinvale town levee.
- Worked with State Government to gather community input and knowledge for Swan Hill Flood Study - a study that will assist with planning for future emergency flood events, and land use planning.
- Nominated Crs Bill Moar and Les McPhee for the Swan Hill Bridge Joint Advocacy Group. Council also agreed to discuss with road and heritage authorities the potential for the existing bridge to be relocated and a new bridge to be built in its place.

Environment

- Installed a 30kW battery storage system at Council's Splatt Street office, connected to an existing 85kWh solar system.
- The Institute for Sustainable Futures announced that Swan Hill Rural City would be one of five Australian locations investigated for a community solar garden, through the \$555,000 Social Access Solar Gardens project.
- Construction was completed at the Blackwire Reserve solar farm in Swan Hill, while the State Government announced that the Bannerton solar farm would supply solar power to Melbourne's tram network. Council has supported both projects, as it aims for this region to become an Australian leader in solar energy generation.

Challenges and the year ahead

- Deliver the \$1.15 million Swan Hill Livestock Exchange upgrades, following recommendations of the Swan Hill Saleyards Redevelopment Committee.
- Await the outcomes of the Local Government Bill 2018, and work to implement new processes in accordance with guidelines and any new legislation.
- Continue seeking funding for Swan Hill Riverfront redevelopment projects, and deliver projects that have already received funding.
- Continue working through the Joint Advocacy Group towards a solution for a new Swan Hill bridge.
- Develop a new Communication and Engagement Strategy.
- Undertake required cultural and environmental planning, and start construction of the Robinvale town levee.
- Construct the boat ramp and other improvements in Milloo Street, Swan Hill.
- Continue design work and seek funding for a new or redeveloped Swan Hill Regional Art Gallery.
- Plan and build the Lake Boga Education Hub.
- Build the Ken Harrison Reserve Pavilion.
- Complete the Creative Strategy.
- Council's Maternal and Child Health Service was short-staffed in 2017/18, meaning that the Lake Boga and Nyah services were temporarily closed. These will re-open early in 2018/19.

Year at a glance

July

Skate park consultation

Almost 40 skaters and parents attended two workshops at the Swan Hill Town Hall to brainstorm and inform Council about what they want to see in Swan Hill's new skate park. The skate park design has since been finalised and Council is seeking funding to build the park.

Woorinen football rooms



Victorian Minister for Sport, Tourism and Major Events and Veterans Affairs, John Eren visited the region, officially opening Stage 1 of the Woorinen Football Netball Club rooms and visiting the Pioneer Settlement to view the Heartbeat of the Murray laser light show.

NAIDOC celebrations

The Swan Hill NAIDOC Week breakfast and flag raising ceremony were well attended, followed by a good crowd for the NAIDOC march and festival in the Council car park and the Masonic Hall.

Local dancers in Victoria Ballet

Thirty-four local dance students auditioned to perform in the Victorian State Ballet's performance of Cinderella, with 18 chosen.

August

More than 5000 attend Da Vinci



More than 5000 people visited Swan Hill Regional Art Gallery to see the Da Vinci Machines exhibition. The Gallery's guest book included positive comments from people as far as Onkaparinga SA, Kingaroy QLD, Canberra ACT and Dianella WA.

Robinvale levee funds

The State-Commonwealth National Partnership Agreement on Natural Disaster Resilience announced \$710,000 to build the Robinvale town levee. Council will contribute a further \$500,000 to complete the project.

Bannerton solar to power trams

The State Government announced that a new solar farm at Bannerton, near Robinvale, was one of two successful farms in a tender process to supply solar power to Melbourne's tram network. The \$160 million, 100MW solar farm at Bannerton will include 320,000 PV tracking solar panels. Construction is underway.

Reducing barriers

Council released a draft strategy aimed at reducing barriers for people with a disability. The draft Community Access and Inclusion Strategy was opened for public comment. It was later adopted, in December.

September

Aboriginal Partnership Strategy



Council endorsed the Aboriginal Community Partnership Strategy at its September meeting and acknowledged the Advisory Group members for their guidance, commitment and involvement.

Fairfax success



The Fairfax Youth Initiative was held in Swan Hill, with students from Bendigo, Red Cliffs, Tooleybuc, Manangatang, Sea Lake and Swan Hill taking part. As part of the festival, Council's Beveridge Street office wall got a makeover thanks to Australian street artist Katie Kaff Eine and Fairfax students.

North shops upgrade

The Swan Hill north shopping area had an upgrade, including footpath replacement, paving, new kerb and channel, new trees, balustrade and upgraded pedestrian crossings.

New Residents Guide released

The Swan Hill New Residents Guide was released. The guide is an all-in-one information booklet or online resource for new or prospective residents, covering sporting facilities, schools, health care and housing, plus more.

October

Robinvale rooming houses

Council started a pro-active campaign to bring rooming houses in the Robinvale region up to standard to protect the health and safety of their tenants. By June 2018, Council had been notified of 30 potentially illegal rooming houses, investigated each one, and issued more than 20 notices for demolition, improvement or to formalise tenancy agreements.

30,000 head at sheep sale

The Annual Special Sheep Sale conducted on the AFL Grand Final public holiday saw over 30,000 head of sheep offered at the Swan Hill Regional Livestock Exchange. The gross turnover for the day was about \$3.3 million.

L2P success

Twelve young people achieved their probationary licences through the L2P Learner Driver Program over the past 12 months. Through L2P, young learner drivers receive driving practice with trained volunteer mentors as well as access to up to seven free lessons with a registered driving school.

Discover More launched

A new virtual reality touring experience was launched, giving visitors a taste of what the Swan Hill region has to offer. Discover More in the Swan Hill Region uses the latest in digital technology including videos, photospheres and virtual reality to highlight our region's landscape, history and tourist attractions. It can be accessed on all mobile, tablet and desktop devices through the Visit Swan Hill website.

Saleyards redevelopment

Council established a Redevelopment Committee to progress the upgrade of the Swan Hill Regional Livestock Exchange. The 18-member committee was formed after feedback from producers about the proposed design and included industry and Council representatives. Following recommendations from the committee, Council endorsed a new design for the redevelopment and tenders opened on 29 June.

Swan Hill CBD drainage upgrade



Whitfield Excavations continued work on a project to install a new main drain along the north side of McCallum Street from the NAB building to the Swan Hill Bowling Club, under the train line and then to the river. The project involved boring under Curlewis Street (pictured). The upgrade was aimed at reducing the stormwater impact on businesses during heavy rainfall.

November

Community grants

Thirty-three community groups shared in \$70,000 to upgrade buildings, buy new equipment and support their volunteers. The funding was through Council's Community Development Fund.

Family Day Care continues to shine

Council's Family Day Care Service was assessed under the National Quality Framework as Exceeding National Quality Standards.

Youth Arts Festival success



The fourth annual Swan Hill Youth Arts Festival ran on Market Day. A committee of 15 young people worked with Youth Inc to plan and run the event. More than 70 pieces of artwork by young people from Swan Hill, Robinvale, Manangatang, and surrounding areas were displayed in the pop-up gallery, and over 80 young people performed on the YAF stage.

Cr Les McPhee returned as Mayor

At a Statutory Council Meeting, Councillors elected Lakes Ward Councillor Les McPhee as Mayor for the next 12 months - his fifth term as Mayor. Councillors also returned Cr Ann Young as Deputy Mayor.

Nyah Road upgrade

Work on Nyah Road in Swan Hill continued, with a full reconstruction making this section of road safer for motorists and pedestrians. The \$2 million, 12 month project started in May 2017 and is thanks to the Federal Government's Roads to Recovery program.

Lake Boga Preschool funding

The State Government announced \$340,000 to allow Council to undertake a significant upgrade of the Lake Boga Education Hub. Funding will include upgrades to the pre-school and the creation of an early learning consulting room for use by Maternal and Child Health nurses and other early years intervention specialists.

December

Hometown Hero launched



The Pioneer Settlement's Hometown Hero program was launched, giving local residents free Pioneer Settlement entry, and discounted entry for their friends and family. It replaced the former gold coin entry for locals.

Art Gallery decked out



Work on the Swan Hill Regional Art Gallery's mini makeover began. A new deck was built, along with pathways, lighting and landscaping, creating a new space for events. The improvements were completed as part of the Swan Hill riverfront redevelopment and funded through Regional Development Victoria.

Dog park trials

Four designated off-leash pet areas were announced as part of a two year trial - at Tower Hill and Palaroo Street in Swan Hill, Centenary Park in Robinvale and the Lake Boga sporting complex.

January

New pump track for Ultima



The region's first pump track was installed at Ultima thanks to the local community and Council's Community Planning program.

The track uses an up and down 'pumping' motion to propel bikes or skateboards without pedalling or pushing. They are safe and fun for all ages and skill levels.

Giant crowd for book launch

About 100 people attended the launch of Brian Carty's book *Giants of the Mallee*, held at the Swan Hill Library.

Karinie Street works

The section of Karinie Street, Swan Hill, from Murlong Street to Richards Road was fully reconstructed.

Australia Day winners

Swan Hill's Laura Smith was announced as the Citizen of the Year for her dedication to the Friends of the Pioneer Settlement. Also announced on Australia Day were our Young Citizen of the Year Eden Zanker, and Community Event of the Year was the Lake Boga Lions Club's Flying Boat Depot 75th Anniversary.

Youth leadership camp



Youth Support Program staff took a group of young people from Swan Hill, Robinvale and surrounds to Cape Bridgewater in January for a four-day leadership camp. Workshops focussed on enhancing skills like public speaking, goal setting and team work.

February

Queen's Baton Relay



The Queen's Baton Relay passed through Swan Hill, Nyah and Robinvale on its way to the Gold Coast Commonwealth Games. Local baton bearers were part of the relay and community celebrations were held along the route.

Nyah West road sealed

The Frederick Street road reconstruction was completed in February. Work included drainage upgrades and sealing a 200 metre section of the road.

March

Robinvale footpaths

Footpaths along George Street and Anniversary Drive in Robinvale were built, and four pedestrian crossings on Latje Road upgraded.

Harmony Day

Another successful Harmony Day was held with music and food the crowd favourites. It also featured a smoking ceremony during the Welcome to Country for the first time.

Welcome to Swan Hill



Fifteen students and four leaders from the Japanese city of Yamagata arrived in our region for this year's Sister City student exchange.

April

Sheep scanning first run

Swan Hill Regional Livestock Exchange held its first sheep sale using recently installed electronic ear tag scanning equipment. The updates were the result of mandatory national livestock identification scanning requirements.

Youth making a change

Swan Hill NOVO Youth Council hosted its inaugural Make a Change Film Festival, featuring 12 short films made by local young people and special guest speaker Glenn Manton.

Villers-Bretonneux anniversary



The 100th anniversary of the Battle of Villers-Bretonneux was held in Robinvale. The community banded together to commemorate the battle and their 100 year relationship with Villers-Bretonneux, France. The event included the official opening of the Robinvale-Euston Memorial Park, a Euston Cenotaph re-consecration, RSL service and community barbecue.

May

Recreation plans adopted

Council adopted key recommendations from the Swan Hill Recreation Reserves Master Plan study, which was created with input from user groups. Masterplans were developed for nine recreation reserves across the municipality, with 34 key projects identified.

Creative Strategy callout

Council hosted workshops to get community input into a new Creative Strategy for our municipality, as well as an online survey. A draft strategy is expected early in 2018/19.

Print and Drawing Awards

The National Print and Drawing Awards opened at Swan Hill Regional Art Gallery, showcasing leading Australian artists and works.

Jaycee Park upgrades

Following public consultation, Jaycee Park in Swan Hill received some minor upgrades, including to the picnic shelter, basketball rings and football posts. Council will now seek funding for further upgrades.

Swan Hill Cenotaph upgrade



The Swan Hill Cenotaph was upgraded and beautified in a joint Swan Hill RSL and Council project. Layout changes have brought the Cenotaph in line with national protocols and the entire area has been beautified with landscaping and made more accessible.

June

Basin Plan research

The Murray River Group of Councils released research looking at the personal cost and impacts of the Murray Darling Basin Plan. Swan Hill Rural City Council is one of six councils involved in the lobby group.

PS Gem conserved



A \$500,000 refurbishment funded by the Victorian Government's Living Heritage Program has breathed new life into the PS Gem. The project was completed in June, and included improving the condition of the vessel's hull and reducing leakage by recaulking the vessel and tightening up the butts and joins.



Part two

Year in review

Mayor's Message

Cr Les McPhee

I am pleased to present the 2017/18 Annual Report to our community, highlighting our performance over the past 12 months.

In line with one of our Economic Development Strategy objectives, our region is fast becoming an Australian leader in solar energy generation. The 2017/18 year included some major steps forward.

The Swan Hill solar farm was completed, and work continued to build large solar farms at Bannerton and Wemen. We were especially pleased to see that the Bannerton solar farm will be one of two in Victoria to power the Yarra Tram network in Melbourne – Mallee sun powering city trams!

Also this year the Lake Boga Catalina Cafe was completed and leased, a great addition to Boga and to our region's liveability and tourism offering.

We were able to work with Robinvale District Health Service to return Maternal and Child Health Services to Robinvale; we started a pro-active campaign to stamp out illegal rooming houses in Robinvale; and we obtained funding to build the Robinvale town levee.

At the Pioneer Settlement, we launched the Hometown Hero program, and completed a \$500,000 project to sure-up the historic PS Gem.

Planning for the future has been a big part of our work this year as well. Council adopted plans for local recreation reserves, community access and inclusion, Aboriginal partnerships, economic development and public health, among others.

As you will see from reading through this Annual Report, 2017/18 was also a year of celebration.

Highlights included 5000 people visiting the amazing Da Vinci Machines exhibition at Swan Hill Regional Art Gallery; Robinvale marking the 100th anniversary of the Battle of Villers-Brettoneux; and the Commonwealth Games Queen's Baton Relay visiting Swan Hill, Nyah and Robinvale.

It is events like these that make the Swan Hill municipality such a wonderful place to live.

I look forward to working with the people of the Swan Hill municipality to deliver our plans for 2018/19 and encourage you to get involved wherever you can.

CEO's Message

John McLinden

Council's 2017/18 Annual Report provides a great snapshot of Council's performance, our achievements on behalf of the community, and areas for improvement.

Financially, this report shows that Council remains in good health. We achieved a surplus of more than \$5.7 million, and all key financial ratios – debt commitment, working capital, revenue and debt servicing – remained steady and healthy.

Of our \$50.8 million in revenue, 52.6 per cent was drawn from rates and garbage charges, 29.7 per cent from grants, 9 per cent from user fees, and the balance from other sources.

We used \$10.7 million for capital works, including Swan Hill CBD drainage, Nyah Road and Karinie Street upgrades, Swan Hill drag strip remedial work, and the new Lake Boga cafe.

This annual report also looks at our performance against the Key Result Areas set out in our Council Plan, and our Service Performance Indicators as set out by the State Government. Highlights from these Service Performance Indicators include:

- Participation in the Maternal and Child Health Service by Aboriginal children being up from 41.88 per cent to 62.18 per cent.
- Animals reclaimed by their owners up from 25.75 per cent to 31.16 per cent, due to increased use of social media and website.
- The number of requests for work on sealed roads reduced, due to an increase in Roads to Recovery and Council funding focusing on the sealed road network.

As we sign off on another financial year, our attention is already well and truly on 2018/19 and some of the challenges ahead. We await the outcomes of the Local Government Act reforms, and the impact that will have on the governance and operation of our organisation.

We have plenty of projects to deliver, including those along the Swan Hill Riverfront, the Robinvale levee, the Lake Boga Education Hub and the Ken Harrison Reserve Pavilion.

And we look forward to continuing our advocacy on issues like the Swan Hill hospital redevelopment, Swan Hill bridge and Robinvale housing.

Financial Summary

Operating result

On a full accrual basis the surplus for the year was \$5,777,678. It is important to note that this is an accounting profit after recognising non-cash items such as depreciation of \$8.24 million and the receipt of infrastructure assets created by developers.

Major revenue and expenditure items included in the operating result can be identified from the following graphs.

For more information on the comprehensive income statement, balance sheet and cash flows for the year, please refer to the audited General Purpose Financial Report in Part Eight of this Annual Report.

Revenue

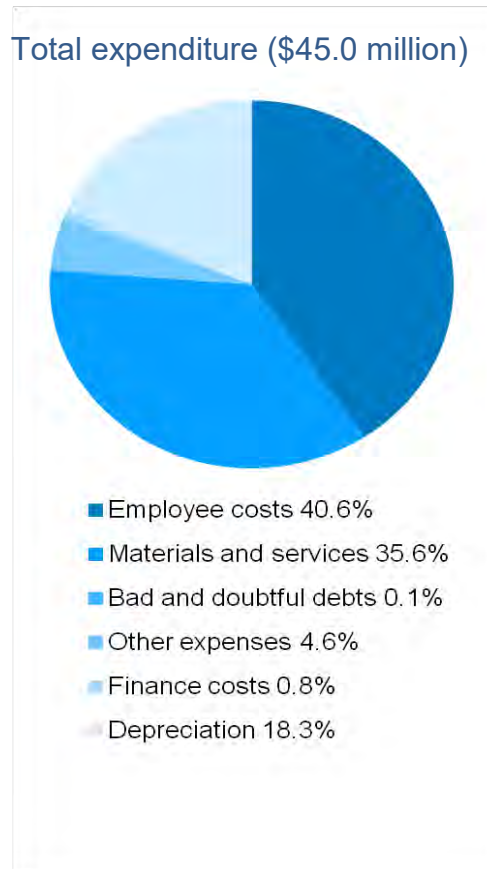
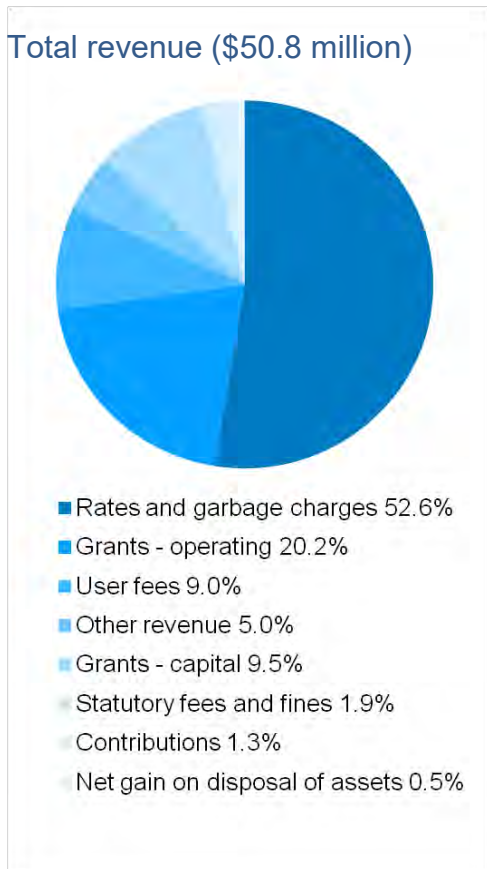
Council's total revenue for the 2017/18 year was \$50.8 million as per the Comprehensive Income Statement. A breakdown of Council's revenue sources highlights that 91.3 per cent of Council's income comes from four income categories.

- Rates and garbage charges 52.6%
- Grants - operating 20.2%
- Grant - capital 9.5%
- User fees 9.0%

Expenditure

Council's total expenses for the 2017/18 year were \$45.0 million as per the Comprehensive Income Statement. A breakdown of Council's expenses highlights that 94.5 per cent relates to three expenditure categories.

- Employee costs 40.6%
- Materials and services 35.6%
- Depreciation 18.3%



Capital expenditure

During the financial year, Council spent \$10.7 million on capital works and asset purchases, bringing the five-year total of expenditure on fixed assets to over \$56.2 million. Council also acquired \$0.4 million of assets from developer contributions or donated assets. The graph shows the level of expenditure spent on new and redeveloped assets over the past five years. Major capital expenditure items were road networks, the Swan Hill CBD drainage improvements, construction works at Tower Hill, construction of the Chisholm Reserve drag strip and the Heartbeat of the Murray experience.

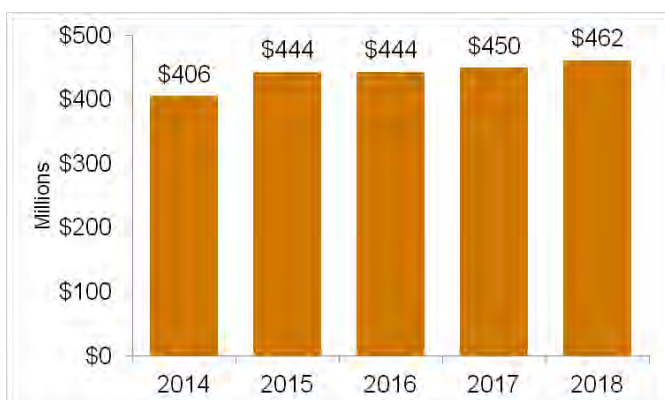
Purchase and creation of assets



Equity

The Balance Sheet shows total community equity of \$462 million, represented by accumulated surplus and asset revaluation reserve. The increase in equity is due to the revaluation of Council's land and building assets, and a \$5.8 million surplus in 2017/18. This graph shows the movement in equity over the past five years.

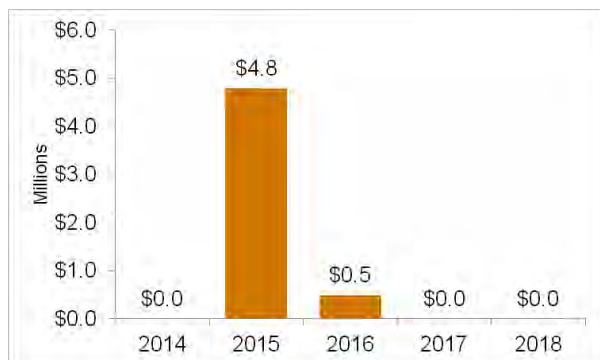
Total equity



Borrowings (excluding financial leases)

Loans are used to fund major capital projects and asset purchases. Loan funding allows the community to pay for the asset (such as a leisure centre) over some of the time that it is being used. At 30 June 2018, Council had a loan liability of \$6.54 million. This is a planned and responsible level of debt, achieved in accordance with Council's borrowing strategy. Loan repayments are currently \$1.0 million per annum.

New borrowings



Loan repayments



Loan balance at 30 June each year



Financial indicators

Debt commitment ratio

The debt commitment ratio identifies the percentage of rate revenue required to pay interest and principal on Council's loans. Closely tied to the Borrowing Strategy, the ratio shows that Council is in a healthy position and increased marginally in 2018 due to the payout of a loan that fell due for renegotiation. Council paid out the loan rather than renegotiate for a further two years.

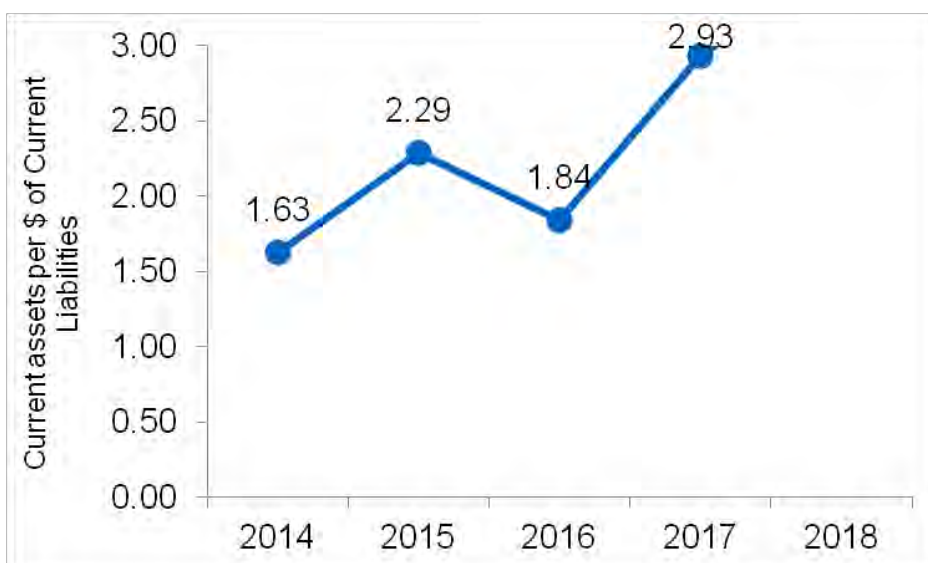
The ratio is expected to reduce further over the next few years in accordance with the Borrowing Strategy.



Working capital ratio

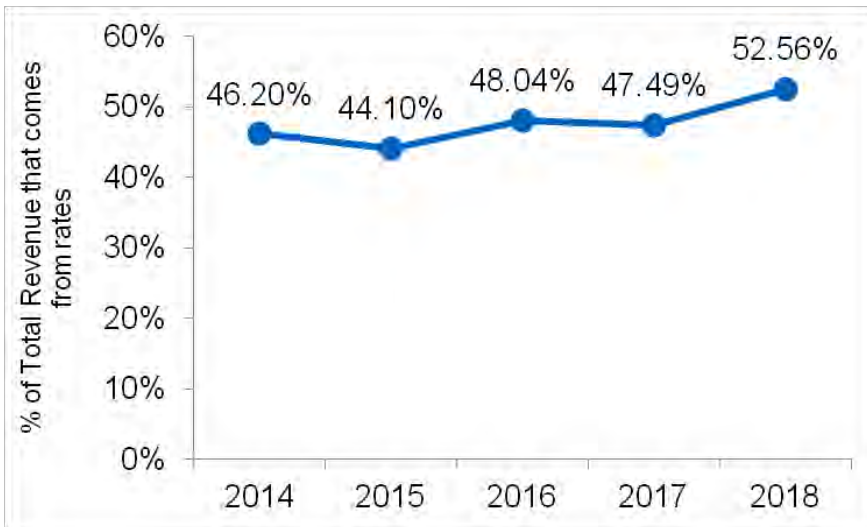
Working capital ratio shows the level of current assets Council has available to meet its current liabilities. The graph shows that the ratio is healthy and has increased over the past three years due to increased levels of cash holdings.

The ratio is expected to remain steady for future years.



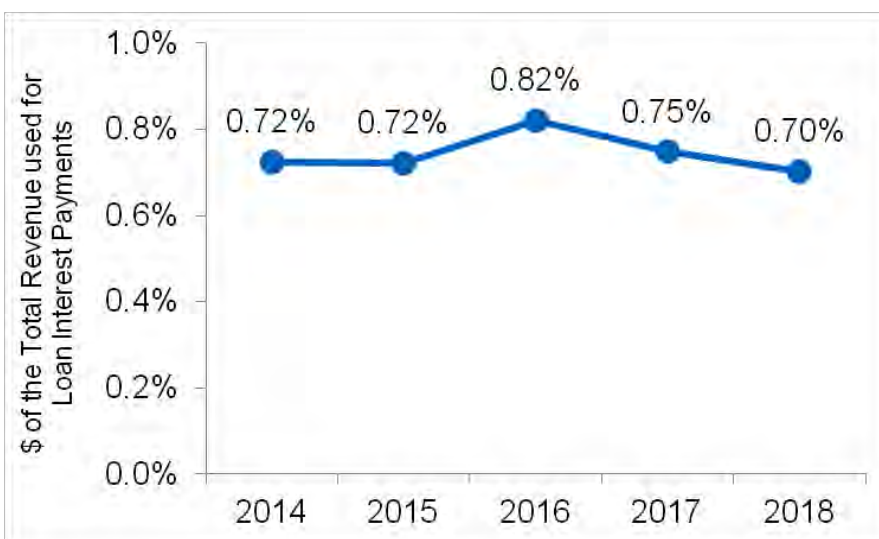
Revenue ratio

The revenue ratio shows rate revenue as a proportion of total revenue and seeks to measure Council's reliance on property rates. It is influenced by other revenue sources such as government grants, contributions, user fees and charges. This ratio remained steady for the past five years.



Debt servicing ratio

The debt servicing ratio shows the amount of rates required to pay the interest on Council's loan liability. This ratio documents that loan interest does not place a burden on finances. This ratio closely follows the trend in the debt commitment ratio.



Major capital works

During 2017/18 the major capital works included:

North shopping precinct

Budget: \$75,000



The north shopping precinct was upgraded with new footpaths and paving, planting of additional trees, introduction of new street furniture and bins, additional disabled car parking spaces as well as improved and realigned footpath access points.

Council made the commitment to upgrade smaller business areas to retain and attract new businesses and encourage the community to continue to shop locally.

Nyah Road Redevelopment

Budget: \$2 million

Funded through the Federal Government's Roads to Recovery Program, this project was completed by a local contractor.

The project saw the complete reconstruction of Nyah Road (1.8 kilometres, double lane) from Stradbroke Avenue to the ambulance station. All kerb and channel was replaced, road pavement rebuilt and drainage upgraded. New trees were planted in the centre island.

The upgrade has made this section of road safer for both motorists and pedestrians.

Swan Hill CBD drainage upgrade - Stage 2

Budget: \$127,000



Over three months, a new drainage main (up to 1200mm in diameter) was installed along the north side of McCallum Street, under the train line and then to the river.

A continuation of drainage work carried out in 2013, these upgrades reduce the impact on businesses and road users during heavy rainfall by increasing the system's capacity to drain stormwater to the river, and ultimately reduce the frequency and severity of CBD flooding.

Karinie Street

Budget: \$400,000



Council reconstructed a 455 metre section of Karinie Street in January - a main truck route for transporters and vehicles in the industrial area.

Riverwalk enhancement - Stage 2

Budget: \$267,000



A shared pathway was extended from the PS Gem, in front of Spoons Riverside to the levee bank, complementing the existing timber wharf.

A new deck was also built across the front of Swan Hill Regional Art Gallery and a large extended lawn area created for outdoor events.

The road and car parks in the area were also realigned and formalised and new drainage and kerb and channel installed.

Swan Hill Cenotaph

Budget: \$55,000

The Swan Hill Cenotaph was upgraded thanks to a joint Swan Hill RSL and Council project.

Work included relocating the two black pillars to the rear garden of the cenotaph in line with national protocols, and creating a level surface at the front of the cenotaph to make sure the area is easily accessible for all members of our community along with minor landscaping works.

Swan Hill Drag Strip

Budget: \$500,000

Council committed funds to lift the city's quarter mile drag strip to Australian racing standards after it was determined that joints on the racing surfacing had risen fractionally.

Remedial work carried out included grinding the concrete racing surface, laying new sections of asphalt and improving trackside drainage.

Post remedial work, the Swan Hill Drag Strip is the flattest racing surface in the country.

Lake Boga Catalina Café

Budget: \$420,000



Thanks to a funding partnership between State Government and Council and in-kind contributions from the Lake Boga Lions Club, the Catalina Museum was extended to include a cafe.

The first of its kind on the lake's edge, the project included creating a new commercial kitchen and a meals area, building a lakeside deck, landscaping and beautification.

The café will open with a private operator early in 2018/19.



Part three

Our Council

Our history

For thousands of years, the traditional owners of the lands that now form the Swan Hill Rural City Council lived in the region, with the land providing abundant food sources and a permanent water supply.

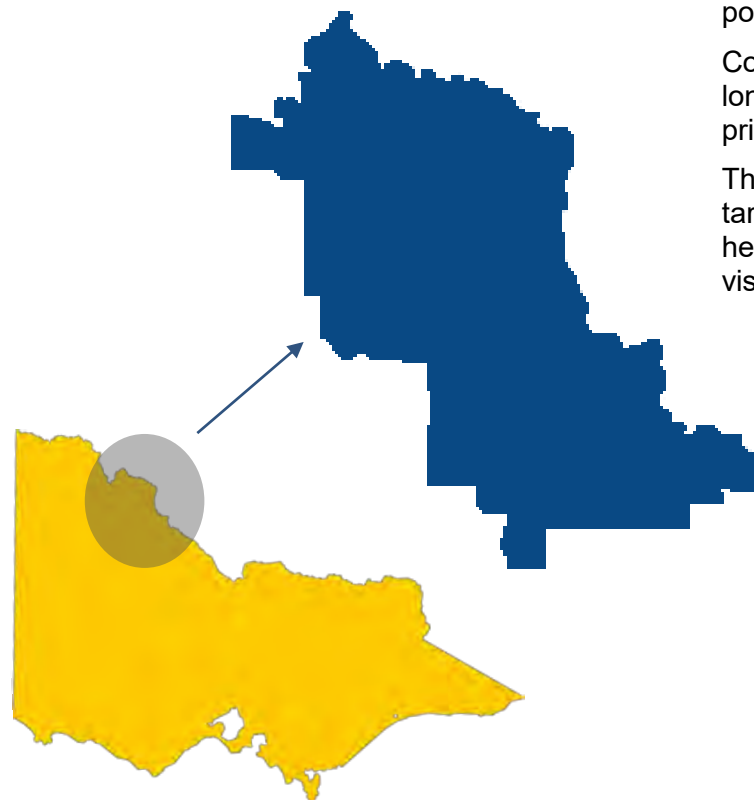
In 1836, led by explorer Major Thomas Mitchell, the first Europeans arrived. Settlers started to arrive soon after, establishing large sheep stations next to the Murray River.

In 1871 the Shire of Swan Hill was proclaimed and was located in Kerang (which now forms part of the Gannawarra Shire).

In 1893, the Shire of Castle Donnington was created and centered around the town of Swan Hill. By 1904 it had assumed the name Shire of Swan Hill.

The Borough of Swan Hill was formed in 1939 and in March 1965 became the City of Swan Hill.

Thirty years later, in January 1995, the Shire and the City were amalgamated to form Swan Hill Rural City Council.



Our municipality's profile

The municipality covers 6,116 square kilometres and is home to 20,849 people.

It includes the townships of Swan Hill, Robinvale, Lake Boga, Nyah, Nyah West, Piangil, Woorinen, Ultima, Manangatang, Boundary Bend and Tresco.

Featuring a modern and thriving regional centre, the Swan Hill municipality also boasts the characteristics of rural living, including a strong community and relaxed lifestyle.

With more than 40 commercially grown products – including almonds, olives, stonefruit, grapes, vegetables, cereals, legumes, lucerne, sheep, beef and dairy – it is easy to see why our municipality is an important part of Victoria's food bowl.

Located on the Murray River, tourism also plays an important role in our region's economy. Our climate and natural beauty attracts about 656,000 visitors each year, injecting \$95 million into the local economy.

Our municipality is also proud to have more than 40 nationalities among its community and a population that is welcoming and resilient.

Continued investment and a strong focus on long-term growth and sustainability remain high priorities for Council.

The Council sets a number of initiatives and targets through each four-year Council Plan, which helps establish the foundations to achieve our vision during the next 30 years.

Our Council



Cr Les McPhee

Mayor
Lakes Ward
Elected 2008

Mobile: 0427 319 394



Cr Ann Young

Deputy Mayor
Central Ward
Elected 2016

Mobile: 0409 503 711



Cr Bill Moar

Central Ward
Elected 2016

Mobile: 0429 496 194



Cr Gary Norton

Murray Mallee Ward
Elected 2003

Mobile: 0428 398 981



Cr Chris Jeffery

Central Ward
Elected 2016

Mobile: 0429 447 802



Cr Lea Johnson

Central Ward
Elected 2016

Mobile: 0487 770 456



Cr John Katis

Robinvale Ward
Elected 1997

Mobile: 0459 077 532



Part four

Our People

Our executive leadership team



John McLinden

Chief Executive Officer

John joined Council as its Chief Executive Officer in March 2016.

He was previously the Chief Executive Officer of Loddon Shire Council, a position he held since 2005.

John, who has a wealth of experience in Local Government, was previously the Director Operations (and formerly Director Technical Services) at Loddon Shire Council since local government amalgamations in 1995.

A qualified engineer, he has also held engineering positions at the Shire of Rosedale, City of Broadmeadows and the Shire of Colac.



David Lenton



Bruce Myers



Heather Green



Svetla Petkova

David Lenton

Director Corporate Services

David is a qualified accountant who joined Swan Hill City Council (now Swan Hill Rural City Council) as Finance Manager in December 1992.

Since the amalgamation of the City and Shire of Swan Hill in January 1995, David has held the positions of Financial Controller and Finance and Administration Manager.

In 2001 David was appointed as Group Manager Corporate Services. Under a restructure in April 2006, David's position was reclassified as Director Corporate Services.

Before joining Local Government, David worked in a variety of finance roles with a large multi-national company in the private sector for 14 years.

Heather Green

Director Development and Planning

Heather started as Council's Director Development and Planning in July 2017. She has extensive local and state government experience across Australia.

During her nine years as a manager and director at Victoria's Alpine Shire Council, she focussed on sustainable development, planning, tourism and economic development.

Heather was at Toowoomba for 15 years as the Manager of Strategic Planning. And during her time working for the Northern Territory Government as the Katherine Land Manager, she oversaw planning, Crown leases and grazing licences.

Heather has a Bachelor of Applied Science (Planning).

Bruce Myers

Director Community and Cultural Services

Bruce is a qualified librarian who started his career at the Swan Hill Regional Library, managing the mobile library, in 1994.

From 1998 until 2007 Bruce was Manager of the Library.

Bruce became the Director Community and Cultural Services in 2007.

He now heads a team of about 90 people involved with a wide range of community services, including community-based aged care, children's and youth services and cultural experiences.

Svetla Petkova

Director Infrastructure

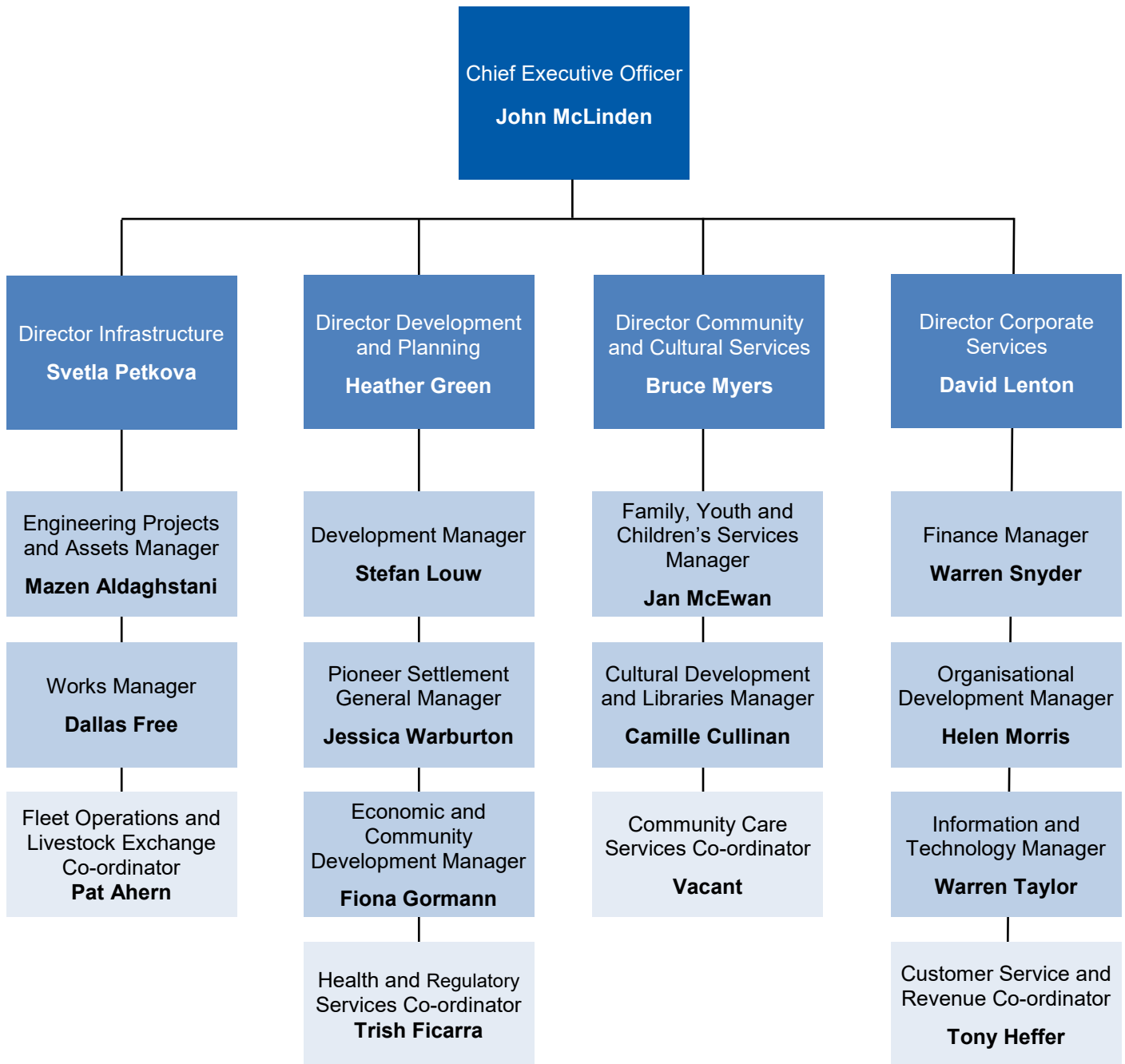
Svetla began as Director Infrastructure at Swan Hill Rural City Council in December 2017.

Svetla is a qualified engineer with a Bachelor of Engineering, a Masters in Engineering, and a PhD in Fluid Mechanics.

Before joining Council, Svetla spent more than a decade working in asset management and project delivery in the Victorian water industry, and enterprise asset management within local government in Queensland.

As Director Infrastructure, she oversees infrastructure projects and services, manages Council's environmental and natural resource programs, and manages and maintains Council assets.

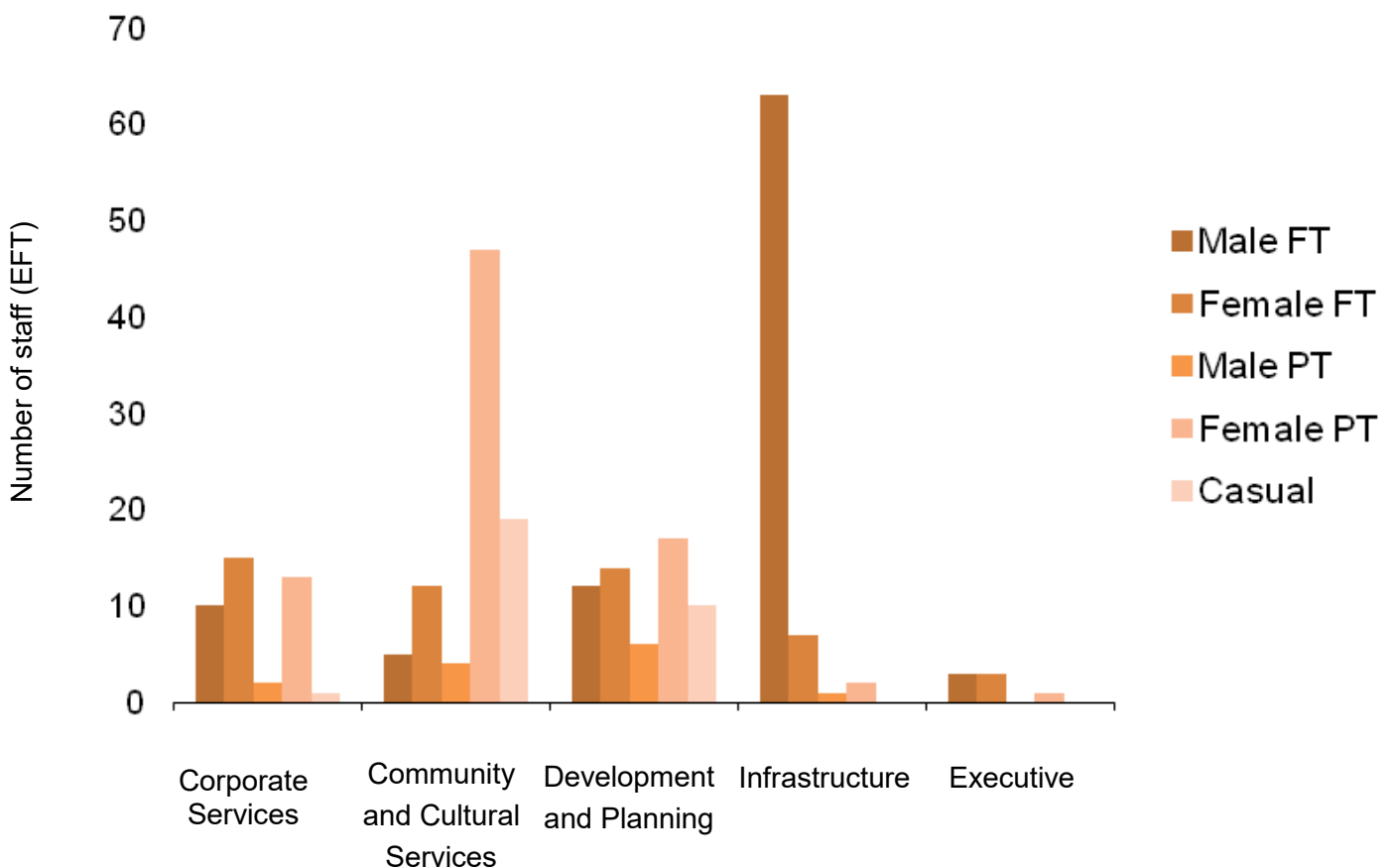
Our organisational structure



Council employees

The following graph and tables detail staff by employment status, gender, directorate and banding level.

Directorate	Male full-time	Female full-time	Male part-time	Female part-time	Casual	Total staff	Male total EFT	Female total EFT	EFT total
Corporate Services	10.0	15.0	2.0	13.0	1.0	41.0	12.2	24.2	36.4
Community and Cultural Services	5.0	12.0	4.0	47.0	19.0	87.0	9.6	40.8	50.4
Development and Planning	12.0	14.0	6.0	17.0	10.0	59.0	14.9	25.7	40.6
Infrastructure	63.0	7.0	1.0	2.0	-	73.0	68.6	8.1	76.7
Executive	3.0	3.0	-	1.0	-	7.0	3.0	3.8	6.8
Total	93.0	51.0	13.0	80.0	30.0	267.0	108.3	102.6	210.9



Employment Classification	Male EFT	Female EFT	Total EFT
Band 1	1.6	-	1.6
Band 2	4.8	-	4.8
Band 3	43.0	23.0	66.0
Band 4	11.9	23.7	35.6
Band 5	7.0	23.0	30.0
Band 6	11.4	12.2	23.6
Band 7	-	0.7	0.7
Band 8	0.6	1.0	1.6
Non-banded positions (includes salary packages)	28	19	47.0
Total	108.3	102.6	210.9

Valuing our people

At Swan Hill Rural City Council, we recognise the importance that each individual plays in achieving our goals.

Our aim is to ensure that Council is a great place to work, where the capability of our people is nurtured and performance is focused on delivering exceptional service for our communities.

These priorities drive the activities, policies and procedures implemented to ensure that Swan Hill Rural City continues to be a great place to work.

Council's staff strategies include:

- A focus on extending the skills of staff to increase efficiency.
- Ongoing implementation of the workforce strategy including:
 - Succession planning
 - Recruitment and retention of staff
 - Apprenticeships, traineeships and/or scholarships
 - Accessing non-customary employment pools.
- Offering phased retirement options to extend the careers of higher skilled staff.
- Ongoing development of systems and processes to continually improve productivity.

Other staff matters

Equal Employment Opportunity

As an equal opportunity employer, we are dedicated to providing a workplace where diversity is embraced and decisions are merit-based. This includes ensuring fair, equitable and non-discriminatory consideration is given to all job applicants, regardless of age, sex, disability, marital status, pregnancy, sexual orientation, race, religious beliefs or other irrelevant factors.

We recognise our pro-active duty to ensure compliance with equal opportunity and Council ensures all staff undertake mandatory equal opportunity training every three years. Our Equal Employment Opportunity Policy and Procedure supports our organisation in fulfilling its obligations under the Equal Opportunity Act 2010.

During the 2017/18 financial year 108 employees undertook equal opportunity training, as well as 109 employees successfully completing Culture @ Work training. Council has an online bullying and harassment course, with 96 staff completing this training.

Equal opportunity is also covered in policy and procedure training and all staff are informed of Council's dedication to equal opportunity during their staff induction.

Our organisation currently has six equal opportunity contact officers available to employees to provide guidance and assistance where required.

Scholarship Program

Council's Scholarship Program supports up to seven local students who are completing undergraduate or TAFE studies during the school year. In addition to financial support, students receive valuable on-the-job experience by working at Council during semester breaks.

Two scholarship placements were converted into one indigenous traineeship in 2017/18. This position was filled by Bill Murray at the Robinvale Resource Centre and focussed on business administration.

Other students participating in the program are:

- Gabrielle Rohde, Bachelor of Business Events Management, in the Economic Development Unit.
- Liam Mathieson, Bachelor Education and Conservation, in the Engineering Department.
- Courtney Kemp, Bachelor Civil Engineering in the Engineering Department.
- James Schifferle, Bachelor of Computer Science in the IT Department.

Professional development

Council continues to be at the forefront of professional development and training options for staff. More than 5,000 hours of organisational training was provided to staff during the year, or 24 hours per EFT.

A range of development programs were held throughout the year including the Leadership Success program to senior staff. This involved an initial assessment to help the managers and the organisation identify if training in certain topics would be beneficial and what barriers might exist to successfully applying learned skills of each participant. This resulted in an individualised training plan consisting of four online leadership modules followed by professional coaching.

The training programs were developed around management styles, effective communication, managing teamwork, conflict management, performance management, budgeting and financial analysis, time management, operational planning, change management and innovation.

Social and Emotional Intelligence Profile (SEIP) training was offered to a number of officers, identifying an individual's social and emotional intelligence strengths and development opportunities. In addition, staff completed three coaching and mentoring sessions. Council also offers study assistance for staff undertaking relevant undergraduate or postgraduate studies.

Online training

Council continued to offer an expanded suite of compliance courses through e3learning - an online learning program.

All internal courses are developed with industry experts and the courses are delivered in an engaging and easy to use format.

Courses are designed in line with relevant legislation, are fully customisable and are suitable for Council.

The system also allows both administrators and end users to record attendance and completion of in-person training (accredited and non-accredited).

Health, safety and wellbeing

Council continued its commitment to staff health and wellbeing by continuing to implement several programs to encourage a healthy lifestyle and improved work/life balance among employees.

Programs include:

- Corporate Wellness Program (subsidised gym memberships)
- Ergonomic assessments
- OHS and manual handling training
- Providing sunscreen and insect repellent
- Six-weekly issues of the HR Newsletter outlining Council policies and procedures, professional development and wellbeing.

OHS Committee

Council's OHS Committee consists of management and staff representatives. The committee meets every two months to review policies, review hazard and injury incidents, discuss workplace OHS issues and identify opportunities to improve Council's OHS performance.

The committee met six times during 2017/18.

In 2017/18 there were 19 reported injuries compared to 27 in the previous year.

There were six lost time injuries (standard WorkCover Claims), compared to three in the previous financial year.

Staff Service Awards

Every year Council acknowledges service and presents awards to staff who have reached service milestones. Eighteen staff were presented with Staff Service Awards at the annual all-staff function in August 2017.

35 years

Bernard Cook

25 years

Tracey Casey

20 years

Eileen Morath, Alice Pryor, Rachael Blandthorn, Kerry White, Kerry Young, Sue Smythe and Malcolm Brassier

10 years

Matthew Thompson, Ann Blencowe, Warren Taylor, Suzanne Jeffery, Jennifer Astall, Mitchell Croft, Jennifer Newell, Christopher Cole and Maureen Saville.



Black Duck Awards

A popular and worthy winner, Kellie Carlo won the Governance and Leadership award nomination and then the overall Black Duck Award.

Kellie continuously builds and maintains relationships and partnerships with community groups and businesses, enabling a broader range of activities to be run in and outside the Swan Hill Library space.

These activities included, but are not limited to:

- Approval for a book shelf to be installed at the Swan Hill Railway Station. The book shelf is stocked with pre-loved books and magazines in good condition that do not have to be returned.
- Repeat sponsorship from numerous businesses each year for Library programs including Youthspective and Summer Read.
- Organising local dance schools to sponsor the dance story workshop with an Australian ballet dancer this year. This enabled the Library to cover the costs and reduce the fee for participants, thus making it more affordable to more families.





Part five

Our Performance

Performance

Council's performance for the year has been reported against each Key Result Area to demonstrate how Council is performing in relation to the 2017-21 Council Plan.

Performance has been measured as follows:

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

Council Plan

The Council Plan 2017-21 includes Key Result Areas, indicators for achieving these for the first year period, actions for monitoring these strategic objectives and a Strategic Resource Plan.

The following are Council's five Key Result Areas as detailed in the Council Plan:

Economic Growth

We will:

1. Encourage and attract new business to our region.
2. Assist existing businesses to expand and increase their efficiency.
3. Have a region with an equipped and productive workforce.
4. Provide land use planning that is responsive and which proactively encourages appropriate development.

Community Enrichment

We will:

1. Help all people to find a place in our community.
2. Provide services and support initiatives that create a healthy and safe community.
3. Develop a community with a sense of pride and responsibility/ownership that strives to achieve its aspirations.

Infrastructure

We will have:

1. Infrastructure that appropriately services community needs.
2. Infrastructure that is provided and appropriately maintained in accordance with agreed standards.
3. A strong focus on asset management systems and planning.

Governance and Leadership

We will have:

1. Positive community engagement through appropriate and constructive consultation.
2. Effective and efficient utilisation of resources.
3. Effective partnerships and relationships with key stakeholders and staff.
4. Effective advocacy and strategic planning.

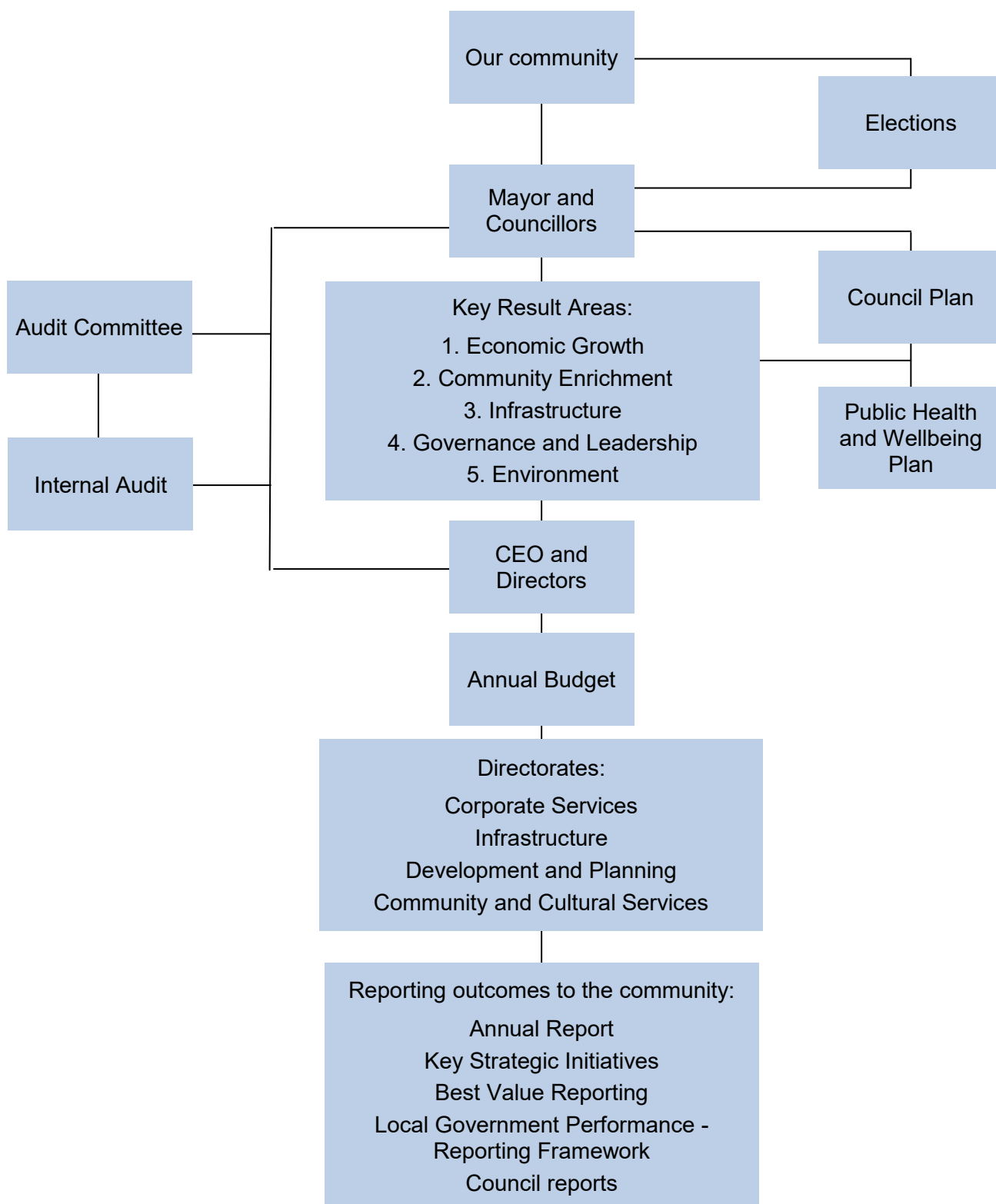
Environment

We will have:

1. Sound policies and practices that protect and enhance our environment.
2. A waste management program that is environmentally and financially sustainable.

Accountability framework - process of reporting

This diagram illustrates Council's accountability framework to ensure a performance management process is in place for the annual planning, budgeting and reporting cycles, which are integrated and driven by Council's priorities, set out in the Council Plan and updated each year.



Key Result Area 1:

Economic Growth

Council Plan Initiatives

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

✓ Completed >>> In progress/continuing in 2018/19 <<< Delayed due to funding/budget

Council Plan Initiative	Action	Status
Formulate new ways to encourage new business development	Identify and investigate suitable land parcels for new business	✓
Identify the types of businesses suited to this region and develop investment prospectuses	Perform an industry gap analysis	>>>
Investigate and identify potential export opportunities and facilitate connections	Analyse the region's products and identify where we have competitive advantages that may provide opportunities for growth	>>>
Pursue new businesses that are upstream processors for our local produce	Engage with local industry to identify opportunities	>>>
Increase the availability of appropriate housing to support growth of industry and agriculture	Investigate the housing needs and identify appropriate solutions	>>>
Encourage the growth of agriculture through appropriate advocacy and strategic planning	Advocate for improved transport links	>>>
	Review the Municipal Strategic Statement (MSS) to ensure the growth of agriculture is supported	✓
Investigate opportunities for agricultural businesses to establish new enterprises	Engage with local industry to identify opportunities, for example clean energy on farms	>>>
Encourage organisations to joint tender for works and services	Investigate and where possible implement shared contracts and services with the region's councils	>>>
Actively pursue opportunities for regionally focused infrastructure	Advocate for additional and upgraded infrastructure that will improve efficiency of local businesses e.g. rail freight	>>>
	Advocate for adequate and alternative utilities supplies	>>>

Council Plan Initiatives continued

Council Plan Initiative	Action	Status
Encourage and assist existing business to pursue value adding to their industry	Undertake forums and discussions with industry to understand opportunities	>>
	Complete an analysis of relevant industry data	>>
Improve the commercial position of the Pioneer Settlement	Enhance the Heartbeat of the Murray night time product by improving operational effectiveness and adding additional elements to the visitor experience	>>
Promote the benefits of the region as a place to live, work and invest	Advertise all job vacancies with a link to a website that outlines regional information	✓
	Develop New Residents Guide	✓
Encourage the development of appropriate accommodation for various workforces	Review the Municipal Strategic Statement (MSS) and Planning Scheme to ensure diverse housing and land is available	>>
Review of the Municipal Strategic Statement (MSS)	Revise Municipal Strategic Statement (MSS) and refer back to the Minister for approval	✓
Review of the availability and suitability of industrial land in Swan Hill and Robinvale	Complete an Industrial Zones Strategy	>>

Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2017/18 Budget.

Major Initiative	Progress
Provide seed funding for economic development initiatives (Actual \$84,004, Budget \$76,000)	Completed
Upgrade the Pioneer Settlement day product (Actual \$39,575, Budget \$100,000)	Incomplete. Project to be completed in 2018/19
Develop Discover More in the Heart of the Murray (Actual \$9,000, Budget \$15,000)	Incomplete. Project to be completed in 2018/19
Tower Hill residential estate development (Actual \$1,377,380, Budget \$1,268,690)	Completed

Services funded in 2017/18 Budget

The following statement provides information in relation to the services funded in the 2017/18 Budget and the persons or sections of the community who are provided the service.

Service Area	Description of services provided	Budget <u>Actual</u> Variance
Building and planning statutory services	Provide statutory planning services including processing all planning applications, providing advice and making decisions about development proposals that require a planning permit. Representing Council at the Victorian Civil and Administrative Tribunal where necessary. Monitor Council's Planning Scheme and prepare major policy documents shaping the future of the municipality. Provide statutory building services to the community, including processing building permits, emergency management responsibilities, fire safety inspections, swimming pool barrier audits and complaints, and illegal building works investigations.	504 <u>447</u> (57)
Caravan parks	Provide and maintain caravan park facilities to a standard that promotes local tourism and supports a high quality of life.	(105) <u>14</u> 119
Economic development	Assist the organisation with economic development to facilitate an environment that is conducive to a sustainable and growing local business sector, and provides opportunities for local residents to improve their skill levels and access employment.	1,195 <u>1,082</u> (113)
Livestock exchange	Provide a livestock selling facility and associated services to primary producers, purchasers and stock agents.	(238) <u>(111)</u> 127
Pioneer Settlement	Care for and conserve the Pioneer Settlement and its collection. Market and promote the Settlement as a tourist destination, provide quality visitor programs and promote the sale of merchandise as an additional source of income.	997 <u>478</u> (519)

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures.

Service/Indicator/Measure	Result 2017	Result 2018	Material Variation
Statutory Planning Timeliness <i>Time taken to decide planning applications</i> [The median number of days between receipt of a planning application and a decision on the application]	53	57	
Service standard <i>Planning applications decided within 60 days</i> [Number of planning application decisions made within 60 days / Number of planning application decisions made] x 100	82.69%	70.55%	Application processing times were better in 2017. The 2018 result was affected by staff turnover and difficulty in recruiting staff.
Service cost <i>Cost of statutory planning service</i> [Direct cost of statutory planning service / Number of planning applications received]	\$2,559.57	\$2,867.51	Cost of the statutory planning service is up from last year due to the cost of using planning consultants whilst undergoing the recruitment of new staff.
Decision making <i>Council's 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] x 100	50%	-	For the year ended 30 June 2018, Council have had no VCAT decisions in relation to planning applications.

Key Result Area 2:

Community Enrichment

Council Plan Initiatives

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

✓ Completed >> In progress/continuing in 2018/19 << Delayed due to funding/budget

Council Plan initiative	Action	Status
Review and implement the Aboriginal Partnership Plan	Undertake initiatives with the intent to work toward developing a Registered Aboriginal Party (RAP)	>>
Establish and maintain partnership with organisations that support Culturally and Linguistically Diverse (CALD) communities	Participate in the Settlement Services group to provide support to new arrivals through adapting how services are provided	>>
Develop and implement Disability Action Plan	Adopt the plan	✓
Implement actions from the Youth Strategy 2015-19	Review make up and role of Youth Council	✓
Strengthen our connection with youth	Review the structure of the Youth Council with young people	✓
	Develop work placement and work experience programs	>>
Develop and implement Cultural Services Plan	Develop and adopt a plan	>>
Review and implement actions within the Public Health and Wellbeing Plan	Review the Plan, including actions to address violence against women	✓
Improve personal and community safety by working with partners on community safety issues	Implement the requirements of Child Safety Standards	✓
Investigate the need for an off leash dog park	Survey community needs for off-leash dog park	✓
Plan for the development of the Swan Hill Regional Art Gallery precinct	Determine the long-term site for Swan Hill Regional Art Gallery	>>

Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2017/18 Budget.

Major Initiative	Progress
Prepare designs for the Swan Hill Regional Art Gallery extension (Actual \$9,605, Budget \$200,000)	Incomplete. Project to be completed in 2018/19
Continue to engage a Rural Access Co-ordinator, with the aim of creating inclusive communities (Actual \$135,895, Budget \$170,195)	Completed
Continue implementing Community Plans and projects as identified in the plans (Actual \$93,360, Budget \$180,890)	Incomplete. A number of the plans are awaiting further guidance from the community groups
Host the Fairfax Festival (Actual \$53,665, Budget \$47,300)	Completed
Implement Youth Strategy – FREEZA activities (Actual \$12,965, Budget \$32,525)	Incomplete. Further activities planned for 2018/19

Services funded in 2017/18 Budget

The following statement provides information in relation to the services funded in the 2017/18 Budget and the persons or sections of the community who are provided the service.

Service Area	Description of services provided	Budget <u>Actual</u> Variance \$000
Aged and disability services	A range of home and community care services for the aged and people with a disability including home delivered meals, personal care, transport, dementia care, home maintenance, housing support and senior citizen clubs.	190 <u>115</u> (75)
Family and children services	Family oriented support services including pre-schools, maternal and child health, youth services, family day care, out of school hours, and holiday programs.	790 <u>700</u> (90)
Community development	Effective and ongoing liaison with, and support to, community and recreation groups. Support for the development and implementation of Community Plans and liaison with our Indigenous community.	672 <u>832</u> 160
Leisure centres	A wide range of programs and services giving the community a chance to participate in cultural, health, education, and leisure activities that contribute to the community's general wellbeing.	1,102 <u>1,195</u> 93
Public health and regulatory services	Co-ordinating food safety, immunisations and management of public health concerns to ensure an acceptable state of physical, mental and social wellbeing is maintained within the community. This service also provides staff at school crossings throughout the municipality, animal management services, parking control and enforcement and provides education, regulation and enforcement of the general Local Law and relevant state legislation.	479 <u>413</u> (66)
Cultural services	Performing arts, art gallery and library services. This is a customer-focused service that caters for the cultural, educational and recreational needs of residents, while offering a place for the community to meet, relax and enjoy the facilities and services. Includes the operation and maintenance of the Swan Hill Town Hall and Performing Arts Centre.	2,064 <u>1,991</u> (73)

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures.

Service/Indicator/Measure	Result 2017	Result 2018	Material Variation
Maternal Child Health			
Satisfaction			
<i>Participation in first MCH home visit</i> [Number of first MCH home visits / Number of birth notifications received] x 100	96.25%	90.35%	
Service standard			
<i>Infant enrolments in the MCH service</i> [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x 100	100.63%	100.00%	Since 2015 a number of Maternal and Child Health service providers have migrated to a new record system. Difficulties in transitioning to this system has affected the reporting of enrolment data in a number of Local Government Areas. As such, caution should be taken when analysing data for this indicator.
Service cost			
<i>Cost of the MCH service</i> [Cost to Council of the MCH service / Hours worked by MCH nurses]	\$73.87	\$94.60	Staff employed for the Robinvale MCH Service were previously outsourced to Robinvale District Health. These arrangements ceased in October 2017 with Council resourcing all MCH Service delivery resulting in increasing salary and software licensing costs.
Participation			
<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100	73.28%	73.03%	
<i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x 100	41.88%	62.18%	There has been a 25% increase in the number of Aboriginal children enrolled in the MCH service. The number of these children who attend this service at least once a year has increased by 85%.

Service performance indicators continued

Service/Indicator/Measure	Result 2017	Result 2018	Material Variation
Animal Management			
Timeliness			
<i>Time taken to action animal requests</i> [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	1.0	1.0	
Service standard <i>Animals reclaimed</i> [Number of animals reclaimed / Number of animals collected]	25.75%	31.16%	Advertising lost animals through social media and Council's website has increased the number of reclaimed animals.
Service cost <i>Cost of animal management service</i> [Direct cost of the animal management service / Number of registered animals]	\$69.83	\$67.01	
Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	1	2	Animal prosecutions increased from one prosecution in 2017 to two prosecutions in 2018.
Aquatic Facilities			
Service standard			
<i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	1	0	Health inspections were not completed in 2018 due to faulty testing equipment.
<i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]	1	1	

Service performance indicators continued

Service/Indicator/Measure	Result 2017	Result 2018	Material Variation
<p>Service cost</p> <p><i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]</p> <p><i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]</p>	<p>\$6.58</p> <p>\$16.08</p>	<p>\$7.85</p> <p>\$18.11</p>	<p>Reduced attendance and increased maintenance has resulted in higher costs.</p> <p>The Nyah pool was closed for six weeks during the season due to a shortage of lifeguards. This resulted in slightly lower overall attendances at outdoor facilities, and an increase in costs per visitor.</p>
<p>Utilisation</p> <p><i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]</p>	<p>6.15</p>	<p>5.51</p>	<p>The Nyah pool closed for six weeks during the season due to a shortage of lifeguards, and the Swan Hill Leisure Centre pool closed for two weeks in January for maintenance, resulting in slightly lower overall attendances in 2018.</p>
<p>Food safety</p> <p>Timeliness</p> <p><i>The time taken to action food complaints</i> [Number of days between receipt and first response action for all food complaints / Number of food complaints]</p>	<p>1.00</p>	<p>1.82</p>	<p>A staff vacancy and an increased number of complaints received in 2018 resulted in longer processing times.</p>
<p>Service standard</p> <p><i>Food safety assessments</i> [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x 100</p>	<p>94.44%</p>	<p>87.15%</p>	

Service performance indicators continued

Service/Indicator/Measure	Result 2017	Result 2018	Material Variation
<p>Service cost</p> <p><i>Cost of food safety service</i></p> <p>[Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]</p>	\$850.09	\$498.68	In previous years, Council has not included temporary traders in the number of registered premises. This has resulted in a substantial decrease in the average cost of food safety services in 2018.
<p>Health and safety</p> <p><i>Critical and major non-compliance outcome notifications</i></p> <p>[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises]</p>	100.00%	94.74%	There were 19 critical and major non-conformance notifications issued by Council during the 2018 year, and 18 of these notifications were followed up. One notification was not followed up as the premise had closed down.
<p>Libraries</p> <p>Utilisation</p> <p><i>Library collection usage</i></p> <p>[Number of library collection item loans / Number of library collection items]</p>	1.59	1.67	
<p>Resource standard</p> <p><i>Standard of library collection</i></p> <p>[Number of library collection items purchased in the last five years / Number of library collection items] x 100</p>	45.28%	53.41%	12,630 items were removed from the library collection in 2018.
<p>Service cost</p> <p><i>Cost of library service</i></p> <p>[Direct cost of library service / Number of visits]</p>	\$13.34	\$16.23	A combination of increased costs and a decrease in the number of visitors has resulted in an increase in cost per visitor.
<p>Participation</p> <p><i>Active library members</i></p> <p>[Number of active library members / Municipal population] x 100</p>	19.91%	18.08%	

Community funding

Swan Hill Rural City Council recognises, respects and values the contribution that community, sporting and not-for-profit organisations make within our community. One of the ways Council recognises and supports this contribution is through an Annual Community Grants Program. Recipients of the 2017/18 Community Grants are detailed in the tables below:

Community Development Fund

The Community Development Fund offers up to \$3,000 to suitable community groups and organisations. Funding may be given for projects including minor repairs or upgrades to community facilities; water conservation and environmental innovations; OHS or risk management issues; new equipment; new programs or activities; local festivals and events with wide community benefit; and protection, conservation and restoration of heritage items and assets.

Organisation	Approved amount	Project description
Alan Garden Netball Committee of Management	\$1,500	Court repairs
Beverford and District Fire Brigade	\$1,920	Defibrillator
Chinkapook Reserves Committee	\$3,000	Chinkapook Hall renovations
Community Garden Group (auspiced by SLIM)	\$3,000	Fencing garden area at George Lay Park and relocating garden beds
Italian Social Club	\$1,000	New fridge/cooler in the bar area
Lake Boga Bowling Club	\$1,500	Update synthetic turf on A green
Lake Boga Football Netball Club	\$2,400	Netball court repairs and seating
Lakers Cricket Club	\$3,000	Cricket training nets
Lions Club of Swan Hill	\$2,500	Cooking and catering for community functions (barbecue)
Manangatang and District Bowling Club	\$780	Toilet refurbishment
Manangatang Public Hall	\$1,850	Block-out blinds for supper room
Manangatang Recreation Reserve Committee of Management	\$1,500	Signage and water catchment
Mid Murray Pistol Club	\$2,400	Disabled toilets
Nyah District Christmas Carnival Committee	\$2,000	Nyah District Christmas Carnival
Nyah District Men's Shed	\$2,200	Suspended ceiling and lighting upgrade

Organisation	Approved amount	Project description
Nyah Two Bays Swimming Club	\$3,000	Dolphin timing system purchase
Nyah West Golf Club	\$1,700	Office renovations
Robinswood Homestead Association	\$3,000	Storage shed
Robinvale and District Cricket Association	\$3,000	Cricket rollers
Robinvale Euston Football Netball Club	\$3,000	Netball court repairs
Robinvale Pistol Club	\$3,000	Target upgrades
Robinvale Storm Rugby League Football Club Incorporated	\$1,200	Storage shed
Speewa Heritage Collectors Club	\$2,150	Refurbish hall floors
St Mary's Tyntynder Cricket Club	\$2,800	Cricket net repairs
Swan Hill District Health Ladies Auxiliary	\$1,000	Volunteer support
Swan Hill Farmers Market	\$1,000	Christmas twilight market
Swan Hill Genealogical and Historical Society	\$2,000	Digitisation of Swan Hill Guardians 1986
Swan Hill Gymnastics Club	\$3,000	Equipment upgrade
Swan Hill Lawn Tennis and Croquet Club	\$1,500	Renovating shelters
Swan Hill Motor Racing Club (Speedway)	\$2,500	Upgrading disabled facilities
Swan Hill Neighbourhood House	\$3,000	Men's Shed support
Tyntynder Homestead	\$1,000	Upgrade spouting on the Homestead
Ultima Football Netball Club	\$1,600	Stainless steel bench

Community funding

Community Support Fund

The Community Support Fund offers up to \$200 for community, sporting and not-for-profit groups. Grants can be applied for small equipment purchases, new programs or events, and projects and activities for high-needs groups.

Organisation	Approved amount	Project description
NAIDOC opening ceremony	\$200	Robinvale NAIDOC opening ceremony
Swan Hill Kart Club	\$200	The 2017 Golden Power Series event
Chinkapook Reserve Committee of Management	\$200	Assistance with annual Chinkapook Christmas celebrations
RSPCA Million Paws Walk	\$200	Host Million Paws Walk event
Inner Wheel Club of Swan Hill	\$200	Teddy Bears Picnic to raise funds for cord blood reaserach
Swan Hill Blind Auxiliary	\$200	Host raffles to raise funds for Vision Australia
Swan Hill Ministers Fellowship (Auspiced by St Mary's Church)	\$200	Swan Hill Carols by Candlelight
Speewa Heritage Collectors Club	\$200	Distribution of monthly club newsletter
Southern Lights Centre	\$200	Free family community day
Mallee Sports Assembly	\$200	Active girls breakfast
Swan Hill Primary School	\$200	Sustainable garden
Ultima Progress Association	\$200	Easter in the park event
Pioneer Quarter Horse Association	\$200	Pine posts
St Mary MacKillop College	\$200	Awards night
Swan Hill South Kindergarten	\$200	Upgrade outdoor play area
Swan Hill College	\$200	Awards night
Swan Hill Field and Game	\$200	29th anniversary celebrations

Key Result Area 3:

Infrastructure

Council Plan Initiatives

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

✓ Completed >> In progress/continuing in 2018/19 << Delayed due to funding/budget

Council Plan Initiative	Action	Status
Pursue funding for a levee bank at Robinvale	Complete detailed design	✓
	Lodge funding application	✓
Actively pursue opportunities from decommissioned irrigation infrastructure	Work with Goulburn Murray Water to decommission channel number 9	>>
	Identify opportunities for land parcels taken over by Council	>>
Review current use of Council facilities.	Produce usage report, including analysis of non-Council facilities that provide similar services	>>
Plan and deliver assets for the current and future needs of our growing community and changing environment	Develop and update policies, strategies and registers	>>

Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2017/18 Budget.

Major Initiative	Progress
Design and construct the Robinvale town levee (Actual \$87,880, Budget \$783,100)	Incomplete. Project to be completed in 2018/19
Re-seal sealed roads (Actual \$977,753, Budget \$1,040,000)	Completed
Re-sheet sealed road shoulders (Actual \$205,480, Budget \$200,000)	Completed
Re-sheet unsealed road gravel (Actual \$683,908, Budget \$660,000)	Completed
Implement the Recreation Reserve Masterplan (Actual \$66,425, Budget \$280,000)	Incomplete. Projects to be completed in 2018/19
Develop an aquatics masterplan (Actual \$0, Budget \$40,000)	Incomplete. Project to be completed in 2018/19
Complete road works funded by the Federal Government Roads to Recovery program (Actual \$2,079,863, Budget \$2,016,420)	Completed
Improve drainage at the Chisholm Reserve Motorsport Complex (Actual \$140,350, Budget \$66,000)	Incomplete. Project to be completed in 2018/19
Undertake projects as identified in the Swan Hill Riverfront Masterplan (Actual \$37,510, Budget \$1,287,185)	Incomplete. A number of projects are underway with others waiting on further funding
Upgrade facilities at the Swan Hill Regional Livestock Exchange (Actual \$94,030, Budget \$1,652,000)	Incomplete. Project to be completed in 2018/19

Services funded in 2017/18 Budget

The following statement provides information in relation to the services funded in the 2017/18 Budget and the persons or sections of the community who are provided the service.

Service Area	Description of services provided	Budget Actual Variance \$000
Amenity and safety	Provide the community with well-maintained public areas with a focus on community access and safety. Maintain urban streets and public areas, including footpaths, in a clean and litter-free state and provides access to public conveniences and lighting of public areas. Provide and maintain efficient and effective open and underground drainage systems.	3,122 <u>3,072</u> (50)
Community buildings	Maintain and renew community buildings and facilities. It covers community centres, public halls and preschools.	738 <u>579</u> (159)
Infrastructure planning and management	Provide for the planning, design and project management of Council's capital works program, and manage Council's plant and fleet assets and depot operations.	1,296 <u>922</u> (374)
Recreation	Maintain Council's parks, reserves, playgrounds and streetscapes in a functional and visually pleasing landscape.	2,742 <u>2,629</u> (113)
Swimming pools	Provide quality, accessible aquatic facilities that support a high quality of life for residents and visitors.	402 <u>389</u> (13)
Traffic and transportation services	Manage Council's roads and associated infrastructure assets. Ongoing maintenance and renewal work to municipal infrastructure assets including sealed roads, unsealed roads, footpaths and aerodromes.	4,254 <u>4,081</u> (173)

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures.

Service/Indicator/Measure	Result 2017	Result 2018	Material Variation
Roads			
Satisfaction of use <i>Sealed local road requests</i> [Number of sealed local road requests / Kilometres of sealed local roads] x 100	13.43	8.47	The number of sealed road requests reduced in 2018 due to an increase in Roads to Recovery and Council funding focusing on the sealed road network.
Condition <i>Sealed local roads below the intervention level</i> [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local road] x 100	98.31%	98.31%	The number of kilometres of sealed local roads below the renewal intervention level set by Council (871kms) and the kilometres of sealed local roads (886kms) have remained constant in 2018.
Service cost <i>Cost of sealed local road reconstruction</i> [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$29.04	\$45.45	An increase in costs to reconstruct a sealed road has been influenced by a large complex urban reconstruction project which included renewing road pavement, kerb and channel, sealing and asphalt works. This project was fully grant funded under the Roads to Recovery program.
<i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$3.96	\$5.72	An increase in resealing sealed roads is due to a greater percentage of urban streets being sealed this year with a two coat seal. The two coat application is more expensive and is becoming the preferred option in urban streets.
Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	49	50	

Key Result Area 4:

Governance and Leadership

Council Plan Initiatives

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

✓ Completed >>> In progress/continuing in 2018/19 <<< Delayed due to funding/budget

Council Plan Initiative	Action	Status
Use social media as a medium for community consultation and communication	Introduce Facebook advertising	✓
Champion a culture that values strong community engagement	Implement a project management system	>>>
Continually improve workplace safety and staff health and wellbeing	Participate in MAV WorkCare self insurance scheme	✓
	Develop and implement an OHS framework	>>>
	Review and develop Council's Risk Framework and Strategy	>>>
Implement a Project Management System	Review and improve current processes	>>>
	Implement a centralised project management system utilised throughout the organisation	>>>
Review council services for efficiency, effectiveness and quality	Prioritise services for a detailed review	>>>
Ensure we have appropriately skilled staff that are aligned to the organisational values of Council and are recognised accordingly	Utilise management and leadership development programs	>>>
Council to lead the conversation on bridge placement with the community	Represent Council's views at stakeholder meeting	>>>
Work with Swan Hill District Health and Robinvale District Health to develop joint advocacy strategies for improved health services for our community	Adopt the health precinct plan into the Swan Hill Planning Scheme	✓

Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2017/18 Budget.

Major Initiative	Progress
Implement a project management system (Actual \$0, Budget \$30,000)	Incomplete. Project to be completed in 2018/19
Further develop Council IT processes as identified in the IT Strategy (Actual \$77,390, Budget \$125,000)	Completed
Conduct the general revaluation of Council properties (Actual \$129,525, Budget \$150,000)	Completed

Services funded in 2017/18 Budget

The following statement provides information in relation to the services funded in the 2017/18 Budget and the persons or sections of the community who are provided the service.

Service Area	Description of services provided	Budget Actual Variance \$000
Councillors and corporate management	Governance includes the Mayor, Councillors, Chief Executive Officer, Executive Leadership Team and associated support, which cannot easily be attributed to the direct service provision areas.	2,195 <u>2,115</u> (80)
Community relationships	Proactively communicate Council decisions, programs and events to the community using a range of methods, and assist the organisation to respond to community issues as they arise.	188 <u>189</u> 1
Management of resources	Manage Council's offices along with human and financial resources to effectively and efficiently fulfil Council objectives, including areas like rate raising and collection, customer service, human resource management, depot and office site management, Council finances and information technology.	(22,851) <u>(23,081)</u> (230)

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures.

Service/Indicator/Measure	Result 2017	Result 2018	Material Variation
<p>Governance</p> <p>Transparency</p> <p><i>Council decisions made at meetings closed to the public</i></p> <p>[Number of Council resolutions made at an ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors] x 100</p>	9.26%	7.73%	. The number of decisions made at Council meetings in 2018 was 194, compared to an average of 125 over the past three years.
<p>Consultation and engagement</p> <p><i>Satisfaction with community consultation and engagement</i></p> <p>[Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]</p>	58	55	
<p>Attendance</p> <p><i>Councillor attendance at Council Meetings</i></p> <p>[The sum of the number of Councillors who attended each ordinary and special Council Meeting / (Number of ordinary and special council meetings) x (Number of Councillors elected at the last Council general election)] x 100</p>	97.62%	97.96%	
<p>Service cost</p> <p><i>Cost of Governance</i></p> <p>[Direct cost of the Governance service / Number of Councillors elected at the last Council general election]</p>	\$40,440	\$41,456	
<p>Satisfaction</p> <p><i>Satisfaction with Council decisions</i></p> <p>[Community satisfaction rating out of 100 with the performance of Council in making decisions in the interest of the community]</p>	53	54	

Key Result Area 5: Environment

Council Plan Initiatives

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

✓ Completed >> In progress/continuing in 2018/19 << Delayed due to funding/budget

Council Plan Initiative	Action	Status
Be actively involved in external discussions that affect the Murray River, its tributaries and lake systems	Nominate a Councillor to represent Council on the Murray Darling Association. (Council is no longer a member of the Murray Darling Association)	-
	Lodge submissions to Federal agencies via Murray River Group of Councils and report to Council.	✓
Seek to influence how environmental water is used within the municipality	Attain membership to Catchment Management Authorities (CMA).	>>
	Seek a position on CMA committees	>>
Investigate alternative energy for council buildings, and a community solar option	Identify additional buildings to connect to renewable energies.	✓
	Prepare a business case for each option.	>>
Review our work methods to reduce the environmental impact of what we do	Review our fuel usage	>>
Review and implement the Waste Management Plan	Approve a revised and updated Waste Management Plan	>>
Investigate opportunities for green waste and organic collection service	Investigate organic waste disposal opportunities	✓

Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2017/18 Budget.

Major Initiative	Progress
Deliver the roadside weeds and pest management program (Actual \$59,550, Budget \$50,000)	Completed
Implement projects as identified from the Waste Management Strategy (Actual \$187,470, Budget \$150,000)	Completed
Construct a transfer station at the Robinvale Landfill (Actual \$0, Budget \$150,000)	Incomplete. Project to be completed in 2018/19

Services funded in 2017/18 Budget

The following statement provides information in relation to the services funded in the 2017/18 Budget and the persons or sections of the community who are provided the service.

Service Area	Description of services provided	Budget <u>Actual</u> Variance \$000
Environmental management	Advocate for, and assist to deliver environmental projects as part of Council's aim to become more sustainable in both built and natural environments.	213 <u>195</u> (18)
Waste management	Provide waste collection services, including kerbside collection of garbage, hard waste and green waste from all households and some commercial properties.	(5) <u>(10)</u> (5)

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures.

Service/Indicator/Measure	Result 2017	Result 2018	Material Variation
Waste Collection Satisfaction <i>Kerbside bin collection requests</i> [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x 1000	25.38	22.86	
Service standard <i>Kerbside collection bins missed</i> [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x 10,000	2.32	3.19	There was one more bin missed per 10,000 scheduled kerbside collection bin lifts in 2018. In total 68 bins were missed in 2018, compared to 65 average over the previous three years.
Service cost <i>Cost of kerbside garbage collection service</i> [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$55.31	\$55.79	
<i>Cost of kerbside recyclables collection service</i> [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$27.74	\$27.81	
Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100	34.53%	30.55%	Additional waste collected at the Robinvale Landfill is included in the 2018 reporting period, which was not included in previous years. Had the Robinvale Landfill waste been included in 2017 the results would have been 29.76%.



Part six

Corporate Governance

Council's role

The *Local Government Act 1989* sets out the role of councils in Victoria. Under the Act, the role of Council includes:

1. A council is elected to provide leadership for the good governance of the municipal district and the local community.
2. The role of a council includes:
 - a. Acting as a representative government by taking into account the diverse needs of the local community;
 - b. Providing leadership by establishing strategic objectives and monitoring their achievement;
 - c. Maintaining the viability of the Council by ensuring that resources are managed in a responsible and accountable manner;
 - d. Advocating the interests of the local community to other communities and governments;
 - e. Acting as a responsible partner in government by taking into account the needs of other communities; and
 - f. Fostering community cohesion and encouraging active participation in civic life.

Swan Hill Rural City Council performs this role by setting the strategic direction of the municipality, establishing guiding policies, setting service delivery standards and monitoring the performance of the organisation.

Our Council Plan

The Council Plan is the municipality's key strategic document directing Council to achieve its vision for the future. The plan lays the groundwork for addressing our longer-term goals and sets out the commitments Council has made to deliver these.

The 2017-21 Council Plan was developed after extensive planning, research and input from Councillors, Council employees and our community.

Our Council Plan is reviewed on an annual basis to ensure the document continues to play a vital role in shaping the future of the Swan Hill municipality, setting a broad direction for the coming years.

A copy of the Council Plan is available at Council's website www.swanhill.vic.gov.au/about/overview.

Decision making

Swan Hill Rural City Council, through formal Council meetings, is the primary decision-making body for the municipality.

Council decisions are made in one of two ways:

1. By resolution at Council meetings and special committees of Council.
2. By Council officers under delegated authority.

Most decisions of an operational nature have been delegated to officers through the Chief Executive Officer (CEO). This system recognises the CEO's responsibility under the Local Government Act in managing the day-to-day operations of the organisation.

Elected members

Conflict of interest

During the course of dealing with matters that come before Council for decision, individual Councillors and members of staff might find that they, or their immediate family, have a financial or some other advantage that could be interpreted as having undue influence on the outcome.

To ensure transparency in the decision-making processes of Council, both Councillors and staff are required to declare and document their interest in a matter. Where Councillors have declared an interest, they take no part in the decision-making process.

Copies of the document Conflict of Interest: A Guide for Councillors, October 2012, published by the Department of Planning and Community Development, has been provided to Councillors for their reference.

Code of Conduct

As a result of changes to the *Local Government Act 1989*, councils must prepare, adopt and maintain a Councillor Code of Conduct.

Swan Hill Rural City Council's Councillor Code of Conduct was reviewed and adopted on 21 February 2017.

After the review on 21 February 2017, Councillors signed the Code of Conduct declarations.

A copy of the code is available at www.swanhill.vic.gov.au/about/overview/policies.

Council Meetings

Council Meetings are generally held on the third Tuesday of each month. They are open to the public. Members of the community can address Council and ask questions in relation to any aspect of Council operations.

Below are the dates and locations of the Ordinary Council Meetings held in 2017/18:

- | | |
|---------------------|-----------|
| • 15 August 2017 | Robinvale |
| • 19 September 2017 | Swan Hill |
| • 17 October 2017 | Swan Hill |
| • 21 November 2017 | Swan Hill |
| • 19 December 2017 | Swan Hill |
| • 20 February 2018 | Swan Hill |
| • 20 March 2018 | Swan Hill |
| • 17 April 2018 | Swan Hill |
| • 15 May 2018 | Swan Hill |
| • 26 June 2018 | Swan Hill |

Special Council Meetings are held for consideration of the Budget, Annual Financial Statements, Annual Report and any other urgent matters.

The tables on the following pages provide details of Councillor attendance at Ordinary and Special Council Meetings from July 2017 to June 2018.

Councillor attendance at Council meetings

Councillor	Ordinary Council Meetings		Special Council Meetings	
	Eligible to attend	Attended	Eligible to attend	Attended
Cr Les McPhee	10	9	4	4
Cr John Katis	10	10	4	4
Cr Gary Norton	10	8	4	3
Cr Ann Young	10	10	4	4
Cr Bill Moar	10	10	4	4
Cr Lea Johnson	10	8	4	3
Cr Chris Jeffery	10	7	4	4

Councillor attendance at Council assemblies

Councillor	Councillor Assemblies	
	Eligible to attend	Attended
Cr Les McPhee	32	30
Cr John Katis	32	26
Cr Gary Norton	32	21
Cr Ann Young	32	27
Cr Bill Moar	32	29
Cr Lea Johnson	32	24
Cr Chris Jeffery	32	29

Councillor support and remuneration

The *Local Government Act 1989* states (S.75):

A Council must reimburse a Councillor for expenses if the Councillor:

- Applies in writing to the Council for reimbursement of expenses; and
- Establishes in the application to Council that the expenses were reasonable bona fide Councillor out-of-pocket expenses incurred while performing duties as a Councillor.

Additional support will be provided by Council to ensure Councillors are able to perform their duties, as determined by the Minister in accordance with the *Local Government Act*. A Councillor Expense Reimbursement and Support Policy was first adopted by Council in March 2001 and was last reviewed in April 2016. A copy of this is available at Council's website www.swanhill.vic.gov.au/about/overview/policies.

The State Government categorises Councils according to their size and revenue base and for each category, sets the maximum annual allowance that can be paid to Mayors and Councillors. In accordance with section 73B(4)(b) of the *Local Government Act 1989*, the 2018 limits and ranges of Mayoral and Councillor allowances (inclusive of 9.5 per cent superannuation) were set as:

Category 1	Councillors: \$9,297 - \$22,153 per annum	Mayors: up to \$66,184 per annum
Category 2	Councillors: \$11,487 - \$27,621 per annum	Mayors: up to \$85,466 per annum
Category 3	Councillors: \$13,812 - \$33,094 per annum	Mayors: up to \$105,705 per annum

Swan Hill Rural City Council is in Category 2 and for the 2018 year set the annual allowance for its Mayor at \$71,108 and for all its other Councillors at \$26,802, inclusive of 9.5 per cent superannuation respectively on these allowances.

Councillors also receive support in the form of secretarial assistance through the Chief Executive Officer and have access to Council's vehicle fleet if they are required to attend meetings outside the municipality. Each Councillor is also provided with a mobile phone/PDA, a printer/fax combo, an iPad with keyboard, a desktop computer and a 4G wireless internet device. The Mayor is provided with the use of a Council vehicle.

Councillor	Allowance	Travel	Other	Total
Cr Les McPhee (Mayor November 2015 - June 2018)	\$70,527.57	-	-	\$70,527.57
Cr John Katis	\$26,583.50	\$6,204.00	\$1,400.00	\$34,187.50
Cr Gary Norton	\$26,583.50	\$488.40	\$57.33	\$27,129.23
Cr Ann Young (Deputy Mayor November 2016 - June 2018)	\$26,583.50	\$120.82	\$131.85	\$26,836.17
Cr Bill Moar	\$26,583.50	-	-	\$26,583.50
Cr Lea Johnson	\$26,583.50	-	\$135.02	\$26,718.52
Cr Chris Jeffery	\$26,583.50	\$58.74	-	\$26,642.24

Committees of Council

The *Local Government Act 1989* recognises the need for Advisory and Special Committees of Council. Council may establish Advisory Committees of Council, Council staff and other persons if necessary. The Act also stipulates Council may, by instrument of delegation, delegate any of its functions, duties or powers under this, or any other Act, to a Special Committee (Section 86 Committees).

	Councillor	Meeting frequency
Asset Naming Sub-committee	Cr John Katis, Cr Chris Jeffery	Upon request
Audit Committee	Cr Ann Young, Cr Lea Johnson	Four meetings scheduled each year
Chief Executive Officer Performance Review Committee	Cr Les McPhee, Cr Lea Johnson, Cr Gary Norton	Annually
Swan Hill Regional Livestock Exchange	Cr Bill Moar	Bi-annually
Swan Hill Regional Art Gallery Advisory Committee	Cr Ann Young	Monthly
Municipal Emergency Management Planning Committee	Cr Les McPhee, Cr Chris Jeffery (sub delegate)	Quarterly
Community Grants	Cr Les McPhee	Annually
Agribusiness Advisory Committee	Cr Bill Moar	Bi-monthly
Swan Hill Indoor Sport and Recreation Centre Committee of Management	Cr Chris Jeffery	Bi-annually
Swan Hill Leisure Centre Committee of Management	Cr Lea Johnson Cr Bill Moar (sub delegate)	Bi-annually
Alan Garden Reserve Committee of Management	Cr Chris Jeffery	Bi-annually

Council representation on other Committees

In addition to the Advisory and Special Committees of Council, Councillors are also representatives on the following committees, associations and groups.

Cr Les McPhee

Murray Mallee Local Learning and Employment Network (MLLEN)
Murray River Group of Councils
Lake Boga Land on Water Committee of Management
Chisholm Reserve Inc
Major Events Support Scheme
Lake Boga Inc
Ultima Progress Association
Local Aboriginal Network Swan Hill
Central Murray Regional Transport Forum

Cr John Katis

Robinvale Aboriginal Elders Committee
Robinvale Euston Business Association
Wemen Progress Association
Local Aboriginal Network Robinvale
Robinvale Improvement Group

Cr Gary Norton

Municipal Association of Victoria
North West Municipalities Association
Manangatang Improvement Group
Nyah Action Group
Piangil Community Group
Boundary Bend Progress Association
Rural Councils Victoria (sub delegate)

Cr Chris Jeffery

Bigger Better Beverford Group
Woorinen Progress Association

Cr Ann Young

Municipal Association of Victoria (sub delegate)
Bigger Better Beverford Group
Woorinen Progress Association
Rural Councils Victoria
Rail Freight Alliance

Cr Bill Moar

Loddon Mallee Waste and Resource Recovery Board
Bigger Better Beverford
Woorinen Progress Association

Cr Lea Johnson

Swan Hill Inc
Bigger Better Beverford
Woorinen Progress Association
Local Aboriginal Network Swan Hill

Audit Committee

The Audit Committee is an independent Advisory Committee to Council and is formed under Section 139 of the *Local Government Act 1989*.

The primary objective of the Audit Committee is to assist Council in the effective conduct of its responsibilities for:

- Enhancing the credibility and objectivity of internal and external financial reporting
- Effective management of financial processes, to ensure integrity and transparency
- Effective management of risks and the protection of Council assets
- Compliance with laws and regulations as well as use of best practice guidelines
- The effectiveness of the internal audit function
- The provision of an effective means of communication between the external auditor, internal auditor, management and the Council
- Facilitating the organisation's ethical development
- Maintaining a reliable system of internal controls

The Audit Committee consists of five members, three of whom are independent experts in a range of areas, including financial management, business and project management.

Audit Committee Members

The members of the committee for the 2017/18 financial year were:

Warren Pollock (Chairman) - third term appointment expires 21 August 2019.

Maurice Tyers - third term appointment expired 21 October 2017. Did not seek reappointment.

Rod Saville - second term appointment expires November 2018.

Robert Jardine - first term appointment expires 21 February 2021.

Cr Ann Young - appointed for one year at the Statutory Council Meeting in November 2017.

Cr Lea Johnson - appointed for one year at the Statutory Council Meeting in November 2017.

Member	Eligible to attend	Attended
Warren Pollock, Independent member and Chairman	4	4
Maurice Tyers, Independent member	2	2
Rod Saville, Independent member	4	4
Robert Jardine, Independent member	2	2
Ann Young, Councillor	4	3
Lea Johnson, Councillor	4	3

Internal Audit

Council's internal audit function is externally resourced to provide independent and objective assurance that appropriate processes and controls are in place across Council.

A three-year risk based Strategic Internal Audit Plan (SIAP) is revised annually to ensure the audit resources remain focused on the nominated areas.

The review process considers Council's risk framework, the Council Plan, the impact of any change on our operations, systems or the business environment, prior audit coverage and outcomes, and relies heavily on management directional input. The SIAP is revised and approved by the Audit Committee annually.

The Internal Auditor attends Audit Committee meetings to report on the status of the SIAP and to present findings of completed reviews. The responsible Director and Manager for each area reviewed is required to attend the Audit Committee meeting to respond to questions in relation to the review. All audit issues identified are risk rated. Recommendations are assigned to responsible managers and tracked through the Audit Committee agenda until all recommendations have been completed.

Quality assurance is measured through completion of the review recommendations and completion of the nominated annual SIAP reviews.

The SIAP for 2017/18 was completed with the following reviews conducted:

- Procurement processes and compliance
- Immunisation compliance and controls
- Aged Care Packages

In order to attain a wider review of internal audit coverage, a mix of 'detailed' and 'insight' reviews are identified. 'Detailed' reviews typically include walk throughs, identification of key controls and sample testing of key controls to form a conclusion, resulting in a detailed report. 'Insight' reviews are high level discussions with those officers responsible for managing the area of focus, resulting in a brief report of observations and insights.

External Audit

Council is externally audited by the Victorian Auditor-General. For the 2017/18 year the annual external audit of Council's Financial Reports and Performance Statement was conducted by the Victorian Auditor-General's representative, Danielle MacKenzie of Crowe Horwath (Albury).

The external auditors attend Audit Committee meetings to present the annual audit strategy and independent audit reports.

The external audit management letters and responses are also provided and discussed with the Audit Committee.

Risk Management

Council is committed to the overall management of risk to achieve its strategic and operational objectives.

The Risk Management Policy and Procedure provides a framework for identifying, analysing, controlling and reviewing risks across our organisation.

Council's risk management functions are regularly monitored and reviewed, with reports to Council's Risk Management Committee and Executive Leadership Team and Audit Committee.

Other aspects of Council's risk management framework include the existence and management of the corporate risk register, an established internal audit regime, a reactive customer request system, and a strong asset management framework.

Governance and Management Checklist

Governance and Management Items	Assessment
Community Engagement Policy (policy outlining Council's commitment to engaging with the community on matters of public interest)	19/12/2017
Community Engagement Guidelines (guidelines to assist staff to determine when and how to engage with the community)	19/12/2017
Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next four financial years)	26/06/2018
Annual Budget (plan under section 130 of the Act setting out the services to be undertaken over the next 12 months and the funding and other resources required)	26/06/2018
Asset Management Plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Individual plan dates listed below
Road Asset Management Plan 01/09/2008 Building Asset Management Plan 01/08/2008 Footpath Asset Management Plan 01/08/2009 Irrigation Asset Management Plan 01/08/2008 Kerb and Channel Asset Management Plan 01/08/2009 Landfill Asset Management Plan 01/07/2008 Playgrounds Asset Management Plan 01/08/2008 Bridge Asset Management Plan 01/11/2005 Aerodrome Asset Management Plan 01/03/2009 Road Management Plan 01/05/2013	
Rating Strategy (strategy setting out the rating structure of Council to levy rates and charges)	20/07/2010
Risk Policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	19/07/2016
Fraud Policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	19/12/2017
Municipal Emergency Management Plan (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	17/10/2017
Procurement Policy (policy under section 186A the Act outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	21/11/2017
Business Continuity Plan (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	1/12/2015
Disaster Recovery Plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	1/04/2016
Risk Management Framework (framework outlining Council's approach to managing risks to the Council's operations)	19/07/2017

Governance and Management Items	Assessment
Audit Committee (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with the applicable legal, ethical, and regulatory requirements)	10/02/1998
Internal Audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	1/07/2013
Performance Reporting Framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	12/04/2016
Council Plan Reporting (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the reporting year)	Qtr 1: 17/10/2017 Qtr 2: 20/02/2018 Qtr 3: 17/04/2018 Qtr 4: 17/07/2018
Financial Reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Annual Report 2017: 26/09/2017 Qtr 1: 21/11/2017 Qtr 2: 20/02/2018 Qtr 3: 15/05/2018
Risk Reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	- (Risk Management Committee) - (Audit Committee)
Performance Reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	Quality and Cost Standards are reported on annually
Annual Report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)	17/10/2017
Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	21/02/2017
Delegations (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	21/02/2017
Meeting procedures (a local law governing the conduct of meetings of Council and special committees)	07/10/2010

Continuous improvement

The Best Value Principles within the *Local Government Act 1989* provide the basis for which councils plan, review and manage their performance in order to deliver continuous improvement in all services and to meet the needs and expectations of service users.

208B. Best Value Principles

- (a) All services provided by a council must meet the quality and cost standards required by section 208D;
- (b) Subject to sections 3C(2)(b) and 3C(2)(e), all services provided by a council must be responsive to the needs of its community;
- (c) Each service provided by a council must be accessible to those members of the community for whom the service is intended;
- (d) A council must achieve continuous improvement in the provision of services for its community;
- (e) A council must develop a program of regular consultation with its community in relation to the services it provides;
- (f) A council must report regularly to its community on its achievements in relation to the principles set out in paragraphs (a), (b), (c), (d) and (e).

Performance reporting to our community

At Swan Hill Rural City Council, we ensure that we continue to deliver our desired community outcomes by monitoring progress via the following performance reports and then reporting these results back to the community.

	Contents	Occurrence
Annual Report	This includes details of Council's operations during the financial year, audited financial statements and a copy of the performance statement highlighting Council's achievement against our Council Plan.	Annually
Financial Statements	The financial statements report the financial position of Council throughout various stages of the year.	Quarterly
Key Strategic Initiatives – Council Plan outcomes	The Council Plan is the primary strategy adopted by the elected Councillors throughout their term. It outlines Council's objectives, strategies and identifies actions for achieving the desired community outcomes. The Key Strategic Initiatives make up the Council Plan and a quarterly progress report is issued to Council to monitor their performance.	Quarterly
Local Government Performance Reporting	This framework, and its associated indicators, measures the financial and non-financial performance of Council, including the performance indicators referred to in section 131 of the Act.	Annually
Achievement of other strategies	Council is updated on progress towards implementing all of its broader strategies on a regular basis. Examples include the Aboriginal Partnership Plan, Youth Strategy and Communication Strategy.	As required

Statutory information

National Competition Policy and compliance 2017/18

Council has complied with the requirements of the National Competition Policy for the period 1 July 2017 to 30 June 2018, in accordance with the requirements outlined in National Competition Policy and Local Government (Revised 2011).

Carers Recognition Act 2012

Council has taken all practicable measures to comply with its responsibilities outlined in the *Carers Recognition Act 2012*. Council has promoted the principles of the Act to people in care relationships who receive Council services, and to the wider community by providing links to State Government resource materials on Council's website and providing information to organisations represented in Council networks.

Council has taken all practicable measures to ensure staff, Council agents and volunteers are informed about the principles and obligations under the Act by including information on the care relationship in Council induction and training programs for staff working in Community Care Services, and induction and training programs for volunteers working directly with the community.

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

Privacy and Data Protection Act 2014

Council respects the privacy of its citizens, ratepayers and clients. Council is committed to the privacy principles prescribed by the *Privacy and Data Protection Act 2014* and the Health Records Act 2001.

Council has adopted a Privacy Policy that addresses the requirements of both Acts. A copy of the policy is available at the Council offices during business hours and at Council's website www.swanhill.vic.gov.au.

Council received no privacy complaints in the 2017/18 financial year.

Freedom of Information Act 1982

The *Freedom of Information Act 1982* provides the opportunity for public access to Council documents.

The Act establishes a legally enforceable right for the community to request information, in document form, held by Council.

The Act has four principles:

1. The public has a right of access to documents subject to certain exceptions or exemptions.
2. Local Governments are required to publish information on the documents they hold.
3. Individuals may request that inaccurate, incomplete, out-of-date or misleading information about themselves be amended.
4. Individuals may appeal against a decision not to give access to the document(s) or not to amend personal information.

Written requests for documents must be addressed to Council's FOI Officer and should be accompanied by an application fee of \$28.90 (2018/19).

A request must specify the document(s) required or if unable to do so, give sufficient detail to enable the relevant document(s) to be located, the form of access required and include the applicant's contact details.

Council received four requests in 2017/18, one of which was withdrawn. Of the three remaining requests; one request was released in full, one request involved partial release and no documents were discovered for the remaining request.

	Number of requests	Fees and charges	Costs
2017/18	4	\$114	\$1,928
2016/17	2	\$307	\$1,567
2015/16	2	\$27	\$170
2014/15	0	\$0	\$0
2013/14	3	\$161	\$780

Documents available for public inspection

Council is committed to open and transparent governance.

According to the *Local Government Act 1989* and Section 12 of the *Local Government (General) Regulations 2015*, a Council must make available for public inspection documents containing the prescribed matters below:

- Details of overseas or interstate travel undertaken in an official capacity by Councillors or any Council staff in the previous 12 months.
- Agendas and minutes for Ordinary and Special Council meetings held in the previous 12 months.
- Minutes of meetings of Special Committees established under Section 86 of the Act and held in the previous 12 months.
- A register of delegations kept under the Local Government Act.
- A document containing details of all leases involving land which were entered into by:
 - the Council as lessor, including the lessee and the terms and the value of the lease.
 - Register of authorised officers appointed under Section 224 of the Act.
 - A list of donations and grants made by the Council during the financial year.

These documents can be viewed at the Swan Hill Rural City Council Municipal Offices at 45 Splatt Street, Swan Hill from 8.30am to 5pm Monday to Friday.

Protected Disclosures Act 2012

The *Protected Disclosure Act 2012* started operation on 10 February 2013 and replaced the Whistleblowers Protection Act 2001.

Council has developed procedures that protect people who report improper conduct or detrimental action by the Council or its employees under the Act. The procedures encourage the disclosure of improper conduct by Council or its employees, provide protection to the person making a disclosure from reprisals, and require the reporting of assessable disclosures to the Independent Broad-based Anti-corruption Commission (IBAC).

Council takes its role and responsibilities under the Act very seriously. Protected Disclosure procedures also form part of the staff induction process. No reportable matters were received in the 2017/18 financial year.

Staff and members of the public are encouraged, if they believe they are aware of or have evidence about improper conduct or detrimental action undertaken by the Council or its staff, to report the matters to the protected disclosure co-ordinator.

Procedures for making a protected disclosure are available at Council's website www.swanhill.vic.gov.au or at Council offices.

Occupational Health and Safety Policy

In November 2017, Council joined the MAV WorkCare Self Insurance Scheme. As part of the scheme, Council is working towards compliance against the National Self-Insurer OHS Management System Audit Tool (NAT).

A reviewed Occupational Health and Safety Policy was adopted by Council in March 2018 followed by a number of related OHS procedures including:

- OHS Responsibilities and Accountabilities
- OHS Consultation, Communication and Reporting
- OHS Legal Requirements
- Development, authorisation and publication of OHS Procedures.

Contracts

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

Food Act Ministerial Direction

In accordance with 7E of the *Food Act 1984*, Council is required to publish a summary of any ministerial directions received during the financial year in its Annual Report. No directions were received in the 2017/18 financial year.

Community Access and Inclusion Strategy

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

Council adopted a new Community Access and Inclusion Strategy (CAIS) with an accompanying implementation plan in December 2017.

The four key objectives of the CAIS are:

- Reduce barriers to Council services, programs and facilities for people with a disability.
- Reduce barriers to people with a disability obtaining and maintaining employment.
- Increase inclusion and participation in the community for people with a disability.
- Improve community attitudes and perceptions that discriminate against people with a disability.

Domestic Animal Act 1994

Under the Domestic Animal Act 1994, Council is required to create a Domestic Animal Management Plan and to evaluate its implementation in the annual report. Council reviewed its Domestic Animal Management Plan in December 2017.

After community consultation, an off-leash dog park trial started in December 2017. Part of a two-year trial, the off-leash areas are located at Tower Hill and Palaroo Street in Swan Hill, Centenary Park in Robinvale and the Lake Boga Sporting Complex in Lake Boga.



Road Management Act 2004

Council, as a road authority, is required under Section 22 of the Act to publish a copy or summary of any direction received from the Minister in its annual report. No directions were received from the Minister in 2017/18.

Local Laws

Council has the following Local Laws in place:

Local Law	Date adopted	Date operational
Local Law No. 1 Meeting Procedures	21 September 2010	7 October 2010
Community Local Law No. 2	16 May 2017	2 June 2017

Policies, strategies and plans

As representatives of the community, Council develops the policies that guide and inform Council activity. The following policies, strategies and plans were reviewed and/or adopted in 2017/18.

Policy/Strategy/Plan	Date reviewed/adopted
Aboriginal Community Partnership Strategy	19 September 2017
Public Health and Wellbeing Plan	17 October 2017
Youth Engagement Policy	17 October 2017
Municipal Emergency Management Plan (review)	17 October 2017
Procurement Policy	21 November 2017
Economic Development Strategy 2017-2022	21 November 2017
Fraud Control Policy	19 December 2017
Public Participation Policy	19 December 2017
Community Garden Policy	19 December 2017
Child Safe Policy	19 December 2017
Debt Collection Policy	19 December 2017
Events Policy	19 December 2017
Community Access and Inclusion Strategy 2017-2021	19 December 2017
Asset Management Policy	19 December 2017
Domestic Animal Management Plan (review)	19 December 2017
10 Year Major Projects Plan 2018/19 to 2027/28	19 December 2017
Occupational Health and Safety Policy	20 March 2018
Footpaths In Road Reserves and Parks Policy (deletion)	17 April 2018
Community and Event Grants Policy	15 May 2018
Media Policy	15 May 2018
Swan Hill Rural City Council Municipal Recreation Reserves Master Plan	15 May 2018
Councillor and Staff Interactions Policy	26 June 2018
Council Plan 2017-21 Review	26 June 2018



Part seven

Performance Statement

Description of municipality

Swan Hill Rural City Council covers 6,116 square kilometres and is home to 20,849 people.

It includes the townships of Swan Hill, Robinvale, Lake Boga, Nyah, Nyah West, Piangil, Woorinen, Ultima, Manangatang, Boundary Bend and Tresco.

The Swan Hill Rural City economy is driven by agriculture and manufacturing.

Almost 16 per cent of the total economic output from the region comes from agricultural production.

Irrigated farming (including stone fruit, grapes, nuts, olives and vegetable production) accounts for over 11 per cent of the total economic output for the municipality and more than 18 per cent of all jobs in the city are directly related to agriculture.

Additionally food manufacturing (processing) accounts for almost 10 per cent of the municipality's economic output.

Located along the Murray River, tourism plays an important role in our region's economy. Our climate and natural beauty attracts around 388,000 domestic visitors each year.

Sustainable Capacity Indicator definitions

Definitions

"adjusted underlying revenue" means total income other than

(a) non-recurrent grants used to fund capital expenditure; and

(b) non-monetary asset contributions; and

(c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

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

"local road" means a sealed or unsealed road for which 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.

Sustainable Capacity Indicators

Service/indicator/measure	Results				Material variations
	2015	2016	2017	2018	
Own-source revenue					
<i>Own-source revenue per head of municipal population</i> [Own-source revenue/ Municipal population]	\$1,579.15	\$1,663.09	\$1,736.26	\$1,680.88	
Recurrent grants					
<i>Recurrent grants per head of population</i> [Recurrent grants/Municipal population]	\$878.72	\$577.00	\$835.57	\$552.94	The 2018 actual result returns to normal levels although it has 50% early payment of 2019 VGC grants (\$3.37M) and 50% of 2018. The 2017 actual included 150% of Victoria Grants Commission income (100% of 2017 and 50% of 2018 allocations).
Population					
<i>Expenses per head of population</i> [Total expenses/Municipal population]	\$2,348.88	\$2,454.26	\$2,311.87	\$2,159.48	
<i>Infrastructure per head of municipal population</i> [Value of infrastructure/ Municipal population]	\$18,452.53	\$18,598.85	\$18,679.93	\$18,388.46	
<i>Population density per length of road</i> [Municipal population/ Kilometres of local roads]	5.89	5.84	5.83	5.94	
Disadvantage					
<i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic disadvantage by decile]	2.00	2.00	2.00	2.00	

Service Performance Indicators

Service/indicator/measure	Results				Material variations
	2015	2016	2017	2018	
Governance Satisfaction <i>Satisfaction with Council decisions</i> [Community satisfaction rating out of 100 with the performance of Council in making decisions in the interest of the community]	51	53	53	54	
Statutory Planning Decision making <i>Council's 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] x 100	100.00%	0.00%	50.00%	0.00%	For the year ended 30 June 2018, Council has had no VCAT decisions in relation to planning applications.
Roads Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	52	48	49	50	
Libraries Participation <i>Active library members</i> [Number of active library members / Municipal population] x 100	22.54%	19.24%	19.91%	18.08%	

Service/indicator/measure	Results				Material variations
	2015	2016	2017	2018	
Waste collection Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100	34.44%	35.26%	34.53%	30.55%	Additional waste collected at the Robinvale Landfill is included in the 2018 reporting period, which was not included in previous years. Had the Robinvale Landfill waste been included in 2015, 2016 and 2017 the results would have been 29.79%, 30.76% and 29.76% respectively.
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	3.90	6.76	6.15	5.51	The Nyah pool closed for six weeks during the season due to a shortage of lifeguards, and the Swan Hill Leisure Centre pool closed for two weeks in January for maintenance, resulting in slightly lower overall attendances in 2018.
Animal management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	6	1	2	
Food and safety Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x 100	86.11%	84.44%	100.00%	94.74%	There were 19 critical and major non-conformance notifications issued by Council during the 2018 year, and 18 of these notifications were followed up. One notification was not followed up as the premise had closed down.

Service/indicator/measure	Results				Material variations
	2015	2016	2017	2018	
Maternal and Child Health					
Participation					
<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100	72.27%	72.91%	73.28%	73.03%	
<i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x 100	67.77%	43.29%	41.88%	62.18%	There has been a 25% increase in the number of Aboriginal children enrolled in the MCH service. The number of these children who attend this service at least once a year has increased by 85%.

Definitions

“Aboriginal child” means a child who is an Aboriginal person

“Aboriginal person” has the same meaning as in the Aboriginal Heritage Act 2006

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

“annual report” means an annual report prepared by a Council under sections 131, 132 and 133 of the Act

“class 1 food premises” means food premises, within the meaning of the Food Act 1984, that have been declared as class 1 food premises under section 19C of that Act

“class 2 food premises” means food premises, within the meaning of the Food Act 1984, that have been declared as class 2 food premises under section 19C of that Act

“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 authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health

“food premises” has the same meaning as in the Food Act 1984.

“local road” means a sealed or unsealed road for which 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 authorised 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

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

Financial Performance Indicators

Dimension/ indicator/ measure	Results						Forecasts				Material variations
	2015	2016	2017	2018	2019	2020	2021	2022			
Operating position Adjusted underlying result Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	6.50%	(7.21%)	11.65%	5.24%	6.31%	6.22%	6.18%	5.65%	The actual result for 2018 includes 50% of the 2018 and 50% early payment of 2019 Victoria Grants Commission income. The 2017 actual had 150% of Victoria Grants Commission income (100% of 2017 and 50% of 2018). A similar advance in 2015 occurred which explains the deficit recorded in 2016. A combination of reduced borrowings and a return to normal grant receipts from the Victoria Grant Commission is budgeted for our underlying result in the forecast years.		

Dimension/ indicator/ measure	Results					Forecasts					Material variations	
	2015	2016	2017	2018	2019	2020	2021	2022				
Liquidity Working capital Current assets compared to current liabilities [Current assets / Current liabilities] x100	228.92%	189.19%	293.45%	360.07%	237.53%	270.23%	176.09%	254.81%				Early receipt of \$3.37M from Victoria Grants Commission resulted in increased cash holdings in 2018. The 2019 and 2020 variances reflects the expected return to the normal timing of Grants Commission receipts. The 2020 and 2021 variance reflects the required repayment of an interest only loan taken out in 2015 becoming a current liability. Sufficient cash is held to repay this loan. The loan will no longer be a current liability after 2021.
Unrestricted cash Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	121.27%	140.43%	205.40%	258.37%	201.91%	222.03%	144.03%	204.78%				The 2020 and 2021 variances reflect the required repayment of an interest only loan taken out in 2015 becoming a current liability (\$4.795M). Sufficient cash is held to repay this loan, and the loan will no longer be a current liability after 2021.

Dimension/ indicator/measure	Results					Forecasts				Material variations	
	2015	2016	2017	2018	2019	2020	2021	2022			
Obligations Loans and borrowings											
<i>Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100</i>	35.82%	33.49%	29.45%	25.22%	28.90%	28.38%	28.07%	14.24%			Council's ability to borrow through the MAV's LGFV did not come to fruition in 2017 (\$0.5M) and 2018 (\$0.8M), and the ongoing repayment of current borrowings has seen a reduction in the borrowings to rates ratio. The deferred borrowings of \$1.3M are expected to be taken up in 2019.
<i>Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i>	5.53%	4.86%	4.57%	5.16%	3.00%	2.42%	2.42%	17.07%			Council is continuing with a strategy to progressively reduce borrowings. This reflects in a reduced loan repayment compared to rates each year. In 2022, the first LGFV interest only loan matures (\$4.795M) and Council will have sufficient cash available to repay this loan principal. The 2018 slight increase in the ratio was due to repayment in full at the eighth year of a loan originally borrowed on a 10 year repayment schedule with interest rate renegotiated at the fourth and eighth years.
Indebtedness											
<i>Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100</i>	29.34%	27.96%	23.30%	21.54%	24.56%	24.35%	12.61%	14.78%			The ongoing repayment of borrowings over the forecast period will see a gradual reduction in our interest bearing liabilities.

Dimension/ indicator/ measure	Results					Forecasts				Material variations
	2015	2016	2017	2018	2019	2020	2021	2022		
Asset renewal Asset renewal compared to depreciation [Asset renewal expenses / Asset depreciation] x100	88.88%	74.49%	76.92%	90.90%	96.13%	81.23%	74.71%	89.12%	Asset renewal expenditure varies each year depending on the type and amount of renewal works required. Most of Council's assets are long lived and therefore the need to replace them varies considerably each year. Ratio for 2018 is significantly higher than previous years due to increased asset renewal expenses and decreased depreciation expense.	
Stability Rates concentration Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	46.11%	52.85%	47.86%	55.45%	54.66%	57.07%	57.21%	57.66%	The actual result for 2018 includes 50% of 2018 and 50% early payment of 2019 Victoria Grants Commission income. The 2017 actual had 150% of Victoria Grants Commission income (100% of 2017 and 50% of 2018). A similar advance in 2015 occurred which effected the underlying revenue in 2016.	
Rates effort Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.72%	0.74%	0.71%	0.72%	0.70%	0.72%	0.74%	0.76%		

Dimension/ indicator/ measure	Results					Forecasts					Material variations	
	2015	2016	2017	2018	2019	2020	2021	2022				
Efficiency												
Expenditure level												
Expenses per property assessment	\$4,079.32	\$4,227.28	\$3,966.00	\$3,765.72	\$3,909.30	\$3,877.53	\$3,957.23	\$4,060.06				
[Total expenses / Number of property assessments]												
Revenue level												
Average residential rate per residential property assessment	\$1,544.23	\$1,596.77	\$1,586.96	\$1,636.84	\$1,691.59	\$1,735.59	\$1,775.51	\$1,816.40				
[Residential rate revenue / Number of residential property assessments]												
Workforce turnover												
Resignations and terminations compared to average staff	13.38%	9.04%	16.29%	12.97%	13.00%	13.56%	13.11%	13.00%				
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100												
												The lower result in 2018 returns the staff turnover rate to the previous three year average, which spiked in 2017 due to higher than normal retirements and a reduction in staff due to Commonwealth aged care reforms.

Definitions

"adjusted underlying revenue" means total income other than—

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by Council

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

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

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

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

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

Other information

1. Basis of preparation

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

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

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

The forecast figures included in the performance statement are those adopted by Council in its strategic resource plan on 26 June 2018 and 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*.

.....
David C Lenton CPA

Principal Accounting Officer

Dated:

In our opinion, the accompanying performance statement of the Swan Hill Rural City 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 William Moar

Councillor

Dated:

.....
Cr Lea Johnson

Councillor

Dated:

.....
John McLinden

Chief Executive Officer

Dated:



Auditor General's Report - Performance Statement



Appendices

Appendix 1: Donations and contributions

Organisation	Purpose	Amount
7th Annual Speewa Rally	Sponsorship	\$500
Alan Garden Netball Committee of Management	Contribution	\$1,500
Annual Veterans Badminton Tournament	Sponsorship	\$1,000
Australian Inland Wine Show	Sponsorship	\$1,500
Australian Police Bowling Championships	Sponsorship	\$1,000
Beverford and District Fire Brigade	Contribution	\$1,920
Bowls Vic - Women's Region Sides Championships	Sponsorship	\$2,000
BPWSH 60th Anniversary/Victorian Clubs State Gathering	Sponsorship	\$500
Chinkapook Reserves Committee	Contribution	\$3,000
Community Garden Group (Auspiced by SLIM)	Contribution	\$3,000
Country Music 'Walk Ups'	Sponsorship	\$500
Italian Festa	Sponsorship	\$750
Italian Social Club	Contribution	\$1,000
June Racing Carnival	Sponsorship	\$2,000
Karting Victoria - Victorian State Cup	Sponsorship	\$1,000
Ladbrokes Manangatang Cup	Sponsorship	\$1,500
Lake Boga Bowls Club	Contribution	\$1,500
Lake Boga Football Netball Club	Contribution	\$2,400
Lake Boga Yacht Club Regatta	Sponsorship	\$1,000
Lakers Cricket Club	Contribution	\$3,000
Lions Club of Swan Hill	Contribution	\$2,500
Mallee Almond Blossom Festival	Sponsorship	\$5,000
Manangatang and District Bowling Club	Contribution	\$780

Donations and contributions continued

Organisation	Purpose	Amount
Manangatang Public Hall	Contribution	\$1,850
Manangatang Recreation Reserve Committee of Management	Contribution	\$1,500
Massive Murray Paddle	Sponsorship	\$5,300
Mid Murray Pistol Club	Contribution	\$2,400
NAIDOC Week Swan Hill	Sponsorship	\$1,000
Nyah District Christmas Carnival Committee	Contribution	\$2,000
Nyah District Mens Shed	Contribution	\$2,200
Nyah Two Bays Swimming Club	Contribution	\$3,000
Nyah West Golf Club	Contribution	\$1,700
Queen's Baton Relay Community Celebrations	Sponsorship	\$3,000
Robinswood Homestead Association	Contribution	\$3,000
Robinvale and District Cricket Association	Contribution	\$3,000
Robinvale Euston 80 Ski Race (Ski Race Vic)	Sponsorship	\$3,000
Robinvale Euston Football Netball Club	Contribution	\$3,000
Robinvale Pistol Club	Contribution	\$3,000
Robinvale Storm Rugby League Football Club Inc.	Contribution	\$1,200
RUSH	Sponsorship	\$2,000
SH Badminton Veterens Tournament	Sponsorship	\$1,000
Speewa Heritage Collectors Club	Contribution	\$2,150
St Mary's Tyntynder Cricket Club	Contribution	\$2,800
Swan Hill District Health Ladies Auxiliary	Contribution	\$1,000
Swan Hill Farmers Market	Contribution	\$1,000
Swan Hill Genealogical and Historical Society	Contribution	\$2,000
Swan Hill Gymnastics Club	Contribution	\$3,000

Donations and contributions continued

Organisation	Purpose	Amount
Swan Hill Junior Basketball Invitational Tournament	Sponsorship	\$3,000
Swan Hill Lawn Tennis and Croquet Club	Contribution	\$1,500
Swan Hill Motor Racing Club (Speedway)	Contribution	\$2,500
Swan Hill Neighbourhood House	Contribution	\$3,000
Swan Hill Pacing Cup	Sponsorship	\$500
Swan Hill Region Food and Wine Festival	Sponsorship	\$10,000
Swan Hill Show	Sponsorship	\$1,000
Swan Hill Show	Sponsorship	\$1000
Tyntyndyer Homestead	Contribution	\$1,000
Ultima Football Netball Club	Contribution	\$1,600
Voyage Fitness Riverside Tri	Sponsorship	\$1,500
TOTAL		\$120,550

Appendix 2: Organisations of which Council is a financial member

Organisation	Amount
Australasian Fleet Managers Association	\$363
Australian Airports Association	\$499
Australian Livestock Markets Association	\$ 1,683
Central Victorian Greenhouse Alliance	\$12,500
Community Childcare Association	\$253
Early Childhood Australia Inc	\$220
Family Day Care Australia	\$160
FKA Children's Services Inc	\$191
LG PRO	\$2,076
Local Government Infrastructure Design Association	\$500
Municipal Association of Victoria	\$26,451
Municipal Works Operations Association	\$250
Murray River Regional Tourism Ltd	\$24,838
National Saleyards Quality Assurance Incorporated	\$510
North West Municipalities Association	\$1,000
Online Safety Systems Pty Ltd	\$7,500
Our Community Pty Ltd	\$300
PAC Performing Arts Connections Aust (was Australian Performing Arts Centres Association)	\$682
Play Australia (IPA Australia)	\$296
Post Office Agents Association Limited	\$66
Public Libraries Victoria Network Inc	\$1,773
Rural Councils Victoria Inc	\$3,000
School Crossings Victoria Inc	\$95

Organisations of which Council is a financial member continued

Organisation	Membership fee
Victorian Association of Performing Arts Centres	\$750
Vicsport	\$382
Victorian Maternal Child and Health	\$75
Victorian Tourism Industry Limited	\$587
Waste Management Associates of Australia	\$905
TOTAL	\$87,904



Part eight

Financial Statement

Understanding the Financial Statements

Introduction

The financial report is a key report by the Swan Hill Rural City Council. It shows how Council performed financially during the 2017/18 financial year and the overall position at the end of the financial year (30 June 2018).

Council presents its financial report in accordance with the Australian Accounting Standards.

Particular terms required by the standards might not be familiar to some readers. Council is committed to accountability and it is in this context that the following explanations have been developed to assist readers understand and analyse the financial report.

What is contained in the Annual Financial Report?

Council's financial report has two main sections, namely the report and the notes. There are five statements and 35 notes. These are prepared by Council staff, examined by the Audit Committee and Council, and are audited by the Victorian Auditor-General.

The five statements included in the first few pages of the report are the Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works.

The notes detail Council's accounting policies and the make-up of values contained in the statements.

1. Comprehensive Income Statement

The Comprehensive Income Statement measures Council's performance over the year and shows if a surplus or a deficit has been made in delivering services.

The statement includes all sources of income, less all operating expenses incurred in delivering Council services. This includes depreciation, or the writing down, of the value of buildings, roads, footpaths, drains and all other infrastructure assets that are used to deliver Council services. These assets are depreciated over the life of the asset or as they are consumed. Capital costs or new assets purchased or created during the year are excluded from the statement but, as indicated above, are depreciated as they are used.

The statement is prepared on an accrual basis. This means that generally all income and costs for the year are recognised even though the income may not yet be received (such as interest on bank deposits) or expenses not yet paid (invoices not yet received for goods and services already used).

2. Balance Sheet

The Balance Sheet is an important financial statement. This one-page summary is a snapshot of the financial position as at 30 June 2018. It shows what the Council owns as assets and what it owes as liabilities. The bottom line of this statement is net assets. This is the net worth of Council that has been built up over many years.

The assets and liabilities are separated into current and non-current. Current means those assets or liabilities that will fall due or be consumed in the next 12 months. The components of the Balance Sheet are described on the following page.

Current and non-current assets

- Cash includes cash and cash equivalents i.e. cash held in the bank, petty cash and term deposits.
- Receivables are monies owed to Council by ratepayers and other debtors.
- Other assets include income earned but not yet received and accounts which have been prepaid.
- Property, plant and equipment, infrastructure is the largest component of Council's worth and represents the value of all land, buildings, roads, vehicles, equipment, and other items which have been invested in by Council over many years.

Current and non-current liabilities

- Payables are those to whom Council owes money as at 30 June 2018.
- Provisions include employee benefits, which is the accounting term for accrued long service and annual leave. Landfill restoration works are also grouped under provisions.
- Interest bearing loans and borrowings, which are repaid over a set period of time, finance leases that are leases of assets where ownership of the asset is transferred to the Council.

Net assets

This term is used to describe the difference between the value of total assets and the value of total liabilities. It represents the net worth of Council as at 30 June 2018. The net value of the Council is also synonymous with total equity.

Total equity

- Asset revaluation reserve is the difference between the previously recorded value of property and infrastructure assets and their current valuations.
- Accumulated surplus is the value of all net assets accumulated over time, including other reserve allocations for specific projects.

3. Statement of Changes in Equity

During the course of the year, the value of total ratepayers equity as set out in the Balance Sheet changes. This statement shows the values of such changes and how these changes arose.

The main reason for a change in equity stem from:

- The surplus/(deficit) for the year from operations, described in the Comprehensive Income Statement as the surplus/(deficit) for the year.
- Revaluation of assets; takes on a regular schedule basis on average every three years. It also occurs when existing assets are taken up in the books for the first time.

4. Statement of Cash Flows

The Statement of Cash Flows summarises Council's cash payments and cash receipts for the year. This statement is presented according to a very specific accounting standard and needs some care in analysis.

The values may differ from those shown in the Comprehensive Income Statement because the Comprehensive Income Statement is prepared on an accrual accounting basis.

Cash in this statement refers to bank deposits and other forms of highly liquid investments that can readily be converted to cash.

Council's cash arises from, and is used in, three main areas:

Cash flow operating activities

- Receipts – all cash received into Council's bank account from ratepayers and others that owed money to Council. Receipts also include the interest earned from Council's cash investments. It does not include the costs associated with the sale of assets.
- Payments – all cash paid by Council from its bank account to staff, creditors and other persons. It does not include the costs associated with the creation of assets.

Cash flow from investing activities

The accounting term investing activities relates to payments for the acquisition and creation of assets, such as new plant, roads and other long-term revenue producing assets, and the proceeds from the sale of assets such as plant and land.

Cash flow from financing activities

This is where the receipt and repayment of borrowed funds are recorded. The bottom line of the Cash Flow Statement is the cash at end of financial year. This shows the capacity of Council to meet its debts and other liabilities.

5. Statement of Capital Works

Each year a significant portion of Council budget gets allocated to Capital Works projects. This Statement aims to give readers an understanding of what capital works assets have been built, upgraded or renewed throughout the financial year.

This Statement is broken down by asset category to provide further information as to what asset category these funds have been spent.

Notes to the Accounts

The notes are a very important and informative section of the report. The Australian Accounting Standards are not prescriptive in a lot of issues. Therefore, to enable the reader to understand the basis on which the values shown in the statements are established, it is necessary to provide details of Council's accounting policies. These are described in Note 1.

Apart from the accounting policies, the notes also give details behind many of the summary figures contained in the statements. The note numbers are shown beside the relevant items in the Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works.

Where Council wishes to disclose other information that cannot be incorporated onto the face of the

Statements, this is shown in the notes.

The notes also include a comparison to budget (note 2). This note reports on the actual performance of Council to its adopted budget, and provides commentary to all material variances.

The notes should be read at the same time as, and together with, the other parts of the financial statements to get a clear picture of the accounts.

Statements by Principal Accounting Officer and Councillors

The Certification of the Principal Accounting Officer is made by the person responsible for the financial management of Council that, in his opinion, the financial statements have met all the statutory and professional reporting requirements.

The Certification of Councillors is made by two Councillors on behalf of Council that, in their opinion, the financial statements are fair and not misleading. The Chief Executive Officer also endorses and signs the certification.

Auditor General's Report

The Independent Audit Report is the external and independent opinion on the financial statements. It provides the reader with a totally independent opinion on the financial statements. The opinion covers both the statutory and professional requirements and also the fairness aspects of the financial statements.



General Purpose Financial Statements

Swan Hill Rural City Council

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.

David Lenton CPA
Principal Accounting Officer

Date :
Swan Hill

In our opinion the accompanying financial statements present fairly the financial transactions of Swan Hill Rural City 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 Lea Johnson
Councillor

Date :
Swan Hill

Cr William Moar
Councillor

Date :
Swan Hill

John McLinden
Chief Executive Officer

Date :
Swan Hill

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Comprehensive Income Statement For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Income			
Rates and charges	2.1	26,702,822	25,852,340
Statutory fees and fines	2.2	944,039	1,036,391
User fees	2.3	4,583,417	5,046,326
Grants - operating	2.4	10,265,430	15,501,749
Grants - capital	2.4	4,823,938	2,934,821
Contributions - monetary	2.5	339,453	592,168
Contributions - non monetary	2.5	327,273	56,228
Net gain on disposal of property, infrastructure, plant and equipment	2.6	245,312	298,838
Other income	2.7	2,568,999	3,118,675
Total income		50,800,683	54,437,536
Expenses			
Employee costs	3.1	18,288,780	18,593,705
Materials and services	3.2	16,014,005	17,823,100
Depreciation and amortisation	3.3	8,244,117	9,004,266
Bad and doubtful debts	3.4	34,495	47,085
Borrowing costs	3.5	357,303	407,187
Other expenses	3.6	2,084,305	1,196,604
Total expenses		45,023,005	47,071,947
Surplus for the year		5,777,678	7,365,589
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	8.1	6,388,520	(1,725,684)
Total comprehensive result		12,166,198	5,639,905

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

**Balance Sheet
As at 30 June 2018**

	Note	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	4.1	2,577,351	6,533,616
Trade and other receivables	4.1	1,672,565	2,036,932
Other financial assets	4.1	21,102,583	14,572,254
Inventories	4.2	94,381	117,694
Other assets	4.2	702,263	312,046
Total current assets		<u>26,149,143</u>	<u>23,572,542</u>
Non-current assets			
Trade and other receivables	4.1	71,358	79,786
Other assets	4.2	50,000	50,000
Property, infrastructure, plant and equipment	5.1	448,375,475	440,592,817
Intangible assets	4.2	1,843,200	1,484,800
Total non-current assets		<u>450,340,033</u>	<u>442,207,403</u>
Total assets		<u>476,489,176</u>	<u>465,779,945</u>
Liabilities			
Current liabilities			
Trade and other payables	4.3	1,781,015	1,899,973
Trust funds and deposits	4.3	147,046	324,223
Provisions	4.5	4,850,141	4,834,677
Interest-bearing liabilities	4.4	483,917	973,978
Total current liabilities		<u>7,262,119</u>	<u>8,032,851</u>
Non-current liabilities			
Provisions	4.5	1,389,350	1,700,147
Interest-bearing liabilities	4.4	6,159,972	6,535,410
Total non-current liabilities		<u>7,549,322</u>	<u>8,235,557</u>
Total liabilities		<u>14,811,441</u>	<u>16,268,408</u>
Net assets		<u>461,677,735</u>	<u>449,511,537</u>
Equity			
Accumulated surplus		290,917,481	285,139,803
Reserves	8.1	170,760,254	164,371,734
Total Equity		<u>461,677,735</u>	<u>449,511,537</u>

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

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

2018	Note	Total \$	Accumulated Surplus \$	Revaluation Reserve \$
Balance at beginning of the financial year		449,511,537	285,139,803	164,371,734
Surplus for the year		5,777,678	5,777,678	-
Net asset revaluation increment		6,388,520	-	6,388,520
Balance at end of the financial year		461,677,735	290,917,481	170,760,254

2017		Total \$	Accumulated Surplus \$	Revaluation Reserve \$
Balance at beginning of the financial year		443,871,632	277,774,214	166,097,418
Surplus for the year		7,365,589	7,365,589	-
Net asset revaluation decrement		(1,725,684)	-	(1,725,684)
Balance at end of the financial year		449,511,537	285,139,803	164,371,734

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

Statement of Cash Flows
For the Year Ended 30 June 2018

	2018	2017
	Inflows/ (Outflows)	Inflows/ (Outflows)
Note	\$	\$
Cash flows from operating activities		
Rates and charges	26,731,182	25,893,328
Statutory fees and fines	944,039	1,036,391
User fees	4,893,357	6,334,307
Grants - operating	10,265,430	14,294,636
Grants - capital	4,823,938	2,942,121
Contributions - monetary	339,453	592,168
Interest received	696,362	595,716
Other receipts	1,872,637	2,597,250
Net GST refund	1,815,209	1,747,197
Employee costs	(18,909,138)	(18,675,853)
Materials and services	(18,379,461)	(21,058,154)
Other payments	(874,562)	(808,713)
Net cash provided by operating activities	<u>14,218,446</u>	<u>15,490,394</u>
Cash flows from investing activities		
Payments for property, infrastructure, plant and equipment	5.1 (10,747,635)	(8,305,699)
Proceeds from sale of property, infrastructure, plant and equipment	461,655	468,735
Proceeds from sale of investments	(6,530,329)	(8,512,385)
Net cash used in investing activities	<u>(16,816,309)</u>	<u>(16,349,349)</u>
Cash flows from financing activities		
Finance costs	(357,303)	(407,187)
Repayment of borrowings	(1,001,099)	(759,498)
Net cash used in financing activities	<u>(1,358,402)</u>	<u>(1,166,685)</u>
Net decrease in cash and cash equivalents	(3,956,265)	(2,025,640)
Cash and cash equivalents at the beginning of the financial year	6,533,616	8,559,256
Cash and cash equivalents at the end of the financial year	<u>2,577,351</u>	<u>6,533,616</u>
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.

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

	Note	2018 \$	2017 \$
Property			
Land		152,351	-
Buildings		583,646	408,971
Total property		<u>735,997</u>	<u>408,971</u>
Plant and equipment			
Plant, machinery and equipment		1,665,539	823,872
Fixtures, fittings and furniture		75,000	247,356
Computers and telecommunications		29,826	51,898
Total plant and equipment		<u>1,770,365</u>	<u>1,123,126</u>
Infrastructure			
Sealed roads		4,397,225	3,719,261
Unsealed roads		1,310,988	1,485,949
Footpaths and cycleways		408,244	195,191
Drainage		1,091,736	307,310
Recreational, leisure and community facilities		204,281	523,659
Parks, open space and streetscapes		65,748	245,501
Other infrastructure		236,855	173,555
Total infrastructure		<u>7,715,077</u>	<u>6,650,426</u>
Culture and heritage			
Library books		140,483	123,176
Artworks		2,945	-
Pioneer Settlement - vehicles and vessels		382,768	-
Total culture and heritage		<u>526,196</u>	<u>123,176</u>
Total capital works expenditure		<u>10,747,635</u>	<u>8,305,699</u>
Represented by:			
New asset expenditure		2,575,215	1,221,716
Asset renewal expenditure		7,493,971	6,926,395
Asset upgrade expenditure		678,449	157,588
Total capital works expenditure		<u>10,747,635</u>	<u>8,305,699</u>

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

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

OVERVIEW

Introduction

The Swan Hill Rural City 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 45 Splatt Street Swan Hill.

Statement of compliance

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

Significant accounting policies

(a) Basis of accounting

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

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

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

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

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

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

Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$1,000,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 27 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

	Budget 2018 \$	Actual 2018 \$	Variance 2018 \$	Ref
Income				
Rates and charges	26,639,000	26,702,822	63,822	
Statutory fees and fines	971,000	944,039	(26,961)	
User fees	4,683,000	4,583,417	(99,583)	
Grants - operating	9,628,000	10,265,430	637,430	
Grants - capital	5,713,000	4,823,938	(889,062)	1
Contributions - monetary	1,655,000	339,453	(1,315,547)	2
Contributions - non monetary	-	327,273	327,273	3
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	315,000	245,312	(69,688)	4
Other income	3,343,000	2,568,999	(774,001)	5
Total income	<u>52,947,000</u>	<u>50,800,683</u>	<u>(2,146,317)</u>	
Expenses				
Employee costs	19,637,000	18,288,780	1,348,220	6
Materials and services	12,373,000	16,014,005	(3,641,005)	7
Bad and doubtful debts	2,000	34,495	(32,495)	8
Depreciation and amortisation	8,697,000	8,244,117	452,883	
Borrowing costs	380,000	357,303	22,697	
Other expenses	5,435,000	2,084,305	3,350,695	9
Total expenses	<u>46,524,000</u>	<u>45,023,005</u>	<u>1,500,995</u>	
Surplus for the year	<u>6,423,000</u>	<u>5,777,678</u>	<u>(645,322)</u>	

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

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Grants - capital	The budget had allowed for \$880,000 to be received for flood recovery works which is still waiting on DTF approval and \$876,000 for the Livestock Exchange Redevelopment compared to \$250,387 received to date. Grants for the PS Gem restoration of \$450,000 had not been budgeted for, and \$800,000 received for the Pioneer Settlement Redevelopment was expected in the 2016/17 year.
2	Contributions - monetary	Contributions from Place Victoria for the Tower Hill Estate Development of \$1,500,000 had been allowed for in the budget, however this wasn't required as Council has now taken over the development of the estate. This reduction is matched with a reduction in development expenses.
3	Contributions - non monetary	Council received donated assets for two residential developments and assets contributed from caravan park lessees.
4	Net gain / loss on disposal	Proceeds from the trade-in of plant and equipment was \$96,000 less than budget.
5	Other income	Tower Hill land sales were \$1,116,000 below forecast as the next stage wasn't released for sale in 2017/18. Council received \$297,000 from the landfill contractor for EPA landfill levies which had not been forecast. This levee is offset by an increase within materials and services.
6	Employee costs	A number of senior staff positions were vacant for significant periods for the year, resulting in salary and associated oncost savings. Other savings were made on Workcover (\$69,000), Fringe Benefits Tax (\$19,000), and continuing reform of the Aged Care programs resulted in further savings of \$85,000.
7	Materials and services	Councils major operational projects were budgeted in Other Expenses, but reported in Materials and Services. The major projects budget was \$2,334,555 and \$1,548,000 was spent during the year. The major project costs along with capital works projects that were considered operational in nature of \$1,858,000 accounts for the majority of this variance.
8	Bad and doubtful debts	The increase in parking and infringement debtors required an increase in doubtful debt provisions.
9	Other expenses	Refer Ref 7. \$2,334,555 budgeted for major projects is being reported in materials and services. The remaining variance relates to the lower than forecast sales at Tower Hill (refer Ref.5). The reduction in sales resulted in a corresponding reduction in development costs.

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

Note 1 Performance against budget (cont'd)

1.2 Capital works

	Budget 2018 \$	Actual 2018 \$	Variance 2018 \$	Ref
Property				
Land	1,299,000	152,351	(1,146,649)	1
Buildings	1,050,000	583,646	(466,354)	2
Total Property	2,349,000	735,997	(1,613,003)	
Plant and Equipment				
Plant, machinery and equipment	1,152,000	1,665,539	513,539	3
Fixtures, fittings and furniture	-	75,000	75,000	4
Computers and telecommunications	245,000	29,826	(215,174)	5
Total Plant and Equipment	1,397,000	1,770,365	373,365	
Infrastructure				
Sealed roads	5,216,000	4,397,225	(818,775)	6
Unsealed roads	878,000	1,310,988	432,988	7
Footpaths and cycleways	216,000	408,244	192,244	8
Drainage	976,000	1,091,736	115,736	9
Recreational, leisure and community facilities	585,000	204,281	(380,719)	10
Waste management	203,000	-	(203,000)	11
Parks, open space and streetscapes	2,919,000	65,748	(2,853,252)	12
Other infrastructure	1,924,000	236,855	(1,687,145)	13
Total Infrastructure	12,917,000	7,715,077	(5,201,923)	
Heritage and culture				
Library books	142,000	140,483	(1,517)	
Artworks	-	2,945	2,945	
Pioneer Settlement	75,000	382,768	307,768	14
Total Plant and Equipment	217,000	526,196	309,196	
Total Capital Works Expenditure	16,880,000	10,747,635	(6,132,365)	
Represented by:				
New asset expenditure	6,241,000	2,575,215	(3,665,785)	
Asset renewal expenditure	9,955,000	7,493,971	(2,461,029)	
Asset upgrade expenditure	684,000	678,449	(5,551)	
Total Capital Works Expenditure	16,880,000	10,747,635	(6,132,365)	

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

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	The budget allowed for \$1,269,000 for the next stage of the Tower Hill Estate. These funds were spent during the year, but the items capitalised were, sealed roads (\$297,000), kerb and channel (\$90,000), footpaths (\$88,000), drainage (\$142,000) and are reported in the relevant asset categories. The balance of expenditure was on non-Council assets such as power and water infrastructure.
2	Buildings	Art Gallery extensions (\$200,000) and Soccer Pavilion at Ken Harrison Reserve (\$465,000) projects were not commenced during 2017/18.
3	Plant, machinery and equipment	Some plant purchases budgeted in 2016/17 were carried over and the plant items acquired in 2017/18.
4	Fixtures, fittings and furniture	Building works undertaken at the Pioneer Settlement were budgeted in the Heritage and Culture asset category.
5	Computers and telecommunications	The majority of the forecast included costs that could not be capitalised. This included software and items that didn't meet capitalisation thresholds.
6	Sealed roads	Significant projects in the budget included \$880,000 for flood reinstatement works and \$400,000 for Bromley Road Beautification. Both of these projects had not commenced. Works from Tower Hill were in addition to the budget. Refer Ref 1.
7	Unsealed roads	Additional unsealed road works of \$370,000 were completed from funding from the Local Roads to Market program. This funding had not been forecast.
8	Footpaths and cycleways	Footpath replacement works of \$160,000 forecast for completion in 2016/17 had not been completed and were carried forward and completed in 2017/18.
9	Drainage	Drainage works to the value of \$142,000 had been completed at Tower Hill and forecast in the Land category. Refer Ref 1.
10	Recreational, leisure and community facilities	Recreation Reserves Masterplan (\$280,000) has been postponed and shelters at the Alan Garden Reserve Netball Courts (\$80,000) have been delayed until 2018/19.
11	Waste management	Projects have been delayed until 2018/19 due to resourcing issues.
12	Parks, open space and streetscapes	The majority of this variance relates to projects from the Swan Hill Riverfront Masterplan. Projects were conditional upon grant funding, of which a significant grant has been received in July 2018. These projects will begin in the 2018/19 year.
13	Other infrastructure	This variance relates to the Livestock Exchange Redevelopment project (\$1,652,000). Additional consultation on the project was required and the sale of land was delayed. Project will be undertaken in 2018/19.
14	Pioneer Settlement	Council received \$450,000 for the PS Gem restoration which had not been forecast.

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

Note 2 Funding for the delivery of our services	2018	2017
2.1 Rates and charges	\$	\$

Council uses Capital Improved Value as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is the value of its land, buildings and improvements.

The valuation base used to calculate general rates for 2017/18 was \$3,630 million (2016/17 \$3,603 million).

Residential	9,889,446	9,567,812
Commercial	1,774,224	1,705,735
Industrial	749,189	719,838
Farm/rural	10,770,131	10,577,121
Supplementary rates and rate adjustments	215,287	79,429
Garbage charge	2,983,598	2,863,187
Special Marketing Rates	355,569	349,673
Other	(7,588)	13,966
Abandonments	(27,034)	(24,421)
Total rates and charges	26,702,822	25,852,340

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

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

2.2 Statutory fees and fines

Infringements and costs	103,864	108,249
Building and planning fees	502,518	494,316
Valuation data fees	12,903	110,322
Animal registration/release fees	143,151	146,352
Health registration fees	131,688	126,485
Other fees and fines	49,915	50,667
Total statutory fees and fines	944,039	1,036,391

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

2.3 User fees

Aged and health services	771,924	1,102,212
Administration fees	36,782	375,321
Child care/children's programs	192,371	208,964
Parking	261,938	270,383
Sales - admissions	1,128,720	977,879
Sales - merchandise, catering, other sales	451,050	361,247
Hire & leasing fees	717,903	701,893
Livestock exchange	591,122	585,080
Other fees and charges	431,607	463,347
Total user fees	4,583,417	5,046,326

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

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

	2018	2017
	\$	\$
2.4 Funding from other levels of government		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	9,260,718	14,425,569
State funded grants	5,828,650	4,011,001
Total grants received	<u>15,089,368</u>	<u>18,436,570</u>
(a) Operating Grants		
Recurrent - Commonwealth Government		
Commonwealth Government - health and aged care	227,319	2,253,633
Victoria Grants Commission - general purpose	4,523,424	6,354,966
Victoria Grants Commission - local roads	2,124,431	3,071,575
Family day care	232,796	318,811
Out of school hours care	136,331	98,897
Recurrent - State Government		
Employment subsidies	25,841	752
Public health	25,252	148,596
Home and community care	1,456,098	1,389,563
Art gallery and performing arts	150,000	150,000
School crossing supervisors	31,732	23,445
Economic development	(95,753)	222,600
Libraries	194,801	192,485
Maternal child health	360,068	338,470
Other	119,435	121,281
Total recurrent operating grants	<u>9,511,775</u>	<u>14,685,074</u>
Non-recurrent - State Government		
Community Projects	213,266	240,734
Environmental protection	106,000	75,000
Waste management	19,200	-
Indigenous affairs	-	40,500
Cultural heritage	96,200	74,700
Libraries	2,345	23,183
Economic development	33,380	32,500
Home and community care	106,907	106,907
Recreation	-	42,853
Family and children	85,177	66,240
Other	91,180	114,058
Total non-recurrent operating grants	<u>753,655</u>	<u>816,675</u>
Total operating grants	<u>10,265,430</u>	<u>15,501,749</u>
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	2,016,417	2,327,687
Total recurrent capital grants	<u>2,016,417</u>	<u>2,327,687</u>
Non-recurrent - State Government		
Roads	396,545	172,000
Drainage	355,000	-
Footpaths and cycleways	-	48,000
Parks playgrounds and street beautification	401,489	246,503
Art and heritage	1,376,131	126,131
Buildings	27,969	-
Other	250,387	14,500
Total non-recurrent capital grants	<u>2,807,521</u>	<u>607,134</u>
Total capital grants	<u>4,823,938</u>	<u>2,934,821</u>

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

	2018	2017
	\$	\$
(c) Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	4,282,376	949,450
Received during the financial year and remained unspent at balance date	4,244,206	3,974,676
Received in prior years and spent during the financial year	<u>(3,757,071)</u>	<u>(641,750)</u>
Balance at year end	<u>4,769,511</u>	<u>4,282,376</u>

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

2.5 Contributions

Monetary	339,453	592,168
Non-monetary	<u>327,273</u>	<u>56,228</u>
Total contributions	<u>666,726</u>	<u>648,396</u>

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

Parks, open space and streetscapes	-	23,638
Artwork	71,300	20,450
Library books	10,905	3,480
Buildings	150,000	-
Sealed roads	83,368	-
Other	<u>11,700</u>	<u>8,660</u>
Total non-monetary contributions	<u>327,273</u>	<u>56,228</u>

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

2.6 Net gain on disposal of property, infrastructure, plant and equipment

Proceeds of sale	461,655	468,735
Written down value of assets disposed	<u>(216,343)</u>	<u>(169,897)</u>
Total net gain on disposal of property, infrastructure, plant and equipment	<u>245,312</u>	<u>298,838</u>

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

2.7 Other income

Interest	696,362	595,716
Reimbursements	492,812	278,947
Tower Hill land sales	1,183,636	1,583,000
Less - Tower Hill costs of goods sold	(28,375)	(58,298)
Other	<u>224,564</u>	<u>719,310</u>
Total other income	<u>2,568,999</u>	<u>3,118,675</u>

Interest is recognised as it is earned.

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

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

Note 3 The cost of delivering services	2018	2017
3.1 Employee costs	\$	\$
Wages and salaries	15,005,177	15,339,178
WorkCover	384,917	323,298
Agency staff	602,354	591,608
Long service leave	452,467	472,358
Staff training	176,039	188,025
Superannuation	1,514,692	1,529,533
Fringe benefits tax	57,309	56,265
Other	95,825	93,440
Total employee costs	<u>18,288,780</u>	<u>18,593,705</u>

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	197,353	205,833
	<u>197,353</u>	<u>205,833</u>
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,295,802	1,323,209
Employer contributions - other funds	21,537	491
	<u>1,317,339</u>	<u>1,323,700</u>
Employer contributions payable at reporting date.	-	-

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

3.2 Materials and services

Contract payments	7,425,738	6,873,193
Aged and community care agency payments	-	2,296,891
Community grants, sponsorships and contributions	1,212,299	1,426,618
Building maintenance	812,776	817,491
General maintenance	1,513,483	1,525,771
Utilities	1,489,937	1,356,345
Office administration	823,069	836,608
Information technology	474,387	572,384
Insurance	603,669	654,518
Consultants	585,846	494,165
Other materials and services	1,072,801	969,116
Total materials and services	<u>16,014,005</u>	<u>17,823,100</u>

3.3 Depreciation and amortisation

Property	820,825	823,323
Plant and equipment	1,267,197	1,230,717
Infrastructure	5,927,157	6,724,529
Culture and heritage assets	228,938	225,697
Total depreciation and amortisation	<u>8,244,117</u>	<u>9,004,266</u>

Refer to note 5.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

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

	2018	2017
	\$	\$
3.4 Bad and doubtful debts		
Parking fine debtors	36,308	37,072
Rates debtors	6,543	19,006
Other debtors	(8,356)	(8,993)
Total bad and doubtful debts	<u>34,495</u>	<u>47,085</u>

Movement in provisions for doubtful debts

Balance at the beginning of the year	174,982	138,186
New Provisions recognised during the year	61,837	84,259
Amounts already provided for and written off as uncollectible	(9,304)	(10,287)
Amounts provided for but recovered during the year	(27,343)	(37,176)
Balance at end of year	<u>200,172</u>	<u>174,982</u>

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

3.5 Borrowing costs

Interest - borrowings	351,291	407,187
Interest - finance leases	6,012	-
Total borrowing costs	<u>357,303</u>	<u>407,187</u>

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

3.6 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	53,000	54,900
Auditors' remuneration - Internal	23,444	15,832
Auditors' remuneration - other	2,395	874
Councillors' allowances	238,625	213,576
Operating lease rentals	424,983	398,544
Assets written-off / impaired	1,050,303	190,299
Vehicle registrations	81,910	90,170
Bank charges	53,309	54,494
Legal costs	34,137	52,682
Fire services levy	67,324	65,774
Other	54,875	59,459
Total other expenses	<u>2,084,305</u>	<u>1,196,604</u>

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

	2018	2017
	\$	\$
Note 4 Our financial position		
4.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	11,795	11,645
Cash at bank	2,565,556	3,508,412
Term deposits	-	3,013,559
Total cash and cash equivalents	<u>2,577,351</u>	<u>6,533,616</u>
 (b) Other financial assets		
Term deposits - current	21,102,583	14,572,254
Total other financial assets	<u>21,102,583</u>	<u>14,572,254</u>
Total financial assets	<u>23,679,934</u>	<u>21,105,870</u>

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

Trust funds and deposits (Note 4.3)	147,046	324,223
Total restricted funds	<u>147,046</u>	<u>324,223</u>
Total unrestricted cash and cash equivalents	<u>2,430,305</u>	<u>6,209,393</u>

Intended allocations

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

Unspent conditional grants received	4,769,511	4,282,376
Cash held to fund carried forward capital works	2,479,200	974,865
Total funds subject to intended allocations	<u>7,248,711</u>	<u>5,257,241</u>

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

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

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

	2018	2017
	\$	\$
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	1,028,273	1,056,633
Provision for doubtful debts - rates debtors	(29,155)	(22,612)
Private scheme debtors	9,750	9,750
Net GST receivable	258,482	188,581
Infringement debtors	186,736	156,224
Provision for doubtful debts - infringements	(158,975)	(127,139)
<i>Non statutory receivables</i>		
Other debtors	389,496	800,726
Provision for doubtful debts - other debtors	(12,042)	(25,231)
Total current trade and other receivables	<u>1,672,565</u>	<u>2,036,932</u>
Non-current		
<i>Non statutory receivables</i>		
Private scheme debtors	16,599	25,027
Loans and advances to community organisations	54,759	54,759
Total non-current trade and other receivables	<u>71,358</u>	<u>79,786</u>
Total trade and other receivables	<u>1,743,923</u>	<u>2,116,718</u>

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

(a) Ageing of Receivables

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

Current (not yet due)	209,186	638,872
Past due between 31 and 180 days	108,730	55,265
Past due between 181 and 365 days	21,879	94,268
Past due by more than 1 year	49,701	12,321
Total trade & other receivables	<u>389,496</u>	<u>800,726</u>

(b) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$12,042 (2017: \$25,231) were impaired. The amount of the provision raised against these debtors was \$12,042 (2017: \$25,231). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Past due between 31 and 180 days	677	4,242
Past due between 181 and 365 days	2,008	8,668
Past due by more than 1 year	9,357	12,321
Total trade & other receivables	<u>12,042</u>	<u>25,231</u>

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

4.2 Non-financial assets	2018	2017
(a) Inventories	\$	\$
Inventories held for distribution	18,464	14,740
Inventories held for sale	30,817	29,418
Tower Hill estate	45,100	73,536
Total inventories	94,381	117,694
(b) Other assets		
Current		
Prepayments	570,694	144,270
Accrued income	131,569	167,776
Total current other assets	702,263	312,046
Non-current		
Other	50,000	50,000
Total non-current other assets	50,000	50,000
Total other assets	752,263	362,046
(c) Intangible assets		
Water rights	1,843,200	1,484,800
Total intangible assets	1,843,200	1,484,800
Gross carrying amount	Water rights	
	\$	
Balance at 1 July 2017	1,484,800	
Asset revaluations	358,400	
Balance at 1 July 2018	1,843,200	
	<hr/>	
Net book value at 30 June 2017	1,484,800	
Net book value at 30 June 2018	1,843,200	

Water rights are valued at current market rates. The valuation is based on market transactions being the trading of water shares within the relevant water trading region. Prices are sourced from Waterfind Australia for water traded within the Torrumbarry Irrigation Area.

4.3 Payables

(a) Trade and other payables

Trade payables	262,734	175,790
Salaries and wages	719,464	805,864
Accrued expenses	798,817	918,319
Total trade and other payables	1,781,015	1,899,973

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

	2018	2017
	\$	\$
(b) Trust funds and deposits		
Refundable deposits	90,906	117,187
Fire services levy	910	2,306
Retention amounts	55,230	204,730
Total trust funds and deposits	147,046	324,223

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.

4.4 Interest-bearing liabilities

Current

Borrowings - secured (1)	456,797	973,978
Finance leases	27,120	-
	483,917	973,978

Non-current

Borrowings - secured (1)	6,078,612	6,535,410
Finance leases	81,360	-
	6,159,972	6,535,410
Total	6,643,889	7,509,388

(1) Borrowings are secured by Swan Hill Rural City Council General Rates

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

Not later than one year	456,797	973,978
Later than one year and not later than five years	5,578,612	1,240,410
Later than five years	500,000	5,295,000
	6,535,409	7,509,388

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.

(b) The maturity profile for Council's finance lease liabilities is:

Not later than one year	27,120	-
Later than one year and not later than five years	81,360	-
	108,480	-
Minimum future lease payments		
Plus future finance charges	24,048	-
Present value of minimum lease payments	132,528	-

Council has a finance lease agreement for the supply and usage of Multi Function Printers.

The term of the lease is 5 years beginning in July 2017. Lease repayments are fixed for the life of the lease agreement. Repayments are made monthly, with a lease and usage component. There is no option to purchase the assets at the end of the lease.

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

4.5 Provisions

	Annual leave	Long service leave	Landfill restoration	Total
	\$	\$	\$	\$
2018				
Balance at beginning of the financial year	1,373,603	3,715,081	1,446,140	6,534,824
Additional provisions	1,069,313	312,129	47,845	1,429,287
Amounts used	(1,102,826)	(289,830)	(292,373)	(1,685,029)
Change in discounted amount arising because of time and the effect of any change in the discount rate	(7,952)	(20,927)	(10,712)	(39,591)
Balance at the end of the financial year	1,332,138	3,716,453	1,190,900	6,239,491
2017				
Balance at beginning of the financial year	1,442,479	3,709,457	1,672,847	6,824,783
Additional provisions	1,328,868	217,609	22,032	1,568,509
Amounts used	(1,401,156)	(213,561)	(210,161)	(1,824,878)
Change in discounted amount arising because of time and the effect of any change in the discount rate	3,412	1,576	(38,578)	(33,590)
Balance at the end of the financial year	1,373,603	3,715,081	1,446,140	6,534,824

	2018	2017
	\$	\$
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	1,057,385	1,137,624
Long service leave	176,625	231,892
	1,234,010	1,369,516
Current provisions expected to be wholly settled after 12 months		
Annual leave	274,753	235,979
Long service leave	3,286,251	3,229,182
	3,561,004	3,465,161
Total current employee provisions	4,795,014	4,834,677
Non-current		
Long service leave	253,577	254,007
Total non-current employee provisions	253,577	254,007
Aggregate carrying amount of employee provisions:		
Current	4,795,014	4,834,677
Non-current	253,577	254,007
Total aggregate carrying amount of employee provisions	5,048,591	5,088,684

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

Wages and salaries and annual leave

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

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

Long service leave

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

Key assumptions:	2018	2017
- discount rate	1.91% - 2.67%	1.65% - 2.89%
- inflation rate	3.63%	3.81%
- settlement rate	6.70%	6.70%

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

	2018	2017
(b) Landfill restoration	\$	\$
Current	55,127	-
Non-current	1,135,773	1,446,140
	<u>1,190,900</u>	<u>1,446,140</u>

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

Key assumptions:

- discount rate	2.00% - 2.29%	1.78% - 2.18%
- inflation rate	2.00%	1.50%
- estimated cost to rehabilitate	1,201,612	1,493,985

Total Provisions

Current	4,850,141	4,834,677
Non-current	1,389,350	1,700,147
	<u>6,239,491</u>	<u>6,534,824</u>

4.6 Financing arrangements

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

	2018	2017
Credit card facilities	200,000	200,000
Loans and borrowings	6,535,409	7,509,388
Total facilities	<u>6,735,409</u>	<u>7,709,388</u>
Used facilities	<u>6,548,850</u>	<u>7,522,616</u>
Unused facilities	<u>186,559</u>	<u>186,772</u>

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

4.7 Commitments

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

2018	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	Total
	\$	\$	\$	\$
Operating				
Building and property maintenance	145,611	77,847	-	223,458
Cleaning - council buildings, public toilets, barbeques	568,317	-	-	568,317
Environmental management	390,000	390,000	-	780,000
Materials and supplies	621,440	565,000	275,000	1,461,440
Office equipment leases	94,048	94,048	145,748	333,844
Professional services	279,956	-	-	279,956
Management & operation of the PS Pyap	159,848	-	-	159,848
Recreation, leisure and community facilities	1,061,811	1,120,024	-	2,181,835
Strategic planning	60,243	-	-	60,243
Uniforms	13,360	-	-	13,360
Valuations and rating	112,675	6,000	-	118,675
Waste management operation and kerbside collection	1,611,480	1,672,851	421,140	3,705,471
Total	5,118,789	3,925,770	841,888	9,886,447
Capital				
Drainage	231,000	-	-	231,000
Plant & equipment	150,499	-	-	150,499
Sealed roads	2,286,387	-	-	2,286,387
Unsealed roads	154,854	-	-	154,854
Waste management	200,000	200,000	-	400,000
Other infrastructure	69,040	-	-	69,040
Total	3,091,780	200,000	-	3,291,780
2017				
	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	Total
	\$	\$	\$	\$
Operating				
Building and property maintenance	35,070	35,070	-	70,140
Cleaning - council buildings, public toilets, barbeques	748,170	766,874	-	1,515,044
Environmental management	380,000	400,000	420,000	1,200,000
Home care services	44,800	-	-	44,800
Internal audit services	15,000	-	-	15,000
Materials and supplies	400,000	-	-	400,000
Management & operation of the PS Pyap	199,052	204,028	-	403,080
Professional services	50,540	20,000	-	70,540
Provision of security services	5,669	-	-	5,669
Recreation, leisure and community facilities	657,434	684,469	721,209	2,063,112
Staff uniforms and protective clothing	18,000	-	-	18,000
Strategic planning and development	116,002	-	-	116,002
Valuations and rating services	182,526	66,280	129,526	378,332
Waste management operation and kerbside collection	1,537,997	1,576,447	1,615,858	4,730,302
Total	4,390,260	3,753,168	2,886,593	11,030,021
Capital				
Parks, open space and streetscapes	83,396	-	-	83,396
Drainage	594,741	-	-	594,741
Plant & equipment	279,763	-	-	279,763
Sealed roads	1,643,075	1,450,000	-	3,093,075
Unsealed roads	700,000	-	-	700,000
Total	3,300,975	1,450,000	-	4,750,975

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

4.7 Commitments (cont.)

2018
\$

2017
\$

Operating lease commitments

At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

Not later than one year	392,996	389,365
Later than one year and not later than five years	1,635,756	1,601,812
Later than five years	1,224,249	1,561,861
	3,253,001	3,553,038

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

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

Note 5 Assets we manage

5.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2017	Additions	Contributions	Revaluation	Depreciation	Disposal	Transfers	At Fair Value 30 June 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Property	94,867,041	640,860	161,700	6,197,528	(820,825)	(447,685)	26,011	100,624,630
Plant and equipment	5,888,447	1,905,965	-	-	(1,267,197)	(356,209)	-	6,171,006
Infrastructure	328,893,472	7,140,135	83,368	-	(5,927,157)	(383,566)	1,088,137	330,894,389
Culture and heritage assets	9,518,495	526,196	82,205	(167,408)	(228,938)	-	(490)	9,730,060
Work in progress	1,425,362	670,079	-	-	-	(26,393)	(1,113,658)	955,390
	440,592,817	10,883,235	327,273	6,030,120	(8,244,117)	(1,213,853)	-	448,375,475

Summary of Work in Progress

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$	\$	\$	\$	\$
Property	91,044	95,137	-	(63,761)	122,420
Infrastructure	1,334,318	574,942	(26,393)	(1,049,897)	832,970
Total	1,425,362	670,079	(26,393)	(1,113,658)	955,390

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

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit \$
Land & land improvements		
land	-	1
land under roads	-	1
Buildings		
buildings	30 to 100 years	10,000
building improvements	30 to 100 years	10,000
leasehold improvements	5 to 15 years	10,000
Plant and Equipment		
plant machinery and equipment		
large plant	10 years	2,500
small plant	2 to 4 years	2,500
fixtures, fittings and furniture	5 years	2,500
computers and telecommunications	3 to 5 years	1,500
Infrastructure		
sealed road formation	-	10,000
sealed road pavements	80 to 90 years	10,000
sealed road seals	20 to 80 years	10,000
road ancillary assets	30 to 100 years	10,000
unsealed road natural surface	-	10,000
unsealed road gravel surface	100 years	10,000
kerb and channel	25 to 50 years	10,000
footpaths and cycleways	20 to 50 years	10,000
drainage	20 to 80 years	10,000
recreation, leisure and community facilities	10 to 90 years	10,000
waste management	10 years	10,000
parks, open space and streetscapes	10 to 60 years	10,000
other infrastructure	10 years	10,000
Cultural and heritage		
artworks	100 years	1
library books	5 to 100 years	1
Pioneer Settlement		
- vehicles and vessels	100 years	5,000
- site exhibits	100 years	5,000
- buildings	100 years	10,000

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

(a) Property

	Land - specialised	Land - non specialised	Total Land	Buildings - specialised	Buildings - non specialised	Total Buildings	Total Property	Work In Progress
	\$	\$	\$	\$	\$	\$	\$	\$
At fair value 1 July 2017	56,575,751	3,677,493	60,253,244	100,698,013	4,383,321	105,081,334	165,334,578	91,044
Accumulated depreciation at 1 July 2017	-	-	-	(70,390,714)	(76,823)	(70,467,537)	(70,467,537)	-
	56,575,751	3,677,493	60,253,244	30,307,299	4,306,498	34,613,797	94,867,041	91,044
Movements in fair value								
Additions	152,351	-	152,351	488,509	-	488,509	640,860	95,137
Contributions	11,700	-	11,700	150,000	-	150,000	161,700	-
Revaluation	5,044,702	(35,393)	5,009,309	152,794	(97,527)	55,267	5,064,576	-
Disposal	(300,200)	(132,000)	(432,200)	(170,320)	(1,214)	(171,534)	(603,734)	-
Transfers	(2,916,500)	2,916,500	-	(74,048)	-	(74,048)	(74,048)	(63,761)
	1,992,053	2,749,107	4,741,160	546,935	(98,741)	448,194	5,189,354	31,376
Movements in accumulated depreciation								
Depreciation and amortisation	-	-	-	(744,197)	(76,628)	(820,825)	(820,825)	-
Accumulated depreciation of disposals	-	-	-	155,988	61	156,049	156,049	-
Revaluation	-	-	-	1,099,154	33,798	1,132,952	1,132,952	-
Transfers	-	-	-	100,059	-	100,059	100,059	-
	-	-	-	611,004	(42,769)	568,235	568,235	-
At fair value 30 June 2018	58,567,804	6,426,600	64,994,404	101,244,948	4,284,580	105,529,528	170,523,932	122,420
Accumulated depreciation at 30 June 2018	-	-	-	(69,779,710)	(119,592)	(69,899,302)	(69,899,302)	-
	58,567,804	6,426,600	64,994,404	31,465,238	4,164,988	35,630,226	100,624,630	122,420

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

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Total plant and equipment
	\$	\$	\$	\$
At fair value 1 July 2017	10,947,656	4,208,754	1,261,619	16,418,029
Accumulated depreciation at 1 July 2017	(7,928,661)	(1,653,647)	(947,274)	(10,529,582)
	3,018,995	2,555,107	314,345	5,888,447
Movements in fair value				
Additions	1,665,539	210,600	29,826	1,905,965
Disposal	(1,386,584)	(234,557)	(40,615)	(1,661,756)
	278,955	(23,957)	(10,789)	244,209
Movements in accumulated depreciation				
Depreciation and amortisation	(803,334)	(361,704)	(102,159)	(1,267,197)
Accumulated depreciation of disposals	1,030,375	234,557	40,615	1,305,547
	227,041	(127,147)	(61,544)	38,350
At fair value 30 June 2018	11,226,611	4,184,797	1,250,830	16,662,238
Accumulated depreciation at 30 June 2018	(7,701,620)	(1,780,794)	(1,008,818)	(10,491,232)
	3,524,991	2,404,003	242,012	6,171,006

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

(c) Infrastructure

	Sealed roads	Unsealed roads	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste Management	Parks open spaces and streetscapes	Other Infrastructure	Total Infrastructure	Work In Progress
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
At fair value 1 July 2017	242,280,442	99,414,247	25,146,153	55,116,939	12,377,478	6,097,092	9,727,137	9,282,748	459,442,236	1,334,318
Accumulated depreciation at 1 July 2017	(71,524,458)	(6,661,987)	(10,734,289)	(21,835,776)	(5,990,401)	(4,986,194)	(6,064,750)	(2,750,909)	(130,548,764)	-
	170,755,984	92,752,260	14,411,864	33,281,163	6,387,077	1,110,898	3,662,387	6,531,839	328,893,472	1,334,318
Movements in fair value										
Additions	4,140,104	1,310,988	392,594	1,003,859	156,014	-	26,843	109,733	7,140,135	574,942
Contributions	83,368	-	-	-	-	-	-	-	83,368	-
Disposal	(796,163)	-	(54,653)	-	-	-	(4,758)	-	(855,574)	(26,393)
Transfers	562,398	-	19,865	263,052	28,643	-	164,166	154,555	1,192,679	(1,049,897)
	3,989,707	1,310,988	357,806	1,266,911	184,657	-	186,251	264,288	7,560,608	(501,348)
Movements in accumulated depreciation										
Depreciation and amortisation	(2,544,319)	(1,280,057)	(295,163)	(773,678)	(282,331)	(230,584)	(325,209)	(195,816)	(5,927,157)	-
Accumulated depreciation of disposals	460,540	-	7,358	-	-	-	4,110	-	472,008	-
Transfers	-	-	-	-	(3,187)	-	(96,872)	(4,483)	(104,542)	-
	(2,083,779)	(1,280,057)	(287,805)	(773,678)	(285,518)	(230,584)	(417,971)	(200,299)	(5,559,691)	-
At fair value 30 June 2018	246,270,149	100,725,235	25,503,959	56,383,850	12,562,135	6,097,092	9,913,388	9,547,036	467,002,844	832,970
Accumulated depreciation at 30 June 2018	(73,608,237)	(7,942,044)	(11,022,094)	(22,609,454)	(6,275,919)	(5,216,778)	(6,482,721)	(2,951,208)	(136,108,455)	-
	172,661,912	92,783,191	14,481,865	33,774,396	6,286,216	880,314	3,430,667	6,595,828	330,894,389	832,970

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

(d) Culture and heritage assets

	Artworks	Library collection	Pioneer Settlement vehicles & vessels	Pioneer Settlement site exhibits	Pioneer Settlement buildings	Total culture and heritage assets
	\$	\$	\$	\$	\$	\$
At fair value 1 July 2017	1,614,400	1,792,881	4,339,700	2,082,360	7,163,066	16,992,407
Accumulated depreciation at 1 July 2017	(105,967)	(1,218,122)	(57,863)	(27,765)	(6,064,195)	(7,473,912)
	1,508,433	574,759	4,281,837	2,054,595	1,098,871	9,518,495
Movements in fair value						
Additions	2,945	140,483	382,768	-	-	526,196
Contributions	71,300	10,905	-	-	-	82,205
Revaluation	34,505	-	-	-	(34,644)	(139)
Disposal	-	(49,672)	-	-	-	(49,672)
Transfers	-	-	-	-	(4,973)	(4,973)
	108,750	101,716	382,768	-	(39,617)	553,617
Movements in accumulated depreciation						
Depreciation and amortisation	(16,521)	(110,633)	(43,397)	(20,829)	(37,558)	(228,938)
Accumulated depreciation of disposals	-	49,672	-	-	-	49,672
Revaluation	122,488	-	-	-	(289,757)	(167,269)
Transfers	-	-	-	-	4,483	4,483
	105,967	(60,961)	(43,397)	(20,829)	(322,832)	(342,052)
At fair value 30 June 2018	1,723,150	1,894,597	4,722,468	2,082,360	7,123,449	17,546,024
Accumulated depreciation at 30 June 2018	-	(1,279,083)	(101,260)	(48,594)	(6,387,027)	(7,815,964)
	1,723,150	615,514	4,621,208	2,033,766	736,422	9,730,060

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

Acquisition

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

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

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

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

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

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

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

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

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

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets are currently being amortised over a 5 year period.

Repairs and maintenance

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

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 5 to 15 year period.

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer Benjamin Sawyer AAPI Reg. 63163. 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 engloba (undeveloped and/or un-serviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

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

	Level 1	Level 2	Level 3	Date of Valuation
Land	-	6,426,600	-	June 2018
Land - specialised	-	-	58,567,804	June 2018
Buildings	-	4,164,988	-	June 2018
Buildings - specialised	-	-	31,465,238	June 2018
Total	-	10,591,588	90,033,042	

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

Valuation of infrastructure

Valuation of infrastructure assets has been determined by applying the most recent unit rates as calculated from a sample of internal and external projects.

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	Level 2	Level 3	Date of Valuation
Sealed roads	-	-	172,661,912	June 2016
Unsealed roads	-	-	92,783,191	June 2017
Footpaths and cycleways	-	-	14,481,865	June 2016
Drainage	-	-	33,774,396	June 2015
Recreational, leisure and community facilities	-	-	6,286,216	June 2015
Waste management	-	-	880,314	June 2015
Parks, open space and streetscapes	-	-	3,430,667	June 2015
Other infrastructure	-	-	6,595,828	June 2015
Total	-	-	330,894,389	

Valuation of cultural and heritage assets

Artworks

Valuation of artwork assets has been determined in accordance with an independent valuation undertaken by Warren Joel Auction and Valuation Services. The effective date of the valuation was 30 June 2018.

Valuation of the assets was determined by analysing comparable sales of an artist's work, knowledge of the collections history and condition of the collection.

Pioneer Settlement

Valuation of Pioneer Settlement vehicles and vessels and site exhibit assets was conducted by qualified independent valuer Mr David Freeman, member of Auctioneers and Valuers Association of Australia, and Chief Executive Officer of Amanda Adams Auctions, Bulleen, Victoria. The valuation is based on average market realisation prices that should be obtained if the items were sold via private treaty or auction sales. The effective date of the valuation is 30 June 2016.

Valuation of Pioneer Settlement buildings were undertaken by qualified independent valuer, Benjamin Sawyer AAPI Reg. 63163. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

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

	Level 1	Level 2	Level 3	Date of Valuation
Artworks	-	-	1,723,150	April 2018
Pioneer Settlement vehicles and vessels	-	-	4,621,208	June 2016
Pioneer Settlement site exhibits	-	-	2,033,766	June 2016
Pioneer Settlement buildings	-	-	736,422	June 2018
Total	-	-	9,114,546	

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 75% for specialised land and between 85% and 95% for land under roads. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.10 and \$450 per square metre.

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 cost is calculated on a square metre basis. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 10 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 their useful lives.

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

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 0 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.

Artwork assets are valued based on the market based direct comparison approach. Significant unobservable inputs include the rarity of the item, historical significance and the history of the artist. If there are events that determine certain pieces of the collection to be of historical significance, if the artist has works that have increased in popularity or the item is considered to be rare and in demand, this would result in a higher fair value.

Pioneer Settlement vehicles and vessels and site exhibit assets are valued based on the market based direct comparison approach. Significant unobservable inputs include the rarity of the item and historical significance. If there are events that determine certain pieces of the collection to be of historical significance or the item is considered to be rare and in demand, this would result in a higher fair value.

Pioneer Settlement 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 cost is calculated on a square metre basis. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 1 year to 54 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 their useful lives.

	2018	2017
	\$	\$
Reconciliation of specialised land		
Land under roads	37,454,203	34,159,969
Crown land	7,826,100	7,521,700
Parks, reserves and land for community use	13,287,501	14,894,082
Total specialised land	<u>58,567,804</u>	<u>56,575,751</u>

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

Note 6 People and relationships

6.1 Council and key management remuneration

(a) Related Parties

Parent entity

Swan Hill Rural City Council is the parent entity.

Subsidiaries and Associates

Council has no interests in subsidiaries and associates.

(b) Key Management Personnel

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

Councillors		
	Mayor Les McPhee	08/12/2008 to 30/06/2018
	Cr John Katis	20/03/1997 to 30/06/2018
	Cr Gary Norton	18/03/2003 to 30/06/2018
	Cr Ann Young	15/11/2016 to 30/06/2018
	Cr Chris Jeffery	15/11/2016 to 30/06/2018
	Cr Lea Johnson	15/11/2016 to 30/06/2018
	Cr Bill Moar	15/11/2016 to 30/06/2018
	Mr John McLinden	21/03/2016 to 30/06/2018
	Mr David Lenton	21/12/1992 to 30/06/2018
	Mr Bruce Myers	28/02/1994 to 30/06/2018
	Mr Oliver McNulty	27/07/2016 to 15/09/2017
	Ms Heather Green	03/07/2017 to 30/06/2018
	Ms Svetla Petkova	11/12/2017 to 30/06/2018

	2018	2017
	No.	No.
Total Number of Councillors	7	10
Chief Executive Officer and other Key Management Personnel	6	5
Total Key Management Personnel	<u>13</u>	<u>15</u>

(c) Remuneration of Key Management Personnel

	2018	2017
	\$	\$
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,065,380	1,091,396
Post-employment benefits	85,124	81,638
Other long-term benefits	61,578	21,701
Termination benefits	27,638	-
Total	<u>1,239,720</u>	<u>1,194,735</u>

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

\$10,000 - \$19,999	-	7
\$20,000 - \$29,999	5	1
\$30,000 - \$39,999	1	1
\$60,000 - \$69,999	1	1
\$70,000 - \$79,999	1	-
\$90,000 - \$99,999	1	-
\$150,000 - \$159,999	-	2
\$170,000 - \$179,999	1	-
\$190,000 - \$199,999	1	1
\$200,000 - \$209,999	1	1
\$250,000 - \$259,999	1	1
	<u>13</u>	<u>15</u>

**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, who:

- 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:

	2018	2017
Income Range:	No.	No.
\$145,000 - \$149,999	1	2
\$150,000 - \$159,999	2	1
	3	3

Total Remuneration for the reporting year for Senior Officers included above, amounted to:	459,424	445,423
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6.2 Related party disclosure

(a) Transactions with related parties

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

Council purchased jams and sauce from Councillor Ann Young for sale at the Swan Hill Information Centre. These transactions were dealt with under normal business terms.

	2018	2017
	\$	\$
	290	-

(b) Outstanding balances with related parties

There were no outstanding balances relating to transactions with related parties at 30 June 2018.

	-	-
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(c) Loans to/from related parties

No loans have been made, guaranteed or secured by Council to a related party during the reporting year.

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(d) Commitments to/from related parties

There are no commitments in existence at balance date that have been made, guaranteed or secured by Council to a related party.

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

Note Managing uncertainties

7.1 Contingent assets and liabilities

(a) Contingent assets

Council has no contingent assets at balance date (2017, \$0).

Operating lease receivables

The Council has entered into commercial property leases on its assets, consisting of surplus freehold office complexes, aerodrome facilities and caravan parks. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 15 years.

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

	2018	2017
	\$	\$
Not later than one year	361,136	377,573
Later than one year and not later than five years	1,069,624	1,119,261
Later than five years	824,767	1,142,306
	2,255,527	2,639,140

(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.

Future superannuation contributions

In addition to the disclosed contributions, Swan Hill Rural City Council has paid unfunded liability payments to Vision Super totalling \$0 (2015/16 \$0). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2018. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2018 are \$175,700.

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

(c) Guarantees for loans to other entities

Council is not the guarantor for any loans.

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.

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

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

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

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

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

Leases (AASB 16) (applies 2019/20)

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

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

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

7.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

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

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

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

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

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

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

(c) Credit risk

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

To help reduce these risks Council:

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

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

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

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

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

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

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

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

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 1.0% and -0.25% in market interest rates (AUD) from year-end rates of 1.50%.

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

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

7.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

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

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 2 to 8 years. The valuation is performed either by experienced Council officers or independent experts.

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

Impairment of assets

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

7.5 Events occurring after balance date

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

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

Note 8 Other matters

8.1 Reserves	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
(a) Asset revaluation reserves	\$	\$	\$
2018			
Property			
Land	14,372,920	5,009,309	19,382,229
Buildings	14,701,519	1,188,219	15,889,738
	<u>29,074,439</u>	<u>6,197,528</u>	<u>35,271,967</u>
Infrastructure			
Sealed roads	83,065,693	-	83,065,693
Unsealed roads	15,975,607	-	15,975,607
Footpaths and cycleways	8,792,891	-	8,792,891
Drainage	15,647,453	-	15,647,453
Recreational, leisure and community facilities	1,912,153	-	1,912,153
Other infrastructure	1,923,169	-	1,923,169
	<u>127,316,966</u>	<u>-</u>	<u>127,316,966</u>
Culture and heritage assets			
Artworks	1,477,603	156,993	1,634,596
Pioneer Settlement	5,660,682	(324,401)	5,336,281
	<u>7,138,285</u>	<u>(167,408)</u>	<u>6,970,877</u>
Water rights	842,044	358,400	1,200,444
Total asset revaluation reserves	<u>164,371,734</u>	<u>6,388,520</u>	<u>170,760,254</u>
2017			
Property			
Land	14,372,920	-	14,372,920
Buildings	14,701,519	-	14,701,519
	<u>29,074,439</u>	<u>-</u>	<u>29,074,439</u>
Infrastructure			
Sealed roads	83,065,693	-	83,065,693
Unsealed roads	17,752,491	(1,776,884)	15,975,607
Footpaths and cycleways	8,792,891	-	8,792,891
Drainage	15,647,453	-	15,647,453
Recreational, leisure and community facilities	1,912,153	-	1,912,153
Other infrastructure	1,923,169	-	1,923,169
	<u>129,093,850</u>	<u>(1,776,884)</u>	<u>127,316,966</u>
Culture and heritage assets			
Artworks	1,477,603	-	1,477,603
Pioneer Settlement	5,660,682	-	5,660,682
	<u>7,138,285</u>	<u>-</u>	<u>7,138,285</u>
Water rights	790,844	51,200	842,044
Total asset revaluation reserves	<u>166,097,418</u>	<u>(1,725,684)</u>	<u>164,371,734</u>

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

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

	2018	2017
8.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	\$	\$
Surplus for the year	5,777,678	7,365,589
Depreciation/amortisation	8,244,117	9,004,266
Loss on disposal of property, infrastructure, plant and equipment	(245,312)	(298,838)
Assets written off / asset adjustments	1,050,303	228,936
Contributions - Non-monetary assets	(327,273)	(56,228)
Reallocation of borrowing costs to financing activities	357,303	407,187
Other	(52,793)	20,100
<i>Change in assets and liabilities:</i>		
Decrease in trade and other receivables	372,795	800,208
Increase in other assets	(390,217)	(132,614)
Decrease in trade and other payables	(296,135)	(1,606,378)
Decrease in inventories	23,313	48,124
Decrease in provisions	(295,333)	(289,958)
Net cash provided by operating activities	14,218,446	15,490,394

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.

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 at June 2018 was 106.0%.

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 2016/17). This rate will increase in line with any increases in the SG contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

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

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

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

2017 triennial actuarial investigation surplus amounts

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

A VBI surplus of \$69.8 million

A total service liability surplus of \$193.5 million.

A discounted accrued benefits surplus of \$228.8 million.

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

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.



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