



# Annual Report

## 2015/16



## About our Annual Report

Swan Hill Rural City Council is pleased to present its 2015/16 Annual Report, which provides a detailed account of our performance from 1 July 2015 to 30 June 2016.

Documenting Council's performance against the 2015/16 Budget and the Council Plan, the Annual Report highlights achievements and challenges faced within key service areas and programs in the third year of the 2013-17 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 all 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 2015/16 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 2015/16 financial year.

## Snapshot of Council

Swan Hill Rural City Council covers 6,116 square kilometres and is home to more than 20,400 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, with traditional livestock and broadacre farming accounting for almost four per cent.

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.

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 about 388,000 domestic visitors each year.

## Our Vision

A vibrant, growing and sustainable community with pride and confidence in a prosperous future.

## Our Mission

We will lead, advocate and provide a range of services that support our community and plan for the future.

## 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 engaged and informed.

### Leadership

We will lead with integrity and encourage innovation.

### Fairness

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

### Accountability

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

20,409	Our population
6,116km <sup>2</sup>	Our area
3,492km	The length of our local roads (sealed and unsealed)
11,869	Our rateable properties
\$1.124 billion	Gross regional product
7,927	People working

# Highlights of the year

## Governance and Leadership

- Adopted the Swan Hill Rural City Council Communication Strategy 2015-18.
- Adopted the Customer Service Strategy 2016-19 and the Customer Service Charter.
- Adopted Council's first 10-year Long Term Financial Plan.
- Appointed new CEO John McLinden.
- Adopted the reviewed Councillor Code of Conduct in June 2016.

## Community Health and Wellbeing

- Adopted the Youth Strategic Plan 2015-19.
- Adopted the Swan Hill to Lake Boga Active Trail report.
- Provided funding to Robinvale Family Centre, a project proposed by Robinvale District Health Service.
- Began an extensive review of the Robinvale Community Plan with the local community.
- Started construction on a Meeting Place at Jaycee Park in Swan Hill.

- Endorsed the Draft Rural Land Use Strategy and received public submissions. Consultation will continue in 2016/17.
- Worked with the Robinvale community to finalise and endorse plans for Bromley Road redevelopment.
- Agreed to develop a Memorandum of Understanding (MOU) with the Murray River Council to identify areas of co-operation, advocacy and resource sharing. The MOU will have a particular focus on replacement of the Swan Hill Bridge.
- Introduced a free parking trial on Saturdays in the Swan Hill CBD.
- Adopted the Swan Hill Car Park Management Strategy.
- From December 2015, monthly Swan Hill Farmers Markets at Swan Hill's Riverside Park.
- Completed upgrades to River Road and Pental Island Road in Swan Hill.
- Beveridge Street upgrade (Stage 3).
- Following a report from the independent Planning Panel, Council adopted Swan Hill Planning Scheme amendments relating to the South West Development Precinct.
- Drainage upgrade in Church Street, Nyah.
- Construction on Stage 9a of Tower Hill.

## Economic Growth

## Built and Natural Environment

- Heartbeat of the Murray laser light show completed and showing nightly.
- Chisholm Reserve drag strip completed.
- Transformed a Swan Hill CBD laneway (between Curlewis and Campbell streets) into a walk-through public gallery.
- Completed works on a new transfer station at the Swan Hill Landfill.
- Continued projects for the Swan Hill Riverfront Masterplan, including installation of ambient lighting along the riverfront.
- Installed four new 33-metre high light towers at the Swan Hill Showgrounds.
- Started installation of 85kWh solar power system on the Splatt and Beveridge Street offices.
- Replaced more than 1,400 mercury vapour globes with LED street lights.
- Adopted and started initiating actions in the Waste Management Strategy 2015-20.

## Challenges and the year ahead

- Introduction of rate capping for the 2016/17 financial year.
- Election of new Council at October 2016.
- Managing the \$1.7 million upgrade of Nyah Road, Swan Hill.
- Sourcing funding for the design and staged construction of the Robinvale town levee.
- Local Government elections.
- Lake Boga Catalina Museum café and playground project.
- Implementation of Bromley Road beautification.
- Adopting the Chisholm Reserve Masterplan and formation of the Chisholm Reserve Motorsport Committee.
- Stage 2 of the Swan Hill CBD drainage upgrade – from Campbell Street to the Murray River.
- Continued implementation of projects from the Swan Hill Riverfront Masterplan.
- Changes to Council's Home and Community Care services due to Aged Care Reforms.



## Year at a glance

### July

#### Glen Gerreyn workshop

Council and Murray Mallee Local Learning and Employment Network joined forces to bring renowned speaker and entrepreneur Glen Gerreyn to Swan Hill. Young people and community members took part in workshops with Glen. The workshops were aimed at inspiring young people to take action in their own lives, to build resilience and make better life choices.

#### Japanese-themed garden site unveiled

Mayor Michael Adamson and Yamagata Mayor Akio Ichikawa officially unveiled the site for a new Japanese-themed garden located on Monash Drive between the Riverside Caravan Park and Pioneer Settlement. The garden will be developed over a number of years and will commemorate the 35th anniversary of Swan Hill's Sister City Relationship with Yamagata, Japan.

#### Youth Strategy

Council's draft Youth Strategic Plan was released for public input. The draft included five key strategies and 20 actions to help Council engage with young people and provide them with diverse opportunities and support. The draft strategy was put together from more than 1,100 surveys completed in May. The strategy was adopted at Council's October meeting.

### August

#### New riverfront lighting

New lighting was installed along the Swan Hill Riverfront, between the boat ramp and the Riverside Park public toilets. Six feature lights now illuminate river gums, while 23 LED lights create a safer and accessible riverfront walk by night. Council and State Government funded the project.



#### Murray River group conference

Council hosted the Murray River Group of Councils conference in Swan Hill, with more than 100 people attending. Guests included futurist Dr Peter Ellyard, Senator Bridget McKenzie and Victorian Regional Development Minister Jaala Pulford.

#### Heart Foundation

Swan Hill Rural City Council was recognised for its initiative in creating a healthier community, and was named the joint Victorian winner of the 2015 Heart Foundation Local Government Awards. Together with Ararat Rural City Council, Swan Hill was the Victorian Winner in the 'Councils with populations between 5,000 and 25,000' category.

### September

#### China trade

Local businesses learnt about growing trade and investment opportunities with China during workshops and business mentoring.



## October

### Beveridge Street upgrade

The upgrade along Beveridge Street in Swan Hill continued. The \$420,000 project included road reconstruction and resurfacing, widening to improve car parking safety, drainage upgrades and a new 2.5 metre wide shared path. Tactile surfacing was also added to ensure safer crossing areas for disabled/vision impaired persons.



### Community planning success

A three-day community plan review was held in Robinvale, with almost 200 people providing feedback to Council officers and La Trobe University students. A draft was prepared, focusing on three key areas - access to services, promoting participation and building infrastructure. The final plan is expected to be adopted early in 2016/17.

## November

### Mayor elected

Councillor Les McPhee from Lakes Ward was elected as Mayor, and Councillor John Katis from Robinvale Ward was returned as Deputy Mayor. Cr McPhee – who was previously Mayor from 2012 to 2014 – thanked outgoing Mayor Michael Adamson.

### Community groups share \$70,000

Forty-three community groups shared in more than \$70,000 for local projects through Council's 2015 Community Grants Program. The program is held annually.

### Caravan park input

Council called for community input into a possible expansion of the Robinvale Riverside Caravan Park. In response to the need for additional housing for seasonal workers in Robinvale, the caravan park operators were looking to extend the park's boundaries to allow for an additional 17 powered sites, four cabins and a new amenities block. Plans are underway towards a solution.

## December

### Heartbeat launched

Heartbeat of the Murray started showing at the Pioneer Settlement. Set on the banks of the Little Murray River, the multimedia spectacular is the first of its kind in the world to use a natural river environment and setting as the background. The show – which now runs nightly - is part of a \$3.8 million Pioneer Settlement redevelopment.



### First Farmers Market

The first Swan Hill Farmers Market was held at Riverside Park. It was the culmination of a feasibility study and planning by a local committee. The market now runs on the first Sunday morning of each month.

### Boga trail plans released

The plans and report for a 12.6 kilometre sealed walking and cycling trail that could link Swan Hill to Lake Boga were released for public comment. The proposed path alignment will run along the east side of the Murray Valley Highway and railway reserve between Swan Hill and Lake Boga. The plan was adopted by Council in March and funding options are being explored.

## Rabbit busting

Council entered into an unprecedented multi-party project with the Office of Aboriginal Affairs Victoria and the Department of Environment, Land, Water and Planning to fund the construction of rabbit-proof fencing of land near the intersection of Lake Baker Road and Roberts Lane. Rabbit infestation was causing significant damage to Aboriginal cultural heritage in the area as well as surrounding crops.

## January

### Australia Day

Australia Day was celebrated with events around the municipality. Award winners were – Citizen of the Year Joseph Taverna, Young Citizen of the Year Robert Caccaviello and Community Event of the Year Swan Hill Hospice Goods and Services Auction Night.



## February

### Free parking

Councillors decided to continue free Saturday parking in Swan Hill's CBD for the remainder of 2016, after a five-month trial.

### Business Bootcamp

Council, Swan Hill Inc and Small Business Victoria hosted a Business Bootcamp with six specialist workshops and five speakers, all aimed at helping local businesses grow.

## March

### New CEO welcomed

New Council Chief Executive Officer John McLinden started on 21 March. Mr McLinden had previously been the Loddon Shire Council CEO since 2005.

### Transfer station opened

The new transfer station at the Swan Hill Landfill opened to the public. Landfill users can now reverse up to one of four large skip bins to dispose of waste, rather than driving to the edge of the landfill cell. The skip bins are labelled, making it easier for users to sort different types of waste. The new station has improved user safety and helps divert recyclable items from landfill.



### Harmony Day

A huge international food market, local performances and the unveiling of a giant community garden all featured at Harmony Day in Swan Hill – one of the biggest Harmony Day events in regional Victoria.

### Future Farming Expo

Council was proud to be part of the North Central Catchment Management Authority Future Farming Expo at Swan Hill. The free event featured farmers, scientists and industry experts sharing their research, experience and ideas on increasing farm profitability. Visits to three local farms was also part of the expo.



## Youth support for Colour Your Run

The Colour Your Run event was held in Swan Hill's Riverside Park with Council's Youth Support Program Youth Inc and Freeza as major sponsors. Young people were actively involved in the day as well.

## April

### Lighting up the showgrounds

Four new light towers were switched on at the Swan Hill Showgrounds. The upgrades mean the showgrounds can be used for events like AFL Victoria competitions, local night fixtures, night cricket training and interschool sports competitions. The project was made possible thanks to funding from State Government and Council.



### Rural Land Use Strategy

The Draft Rural Land Use Strategy was released for public comment with community consultation sessions held across the municipality. The draft strategy considers all land currently in the Farming Zone and provides recommendations that are intended to guide land use and development in rural areas. The draft strategy will be presented to Council in 2016/17 for consideration.

### Fruit fly fight continues

The Greater Sunraysia Pest Free Area Industry Development Committee partnered with Council to present free information sessions on Queensland fruit fly in Robinvale and Swan Hill. Topics included tree management, sanitation, trapping, exclusion and an update regarding the next mass fruit fly trapping roll out.

## River Road upgrade starts

A project to upgrade and improve safety along River Road in Swan Hill started. During stage 1, the road between Arnoldt Street and Douglas Road was reconstructed and widened. Minor traffic calming devices were also installed at the intersection of River Road and Arnoldt Street. The upgrade will continue to the Swan Hill Abattoirs in 2017.

## Boundary Bend funds

The State Government announced a \$75,000 contribution to Boundary Bend's town enhancement project. The upgrade will include a walking trail along the river, signage, an entrance statement for the community park and playground, toilet lighting, a waste disposal area for travellers, a new car park and landscaping.

## May

### Print and Drawing Awards

Swan Hill Regional Art Gallery's biennial National Print and Drawing Acquisitive Awards were held, with Bruno Leti winning the award for Print and Slavica Zivkovic for Drawing (pictured). The awards were complemented by a series of workshops, artist talks and the Print That 2! Exhibition, featuring printmaking from secondary school students around the region.





### World War I stories come to Swan Hill

To commemorate the centenary of World War I, Swan Hill Regional Library hosted *Writing the war: Personal stories from WWI*, a touring exhibition from State Library Victoria. The exhibition explored the personal stories of ordinary Australians told through their photographs. A local display featured memorabilia and personal items from local community members who served in WWI.

### Business visits

Council's Economic Development Unit continued to focus on building and improving direct and ongoing relationships with local business owners and managers by conducting personalised business visits in May and June. The program is another avenue for information sharing between Council and local businesses and a chance for Council to offer assistance where possible. The visits also give businesses the chance to provide valuable feedback.

### Jaycee Park begins

Redevelopment of Jaycee Park began, with the construction of the Indigenous-themed Meeting Place. The Meeting Place will feature a concrete base stained with Indigenous artwork created for the project by local artist Quinton Atkinson. Totem poles and sign shields representing the traditional custodians of the land will surround and complement the artwork. The Meeting Place was completed in August 2016.



### Pental Island Road upgrade

Council completed an \$800,000 upgrade to a six-kilometre section of Pental Island Road, thanks to funding from the Federal Government's Roads to Recovery Program. This section of gravel road was sealed and the intersection of Wearne Road upgraded.



### Business breakfasts

Council hosted business breakfasts in Swan Hill and Robinvale to introduce new Chief Executive Officer John McLinden. These breakfasts are held regularly throughout the year, offering networking and a range of guest speakers.

### Bromley Road

The new road design and landscape concept plans for Bromley Road in Robinvale were put on display after input from the Bromley Road Working Group – a group made up of local residents, police, Council officers and Cr John Katis. The plans were endorsed at Council's June meeting, with a consultant appointed to complete planning.

## June

### Car parking strategy

The Swan Hill Car Park Management Strategy was adopted. It identifies eight locations where changes could be made to existing on-street parking and suggests locations for additional long-term off-street parking as well. It also includes recommendations for parking requirements in new developments and the cash in lieu payments that must be made when these requirements are waived.

### Drag strip

Council finished its major component of the Chisholm Reserve drag strip, in readiness to hand over to the Swan Hill Drag Racing Club. Sealing works and widening the turning circle of the drag strip exits were completed, as were finishing touches to the concrete profile, return road and drainage. A plan to undertake further drainage works at the site was adopted by Council at its June meeting.

The first drag meeting is planned for October 2016.

### Aboriginal Honour Roll visits

The 2016 Aboriginal Honour Roll Launch was held at Swan Hill Regional Library. The Honour Roll formally celebrates the wide-ranging achievements of Aboriginal and Torres Strait Islander Victorians. The honour roll includes 79 Victorians, including Ms Ivy Bell (1944-2013) from the Swan Hill region.



### Swan Hill, Lake Boga tourism projects funding

Regional Development Victoria announced funding for two major tourism projects in our region. The Swan Hill river walk will be extended from the PS Gem, in front of Spoons, to the river levee. At Lake Boga, a café/bar and playground will be built at the Catalina Museum.

### Bus shelters go in

Two more bus shelters were installed in Swan Hill - near the medical clinic on McCrae Street and near the Specialist School in Yana Street. They followed the installation of shelters at the front of Alcheringa and on Coronation Avenue near the Swan Hill Cemetery.





# Part two

## Year in review



## Mayor's Message - Cr Les McPhee

I am pleased to present the 2015/16 Annual Report for Swan Hill Rural City Council.

Throughout this report you will see how Council has performed against the third year of our Council Plan, and against our 2015/16 Budget. Highlights include the Heartbeat of the Murray laser light show and a strong focus on community involvement and planning across our municipality.

The Heartbeat of the Murray laser light show opened in December 2015. A lot of work went into this project over many years, from Council, Pioneer Settlement staff, State Government and contractors. It's wonderful to see visitors now enjoying it.

Also in Swan Hill, the Swan Hill Drag Racing Club has harnessed community support to take the new drag strip at Chisholm Reserve to the next level. Council handed the drag strip to the club early in 2016 and the club is now working towards its first official meeting in October 2017.

Another focus in the Council Plan is our Community Planning process. In 2015/16 the highlight was the extensive review into the Robinvale Community Plan. Hundreds of Robinvale people gave their ideas in October 2015 and the result will be a 15 year plan for the development of Robinvale. In all we have 12 Community Plans that cover all communities in our municipality.

Also in Robinvale, there was wonderful community co-operation to finalise the Bromley Road Masterplan. A group was formed to work with the wider community, Council and police, and a consultant has now been engaged to finalise designs and timeframes to support future funding opportunities.

These community projects and the other achievements outlined in this report are not possible without the input of Councillors, Council staff and people throughout the Swan Hill Rural City municipality. I want to thank them all for their input in 2015/16.

## CEO's Message - John McLinden

The 2015/16 Annual Report details Council's activities and finances for the 2015/16 year. You will see in Part five of this report that many initiatives outlined in year three of our Council Plan have been delivered, while others remain ongoing into the 2016/17 year. Those completed include our Youth Strategy, South West Planning Scheme amendments, a Waste Management Strategy and associated capital works, a new Customer Service Strategy, and of course, the Heartbeat of the Murray laser light show.

This report also looks at our performance against our 2015/16 Budget and measures our performance with the new statewide Local Government indicators. I am pleased to report that Council remains in a sound financial position. Current assets exceed current liabilities by more than \$8 million, and cash and investments exceed current liabilities by nearly \$5.2 million.

Total assets sit at more than \$459 million, with the majority of this being comprised of the value of Council's extensive road network. You will also see throughout this report the details of some major upgrades to our local roads.

Council recorded an accounting surplus of more than \$2 million for the year. This is lower than the previous year and the 2015/16 budget, due entirely to the timing of government grants. Grants Commission income of \$3.1 million was received in 2014/15 that related to the 2015/16 year, and \$1.2 million in capital grants that will be received in 2016/17 relating to projects completed in 2015/16. After adjusting for these timing differences, the result, on a rates determination basis was \$100,000 better than budget.

Council intends to further strengthen its financial position over the next few years to provide a buffer against any unplanned costs, or to provide cash reserves to allow Council to exploit any worthwhile opportunities that might come along. Council's 10-Year Financial Plan indicates this should be achievable with the annual rate increase of around CPI and within the rate cap limits set by the State Government.

I want to thank Councillors, staff and the wider community for their commitment over the past 12 months. We will welcome a new Council after elections in October 2016 and I look forward to working with Councillors, staff and the community to implement the final year of our four-year Council Plan.

# Financial Summary

## Operating result

On a full accrual basis the surplus for the year was \$2,028,288. It is important to note that this is an accounting profit after recognising non-cash items such as depreciation of \$8.73 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.

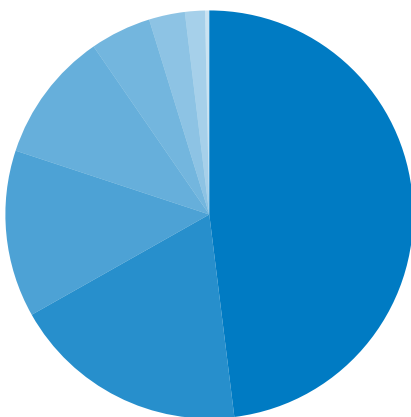
For more information on the comprehensive income statement, balance sheet and cash flows for the year, please refer to the audited General Purpose Financial Report in part eight of this annual report.

## Revenue

Council's total revenue for the 2015/16 year was \$52.1 million as per the Comprehensive Income Statement. A breakdown of Council's revenue sources highlights that 90.3 per cent of Council's income comes from four income categories.

- Rates and garbage charges 48.0%
- Grants - operating 18.8%
- Grant - capital 13.2%
- User fees 10.3%

Total revenue (\$52.1 million)



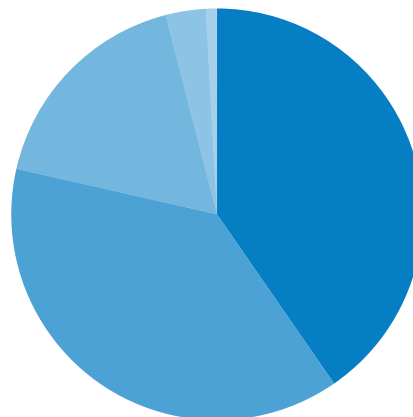
- Rates and garbage charges 48%
- Grants - operating 18.8%
- Grants - capital 13.2%
- User fees 10.3%
- Other revenue 4.8%
- Contributions 2.8%
- Statutory fees and fines 1.6%
- Net gain on disposal of assets 0.3%

## Expenditure

Council's total expenses for the 2015/16 year were \$50.1 million as per the Comprehensive Income Statement. A breakdown of Council's expenses highlights that 96 per cent relates to three expenditure categories.

- Materials and services 40.4%
- Employee costs 38.2%
- Depreciation 17.4%

Total expenditure (\$50.1 million)

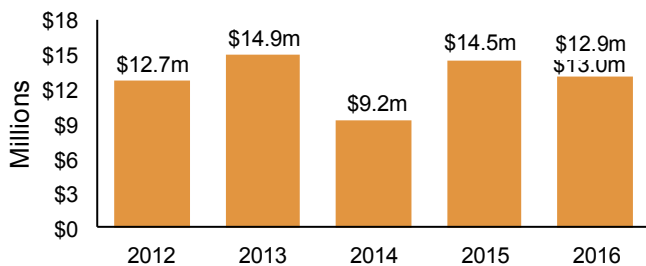


- Materials and services 40.36%
- Employee costs 38.19%
- Depreciation 17.43%
- Other expenses 3.15%
- Finance costs 0.86%
- Bad and doubtful debts 0.01%

## Capital expenditure

During the financial year, Council spent \$12.9 million on capital works and asset purchases, bringing the five-year total of expenditure on fixed assets to over \$64.3 million. 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 redevelopment, construction works at Tower Hill, construction of the Chisholm Reserve drag strip and the Heartbeat of the Murray experience.

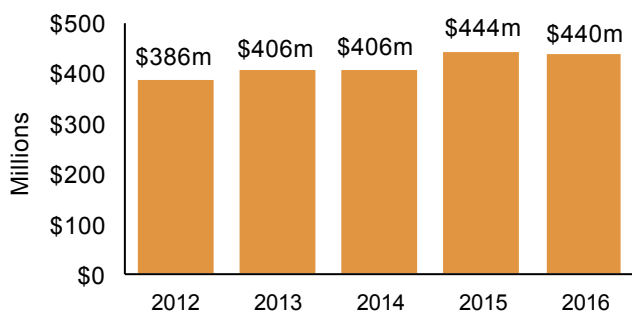
### Purchase and creation of assets



## Equity

The Balance Sheet shows total community equity of \$440 million, represented by accumulated surplus and asset revaluation reserve. The slight decrease in equity is due to the revaluation of our sealed and unsealed roads. This graph shows the movement in equity

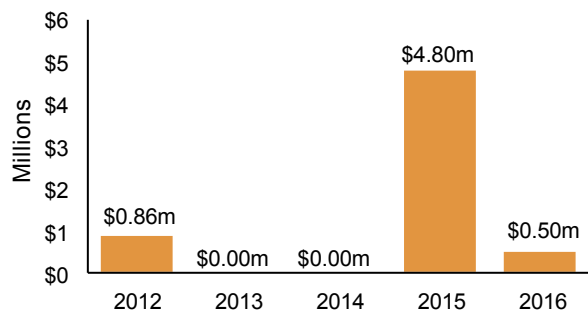
### Total equity



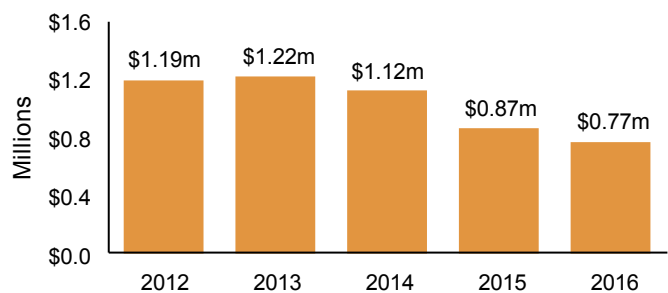
## Borrowings (excluding financial leases)

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 2016, Council had a loan liability of \$8.27 million. This is a planned and responsible level of debt, achieved in accordance with Council's borrowing strategy. Loan repayments are currently \$0.77 million per annum.

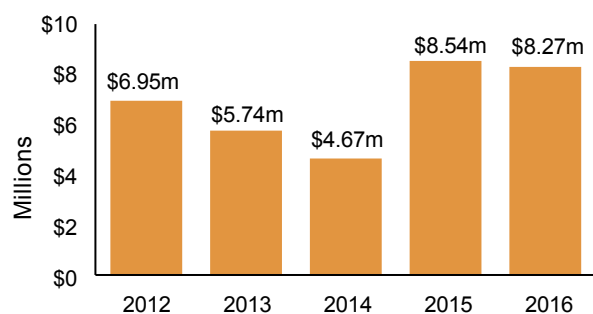
### New borrowings



### Loan repayments



### Loan balance at 30 June each year



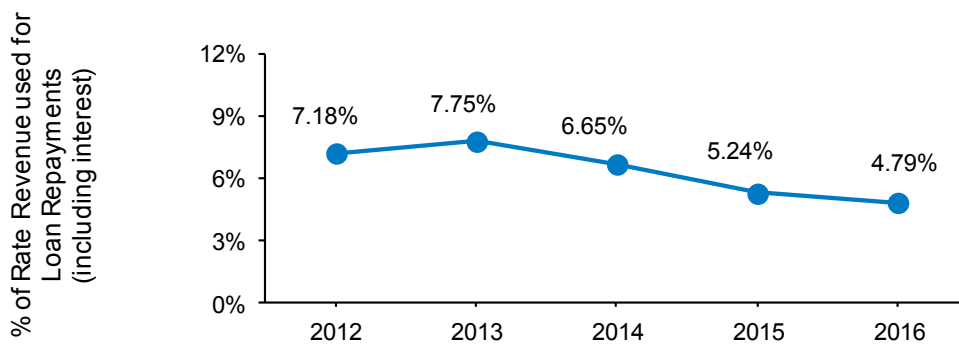


# Financial indicators

## 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 continues to reduce.

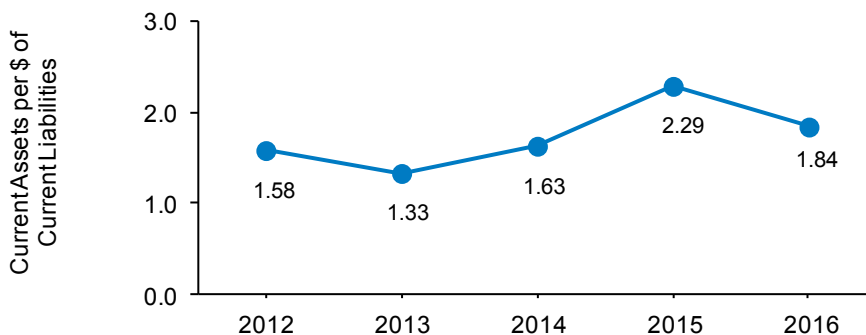
The ratio is expected to reduce further over the next few years in accordance with the Borrowing Strategy.



## Working capital ratio

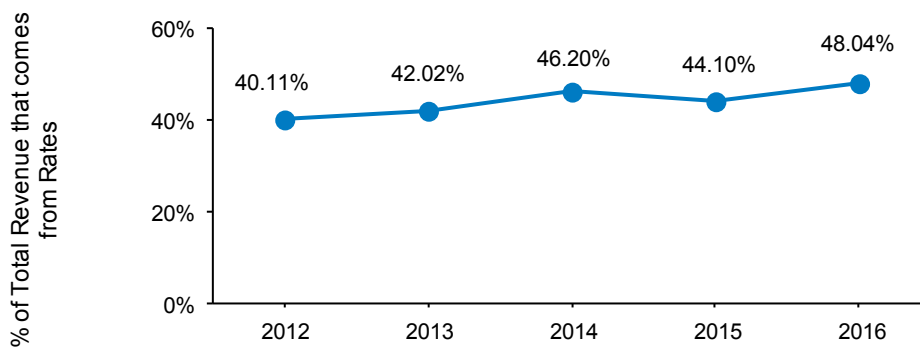
Working capital ratio shows the level of current assets Council has available to meet its current liabilities. The graph shows that the ratio is healthy and has remained reasonably stable over the past three years.

This 2015 ratio was higher due to the advanced payment of 2015/16 Victoria Grants Commission received in 2014/15. The ratio is expected to remain steady for future years.



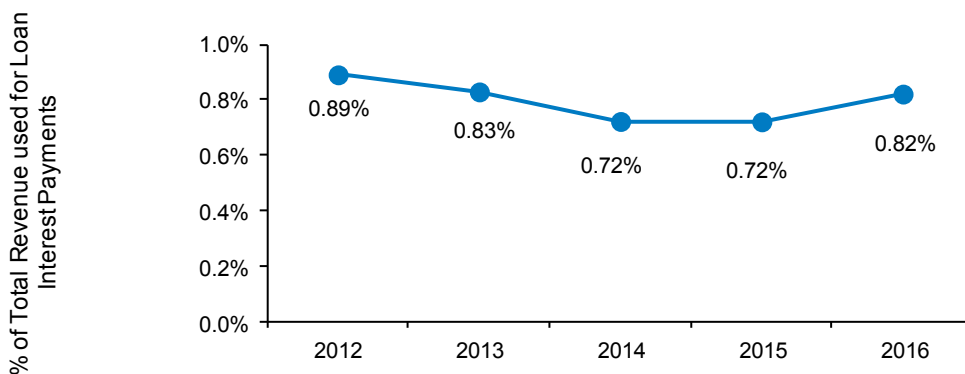
## Revenue ratio

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 2015/16 the major capital works included the following:

Pioneer Settlement  
Heartbeat of the Murray Experience



Budget: \$3,850,000

The Heartbeat of the Murray Experience includes the following projects:

**Heartbeat of the Murray Laser Light Show** – a new night-time experience on the banks of the Little Murray River that uses laser lighting and special effects to project stories of the Murray River and our region onto a screen of water from the river.

*Completed and operational from December 2015.*

**An augmented reality app, new website and wi-fi hotspots** – visitors will use their smartphones and devices to visually interpret the lives and experiences of our pioneers as they tour the Settlement's buildings and machinery.

*Completed December 2015.*

Further projects for 2016/17 include:

**Horseshoe Bend Park** – a section of the Settlement, including the PS Gem and the PS Pyap wharf, will be reconfigured to make it available for functions and events.

**Lower Murray Inn decking** – decking/stage area will be installed on the river bank at the Lower Murray Inn, further cementing the inn as a premier entertainment venue.

Chisholm Reserve upgrade - drag strip



Budget: \$2,450,000

The quarter mile drag strip at Chisholm Reserve has been completed and the first drag meeting planned for October 2016. The nationally-accredited strip is not only the longest concrete racing surface in Australia, but also the first to have its own built-in temperature control system. The project was supported by State Government, Council, Swan Hill Drag Racing Club and the community.

Swan Hill Showgrounds lighting

Budget: \$500,000

Four new light towers were installed at the Swan Hill Showgrounds. The upgrades mean the showgrounds can be used for events like AFL Victoria competitions, local night fixtures, night cricket training and interschool sports competitions. The project was made possible thanks to funding from State Government and Council.





### Swan Hill Riverfront Masterplan

Budget: \$796,000

The implementation of the 40-year Riverfront Masterplan continued in 2015/16 and included the following projects:

- Water drinking fountains installed
- Lighting installed along the Swan Hill Riverfront, including 23 LED lights and six feature lights to illuminate river gums
- Car park built on Monash Drive
- Shared pathway extended from Riverside Park to the wetlands
- Murray Cod bike rack installed at Riverside Park

### Beveridge Street - Stage 3, Swan Hill

Budget: \$420,000

The upgrade along Beveridge Street in Swan Hill continued, between Pritchard and McCallum streets. The project included road reconstruction and resurfacing, widening the road to improve car parking safety, drainage upgrades and a new 2.5 metre wide shared path. Tactile surfacing was also added to ensure safer crossing areas for disabled and vision impaired persons.

### Pental Island Road

Budget: \$800,000

Council upgraded a six-kilometre section of Pental Island Road, thanks to funding from the Federal Government's Roads to Recovery Program. This section of gravel road was sealed and the intersection of Wearne Road upgraded.



### River Road, Swan Hill

Budget: \$240,000

Stage 1 of the River Road upgrade was completed. The road between Arnoldt Street and Douglas Road was reconstructed and widened. Minor traffic calming devices were also installed at the intersection of River Road and Arnoldt Street. The upgrade will continue to the Swan Hill Abattoirs in 2017.



# 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 more than 20,400 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.

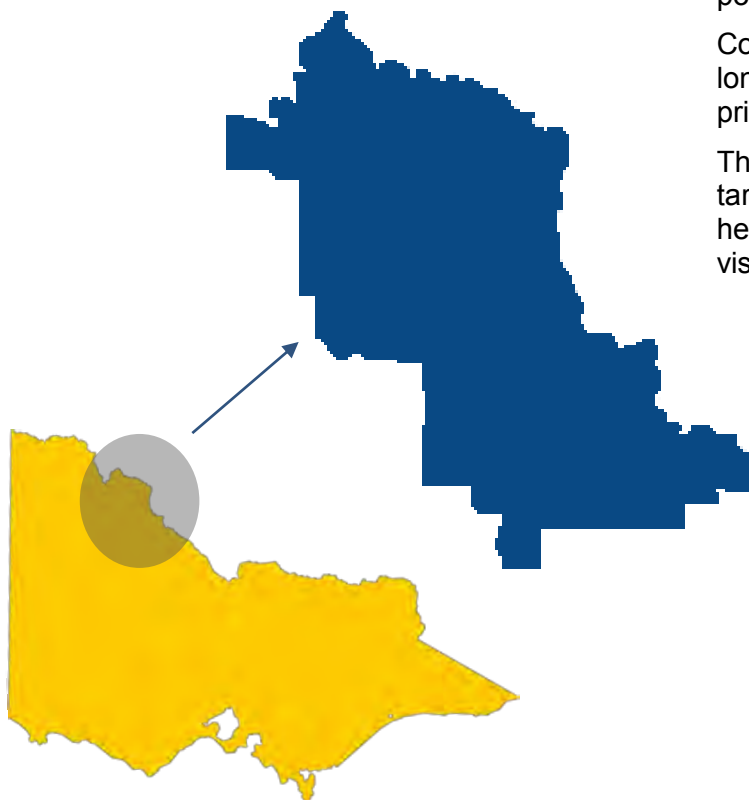
With more than 40 commercially grown products – including almonds, olives, stonefruit, grapes, vegetables, cereals, legumes, lucerne, sheep, beef and dairy – it is easy to see why our municipality is an important part of Victoria's food bowl.

Located on the Murray River, tourism also plays an important role in our region's economy. Our climate and natural beauty attracts about 388,000 domestic visitors each year, injecting \$55 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 John Katis**

Deputy Mayor  
Robinvale Ward  
Elected 1997

**Mobile:** 0459 077 532



**Cr Jim Crowe**

Central Ward  
Elected 2012

**Mobile:** 0418 181 656



**Cr Gary Norton**

Murray Mallee Ward  
Elected 2003

**Mobile:** 0428 398 981



**Cr Greg Cruickshank**

Central Ward  
Elected 2003

**Mobile:** 0419 754 174



**Cr Jessie Kiley**

Central Ward  
Elected 2012

**Mobile:** 0417 755 414



**Cr Michael Adamson**

Central Ward  
Elected 2012, resigned May  
2016



# Part four

## Our People

## Our executive leadership team



### John McLinden

#### Chief Executive Officer

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

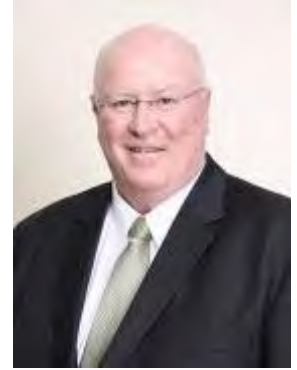
He was previously the Chief Executive Officer of Loddon Shire Council, a position he held since 2005.

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



David Leahy



Adam McSwain



Bruce Myers



## David Lenton

### Director Corporate Services

David is a qualified accountant who joined the 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.

## Adam McSwain

### Director Development and Planning

Adam started working at Swan Hill Rural City Council in October 2015. He has qualifications in Management and Sport Management and is currently finalising a Master of Business Administration and Master of Public Policy.

Adam has over nine years experience working in Local Government and prior to starting at Swan Hill Rural City Council held the position of Manager Economic and Community Development at Hepburn Shire Council.

## David Leahy

### Director Infrastructure

David joined Swan Hill Rural City Council as its Director Infrastructure in 2009.

He has more than 15 years experience in Local Government after 16 years with the State Government in South Australia.

David has played a key role in Council's Riverfront Masterplan, Central Murray Transport Strategy, CBD redevelopments, Pioneer Settlement redevelopment and ongoing development of Council's roads program.

## Bruce Myers

### Director Community and Cultural Services

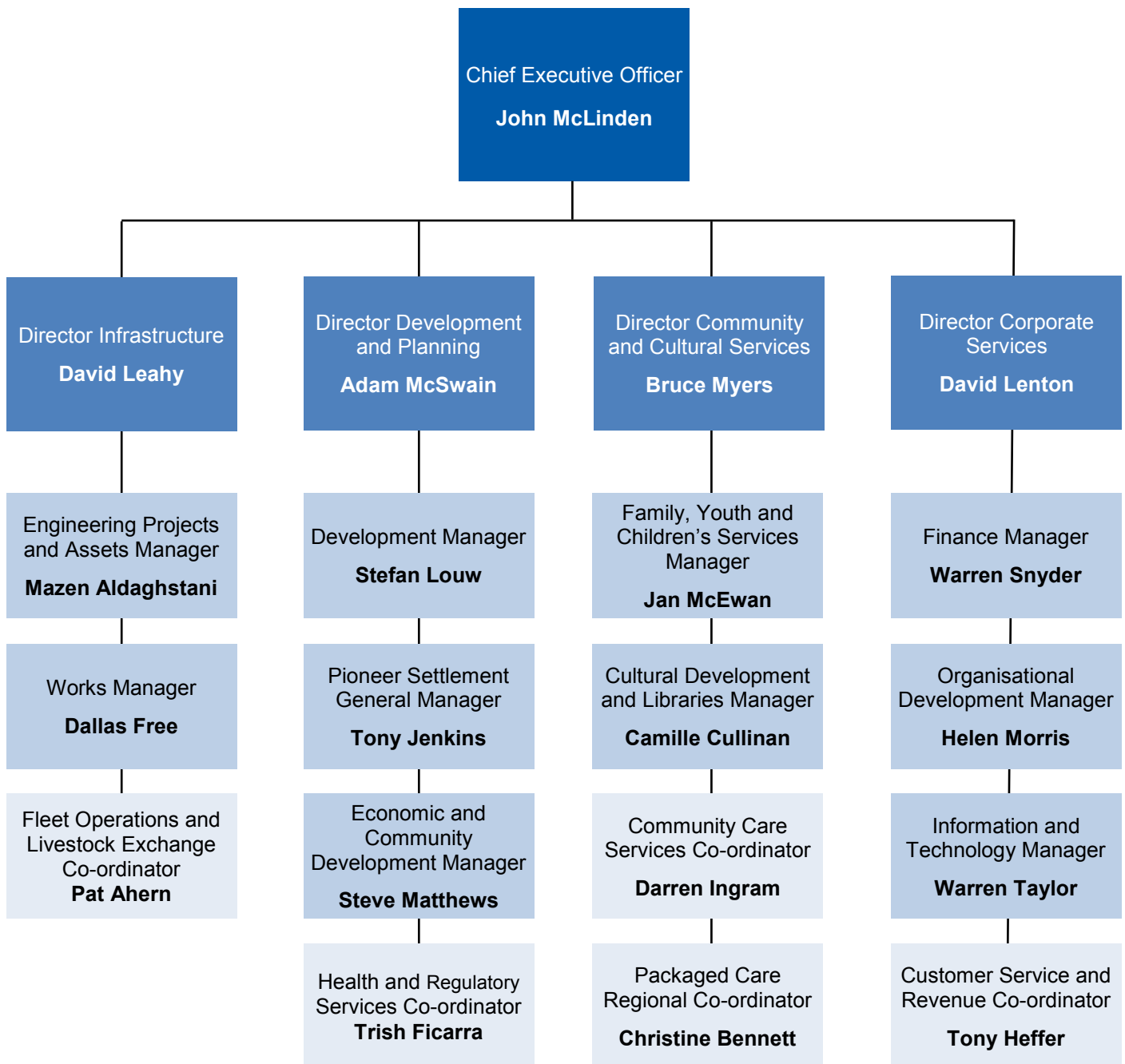
Bruce is a qualified librarian who started his career at the Swan Hill Regional Library, managing the mobile library, in 1994.

From 1998 until 2007 Bruce was Manager of the Library.

During this time he took a lead role in moving the service to its current site, designing and constructing a new mobile library, and improving services (after consultation with the local community).

Bruce became the Director Community and Cultural Services in 2007.

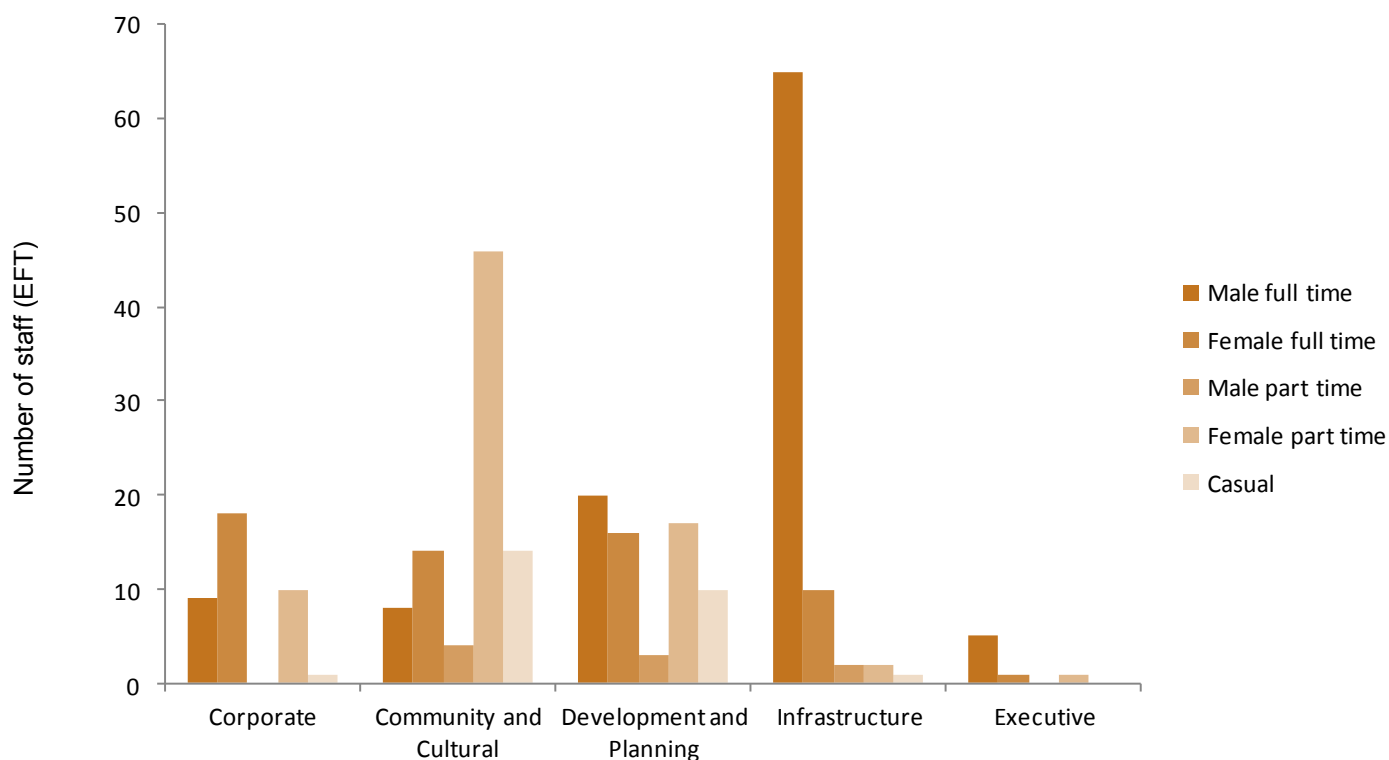
# Our organisation structure



## 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	9	18	0	10	1	38	9.0	25.0	34.0
Community and Cultural Services	8	14	4	46	14	86	11.4	43.6	55.0
Development and Planning	20	16	3	17	10	66	20.9	26.5	47.4
Infrastructure	66	9	2	2	1	80	65.9	10.9	76.8
Executive	5	1	0	1	0	7	5.0	1.8	6.8
<b>Total</b>	<b>108</b>	<b>58</b>	<b>9</b>	<b>76</b>	<b>26</b>	<b>277</b>	<b>113.2</b>	<b>106.8</b>	<b>220.0</b>





Employment Classification	Male EFT	Female EFT	Total EFT
Band 1	-	-	-
Band 2	1	0.4	1.4
Band 3	40.1	23.5	63.6
Band 4	12.7	22.3	35
Band 5	9.8	26	35.8
Band 6	11.7	12.3	24
Band 7	2	-	2
Band 8	1	1	2
Non-banded positions (includes salary packages)	34.9	21.3	56.2
<b>Total</b>	<b>113.2</b>	<b>106.8</b>	<b>220</b>

## 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 bursaries
  - Accessing non-customary employment pools.
- Indigenous Employment Strategy.
- 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 environment 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 proactive duty to ensure compliance with equal opportunity and Council ensures all staff undertake mandatory equal opportunity training every three years. Our Equal Employment Opportunity Directive and Procedure supports our organisation in fulfilling its obligations under the Equal Opportunity Act 2010.

During the 2015/16 financial year 120 employees undertook equal opportunity training, as well as 75 employees successfully completing Culture @ Work training. Council has also introduced an online bullying and harassment course, with 111 staff completing this training in 2015/16.

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 eight equal opportunity contact officers available to employees to provide guidance and assistance where required.

### Preventing family violence

In December 2015, Councillors endorsed the statement of commitment in the Loddon Mallee Regional Action Plan for the Prevention of Violence Against Women. Council officers have also reviewed the plan and identified actions that Council can take.

Key actions are expected to be incorporated into the next Council Plan and Public Health and Wellbeing Plan, both due for development in 2017.

Following the introduction of the mandatory Child Safe Standards, from January 2016 officers will undertake an internal audit of how the organisation can adopt practices that work towards the prevention of family violence.

Council also has a clause in its Enterprise Bargaining Agreement relating to support for staff experiencing family violence.

This program allows an employee experiencing family violence to have access to 20 days (pro rata) per year (non-cumulative) of paid special leave for medical appointments, legal proceedings and other activities related to family violence.

To support an employee experiencing family violence, Council will also approve any reasonable request from an employee experiencing family violence for:

- Changes to their span of hours or shift patterns
- Job redesign or changes to duties
- A change to their telephone number or email address to avoid harassing contact
- Any other appropriate measure including those available under existing provisions for family friendly and flexible work arrangements

An employee experiencing family violence will be offered a referral to the Employee Assistance Program (EAP) and/or other local resources.

### 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 new scholarship placements were available in 2015/16. Liam Mathieson, Bachelor Education and Conservation, received a placement with the Engineering Department. Gabrielle Rohde, Bachelor of Business Event Management, received a placement with the Economic Development Unit.

Other students participating in the program are:

- Mietta Gleeson, Bachelor of Urban and Regional Planning, in the Planning Department.
- Brendan MacFarlane, Bachelor of Civil Engineering, in the Engineering Services Department.

## Professional development

Council continues to be at the forefront of professional development and training options for staff. More than 3,300 hours of organisational training was provided to staff during the year, or 15 hours per EFT.

A range of development programs were held throughout the year including leadership, mentoring, executive coaching, team building and personal development.

Council continued its focus on developing internal leadership capabilities, successfully applying for entry into the highly sought-after LGPro Executive Leadership Program.

A tailored program for co-ordinators and senior staff was delivered via a series of workshops.

Council also offers study assistance for staff undertaking relevant undergraduate or postgraduate studies.

## Online training

Council has 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).

## Staff Service Awards

Every year Council acknowledges service and presents awards to staff who have reached service milestones.

Fourteen staff were presented with Staff Service Awards at the annual all-staff function in August 2015.

### 25 years

John Weekley and Gillian Williams (Gillian is pictured below with then Council CEO Dean Miller)

### 20 years

Lynnette Vallance, Gregory Dobbin, Guy Romeo, Thomas Graham and Paul McPherson

### 10 years

Melville Harrop, Bernard Van Kesteren, Ashley Free, Mazen Aldaghstani, Melanie Bennett, Deborah Saville and Dallas Free





## Health, safety and wellbeing

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

Council's commitment to staff wellbeing also saw a continuation of the following initiatives:

- Corporate Wellness Program (subsidised gym memberships)
- Ergonomic assessments
- OH&S 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

## Defibrillators at Council facilities

Council purchased two more defibrillator machines in 2015/16, which were installed at the Swan Hill Regional Livestock Exchange and Swan Hill Town Hall.

Defibrillators have previously been installed at the Swan Hill Region Information Centre, Robinvale Resource Centre and Pioneer Settlement. The Swan Hill Genealogical Society also assisted with funding to purchase a defibrillator for Swan Hill Regional Library.

As a commitment to the safety of staff members and the community, Council has planned to purchase two new defibrillator machines each year for the next two years, to be installed at various Council buildings throughout the municipality.

## OH&S Committee

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

The committee met six times during 2015/16.

In 2015/16 there were 15 reported injuries compared to 19 in the previous year. There were six lost time injuries (standard WorkCover Claims), compared to three in the previous financial year.

### Workplace Inspections

The committee introduced Workplace Inspections to be conducted as part of the Health and Safety Representatives' (HSR) responsibility to enable the early identification of hazards.

The inspections are conducted every six months by a HSR and a Manager/Supervisor and/or employee from the selected workplace area.

A summary of workplace hazards identified are collated and presented to the OH&S Committee.

### Refresher training

A number of OH&S representatives undertook a HSR Refresher Course in Kerang in August 2015, hosted by Gannawarra Shire Council.



*Pictured are Council staff Christine Steicke, Darren Ingram, ASU trainer Zandra Grattan-Lynch, Darren Rovere, Vince Mezzatesta, Tracie Warburton and Lisa Edge.*



# 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 2013-17 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 2013-17 includes Key Result Areas, indicators for achieving these for the four year period, actions for monitoring these strategic objectives and a Strategic Resource Plan.

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

### Governance and Leadership

We will have:

1. Positive community engagement and inclusiveness.
2. Effective and efficient utilisation of resources.
3. Effective partnerships and relationships with key stakeholders.
4. Community leadership through effective strategic planning.

### Community Health and Wellbeing

We will have:

1. A sense of belonging, ensuring that all people have a place in our community.
2. Community services that are efficient and responsive to needs.
3. A community with a sense of pride that can achieve its aspirations.

### Economic Growth

We will have:

1. A prosperous, growing and diverse local and regional economy.
2. Resilient, innovative and sustainable businesses and industries.
3. Strong partnerships with the business community, government and regional bodies.
4. An equipped and productive workforce.

### Built and Natural Environment

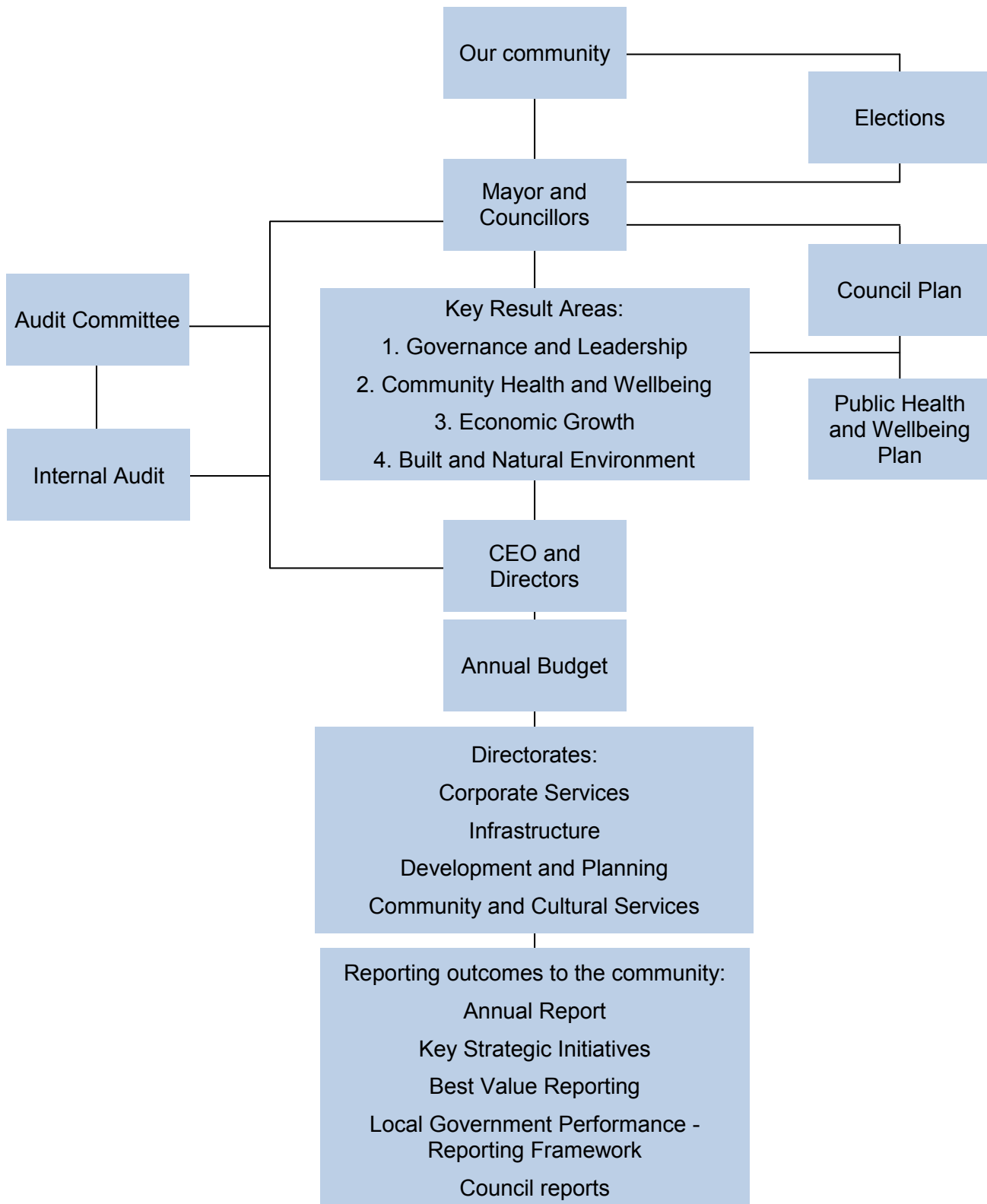
We will have:

1. Infrastructure that is provided and appropriately maintained in accordance with agreed standards.
2. A strong focus on Asset Management systems and planning.
3. Sound policies and practices that protect and enhance our natural and built environment.
4. A waste management program that is ecologically 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:

# 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 2016/17    << Delayed due to funding/budget

Council Plan Initiative	Action	Status
Review and implement actions from the Communication Strategy	Review existing communication strategy	✓
	Progressively implement actions from revised strategy	>>
Develop Council's systems and processes to improve Customer Service	Develop Customer Service Strategy	✓
Engage with community organisations to increase co-operation and avoid duplication of resources	Identify duplication of resources and services provided	>>
	Prioritise a program of meeting with various organisations to negotiate consolidating resources	>>
Review SHRCC Councillor and Staff Codes of Conduct	Adopt revised Councillor Code of Conduct	✓
	Adopt revised Staff Code of Conduct	✓
Pursue Strategic Land Acquisitions and review Council's existing land bank	Review Council's existing land bank against the list outlined above (created during review of Council's future land needs over next 10 years)	✓
	Prepare a Disposal Strategy for any surplus land	>>

## Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2015/16 budget.

Major Initiative	Progress
General revaluation, supplementary and objection processing (Actual \$120,994, Budget \$149,400)	Completed
Implementation of a project management system (Actual \$0, Budget \$30,000)	Project deferred to 2016/17
Further develop Council IT processes as identified in the IT Strategy (Actual \$0, Budget \$50,000)	Project deferred to 2016/17
Replace plant and fleet assets (Actual \$1,151,970, Budget \$1,675,000)	Completed
Review of Council Rating Strategy (Actual \$6,225, Budget \$40,000)	Incomplete. Project to be completed in 2016/17

## Services funded in 2015/16 Budget

The following statement provides information in relation to the services funded in the 2015/16 budget and the persons or sections of the community who are provided the service.

Service Area	Description of services provided	Net Cost Actual Budget Variance \$000
Councillors and Corporate Management	Includes the Mayor, Councillors, Chief Executive Officer, Executive Leadership Team and associated support, which cannot easily be attributed to the direct service provision areas	2,264 <u>1,992</u> <b>272</b>
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	174 <u>193</u> <b>(19)</b>
Management of Resources	Manage Council sites and resources to effectively fulfil Council objectives, including areas such as rate raising and collection, customer service, human resource management, depot and office site management, Council finances and information technology	(21,004) <u>(20,995)</u> <b>(9)</b>



## Service Performance Indicators

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

Service/Indicator/measure	Result 2014/15	Result 2015/16	Material Variation
<p><b>Governance</b></p> <p><b>Transparency</b></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>	6%	13.46%	Due to the need to appoint a new CEO, extra in-camera meetings were required. Many information only Council reports were removed from the Agenda and reported through Councillor Bulletin instead.
<p><b>Consultation and engagement</b></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</p>	54	55	
<p><b>Attendance</b></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>	95%	86.51%	In 2015/16, one Councillor took leave of absence and another Councillor resigned.
<p><b>Service cost</b></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>	\$40,372	\$103,733	The definition for this measure was clarified in 2015/16. In 2014/15 this indicator did not require the inclusion of costs associated with employment of the CEO. The resignation of the CEO in October 2015, resulted in additional costs to select a suitable temporary replacement and additional costs in recruiting a permanent replacement who commenced in March 2016.
<p><b>Satisfaction</b></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>	51	53	

## Key Result Area 2:

# Community Health and Wellbeing

## 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 2016/17      << Delayed due to funding/budget

Council Plan initiative	Action	Status
Implement Youth Action Plan	Youth Strategy reviewed and Action Plan developed	✓
	Determine Council responsibilities and priorities for resource allocation	>>
	Implementation of actions	>>
Promote the development of a strategy to enable communication of emergency management plans and activities to Culturally and Linguistically Diverse communities	Formulate a process during the development of a Diversity Plan	>>
Develop and implement a Cultural Plan	Develop an understanding of the cultural experiences currently available in the municipality	✓
	Development of plan undertaken	✓
	Cultural Plan is completed and adopted	>>
Support new citizens to the municipality to increase awareness of local customs and practices	(Following Diversity Plan) Actions identified for ongoing assistance to new arrivals	>>
Continued involvement in Aboriginal Strategic Placement program	Assist contracted employment placement provider to place Aboriginal jobseekers into employment by providing advice on local Aboriginal issues, assist in completion of individual employment placement plans, assist with identification of employment opportunities, assist with post placement support, process payment of clothing and incidentals allowance.	>>
Investigate implications and opportunities through Council's role regarding the Community Based Aged Care Reform	Council will use the Consortium model for regional delivery of community-based aged care services	>>

## Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2015/16 budget.

Major Initiative	Progress
Ongoing implementation of Community Plans and projects as identified in plans (Actual \$70,057, Budget \$447,495)	Incomplete. A number of the plans are awaiting further guidance from the community groups
New soccer ground lighting at Ken Harrison Sporting Complex (Actual \$9,150, Budget \$165,000)	Project deferred to 2016/17
Continue to engage a Rural Access Co-ordinator, with the aim of creating disability inclusive communities (Actual \$113,430, Budget \$107,190)	Completed
Ongoing redevelopment work at the Pioneer Settlement, including the Heartbeat of the Murray laser light show (Actual \$1,948,970, Budget \$2,052,650)	Completed
Efficiency upgrades to street lighting (Actual \$122,780, Budget \$200,000)	Completed
Projects developed from the Swan Hill Riverfront Masterplan (Actual \$47,210, Budget \$1,696,820)	Projects deferred to 2016/17
Swan Hill Showgrounds lighting (Actual \$481,315, Budget \$257,500)	Completed





## Services funded in 2015/16 Budget

The following statement provides information in relation to the services funded in the 2015/16 budget and the persons or sections of the community who are provided the service.

<b>Service Area</b>	<b>Description of services provided</b>	<b>Net Cost Actual Budget Variance \$000</b>
Community facilitation	Provide effective and ongoing liaison with, and support to, community and recreation groups	919 <u>966</u> <b>(47)</b>
Family and Children's Services	Provide family orientated support services including pre-schools, maternal and child health, counselling and support, youth services, family day care, out of school hours, and holiday programs	726 <u>767</u> <b>(41)</b>
Aged and disability services	Provide 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 centres. Council is the lead agency in a consortium of 10 local government authorities	296 <u>509</u> <b>(213)</b>
Public amenities maintenance	Operate, maintain and renew Council buildings, footpaths and lighting	2,370 <u>2,628</u> <b>(258)</b>
Local laws and regulatory services	Provide and enforce a range of regulatory services, resulting in a safe and pleasant environment for residents	365 <u>333</u> <b>32</b>
Swimming pools and sports venues	Provide quality, accessible aquatic and indoor sporting facilities that support a high quality of life for residents and visitors	1,245 <u>1,171</u> <b>74</b>
Recreation reserves, parks, playgrounds and street beautification	Maintain Council's parks, reserves, playgrounds and streetscapes in a functional and visually pleasing landscape	3,024 <u>2,775</u> <b>249</b>
Public health	Provide public health programs appropriate to community needs, which will assure an acceptable state of physical, mental and social wellbeing	251 <u>256</u> <b>(5)</b>

Service Area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$000
Library	Provide public library and mobile library services for the municipality, with a customer focused service that caters for the cultural, educational and recreational needs of residents, and offers a place for the community to meet, relax and enjoy the facilities and services offered	748 <u>761</u> <b>(13)</b>
Art gallery and museums	Provide meaningful, innovative and inspired experiences by presenting exhibitions from the Gallery's permanent collection, presenting exhibitions from external sources, and working with local, national and international artists	329 <u>305</u> <b>24</b>
Performing arts	Provide the community with the chance to attend a diverse selection of high quality entertainments that otherwise would not be available to them	129 <u>123</u> <b>6</b>
Pioneer Settlement	Care for and conserve the Pioneer Settlement and its collection. Provide quality visitor programs, market and promote the Settlement, and provide a source of income through merchandising	990 <u>(447)</u> <b>1,437</b>
Indigenous affairs	Promote Indigenous employment programs and facilitate employment outcomes for Indigenous Australians	68 <u>69</u> <b>(1)</b>

## Service Performance Indicators

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

Service/Indicator/measure	Result 2014/15	Result 2015/16	Material Variation
<b>Maternal Child Health</b>			
<b>Satisfaction</b>			
<i>Participation in first MCH home visit</i> [Number of first MCH home visits / Number of birth notifications received] x 100	104%	91.25%	Vacant MCH position for a six week period and another position on extended leave
<b>Service standard</b>			
<i>Infant enrolments in the MCH service</i> [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x 100	100%	94.38%	Increase in number of CALD families that may be using an alternative centre
<b>Service cost</b>			
<i>Cost of the MCH service</i> [Cost to Council of the MCH service / Hours worked by MCH nurses]	n/a	\$72.15	Not reported on in 2014/15.
<b>Participation</b>			
<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100	72%	72.91%	
<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%	43.29%	Mallee District Aboriginal Health Service introduced MCH services in the last 1-3 years.

Service/Indicator/measure	Result 2014/15	Result 2015/16	Material Variation
<b>Home and Community Care</b>			
<b>Timeliness</b>			
<i>Time taken to commence the HACC service</i> [Number of days between the referral of a new client and commencement of HACC service / Number of new clients who have received a HACC service]	n/a	28.14	Not reported on in 2014/15.
<b>Service standard</b>			
<i>Compliance with Community Care Common Standards</i> [Number of Community Care Common Standards expected outcomes met / Number of expected outcomes under the Community Care Common Standards] x 100	89%	88.89%	The date of the last Audit of Community Care Common Standards was completed on 17 April, 2013 and the next review is scheduled for
<b>Service cost</b>			
<i>Cost of domestic care service</i> [Cost of the domestic care service / Hours of domestic care service delivered]	n/a	\$54.61	Not reported on in 2014/15.
<i>Cost of personal care service</i> [Cost of the personal care service / Hours of personal care service delivered]	n/a	\$57.23	Not reported on in 2014/15.
<i>Cost of respite care service</i> [Cost of the respite care service / Hours of respite care service delivered]	n/a	\$52.79	Not reported on in 2014/15.
<b>Participation</b>			
<i>Participation in the HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x 100	38%	23.51%	Council has targeted reduction program to funded hours
<i>Participation in the HACC service by CALD people</i> [Number of CALD people that received a HACC service / Municipal target population in relation to CALD people for HACC services] x 100	19%	13.70%	Council has targeted reduction program to funded hours



## Service performance indicators continued

Service/Indicator/measure	Result 2014/15	Result 2015/16	Material Variation
<b>Animal Management</b>			
<b>Timeliness</b>			
<i>Time taken to action animal requests</i> [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	n/a	0.36	Not reported on in 2014/15.
<b>Service standard</b>			
<i>Animals reclaimed</i> [Number of animals reclaimed / Number of animals collected]	59%	61.76%	Council had 557 animals collected and 344 reclaimed
<b>Service cost</b>			
<i>Cost of animal management service</i> [Direct cost of the animal management service / Number of registered animals]	\$55.39	\$56.54	There were 3192 registered animals during the reporting period
<b>Health and safety</b>			
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	22	Council has changed the animal prosecution process and prosecute through the Magistrates' Court.
<b>Aquatic Facilities</b>			
<b>Service standard</b>			
<i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	1.6	1	Council schedules annual inspections of each pool and also when required
<i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]	0	0	No reportable incidents

Service/Indicator/measure	Result 2014/15	Result 2015/16	Material Variation
<b>Service cost</b>			
<i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$15.81	\$8.29	Cost reduced due to increase in users
<i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$7.80	\$8.63	A new contract is in place that resulted in a large increase in cost
<b>Utilisation</b>			
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	3.9	6.76	Increase due to increase in users
<b>Food safety</b>			
<b>Timeliness</b>			
<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]	n/a	1.43	Not reported on in 2014/15.
<b>Service standard</b>			
<i>Food safety assessments</i> [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x	92%	95.18%	
<b>Service cost</b>			
<i>Cost of food safety service</i> [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$809.12	\$872.83	

## Service performance indicators continued

Service/Indicator/measure	Result	Result 2015/16	Material Variation
<b>Food safety continued</b> <b>Health and safety</b> <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]	86%	84.44%	
<b>Libraries</b> <b>Utilisation</b> <i>Library collection usage</i> [Number of library collection item loans / Number of library collection items]	2.19	1.38	Visitation reduced
<b>Resource standard</b> <i>Standard of library collection</i> [Number of library collection items purchased in the last five years / Number of library collection items] x 100	42%	41.81%	
<b>Service cost</b> <i>Cost of library service</i> [Direct cost of library service / Number of visits]	\$7.33	\$8.76	Visitation down
<b>Participation</b> <i>Active library members</i> [Number of active library members / Municipal population] x 100	23%	19.24%	As a member of the Swift Library Consortium, the reduction in active library members in 2015/16 is due to library members no longer included in the figures if they had not borrowed directly from the library. Had these active members been excluded in 2014/15, the result would have been 19.30%, not 22.54%.

## 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 2015/16 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; OH&S 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 Centre Committee of Management	\$3,000	Team shelter
Australian Inland Wine Show	\$2,000	Awards and public tasting
Boundary Bend Progress Association	\$3,000	Replace hall ceiling and walls
Lake Boga Sports Club	\$500	Netball court sweeper
Lakeside Golf Club Lake Boga Inc	\$2,000	Underground power to machinery shed
Lions Club of Lake Boga Inc	\$700	Communications Bunker repair
Manangatang and District Bowling Club	\$1,000	Scoreboard upgrade
Manangatang and District Pre School	\$1,000	Road and bike safety equipment
Manangatang Improvement Group	\$1,000	100 years of Chinkapook Christmas Tree event
Manangatang Landcare Group	\$900	Laptop and software purchase
Manangatang RSL Sub Branch	\$1,780	Renovate RSL building
Murray Bulls Inc (Rugby Club)	\$1,500	Uniforms and equipment
Nyah District Christmas Carnival Committee	\$1,000	Nyah District Christmas Carnival
Nyah District Memorial Hall Committee (Auspicing Body - Nyah District Action Group)	\$1,500	Historical photo preservation project
Nyah Two Bays Amateur Swimming Club Inc	\$750	Kitchen club appliances and chairs
Piangil Memorial Park Reserve	\$2,850	Landscaping
Pioneer Country Quarter Horse Association	\$2,000	Horse yards refurbishment



Organisation	Approved	Project description
Pira Portsea Children's Camp	\$1,000	Pira Children's Camp Portsea
Robinvale Euston Agriculture Show Society	\$1,500	Robinvale Euston Agriculture Show
Robinvale Football Netball Club	\$2,000	Ticket box upgrade
Rotary Club of Robinvale and Euston	\$1,000	Chinese New Year celebration
Robinvale P12 after school sewing club	\$500	Maintain and purchase sewing machines
RSL Cricket Club Swan Hill	\$2,740	Change room and shower upgrade
Stroke Support Group	\$500	Bus trip and lunch at Barham
Swan Hill Archery Club	\$1,000	Covered walkway to undertake archery
Swan Hill Badminton Association	\$300	New badminton nets
Swan Hill Basketball Association	\$750	Swan Hill Basketball Stadium shot clock
Swan Hill Childcare Co-operative	\$3,000	Internal building painting upgrade
Swan Hill Community Toy Library	\$1,000	Shelving and 30th anniversary celebrations
Swan Hill Croquet Club	\$250	Equipment upgrade (hoops)
Swan Hill Drag Racing Club	\$2,500	Shed for new irrigation pump and equipment
Swan Hill Genealogical and Historical Society	\$2,500	Copying of Swan Hill Guardian 1983-1984
Swan Hill Girl Guides	\$2,500	Guide Hall floor refurbishment
Swan Hill Motor Racing Club Inc	\$2,500	Fencing off water tanks
Swan Hill Motorcycle Club	\$2,300	Quad Vic Titles at Chisholm Reserve
Swan Hill Pony Club	\$2,150	Portable round yard
Swan Hill Soccer League	\$1,300	Futsal goals
Swan Hill Theatre Group	\$1,500	Digital wireless microphones
Swan Hill Wood Workers Club	\$1,500	New spindle sander
Tyntynder South Hall Dance Committee	\$3,000	Upgrade switchboard and power supply lines
Tyntyndyer Homestead Incorporated	\$3,000	Tyntyndyer Homestead restoration
Woorinen District Progress Association	\$1,000	Woorinen South Family Fun Day
Woorinen Football Netball Club	\$3,000	Temporary facilities

# 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
Inner Wheel Club of Swan Hill	\$200	Teddy bear's picnic at Riverside Park to bring about awareness of our support for cord blood research
MacKillop College	\$200	Awards for junior and senior arts awards
Manangatang P12 College	\$200	Lunch for students at outdoor pool
Pelican Appeal Committee	\$200	Row-a-thon for the Royal Flying Doctors Service
Robinswood Homestead Association	\$200	Changeover costs for new caretaker
Robinvale Euston Business Association	\$200	Purchase solar lighting to hang in trees along the Perrin Street shopping strip during Christmas period
Robinvale Euston Show	\$200	Employ local band "am Club Band as entertainment and MC
RSPCA Million Paws Walk	\$200	Support the Million Paws Walk
Southern Lights Incorporated	\$200	Family fun day at George Lay Park
Swan Hill Blind Auxiliary	\$200	Winter, Christmas and Easter raffles
Swan Hill Calisthenics Club	\$200	Enable coach to attend training course in Adelaide
Swan Hill Childcare Co-op	\$200	Establish a garden bed, purchase gardening equipment and plants
Swan Hill Cricket Club	\$200	Repair roller door on cricket/football storage shed
Swan Hill Eisteddfod	\$200	Encouragement awards for dance and music
Swan Hill Fire Brigade Group	\$200	District 18 Annual Rural Fire Brigade demonstration and championships
Swan Hill Lawn Tennis and Croquet Club	\$200	Promoting Novak Djokovic's representation of Swan Hill at 2016 Australian Open
Swan Hill North Primary School	\$200	End of Grade 6 Graduation dinner
Swan Hill Playgroup	\$200	Farm animal toys
The Leukaemia Foundation	\$200	Light the Night - inspiring twilight walk and fundraiser
Ultima Rural Fire Brigade	\$200	Open day to view new station and 4WD tanker
Visitor and Community Comfort Centre	\$200	Purchase couch for baby room

## Key Result Area 3: 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 2016/17      << Delayed due to funding/budget

Council Plan Initiative	Action	Status
Facilitate development of the South West Precinct of Swan Hill	Complete the Planning Scheme Amendment for the South West Development Precinct	✓
Development of a strategy to support the attraction of new business based on the region's comparative and competitive advantages as identified in the Economic Development Strategy	Develop and implement an Investment Attraction Strategy to streamline processes for business investment and to promote the region's comparative and competitive advantages	✓
Investigate opportunities of accommodation and services being provided for displaced people	Liaise with key stakeholders to identify issues and possible actions	<<
Develop Rural Land Use/Living Strategy	Complete Rural Living/Land Use Strategy	>>
Review of the Municipal Strategic Statement (MSS), taking into consideration appropriate accommodation options	Commence MSS review	✓
Review of the Municipal Strategic Statement (MSS) with a view to encourage population growth	Commence MSS review	✓
Investigate the connection of small towns to reticulated sewerage and potable water	Draw on findings to identify towns	✓
	Develop a project scope for a feasibility study for identified towns	✓
	Complete feasibility study	✓
Advocate for higher educational University access	Engage with education providers and community representative bodies to identify expansion opportunities	✓
	Gain community involvement to assist the process	>>

Council Plan Initiative	Action	Status
Implement staged redevelopment of the Pioneer Settlement	Develop and install new evening product	✓
	Identify funding source and apply for funding for stage 2 works	>>
Pursue funding for a levee bank at Robinvale	Develop applications to federal departments	>>
Implement outcomes of the review of the Swan Hill Regional Livestock Exchange	Subdivision and sale of surplus land	>>
Municipality-wide review of directional signage	Undertake review of directional signage for ease of access to major facilities	>>
Actively pursue suitable alternative opportunities arising from decommissioned irrigation infrastructure	Identify parcels of land suitable for development as public space or residential development	>>
	If continuous length of land is available, complete a masterplan for its complete development	>>
	Engage with community on best use for community-owned land	>>
	Identified project designed and included in Major Projects Plan	>>

## Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2015/16 budget.

Major Initiative	Progress
Economic development initiatives (Actual \$75,176, Budget \$83,500)	Completed
Road construction and reconstruction projects (Actual \$2,660,256, Budget \$2,100,000)	Completed. Additional costs were matched with additional grant funding
Unsealed road resheets (Actual \$1,177,971, Budget \$1,046,420)	Completed
Road sealing and reseals (Actual \$675,976, Budget \$860,000)	Completed
Tower Hill Stage 9 residential development (Actual \$589,606, Budget \$600,000)	Completed



## Services funded in 2015/16 Budget

The following statement provides information in relation to the services funded in the 2015/16 budget and the persons or sections of the community who are provided the service.

Service Area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$000
Land development	Acquire and dispose of Council properties, along with the management of the Tower Hill development	271 <u>(36)</u> <b>307</b>
Economic development	Assist the organisation to facilitate an environment that is conducive to a sustainable and growing local business sector, and that provides opportunities for local residents to improve their skill levels and access employment	620 <u>252</u> <b>368</b>
Marketing and information services	Provide marketing and information services that attract new residents, investors and visitors to the municipality	506 <u>890</u> <b>(384)</b>
Livestock Exchange	Provide a livestock selling facility and associated services to primary producers and other users	(162) <u>(186)</u> <b>24</b>
Infrastructure management	Maintain and renew municipal infrastructure assets including sealed roads, unsealed roads and aerodromes, along with the design and management of associated capital works projects	3,816 <u>4,280</u> <b>(464)</b>
Caravan parks	Provide and maintain caravan park facilities to a standard to promote local tourism and support a high quality of life	(117) <u>(111)</u> <b>(6)</b>

## Service Performance Indicators

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

Service/Indicator/measure	Result 2014/15	Results 2015/16	Material Variation
<b>Roads</b> <b>Satisfaction of use</b> <i>Sealed local road requests</i> [Number of sealed local road requests / Kilometres of sealed local roads] x 100	6.5	1.13	An increase in road user satisfaction in 2015/16 is due to a lower number of requests for intervention. 89 roads requests were received in 2014/15 compared to 10 in 2015/16. Other factors affecting this indicator relate to the wrong road length entered in 2014/15 (1,369Kms). Had the correct road length (880kms) been entered, the indicator would be 10.11% and not 6.5%.
<b>Condition</b> <i>Sealed local roads below the intervention level</i> [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local road] x 100	97%	98.42%	Incorrect road lengths in 2014/15 for both local sealed roads and intervention levels were used. Had the correct lengths been used 880kms and 839kms respectively, the indicator would be 95.34% and not 97.01%.
<b>Service cost</b> <i>Cost of sealed local road reconstruction</i> [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$25.24	\$24.01	
<i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$4.13	\$4.05	
<b>Satisfaction</b> <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	52	48	

## Key Result Area 4:

# Built and Natural 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 2016/17      << Delayed due to funding/budget

Council Plan Initiative	Action	Status
Active involvement in external discussions that effect the Murray River, its tributaries and lake systems	Maintain membership of Murray Darling Association	✓
	Support regional submissions to Federal agencies via Murray River Group of Councils	>>
Implementation of Waste Management Plan	Review current Waste Management Plan, update data in line with current practices and waste service contracts, community engagement	✓
	Implementation of Capital Works/Improvement Program	✓
	Implementation of progressive rehabilitation and aftercare program to Council's landfill sites	>>
Continue to lobby for a statewide container deposit scheme	Continue to provide waste data to requested to assist scheme development	>>

## Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2015/16 budget.

Major Initiative	Progress
Construction of transfer station at Swan Hill Landfill (Actual \$304,393, Budget \$200,000)	Completed
Projects as identified from the Waste Management Strategy (Actual \$73,565, Budget \$73,300)	Completed
Roadside weeds and pest management program (Actual \$21,423, Budget \$50,000)	Ongoing program.
Upgrade landfill site service roads and stormwater management (Actual \$34,392, Budget \$36,050)	Completed
Planning studies for the Swan Hill bridge location (Actual \$0, Budget 40,000)	Budget carried over to 2016/17, and a proposal to form a working group with Murray River Council.





## Services funded in 2015/16 Budget

The following statement provides information in relation to the services funded in the 2015/16 budget and the persons or sections of the community who are provided the service.

Service Area	Description of services provided	Net Cost Actual Budget Variance \$000
Tree maintenance	Provide visually pleasing trees adjacent to streets and roads, and improve and enhance the environment with tree planting projects by local groups on Council-owned land	303 <u>322</u> <b>(19)</b>
Natural resource management	Advocate for, and assist to deliver environmental projects as part of Council's aim to become more sustainable in both the built and natural environments	211 <u>257</u> <b>(46)</b>
Planning Department	Process all planning applications, provide advice and make decisions about development proposals that require a planning permit. Represent Council at the Victorian Civil and Administrative Tribunal where necessary. Monitor Council's Planning Scheme as well as preparing major policy documents shaping the future of the city. Prepare and process amendments to the Council Planning Scheme and carry out research on demographic, urban development, economic and social issues affecting Council	407 <u>525</u> <b>(118)</b>
Building Department	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	162 <u>199</u> <b>(37)</b>
Street Cleaning	Maintain urban streets and public areas, including footpaths, in a clean and litter free state	423 <u>423</u> <b>0</b>
Drainage	Provide and maintain efficient and effective open and underground drainage systems, including functional kerb and channel systems	298 <u>382</u> <b>(84)</b>
Waste management	Provide waste collection including kerbside collections of garbage, hard waste and green waste from all households and some commercial properties	(2) <u>(1)</u> <b>(1)</b>

## Service Performance Indicators

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

Service/Indicator/measure	Result	Result 2015/16	Material Variation
<b>Statutory Planning</b>			
<b>Timeliness</b>			
<i>Time taken to decide planning applications</i> [The median number of days between receipt of a planning application and a decision on the application]	51	53	
<b>Service standard</b> <i>Planning applications decided within 60 days</i> [Number of planning application decisions made within 60 days / Number of planning application decisions made] x 100	72%	76%	
<b>Service cost</b> <i>Cost of statutory planning service</i> [Direct cost of statutory planning service / Number of planning applications received]	\$3,372.75	\$2,744.97	The Planning Co-ordinator's position remained vacant for the entire 2015/16 financial year.
<b>Decision making</b> <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%	0	Two VCAT decisions were approved in Council's favour in 2014/15. Only one VCAT decision was required in 2015/16, and it was set aside.
<b>Waste Collection</b>			
<b>Satisfaction</b>			
<i>Kerbside bin collection requests</i> [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x 1000	19.21	16.27	Fewer requests for new bins and reduction in lost, stolen and bin repairs
<b>Service standard</b> <i>Kerbside collection bins missed</i> [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x 10,000	5.1	1.64	Less reports on bins missed

Service/Indicator/measure	Result	Result 2015/16	Material Variation
<b>Service cost</b>			
<i>Cost of kerbside garbage collection service</i> [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$53.52	\$54.45	
<i>Cost of kerbside recyclables collection service</i> [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection]	\$26.85	\$27.32	
<b>Waste diversion</b>			
<i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100	34%	35.26%	



# 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 2013-17 Council Plan was developed after extensive planning and 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](http://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 may 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, June 2011, 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 previous Councillor Code of Conduct was reviewed and adopted on 28 June 2016.

Additions were made to the former Councillor Code of Conduct as part of the review, with the intention of improving the accountability of Councillors. In particular the changes sought to encourage improved standards of behaviour in order to strengthen Council governance.

A copy of the code is available at [www.swanhill.vic.gov.au/about/overview/policies](http://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 2015/16:

- |                     |           |
|---------------------|-----------|
| • 21 July 2015      | Swan Hill |
| • 18 August 2015    | Robinvale |
| • 22 September 2015 | Swan Hill |
| • 20 October 2015   | Swan Hill |
| • 17 November 2015  | Swan Hill |
| • 15 December 2015  | Swan Hill |
| • 16 February 2016  | Swan Hill |
| • 15 March 2016     | Swan Hill |
| • 19 April 2016     | Swan Hill |
| • 17 May 2016       | Swan Hill |
| • 28 June 2016      | 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 2015 to June 2016.

## Councillor attendance at meetings

Councillor	Ordinary Council Meetings		Special Council Meetings	
	Eligible to attend	Attended	Eligible to attend	Attended
Cr Les McPhee	11	9	7	7
Cr John Katis	11	9	7	6
Cr Gary Norton	11	11	7	6
Cr Jessie Kiley	11	8	7	4
Cr Jim Crowe	11	10	7	6
Cr Greg Cruickshank	11	11	7	7
Cr Michael Adamson	10	10	5	5

## Councillor attendance at assemblies

Councillor	Councillor Assemblies	
	Eligible to attend	Attended
Cr Les McPhee	37	33
Cr John Katis	37	29
Cr Gary Norton	37	25
Cr Jessie Kiley	37	27
Cr Jim Crowe	37	35
Cr Greg Cruickshank	37	37
Cr Michael Adamson	35	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](http://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. Swan Hill Rural City Council is in Category 2 and for the 2016 year set the annual allowance for its Mayor at \$68,014 and for all its other Councillors at \$25,636, 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, and 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 2016)	\$52,392	-	\$77	\$52,469
Cr John Katis (Deputy Mayor)	\$25,375	\$4,853	\$2,372	\$32,600
Cr Gary Norton	\$25,375	-	\$143	\$25,518
Cr Jessie Kiley	\$25,375	-	-	\$25,375
Cr Jim Crowe	\$25,375	-	-	\$25,375
Cr Greg Cruickshank	\$25,375	-	-	\$25,375
Cr Michael Adamson (Mayor July 2015 - November 2015)	\$38,169	-	-	\$38,169



## 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
<b>Asset Naming Sub-committee</b>	Cr John Katis Cr Michael Adamson (replaced by Cr Jim Crowe for June 2016)	Upon request
<b>Audit Committee</b>	Cr Jim Crowe Cr Michael Adamson (replaced by Cr Les McPhee for June 2016)	Quarterly, or more frequently if determined
<b>Chief Executive Officer Performance Review Committee</b>	Cr Les McPhee Cr Michael Adamson Cr Greg Cruickshank	Annually
<b>Swan Hill Regional Livestock Exchange</b>	Cr Les McPhee	Bi-annually
<b>Swan Hill Regional Art Gallery Advisory Committee</b>	Cr Les McPhee	Monthly
<b>Municipal Emergency Management Planning Committee</b>	Cr Les McPhee Cr John Katis	Quarterly
<b>Community Grants</b>	Cr Jim Crowe	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

- Livestock Saleyards Association of Victoria
- Murray River Group of Councils
- Swan Hill Community House
- Lake Boga Inc
- Ultima Progress Association

### Cr John Katis

- Robinvale Aboriginal Elders Committee
- Robinvale Euston Business Association
- Tree Committee

### 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
- Grampians Wimmera Mallee Water
- Rail Freight Alliance (in June 2016, replacing Cr Michael Adamson)
- Central Murray Regional Transport Forum (in June 2016, replacing Cr Michael Adamson)

### Cr Jim Crowe

- Murray Darling Association
- Alan Garden Reserve Committee of Management
- Bigger Better Beverford Group
- Woorinen Progress Association
- Chisholm Reserve Motor Sports Development Group

### Cr Jessie Kiley

- Swan Hill Incorporated
- Bigger Better Beverford Group
- Woorinen Progress Association
- Tree Committee
- Swan Hill Indoor Sport and Recreation Centre Committee of Management
- Swan Hill Leisure Centre Committee of Management (in June 2016, replacing Cr Michael Adamson)

### Cr Greg Cruickshank

- Loddon Mallee Waste and Resource Recovery Board
- Bigger Better Beverford Group
- Woorinen Progress Association
- Rail Freight Alliance
- Murray Regional Tourism Board
- Central Murray Regional Transport Forum
- Chisholm Reserve Motor Sports Development Group
- Murray Mallee Local Learning and Employment Network (MMLLEN)

### Cr Michael Adamson (until May 2016)

- Bigger Better Beverford Group
- Woorinen Progress Association
- Swan Hill Leisure Centre Committee of Management
- Rail Freight Alliance
- Central Murray Regional Transport Forum
- Chisholm Reserve Motor Sports Development Group

## 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:

- The enhancement of 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 2015/16 financial year were:

**Warren Pollock (Chairman)** - appointed for three years effective 21 August 2013.

**Maurice Tyers** - re-appointed for three years effective 21 October 2014.

**Rod Saville** - appointed for two years effective November 2014.

**Cr Jim Crowe** - appointed for one year at the Statutory Council Meeting in November 2015.

**Cr Michael Adamson** - appointed for two years at the Statutory Council Meeting in November 2014.

Member	Eligible to attend	Attended
Warren Pollock, Independent member and Chairman	4	4
Maurice Tyers, Independent member	4	4
Rod Saville, Independent member	4	4
Jim Crowe, Councillor	4	4
Michael Adamson, Councillor	4	2

## 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 are 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 2015/16 was completed with the following reviews conducted:

- Rates Modelling
- Corporate Credit Cards
- Maternal and Child Health

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 2015/16 year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General's representative. The external auditors attend the May and September Audit Committee meetings to present the annual audit strategy and independent audit report. The external audit management letters and responses are also provided to the Audit Committee.

## Risk Management

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

A systematic and integrated risk management framework has been established based on the Australian and New Zealand Standard on Risk Management AS/NZS ISO 31000:2009.

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.

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
<b>Community Engagement Policy</b> (policy outlining Council's commitment to engaging with the community on matters of public interest)	05/11/2014
<b>Community Engagement Guidelines</b> (guidelines to assist staff to determine when and how to engage with the community)	05/11/2014
<b>Strategic Resource Plan</b> (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next four financial years)	23/06/2015
<b>Annual Budget</b> (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)	23/06/2015
<b>Asset Management Plans</b> (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	01/04/2007 All plans currently under review
<b>Rating Strategy</b> (strategy setting out the rating structure of Council to levy rates and charges)	23/06/2015
<b>Risk Policy</b> (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	25/07/2016
<b>Fraud Policy</b> (policy outlining Council's commitment and approach to minimising the risk of fraud)	27/07/2016
<b>Municipal Emergency Management Plan</b> (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	21/04/2015
<b>Procurement Policy</b> (policy under section 186A the Act outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	18/12/2014
<b>Business Continuity Plan</b> (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	01/12/2015
<b>Disaster Recovery Plan</b> (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	01/04/2016
<b>Risk Management Framework</b> (framework outlining Council's approach to managing risks to the Council's operations)	01/07/2016

Governance and Management Items	Assessment
<b>Audit Committee</b> (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with the applicable legal, ethical, and regulatory requirements)	29/06/2004
<b>Internal Audit</b> (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	11/06/2013
<b>Performance Reporting Framework</b> (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	01/07/2016
<b>Council Plan Reporting</b> (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the reporting year)	First quarter—06/10/2015 Second quarter - 09/02/2016
<b>Financial Reporting</b> (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Annual Report: (2015) 20/10/2015 Qtr 1: (30/09/15) 17/11/2015 Qtr 2: (31/12/15) 16/02/2016 Qtr 3: (31/03/16) 17/05/2016
<b>Risk Reporting</b> (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	10/09/2015 10/12/2015
<b>Performance Reporting</b> (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	21/05/2016 Quality and Cost Standards are reported on annually
<b>Annual Report</b> (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)	20/10/2015
<b>Councillor Code of Conduct</b> (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	28/06/2016
<b>Delegations</b> (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	15/03/2016
<b>Meeting procedures</b> (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
<b>Annual Report</b>	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
<b>Financial Statements</b>	The financial statements report the financial position of Council throughout various stages of the year.	Quarterly
<b>Key Strategic Initiatives – Council Plan outcomes</b>	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
<b>Local Government Performance Reporting</b>	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
<b>Achievement of other strategies</b>	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 2015/16

Council has complied with the requirements of the National Competition Policy for the period 1 July 2015 to 30 June 2016, 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, to people in care relationships, 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.

### Information Privacy Act 2000

Council respects the privacy of its citizens, ratepayers and clients. Council is committed to the privacy principles prescribed by the Information Privacy Act 2000 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](http://www.swanhill.vic.gov.au).

Council received no privacy complaints in the 2015/16 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 \$27.90 (2016/17).

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.

Two requests were received in 2015/16.

	Number of requests	Fees and charges	Costs
2015/16	2	\$27	\$170
2014/15	0	\$0	\$0
2013/14	3	\$161	\$780
2012/13	4	\$100	\$1,060
2011/12	3	\$365	\$24,000



## 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 2015/16 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](http://www.swanhill.vic.gov.au) or at Council offices.

## 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 2015/16 financial year.

## Disability Action Plan

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's Disability Action Plan (DAP) has reached its end of life, with 42 of the 44 actions completed and the remaining two actions to be carried over to the next plan.

Council is developing a Community Access and Inclusion Strategy (CAIS) with accompanying action plan to replace the DAP. Community consultation will occur in August 2016.

The four key objectives will be to:

- 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 April 2016.

## 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 2015/16.

## 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	17 July 2007	26 July 2007

## 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 2015/16.

<b>Policy/Strategy/Plan</b>	<b>Date reviewed/adopted</b>
2015-18 Communication Strategy	July 2015
Community Grants Policy	July 2015
Swan Hill Inc Strategic Plan, Marketing Plan and Budget	August 2015
Investment Attraction Policy	September 2015
Council Youth Strategic Plan 2015-19	October 2015
Swan Hill Planning Scheme Review 2015	October 2015
Waste Management Strategy 2015-20	November 2015
Financial Hardship Policy	December 2015
Procurement Policy	December 2015
Financial Investments Policy	December 2015
2016/17 to 2025/26 Major Projects Plan	December 2015
Media Policy	March 2016
Election Period (Caretaker) Policy	March 2016
Customer Service Strategy 2016-19	April 2016
Council Plan 2013-17 (2015-16 review)	April 2016
Councillor Attendance at Functions Policy	April 2016
Councillor Expense Reimbursement and Support Policy	April 2016
Domestic Animal Management Plan (2015 review)	April 2016
Public Health and Wellbeing Plan, Active Transport Strategy and Riverfront Masterplan (2015 review)	May 2016
Infrastructure Contributions Policy	June 2016
Environmental Management Policy	June 2016
Major Events Support Scheme Policy	June 2016
Public Health Policy	June 2016
Council Loan Support Policy	June 2016
Swan Hill Car Park Management Strategy	June 2016
Councillor Code of Conduct	June 2016
2016/17 Annual Budget and Strategic Resource Plan	June 2016

## Description of municipality

Swan Hill Rural City Council covers 6,116 square kilometres and is home to just under 20,600 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 with traditional livestock and broad acre farming accounting for almost 4 per cent. 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.

# Part seven

## Performance Statement



## Sustainable Capacity Indicators

Service/indicator/measure	Results		Material variations
	2015	2016	
<b>Own-source revenue</b> Own-source revenue per head of municipal population [Own-source revenue/Municipal population]	\$1,579.15	\$1,663.09	The overall increase in own source revenue is 4.4%. The lower population in 2015/16 increases the variance to 5.0%
<b>Recurrent grants</b> Recurrent grants per head of population [Recurrent grants/Municipal population]	\$878.72	\$577.00	Victoria Grants Commission advanced 50% (\$3.1M) of its 2015/16 allocation in 2014/15.
<b>Population</b> Expenses per head of population [Total expenses/Municipal population]	\$2,348.88	\$2,454.26	Municipal population decreased by 171 (-0.8%) in 2015/16 resulting in a 4.4% increase in expenses per head of population. Had the population remained constant, the cost per assessment would have been \$2,433.86 or 3.6% increase per head of population.
<b>Infrastructure per head of municipal population</b> [Value of infrastructure/Municipal population]	\$18,452.53	\$18,598.85	
<b>Population density per length of road</b> [Municipal population/Kilometres of local roads]	5.89	5.84	
<b>Disadvantage</b> Relative socio-economic disadvantage [Index of Relative Socio-economic disadvantage by decile]	2.00	2.00	

### Definitions

“adjusted underlying revenue” means total income other than

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

## Service Performance Indicators

Service/indicator/measure	Results		Material variations
	2015	2016	
<b>Governance</b> <b>Satisfaction</b> <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	
<b>Statutory Planning</b> <b>Decision making</b> <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%	Two VCAT decisions were approved in Council's favour in 2014/15. Only one VCAT decision was required in 2015/16, and it was set aside.
<b>Roads</b> <b>Satisfaction</b> <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	52	48	
<b>Libraries</b> <b>Participation</b> <i>Active library members</i> [Number of active library members / Municipal population] x 100	22.54%	19.24%	As a member of the Swift Library Consortium, the reduction in active library members in 2015/16 is due to library members no longer included in the figures if they had not borrowed directly from the library. Had these active members been excluded in 2014/15, the result would have been 19.30%, not 22.54%.
<b>Waste collection</b> <b>Waste diversion</b> <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100	34.44%	35.26%	

<b>Service/indicator/measure</b>	<b>Results</b>		<b>Material variations</b>
	<b>2015</b>	<b>2016</b>	
<b>Aquatic Facilities</b> <b>Utilisation</b> <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	3.90	6.76	Increase due to increase in users
<b>Animal management</b> <b>Health and safety</b> <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	22	Council has changed the animal prosecution process and prosecutes through the Magistrates' Court.
<b>Food and safety</b> <b>Health and safety</b> <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%	
<b>Home and Community Care</b> <b>Participation</b> <i>Participation in the HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x 100	38.18%	23.51%	Council has targeted reduction program to funded hours.
<i>Participation in the HACC service by CALD people</i> [Number of CALD people that received a HACC service / Municipal target population in relation to CALD people for HACC services] x 100	18.56%	13.70%	Council has targeted reduction program to funded hours.

Service/indicator/measure	Results		Material variations
	2015	2016	
<b>Maternal and Child Health</b>			
<b>Participation</b>			
<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100	72.27%	72.91%	
<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	66.77%	43.29%	Mallee District Aboriginal Service have introduced MCH services in the last 1-3 years.

## Definitions

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

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

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

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

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

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

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

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

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

“HACC program” means the Home and Community

Care program established under the Agreement entered into for the purpose of the Home and Community Care Act 1985 of the Commonwealth  
“HACC service” means home help, personal care or community respite provided under the HACC program

“local road” means a sealed or unsealed road for which Council is the responsible road authority under the Road Management Act 2004

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

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

“population” means the resident population estimated by council

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

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



## Financial Performance Indicators

Dimension/indicator/ measure	Results		Forecasts				Material variations
	2015	2016	2017	2018	2019	2020	
<b>Operating position</b> <b>Adjusted underlying result</b> Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	6.50%	-7.21%	5.57%	5.35%	3.64%	3.73%	The 2015/16 result was lower than expected, primarily through Victoria Grants Commission advancing 50% (\$3.1M) of its 2015/16 grant in 2014/15.
<b>Liquidity</b> <b>Working capital</b> Current assets compared to current liabilities [Current assets / Current liabilities] x100	228.92%	189.19%	169.73%	198.34%	209.18%	221.82%	Trade Payables recognises for the first time the value of SupportFirst Aged Care Client Account Balances (\$1.3M).
<b>Unrestricted cash</b> Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	121.27%	140.43%	141.89%	149.14%	157.88%	169.15%	Carried forward capital works funding of \$5.7M was treated as restricted cash in 2014/15. A closer evaluation of the wording of unrestricted cash description by the VAGO in 2015/16 required this funding to be included as unrestricted cash. Had the carried forward funds for capital works been included in the 2014/15 unrestricted cash figure, the result would have been 194.4%, not 121.27%. Also current liabilities in 2015/16 increased by \$1.3M in recognition of SupportFirst Aged Care Client balances being brought to account for the first time.

Dimension/indicator/ measure	Results		Forecasts				Material variations
	2015	2016	2017	2018	2019	2020	
<b>Obligations</b>							
<b>Loans and borrowings compared to rates</b> [Interest bearing loans and borrowings / Rate revenue] x100	35.82%	33.49%	31.45%	28.62%	27.86%	27.58%	Planned reduction in borrowings (3.2%), compared to an ongoing increase in rates and charges (3.6%).
<b>Loans and borrowings repayments compared to rates</b> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	5.53%	4.86%	4.58%	5.19%	3.06%	2.50%	Repayment of principal and interest reduced by 9.0%, whilst rates and charges increased by 3.6%.
<b>Indebtedness</b> <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	29.34%	27.96%	25.50%	23.98%	23.73%	23.25%	The ongoing repayment and reduced levels of borrowings over the forecast period will see the gradual reduction in our interest bearing liabilities.

Dimension/indicator/measure	Results		Forecasts				Material variations
	2015	2016	2017	2018	2019	2020	
<b>Asset renewal</b> Asset renewal compared to depreciation [Asset renewal expenses / Asset depreciation] x100	88.88%	74.49%	111.46%	97.69%	89.59%	86.13%	The completion of renewal projects was lower in 2015/16 compared to 2014/15, and an increase in depreciation resulting from the revaluation of assets and construction of new assets in 2014/15 & 2015/16.
<b>Stability</b> <b>Rates concentration</b> Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	46.11%	52.85%	48.92%	50.17%	50.62%	50.58%	Underlying revenue is 9.6% lower than 2014/15, primarily through VGC advancing 50% (\$3.1M) of its 2015/16 grant in 2014/15.
<b>Rates effort</b> Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.72%	0.74%	0.71%	0.71%	0.71%	0.71%	
<b>Efficiency</b> <b>Expenditure level</b> Expenses per property assessment [Total expenses / Number of property assessments]	\$4,078.64	\$4,227.28	\$4,149.49	\$4,173.36	\$4,315.50	\$4,421.24	

Dimension/indicator/measure	Results		Forecasts				Material variations
	2015	2016	2017	2018	2019	2020	
<b>Revenue level</b> Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,543.64	\$1,596.77	\$1,590.76	\$1,628.19	\$1,666.55	\$1,705.88	Rates for the forecast period are to increase by CPI.
<b>Workforce turnover</b> Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	13.38%	9.04%	12.10%	8.23%	8.23%	8.23%	Reduction in staff following phased aged care reforms commencing in 2015, and ongoing turnover expected upon retirement of a number of staff in the forecast years.

### 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 28 June 2016 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:** 20 September 2016

In our opinion, the accompanying performance statement of the Swan Hill Rural City Council for the year ended 30 June 2016 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.



.....  
Les McPhee

**Councillor (Mayor)**

**Dated:** 20 September 2016



.....  
Gary Norton

**Councillor**

**Dated:** 20 September 2016



.....  
John McLinden

**Chief Executive Officer**

**Dated:** 20 September 2016

# Auditor General's Report - Performance Statement

## VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street  
Melbourne VIC 3000  
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### INDEPENDENT AUDITOR'S REPORT

#### To the Councillors, Swan Hill Rural City Council

##### *The Performance Statement*

I have audited the accompanying performance statement for the year ended 30 June 2016 of the Swan Hill Rural City Council which comprises the statement, the related notes and the certification of the performance statement.

##### *The Councillors' Responsibility for the Performance Statement*

The Councillors of the Swan Hill Rural City Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989* and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.

##### *Auditor's Responsibility*

As required by the *Local Government Act 1989*, my responsibility is to express an opinion on the performance statement based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the performance statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the performance statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the performance statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Accounting of the Public Interest*

## Independent Auditor's Report (continued)

### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

### *Auditor's Opinion*

In my opinion, the performance statement of the Swan Hill Rural City Council in respect of the 30 June 2016 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE  
21 September 2016

  
Andrew Greaves  
Auditor-General



# Appendices

## Appendix 1: Donations and contributions

Organisation	Purpose	Amount
Alan Garden Netball Courts Committee of Management	Contribution	\$3,000
Australian Inland Wine Show	Contribution	\$2,000
Boundary Bend Progress Association	Contribution	\$3,000
Community Leadership Loddon Murray	Sponsorship	\$12,000
District 18 Rural Championship Committee	Sponsorship	\$200
Girl Guides Association of Victoria	Contribution	\$2,500
Inner Wheel Club Swan Hill Inc	Sponsorship	\$200
Lake Boga Flying Boat Museum	Contribution	\$661
Lake Boga Football Netball Club	Contribution	\$471
Lake Boga Yacht Club Inc	Sponsorship	\$1,000
Lakeside Golf Club Inc	Contribution	\$2,000
Leukaemia Foundation	Sponsorship	\$200
Mallee Almond Blossom Festival	Sponsorship	\$5,000
Mallee Family Care	Sponsorship	\$1,500
Mallee Sports Assembly	Sponsorship	\$450
Manangatang and District Bowling Club	Contribution	\$1,000
Manangatang and District Pre School	Contribution	\$1,000
Manangatang Improvement Group	Contribution	\$1,000
Manangatang Landcare Group	Contribution	\$818
Manangatang Racing Club Inc	Sponsorship	\$1,000
Manangatang Recreation Reserve Committee	Contribution	\$10,000
Manangatang RSL Sub Branch	Contribution	\$1,098
Murray Bulls Rugby	Contribution	\$1,364

Organisation	Purpose	Amount
Nyah District Christmas Carnival Committee	Sponsorship	\$1,000
Nyah District Memorial Hall Committee	Contribution	\$1,500
Nyah Two Bays Amateur Swimming Club Inc	Contribution	\$724
Piangil Memorial Park Reserve	Contribution	\$2,507
Pioneer Country Quarter Horse Association Inc	Contribution	\$2,000
Pira Portsea Children's Camp	Contribution	\$1,000
Regional Arts Victoria	Contribution	\$43,229
Robinswood Homestead Association	Contribution	\$200
Robinvale College	Contribution	\$354
Robinvale Euston Agriculture Show Society	Sponsorship	\$1,700
Robinvale Euston Business Association Inc	Contribution	\$200
Robinvale Euston Football Netball Club Inc	Contribution	\$2,000
Robinvale State Emergency Service	Contribution	\$13,500
Robinvale/Villers Bretonneux Association	Contribution	\$3,000
Rotary Club of Robinvale-Euston	Contribution	\$1,000
Royal Flying Doctors Service (Pelican Appeal Committee)	Contribution	\$200
RSPCA - Million Paws Walk	Contribution	\$200
Ski Racing Victoria	Sponsorship	\$2,727
Southern Lights Inc	Contribution	\$200
Speewa Heritage Collectors Club Inc	Sponsorship	\$800
St Mary MacKillop College	Contribution	\$200
Swan Hill Badminton Association	Contribution	\$300
	Sponsorship	\$1,000

## Donations and contributions continued

Organisation	Purpose	Amount
Swan Hill Basketball Association	Sponsorship	\$2,000
Swan Hill Blind Auxiliary	Contribution	\$1,050
Swan Hill Bowls Club Inc	Sponsorship	\$1,500
Swan Hill Calisthenics Club Inc	Contribution	\$200
Swan Hill Child Care Co-Op Ltd	Contribution	\$3,200
Swan Hill Community Toy Library Inc	Contribution	\$1,000
Swan Hill Cricket Club Inc	Contribution	\$200
Swan Hill Croquet Club Inc	Contribution	\$250
Swan Hill District Agricultural and Pastoral Society Inc	Sponsorship	\$909
Swan Hill Drag Racing Club Inc	Contribution	\$2,480
Swan Hill Eisteddfod Inc	Sponsorship	\$200
Swan Hill Genealogical and Historical Society	Contribution	\$2,500
Swan Hill Incorporated	Sponsorship	\$5,000
Swan Hill Jockey Club	Sponsorship	\$2,000
Swan Hill Lawn Tennis and Croquet Club Inc	Sponsorship	\$200
Swan Hill Motor Cycle Club Inc	Contribution	\$1,890
Swan Hill Motor Racing Club	Contribution	\$2,500
Swan Hill North Primary School	Contribution	\$200
Swan Hill Playgroup Inc	Contribution	\$200
Swan Hill Pony Club	Contribution	\$2,150
Swan Hill RSL Cricket Club Inc	Contribution	\$3,000
Swan Hill Soccer League	Contribution	\$1,300

Organisation	Purpose	Amount
Swan Hill Stroke Support Group	Contribution	\$500
Swan Hill Theatre Group Co-Operative Ltd	Contribution	\$1,500
Swan Hill Visitor and Community Comfort Centre	Contribution	\$200
Swan Hill Woodworkers Club Inc	Contribution	\$1,500
Tyntyndyer Homestead Inc	Contribution	\$3,000
Tyntynder South Hall Dance Committee Inc	Contribution	\$3,000
Ultima Fire Brigade	Contribution	\$200
Ultima Progress Association	Contribution	\$720
Victoria State Emergency Service Swan Hill Unit	Contribution	\$31,700
Victorian YMCA Youth and Community Services Inc	Sponsorship	\$9,300
Woorinen and District Progress Association Inc	Sponsorship	\$1,000
	Contribution	\$385
Woorinen Football Netball Club	Contribution	\$8,000
<b>TOTAL</b>		<b>\$225,936</b>

## Appendix 2: Organisations of which Council is a financial member

Organisation	Membership fee
Rail Freight Alliance Membership	\$2,000
North West Municipalities Association	\$630
Municipal Association Of Victoria	\$3,000
Murray Darling Association Inc	\$5,346
LG Pro	\$1,990
Municipal Association of Victoria	\$25,300
Australian Livestock Markets Association	\$2,418
Economic Development Australia	\$558
Keep Australia Beautiful	\$455
Play Australia	\$284
Public Libraries Victoria Network	\$1,087
School Crossings Victoria Inc	\$86
Vicsport	\$330
Waste Management Associates of Australia	\$859
Australian Performing Arts Centres Association	\$1,146
Australasian Fleet Management Association	\$345
Community Childcare Association	\$255
FKA Children's Services Inc	\$182
Institute of Public Works Engineering Australia	\$270
Leading Age Services Australia Victoria	\$500
Local Government Infrastructure Design Association	\$500
Murray River Regional Tourism Ltd	\$23,878
National Saleyard Quality Assurance Inc	\$500



Organisation	Membership fee
New South Wales Public Libraries Association	\$200
Online Safety Systems Pty Ltd	\$7,500
Our Community Pty Ltd	\$300
Post Office Agents Association Limited	\$130
Victorian Association of Performing Arts Centres	\$982
Early Childhood Australia	\$213
<b>TOTAL</b>	<b>\$81,244</b>



# Part eight

## Financial Performance

# 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 2015/16 financial year and the overall position at the end of the financial year (30 June 2016).

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 2016. 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 2016.
- 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 2016. 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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**Comprehensive Income Statement  
For the Year Ended 30 June 2016**

	Note	2016 \$	2015 \$
<b>Income</b>			
Rates and charges	3	25,036,684	24,177,723
Statutory fees and fines	4	824,128	934,412
User fees	5	5,384,379	5,031,249
Grants - operating	6	9,789,837	17,219,703
Grants - capital	6	6,900,231	3,719,965
Contributions - monetary	7	1,328,086	1,248,034
Contributions - non monetary	7	156,605	142,903
Net gain on disposal of property, infrastructure, plant and equipment	8	176,224	92,686
Other income	9	2,520,702	2,263,562
<b>Total income</b>		<b><u>52,116,876</u></b>	<b><u>54,830,237</u></b>
<b>Expenses</b>			
Employee costs	10	19,127,104	18,941,031
Materials and services	11	20,216,948	19,402,409
Bad and doubtful debts	12	6,665	54,453
Depreciation and amortisation	13	8,729,954	7,978,502
Borrowing costs	14	428,530	396,083
Other expenses	15	1,579,387	1,568,227
<b>Total expenses</b>		<b><u>50,088,588</u></b>	<b><u>48,340,705</u></b>
<b>Surplus for the year</b>		<b><u>2,028,288</u></b>	<b><u>6,489,532</u></b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation (decrement)/increment	27	(5,448,102)	31,375,706
<b>Total comprehensive result</b>		<b><u>(3,419,814)</u></b>	<b><u>37,865,238</u></b>

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

**Balance Sheet**  
**As at 30 June 2016**

	Note	2016 \$	2015 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	8,559,256	15,539,398
Trade and other receivables	17	2,884,251	1,968,480
Other financial assets	18	6,059,869	-
Inventories	19	165,818	141,659
Other assets	20	179,432	137,388
<b>Total current assets</b>		<b><u>17,848,626</u></b>	<b><u>17,786,925</u></b>
<b>Non-current assets</b>			
Trade and other receivables	17	32,675	40,766
Property, infrastructure, plant and equipment	21	439,879,781	442,447,583
Other assets	20	50,000	50,000
Intangible assets	22	1,433,600	720,384
<b>Total non-current assets</b>		<b><u>441,396,056</u></b>	<b><u>443,258,733</u></b>
<b>Total assets</b>		<b><u>459,244,682</u></b>	<b><u>461,045,658</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	23	3,166,919	1,724,834
Trust funds and deposits	24	422,108	433,821
Provisions	25	5,345,263	4,846,225
Interest-bearing loans and borrowings	26	759,498	765,397
<b>Total current liabilities</b>		<b><u>9,693,788</u></b>	<b><u>7,770,277</u></b>
<b>Non-current liabilities</b>			
Provisions	25	1,721,068	1,759,702
Interest-bearing loans and borrowings	26	7,509,388	7,775,427
<b>Total non-current liabilities</b>		<b><u>9,230,456</u></b>	<b><u>9,535,129</u></b>
<b>Total liabilities</b>		<b><u>18,924,244</u></b>	<b><u>17,305,406</u></b>
<b>Net assets</b>		<b><u>440,320,438</u></b>	<b><u>443,740,252</u></b>
<b>Equity</b>			
Accumulated surplus		277,774,214	275,745,926
Reserves	27	162,546,224	167,994,326
<b>Total Equity</b>		<b><u>440,320,438</u></b>	<b><u>443,740,252</u></b>

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

**Statement of Changes in Equity  
For the Year Ended 30 June 2016**

	Note	Total \$	Accumulated Surplus \$	Revaluation Reserve \$
<b>2016</b>				
Balance at beginning of the financial year		443,740,252	275,745,926	167,994,326
Surplus/(deficit) for the year		2,028,288	2,028,288	-
Net asset revaluation increment/(decrement)	27	(5,448,102)	-	(5,448,102)
<b>Balance at end of the financial year</b>		<b>440,320,438</b>	<b>277,774,214</b>	<b>162,546,224</b>
		Total \$	Accumulated Surplus \$	Revaluation Reserve \$
<b>2015</b>				
Balance at beginning of the financial year		405,875,014	269,256,394	136,618,620
Comprehensive result		6,489,532	6,489,532	-
Net asset revaluation increment/(decrement)	27	31,375,706	-	31,375,706
<b>Balance at end of the financial year</b>		<b>443,740,252</b>	<b>275,745,926</b>	<b>167,994,326</b>

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 2016**

	Note	2016 Inflows/ (Outflows) \$	2015 Inflows/ (Outflows) \$
<b>Cash flows from operating activities</b>			
Rates and charges		25,100,211	23,895,847
Statutory fees and fines		824,128	934,412
User fees		4,847,158	5,683,390
Grants - operating		11,158,283	17,293,678
Grants - capital		7,014,473	3,834,207
Contributions - monetary		1,460,895	1,372,837
Interest received		549,168	566,006
Other receipts		2,040,257	1,713,287
Net GST refund		2,338,666	2,304,597
Employee costs		(18,836,726)	(19,503,879)
Materials and services		(23,577,038)	(22,082,651)
Other payments		(793,136)	(754,334)
<b>Net cash provided by operating activities</b>	28	<b><u>12,126,339</u></b>	<b><u>15,257,397</u></b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	21	(12,757,551)	(14,211,707)
Proceeds from sale of property, infrastructure, plant and equipment		411,407	363,454
(Payments for)/proceeds from sale of investments		(6,059,869)	4,668,841
<b>Net cash used in investing activities</b>		<b><u>(18,406,013)</u></b>	<b><u>(9,179,412)</u></b>
<b>Cash flows from financing activities</b>			
Finance costs		(428,530)	(448,367)
Proceeds from borrowings		500,000	4,795,000
Repayment of borrowings		(771,938)	(870,240)
<b>Net cash (used in)/provided by financing activities</b>		<b><u>(700,468)</u></b>	<b><u>3,476,393</u></b>
Net (decrease)/increase in cash and cash equivalents		(6,980,142)	9,554,378
Cash and cash equivalents at the beginning of the financial year		15,539,398	5,985,020
<b>Cash and cash equivalents at the end of the financial year</b>	16	<b><u>8,559,256</u></b>	<b><u>15,539,398</u></b>
Financing arrangements	29		
Restrictions on cash assets	16		

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 2016**

	2016 \$	2015 \$
<b>Property</b>		
Buildings	980,477	795,985
<b>Total property</b>	<b>980,477</b>	<b>795,985</b>
<b>Plant and equipment</b>		
Plant, machinery and equipment	1,139,793	1,397,937
Fixtures, fittings and furniture	238,417	2,070,533
Computers and telecommunications	316,901	44,239
<b>Total plant and equipment</b>	<b>1,695,111</b>	<b>3,512,709</b>
<b>Infrastructure</b>		
Sealed roads	5,037,278	6,356,442
Unsealed roads	1,387,841	751,328
Footpaths and cycleways	562,401	404,852
Drainage	385,634	979,919
Recreational, leisure and community facilities	2,041,381	466,820
Waste management	-	109,451
Parks, open space and streetscapes	336,693	373,970
Other infrastructure	331,359	146,622
<b>Total infrastructure</b>	<b>10,082,587</b>	<b>9,589,404</b>
<b>Cultural and heritage</b>		
Library collection	121,849	110,314
Pioneer Settlement buildings	-	351,913
<b>Total cultural and heritage</b>	<b>121,849</b>	<b>462,227</b>
<b>Total capital works expenditure</b>	<b>12,880,024</b>	<b>14,360,325</b>
<b>Represented by:</b>		
New asset expenditure	4,782,739	5,832,904
Asset renewal expenditure	6,502,650	7,090,730
Asset upgrade expenditure	1,594,635	1,436,691
<b>Total capital works expenditure</b>	<b>12,880,024</b>	<b>14,360,325</b>

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 2016

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### 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, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989, and the Local Government (Planning and Reporting) Regulations 2014.

### Note 1 Significant accounting policies

#### (a) Basis of accounting

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

Judgments, 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 judgments are based on professional judgment 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. Judgments and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

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

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

#### (b) Changes in accounting policies

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

#### (c) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2016, and their income and expenses for that part of the reporting period in which control existed.

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

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

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

Entities consolidated into Council include:

- There are no entities to consolidate into Council

**Notes to the Financial Report  
For the Year Ended 30 June 2016**

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**Note 1 Significant accounting policies (cont.)**

**(d) Committees of management**

Council has elected not to consolidate Special Committees of Management as the assets and liabilities involved were deemed to have an immaterial impact on the financial position or performance.

**(e) Revenue recognition**

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

*Rates and Charges*

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

*Statutory fees and fines*

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

*User fees*

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

*Grants*

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

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

*Contributions*

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

*Sale of property, infrastructure, plant and equipment*

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

*Interest*

Interest is recognised as it is earned.

*Other Income*

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

## Notes to the Financial Report For the Year Ended 30 June 2016

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### Note 1 Significant accounting policies (cont.)

#### (f) Fair value measurement

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

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

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

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

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

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

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

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

#### (g) Cash and cash equivalents

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

#### (h) Trade and other receivables

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

#### (i) Other financial assets

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

#### (j) Inventories

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. Inventories are measured at the lower of cost and net realisable value.

All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

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

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



## Notes to the Financial Report For the Year Ended 30 June 2016

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### Note 1 Significant accounting policies (cont.)

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

##### *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 amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

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

In accordance with Council's policy, the threshold limits detailed in Note 1(m) have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

##### *Revaluation*

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 21 Property, infrastructure, plant and equipment.

In addition, Council undertakes a formal revaluation of land, buildings, infrastructure and cultural and heritage 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.

##### *Land under roads*

Council recognises land under roads it controls at fair value.

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

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

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

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

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

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

**Notes to the Financial Report  
For the Year Ended 30 June 2016**

**Note 1 Significant accounting policies (cont.)**

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

<i>Asset recognition thresholds and depreciation periods</i>	<b>Depreciation Period</b>	<b>Threshold Limit</b>
		<b>\$</b>
Property		
land	-	1
land improvements	10 to 100 years	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	5 to 10 years	2,500
- small plant	2 to 4 years	2,500
fixtures, fittings and furniture	5 years	2,500
computers and telecommunications	3 years	1,500
Infrastructure		
sealed road formation and earthworks	100 years	10,000
sealed road pavements	60 to 80 years	10,000
sealed road seals	15 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
recreational, 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

**(n) Repairs and maintenance**

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

**(o) 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 to sell 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.

## Notes to the Financial Report For the Year Ended 30 June 2016

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### Note 1 Significant accounting policies (cont.)

**(p) Trust funds and deposits**

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited (refer to Note 24).

**(q) Borrowings**

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

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

*Borrowing costs*

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

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

**(r) Employee costs and benefits**

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

*Wages and salaries and annual leave*

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

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

*Long service leave*

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

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

The components of this current liability are measured at :

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

*Classification of employee costs*

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

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

**Notes to the Financial Report  
For the Year Ended 30 June 2016**

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**Note 1 Significant accounting policies (cont.)**

**(s) Landfill rehabilitation provision**

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

**(t) Leases**

*Finance leases*

Council does not currently have any finance leases.

*Operating leases*

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

*Leasehold improvements*

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

**(u) Goods and Services Tax (GST)**

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

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

**(v) Financial guarantees**

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet, are disclosed at Note 33 contingent liabilities and contingent assets.

**(w) Contingent assets and contingent liabilities and commitments**

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

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

**(x) Pending accounting standards**

Certain new AAS's have been issued that are not mandatory for the 30 June 2016 reporting period. Council has assessed these pending standards and has identified that no material impact will flow from the application of these standards in future reporting periods.

**(y) Rounding**

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

**Notes to the Financial Report  
For the Year Ended 30 June 2016**

**Note 2 Budget comparison**

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$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 23 June 2015. 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.

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

**(a) Income and Expenditure**

	Budget 2016 \$	Actual 2016 \$	Variance 2016 \$	Ref
<b>Income</b>				
Rates and charges	25,033,000	25,036,684	3,684	
Statutory fees and fines	1,097,000	824,128	(272,872)	1
User fees	5,428,000	5,384,379	(43,621)	
Grants - operating	13,891,000	9,789,837	(4,101,163)	2
Grants - capital	6,455,000	6,900,231	445,231	
Contributions - monetary	388,000	1,328,086	940,086	3
Contributions - non monetary	-	156,605	156,605	4
Net gain on disposal of property, infrastructure, plant and equipment	146,000	176,224	30,224	5
Other income	2,955,000	2,520,702	(434,298)	6
<b>Total income</b>	<b>55,393,000</b>	<b>52,116,876</b>	<b>(3,276,124)</b>	
<b>Expenses</b>				
Employee costs	20,018,000	19,127,104	890,896	
Materials and services	19,392,000	20,216,948	(824,948)	
Bad and doubtful debts	1,000	6,665	(5,665)	7
Depreciation and amortisation	8,052,000	8,729,954	(677,954)	
Borrowing costs	443,000	428,530	14,470	
Other expenses	960,000	1,579,387	(619,387)	8
<b>Total expenses</b>	<b>48,866,000</b>	<b>50,088,588</b>	<b>(1,222,588)</b>	
<b>Surplus/(deficit) for the year</b>	<b>6,527,000</b>	<b>2,028,288</b>	<b>(4,498,712)</b>	

**(i) Explanation of material variations**

Variance Ref	Item	Explanation
1	Statutory fees and fines	The budget for statutory fees and fines included \$280,000 for car parking fees. These have been reclassified into the user fees line item.
2	Grants - operating	The budget allowed for \$6,172,665 from the Victorian Grants Commission. Council was prepaid \$3,090,753 of these funds in June 2015.
3	Contributions - monetary	A contribution received for the Tower Hill development of \$998,817 was budgeted as other income.
4	Contributions - non monetary	Additions to the Pioneer Settlement site exhibits collection were recognised. These were not allowed for in the budget.
5	Net gain on disposal of assets	Additional profit was made on the sale of plant and equipment.
6	Other income	As per Item 3, a contribution for the Tower Hill Development was budgeted as other income but reported as Contributions - monetary. An additional \$529,000 was received for Tower Hill land sales and WorkCover reimbursements were \$57,000 above budget.
7	Bad and doubtful debts	An increase in outstanding infringement debts required a higher than forecast provision for doubtful debts.
8	Other expenses	Asset write offs/adjustments of \$571,626 occurred during 2015/16 which had not been forecast.



**Notes to the Financial Report  
For the Year Ended 30 June 2016**

**Note 2 Budget comparison (cont)**

**(b) Capital Works**

	Budget 2016 \$	Actual 2016 \$	Variance 2016 \$	
<b>Property</b>				
Land	600,000	-	(600,000)	1
Buildings	541,000	980,477	439,477	2
<b>Total Property</b>	<u>1,141,000</u>	<u>980,477</u>	<u>(160,523)</u>	
<b>Plant and Equipment</b>				
Plant, machinery and equipment	1,696,000	1,139,793	(556,207)	3
Fixtures, fittings and furniture	-	238,417	238,417	4
Computers and telecommunications	170,000	316,901	146,901	5
<b>Total Plant and Equipment</b>	<u>1,866,000</u>	<u>1,695,111</u>	<u>(170,889)</u>	
<b>Infrastructure</b>				
Sealed roads	3,724,000	5,037,278	1,313,278	6
Unsealed roads	1,046,000	1,387,841	341,841	7
Footpaths and cycleways	185,000	562,401	377,401	8
Drainage	28,000	385,634	357,634	9
Recreational, leisure and community facilities	529,000	2,041,381	1,512,381	10
Waste management	200,000	-	(200,000)	11
Parks, open space and streetscapes	2,016,000	336,693	(1,679,307)	12
Other infrastructure	577,000	331,359	(245,641)	
<b>Total Infrastructure</b>	<u>8,305,000</u>	<u>10,082,587</u>	<u>1,777,587</u>	
<b>Cultural and heritage</b>				
Heritage and culture	2,061,000	-	(2,061,000)	13
Library collection	133,000	121,849	(11,151)	
<b>Total Plant and Equipment</b>	<u>2,194,000</u>	<u>121,849</u>	<u>(2,072,151)</u>	
<b>Total Capital Works Expenditure</b>	<u>13,506,000</u>	<u>12,880,024</u>	<u>(625,976)</u>	
<b>Represented by:</b>				
New asset expenditure	4,565,000	4,782,739	217,739	
Asset renewal expenditure	8,360,000	6,502,650	(1,857,350)	
Asset upgrade expenditure	581,000	1,594,635	1,013,635	
<b>Total Capital Works Expenditure</b>	<u>13,506,000</u>	<u>12,880,024</u>	<u>(625,976)</u>	

**(i) Explanation of material variations**

Variance Ref	Item	Explanation
1	Land	The budget was for the construction of Tower Hill Estate stage 9. These funds were spent on the construction of roads, drains and footpaths within the estate and are included in the appropriate category below.
2	Buildings	The amphitheatre for the Heartbeat of the Murray (\$628,000) had been forecast in Heritage and Culture.
3	Plant, machinery and equipment	The budget had allowed for the replacement of a truck and trailer for the road construction programs. The truck is on order and will be delivered in the first half of 2016/17.
4	Fixtures, fittings and furniture	Fixtures and fittings for the Heartbeat of the Murray experience had been forecast in the Heritage and Culture asset category.
5	Computers and telecommunications	An additional \$260,000 was allocated to this asset category for the purchase of equipment to run the Heartbeat of the Murray experience. The forecast for this was in the Heritage and Culture category.
6	Sealed roads	Road construction works at Tower Hill had been budgeted in the land category. Council received additional Roads to Recovery funding.
7	Unsealed roads	Additional Roads to Recovery funding received by Council
8	Footpaths and cycleways	New footpaths at Tower Hill (\$120,000) had been forecast in the Land category and the Riverfront shared path costing \$211,000 had been forecast in parks, open space and streetscapes.
9	Drainage	Drainage works at Tower Hill had been forecast in the Land category.
10	Recreational, leisure and community facilities	The Chisholm Reserve Drag Strip was budgeted to be completed in 2014/15, but project delays deferred the works to 2015/16.
11	Waste management	These funds were for the construction of a transfer station at the Swan Hill Landfill. The project was completed, but the assets were capitalised within the other infrastructure asset category.
12	Parks, open space and streetscapes	The majority of this budget was for the development of the Swan Hill Riverfront Masterplan. \$1.1 million of this budget is being carried forward and used to complete future works.
13	Heritage and culture	The budget allowed \$2,052,650 for the Heartbeat of the Murray experience. As mentioned above, most of these funds were capitalised into other asset categories (Refer Ref. 2,4 and 5).

**Notes to the Financial Report  
For the Year Ended 30 June 2016**

	2016	2015
	\$	\$
<b>Note 3 Rates and charges</b>		
<p>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.</p> <p>The valuation base used to calculate general rates for 2015/16 was \$3,320 million (2014/15 \$3,288 million).</p>		
Residential	9,680,513	9,362,266
Commercial	1,739,270	1,655,283
Industrial	753,408	716,993
Farm/rural	9,690,836	9,414,751
Supplementary rates and rate adjustments	91,444	75,724
Garbage charge	2,789,958	2,683,222
Special marketing rates	346,663	339,014
Other	18,311	(31,580)
Abandonments	(73,719)	(37,950)
<b>Total rates and charges</b>	<b><u>25,036,684</u></b>	<b><u>24,177,723</u></b>
<p>The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2014, and the valuation was first applied in the rating year commencing 1 July 2014.</p>		
<b>Note 4 Statutory fees and fines</b>		
Infringements and costs	76,160	43,330
Building and planning fees	411,869	429,772
Valuation data fees	18,103	108,214
Animal registration/release fees	140,815	139,435
Health registration fees	125,895	147,910
Other fees and fines	51,286	65,751
<b>Total statutory fees and fines</b>	<b><u>824,128</u></b>	<b><u>934,412</u></b>
<b>Note 5 User fees</b>		
Aged and health services	924,269	863,554
Administration fees	851,104	784,224
Child care/children's programs	262,216	289,662
Parking	264,281	267,571
Sales - admissions	942,768	742,065
Sales - merchandise, catering, other sales	319,281	323,842
Hire & leasing fees	679,418	669,124
Livestock exchange	637,923	631,449
Tourism & economic development	-	48,322
Other fees and charges	503,119	411,436
<b>Total user fees</b>	<b><u>5,384,379</u></b>	<b><u>5,031,249</u></b>

**Notes to the Financial Report  
For the Year Ended 30 June 2016**

	2016 \$	2015 \$
<b>Note 6 Grants</b>		
Grants were received in respect of the following :		
<b>Summary of grants</b>		
Commonwealth funded grants	9,553,466	14,902,592
State funded grants	7,136,602	6,037,076
<b>Total grants received</b>	<u>16,690,068</u>	<u>20,939,668</u>
<b>Operating Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Commonwealth Government - health and aged care	3,164,115	4,144,431
Victoria Grants Commission - general purpose	2,051,906	6,205,895
Victoria Grants Commission - local roads	1,013,197	3,091,447
Family day care	339,304	361,928
Out of school hours care	104,494	118,891
<b>Recurrent - State Government</b>		
Employment subsidies	2,300	7,000
Public health	24,511	19,802
Home and community care	1,412,827	1,376,776
Art gallery and performing arts	150,000	150,000
School crossing supervisors	22,874	-
Libraries	190,696	187,654
Maternal and child health	300,194	304,426
Other	119,694	135,413
<b>Total recurrent operating grants</b>	<u>8,896,112</u>	<u>16,103,663</u>
<b>Non-recurrent - State Government</b>		
Community projects	308,260	409,875
Environmental protection	92,000	80,000
Emergency management/response	-	141,627
Library services	3,860	7,010
Indigenous affairs	50,500	121,400
Cultural and heritage	84,617	96,392
Economic development	44,095	94,014
Home and community care	76,246	2,200
Recreation	61,797	-
Family and children	171,550	148,290
Other	800	15,232
<b>Total non-recurrent operating grants</b>	<u>893,725</u>	<u>1,116,040</u>
<b>Total operating grants</b>	<u><b>9,789,837</b></u>	<u><b>17,219,703</b></u>
<b>Capital Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Roads to recovery	2,880,450	980,000
<b>Recurrent - State Government</b>		
Country roads and bridges	-	1,000,000
<b>Total recurrent capital grants</b>	<u>2,880,450</u>	<u>1,980,000</u>
<b>Non-recurrent - State Government</b>		
Roads	60,470	30,000
Footpaths and cycleways	97,000	-
Parks, playgrounds and street beautification	1,640,514	1,615,314
Art and heritage	2,007,408	7,513
Waste management	152,834	50,519
Other	61,555	36,619
<b>Total non-recurrent capital grants</b>	<u>4,019,781</u>	<u>1,739,965</u>
<b>Total capital grants</b>	<u><b>6,900,231</b></u>	<u><b>3,719,965</b></u>
<b>Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of year	4,108,583	2,394,145
Received during the financial year and remained unspent at balance date	723,355	3,798,853
Received in prior years and spent during the financial year	<u>(3,882,488)</u>	<u>(2,084,415)</u>
Balance at year end	<u>949,450</u>	<u>4,108,583</u>

**Notes to the Financial Report  
For the Year Ended 30 June 2016**

	2016 \$	2015 \$
<b>Note 7 Contributions</b>		
Monetary	1,328,086	1,248,034
Non-monetary	156,605	142,903
<b>Total contributions</b>	<u>1,484,691</u>	<u>1,390,937</u>
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Land under roads	-	11,073
Buildings	-	31,810
Roads	-	56,869
Footpaths and cycleways	-	23,391
Artwork	-	12,950
Library books	5,405	6,810
Pioneer Settlement site exhibits	151,200	-
<b>Total non-monetary contributions</b>	<u>156,605</u>	<u>142,903</u>
<b>Note 8 Net gain on disposal of property, infrastructure, plant and equipment</b>		
Proceeds of sale	411,407	363,454
Written down value of assets disposed	(235,183)	(270,768)
<b>Total net gain on disposal of property, infrastructure, plant and equipment</b>	<u>176,224</u>	<u>92,686</u>
<b>Note 9 Other income</b>		
Interest	549,168	566,006
Reimbursements	282,399	262,739
Tower Hill land sales	1,549,182	1,286,203
Less - Tower Hill costs of goods sold	(79,739)	(27,526)
Other	219,692	176,140
<b>Total other income</b>	<u>2,520,702</u>	<u>2,263,562</u>
<b>Note 10 (a) Employee costs</b>		
Wages and salaries	15,469,835	15,015,075
WorkCover	611,195	808,400
Agency staff	556,498	528,097
Long service leave	597,663	702,798
Staff training	181,629	151,628
Superannuation	1,539,486	1,526,290
Fringe benefits tax	70,374	72,187
Other	100,424	136,556
<b>Total employee costs</b>	<u>19,127,104</u>	<u>18,941,031</u>
<b>Note 10 (b) Superannuation</b>		
Council made contributions to the following funds:		
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	197,348	211,351
	<u>197,348</u>	<u>211,351</u>
Employer contributions payable at reporting date.	-	-
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,342,138	1,265,709
	<u>1,342,138</u>	<u>1,265,709</u>
Employer contributions payable at reporting date.	-	49,230

Refer to note 32 for further information relating to Council's superannuation obligations.

**Notes to the Financial Report  
For the Year Ended 30 June 2016**

	2016 \$	2015 \$
<b>Note 11 Materials and services</b>		
Contract payments	8,380,260	6,375,208
Aged and community care agency payments	3,451,518	4,599,738
Community grants sponsorship and contributions	1,260,340	1,314,335
Building maintenance	704,252	677,183
General maintenance	1,511,975	1,700,358
Utilities	1,520,745	1,567,820
Office administration	789,860	560,266
Information technology	474,625	528,015
Insurance	596,486	639,995
Consultants	617,069	469,958
Other materials and services	909,818	969,533
<b>Total materials and services</b>	<b>20,216,948</b>	<b>19,402,409</b>
<b>Note 12 Bad and doubtful debts</b>		
Parking fine debtors	26,948	30,695
Rates debtors	(6,754)	(3,811)
Private schemes	-	(14,254)
Other debtors	(13,529)	41,823
<b>Total bad and doubtful debts</b>	<b>6,665</b>	<b>54,453</b>
<b>Note 13 Depreciation and amortisation</b>		
Property	780,982	835,080
Plant and equipment	1,229,847	1,231,011
Infrastructure	6,500,416	5,699,846
Cultural and heritage assets	218,709	212,565
<b>Total depreciation and amortisation</b>	<b>8,729,954</b>	<b>7,978,502</b>
<i>Refer to note 21 for a more detailed breakdown of depreciation and amortisation charges.</i>		
<b>Note 14 Borrowing costs</b>		
Interest - Borrowings	428,530	383,449
Interest - finance leases	-	12,634
<b>Total borrowing costs</b>	<b>428,530</b>	<b>396,083</b>
<b>Note 15 Other expenses</b>		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	46,250	39,000
Auditors' remuneration - internal	10,097	24,074
Auditor's remuneration - other	302	2,305
Vehicle registrations	87,770	87,543
Bank charges	60,404	63,518
Asset write offs/adjustments	571,626	584,777
Legal costs	83,851	53,961
Fire services levy	65,014	61,514
Councillors' allowances	228,674	225,434
Operating lease rentals	379,285	378,607
Other	46,114	47,494
<b>Total other expenses</b>	<b>1,579,387</b>	<b>1,568,227</b>



**Notes to the Financial Report  
For the Year Ended 30 June 2016**

	2016	2015
	\$	\$
<b>Note 16 Cash and cash equivalents</b>		
Cash on hand	10,745	7,545
Cash at bank	3,220,832	7,380,027
Term deposits	5,327,679	8,151,826
	<u>8,559,256</u>	<u>15,539,398</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 24)	422,108	433,821
Total restricted funds	<u>422,108</u>	<u>433,821</u>
Total unrestricted cash and cash equivalents	<u>8,137,148</u>	<u>15,105,577</u>
<b>Intended allocations</b>		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
- Cash held to fund carried forward capital works and major projects	3,317,205	1,882,820
- Unspent conditional grants received	949,450	3,798,853
- Landfill rehabilitation and development	2,226,315	1,916,750
Total funds subject to intended allocations	<u>6,492,970</u>	<u>7,598,423</u>
Refer also to Note 18 for details of other financial assets held by Council.		
<b>Note 17 Trade and other receivables</b>		
<b>Current</b>		
Rates debtors	1,097,621	1,161,148
Provision for doubtful debts - rates debtors	(3,607)	(10,360)
Private scheme debtors	9,462	20,495
Net GST receivable	196,809	296,895
Infringement debtors	136,692	107,912
Provision for doubtful debts - infringements	(100,523)	(84,993)
Other debtors	1,581,853	524,410
Provision for doubtful debts - other debtors	(34,056)	(47,027)
Total current trade and other receivables	<u>2,884,251</u>	<u>1,968,480</u>
<b>Non-current</b>		
Private scheme debtors	32,675	40,766
Total non-current trade and other receivables	<u>32,675</u>	<u>40,766</u>
<b>Total trade and other receivables</b>	<u>2,916,926</u>	<u>2,009,246</u>
<b>(a) Ageing of Receivables</b>		
At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's trade & other receivables (excluding statutory receivables) was:		
Current (not yet due)	747,890	392,554
Past due between 31 and 180 days	772,958	90,066
Past due between 181 and 365 days	20,412	9,071
Past due by more than 1 year	40,593	32,719
Total trade & other receivables	<u>1,581,853</u>	<u>524,410</u>
<b>(b) Movement in provisions for doubtful debts</b>		
Balance at the beginning of the year	(47,027)	(20,066)
New Provisions recognised during the year	(7,729)	(48,896)
Amounts already provided for and written off as uncollectible	10,859	2,940
Amounts provided for but recovered during the year	9,841	18,995
Balance at end of year	<u>(34,056)</u>	<u>(47,027)</u>
<b>(c) Ageing of individually impaired Receivables</b>		
At balance date, other debtors representing financial assets with a nominal value of \$34,056 (2015: \$47,027) were impaired. The amount of the provision raised against these debtors was \$34,056 (2015: \$47,027). 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		
Current (not yet due)	-	-
Past due between 31 and 180 days	2,192	418
Past due between 181 and 365 days	4,171	1,276
Past due by more than 1 year	27,693	45,333
Total trade & other receivables	<u>34,056</u>	<u>47,027</u>

**Notes to the Financial Report  
For the Year Ended 30 June 2016**

	2016	2015
	\$	\$
<b>Note 18 Other financial assets</b>		
Term deposits	6,059,869	-
<b>Total other financial assets</b>	<u><b>6,059,869</b></u>	<u>-</u>
<b>Note 19 Inventories</b>		
Inventories held for distribution	54,401	36,619
Inventories held for sale	22,833	26,867
Tower Hill estate	88,584	78,173
<b>Total inventories</b>	<u><b>165,818</b></u>	<u><b>141,659</b></u>
<b>Note 20 Other assets</b>		
<b>Current</b>		
Prepayments	97,168	102,258
Accrued income	82,264	35,130
<b>Total current other assets</b>	<u><b>179,432</b></u>	<u><b>137,388</b></u>
<b>Non-current</b>		
Other	50,000	50,000
<b>Total non-current other assets</b>	<u><b>50,000</b></u>	<u><b>50,000</b></u>
<b>Total other assets</b>	<u><b>229,432</b></u>	<u><b>187,388</b></u>

**Notes to the Financial Report  
For the Year Ended 30 June 2016**

**Note 21 Property, infrastructure, plant and equipment**

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

	At Fair Value 30 June 2016	Accumulated Depreciation	WDV 30 June 2016	At Fair Value 30 June 2015	Accumulated Depreciation	WDV 30 June 2015
Land	60,296,494	-	60,296,494	62,693,660	-	62,693,660
Buildings	104,877,709	(69,797,656)	35,080,053	107,948,409	(73,685,104)	34,263,305
Plant and Equipment	16,699,751	(10,542,098)	6,157,653	14,138,083	(10,131,050)	4,007,033
Infrastructure	478,614,652	(150,710,826)	327,903,826	461,974,010	(135,408,867)	326,565,143
Cultural and heritage	16,877,261	(7,280,175)	9,597,086	20,298,659	(9,229,227)	11,069,432
Work in progress	844,669	-	844,669	3,849,010	-	3,849,010
	<u>678,210,536</u>	<u>(238,330,755)</u>	<u>439,879,781</u>	<u>670,901,831</u>	<u>(228,454,248)</u>	<u>442,447,583</u>

**Summary of Work in Progress**

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
Buildings	45,163	67,552	(45,163)	-	67,552
Plant and Equipment	1,901,817	-	(1,901,817)	-	-
Infrastructure	1,902,030	486,483	(1,586,086)	(25,310)	777,117
Total	<u>3,849,010</u>	<u>554,035</u>	<u>(3,533,066)</u>	<u>(25,310)</u>	<u>844,669</u>

**Notes to the Financial Report  
For the Year Ended 30 June 2016**

**Note 21 Property, infrastructure, plant and equipment (cont'd)**

<b>Land and Buildings</b>	Land - specialised	Land - non specialised	Total Land	Buildings - specialised	Buildings - non specialised	Total Buildings	Total Property	Work In Progress
At fair value 1 July 2015	59,520,260	3,173,400	<b>62,693,660</b>	101,751,618	6,196,791	<b>107,948,409</b>	<b>170,642,069</b>	45,163
Accumulated depreciation at 1 July 2015	-	-	-	(72,200,832)	(1,484,272)	<b>(73,685,104)</b>	<b>(73,685,104)</b>	-
	<u>59,520,260</u>	<u>3,173,400</u>	<u><b>62,693,660</b></u>	<u>29,550,786</u>	<u>4,712,519</u>	<u><b>34,263,305</b></u>	<u><b>96,956,965</b></u>	<u>45,163</u>
<b>Movements in fair value</b>								
Acquisition of assets at fair value	-	-	-	853,156	104,932	<b>958,088</b>	<b>958,088</b>	67,552
Revaluation increments/(decrements)	(2,569,480)	570,200	<b>(1,999,280)</b>	640,495	(1,947,791)	<b>(1,307,296)</b>	<b>(3,306,576)</b>	-
Fair value of assets disposed	(392,886)	(5,000)	<b>(397,886)</b>	(1,623,287)	-	<b>(1,623,287)</b>	<b>(2,021,173)</b>	-
Transfers	-	-	-	(1,098,205)	-	<b>(1,098,205)</b>	<b>(1,098,205)</b>	(45,163)
	<u>(2,962,366)</u>	<u>565,200</u>	<u><b>(2,397,166)</b></u>	<u>(1,227,841)</u>	<u>(1,842,859)</u>	<u><b>(3,070,700)</b></u>	<u><b>(5,467,866)</b></u>	<u>22,389</u>
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation	-	-	-	(669,268)	(111,714)	<b>(780,982)</b>	<b>(780,982)</b>	-
Revaluation increments/(decrements)	-	-	-	(638,746)	1,595,986	<b>957,240</b>	<b>957,240</b>	-
Accumulated depreciation of disposals	-	-	-	1,504,481	-	<b>1,504,481</b>	<b>1,504,481</b>	-
Transfers	-	-	-	2,206,709	-	<b>2,206,709</b>	<b>2,206,709</b>	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,403,176</u>	<u>1,484,272</u>	<u><b>3,887,448</b></u>	<u><b>3,887,448</b></u>	<u>-</u>
At fair value 30 June 2016	56,557,894	3,738,600	<b>60,296,494</b>	100,523,777	4,353,932	<b>104,877,709</b>	<b>165,174,203</b>	67,552
Accumulated depreciation at 30 June 2016	-	-	-	(69,797,656)	-	<b>(69,797,656)</b>	<b>(69,797,656)</b>	-
	<u>56,557,894</u>	<u>3,738,600</u>	<u><b>60,296,494</b></u>	<u>30,726,121</u>	<u>4,353,932</u>	<u><b>35,080,053</b></u>	<u><b>95,376,547</b></u>	<u>67,552</u>

**Notes to the Financial Report  
For the Year Ended 30 June 2016**

**Note 21 Property, infrastructure, plant and equipment (cont'd)**

<b>Plant and Equipment</b>	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	<b>Total plant and equipment</b>	Work In Progress
At fair value 1 July 2015	11,164,498	1,828,821	1,144,764	<b>14,138,083</b>	1,901,817
Accumulated depreciation at 1 July 2015	(7,914,964)	(1,221,935)	(994,151)	<b>(10,131,050)</b>	-
	<u>3,249,534</u>	<u>606,886</u>	<u>150,613</u>	<b><u>4,007,033</u></b>	<u>1,901,817</u>
<b>Movements in fair value</b>					
Acquisition of assets at fair value	1,139,793	2,140,234	316,901	<b>3,596,928</b>	-
Fair value of assets disposed	(908,211)	(13,157)	(113,892)	<b>(1,035,260)</b>	-
Transfers	-	-	-	-	(1,901,817)
	<u>231,582</u>	<u>2,127,077</u>	<u>203,009</u>	<b><u>2,561,668</u></b>	<u>(1,901,817)</u>
<b>Movements in accumulated depreciation</b>					
Depreciation and amortisation	(1,030,686)	(123,147)	(76,014)	<b>(1,229,847)</b>	-
Accumulated depreciation of disposals	691,750	13,157	113,892	<b>818,799</b>	-
Transfers	-	-	-	-	-
	<u>(338,936)</u>	<u>(109,990)</u>	<u>37,878</u>	<b><u>(411,048)</u></b>	<u>-</u>
At fair value 30 June 2016	11,396,080	3,955,898	1,347,773	<b>16,699,751</b>	-
Accumulated depreciation at 30 June 2016	(8,253,900)	(1,331,925)	(956,273)	<b>(10,542,098)</b>	-
	<u>3,142,180</u>	<u>2,623,973</u>	<u>391,500</u>	<b><u>6,157,653</u></b>	<u>-</u>



**Notes to the Financial Report  
For the Year Ended 30 June 2016**

**Note 21 Property, infrastructure, plant and equipment (cont'd)**

	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
<b>Infrastructure</b>										
At fair value 1 July 2015	234,734,080	121,455,336	22,064,199	54,563,347	8,594,162	5,978,641	5,871,254	8,712,991	<b>461,974,010</b>	1,902,030
Accumulated depreciation at 1 July 2015	(68,751,550)	(21,280,335)	(10,288,167)	(20,438,126)	(5,498,963)	(4,599,058)	(2,233,796)	(2,318,872)	<b>(135,408,867)</b>	-
	165,982,530	100,175,001	11,776,032	34,125,221	3,095,199	1,379,583	3,637,458	6,394,119	<b>326,565,143</b>	1,902,030
<b>Movements in fair value</b>										
Acquisition of assets at fair value	4,784,037	1,414,153	559,628	231,772	3,356,400	96,419	420,943	415,257	<b>11,278,609</b>	486,483
Revaluation increments/(decrements)	(94,309)	-	2,333,641	-	-	-	-	-	<b>2,239,332</b>	-
Fair value of assets disposed	(241,791)	-	-	-	-	-	-	-	<b>(241,791)</b>	(25,310)
Transfers	-	-	-	-	3,904	-	3,300,000	60,588	<b>3,364,492</b>	(1,586,086)
	4,447,937	1,414,153	2,893,269	231,772	3,360,304	96,419	3,720,943	475,845	<b>16,640,642</b>	(1,124,913)
<b>Movements in accumulated depreciation</b>										
Depreciation and amortisation	(2,662,571)	(2,034,847)	(284,725)	(628,570)	(184,909)	(230,536)	(293,050)	(181,208)	<b>(6,500,416)</b>	-
Revaluation increments/(decrements)	(1,289,450)	(4,555,626)	130,783	-	-	-	-	-	<b>(5,714,293)</b>	-
Accumulated depreciation of disposals	194,815	-	-	-	-	-	-	-	<b>194,815</b>	-
Transfers	-	-	-	-	(3,650)	-	(3,221,700)	(56,715)	<b>(3,282,065)</b>	-
	(3,757,206)	(6,590,473)	(153,942)	(628,570)	(188,559)	(230,536)	(3,514,750)	(237,923)	<b>(15,301,959)</b>	-
At fair value 30 June 2016	239,182,017	122,869,489	24,957,468	54,795,119	11,954,466	6,075,060	9,592,197	9,188,836	<b>478,614,652</b>	777,117
Accumulated depreciation at 30 June 2016	(72,508,756)	(27,870,808)	(10,442,109)	(21,066,696)	(5,687,522)	(4,829,594)	(5,748,546)	(2,556,795)	<b>(150,710,826)</b>	-
	166,673,261	94,998,681	14,515,359	33,728,423	6,266,944	1,245,466	3,843,651	6,632,041	<b>327,903,826</b>	777,117

**Notes to the Financial Report  
For the Year Ended 30 June 2016**

**Note 21 Property, infrastructure, plant and equipment (cont'd)**

	Artworks	Library collection	Pioneer Settlement vehicles and vessels	Pioneer Settlement site exhibits	Pioneer Settlement buildings	Total cultural and heritage
<b>Cultural and heritage</b>						
At fair value 1 July 2015	1,593,950	1,641,696	4,909,800	1,976,160	10,177,053	<b>20,298,659</b>
Accumulated depreciation at 1 July 2015	(74,088)	(1,125,925)	(204,708)	(82,418)	(7,742,088)	<b>(9,229,227)</b>
	<u>1,519,862</u>	<u>515,771</u>	<u>4,705,092</u>	<u>1,893,742</u>	<u>2,434,965</u>	<u><b>11,069,432</b></u>
<b>Movements in fair value</b>						
Acquisition of assets at fair value	-	127,254	73,500	77,700	-	<b>278,454</b>
Revaluation increments/(decrements)	-	-	(643,000)	32,250	(747,699)	<b>(1,358,449)</b>
Fair value of assets disposed	-	(70,765)	(600)	(3,750)	-	<b>(75,115)</b>
Transfers	-	-	-	-	(2,266,288)	<b>(2,266,288)</b>
	<u>-</u>	<u>56,489</u>	<u>(570,100)</u>	<u>106,200</u>	<u>(3,013,987)</u>	<u><b>(3,421,398)</b></u>
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation	(15,939)	(93,824)	(47,198)	(20,015)	(41,733)	<b>(218,709)</b>
Revaluation increments/(decrements)	-	-	237,411	95,411	688,607	<b>1,021,429</b>
Accumulated depreciation of disposals	-	70,765	29	181	-	<b>70,975</b>
Transfers	-	-	-	-	1,075,357	<b>1,075,357</b>
	<u>(15,939)</u>	<u>(23,059)</u>	<u>190,242</u>	<u>75,577</u>	<u>1,722,231</u>	<u><b>1,949,052</b></u>
At fair value 30 June 2016	1,593,950	1,698,185	4,339,700	2,082,360	7,163,066	<b>16,877,261</b>
Accumulated depreciation at 30 June 2016	(90,027)	(1,148,984)	(14,466)	(6,841)	(6,019,857)	<b>(7,280,175)</b>
	<u>1,503,923</u>	<u>549,201</u>	<u>4,325,234</u>	<u>2,075,519</u>	<u>1,143,209</u>	<u><b>9,597,086</b></u>

Notes to the Financial Report  
For the Year Ended 30 June 2016

Note 21 Property, infrastructure, plant and equipment cont'd

*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 englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2016 are as follows:

	Level 1	Level 2	Level 3
	\$	\$	\$
Land	-	3,738,600	-
Land - specialised	-	-	56,557,894
Buildings	-	4,353,932	-
Buildings - specialised	-	-	30,726,121
<b>Total</b>	<b>-</b>	<b>8,092,532</b>	<b>87,284,015</b>

*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 as at 30 June 2016 for sealed roads, unsealed roads and footpaths. All other infrastructure asset valuations have been determined by applying the unit rates as calculated from a sample of internal and external projects as at 30 June 2015.

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 2016 are as follows:

	Level 1	Level 2	Level 3
	\$	\$	\$
Sealed roads	-	-	166,673,261
Unsealed roads	-	-	94,998,681
Footpaths and cycleways	-	-	14,515,359
Drainage	-	-	33,728,423
Recreational, leisure and community facilities	-	-	6,266,944
Waste management	-	-	1,245,466
Parks, open spaces and streetscapes	-	-	3,843,651
Other infrastructure	-	-	6,632,041
<b>Total</b>	<b>-</b>	<b>-</b>	<b>327,903,826</b>

Notes to the Financial Report  
For the Year Ended 30 June 2016

**Note 21 Property, infrastructure, plant and equipment cont'd**

*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 2011.

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 2011.

Valuation of land and buildings were undertaken by a 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 2016 are as follows:

	Level 1 \$	Level 2 \$	Level 3 \$
Artworks	-	-	1,503,923
Pioneer Settlement vehicles and vessels	-	-	4,325,234
Pioneer Settlement site exhibits	-	-	2,075,519
Pioneer Settlement buildings	-	-	1,143,209
<b>Total</b>	-	-	<b>9,047,885</b>

	<b>2016</b>	<b>2015</b>
	\$	\$

*Description of significant unobservable inputs into*

**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.

	56,557,894	59,520,260
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**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.

	30,726,121	29,550,786
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**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 108 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.

	327,903,826	326,565,143
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Notes to the Financial Report  
For the Year Ended 30 June 2016

	2016 \$	2015 \$
<p><b>Artwork assets</b> 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.</p>	1,503,923	1,519,862
<p><b>Pioneer Settlement vehicles and vessels and site exhibit assets</b> 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.</p>	6,400,753	6,598,834
<p><b>Pioneer Settlement buildings</b> 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 56 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.</p>	1,143,209	2,434,965
<b>Reconciliation of specialised land</b>		
Land under roads	34,142,112	35,956,426
Crown Land	7,521,700	7,521,700
Parks, reserves, land for community use	14,894,082	16,042,134
<b>Total specialised land</b>	<b>56,557,894</b>	<b>59,520,260</b>



**Notes to the Financial Report  
For the Year Ended 30 June 2016**

	2016	2015
	\$	\$
<b>Note 22 Intangible assets</b>		
Water rights	1,433,600	720,384
Total intangible assets	<u>1,433,600</u>	<u>720,384</u>
<b>Gross carrying amount</b>		
Balance at beginning of financial year	720,384	726,016
Acquisitions	-	-
Asset revaluation movement	713,216	(5,632)
Balance at end of financial year	<u>1,433,600</u>	<u>720,384</u>

Details of the Swan Hill Rural City Council's water rights and information about the fair value hierarchy as at 30 June 2016 are as follows:

	Level 1	Level 2	Level 3
	\$	\$	\$
Water rights	-	1,433,600	-
<b>Total</b>	<u>-</u>	<u>1,433,600</u>	<u>-</u>

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.

**Note 23 Trade and other payables**

Trade payables	342,354	316,409
Salaries and wages	369,637	89,747
Accrued expenses	1,160,457	1,318,678
SupportFirst - aged care	1,294,471	-
<b>Total trade and other payables</b>	<u>3,166,919</u>	<u>1,724,834</u>

**Note 24 Trust funds and deposits**

Refundable deposits	162,800	122,230
Fire services levy	30,316	25,577
Retention amounts	228,992	286,014
<b>Total trust funds and deposits</b>	<u>422,108</u>	<u>433,821</u>

*Purpose and nature of items*

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

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

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

**Notes to the Financial Report  
For the Year Ended 30 June 2016**

**Note 25 Provisions**

	Annual leave	Long service leave	Landfill restoration	Total
	\$	\$	\$	\$
<b>2016</b>				
Balance at beginning of the financial year	1,591,812	3,562,509	1,451,606	6,605,927
Additional provisions	1,138,432	444,190	96,419	1,679,041
Amounts used	(1,046,217)	(297,242)	-	(1,343,459)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	124,822	124,822
Balance at the end of the financial year	<u>1,684,027</u>	<u>3,709,457</u>	<u>1,672,847</u>	<u>7,066,331</u>
<b>2015</b>				
Balance at beginning of the financial year	1,606,510	3,323,093	1,417,985	6,347,588
Additional provisions	1,416,893	512,821	-	1,929,714
Amounts used	(1,431,591)	(273,405)	-	(1,704,996)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	33,621	33,621
Balance at the end of the financial year	<u>1,591,812</u>	<u>3,562,509</u>	<u>1,451,606</u>	<u>6,605,927</u>

	2016	2015
	\$	\$
<b>(a) Employee provisions</b>		
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	1,143,610	1,323,208
Long service leave	116,774	193,959
	<u>1,260,384</u>	<u>1,517,167</u>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	540,417	268,604
Long service leave	3,284,552	3,060,454
	<u>3,824,969</u>	<u>3,329,058</u>
Total current employee provisions	<u>5,085,353</u>	<u>4,846,225</u>
<b>Non-current</b>		
Long service leave	308,130	308,096
Total non-current employee provisions	<u>308,130</u>	<u>308,096</u>
Aggregate carrying amount of employee provisions:		
Current	5,085,353	4,846,225
Non-current	308,130	308,096
Total aggregate carrying amount of employee provisions	<u>5,393,483</u>	<u>5,154,321</u>
<b>(b) Land fill restoration</b>		
Current	259,910	-
Non-current	1,412,938	1,451,606
	<u>1,672,848</u>	<u>1,451,606</u>
<b>Total Provisions</b>		
Current	<u>5,345,263</u>	<u>4,846,225</u>
Non-current	<u>1,721,068</u>	<u>1,759,702</u>
	<u>7,066,331</u>	<u>6,605,927</u>

**Notes to the Financial Report  
For the Year Ended 30 June 2016**

	2016	2015
	\$	\$
<b>Note 26 Interest-bearing loans and borrowings</b>		
<b>Current</b>		
Borrowings - secured (1)	759,498	765,397
	<u>759,498</u>	<u>765,397</u>
<b>Non-current</b>		
Borrowings - secured (1)	7,509,388	7,775,427
	<u>7,509,388</u>	<u>7,775,427</u>
<b>Total</b>	<u>8,268,886</u>	<u>8,540,824</u>
 (1) Borrowings are secured by Swan Hill Rural City Council General Rate.		
The maturity profile for Council's borrowings is:		
Not later than one year	759,498	765,397
Later than one year and not later than five years	2,105,350	2,522,615
Later than five years	5,404,038	5,252,812
	<u>8,268,886</u>	<u>8,540,824</u>

**Notes to the Financial Report  
For the Year Ended 30 June 2016**

**Note 27 Reserves**

	Balance at beginning of reporting period	Increment (decrement)	Transfers	Balance at end of reporting period
	\$	\$	\$	\$
<b>Asset revaluation reserves</b>				
<b>2016</b>				
<b>Property</b>				
Land	16,372,200	(1,999,280)	-	14,372,920
Buildings	15,051,575	(350,056)	-	14,701,519
	<u>31,423,775</u>	<u>(2,349,336)</u>	-	<u>29,074,439</u>
<b>Infrastructure</b>				
Sealed roads	80,898,258	(1,383,759)	-	79,514,499
Unsealed Roads	22,308,117	(4,555,626)	-	17,752,491
Footpaths and cycleways	6,328,467	2,464,424	-	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>129,017,617</u>	<u>(3,474,961)</u>	-	<u>125,542,656</u>
<b>Cultural and heritage assets</b>				
Artwork	1,477,603	-	-	1,477,603
Pioneer Settlement	5,997,702	(337,020)	-	5,660,682
	<u>7,475,305</u>	<u>(337,020)</u>	-	<u>7,138,285</u>
<b>Water Rights</b>	77,629	713,215	-	790,844
<b>Total asset revaluation reserves</b>	<u>167,994,326</u>	<u>(5,448,102)</u>	-	<u>162,546,224</u>
<b>2015</b>				
<b>Property</b>				
Land	16,372,200	-	-	16,372,200
Buildings	15,051,575	-	-	15,051,575
	<u>31,423,775</u>	-	-	<u>31,423,775</u>
<b>Infrastructure</b>				
Sealed roads	53,928,336	26,969,922	-	80,898,258
Unsealed Roads	19,130,053	3,178,064	-	22,308,117
Footpaths and cycleways	5,186,767	1,141,700	-	6,328,467
Drainage	13,113,341	2,534,112	-	15,647,453
Recreational, leisure and community facilities	-	(2,506,550)	4,418,703	1,912,153
Other infrastructure	6,277,782	64,090	(4,418,703)	1,923,169
	<u>97,636,279</u>	<u>31,381,338</u>	-	<u>129,017,617</u>
<b>Cultural and heritage assets</b>				
Artwork	1,477,603	-	-	1,477,603
Pioneer Settlement	5,997,702	-	-	5,997,702
	<u>7,475,305</u>	-	-	<u>7,475,305</u>
<b>Water Rights</b>	83,261	(5,632)	-	77,629
<b>Total asset revaluation reserves</b>	<u>136,618,620</u>	<u>31,375,706</u>	-	<u>167,994,326</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 2016**

	2016 \$	2015 \$
<b>Note 28 Reconciliation of cash flows from operating activities to surplus</b>		
Surplus for the year	2,028,288	6,489,532
Depreciation/amortisation	8,729,954	7,978,502
Profit on disposal of property, infrastructure, plant and equipment	(176,224)	(92,686)
Assets written off / asset adjustments	652,911	629,545
Works in progress expensed from prior year(s)	25,310	118,287
Contributions - Non-monetary assets	(156,605)	(142,903)
Reallocation of borrowing costs to financing activities	428,530	396,083
Non-cash - landfills provision movement	(221,241)	(33,621)
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	(907,680)	(91,954)
(Increase)/decrease in other assets	(42,045)	50,074
Increase/(decrease) in trade and other payables	1,328,897	(297,808)
(Increase)/decrease in inventories	(24,159)	(3,993)
Increase/(Decrease) in provisions	460,403	258,339
Net cash provided by operating activities	<u>12,126,339</u>	<u>15,257,397</u>
<b>Note 29 Financing arrangements</b>		
Credit card facilities	98,000	88,000
Loans and borrowings	<u>8,268,886</u>	<u>8,540,824</u>
Total facilities	<u>8,366,886</u>	<u>8,628,824</u>
Used facilities	<u>8,279,345</u>	<u>8,553,785</u>
Unused facilities	<u>87,541</u>	<u>75,039</u>



**Notes to the Financial Report  
For the Year Ended 30 June 2016**

**Note 30 Commitments**

The Council has entered into the following commitments

<b>2016</b>	<b>Not later than 1 year \$</b>	<b>Later than 1 year and not later than 2 years \$</b>	<b>Later than 2 years and not later than 5 years \$</b>	<b>Later than 5 years \$</b>	<b>Total \$</b>
<b>Operating</b>					
Annual earthworks & plant hire - landfills	20,000	-	-	-	20,000
Cleaning of Council buildings, public toilets BBQs	688,000	706,940	726,380	748,170	2,869,490
Electoral Services	126,938	-	-	-	126,938
Environmental management	359,700	380,000	400,000	420,000	1,559,700
Essential safety measures	27,748	-	-	-	27,748
Internal audit services	15,000	15,000	-	-	30,000
Kerbside waste collection & recycle waste	832,275	853,082	-	-	1,685,357
Management & operation of the PS Pyap	160,000	160,000	-	-	320,000
Management of landfills	631,613	647,403	-	-	1,279,016
Materials and supplies	420,000	420,000	20,000	-	860,000
Pest control treatment services	4,453	-	-	-	4,453
Professional services	398,745	127,540	87,627	-	613,912
Provision of security services	16,262	4,100	-	-	20,362
Recreation, leisure and community facilities	1,001,964	670,052	1,406,116	-	3,078,132
Rural land use strategy	82,021	-	-	-	82,021
Telecommunication services	545,000	-	-	-	545,000
<b>Total</b>	<b>5,329,719</b>	<b>3,984,117</b>	<b>2,640,123</b>	<b>1,168,170</b>	<b>13,122,129</b>
<b>Capital</b>					
Buildings	172,590	-	-	-	172,590
Plant and equipment	238,619	-	-	-	238,619
Sealed roads	1,950,000	2,660,469	1,210,469	-	5,820,938
Unsealed roads	824,568	700,000	-	-	1,524,568
<b>Total</b>	<b>3,185,777</b>	<b>3,360,469</b>	<b>1,210,469</b>	<b>-</b>	<b>7,756,715</b>

<b>2015</b>	<b>Not later than 1 year \$</b>	<b>Later than 1 year and not later than 2 years \$</b>	<b>Later than 2 years and not later than 5 years \$</b>	<b>Later than 5 years \$</b>	<b>Total \$</b>
<b>Operating</b>					
Annual earthworks & plant hire - landfills	60,000	20,000	-	-	80,000
Cartage	350,000	-	-	-	350,000
Cleaning of Council buildings, public toilets BBQs	688,000	706,940	726,380	748,170	2,869,490
Design & supervision Tower Hill	131,261	26,862	-	-	158,123
Essential safety measures	27,748	27,748	-	-	55,496
Home care services	78,565	-	-	-	78,565
Internal audit services	15,000	-	-	-	15,000
Kerbside waste collection & recycle waste	832,275	853,082	-	-	1,685,357
Management & operation of the PS Pyap	160,000	160,000	-	-	320,000
Management of landfills	631,613	647,403	-	-	1,279,016
Pest control treatment services	17,812	4,453	-	-	22,265
Provision of security services	16,262	-	-	-	16,262
Review & development of Council's youth strategy	40,000	-	-	-	40,000
Rural land use strategy	82,021	-	-	-	82,021
Supply of outdoor & works staff uniforms	15,000	7,500	-	-	22,500
Telecommunication services	545,000	545,000	-	-	1,090,000
Planning reports	2,500	-	-	-	2,500
<b>Total</b>	<b>3,693,057</b>	<b>2,998,988</b>	<b>726,380</b>	<b>748,170</b>	<b>8,166,595</b>
<b>Capital</b>					
Drainage	140,249	-	-	-	140,249
Heartbeat of the Murray Amphitheatre Stage 1	89,565	-	-	-	89,565
Heartbeat of the Murray Multimedia Show	1,813,034	1,208,691	-	-	3,021,725
Plant & equipment	735,052	-	-	-	735,052
Recreation, leisure and community facilities	108,420	-	-	-	108,420
Sealed roads	2,145,896	1,450,000	-	-	3,595,896
Unsealed roads	824,568	700,000	700,000	-	2,224,568
<b>Total</b>	<b>5,856,784</b>	<b>3,358,691</b>	<b>700,000</b>	<b>-</b>	<b>9,915,475</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2016**

	2016	2015
	\$	\$
<b>Note 31 Operating leases</b>		
<b>(a) Operating lease commitments</b>		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	380,220	389,123
Later than one year and not later than five years	1,217,260	1,505,872
Later than five years	829,436	921,043
	2,426,916	2,816,038
<b>(b) Operating lease receivables</b>		
The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.		
Future minimum rentals receivable under non-cancellable operating leases are as follows:		
Not later than one year	72,324	76,101
Later than one year and not later than five years	115,992	112,839
Later than five years	74,654	77,807
	262,970	266,747

**Note 32 Superannuation**

Council makes all 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 2016, this was 9.5% as required under Superannuation Guarantee legislation).

**Defined Benefit**

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

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

**Funding arrangements**

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

As at 30 June 2015, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 105.8%. To determine the VBI, the fund Actuary used the following long-term assumptions:

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

## Notes to the Financial Report For the Year Ended 30 June 2016

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### **Note 32 Superannuation (cont'd)**

Vision Super has advised that the estimated VBI at 30 June 2016 was 102.0%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2015 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

#### ***Employer contributions***

##### ***Regular contributions***

On the basis of the results of the 2015 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2016, this rate was 9.5% of members' salaries (9.5% in 2014/2015). This rate will increase in line with any increase to the contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

##### ***Funding calls***

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

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

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

#### **2015 Interim actuarial investigation surplus amounts**

The Fund's interim actuarial investigation as at 30 June 2015 identified the following in the defined benefit category of which Council is a contributing employer:

- A VBI surplus of \$130.8 million; and
- A total service liability surplus of \$239 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 2015. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses. Council was notified of the 30 June 2015 VBI during August 2015.

#### **Future superannuation contributions**

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2017 is \$221,694.

### **Note 33 Contingent liabilities and contingent assets**

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined in Note 32. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

## Notes to the Financial Report For the Year Ended 30 June 2016

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### Note 34 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 Note 1 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. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

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

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

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

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

#### (c) Credit risk

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

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

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

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

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 33.

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

## Notes to the Financial Report For the Year Ended 30 June 2016

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### Note 34 Financial instruments (cont'd)

#### (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 33, 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 26.

#### (e) Fair value

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

##### *Fair value hierarchy*

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

#### (f) 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 + 1.00% and - 1.00% in market interest rates (AUD) from year-end rates of 1.75%.

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

**Notes to the Financial Report  
For the Year Ended 30 June 2016**

**Note 35 Related party transactions**

**(i) Responsible Persons**

Names of persons holding the position of a Responsible Person at the Council at any time during the year are:

<b>Councillors</b>	Mayor Les McPhee Councillor Greg Cruickshank Councillor Gary Norton Councillor Michael Adamson (resigned 31/05/2016) Councillor John Katis Councillor Jessie Kiley Councillor Jim Crowe
<b>Chief Executive Officer</b>	John McLinden (Commenced 21/03/2016 to current) Ian Couper (Acting CEO) (12/11/2015 to 20/03/2016) David Lenton (Acting CEO) (17/10/2015 to 11/11/2015) Dean Miller (01/07/2015 to 16/10/2015)

**(ii) Remuneration of Responsible Persons**

The numbers of Responsible Persons whose total remuneration from Council and any related entities, excluding retirement benefits, fall within the following bands:

	<b>2016 No.</b>	<b>2015 No.</b>
\$20,000 - \$29,999	4	4
\$30,000 - \$39,999	2	2
\$50,000 - \$59,999	1	1
\$70,000 - \$79,999	1	-
\$90,000 - \$99,999	1	-
\$210,000 - \$219,999	1	-
\$220,000 - \$229,999	-	1
	<u>10</u>	<u>8</u>

Total Remuneration for the reporting year for Responsible Persons included above amounted to:

\$602,907	\$437,884
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**(iii) Senior Officers Remuneration**

A Senior Officer other than a Responsible Person, is an officer of Council who:  
a) has management responsibilities and reports directly to the Chief Executive; or  
b) whose total annual remuneration exceeds \$139,000

The number of Senior Officers other than the Responsible Persons, are shown below in their relevant income bands:

<b>Income Range</b>	<b>2016 No.</b>	<b>2015 No.</b>
<\$139,000	2	-
\$139,000 - \$149,999	3	3
\$150,000 - \$159,999	1	-
\$160,000 - \$169,999	1	1
\$170,000 - \$179,999	-	1
\$180,000 - \$189,999	1	1
\$190,000 - \$199,999	1	2
	<u>9</u>	<u>8</u>

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

\$ 1,305,012	\$1,330,895
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**(iv) Responsible persons retirement benefits**

No retirement benefits have been made by the Council to a Responsible Person (2014/15, \$0).



**Notes to the Financial Report  
For the Year Ended 30 June 2016**

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**Note 35 Related party transactions (cont'd)**

**(v) Loans to responsible persons**

No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2014/15, \$0).

**(vi) Transactions with responsible persons**

Councillor Greg Cruickshank owns and operates Greg Cruickshank Photographics which Council has dealt with under normal business terms during 2015/16.

Total transactions for the 2015/16 year = \$2,336 (2014/15 year = \$2,324)

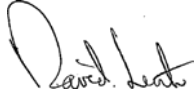
**Note 36 Events occurring after balance date**

No matters have occurred after balance date that require disclosure in the 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 C Lenton CPA  
**Principal Accounting Officer**

**Date:** 20 September 2016  
*Swan Hill Rural City Council*

In our opinion the accompanying financial statements present fairly the financial transactions of Swan Hill Rural City Council for the year ended 30 June 2016 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.



Mr Les McPhee  
**Councillor (Mayor)**

**Date:** 20 September 2016  
*Swan Hill Rural City Council*



Mr Gary Norton  
**Councillor**

**Date:** 20 September 2016  
*Swan Hill Rural City Council*



John McLinden  
**Chief Executive Officer**

**Date:** 20 September 2016  
*Swan Hill Rural City Council*

## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Swan Hill Rural City Council

#### *The Financial Report*

I have audited the accompanying financial report for the year ended 30 June 2016 of the Swan Hill Rural City Council which comprises the comprehensive income statement, balance sheet, statement of changes in equity, statement of cash flows, statement of capital works, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial report.

#### *The Councillors' Responsibility for the Financial Report*

The Councillors of the Swan Hill Rural City Council are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

The Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Independent Auditor's Report (continued)

### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates complied with the applicable independence requirements of the Australian Auditing Standards and relevant ethical pronouncements.

### *Opinion*

In my opinion the financial report presents fairly, in all material respects, the financial position of the Swan Hill Rural City Council as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

MELBOURNE  
21 September 2016

  
Andrew Greaves  
Auditor-General



## **Swan Hill Rural City Council**

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